

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Mike Lamacraft

Liquidators' First Report

A J M Holdings Limited (In Liquidation) (trading as Touch Your Toes)

1. Appointment

We advise that Jeffrey Philip Meltzer and Karen Betty Mason were appointed joint and several Liquidators of the above company on 29 March 2004 by special resolution of shareholders.

Jeff Meltzer 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>	19 March 1962
<i>Trading Address:</i>	696 Mt Eden Road, Mt Eden, Auckland
<i>Type of Business:</i>	Fitness Apparel Manufacturer
<i>Date Ceased Trading:</i>	19 March 2004
<i>Shareholders:</i>	Bridget McGuire 9,349 shares Deborah Joan Casey 9,349 shares Nichola Marie Harper 6,666 shares Malcolm McGuire 6,666 shares John Ernest Casey 570 shares
<i>Directors:</i>	Adrian John Casey Deborah Joan Casey John Ernest Casey Nichola Marie Harper Malcolm McGuire
<i>Share Capital:</i>	32,600 ordinary shares of \$1.00 each
<i>Date of Liquidation:</i>	29 March 2004



3. Events Leading to Appointment

We are advised that the company's creative vision and marketing presence was largely dependent on Nichola Harper, director and shareholder. Following a period of severe personal upheaval, Ms Harper was unable to maintain the required focus on the business and coupled with poor accounting and operational systems the business became unviable despite management's best efforts to salvage it.

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

The fixed assets will be valued and sold in accordance with professional advice. Every effort will be made to maximise the recovery from debtors.

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 4 May 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 A J M Holdings 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: Mike Lamacraft

K B Mason
Liquidator

Dated this 31st day of March 2004

Attach:

Statement of Affairs of
A J M Holdings Limited (In Liquidation)
(trading as Touch Your Toes)
As at the date of the Appointment of Liquidators
Being 29 March 2004

	<i>Book Value</i>	<i>Estimated Realisable Value</i>
	\$	\$
Assets		
Debtors	5,153	5,153
Fittings and Equipment	3,898	2,000
Stock	980	500
Estimated Total Assets Available for Preferential Creditors	10,031	7,653
First Ranking Preferential Creditors		
Wages and Holiday Pay (Includes PAYE)		(5,114)
		2,539
Second Ranking Preferential Creditors		
Inland Revenue Department	GST PAYE	
	(33,000) (16,000)	
		(49,000)
Estimated Deficiency as regards Preferential Creditors		(46,461)
Unsecured Creditors		
- Trade	(12,000)	
- IRD Penalties	(41,000)	
		(53,000)
Estimated Deficiency as regards Unsecured Creditors		(99,461)
Issued and Paid Up Capital		(32,600)
Total Deficiency as regards Unsecured Creditors and Shareholders		(132,061)

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 29 March 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.