

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Arron Heath

Liquidators' First Report

Jayel Contracting Limited (In Liquidation)

1. Appointment

We advise that Arron Leslie Heath and Michael Lamacraft were appointed joint and several Liquidators of the above company on 23 February 2005 by special resolution of shareholders.

Arron Heath and Mike Lamacraft are full time Insolvency Practitioners. They have not previously acted in any capacity for the company or the officers and shareholders of the company.

2. Background

<i>Date of Incorporation:</i>	2 July 1999
<i>Trading Address:</i>	30 Galway Street, Onehunga, Auckland
<i>Type of Business:</i>	Earthmoving and Siteworks
<i>Date Ceased Trading:</i>	23 February 2005
<i>Shareholders:</i>	Bruce Reginald Patterson and Gary Francis Swindale } jointly 50 shares Landworks Holdings Limited 50 shares
<i>Director:</i>	Trent Michael Colyer Gary Francis Swindale – resigned 1 October 2004
<i>Share Capital:</i>	100 ordinary shares of \$1.00 each
<i>Date of Liquidation:</i>	23 February 2005

3. Events Leading to Appointment

The director advises that the company's viability was effected by the following factors:

- the collapse of several construction companies resulting in write offs of nearly \$1.0 million;
- disputed accounts which have resulted in lengthy and costly legal action;



- the resignation of one of the directors;
- limited labour pool due to demand in the construction sector resulting in higher wage rates and benefits required to attract and retain staff; and
- increased competition in the civil construction marketing leading to reduced margins.

More capital could not be committed to the business and Liquidators were appointed.

4. Statement of Affairs

The Liquidators have prepared a 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

Unencumbered assets comprise debtors, some of which are disputed and may require legal action in order to effect recovery. The Liquidators will review the outstanding accounts, decide on the appropriate recovery action, and, subject to the availability of funding, commence recovery proceedings.

5.2 Investigations

The Liquidators will review the company's books and records, conduct an initial investigation into the trading affairs of the company and conduct all other investigations that the Liquidators are charged to do.

6. Creditors Claim Form

Creditors should complete and return the attached Creditor's claim form by 1 April 2005. Creditors who do not make a claim within the period may be excluded from any distribution that may be made.

7. 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 Jayel Contracting Limited (In Liquidation), and you have not yet contacted the Liquidators, please contact us immediately.

8. Initial Creditors Meeting

As it is unlikely there will be a distribution to creditors, pursuant to s245 of the Companies Act 1993 the Liquidators propose to dispense with the meeting of creditors to consider whether to appoint different Liquidators, and to consider the views of creditors.

Accordingly a meeting of creditors will not be called unless a creditor gives notice to the Liquidators within 10 working days after receiving this notice, requiring a meeting to be called.

9. 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.

10. 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: Arron Heath

A L Heath
Liquidator

Dated this 2nd day of March 2005

Attach:

**Statement of Affairs of
Jayel Contracting Limited (In Liquidation)
As at the date of the Appointment of Liquidators
Being 23 February 2005**

	<i>Estimated to Realise</i>	<i>Owed to Secured Creditor</i>	<i>Estimated to Realise/ Estimated Surplus</i>
	\$	\$	\$
Assets Specifically Pledged			
Plant and Equipment	<u>500,000</u>	<u>483,000</u>	17,000
Assets Not Specifically Pledged			
Debtors			1,006,889
Estimated Assets Available for Preferential Creditors			<u>1,023,889</u>
<i>Less</i> – First Ranking Preferential Creditors			
Wages and Holiday Pay (Includes PAYE)			<u>(70,776)</u>
			953,113
<i>Less</i> – Second Ranking Preferential Creditors			
Inland Revenue Department	GST	(189,745)	
	PAYE	<u>(436,548)</u>	
			<u>(626,293)</u>
Estimated Assets Available for Secured Creditors			326,820
<i>Less</i> – First Ranking Secured Creditor			<u>(13,223)</u>
			313,597
<i>Less:</i> Second Ranking Secured Creditor			<u>(1,739,983)</u>
Estimated Deficiency as regards Secured Creditors			(1,426,386)
<i>Less</i> – Unsecured Creditors			<u>(613,400)</u>
Estimated Deficiency as regards Secured and Unsecured Creditors			(2,039,786)
<i>Less</i> – Issued and Paid Up Capital			<u>(100)</u>
Estimated Total Deficiency			<u>(2,039,886)</u>

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

Disclaimer of Liability:

The Liquidators have prepared the Estimated Statement of Affairs as at the date of liquidation being 23 February 2005.

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.