

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

31 March 2008

Dear Investor

We write to provide an update to Nathans secured debenture investors on the progress of the receivership.

Background to this Update

Nathans is a subsidiary of VTL Group Limited (“VTL”), which is an NZX listed company. Prior to receivership, Nathans had provided \$171m of debt to VTL, parties associated with it and various VTL franchisees. VTL owns a number of vending machine related business units which operate in New Zealand and Australia (24seven Australasia), North America (24seven US and Shop24 US), and Europe (Shop24 Europe).

Nathans was placed into receivership on 20 August 2007. Since this date, Nathans’ receivers have continued to provide funding to VTL to enable it to trade pending the sale and restructure of its business units by way of a managed process. In our view that approach will maximise returns for Nathans secured debenture investors. Proceeds generated from VTL’s realisation processes will be used to reduce debt owing to Nathans, which will ultimately generate returns of principal to Nathans secured debenture investors.

Anticipated Initial Dividend

The amount and timing of returns to Nathans secured debenture investors is reliant on the timing of recoveries from VTL’s sale and restructuring processes.

We had previously advised secured debenture investors that we were hopeful the sale of the 24seven Australasia and 24seven US business units would be completed during the first quarter of 2008 and as a result we hoped to be in a position to pay an initial dividend of 10 to 15 cents in the dollar. Regretfully the sales processes have taken longer than was expected when we last reported. However we are pleased to advise that the sales processes for both are at an advanced stage and should be completed early in the second quarter of 2008, following which we expect to be in a position to pay an initial dividend to secured debenture investors, which we will quantify once the sales processes have been completed.

Progress of VTL's Sale and Restructuring Processes

Below we outline specific progress in the sale and restructuring processes of VTL's 24seven Australasia, 24seven US, and Shop24 business units.

24seven Australasia (Australia and New Zealand)

24seven Australasia is currently being offered for sale by way of a formal process managed by PwC Auckland. A number of bids have been received and final negotiations are underway. As stated earlier we remain confident that a sale will be concluded shortly. We note that the sale as a going concern also preserves value in Nathans' loans to 24seven Australasia franchisees, which the receivers continue to recover.

24seven US (California and Texas)

The 24seven United States (California and Texas) negotiations are at an advanced stage and again we remain confident that a sale will be concluded shortly. The sale as a going concern also preserves value in Nathans' loans to 24seven United States franchisees, which the receivers continue to recover.

Shop24 (Europe and United States)

As previously advised, the Shop24 business is in a development phase and requires further funding and a strategic partner in order to realise maximum value for Nathans secured debenture investors. A detailed fund raising information memorandum has been prepared and will be issued to interested parties shortly. We expect however that in order to maximise value in Shop24 it will be necessary to retain the business for a period of say two years whilst Shop24 implements its business plan. Indications are that by following this strategy the value in Shop24 could increase significantly over such a period. At this stage we believe that the alternative of selling Shop24 will not maximise value for Nathans secured debenture investors.

Amount and Timing of Returns to Secured Debenture Investors

The sales of both 24seven Australasia and 24seven US are expected to be completed shortly, as is the release of the Shop24 fund raising information memorandum. Given the commercial sensitivity around the 24seven sales processes and the Shop24 fund raising process we are not in a position to release our assessment of potential recoveries to secured debenture investors. This will become clearer once the 24seven sales have been concluded and the Shop24 fund raising process is complete. These are expected to occur during the June 2008 quarter, following which we will advise Nathans secured debenture investors of potential returns in the receivership.

Investigation into VTL's \$133m Loss

VTL recently reported a loss of \$133m for the 14 month period ended 31 August 2007. The magnitude of the loss is of serious concern and is the subject of a thorough investigation by the receivers. Already a number of matters have come to our attention which are being investigated and which will be referred to the appropriate Government Authorities if necessary.

Investigations into the Business Affairs of Nathans

Investigations into the affairs of Nathans are ongoing and have identified a number of issues. The receivers have commenced discussions with the appropriate Government Authorities

We will continue to update investors on a regular basis via our website and anticipate a further formal update will be distributed by post by 30 June 2008. In the interim as soon as we have established the initial dividend and the estimated range of potential recoveries we will advise secured debenture investors in writing. Should you wish to contact us, please do so via our website, telephone, facsimile, or private bag address, as follows:

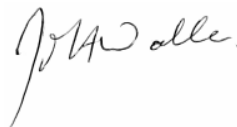
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We would like to take this opportunity to thank you for your ongoing patience and support.

Yours faithfully



Colin McCloy
Receiver



John Waller
Receiver