

## Finance Company Update – 17 October 2008

### IMP

IMP presented a moratorium proposal to its Debenture Stockholders in June 2008. The proceeds of the asset realisation process delivered by the moratorium process will first be used to repay principal and interest to Debenture Stockholders. Once Debenture Stockholders have been repaid in full, any remaining proceeds will be distributed to Capital Stockholders.

To date IMP has paid out 37¢ in the dollar to Debenture Stockholders. These payments have been made earlier than anticipated.

The magnitude of any distribution to Capital Stockholders will be largely dependent on recoveries from a specific loan described below.

In August 2008 IMP received independent advice that one of its loans was significantly impaired. An independent accounting firm was used to conduct this impairment assessment and its conclusion was that an impairment of 95% was required. This contrasted with an earlier opinion from the same accounting firm in November 2007 which had concluded that a 40% impairment was required.

The recovery of this loan is uncertain, and is unlikely to become clear for a further 12-15 months. Should the investee company perform better than this assessment then there would obviously be upside in the final outcome.

### Propertyfinance

To date Propertyfinance has distributed an initial 9¢ of principal, and is working with a number of its direct loans in order to make a further distribution over the next quarter.

In each case these loans have had a slower rate of repayment than expected, however Propertyfinance have indicated that they will continue to distribute capital as and when it becomes available. Key dates around some important loans are as follows;

Maymourn – 15 section residential sub division (initial) \$1.0m . Due late Oct 08  
Sunnyvale – Nine section residential sub division \$1.7m. Due late Nov 08  
Alexiam – Four townhouses North Shore \$2.8m. Due Jan 09  
Other Various \$2.3m Due Dec 08/Jan 09.

At this stage our best guidance is a further 1¢ distribution in late October and a 2¢ distribution in late November.

### OPI Finance

A further payment of 7.5¢ in the dollar has been made by OPI Finance, bringing the total capital repaid on secured debenture stock to 19.76¢. There has been some delay in the processing of the payment into your accounts however you will not be disadvantaged as your interest will be backdated to the original date of receipt at Aegis. We expect Aegis to be able to complete this payment shortly.

## **Cymbis Australia**

Following the receipt of legal advice, the Trustee for Cymbis Australia has formed the view that Enhanced Debentureholders will need to be paid their principal and all ongoing interest out of the total pool of all of the assets of Cymbis prior to any payments to Ordinary Debentureholders.

The advice is however that there are a number of areas of uncertainty around this issue.

Given that this confirms that any shortfall on recoveries is fully borne by Ordinary Debentureholders and that there are some areas of uncertainty in the relevant documentation, the Trustee has concluded that Cymbis Australia needs to seek confirmation of the position from Court. It is expected that the Court hearing will be towards the end of October 2008.

The outcome of this hearing will finalise the position of how the assets are shared between Enhanced and Ordinary Debentureholders.

The receiver has advised that they hold enough cash on hand to make an initial 10¢/\$1.00 distribution once ultimate priority has been determined.

## **St Laurence**

We remain in contact with St Laurence over the progress of their restructuring proposal. This has unfortunately taken longer than expected with the Trustee, however they are now well into the final stages. We are hoping to receive information in the next week or so and are aware that Kevin Podmore will again be holding a series of meetings around the country to discuss the finalised proposal directly with investors.

## **Bridgecorp**

John Waller, the PriceWaterhouse Coopers (PWC) receiver, has released the latest quarterly receivership report on the 3 October 2008. The report is available in full on our website however the main context of the report is that the Receivers have not been able to release a revised estimated return, indicating that the market is too volatile for them to accurately predict returns.

PWC continue to move forward with various actions against Bridgecorp's directors and other named parties.

We will continue to post updates on our website [www.gouldwealth.co.nz](http://www.gouldwealth.co.nz) as they are received.