

## Finance Company Update – 16 September 2008

### St Laurence.

We are anticipating the imminent arrival of the St Laurence moratorium proposal. We understand that the basic proposal structure remains unchanged from the one outlined at the St Laurence road show that toured the country in late July/ early August, however exact details and timing of the proposal are still to be determined.

Once further details are published by St Laurence, we will look to contact affected clients with an update. You will be sent a pack of information with a voting form which you will need to complete and return. We are working with Aegis, Computershare and St Laurence to ensure that this process is as uncomplicated as possible.

### Bridgecorp.

A registrar at the High Court in Auckland confirmed that the company was put into liquidation in late August, following an application by the Inland Revenue Department. The company's founder, Rod Petricevic, was declared bankrupt in August after failing to pay \$576,000 receivers say is owed for tax Bridgecorp paid on his behalf.

John Waller, the PricewaterhouseCoopers receiver, says the liquidation does not come as a surprise and they will work closely with the liquidators. The receivers will continue to collect the receivables as they are currently.

One of the liquidators, Kevin Newson, says the move is not likely to improve the outlook for investors. The first available report from the liquidators' is due towards the end of this month. We will post this on our website when it becomes available.

### Cymbis Australia.

In early August the Trustee for the Debenture holders of Cymbis, Trust Company Fiduciary Services Limited, appointed PricewaterhouseCoopers, as Receiver of Cymbis.

Cymbis has two classes of debentures being Ordinary and Enhanced debenture stock. In these circumstances principal and interest on Enhanced debenture stock is paid in full prior to any payments being made to Ordinary debenture stock holders.

PricewaterhouseCoopers has produced their second report on the state of Cymbis, dated 9 September 2008. Their initial view after reviewing the company's loan files and holding discussions with company management and borrowers is that returns to debenture holders should be high. They believe that they company also holds sufficient funds to make a distribution to debenture holders of approximately 10c/\$ by 30 September 2008.

A full transcript of the PWC report to debenture holders is available for reading on our website. As is the case in these situations, regular updates will be provided by PricewaterhouseCoopers. As more information comes to hand, we will update affected clients.

### Boston Finance.

Boston Finance has made a second distribution under moratorium of 3.1c in the dollar, paid on 4 September 2008. Performance consultants Korda Mentha have been retained by Boston Finance to monitor the company during its moratorium period.

Korda Mentha have stated that progress regarding the collection of loans has been significantly slower than was originally forecast, and a review undertaken by them in July 2008 has shown that there has been some deterioration in the loan book and that bad debt provisions be allowed for in respect of some loans.

This fact aside, at this point in time they do not expect a repayment figure for debenture holders to be less than 100% of principal. Repayment of principal within the overall moratorium period of 20 months is still considered achievable.

A full transcript of the Korda Mentha letter is available on our website.

### **OPI Pacific Finance/ Octaviar.**

Deloitte partners John Grieg and Nicholas Harwood were appointed as voluntary administrators of Octaviar on 13 September 2008. The move came after the Queensland Supreme Court rejected an application by the Public Trustee of Queensland (PTQ) for the company, formerly known as MFS, to be immediately put into liquidation.

Deloitte will now take full control of the above companies as Voluntary Administrators. After taking control, the Voluntary Administrator will investigate and report to Octaviar's creditors on Octaviar's business, property, affairs and financial circumstances, and on the three options available to creditors; these are:

- end the Voluntary Administration and return Octaviar to the directors' control;
- approve a Deed of Company Arrangement; or
- wind up Octaviar and appoint a liquidator.

The Voluntary Administrator must give an opinion on each option and recommend which option is in the best interests of creditors.

A further complication occurred on Monday 15 September, when a Receiver and Manager was also appointed to Octaviar by Fortress Credit Corporation ("Fortress"). We understand that this appointment relates to certain guarantees given by Octaviar to Fortress. At this stage Fortress has not indicated an intention to appoint a Receiver to OPI Pacific Investments Pty Ltd.

We do not have all the facts and events are moving quickly. We ask investors to remain calm and not jump to any conclusions based on media reports. Until the Administrators and the Receivers are in a position to make public statements we advise clients to treat all information as fluid.

In regard to the effect of the above on the OPI Pacific moratorium we have been given the following statements:

- OPI Pacific are currently working with the Trustee and advisors in relation to the potential impact the events with Octaviar in Australia could have on the Moratorium.
- They will also be working with the Voluntary Administrator in relation to the claim under the Put Option and OPI's rights as a creditor of Octaviar.
- The stated objective is to continue to negotiate an arrangement with Octaviar (through the Voluntary Administrator) that will deliver a repayment proposal that is consistent with the recent directions of Stockholders, and that will produce a better outcome than a liquidation of Octaviar.

GWM expects it to be a couple of weeks before any clarity is brought to the situation. We will ask OPI and Octaviar at that stage for answers to the following questions:

- What is the current assessment of the OPI Pacific loan book?
- Will the proposed payment for September 08 to Secured Debenture Stockholders still go ahead?
- What prior charges are in place against OPI Pacific that are ahead of Secured and Unsecured Debenture Holders?
- Will the Cash Offer proceed?
- Are investors in OPI Pacific able to amend their decision on the Cash Offer made by Octaviar?
- Will the moratorium for OPI Pacific continue?

We will continue to post updates on our website [www.gouldwealth.co.nz](http://www.gouldwealth.co.nz) and are working to improve on the way in which information is presented on the site.