

**Bancredit Cayman Limited – In Official Liquidation
Status Report
25 January 2006**

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APPENDICES

- I. Calculation of second dividend payable
- II. Receipts and payments account for the period 4 September 2003 to 25 January 2006

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1 Introduction

This report has been prepared for the purpose of informing creditors of Bancredit Cayman Limited (“the Company”) about the status of the liquidation and progress made. This report should be read in conjunction with the Joint Official Liquidators’ (“the Liquidators”) last status report dated 7 October 2005 and previous reports.

This report covers the period of liquidation from 1 October 2005 to 25 January 2006.

2 Dividend to Creditors

A first dividend of 4 cents on the US dollar was declared by the Liquidators on 7 October 2005 and payment has been made to all creditors whose claims have been agreed and who have satisfied the due diligence requirements. At the date of this report, a total of US\$20,998.72 has been paid to creditors whose claims have been admitted in the amount of US\$1,259,911.08.

In January 2006, the Liquidators adjudicated the claim submitted by Banco Central de la Republica Dominicana (“the Central Bank”). The claim was filed in the liquidation in the amount of US\$65,899,650.22 and the Liquidators have admitted the claim in the amount of US\$30,972,809.13. The statutory period in which the Central Bank can appeal the Liquidators’ adjudication expires on 7 February 2006. In the event that the Central Bank does not appeal the Liquidators’ decision to reject part of their claim on or before 7 February 2006, there will be sufficient funds available to the Liquidators to declare a second dividend. It is anticipated that a second interim dividend will be declared and paid within 4 months of 28 April 2006.

Based on the information presently available to the Liquidators, it is anticipated that a second dividend of approximately 3 cents on the US dollar will be declared and paid to creditors whose claims have been admitted.

A schedule of how this dividend has been calculated is attached at Appendix I.

In summary, the Liquidators have available cash of US\$15,774,720.75. The second dividend has been calculated after providing for future fees and expenses of the liquidation (estimated at US\$1,400,000); and applying a provision for the payment of the first dividend to creditors who have proved in the liquidation but whose claims have yet to be adjudicated by the Liquidators.

For further information regarding the claims yet to be adjudicated by Liquidators, please refer to Section 6 of this report.

3 Books and records

As creditors may be aware, in November 2005 further records were provided to the Liquidators by Banco Leon. These are being analysed to establish if there are any further debts due to the Company, as there appear to be a number of discrepancies between the records provided to the Liquidators from Banco Leon and those provided to the Liquidators from Bancredito Panama.

The Liquidators were also provided by the Central Bank with a copy of the forensic accountancy report prepared in 2004 (the “Duarte Report”), relating to the group of companies that included the Company and Bancredito Panama. Upon review, the Liquidators noted that the report stated that Bancredito Panama may have held further records relating to the Company. The Liquidators’ attorneys wrote to Mr. Pazmino, the Liquidator of Bancredito Panama, requesting that any records relating to the Company be sent to the Liquidators for review. The Liquidator of Bancredito Panama subsequently confirmed that he does not hold any further records.

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The Liquidators are now seeking a meeting with Sr. Duarte to discuss his report and the location of any further books and records.

4 Assets

A receipts and payments account for the period from 4 September 2003 to 25 January 2006 is attached at Appendix II, upon which the Liquidators comment as follows:

4.1 Loan Book

4.1.1 Loan repayments

Since the Liquidators' last report, loan repayments of US\$565,025.02 have been received.

Two cheques were received on 31 August 2005 in respect of loans from two debtors in the amount of US\$520,000. These cheques were subsequently returned by the bank due to insufficient funds.

The Liquidators subsequently entered into a period of lengthy correspondence with the debtors concerned and in November 2005 replacement cheques were received. These cheques cleared and the funds are held in the liquidation bank account.

The Liquidators' attorneys based in Dominican Republic have advised both debtors that a final payment of US\$15,000 in respect of each loan will be accepted in final settlement of the loan accounts. These final sums were requested for the additional interest chargeable and to cover the extra work required of the liquidators to deal with the returned cheques and to continue with negotiations with the debtor.

