

**Lift Capital Partners Pty Limited ACN 111 015 500
Lift Capital Nominees No.1 Pty Limited ACN 112 913 532
(Administrators Appointed) ("Lift Capital")**

Update to category 3 Clients

The purpose of this update is to inform all Category 3 Clients of the status of their claims in the Administration and our intended course of action.

Calculation of Client Claims

The Administrators are still considering the range of principles that may apply to the calculation of claims for Category 3 Clients. However, the Administrators current expectation is that Category 3 Client claims will be calculated as the total market value of Non Identifiable Securities as at 10 April 2008 less any outstanding loan balance as at 10 April 2008.

Further information on the interest calculations for Category 3 Clients is available on the website www.mcgrathnicol.com.

Court Declarations Update

The position of Category 3 Clients is likely to be affected by the manner in which the Administrators are able to deal with the remaining securities at MLIA. In this regard, the Administrators have commenced a proceeding seeking Declarations on the appropriate treatment of these securities. The matter was listed in court on 11 August 2008 for directions, but has been stood over for further directions on 15 September 2008 to allow Merrill Lynch to put on further evidence. The hearing date may be set for sometime in October/November 2008.

The outcome of the declarations may provide guidance in relation to other securities that remain at MLIA.

Please regularly check the website for updates on this matter www.mcgrathnicol.com.

Post Second Creditors Meetings (15 September 2008)

Following the second creditors meetings and the receipt of the court declarations we intend to call for formal proof of debts. Individual client statements and a blank proof of debt form will be circulated to clients following the conclusion of the second creditors meetings to assist clients in completing their claims. Further information will be provided after the receipt of the court declarations.

Should you wish to discuss the above information please contact Sijmon van Loon of our staff on (02) 9338 2671 or email svanloon@mcgrathnicol.com or liftcapital@mcgrathnicol.com.



A G McGrath
Joint Administrator



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