

## **Summary of prospectus actions April to June 2003**

### **ISSUE OF FINAL STOP ORDERS**

#### **South Coast Property Development Investments Limited**

ASIC placed a final stop order, by consent, on the offer information statement (OIS) of South Coast Property Development Investments on 24 June 2003 because the company had not been in operation for 12 months and was ineligible to raise funds under an OIS.

#### **Strategic Property Securities Ltd**

ASIC placed an interim stop order on the prospectus of Strategic Property Securities, a new company seeking to raise funds to engage in property development, on 4 June 2003 due to concerns that the document did not adequately disclose the risks of investing in the company, and included various misleading and deceptive statements.

The company consented to a final stop order on 23 June 2003 to provide additional time to address ASIC's concerns, and prepare a new prospectus.

#### **Kings Agricultural Ltd**

ASIC placed an interim stop order on the OIS of Kings Agricultural on 30 May 2003, due to concerns regarding inadequate disclosure of investment risks, and various misleading and deceptive statements, including the purported use of the OIS to raise funds in excess of \$5 million. The legislation limits the maximum amount raised under an OIS to \$5 million.

ASIC issued a final stop order on the OIS on 18 June 2003 with the consent of the company.

#### **Alternative Lending Australia Ltd**

ASIC placed an interim stop order on the OIS of Alternative Lending Australia on 22 May 2003 due to concerns relating to inadequate disclosure of investment risks, and various misleading and deceptive statements, including a purported use of the OIS to raise funds in excess of \$5 million.

A final stop order was issued on OIS, by consent, on 12 June 2003.

#### **AAZF Equity Ltd**

ASIC issued a final stop order, by consent, on 9 May 2003 on the prospectus issued by AAZF Equity, dated 24 March 2003. ASIC was concerned that the prospectus did not disclose that AAZF would require an Australian Financial Services licence to carry on an investment business, and also contained various misleading and deceptive statements, including statements relating to a possible stock market listing of the company.

#### **Methanol Australia Ltd**

ASIC issued a final stop order, by consent, on 3 June 2003 on the replacement prospectus issued by Methanol Australia, dated 23 May 2003, due to inadequate disclosure of the use of funds in the event that less than the expected amount was raised, and inadequate disclosure of the basis for various forward-looking statements in the prospectus.

### **ISSUE AND REVOCATION OF INTERIM STOP ORDERS**

#### **Solagran Ltd**

On 18 June 2003 ASIC, revoked an interim stop order placed on the replacement prospectus lodged by Solagran Limited, dated 14 February 2003, following the lodgement of a supplementary prospectus which offered applicants the right to withdraw their application and be repaid.

ASIC initially stopped the replacement prospectus because the securities offered were not admitted to quotation within three months after the date of the disclosure document. In these circumstances, the Corporations Act requires that the application supplementary or replacement prospectus provide applicants with the right to withdraw their applications.

#### **Mansions on Mann Ltd**

ASIC placed an interim stop order on prospectus of Mansions on Mann Ltd, lodged 24 March 2003, due to concerns the prospectus contained potentially misleading or deceptive statements, and omitted material information.

ASIC was concerned the prospectus did not sufficiently disclose information about principal debt finance arrangements, the status of pre-sales, the application of funds if only the minimum subscription of \$3 million was raised, the assumptions underlying the forward-looking statements, as required under ASIC Policy Statement 170, and did not comply with certain accounting standards.

ASIC revoked the interim stop order on 7 May 2003 after the company lodged a replacement prospectus.

#### **Vita Life Sciences Ltd**

An interim stop order was placed on the prospectus of Vita Life Sciences Limited, dated 13 March 2003, on 2 May 2003.

On 29 April 2003, Vita Life announced to the Australian Stock Exchange (ASX) that approximately 50 per cent of its supply of product for its health business was likely to be affected by the Therapeutic Goods Administration's suspension of the license of Pan Pharmaceuticals Ltd (Pan). Vita Life did not however lodge a supplementary prospectus to address the impact of this event on the company.

ASIC was of the view that this new circumstance was a material event that would require further disclosure to investors before Vita Life could issue the securities under the prospectus. Consequently, an interim stop order was issued pending this additional disclosure.

The interim stop order was revoked after Vita Life lodged a supplementary prospectus on 19 May 2003.

