

Bancredit Cayman Limited – In Official Liquidation
(“the Company” or “Bancredit”)
Status Report
30 May 2006

Status Report

30 May 2006

CONTENTS

1.0	Introduction	1
2.0	Creditors' committee	1
3.0	Books and records	2
4.0	Assets	2
5.0	Liabilities	3
6.0	Controllers' and Liquidators' fees	6
7.0	Dividend to Creditors	6
8.0	Conclusion	6

BANCREDIT CAYMAN LIMITED – IN OFFICIAL LIQUIDATION (“The Company”))

Status Report

30 May 2006

APPENDICES

- I. Receipts and payments account to date

Status Report

30 May 2006

1.0 Introduction

This report has been prepared for the purpose of informing creditors of Bancredit about the status of the liquidation and progress made. It should be read in conjunction with previous reports

This report covers the period of Liquidation from 26 January 2006 to 30 May 2006.

2.0 Creditors’ committee

There has been one meeting of the Creditors’ Committee during the period covered by this updating report held on 8 February 2006, where a number of issues were discussed including:

- i) the formalities of the operation of the committee;
- ii) the collection of loan monies;
- iii) the adjudication of creditor claims;
- iv) economic group and other bailiff actions in the Dominican Republic;
- v) the Company’s books and records;
- vi) an application under Ch 15 of the US Bankruptcy Code;
- vii) a proposal for a Scheme of Arrangement and
- viii) the basis of remuneration for the Liquidators.

Status Report

30 May 2006

3.0 Books and records

Following receipt of the Duarte Report from the Central Bank (see paragraph 3 of the updating report dated 25 January 2006) The Liquidators have now met with Sr. Duarte, the author of the report, to discuss his findings and the location of the company documentation that he would have reviewed during the preparation of his report. It was anticipated that copies of any company documentation retained by him in support of the matters reported could be provided to the Liquidators but this is not presently the case and the Liquidators are considering, together with their attorney in the Dominican Republic, what means there might be available to them to obtain full disclosure.

It is clear to the Liquidators that there is a considerable amount of company information that is yet to be located, some of which it appears may be held by the U.S. correspondent banks. In order to assist them to secure this, and in order to assist them investigate potential claims of the Company against third parties subject to U.S. jurisdiction, the Liquidators applied for formal recognition of the Liquidation in the United States of America and a Petition in that regard was filed on 10 May 2006 in the United States Bankruptcy Court for the Southern District of New York. The Petition will be heard on 15 June 2006.

The Liquidators have contacted KPMG, the auditors of Bancredit, to request copies of any items of the company’s documentation that may have been retained by them, and their response is awaited.

4.0 Assets

A receipts and payments account to 30 May 2006 is attached at Appendix I, upon which the Liquidators comment as follows:

4.1. Loan Book

4.1.1. Loan repayments

Since the Liquidators’ last report dated 25 January 2006, US\$180,000 has been received from debtors, making a total of US\$15,151,352.39 since the appointment of the Controllers.

All of the loan settlements meet the criteria sanctioned by the liquidation committee.

It is becoming increasingly difficult to realise monies from loan account debtors. The Artag Meridian Embargo, referred to in greater detail at paragraph 5.6.2 of this report, which has been served on some 28 debtors of the Company, appears to have caused those that were making regular payments to cease to do so.

4.2. Sale of Loan Portfolio

No formal offers to acquire the loan portfolio have been forthcoming as a result of the enquiries that were previously made.

The Liquidators and their attorneys have recently approached two additional parties that have expressed an interest in acquiring the loan portfolio and a representative of a company based outside of the Dominican Republic recently signed and returned a confidentiality letter and so is now in a position to pursue his interest should he choose to do so.

It remains uncertain at this stage whether a sale of the loan portfolio will be achieved and the Liquidators and their attorneys continue with their collection efforts.

Status Report

30 May 2006

4.3. Union Planters

Although they do not yet know why a certificate of deposit, in the sum of US\$13m, continued to be reported to the Cayman Islands Monetary Authority as a certificate of deposit, the Liquidators are satisfied that the Union Planters certificates of deposit were transferred to Bancredito (now Banco Leon) to set against monies owed to Bancredito by the Company. It is the Liquidators' position that interest is owed in respect of the value of the Union Planters certificates and they continue to correspond with Banco Leon on this point.

