



CENTRIC Capital Distressed Assets Fund

Investment Update - December 2009

Fund Information

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|---------------------|------------------------|---------------------------|-------------------|------------------------|------------------|
| Fund Size | \$11.3M | Investment Horizon | Long term | Management Fee | 0.935% |
| Strategy | Passive Private Equity | Domicile | Australia | Performance Fee | Nil |
| Unit Price | \$0.4699 | Denomination | Australian dollar | Inception date | 14 February 2008 |
| Distribution | Nil | | | | |

General comment

The improving Australian economy has had a mixed impact on the Fund. The last six months have been uniformly difficult, but the outlook for the current period appears to be stabilising. Debt financing remains limited, which has impinged the Fund's investments, but is expected to result in more impaired assets coming to market over coming quarters

Underlying investments

A brief update on the status of these is provided below:

1. Force Corp (Force) – Force is an equipment hire and sales business focused on powered access equipment for large scale construction, infrastructure and maintenance projects.

The results for the six months to December 31 were below budget, but in line with the reforecast prepared in October, which sees full year earnings matching last year.

Fleet utilisation was below target of 75%, but nevertheless improved to 73% from 69% in the prior period. Debt rescheduling was completed, resulting in a positive cash flow impact of \$0.33m per month from October.

The purchase of Independent Access was negotiated for a price of \$3.35m, 1.4x EBITDA and completion in February.

2. Chippendale Printing (Chippendale) – Chippendale provides off-set print and direct mail, packaging and asset management of marketing products from its plant in Western Sydney.

During the quarter, the CEO was terminated and new management put in place. Increased sales to replace the expiring ING contract were sourced during the quarter, but the expanded work encountered a range of production problems. This resulted in a loss for the half year, but management expects operations to return to break-even before the end of the financial year.

3. QRSciences (QRS) – QRS develops and sells advanced technology systems for security related applications. Applications for its technologies and products include the detection of explosives and narcotics, metal detection and imaging, surveillance and monitoring.

The QRS security division posted a first half net profit of \$1m. This was significantly ahead of 2009 and the company's budget.

4. Formit Holdings (Formit) – Formit was established in 2007 through the amalgamation of various other companies. It is a diversified manufacturer of plastic and precast concrete products. The company has locations in NSW, VIC and QLD.

Formit was added to the portfolio in November 2009. This was achieved through an acquisition of 100% of senior debt and 49% of the equity in the Formit Services Group. The transaction structure involved an assignment of the senior debt providing a strong security position.

Calls on units

As at 31 December 2009, the units in the fund were called to \$0.48 per unit, and the uncalled amount was \$0.52 per unit. The timing of the future calls depends entirely on when Helmsman requires the capital and we will advise you as soon as possible of any call with at least 10 days notice.

Disclosure

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PO Box R1851 Royal Exchange NSW 1225 Tel 02 9250 6500 Fax 02 9252 2702

Specialised Private Capital Ltd ABN 87 095 773 390 AFSL 246744
www.centricwealth.com.au