#### **Alliance Property Developments Ltd**

Alliance Property Developments lodged a prospectus with ASIC on 21 November 2002, seeking to raise \$6 million by a share issue.

ASIC issued the interim stop order due to a number of concerns, including that the prospectus contained inadequate disclosure about prospective financial information relating to the company.

ASIC revoked the interim stop order on 22 April 2003 following the lodgement of a replacement prospectus.

**Kimberley Rose Australia Ltd**

On 20 May 2003, ASIC revoked the interim order on the prospectus of Kimberley Rose Australia Limited (KRAL), dated and lodged 15 January 2003, and supplementary prospectus, dated and lodged 14 April 2003.

The interim order was issued because KRAL sought to extend the three-month period to obtain quotation on the ASX in circumstances where ASIC considered relief from the Corporations Act was required.

The interim stop order was revoked after KRAL obtained relief from ASIC, and lodged a further supplementary prospectus offering subscribers refund rights.

**Abbott Wines Ltd**

ASIC revoked an interim stop order on the prospectus of Abbott Wines Limited (AWL) on 5 June 2003, following the lodgement of a supplementary prospectus.

ASIC was concerned that the prospectus contained inadequate disclosure of the risks facing the company and about the application of any funds raised. It also included financial forecast information which did not appear to have a reasonable basis.

**New World Capital Limited**

On 16 May 2003, ASIC placed an interim stop order on a prospectus issued by New World Capital Limited, dated 2 May 2003, following the lodgement of a replacement prospectus.

ASIC had several concerns in relation to the prospectus, including insufficient disclosure as to the possible payment of a gross dividend of 9 per cent per annum over the approximate 20 year life of the above project, the use of funds raised in the event the offer is not fully subscribed, and the material terms of the lease agreement with the manager.

The interim stop order was revoked on 20 June 2003 after the company lodged a replacement prospectus.

**Echo Technologies Limited**

On 21 May 2003, ASIC placed an interim stop order on a prospectus issued by Echo Technologies Limited, dated 12 May 2003.

The prospectus stated that the company had been granted certain distribution rights in relation to a travel technology software (Galaxy TDS) and 'its travel insurance module using the Galaxy platform'. A significant proportion of the funds raised were to be applied in relation to the deployment of Galaxy TDS and the travel insurance module.

ASIC had several concerns in relation to the prospectus, including insufficient disclosure as to the material terms of the distribution rights and the use of funds raised in the event the offer is not fully subscribed.

The interim stop order was revoked on 10 June 2003 after the company lodged a replacement prospectus.

**Pinnacles Vista Ltd**

On 12 May 2003, ASIC placed an interim stop order on a prospectus of Pinnacles Vista, dated 28 April 2003, following the lodgement of a supplementary disclosure document.

ASIC was concerned that the prospectus contained various misleading and deceptive statements, including conveying the impression that the debentures were secured.

The interim stop order was revoked on 13 June 2003 after the company lodged a supplementary prospectus.

## **COMPANY ACTION PRIOR TO STOP ORDER**

### **Select Vaccines Ltd**

Select Vaccines (Select) lodged a supplementary prospectus with ASIC on 18 June 2003 to correct its prospectus, dated 3 June 2003.

ASIC had raised concerns with Select relating to outdated financial information included in the prospectus, and questioned whether the company would have an adequate level of funds to carry out its stated objectives.

### **eSec Ltd**

On 4 June 2003, eSec Limited (eSec) lodged a replacement prospectus with ASIC to replace its prospectus, dated 16 May 2003.

ASIC had raised concerns with the company relating to the presentation of historical statements of financial performance in the prospectus, which were represented as being audited despite certain adjustments being made, and the inadequate level of detail included in the prospectus regarding specific assumptions underlying eSec's 30 June 2004 forecast.

### **Copernicus Capital No. 1 Fund Ltd**

Copernicus Capital No.1 Fund Limited (Copernicus) lodged a prospectus with ASIC on 2 May 2003.

ASIC extended the exposure period on the prospectus due to several concerns relating to inadequate disclosure about the proposed first investee, the company's position if only the minimum subscription was raised, and the expected annual operating expenses of the company.

In addition, ASIC was concerned that the prospectus contained potentially misleading or deceptive disclosure relating to the proposed first investee and the comparison of returns from a pooled development fund versus an ordinary company.

Copernicus lodged a replacement prospectus on 16 May 2003, addressing ASIC's concerns.