

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Lloyd Hayward

Liquidators' First Report

Advance Exports (NZ) 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 30 January 2004 by special resolution of shareholders.

Jeff Meltzer and Lloyd Hayward are Chartered Accountants and 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>	4 July 1991
<i>Trading Address:</i>	15 Moa Street, Otahuhu, Auckland
<i>Type of Business:</i>	Exporter
<i>Date Ceased Trading:</i>	27 January 2004
<i>Shareholders:</i>	Brian Winstone Garlick 199,999 shares Tamney Garlick 1 share
<i>Director:</i>	Brian Winstone Garlick
<i>Share Capital:</i>	200,000 ordinary shares of \$1.00 each
<i>Date of Liquidation:</i>	30 January 2004

3. Events Leading to Appointment

The director has attributed the insolvency to the following:

- (a) During the last twelve months turnover has reduced as market conditions in many of the company's markets tightened as a result of the increasing value of the New Zealand dollar against the local currency. This downward trend in turnover has put downward pressure on margins and cashflow.



- (b) The company has for some time been carrying a number of accounts where payment was not forthcoming. Further bad debts and a low collection rate in January 2004 put further strain on cashflow and the company's ability to pay creditors.

As a result the shareholders and the director consulted their advisors and following the advice received concluded that the only responsible approach was to place the company into liquidation.

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

Trade Debt

In the first instance trade debt will be collected in accordance with the company's terms and conditions of trade. For debt not paid further collection action will be applied and, where necessary, legal action adopted.

Inventory

After assessment of retention of title claims inventory available will be shipped to the customers ordering this. These customers will be required to pay for this inventory in advance.

Fixed Assets

Fixed assets will be sold by way of public auction or private treaty.

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 3 March 2004. 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 Advance Exports (NZ) 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: Lloyd Hayward

L J Hayward
Liquidator

Dated this 4th day of February 2004

Attach:

**Statement of Affairs of
Advance Exports (NZ) Limited (In Liquidation)
As at the date of the Appointment of Liquidators
Being 30 January 2004**

	<i>Book Value</i>	<i>Estimated Realisable Value</i>
	\$	\$
Assets not Specifically Pledged:		
Cash at Bank	70,101	70,101
Debtors	645,356	400,000
GST Refund	40,000	40,000
Plant, Fittings and Equipment	15,975	<u>6,500</u>
Estimated Total Assets Available for Preferential Creditors and Secured Creditors		<u>516,601</u>
<i>Less</i> – First Ranking Preferential Creditors		
Wages and Holiday Pay (Includes PAYE)		<u>23,760</u>
		492,841
<i>Less</i> – Second Ranking Preferential Creditors		
Inland Revenue Department – PAYE		<u>4,834</u>
Estimated Total Assets Available for Secured Creditors and Unsecured Creditors		<u>488,007</u>
<i>Less</i> – Secured Creditors		
First Ranking Secured Creditor		180,906
Second Ranking Secured Creditor		<u>374,590</u>
Estimated Total Deficiency as regards Secured Creditors		<u>67,489</u>
<i>Less</i> – Unsecured Creditors		<u>540,951</u>
Total Deficiency as regards Unsecured Creditors and Shareholders		<u>608,440</u>
<i>Less</i> – Issued and Paid Up Capital		<u>200,000</u>
Total Deficiency as regards Unsecured Creditors and Shareholders		<u><u>808,440</u></u>

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

Disclaimer of Liability:

We have compiled the Statement of Affairs as at the date of Liquidation being 30 January 2004.

A compilation is limited to the collection, classification and summarisation of the books and records of the company together with information supplied by the Directors. A compilation does not involve the verification of that information. We have not carried out an audit or reviewed the information supplied and therefore we do not accept any responsibility for the accuracy of the information from which the Statement of Affairs has been prepared. Further, the Statement of Affairs has been prepared for the purpose of the liquidation only, and we do not accept any responsibility on any ground whatever, including liability in negligence, to any other person.