The embargo against the Company's assets which was registered by Artag Meridian remains in place. The Liquidators do not agree that Artag Meridian Limited is a creditor within the liquidation and the Liquidators' attorneys in Dominican Republic have therefore been instructed to make a request to the Court in the Dominican Republic that it discharge the embargo due to the detrimental effect such embargo is having on the Liquidation estate.

4.1.2 Sale of Loan Portfolio

On 3 October 2005 a meeting was held at the Liquidators' offices with a representative of an interested party regarding the prospective sale of the loan book. The records relating to the numerous outstanding loan accounts were reviewed by a representative who also requested further information on some of the loans. At the date of this report, the Liquidators have yet to receive an indication as to whether they would be interested in purchasing the loan book.

The Liquidators and their attorneys have also approached five other financial institutions regarding the loan portfolio but, because it is uncertain at this stage whether a sale of the loan portfolio will be achieved, the Liquidators and their attorneys continue in their collection efforts.

4.2 GFN International Investment Corporation

The petition for the winding up of GFN International Investment Corporation ("GFNII") was dismissed by the Court and a report from the Liquidators' Cayman Islands attorneys setting out the options available to the Company was provided at the last meeting of the Creditors' Committee.

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Following that meeting, a resolution was provided to the Creditors' Committee members concerning the appeal against the Court's decision. No votes on this resolution have been received.

The Liquidators have therefore taken the advice from their Cayman Islands attorneys and have advised GFNII that the appeal will not be pursued. GFNII had previously offered that they would not seek their costs from the Company if the appeal was not pursued. This offer was accepted.

4.3 Union Planters

As discussed in earlier reports, prior to its liquidation, the Company placed a certificate of deposit for US\$13 million with Union Planters. From an analysis of the bank statements conducted by the Liquidators, it would appear that this certificate was cancelled three days after it was placed, with the funds being remitted to another account held at Union Planters.

Banco Leon submitted a claim advising the Liquidators that they wish to set off the amount of US\$13 million in respect of the certificate of deposit against the amount they are owed by the Company. The US\$13 million was transferred to an account in the name of Bancredito and the Liquidators are unsure why this then continued to be reported to the Cayman Islands Monetary Authority as a certificate of deposit. The Liquidators continue to investigate this issue, in particular in the light of the various claims submitted by Banco Leon.

4.4 Tricom

The Duarte Report (discussed in section 3 of this report) contained papers which detail transactions relating to the issue of Tricom shares valued at US\$70 million through a private placement in December 2002.

The Liquidators have reviewed the bank accounts of the participants of the share issue which indicate funds being credited to the individual accounts of the participants and then immediately being debited. The statements of account held by Bancredit at Hemisphere do not however show the corresponding cash balances being cleared through that account.

It is alleged that a series of loans from Bancredito Panama were granted to the participants, the proceeds of which were used for the purchase of the Tricom shares.

The Liquidators are continuing to investigate these transactions in view of the alleged debt owed to the Company from Bancredito Panama which appears to stem from the funding of this share issue.

The Tricom transaction is discussed in further detail in section 4.4 of the report dated 7 October 2005.

4.5 Interest received

The funds held in the client account for the Company have been invested in various rolling monthly fixed deposit accounts to maximize realisations for creditors. The interest received to date is US\$402,888.37.

5 Liabilities

The principal claims within the liquidation are those of the Central Bank, Banco Leon and Caribbean Energy Corporation ("CAREC"). These claims remain under investigation as explained below:

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5.1 Banco Central de la Republica Dominicana

The Central Bank has submitted a claim of US\$65.9 million, of which approximately US\$30.9m relates to compensation payments to third parties and US\$35m relates to an inter-company debt arising due to the acquisition by the Leon group of Bancredito.

5.1.1 Compensation payments to third parties

The Liquidators have rejected US\$11,677.65 of the compensation payments element of the Central Bank's claim as third party creditors have themselves claimed based on the same indebtedness.

