

Mutual Finance Limited (In Receivership)
("the Company")
Company No: 855747

30490

14 September 2010

Introduction

Grant Robert Graham and Brendon James Gibson were appointed Joint and Several Receivers and Managers of the assets and undertakings of the Company on 14 July 2010 pursuant to a Debenture Trust Deed dated 19 August 2002 granted in favour of Covenant Trustee Company Limited ("the Trustee").

Restrictions

This report has been prepared by us in accordance with and for the purposes of Section 23 of the Receiverships Act 1993. It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership. In compiling this report we have relied on the accuracy of all relevant information provided by the Company. While all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

All information contained in this report is for the confidential use of the parties to which it is provided, in accordance with Sections 26 and 27 of the Receiverships Act 1993 and is not to be disseminated or passed to any other person without prior written authority or in accordance with the law.

Commentary

- The Company was incorporated in May 1997 and traded as a finance company providing commercial and consumer loans. The Company traded from leased premises in central Auckland.
- Due to a technical breach of the Debenture Trust Deed, the Trustee appointed Receivers in order for the loans of \$8.2 million to be recovered and other assets (comprising two properties in New Plymouth and Cable Bay, a debtors ledger of \$396k and minor office furniture and equipment) to be realised.
- At this time it is not possible to estimate the level of recovery from these assets.
- The Company's investors qualify under the Crown's Retail Deposit Guarantee Scheme. Accordingly, immediately following our appointment we contacted the Treasury to ascertain its requirements. The Receivers have now verified the investor register and have provided this information to the Treasury. This will enable Treasury to commence its payout process.

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- The following security interests were registered on the Personal Property Security Register as at the date of receivership:

Secured Party	Address	Collateral Type	Date Registered	Liability
Covenant Trustee Company Ltd	48 Shortland St, Auckland	All present and after acquired personal property	27 Aug 02	\$9.3 million
Sharp Corporation Ltd	59 Hugo Johnston Dr, Penrose, Auckland	PMSI- photocopier	27 Aug 07	\$432.00

- As at the date of appointment the preferential liabilities comprised employee holiday entitlements of \$8k (gross) which have now been paid. At this time we have yet to receive a claim from the Inland Revenue Department.
- From the Company records and claims received to date, we estimate that the total unsecured creditor liability is circa \$161k. Again, we have yet to receive a claim from the Inland Revenue Department which is likely to increase the current unsecured claims.
- Based on our preliminary estimates, we believe that it is unlikely there will be a return to unsecured creditors.



B J GIBSON
 Joint Receiver