

Central Districts Motorcycles (2003) Limited (In Liquidation)

Liquidators First Report

5 June 2007

1. Background

Central Districts Motorcycles (2003) Limited (“the company”) was placed into liquidation by special resolution of shareholders on 30th day of May 2007, at 2.05pm. Kenneth Peter Brown 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

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3. Company Information

Trading Address: 122-124 Hautapu Street, Taihape

Type of business: Motorcycle Repair and Retail

Date trading ceased: 24 May 2007

Shareholders: Steven Michael Turkilsen
Angela Mary Turkilsen

Directors: Steven Michael Turkilsen
Angela Mary Turkilsen

4. Events leading to appointment of Liquidators

The Directors of the company have advised the reason for the failure of the company was due to reduced turnover coupled with a marriage break up and business interests elsewhere.

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.

6. Analysis of Statement of Affairs

Debtors are believed to be reasonably collectable. The parts stock is unlikely to realise the full book value unless sold as a going concern. A valuer has yet to assess plant and equipment to provide an indication of realisable value so the value shown is an estimate only.

Secured creditors make up the bulk of the liabilities but the amounts have yet to be confirmed as in some cases stock was uplifted prior to liquidation. The Inland Revenue Department have yet to confirm any preferential debt due although a director advises they were kept reasonably current. Employees had been paid out by the company prior to liquidation, except for one employee, for a small amount, who was out of town at the time. The unsecured creditor balance may increase as confirmations are received.

7. Proposals for Conducting the Liquidation

The Liquidators will endeavour to sell the business. Already a staff member has indicated a strong interest and so the Liquidators have entered into an Interim Management Agreement while sale discussions continue. In addition the business is to be advertised.

The Liquidators will conduct an investigation of the company's books and records to further establish if there are any potentially voidable transactions that require investigation, and further to ensure that the directors have complied with the duties and obligations imposed on them under the Companies Act 1993.

8. 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.

Further reports will be issued after each six months of the liquidation with a final report when the liquidation is complete.

9. Creditors Meeting

No meeting will be held. The Liquidators dispenses with holding a creditors meeting pursuant to section 243 of the Companies Act 1993 as the Liquidators believe the cost of holding such a meeting outweighs any likely benefit from it.

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.

10. Creditors Claims

If your terms of trade with the company include reservation of title of goods supplied please contact Steph Harborne on (07) 571 6280. Suppliers of consignment or sale or return stock should also contact Steph.

Please complete and return the enclosed Unsecured Creditors Claim form by 20 July 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.

11. Further Information

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

Kenneth Peter Brown
Joint Liquidator

Statement of Affairs of
 Central Districts Motorcycles (2003) Limited (In Liquidation)
 As at the date of the appointment of the Liquidators being 30th
 May 2007

	<i>Book value \$</i>	<i>Estimated to realise \$</i>
Assets not specifically charged		
Cash on hand	162	162
Cash at bank	8,832	8,832
Debtors	220,000	200,000
Stock	600,000	400,000
Goodwill	50,516	20,000
Plant and machinery	39,121	20,000
Fixtures and fittings	13,234	7,000
Motor Vehicles	47,763	45,000
Assets subject to fixed charges including general security agreements, mortgage, IBWS, hire purchase agreements		<u>700,994</u>
Less amounts owing		<u>693,000</u>
Estimated assets available to preferential creditors and unsecured creditors		<u>7,994</u>
Less preferential creditors:		
Employees' claims	305	
GST	1,052	
PAYE	1,000	
		<u>2,357</u>
Estimated assets available to unsecured creditors		<u>5,637</u>
Unsecured creditors		295,682
Shareholder advances		142,418
Estimated surplus/(deficit) (subject to costs of liquidation)		<u><u>(432,463)</u></u>
Share capital		100

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
 5 June 2007*