

Coastline Imports & Exports Limited (In Liquidation)

Liquidators Second Report

1 June 2009

1. Introduction

Coastline Imports & Exports Limited (In Liquidation) was put into Liquidation by the shareholders passing a special resolution on the 18th day of December 2008 at 3.08pm. Kenneth Peter Brown and Thomas Lee Rodewald were appointed Joint and Several Liquidators of the above named Company.

We set out below our six monthly report on the state of affairs of the above named company as required by section 255 (2) (d) of the Companies Act 1993.

2. Company Information

Date of Incorporation:	24 June 1999
Trading Address:	13 Mclean Street, Tauranga
Type of business:	Specialist company that imports and exports heavy machinery.
Date trading ceased:	18 December 2008
Shareholders:	George Stuart Cruse Mary Ann Dungan Cruse
Directors:	George Stuart Cruse

3. Conduct of the Liquidation

Despite repeated efforts requesting the director to supply us with all of the company records, to date, we have received insufficient records to conduct a full investigation. From the limited information we have been supplied we have been able to make the following assessment of the business.

The Liquidators have reviewed all the available accounting and statutory information, which included pursuing available debtors, and have considered all relevant transaction to ensure that there were no voidable transactions made by the company.

We have spoken to all identified debtors, large creditors and finance companies regarding specific transactions, and investigation in this area is still continuing.

There appear to be no issues with overdrawn shareholder current accounts. Similarly there do not appear to be any issues in regard to voidable transactions.

4. Debtors

We have contacted all known debtors of the company and have been notified in all instances that the amounts are in dispute with Mr Cruse for various reasons. These disputes range from misrepresentation, to undelivered or incorrectly supplied goods. We will continue working through with these parties, though it is considered unlikely that any funds will be realised.

As mentioned in the first report there is a dispute between the company and Bernard Gillon Motorsport Limited which has resulted in a Mareva Order being placed on the company. We have been working through this with Mr Gillon's legal advisors to have this removed so we can dispose of the assets of the company.

To date the removal has not been completed, though at the date of this report we have been advised by Mr Gillon's advisors that application has been made to the High Court and that a limited removal of the Mareva Order for the disposal of assets is imminent.

5. Creditors

We have been in contact with South Canterbury Finance Limited, who hold security over various vehicles imported by the company and we are currently seeking to identify these assets from the various schedules supplied by them.

It is also apparent when talking with past customers of the company, that there are a number of disgruntled parties, who have expressed concerns over the way Mr Cruse conducted his business. As a result of his actions, and in discussion with these parties, it is apparent that a number of these parties will be pursuing legal action directly against the shareholders and director of the company.

6. Overseas Bank Accounts

Over the past six months it has also come to our attention that the shareholders were conducting business through various bank accounts in the United States. A number of creditors contacted have mentioned paying.

We have received information on these accounts and have undertaken an analysis of the transactions in these accounts. Though there are a number of questionable transactions, on legal advice it is not cost effective to pursue these overseas funds.

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. Further reports will be issued six monthly and a final report at the conclusion of the liquidation.

8. Receipts and Payments

Because of the Mareva Order still remaining in place, there has been now realisation in any assets of the company, and this is reflected in the summary of receipts and payments to 22 May 2009, detailed below:

Funds on hand pre liquidation	<u>211.85</u>	211.85
Payments		
GST on expenses	23.54	
Liquidators fees	<u>188.31</u>	
		<u>211.85</u>
Net Funds		<u>\$ -</u>

9. Further Information

If you require any further information or if you have any information that will be of assistance to the Liquidators please contact Blair Millar at our Tauranga office.



Kenneth Peter Brown
Joint Liquidator