

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

30490  
7 September 2011

### 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 24 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 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.
- The Company's investors qualified under the Crown's Retail Deposit Guarantee Scheme. Treasury has confirmed all investors have now been repaid.
- We have repaid \$1.8 million to the Crown to date.
- 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.

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[nz@kordamentha.com](mailto:nz@kordamentha.com)  
[www.kordamentha.com](http://www.kordamentha.com)

#### New Zealand

Level 16, 45 Queen Street  
Auckland 1010

PO Box 982, Shortland Street

Auckland 1140

Office: +64 9 307 7865

Fax: +64 9 377 7794

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- 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 extremely unlikely there will be a return to unsecured creditors.



B J GIBSON  
Joint Receiver

**Mutual Finance Limited**  
**(In Receivership)**  
**Statement of Receipts & Payments**  
**From 14 January 2011 to 13 July 2011**

<b>Receipts</b>	
Balance brought forward	1,849,475
Interest received	15,795
Loan Interest only receipts	15,000
Loan repayments	1,302,936
Loan repayments (not finPOWER)	2,781
Rental income	4,800
Rental income - New Plymouth property	1,600
<b>Total Receipts</b>	<b><u>3,192,387</u></b>
<b>Payments</b>	
Balance brought forward	509,629
Advertising	3,537
Consultancy fees	690
Distribution to secured creditor	1,200,000
Insurance	1,131
Legal costs	53,955
Rates – Council	18,662
Receivers' remuneration	162,181
Rent	2,811
Software/ IT-related costs	2,611
Sundry expenses	3,080
Trustee fees	15,093
<b>Total Payments</b>	<b><u>1,973,382</u></b>
<b>Net Cashflow</b>	<b><u><u>1,219,006</u></u></b>