

28 February 2010

Brian McCulloch
Director, Financial Operations
The Treasury
PO Box 3724
WELLINGTON 6140

Dear Dr McCulloch

SOUTH CANTERBURY FINANCE LIMITED

Introduction

Simmons Corporate Finance Limited (**Simmons Corporate Finance**) has been requested by the Directors of South Canterbury Finance Limited (**SCF**) to prepare an Independent Expert Opinion on the acquisition by SCF of 6,000,000 ordinary shares in Helicopters (N.Z.) Limited (**HNZ**) currently held by Southbury Corporation Limited (**Southbury Corp**) (the **Acquisition**) and a \$15.6 million loan from SCF to Southbury Corp (the **Loan**).

Purpose of the Independent Expert Opinion

SCF entered into a Crown Deed of Guarantee (Non-Bank Deposit Taker) with Her Majesty the Queen in right of New Zealand (the **Crown**) on 19 November 2008 and entered into a replacement guarantee deed dated 11 December 2009 (the **Replacement Guarantee Deed**).

SCF, Southbury Corp and HNZ are deemed to be related parties under the terms of the Replacement Guarantee Deed.

The Acquisition and the Loan are deemed to be a Related Party Transactions in accordance with clause 6.2(b) of the Replacement Guarantee Deed.

Accordingly, the Acquisition and the Loan may only proceed if:

- the Acquisition and the Loan are on arms' length terms and
- an independent expert certifies to the Crown in writing that the transactions are, in their opinion, on arms' length terms.

Certification

Simmons Corporate Finance certifies to the Crown that the Acquisition and the Loan are, in its opinion, on arms' length terms.

Our analysis of the Acquisition and the Loan and the reasons for our opinion are set out in detail in our Independent Report dated 28 February 2010 provided to SCF.

In summary, the key reasons for our opinion are:

- we consider the rationale for the Acquisition to be commercially sound
- we consider the rationale for the Loan to be commercially sound
- we assess the fair market value of the 6,000,000 HNZ ordinary shares to be acquired by SCF to be in the range of *[Withheld under s.9(2)(b)(ii)]*. The Acquisition ascribes a value of \$90.25 million to the 6,000,000 HNZ ordinary shares, which is *[s.9(2)(b)(ii)]* of our valuation range
- the Acquisition consideration of \$90.25 million is in the form of \$10.0 million of cash and 167,187,500 new SCF ordinary shares issued at \$0.48 per share. The issue price of \$0.48 per share is based on SCF's directors' views of the value of SCF's ordinary shares at the present date, reflecting SCF's current financial position which is to be shortly released to the market
- we consider the other terms and conditions of the Acquisition to be normal commercial terms for a transaction of this nature
- we consider the terms and conditions of the Loan to be normal commercial terms for a loan of this nature.

Yours sincerely
SIMMONS CORPORATE FINANCE LIMITED

[Withheld under s.9(2)(a)]

Director

cc Trustees Executors
Maritime Tower
10 Customhouse Quay
Wellington
Attention: *[Withheld under s.9(2)(a)]*
Southern Regional Manager