

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Lloyd Hayward

Liquidators' First Report

Truth Publications 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 21 October 2009 by special resolution of shareholders.

Jeff Meltzer and Lloyd Hayward are Chartered Accountants and full time Insolvency Practitioners. In September 2009 a related party requested Meltzer Mason Heath to undertake a calculation of the likely distribution in a liquidation of Truth Publications Limited based on assumption as advised. This engagement did not represent an ongoing relationship with Truth Publications Limited. Other than this engagement the liquidators 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>	17 January 2007
<i>Trading Address:</i>	Level 1, 6-8 Edward Wayte Place, Auckland
<i>Type of Business:</i>	Publisher
<i>Date Ceased Trading:</i>	31 August 2009
<i>Shareholders:</i>	
	Onyx Capital Limited 166,249 shares
	MDL Solutions Limited 153,749 shares
	Horton Media Limited 79,999 shares
	Dermott Malley 1 share
	John Pin 1 share
	Matthew Horton 1 share
<i>Directors:</i>	
	Matthew Horton
	Dermott Malley
	John Pin
<i>Share Capital:</i>	400,000 ordinary shares
<i>Date of Liquidation:</i>	21 October 2009



3. Events Leading to Appointment

The company operated as the publisher of NZ Truth. The directors advise that due to trading conditions the company could not meet its obligations under its security arrangements or the licence agreement and the masthead licence was terminated. The company ceased to trade on 31 August 2009 and is now being wound up. Truth Weekender is now published by the masthead owner Multimedia Solutions Limited.

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

The company's assets were purchased by a secured lender and related party. The fixed assets were sold based on an independent valuation. Trade debts etc were purchased at book value.

The purchaser also assumed certain liabilities being employee and IRD preferential amounts. The secured debt was set off against the purchase price.

The remaining asset is the balance of the purchase price of \$70,000 payable by the purchaser.

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

A list of all known creditors has been compiled by the Liquidators. We attach a copy.

7. Creditors Claim Form

Creditors should complete and return the attached Creditor's claim form by 23 November 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 Truth Publications Limited (In Liquidation), and you have not yet contacted the Liquidators, please contact us immediately.

9. 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.

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 28th day of October 2009

Attach:

**Estimated Statement of Affairs of
Truth Publications Limited (In Liquidation)
As at the date of the Appointment of Liquidators
Being 21 October 2009**

	<i>Book Value</i>	<i>Estimated Realisable Value</i>
	\$	\$
Assets not Specifically Pledged:		
Balance of purchase price on sale of assets	70,000	<u>70,000</u>
Estimated Total Assets Available for Preferential Creditors and Secured Creditors		70,000
<i>Less</i> – First Ranking Preferential Creditors		Nil
Wages and Holiday Pay (Includes PAYE)		<u>70,000</u>
<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		70,000
<i>Less</i> – Secured Creditors		<u>Nil</u>
Estimated Total Deficiency as regards Secured Creditors and Unsecured Creditors		70,000
<i>Less</i> – Unsecured Creditors		<u>392,074</u>
Total Deficiency as regards Unsecured Creditors		322,074
<i>Less</i> – Subordinated Loan		<u>300,000</u>
Total Deficiency as regards Unsecured Creditors and Subordinated Lenders		<u><u>622,074</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 21 October 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.

Truth Publications Limited (In Liquidation)
 Creditors Known at Liquidation
 October 2009

Company	Address1	Address2	City
Factiva Ltd	6 th Floor, Commodity Quay	East Smithfield	London England
Photosport Ltd	PO Box 99 804	Newmarket	Auckland
Ardlui Media Ltd	Jock Anderson 33 Crescent Rd East	Palm Beach	Waiheke Island Auckland
New Zealand Couriers Warehouse Stationery Ltd	PO Box 90047 80 on Broadway	Newmarket	Auckland 1142 Auckland
The New Zealand Herald	PO Box 32		Auckland
Compass Communications Accident Compensation Corporation	PO Box 2533 ACC Processing Centre PO Box 38 023	Te Puni	Auckland Wellington
Markhams Chartered Accountants	PO Box 40		Hastings
Digital Mobile	PO Box 37280	Parnell	Auckland 1010 Attention: Joanna
Vodafone Ltd	20 Viaduct Harbour Avenue		Auckland
Mercury Energy	Private Bag 92008		Auckland