

Central Mortgage Trust Limited (In Liquidation)

Liquidators' Second Report

13 January 2011

1. Introduction

Central Mortgage Trust Limited ("the Company") was placed into liquidation by special resolution of the shareholders on the 1st day of July 2010 at 9.30am. Kenneth Peter Brown, and Paul Thomas Manning, Chartered Accountants, both of Tauranga were appointed as Joint and Several Liquidators of the Company.

We set out below our six monthly report on the state of affairs of the above named company as required by section 255 (2)(d) of the Companies Act 1993.

2. Company Information

| | | |
|------------------------|--|---------------|
| Date of Incorporation: | 13 February 1973 | |
| Trading Address: | Within the offices of McKay Hill, Lawyers, 62 Station Street, Napier | |
| Type of business: | Contributory Mortgage Company | |
| Date trading ceased: | 1 July 2010 | |
| Shareholders: | Your Property Centre Limited | 50,000 shares |
| | Gerald George McKay | 45,000 shares |
| | Richard Henry Hill | 5,000 shares |
| Directors: | Gerald George McKay | |

3. Conduct of the Liquidation

Following appointment the Liquidators met with the Director of the company and also liaised with the New Zealand Law Society, who were investigating the practice of McKay Hill. That work continues but is unrelated to the liquidation of Central Mortgage Trust Limited, which was a separate company but operating within the offices of McKay Hill.

The Liquidators established the company had no staff, nor premises of its own, so uplifted the mortgage files from the McKay Hill offices and took them to the Liquidators Tauranga office. A thorough review was undertaken of these, being a total of 20 and communication was made with the borrowers advising of the Liquidators appointment and seeking repayment plans. Only a small number were first mortgages, the majority being second and subsequent mortgages and in

several cases they were in arrears prior to the Liquidators appointment. Collection of funds has proved difficult and in some cases impossible. We attach a summary receipts and payments to date, which shows very little has been received. Nevertheless the Liquidators are seeking as great a return as is possible and the Director Gerald McKay continues to provide assistance when requested, along with Richard Hill. The Liquidators solicitor has also put in considerable work assisting the Liquidators in clarifying the mortgages positions and in some cases commencing legal action for collection.

One bundle of mortgages were being administered by the company but were introduced by H D Nominees or H D Finance Limited. Accordingly after investigation it was established the Liquidators had no rights to deal with that group and they were released back to H D Nominees or H D Finance Limited to handle.

With regards to the investors in Central Mortgage Trust Limited, the Liquidators communicated with them early in the Liquidation and subsequently a meeting was held in Napier on 5 August 2010, where the various mortgages were discussed and the steps the Liquidators intend taking in collecting those. A subsequent update circular was sent to investors on 14 December 2010.

The Liquidators are continuing efforts to collect the mortgages but can give no assurances as to time frame and amounts expected as realisations are dependent on market conditions and in some cases legal action, which all take considerable time.

To date no fees have been taken by the Liquidators due to the lack of funds available.

4. Estimated Date of Completion of Liquidation and Notice As To Further Reports

It is not practicable to estimate the date of the completion of the liquidation at this stage. Further reports will be issued six monthly and a final report at the conclusion of the liquidation.

5. Receipts and Payments to 01 January 2011

We attach as *Appendix 1* a summary receipts and payments.

6. Further Information

If you require any further information or if you have any information that will be of assistance to the Liquidators please contact Steph Harborne in the first instance.



Kenneth Peter Brown
Joint Liquidator

Appendix 1

Central Mortgage Trust Limited (In Liquidation)

Receipts and Payments from 1st July 2010 to 1st January 2011

| | | | |
|--------------------------|---------------------|----------|--------------------------|
| GST Exclusive | | | \$ |
| Receipts | | | |
| | Commission Received | 371.25 | |
| | Interest received | 7,796.25 | |
| | Loan Repayments | 600.00 | |
| | | | <u>8,767.50</u> |
| Payments | | | |
| | Computer Expenses | 182.22 | |
| | GST on Expenses | 150.78 | |
| | Legal fees | 853.33 | |
| | | | <u>1,186.33</u> |
| Net Funds | | | <u>\$7,581.17</u> |