



Receivers' Six Monthly Report on the State of Affairs of  
Capital + Merchant Investments Limited (In Receivership)  
For the six month period from 24 May 2010 to 23 November 2010  
Pursuant to Section 24 of the Receiverships Act 1993  
Company Number 1641853

February 2011



24 February 2011

Registrar of Companies  
Companies Office  
Private Bag 92061  
Auckland Mail Centre  
Auckland

## CAPITAL + MERCHANT INVESTMENTS LIMITED (IN RECEIVERSHIP)

Attached is our six monthly report in relation to Capital + Merchant Investments pursuant to Section 24 of the Receiverships Act 1993. A copy of this report has been sent to Fortress Credit Corporation (Australia) II Pty Limited.

A handwritten signature in blue ink, appearing to read "R G Simpson".

R G Simpson  
Receiver

A handwritten signature in blue ink, appearing to read "T W Downes".

T W Downes  
Receiver

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# Introduction

We, Richard Grant Simpson and Timothy Wilson Downes of Grant Thornton were appointed jointly and severally as receivers and managers of all the assets, property and undertakings of Capital + Merchant Investments Limited ("CMI" or "the Company") on 23 November 2007 by Fortress Credit Corporation (Australia) II Pty Limited ("Fortress").

We set out below our six monthly report on the state of the affairs of the Company as required by section 24 of the Receiverships Act 1993 for the period 24 May 2010 to 23 November 2010.

## Current Receivership Actions

### GST

We are currently in the process of seeking directions from the Court in relation to whether the GST on certain sales of property is available for Fortress.

## Particulars of Debts and Liabilities Outstanding

### Fortress

Fortress is secured by a General Security Agreement dated 18 December 2006.

To date we have repaid Fortress \$40.2 million. Fortress is owed \$17.95 million (including accrued interest) as at 23 November 2010.

Based upon the information available, we expect that Fortress will not be repaid in full.

## Receipts and Payments

The table opposite sets out the receipts and payments for the Company from 24 May 2010 to 23 November 2010.

We note the following in respect of the receipts and payments summarised in the table:

- From the 16 Loans, gross recoveries of \$56.5 million had been realised as at 23 November 2010. No realisations were made within the last 6-month period and no further realisations are expected.
- Legal fees to date include general receivership advice, loan specific advice, property administration and loan documentation services, as well as tax advice.
- The GST and interest paid to the IRD is pending a court application for directions.

**Capital + Merchant Investments Limited (In Receivership)**  
**Receivers' Receipts & Payments**  
**For the Period: 24-May-10 to 23-Nov-10** 000's

|                                |               |
|--------------------------------|---------------|
| Receipts                       |               |
| Balance brought forward        | 44,489        |
| Interest from Bank             | 0             |
| Advance from CMF               | 218           |
| <b>Total Receipts</b>          | <b>44,707</b> |
| Payments                       |               |
| Balance brought forward        | 44,486        |
| GST Paid                       | 3             |
| Legal Fees & Disbursements     | 3             |
| Receivers Fees & Disbursements | 21            |
| Sundry                         | 0             |
| GST paid to IRD                | 170           |
| Interest on GST paid to IRD    | 24            |
| <b>Total Payments</b>          | <b>44,706</b> |
| <b>Net Funds on Hand</b>       | <b>1</b>      |

# Appendix 1

## Restrictions

All information contained in this report is provided in accordance with Sections 25 and 26 of the Receiverships Act 1993.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

We have not independently verified the accuracy of the information provided to us, and have not conducted any form of audit in respect of the Company. We express no opinion on the reliability, accuracy or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available and assumptions made as at the date of this report. It is possible that actual outcomes may be significantly different from those disclosed in this report.

We reserve the right, but will be under no obligation, to review or amend our report, if any additional information becomes available.

In addition the following should be noted:

- Certain numbers included in tables in this report have been rounded and therefore may not add exactly.
- All amounts are stated in New Zealand dollars.

## Appendix 2

### Directory

|            |   |
|------------|---|
| CMI:       | Capital + Merchant Investments Limited<br>(In Receivership)   |
| CMF:       | Capital + Merchant Finance Limited<br>(In Receivership)   |
| Fortress:  | Fortress Credit Corporation (Australia) II<br>Pty Limited, Level 43, 50 Bridge Street,<br>Sydney, NSW 2000, Australia |
| Receivers: | Richard Simpson and Timothy Downes of<br>Grant Thornton   |