4.4. Tricom

In their previous report, the Liquidators indicated that the Duarte report also contained a schedule of the Tricom account held at Bancredit and that this schedule shows the amount of US\$70m being credited to the account. Upon investigation, it seems that this money may have been loaned, by the Company, to third party investors apparently for investment in Tricom. This matter is subject to continuing investigation.

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 realizations for creditors. The interest received to date is US\$546,817.41.

5.0 Liabilities

5.1. Customer deposits and the Central Bank

As previously reported, a claim from the Central Bank in an amount of some US\$34.9m was rejected on 17 January 2006. No appeal against this decision was made within the statutory time limit for such appeals and the Liquidators are no longer making a provision for a distribution against this sum. A distribution based on 4% of an admitted amount of some US\$31m has been paid to the Central Bank.

5.2. Certificates of deposit issued by related companies

Parties holding commercial papers or certificates of investment issued by connected companies have been written to and advised that their claims are rejected. Although there seems to have been general acceptance of this position, there remain a number of debtors who refuse to repay their loans, as they also hold certificates of investment issued by GFN companies. The Liquidators have not, to date, been put in funds by the issuer of the commercial papers or certificates of investment for the purpose of making re-payment to third parties.

Status Report

30 May 2006

5.3. Banco Leon

To date, Banco Leon has submitted claims under five general headings:

- i) Current account balance;
- ii) Deposit account balance;
- iii) Certificates of deposit issued to Cap Cana and assigned to Banco Leon;
- iv) Wire transfers made, allegedly without authorisation;
- v) An assigned debt.

The claim in respect of the current account in an amount of some US\$76m has been admitted to rank for distribution. However, Caribbean Energy Corporation Ltd (“CarEC”), through its attorney, indicated that it would seek to expunge this claim, apparently on the basis of a tri-partite agreement to which the Company is not party (“the tripartite agreement”). CarEC claims to be a creditor of the Company but its claim has not been admitted. The Liquidators' understanding is that CarEC and the GFN Group of Companies have common management. CarEC was notified, on 26 April 2006, that the Banco Leon claim has been admitted to rank for distribution. Pursuant to Insolvency Rule 4.83(2), CarEC had 21 days in which to make formal application to the Court to appeal the Liquidators' decision admitting the claim to proof. As at 17 May 2006, the date on which that period expired, the Liquidators had not been notified of any such application. Accordingly, a first dividend equal to 4% of the claim was paid to Banco Leon.

The remaining elements of Banco Leon's claim continue to be investigated.

5.4. GFN SA

On 27 April 2006 the Liquidators received a proof of debt in an amount of some US\$168.7m from GFN SA. The proof of debt is dated 24 May 2005 although the Liquidators are not aware of this claim having been submitted on or around that date. GFN SA's Cayman Islands attorneys also expressed some doubt that the claim had been lodged then. The claimant has provided documentation in support of its claim and this has yet to be adjudicated. For the time being this claim has not been included in the schedule provided at paragraph 5.5 of this report because it is not immediately evident that the supporting documentation does, in fact, prove a debt against the Company.

5.5. Claim adjudication

There are now some 118 creditors indicated by the Company's records that have yet to submit a claim within the liquidation. Whilst these potential creditors have been provided with proof of debt forms, the Liquidators await confirmation of their claims and have notified them that a first interim dividend equivalent to 4% of all known claims was declared on 7 October 2005, giving them notice that the Liquidators hold sufficient funds to enable a second dividend to be declared and that they will be at liberty to declare such further dividend on or before 28 August 2006.

Status Report

30 May 2006

The progress of adjudication of creditors' claims is summarized in the following table and it should be noted that requests have been made of creditors where further information is required:

Status	Number of Creditors	Total Claims (US\$)
Adjudicated and admitted	16	107,951,630.15
Adjudicated and admitted pending KYC form	25	1,182,511.37
Further information required	32	108,191,894.95
Total	73	217,326,036.47

The aggregate claims of the Central Bank, Banco Leon and CarEC (albeit that the latter is still being adjudicated), comprise approximately 96% of the total claims against the Company. The Liquidators hope to meet with representatives of these claimants to discuss the possibility that the claims of the remaining third party creditors can be compromised at a level yet to be agreed and paid. This would simplify the liquidation and enable the remaining major claimants to reach a commercial agreement regarding the remainder of the Company's assets that takes into account the issues between themselves. These issues appear to include claims arising from the "tri-partite" agreement referred to above which was entered into by a number of members of the GFN group with the Central Bank and Bancredito in June 2003 and related to the restructuring of a number of GFN group companies. Depending on the commercial terms of such a settlement and given the number of creditors of the company, a scheme of arrangement might be necessary to effect any such settlement.

