
***Receivers' Twelfth Report on the State of Affairs of
OPI Pacific Finance Limited (In Receivership and In Liquidation)***

Company Number: 977908

July 2015





IMPORTANT NOTE

- This report has been prepared in accordance with and for the purpose of Section 24 of the Receiverships Act 1993, for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership for the six month period 15 March 2014 to 14 September 2014.
- All information contained in this report is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993.
- This report is subject to the restrictions set out at Appendix A. In particular, in preparing this report we have relied upon and not independently verified or audited information or explanations provided to us.

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1. Introduction

Colin McCloy and Maurice Noone were appointed receivers of OPI Pacific Finance Limited (In Receivership and In Liquidation) (“PAC”) by Perpetual Trust Limited (“Perpetual”) on 15 September 2009. The Company had been subject to a moratorium arrangement that was approved by creditors on 19 May 2008; the receivership ended that moratorium arrangement.

We were appointed under the terms of a security agreement giving the secured party a security interest over all of the assets and undertakings of PAC. The property in receivership comprises all of the assets, property and undertakings of PAC.

On 3 November 2011 Aaron Walsh and Andrew McKay of Corporate Finance Limited were appointed liquidators of PAC by the shareholders of PAC, OPI Pacific Limited (In Liquidation) (“OPL”). Justin Bosley replaced Aaron Walsh as liquidator on 6 July 2012. Andrew McKay is also the liquidator of OPL and other related New Zealand companies, along with his colleague John Cregten. Placing PAC into liquidation does not affect the operation of the receivership or the rights of secured debenture holders.

This report provides an update of the receivership, the potential of returns for PAC investors and the receivers’ investigations into the financial affairs of PAC in the period prior to receivership.

2. Events following appointment

As you are aware following our appointment as receivers we attended the offices of PAC to secure the books and records and we determined the most appropriate method of realisation of the assets. Our actions have included:

- Securing key assets;
- Contacting all borrowers and guarantors regarding the recovery of loans;
- Developing asset realisation strategies where applicable;
- Investigating potential claims in respect of the loan book and insurance policies;
- Providing updates and communicating with investors and Perpetual;
- Investigating the affairs of PAC;
- Crystallising PAC’s security in respect of its loan to OPI Pacific Investment Pty Limited (“PIC”); and
- Attending various meetings held by the liquidators of Octaviar Limited (Receivers and Managers appointed) (In Liquidation) (“Octaviar”) and Octaviar Administration Pty Limited (In Liquidation) (“OCVA”).

At the commencement of the receivership of PAC, Colin McCloy and Maurice Noone were appointed as joint and several receivers. However, Mr Noone subsequently resigned as receiver of PAC on 8 May 2014. John Fisk of PricewaterhouseCoopers was appointed receiver of PAC on 8 May 2014.

We have also written to investors on 26 November 2009, 4 May 2010, 23 July 2010, 22 December 2010, 8 June 2011 18 February 2013, 17 December 2013 and 23 December 2014.

3. Particulars of assets and proposal for disposal of property in receivership

As discussed in our previous reports the recorded assets of PAC and PIC have been realised by the receivers. Whilst the receivers continue to investigate various avenues of recovery no further material recoveries are expected from assets or loans.

We outline the following developments in regards to the ongoing avenues for recovery below:

Unsecured Claims Against Octaviar and OCVA

Following the settlement of PAC's claim in OCVA an interim distribution of 4 cents in the dollar (A\$2.6M) was received. Subsequent to the period covered by this report a further interim distribution of 1.2 cents in the dollar (A\$0.78M) has also been received.

We note that in addition to the claims submitted by PAC, both Octaviar and OCVA have debts outstanding to other creditors, and the assets in these companies appear to be insufficient to meet all liabilities in full at this stage.

Claim Against the Auditors

As noted in our previous report, we issued proceedings against PAC's auditors in relation to the audit for the year ended 31 March 2007. A settlement of \$12.5M was reached and payment has been received.

