

Premium Income Fund

NSX Release: 2 November 2009



ASIC Proceedings

Australian Securities and Investments Commission v Michael King, Craig White, Guy Hutchings, David Anderson, Marilyn Watts Octaviar Administration Pty Ltd (In Liquidation) Octaviar Castle Pty Ltd and the former responsible entity of the Premium Income Fund

Management Investments Limited, the former responsible entity of the Premium Income Fund has been served with proceedings instituted by the Australian Securities and Investment Commission (ASIC) seeking declarations against:

- ✿ Michael King
- ✿ Craig White
- ✿ Guy Hutchings
- ✿ David Anderson
- ✿ Marilyn Watts
- ✿ Octaviar Administration Pty Ltd (In Liquidation);
- ✿ Octaviar Castle Pty Ltd; and
- ✿ Management Investments Limited as former responsible entity of the Premium Income Fund (formerly known as MFS Investment Management Limited), in relation to the draw down of the Premium Income Fund's finance facility in November 2007 and December 2007.

The Application is due to be heard in the Supreme Court of Queensland on 7 December 2009. The proceedings seek declarations of contraventions, pecuniary penalties, compensation and disqualifications from managing corporations pursuant to the *Corporations Act 2001* (Cth).

The proceedings allege that:

- ✿ in November 2007, officers of the former responsible entity caused the Premium Income Fund to transfer \$130 million to MFS Administration Pty Ltd so that MFS Administration could use those funds to pay financial obligations of other MFS Ltd subsidiaries, including \$103 million owed to Fortress Credit Corporation (Australia) Pty Ltd by MFS Castle Pty Ltd;
- ✿ in December 2007, officers of the former responsible entity caused the Premium Income Fund to transfer \$17.5 million to MFS Pacific Finance Ltd, a New Zealand registered company (now known as OPI Pacific Finance Ltd (Receivers and Managers Appointed)); and
- ✿ that in about January 2008, officers of the former responsible entity and the fund manager created and used false documents relating to the use of the \$147.5 million.

As a result of the funds being transferred, the proceedings allege that the Premium Income Fund suffered a loss of \$147.5 million.

Further announcements will be made as the proceedings progress.

For further information please contact:

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