

Administrators update to creditors

Next Steps and Timetable

The first meetings of creditors of Lift Capital Partners Pty Limited (administrators appointed) and Lift Capital Nominees No. 1 Pty Limited (administrators appointed) ("the Companies") were held concurrently on 22 April 2008.

The administrators are dealing with the issues identified at the first creditors' meeting. They are also responding to numerous enquiries from clients and creditors, analysing various transactions to which the Companies were party to prior to 10 April 2008 and liaising with the Committee of Creditors which was appointed on 22 April 2008.

Before the administrators can prepare their report to creditors and give a recommendation to creditors regarding whether the Companies ought to enter into a Deed of Company Arrangement, be placed in liquidation or returned to the control of the directors, the administrators consider it is necessary to undertake (amongst others) the following tasks:

- (a) Determine the extent of the Companies property by:
 - (i) obtaining possession from Merrill Lynch of the remaining unsold securities that are still being held by Merrill Lynch and have yet to be returned;
 - (ii) ascertaining which of these securities may constitute the Companies property and which may be the subject of claims from particular investors; and
 - (iii) receiving an accounting of and analysing the transactions which have been undertaken by Merrill Lynch since Merrill Lynch terminated its arrangements with the Companies on 10 April 2008;
- (b) Finalise a database setting out relevant information in connection with each investor, including their holdings and loan balance. This will assist the administrators in forming a view as to which parties are creditors of the Companies.
- (c) Formulate views and obtain legal advice (and if necessary court directions) as to the appropriate manner in which different classes of creditors / investors ought to be treated.
- (d) Deal with investors who have proprietary interests in managed funds or funds in cash management trusts.
- (e) Receive and verify a full reconciliation of all relevant transactions which have been undertaken by Merrill Lynch.

Given the scale and complexity of the issues to be addressed before the administrators can prepare their report and give a recommendation to creditors, the administrators consider it to be in the best interests of the administration and the creditors as a whole to apply to the Court for orders extending the "convening period" for the second creditors' meeting, from 9 May 2008 to 9 July 2008 (with the meeting itself to be held within 5 business days after the end of the convening period – ie no later than 16 July 2008).

The orders proposed would enable the second creditors' meeting to be convened and held by a date prior to 9 July 2008 if our investigations can be progressed sufficiently and our report finalised earlier than the proposed latest convening date of 9 July 2008. The administrators are consulting with the Committee of Creditors in relation to the proposed application.

The administrators expect to file the application with the court by noon on Thursday, 1 May 2008. If any creditors wish to object to the application, we would be grateful if they could contact Adrian Koochew of McGrathNicol on 02 9248 9946 as soon as possible.