

**LEVERAGED CAPITAL PTY LTD
(IN LIQUIDATION) (SCHEME ADMINISTRATORS APPOINTED) (“THE COMPANY”)
ACN 097 720 495**

**LIQUIDATORS’ REPORT TO CREDITORS
PURSUANT TO SECTION 508(1)(b)(ii) OF THE CORPORATIONS ACT 2001 (“the Act”)**

We refer to our appointment as Liquidators on 15 October 2008 following our appointment as Voluntary Administrators on 27 March 2008. Given the Company’s liquidation has continued for more than one year, we now provide our report in accordance with section 508(1)(b)(ii) of the Act. Our report takes the following format:

1. Brief background
2. An account of the Liquidators’ acts and dealings for the period 15 October 2010 to 14 October 2011
3. A description of the acts and dealings remaining to complete the winding up
4. An estimate of when the winding up is likely to be completed
5. Interim Dividend
6. Liquidators’ remuneration

1. BRIEF BACKGROUND

Given the comprehensive reporting to creditors to date (both as Liquidators and Scheme Administrators) and the desire to limit unnecessary costs, we do not propose setting out a detailed discussion of events in the period 15 October 2010 to 14 October 2011. However, we provide the following by way of brief background.

We were appointed Liquidators on 15 October 2008 following our appointment as Voluntary Administrators on 27 March 2008. On the same day as our appointment, Messrs Algeri and Campbell of Deloitte were appointed Receivers and Managers and took control of the Company’s assets. On 4 August 2009, the Court approved Schemes of Arrangement for the Company and other Opes Prime entities.

We refer creditors to our report dated 24 April 2008 pursuant to section 439A of the Act and numerous circulars to creditors since that date. Creditors are advised that copies of our reports and subsequent circulars to creditors are available upon request.

We also refer creditors to the Explanatory Statement dated 3 July 2009 (available on the Ferrier Hodgson website www.ferrierhodgson.com.au) which sets out information concerning the Schemes of Arrangement under Part 5.1 of the Act for the Company and related entities; namely:

- Hawkswood Investments Pty Ltd (In Liquidation) (Scheme Administrators Appointed)
- Opes Prime Stockbroking Ltd (In Liquidation) (Scheme Administrators Appointed)
- Opes Prime Group Ltd (In Liquidation) (Scheme Administrators Appointed)

At meetings of creditors held on 24 July 2009, the Company's creditors, and those of the above related companies, approved the Schemes of Arrangement. Following approval by the Court on 4 August 2009, and following dismissal of an appeal against the Schemes on 4 September 2009, the Scheme became effective and fully operative.

Under the Schemes of Arrangement, an amalgamation of all assets and liabilities of the Company occurred with the abovementioned related entities. However, the Company's liquidation, and the liquidation of the related entities, are running in parallel with the Schemes of Arrangement.

The majority of tasks carried out in relation to the Company and related entities are now undertaken in our capacity as Scheme Administrators.

The Scheme Administrators report to and meet with a representative Committee of Creditors on a minimum six-monthly basis or as issues arise.

2. ACCOUNT OF THE LIQUIDATORS' ACTS AND DEALINGS FOR THE PERIOD 15 OCTOBER 2010 TO 14 OCTOBER 2011

The Liquidator completed the following tasks for the period 15 October 2010 to 14 October 2011:

- Investigating potential voidable transactions, leading to a number of settlements;
- Correspondence and reporting to ASIC
- Bank account maintenance
- Preparation and filing of Business Activity Statements

There have been no receipts or payments in the liquidation for the period 15 October 2010 to 14 October 2011. Transactions relating to the Company have been processed via the Receipts and Payments account for the Schemes of Arrangement.

Creditors are advised that, pursuant to Section 539(5) of the Act, the Liquidators' account of receipts and payments can be inspected at the offices of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne, Victoria during business hours.

3. DESCRIPTION OF ACTS AND DEALINGS REMAINING TO COMPLETE THE WINDING UP

The Receivers and Managers retired on 24 September 2009. They delivered all remaining assets of the Company, as well as its books and records, to the Liquidators/Scheme Administrators, in accordance with the terms of the Schemes. Broadly, we expect to undertake the following main tasks in our capacity as Liquidators:

- Complete asset realisations. This task is being undertaken by us largely in our capacity as Scheme Administrators;
- Pursuit of debtor recovery actions, including litigation. This task is being undertaken by us largely in our capacity as Scheme Administrators;
- Account to the Schemes of Arrangement regarding asset recoveries by us as Liquidators;
- Report to the Australian Securities and Investments Commission (which is undertaking its own investigations); and
- Payment of dividends to creditors as and when sufficient funds become available from asset realisations and other recoveries.

4. ESTIMATE OF WHEN THE WINDING UP IS LIKELY TO BE COMPLETED

We are unable to say when the Company's winding up is likely to be completed. As outlined above in point 3, there remains work, including oversight of litigation, that must be completed.

5. INTERIM DIVIDEND

The Scheme Administrators have declared and paid the following interim dividends on all Established Securities Claims.

Date	Cents in the Dollar
16 December 2009	30.0
16 April 2010	3.0
9 July 2010	2.5
27 August 2010	1.5
12 December 2011	2.0
Total	39.0

We note that the dividend paid on 12 December 2011 does not fall within the the period 15 October 2010 to 14 October 2011, however it has been included in the interest of providing creditors with an accurate update at the time of writing.

6. LIQUIDATORS' REMUNERATION

Creditors initially approved Liquidators' fees of \$22,845.50 for the period 15 October 2008 to 31 July 2009. These fees have been drawn in full.

The Schemes' Creditors' Committee have since approved further Liquidators' fees for all Scheme Companies from 1 October 2008 to 30 June 2011 up to a maximum of \$500,000 (plus GST and disbursements). Fees incurred since 1 October 2008 for all Scheme Companies total \$254,326.00. \$7,053.00 of this total relates to the Company.

CREDITOR QUERIES

Should you have any queries regarding this report, the liquidation in general or the Schemes of Arrangement, please contact Mr Chris Hitch of this office on phone (03) 9604 5164 or opsl@fh.com.au.

DATED this 12th day of January 2012



John Lindholm
Liquidator



Peter McCluskey
Liquidator