US\$30,972,809.13 has been agreed as being a claim within the liquidation. However, the attorneys acting on behalf of Caribbean Energy Corporation, Ritch & Conolly, have advised the Liquidators of their intention to apply to expunge this claim and have asked that no dividend be paid on this claim until further notice.

5.1.2 Inter-company debt

An amount of US\$34,915,163.44 claimed by the Central Bank in respect of an inter-company debt between the Company and Bancredito was rejected by the Liquidators on 17 January 2006. This claim would appear to be a duplicate of that submitted by Banco Leon. The Central Bank has been given 21 days within which to lodge an appeal against this decision. As a result, this deadline expires on 7 February 2006.

5.2 Banco Leon

In total, Banco Leon submitted a claim of US\$139,462,656.78 in the liquidation. The Liquidators continue to correspond with representatives of Banco Leon in respect of their claim.

An amount of US\$38,274,864.00 has been claimed in the liquidation in respect of amounts purported to have been paid by Banco Leon during the months of June, July and August 2003 in respect of obligations due by Bancredit. The Liquidators have requested further information from Banco Leon in respect of this element of their claim. Papers submitted in support of this element of their claim are not always substantiated by the records held by the Liquidators and it would appear that Banco Leon themselves may be having difficulty substantiating payments made to Bancredit which Banco Leon states were in turn used to repay Bancredit's creditors.

An amount of US\$76,341,609.41 has been claimed in respect of the balance held on account at Bancredit as at the date of appointment. Again, further information has been requested from Banco Leon in respect of this element of the claim.

Documents submitted to the Liquidators by Banco Leon appear to indicate the possibility of claim duplication and again highlight the need to fully understand the flow of funds in the period immediately prior to Liquidation.

A further US\$21,696,183.37 claimed remains under query.

Finally, the amount of US\$150,000 in respect of a debt assigned to Banco Leon has been admitted to rank for dividend within the liquidation.

5.3 Caribbean Energy Corporation

CAREC has submitted a claim in the liquidation for the amount of US\$41,613,810.34.

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This claim remains under query and the Liquidators continue to correspond with CAREC's attorneys in the Cayman Islands, Ritch & Conolly, regarding this claim.

As referred to in section 5.1.1, Ritch & Conolly have recently advised the Liquidators of their intention to apply to expunge the claims of both the Central Bank and of Banco Leon although it is currently unclear the basis on which they would be entitled to do this. The Liquidators have requested further explanation in this regard.

6 Claims adjudication

The following table shows the current position as regards claims received from creditors. Claims have been adjudicated and admitted where the Liquidators have been able to agree the amount claimed to the Company's records:

Status	Number of Claims	Total Claims (US\$)
Adjudicated and admitted	13	31,647,777.15
Adjudicated and admitted pending KYC form	24	1,125,559.66
Claims received but not admitted	38	223,379,020.59
Total	75	256,152,357.37

"Claims received but not admitted" relate to those claims where the creditor has yet to provide supporting documentation, or where further investigation is required before the Liquidator will be satisfied that the amount claimed relates to the true position as at the date of appointment.

Once a creditor has provided sufficient information to satisfy the Liquidator that the claim is valid, and has provided all necessary due diligence information, the first dividend of 4 cents on the US dollar will be paid.

7 Controllers' fees

The Court has been advised that at the Creditors' Committee meeting on 28 June 2005 the Committee's view as to the level of fees was sought and that four members voted for the approval of the Controllers' fees while the remaining member abstained from voting. Additionally, CIMA have confirmed that they have no objection to the Controllers' fees.

In December 2005, the Court heard the Liquidators' application for approval of the Controllers' fees. The Court has reserved judgment whilst it considers whether it has jurisdiction to hear such an application.