4. Particulars of debts and liabilities outstanding and requiring to be satisfied from the property in receivership

At the date of the receivership, PAC's records indicated it owed NZ\$198.4m to secured debenture holders and NZ\$57.5m to unsecured note holders, predominately located in New Zealand and Australia.

During the receivership there has been a first interim distribution to the secured debenture holders of NZ\$4.3m on 22 December 2010, a second interim distribution of NZ\$4.0m on 18 February 2013 and a third distribution of NZ\$12.5m on 23 December 2014. These distributions equate to 8.04 cents in the dollar, based on the balances owed at the start of the moratorium in 2008, and brought total distributions since the start of the moratorium up to 30.23 cents¹.

Due to the reliance on the outcome of the OCVA liquidation, it is extremely difficult to estimate the final return to secured debenture holders from the receivership of PAC. However, as at 14 March 2015, PAC held cash on hand of NZ\$2.19M and as noted above we have received a further \$0.78M subsequent to the period covered by this report. Accordingly, we intend to make a further interim distribution in the near future.

We are not aware of any preferential claims.

Given the estimated returns to secured investors, we have regretfully advised that there are unlikely to be any amounts available for payment to unsecured creditors.

¹ During the moratorium, from 19 May 2008 to 14 September 2009, secured debenture holders received four payments amounting to an equivalent of 22.19 cents in the dollar based on the balances owing at the start of the moratorium.

5. Receipts and payments

The table below sets out the receipts and payments for PAC for the six month period from 15 September 2014 to 14 March 2015.

OPI Pacific Finance Limited (In Receivership and In Liquidation)	
Receipts and payments (including GST)	
For the Period 15 September 2014 to 14 March 2015	
	NZ\$
Balance carried forward at 14 September 2014	2,557,484
Receipts	
GST refund	56,059
Recoveries	12,500,000
Reimbursement of costs	3,833
Interest received	1,861
Total Receipts	12,561,753
Payments	
Legal fees	(261,537)
Trustee fees	(31,227)
Receivers fees and disbursements	(66,493)
Computershare registry fees	(48,406)
Bank fees	(657)
Distributions to Secured Debenture Holders	(12,504,494)
Other Expenses	(161)
Total Payments	(12,912,976)
Gain (loss) on translation of the Australian dollar accounts	(14,103)
Balance at 14 March 2015	2,192,160

In addition to these funds held by PAC, the receivers of PIC are holding approximately A\$46.0k.

6. Other matters

We carried out an initial investigation into the activities of PAC, its directors and third parties and reported our findings to the relevant Government Authorities.

We have also assisted the Financial Markets Authority (“FMA”) with its investigation into the affairs of PAC and directors, and also provided assistance with other related cases that the FMA is investigating.

In November 2013 the FMA laid charges against four directors of PAC. Due to the nature of the investigations and likely legal consequences, we are unable to provide further details regarding issues identified during the course of our investigations. Doing so could prejudice any proceedings that may be taken by the receivers and/or any Government Authority in New Zealand and/or Australia.

Should stakeholders have any queries arising from this report, please contact us via our website, telephone, facsimile, or private bag address, as follows:

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Dated: 27 July 2015



Colin McCloy
Receiver

Appendix A

Restrictions

- All information contained in this report is provided in accordance with Sections 26 and 27 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 information provided to us, and have not conducted any form of audit in respect of the Company. Accordingly, 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 as at the date of the report.
- We reserve the right, but will be under no obligation, to review or amend our Report, if any additional information, which was in existence on the date of this Report was not brought to our attention, or subsequently comes to light.
- We have relied on forecasts and assumptions prepared by the Company about future events which, by their nature, are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.
- In addition the following should be noted:
 - Certain numbers included in tables throughout this report have been rounded and therefore do not add exactly.
 - Unless otherwise stated all amounts are stated in New Zealand dollars.