

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Lloyd Hayward

Liquidators' First Report

Forum Finance Limited (In Liquidation)

1. Appointment

We advise that Jeffrey Philip Meltzer and Lloyd James Hayward were appointed joint and several Liquidators of the above company on 14 May 2009 by special resolution of shareholders.

Jeff Meltzer and Lloyd Hayward are Chartered Accountants and full time Insolvency Practitioners. Prior to the Liquidation Jeff Meltzer agreed to act as trustee in relation to a proposal under Subpart 2 of Part 5 of the Insolvency Act 2006 put to the personal creditors of the director. The proposal was not approved by Mr McEwan's creditors. Other than this the Liquidators have not previously acted in any capacity for the company or the officers and shareholders of the company.

The Liquidators believe they have complied with s280 of the Companies Act 1993 and have signed Consents to Act to that effect.

2. Background

<i>Date of Incorporation:</i>	28 October 2003
<i>Trading Address:</i>	Level 1, 59 Pitt Street, Auckland
<i>Type of Business:</i>	Bare Trust Investment Vehicle
<i>Date Ceased Trading:</i>	12 May 2009
<i>Shareholders:</i>	Kelly Robert McEwan 100 shares
<i>Directors:</i>	Kelly Robert McEwan
<i>Share Capital:</i>	100 ordinary shares
<i>Date of Liquidation:</i>	14 May 2009



3. Events Leading to Appointment

The Company has received funds from the public by way of a registered prospectus and ultimately these funds were invested in the Pounamu development in Queenstown. The investment was by way of secured advances by a First Ranking General Security Agreement registered on the personal property securities register. The funds were used as consideration for the purchase of development land. It was intended that a development be undertaken on the land and to enable this monies were borrowed on a secured basis with the lender given mortgage security over the land.

With the advent of the “credit crunch” and consequent significant reduction in the value of developments and development land, completion of the development proved to be uneconomic.

The mortgagee now controls the land. We understand that the present value of the land is less than the mortgage secured debt. It would appear there is therefore no prospect of recovery of the monies advanced.

The director has advised that all investors have been advised that they are not likely to recover their investment.

4. Statement of Affairs

The Liquidators have prepared an Estimated Statement of Affairs being the assets and liabilities of the company at the date of liquidation. We attach a copy.

5. Proposals for Conducting the Liquidation

5.1 Realisation of Assets

Having regard for the comments in 3 above there appears to be no realisable assets. Nevertheless the liquidators will make inquiries of all parties and report the position to creditors and investors.

5.2 Examination of Books and Records

The Liquidators will examine the company’s available books and records and conduct a brief review of the company’s affairs.

5.3 Knowledge of Information Relevant to the Liquidation

Should creditors and other parties possess any information that may be relevant to the liquidation, or may lead to realisations for the benefit of creditors, please advise the Liquidators in writing and provide them with copies of supporting documents.

6. List of Creditors

There are no known creditors; therefore no list has been attached.

7. Creditors Claim Form

Creditors should complete and return the attached Creditor's claim form by 22 June 2009. Creditors who do not make a claim within the period may be excluded from any distribution that may be made.

8. Retention of Title Claims/Security Interests

Please note, if you believe you have a valid retention of title claim or security interest over goods or equipment supplied to Forum Finance Limited (In Liquidation), and you have not yet contacted the Liquidators, please contact us immediately.

9. Initial Creditors Meeting

The Liquidators intend to hold a creditors meeting. Attached to this report is a notice of meeting, agenda and other documents related to the meeting.

10. Liquidation Committee

At any time during the liquidation, any creditor may in writing, request the Liquidators to call a meeting of creditors to consider whether a Liquidation Committee should be appointed, and if so, to choose the members of the Committee.

A Liquidation Committee has certain powers set out in s315 of the Companies Act 1993, including to assist the Liquidators as appropriate in the conduct of the liquidation.

11. Estimated Date of Completion of Liquidation

It is not practicable to estimate the date of completion of the liquidation at this stage.

Enquiries should be directed to: Lloyd Hayward

L J Hayward
Liquidator

Dated this 19th day of May 2009

Attach:

**Estimated Statement of Affairs of
Forum Finance Limited (In Liquidation)
As at the date of the Appointment of Liquidators
Being 14 May 2009**

	<i>Book Value</i>	<i>Estimated Realisable Value</i>
	\$	\$
Assets not Specifically Pledged:		
Secured advance to property acquisition company	1,330,000	Nil
Estimated Total Assets Available for Preferential Creditors and Secured Creditors		<u>Nil</u>
<i>Less</i> – First Ranking Preferential Creditors		Nil
Wages and Holiday Pay (Includes PAYE)		<u>Nil</u>
		Nil
<i>Less</i> – Second Ranking Preferential Creditors		Nil
Inland Revenue Department – GST & PAYE		<u>Nil</u>
Estimated Total Assets Available for Secured Creditors and Unsecured Creditors		Nil
<i>Less</i> – Secured Creditors		<u>Nil</u>
Estimated Total Deficiency as regards Secured Creditors and Unsecured Creditors		Nil
<i>Less</i> – Unsecured Creditors		<u>131,383</u>
Total Deficiency as regards Unsecured Creditors and Shareholders		131,383
<i>Less</i> – Issued and Paid Up Capital		1,330,000
<i>Less</i> – Redeemable Preference Shares		<u>1,330,000</u>
Total Deficiency as regards Unsecured Creditors and Shareholders		<u><u>1,461,383</u></u>

Note: The above estimates are subject to the costs of realisation, including Liquidators' fees.

Disclaimer of Liability:

We have prepared the Estimated Statement of Affairs as at the date of liquidation being 14 May 2009.

The Estimated Statement of Affairs has been prepared based on information from the books and records of the company together with information supplied by the Director. This information has not been verified. The Liquidators have not carried out an audit or reviewed the information supplied and therefore they do not accept any responsibility for the accuracy of the information from which the Estimated Statement of Affairs has been prepared. Further, the Estimated Statement of Affairs has been prepared for the purpose of the liquidation only, and the Liquidators do not accept any responsibility on any ground whatever, including liability in negligence, to any other person.