

Distressed Debt Fund Investment Update

Quarterly Investment Update - September to December 2005

General Comment

Private equity continues to be an asset class highly sought after by investors. In 2005, more than \$2billion was raised for new private equity funds. We expect this will ensure keen competition for new private equity investments; however, this scenario is not unique to Australia. Globally, more than \$153billion has been committed to private equity investments in 2005.

While the competition for private equity investments remains, two of the investee companies of the Fund (Walter Mining and National Medical and Imaging Group) have recently completed acquisitions. These acquisitions, while small, signify that these businesses are sufficiently stable to take such actions. We see these as strong signals for the prospects of these two businesses.

Overall, the Distressed Debt Fund ("DDF") is performing as we expect it would in the current economic environment – that is, not fully invested because economic conditions remain benign (but generally positive), where few quality distressed investments arise.

Underlying Investments

The Helmsman Capital Fund currently has four investments across a variety of sectors including underground service contractors, equipment hire business, medical general practices and wholesale stationery supplies. We provide a brief update on these below. The following table summaries the Fund's exposure (at current fair value) to each investment.

Investment	DDF Exposure
Walter Mining	\$1.56MM
WC Penfolds Group Services	\$0.22MM
Loongana Lime	\$0.40MM
National Medical & Imaging Group	\$1.78MM

Walter Mining

Energy and mineral prices have continued to provide a strong external environment for the investment. Its 2006 Business Plan has been recently revised with a 20% increase in EBIT over the initial budget. During the quarter, Walter Mining completed a strategic acquisition with extensive industry contracts and significant potential to leverage its broader services across the new customer base. Walter Mining has also secured four significant new underground coal contracts with BHP Billiton, Anglo Coal, Xstrata and Centennial. At this time, exit via IPO in late 2006 may be achievable and we will keep you updated on the situation.



WCP Group Services ("WCPGS")

The performance of WCPGS has deteriorated since the last update. Sales through the warehouse have stagnated after having grown at 15% monthly since 2004 and this has negatively affected the working capital required for the warehouse operations. It was perceived by stakeholders that the CEO did not have their best interest in mind; therefore they replaced him with the CFO, in whom stakeholders have expressed confidence. Opportunities to accelerate the business model via merger with, or obtain fresh equity from, a strategic investor is being pursued as a priority for completion prior to the end of 2005.

Loongana Lime

Current focus is on completing the sale of business by the end of 2005. From an operational perspective, Loongana Lime was granted an extension of its environmental license and obtained a diesel fuel rebate from the ATO.

National Medical and Imaging Group Pty Limited ("NMIG")

NMIG performance is trending positively in both Medical and Day Surgery divisions, with the Radiology trends stabilizing in the quarter. Results for July and August were both EBT positive. The business is expanding the Day Surgery division by adding new operating theatres and is also looking to make acquisitions of additional radiology practices. Another positive point is that NMIG is looking at selling some property assets, which is currently being held in its accounts well below the market value, which could lead to a return of capital to unit holders. We are pleased with this investment

Calls on Units

Units in the fund are currently to 57 cents per unit, with another 43 cents per unit remaining uncalled. The timing of calls depends entirely on the time it takes Helmsman to find suitable investment opportunities. We will advise you as soon as possible of any call with at least 14 days notice.

Unit holder Information

This investment update is available on our website (www.centricwealth.com.au). Should you have any enquiries regarding your unit holding, you should contact Registries Ltd on 02 9279 0677.

If you have any questions regarding your investment in the Distressed Debt Fund, you should speak with your financial consultant in the first instance or contact us on 02 8233 0200.



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