

Automotive Certification Systems Limited (In Liquidation)

Liquidators First Report

14 September 2007

1. Background

Automotive Certification Systems Limited (“the company”) was placed into liquidation by order of the High Court at Rotorua on the 6th of August 2007, at 11.24am. Robert James Neilson and Thomas Lee Rodewald, Chartered Accountants of Tauranga, were appointed as Joint and Several Liquidators of the company. We detail below the Liquidators first report, for the information of creditors of the company.

2. Disclaimer

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose other than that outlined above without written permission in each specific instance. The Liquidators do not accept any responsibility or liability for any damage or loss occasioned to any party as a result of the circulation, publication, reproduction or use of this report. In particular the Liquidators take no responsibility for any misinformation contained therein that has been supplied by the company, its officers or any other person. The report is also based upon information available at this date, and the Liquidators therefore reserve the right to review, and if necessary, amend the report.

3. Company Information

Date of Incorporation:	23 July 1999
Trading Address:	No longer trading, formerly 66 Portside Drive, Mt Maunganui
Type of business:	Certifier of Imported Japanese Motor Vehicles
Date trading ceased:	November 2005
Shareholders:	Tom Campbell Gould (500) Michael Stephen Reid (500)
Directors:	Tom Campbell Gould Michael Stephen Reid

4. Events leading to appointment of Liquidators

The Director of the company advises the reason for the demise of the company can be attributed to a couple of bad debtors, for substantial amounts. As a result the company fell behind in payments with the IRD. A repayment plan was attempted but was unable to be maintained. The company ceased trading, and IRD successfully petitioned the High Court to have the company placed into liquidation.

5. Statement of Affairs

We attach as *Appendix I* a statement of the company's affairs as at the date of our appointment.

This has been prepared from information provided by a director of the company and the Liquidators are not yet able to express an opinion on the validity of that information. The motor vehicles have been disclaimed as there is no equity in them.

6. Proposals for Conducting the Liquidation

The Liquidators will conduct an investigation of the company's books and records to establish if there are any potentially voidable transactions that require investigation, and ensure the directors have complied with the duties and obligations imposed on them under the Companies Act 1993. There are amounts outstanding in the shareholders current accounts, these will be pursued by the Liquidators.

7. Estimated Date of Completion of Liquidation and Notice As To Further Reports

It is not practicable to estimate the date of the completion of the liquidation at this stage.

The Liquidators give notice under section 255(5) of the Companies Act 1993 that no further reports will be issued, except for a final report at the conclusion of the liquidation.

8. Creditors Meeting

No meeting will be held. The Liquidators dispense with holding a creditors meeting pursuant to section 243 of the Companies Act 1993 as the dividend is expected to be nil or very small.

In accordance with Section 314 of the Companies Act 1993 a creditor or shareholder may request the Liquidators to call a meeting of creditors or shareholders at any time in the course of the Liquidation to vote on a proposal that a Liquidation Committee be appointed to act with the Liquidators. This request must be in writing.

The Liquidators may decline a request by a creditor or a shareholder to call a meeting on the grounds that:

- a) the request is frivolous or vexatious; or
- b) the request was not made in good faith; or
- c) the costs of calling the meeting would be out of proportion to the value of the company's assets.

The decision to decline a request may be reviewed by the Court on the application of any creditor or shareholder.

9. Creditors Claims

If your terms of trade with the company include reservation of title of goods supplied please contact Paul Clark on 07 571 6280.

Please complete and return the enclosed Unsecured Creditors Claim form before 19th of October 2007. If you believe that you are a secured creditor please contact this office and the appropriate forms will be sent to you.

Completion of your claim should be given your urgent attention. If creditors do not lodge a claim with the Liquidators, they are not entitled to share in any distribution to creditors that may be made by the Liquidators.

10. Further Information

If you require any further information or if you have any information that will be of assistance to the Liquidators please contact Paul Clark at our Tauranga Office.

Thomas Lee Rodewald
Joint Liquidator

Statement of Affairs of
Automotive Certification Systems Limited (In Liquidation)
As at the date of the appointment of the Liquidators
being 6th August 2007.

	<i>Estimated to realise</i>
Assets	
Motor Vehicles	<u>14,000</u>
	14,000
Less Secured Claims	
Motor Trade Finance Ltd	5,597
Marac Finance Ltd	<u>10,059</u>
	15,656
Less Preferential Claims	
IRD - PAYE	<u>27,990</u>
	27,990
Deficit before Unsecured Creditors	(29,646)
Less Unsecured Creditors	
IRD – Income Tax (penalties & interest)	138,497
- GST (penalties & interest)	42
- PAYE (penalties & interest)	75,747
Trade Creditors	<u>28,085</u>
	242,371
Deficit (before costs of liquidation)	(272,017)

Disclaimer

This statement should be read in conjunction with the disclaimer on page one of the above Liquidators report and Rodewald Hart Brown Ltd have not audited the report and they, their directors or employees accept no liability to any other party in relying on the information presented. The purpose of the report is to give creditors of the company an indication of the financial position of the company as at the date of appointment of the liquidators.

Rodewald Hart Brown Limited