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18 December 2007

**Nathans Finance NZ Limited (In Receivership) – Update to Investors**

Dear [Salutation]

We write further to our Report to Investors dated 23 November 2007 to provide a brief update on the progress of the receivership of Nathans Finance NZ Limited (“Nathans”).

Nathans’ receivers continue to provide limited funding to VTL Group Limited (“VTL”) to enable it to trade pending the sale and restructuring of certain of its business units by way of a managed process to realise value over time. Proceeds generated from this process will be used by VTL and other entities to reduce debt owing to Nathans, and ultimately generate returns to Nathans secured debenture investors.

We remain of the view that investors could recover an initial dividend of 10 to 15 cents in the dollar during the first quarter of 2008, and anticipate further dividends to investors in the medium to long term from future recoveries on Nathans’ loans to VTL and other entities. All dividends paid to investors will constitute a return of capital.

VTL was established in 1997 as a vending machine operator and technology development company, with its technology and brands now having an international presence. VTL operates vending franchising businesses under the 24seven brand in the United States, Australia and New Zealand, and operates an automated convenience store business under the Shop24 brand in Europe and the United States.

PricewaterhouseCoopers (“PwC”) continues to assist VTL with the process of realising value from the 24seven and Shop24 businesses globally.

24seven Australasia is currently being offered for sale by way of a formal process managed by PwC Auckland. A number of indicative offers are currently being considered and preferred bidders will be invited to undertake due diligence early in the New Year, with a sale expected to complete shortly thereafter.

VTL executives and PwC are also working to strategically position the 24seven US business for realisation.

Discussions continue with potential strategic investors interested in VTL's Shop24 business. As we have advised previously, the Shop24 business is in a development phase and requires further equity and a strategic partner in order to realise maximum value for Nathans secured debenture investors.

The nature and timing of future returns to Nathans secured debenture investors will become clearer once we have more certainty on the proceeds that will be received from the realisation of VTL's businesses and the amount of debt these proceeds will enable VTL to repay to Nathans.

We will continue to update investors on a regular basis via our website and anticipate a further formal update will be distributed by post in February 2008. In the meantime, should you wish to contact us, please do so via our website, telephone, facsimile, or private bag address, as follows:

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Private Bag 92-162  
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Telephone: +64 9 355 8451  
Facsimile: +64 9 355 8013  
Website: [www.pwc.com/nz/NathansFinance](http://www.pwc.com/nz/NathansFinance)

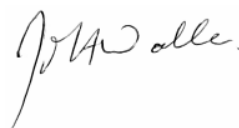
Please note that Nathans' office will be closed over the Christmas period, reopening on Monday 14 January 2008. Enquiries submitted during this period may not receive a response until after this date. We continue to regularly update a list of frequently asked questions, which is available on our website.

We would like to take this opportunity to thank you for your ongoing patience and support, and wish you well for the holiday season and New Year.

Yours faithfully



Colin McCloy  
Receiver



John Waller  
Receiver