8 Conclusion

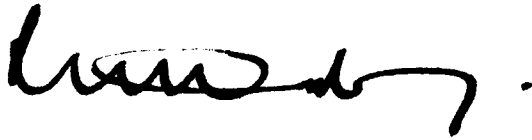
The Liquidators have arranged a number of meetings during their forthcoming visit to the Dominican Republic which will hopefully assist in the progress of the liquidation.

In addition, and as previously stated, the Liquidators are in possession of information which suggests the existence of further debtors. However, this information needs to be more fully reviewed.

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The Liquidators will continue to realise the Company's assets and to adjudicate on the claims submitted by creditors in order to be able to pay further dividends, as appropriate.

The liquidators will consult with the Liquidation Committee as appropriate.

A handwritten signature in black ink, appearing to read 'Richard E L Fogerty', followed by a period.

Richard E L Fogerty
Joint Official Liquidator

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APPENDIX I

Calculation of second dividend payable

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Calculation of second dividend payable	US\$	US\$
<i>Cash at bank as at 25 January 2006</i>		15,774,720.75
<i>LESS: First dividend yet to be paid to creditors (N1)</i>		8,828,021.96
		<hr/>
<i>Cash available for distribution</i>		6,946,698.79
<i>Creditors' claims:</i>		
Adjudicated and admitted	31,647,777.12	
Adjudicated and admitted pending KYC form	1,125,559.66	
Further information required (N2)	188,452,179.52	
	<hr/>	
Maximum potential claims		221,225,516.30
		<hr/>
<i>Potential maximum dividend payable to creditors</i>		0.03
		<hr/> <hr/>

Funds have been retained to cover the future costs of liquidation including legal fees and expenses and Liquidators' remuneration.

Notes:

(N1) First dividend yet to be paid to creditors

Creditors' claims of \$221,225,516.30 at 4% = \$8,849,020.68 dividend payable

Less: dividends paid to date of \$20,998.72

Dividends potentially payable of \$8,828,021.96

(N2) Further information required

This amount does not include the Central Bank's claim of \$34,926,841.07 which has recently been rejected.

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APPENDIX II

**Receipts and payments account for the period 4 September 2003 to 20 January
2006**

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Joint Official Liquidators' receipts and payments account For the period 4 September 2003 to 25 January 2006

Receipts	At 7 October 2005		As at 20 January 2006	
	US\$	US\$	US\$	US\$
<i>Cash recovered from banks:</i>				
HSBC	17,671.55		17,671.55	
Union Planters	25,367.33		25,367.33	
Dresdner	940,284.27		940,284.27	
American Express	158,216.97		158,216.97	
Hemisphere	<u>362,258.67</u>		<u>362,258.67</u>	
		1,503,798.79		1,503,798.79
<i>Customer loan repayments</i>		14,398,529.43		14,971,352.39
<i>Sale of investment</i>		1,245,095.14		1,245,095.14
<i>Intercompany debts</i>		61,048.35		61,048.35
<i>Interest received</i>		276,426.31		402,888.37
Total receipts		17,484,898.02		18,184,183.04

Payments

<i>Controllers' fees</i>	-414,498.00		-414,498.00	
<i>Controllers' expenses</i>	-39,243.87		-39,243.87	
<i>Liquidators' fees</i>	-884,941.50		-1,130,087.00	
<i>Liquidators' expenses</i>	-66,810.77		-90,361.13	
<i>Legal fees and expenses</i>	-544,146.58		-662,815.04	
<i>Translation fees</i>	-2,075.00		-3,075.00	
<i>Dividend to unsecured creditors</i>	0.00		-18,916.59	
<i>Dresdner - subrogated claim</i>	-20,943.03		-20,943.03	
<i>Document management</i>	-27,764.78		-27,764.78	
<i>Bank charges</i>	-1,595.55		-1,757.85	
Total payments		-2,002,019.08		-2,409,462.29
Net position as at 25 January 2006		15,482,878.94		15,774,720.75

Financed by

Cash at RBC	Current Account	1,579,578.71	
	Fixed Deposit 1	13,818,731.33	
	Fixed Deposit 2	<u>376,410.71</u>	
			15,774,720.75