5.6. Actions brought against the Company and Liquidators

5.6.1. GFN Bailiff Action

The Company was a defendant in a bailiff action being brought in the Dominican Republic by debtors of various GFN group companies which sought a declaration that those companies are part of an economic group and thus each is responsible for the other members' debts and liabilities. Although the Liquidators' Dominican Republic attorneys were allowed to view the judgment and were able to confirm that the Company has not been made liable for the debts of other companies within the GFN group, to the Liquidators' knowledge the judgment has not been publicly released.

5.6.2. Artag Meridian Embargo

An embargo against the Company's assets had been registered in the Dominican Republic by Artag Meridian Limited, an affiliate of GFN.

Status Report

30 May 2006

5.6.3. Community Bank Action

An action has been brought by a US Bank against the Liquidators and against Hemisphere National Bank in the County Court in Miami for the return of approximately US\$7,000 paid into the Hemisphere account by the US Bank on account of one of its customers, for the credit of one of Bancredit’s account holders, after the appointment of Controllers over Bancredit. This matter has been dormant and will be formally stayed if the Liquidators are granted the relief sought under the application for U.S. Bankruptcy Court recognition referred to at paragraph 3 of this report.

6.0 Controllers’ and Liquidators’ fees

On 23 February 2006, the Court approved the fees and expenses of the Controllers.

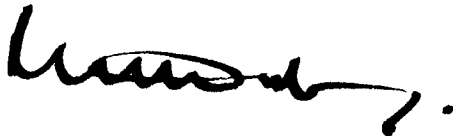
At a Committee Meeting held on 8 February 2006, the members were asked to consider a Resolution that the Liquidators’ remuneration be set on the basis of 8% of asset realisations and 4% of distributions. The Resolution was approved by three of the Committee members with one member voting against and another abstaining. This now forms the basis of remuneration for the Liquidators.

7.0 Dividend to Creditors

The Liquidators have made additional recoveries since the first dividend was declared on 7 October 2005 such that they were able to give notice of further distributions to creditors. Notice of the intention to declare a second dividend was sent to all non proving creditors on 28 April 2006 which means that the Liquidators will be at liberty to declare a second interim dividend on or before 28 August 2006 if it becomes appropriate to do so during that time.

8.0 Conclusion

The Liquidators intend that one of them will visit the Dominican Republic during the summer of 2006. During that visit they intend to discuss the possibility of a commercial settlement of the “smaller” creditors’ claims with the three main claimants, make enquiries in relation to the Tricom Share issue, pursue enquiries as to the whereabouts of books and records of the company and follow up on information recently obtained that there may be further assets, of which they were previously unaware, held in the Dominican Republic. The Liquidators will also continue to realise those Company assets as indicated by the books and records, determine the claims and amounts of its creditors and will consult with the Liquidation Committee as appropriate.



Richard E L Fogerty
Joint Official Liquidator

BANCREDIT CAYMAN LIMITED – IN OFFICIAL LIQUIDATION (“The Company”))

Status Report

30 May 2006

APPENDIX 1

**Receipts and payments account for the period
4 September 2003 to 30 May 2006**

Bancredit Cayman Limited - In Official Liquidation

Joint Official Liquidators' receipts and payments account For the liquidation to 30 May 2006

Receipts	As at 20 January 2006		As at 30 May 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	362,258.67		362,258.67	
		1,503,798.79		1,503,798.79
<i>Customer loan repayments</i>		14,971,352.39		15,151,352.39
<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>		402,888.37		546,817.41
<u>Total receipts</u>		<u>18,184,183.04</u>		<u>18,508,112.08</u>
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>		-1,130,087.00		-1,383,780.00
<i>Liquidators' expenses</i>		-90,361.13		-109,272.62
<i>Legal fees and expenses</i>		-662,815.04		-798,218.27
<i>Translation fees</i>		-3,075.00		-3,075.00
<i>Dividend to unsecured creditors</i>		-18,916.59		-4,318,014.22
<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>		-1,757.85		-2,047.77
<u>Total payments</u>		<u>-2,409,462.29</u>		<u>-7,116,857.56</u>
<u>Net position</u>		<u>15,774,720.75</u>		<u>11,391,254.52</u>