

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Arron Heath

Company No: 967580

Receivers and Managers' Further Report on the State of Affairs

of

Freemont Design & Construction Limited (In Receivership & In Liquidation)

("the Company")

Introduction

Jeffrey Philip Meltzer and Arron Leslie Heath were appointed Receivers and Managers of Freemont Design & Construction Limited on 22 August 2006. This further report covers the period from 22 August 2006 to 22 February 2007.

The Official Assignee at Auckland was appointed Liquidator of the Company on 23 November 2006.

Property Disposed of Since Previous Report

Since the Receivers' First Report was issued a 2 axle semi tipper has been sold.

The Receivers have received an offer for the Company's remaining fixed assets, excluding computer hardware and some office furniture. Should this offer proceed, the Company will have no significant fixed assets remaining for disposal.

Accounts Receivable

The Receivers are presently discussing with Easy Factors International Limited ("Easy") the possibility of assigning the Company's accounts receivable balances to them. An assignment of the Company's accounts receivable would reduce the Company's indebtedness to Easy and would allow Easy to utilise its own debt recovery procedures to effect collection of the Company's outstanding accounts receivable.



Amounts Owing to Holders of General Security Agreements

The amounts owing to the holders of General Security Agreements, including the Receivers' appointor, Easy, are:

	<i>Amount Owing at 22.02.07 \$</i>
1. ANZ National Bank Limited	Nil
2. Great Lakes Reinsurance (UK) Plc	*305,000
3. Lovegroves Trustee Company Limited /BM Trustee Company Limited	Unknown
4. Easy Factors International Limited	<u>3,748,733</u>
	<u>4,053,733</u>

*Plus legal fees of \$10,000 to \$15,000.

Preferential Creditors

As at the date of this report, preferential creditors totalled \$276,680, as follows:

	\$
1. Petitioning Creditor costs	2,707
2. Employees	
Wage Arrears	11,323
Holiday Pay	<u>31,348</u>
	42,671
3. Inland Revenue Department	
PAYE	91,033
GST	<u>140,269</u>
	231,302
	<u>276,680</u>

As provided in Section 30(2) Receiverships Act 1993 preferential claims are payable from the proceeds of accounts receivable and inventory. The Company has no inventory and recovery of accounts receivable is dependent on funding being available for recovery and/or work that may be required. The possibility that no funds will be available to satisfy the claims of preferential creditors cannot be discounted.

Amounts Likely to be Available for Payment to Unsecured Creditors

Funds available for payment to unsecured creditors will depend on the recovery achieved from the Company's accounts receivable. The Receivers consider that it is unlikely that sufficient funds will be realised from the Company's accounts receivable to enable payment to be made to the Company's unsecured creditors.

Receipts and Payments

A receipts and payments statement for the period 22 August 2006 to 22 February 2007 is attached.

Disclaimer

As required by Section 24 of the Receiverships Act 1993, this report has been prepared by the Receivers and is available to all persons entitled to receive it under Section 26 of the Act.

This report is based on information that has been disclosed to the Receivers at the date of the report. The information has been received or obtained from various sources and has not been verified by the Receivers and the Receivers have accepted without review information and explanations that have been provided to them.

Some figures in this report are estimates only and are subject to change upon new information being disclosed to or obtained by the Receivers.

The Receivers accordingly make no representation or warranty as to the accuracy or completeness of the information contained in this report, and shall not be liable for any statement, information or matters (whether express or implied) contained in, or derived, or omitted from, this report. The Receivers shall not be responsible for the reliance of any person on information contained in, or derived, or omitted from, this report.

A L Heath
Receiver

8 March 2007

Freemont Design & Construction Limited
(In Receivership & In Liquidation)
Receivership Receipts and Payments for the period
22 August 2006 to 22 February 2007

	\$	\$
Receipts		
Advances from Security Holder	338,740.05	
Dividend Received	310.00	
Plant and Equipment Realisation	22,666.67	
Rent	4,866.67	
Power Contribution	400.00	
Pre-Receivership GST Refund	2,798.25	
Interest	490.46	
GST Received	<u>17,210.73</u>	
		387,482.83
Payments		
Receivers' Remuneration	77,277.50	
Receivers' Disbursements	1,004.77	
Bank Fees	162.24	
Garment (Overall) Rental	468.92	
Insurance	1,713.39	
Interest	5,444.38	
Legal Fees	58,556.40	
Motor Vehicle Registration	84.79	
Payroll Expenses	260.01	
Power	2,411.46	
Computer Back Up and Copy Hard Drive	760.00	
Rates	1,835.46	
Rent	41,233.33	
Storage	2,623.80	
Rubbish Disposal	753.63	
Reimburse Staff Expenses	9,266.74	
Telephone	6,556.07	
Wages	112,999.94	
Water	1,199.70	
Petty Cash	337.39	
Retention Work	564.00	
Repairs and Maintenance	156.11	
GST Paid	<u>25,824.38</u>	
		(351,494.41)
Balance carried forward		<u><u>35,988.41</u></u>