

Contour Homes Limited (In Liquidation) T/a L A Roofing

Liquidators First Report

24 June 2005

1. Background

Contour Homes Limited (“the company”) was placed into liquidation by special resolution of shareholders on the 15th day of April 2005, at 9.07 am. 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

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: 13 May 1997

Trading Address: 43 Portside Road, Mt Maunganui

Type of business: Roofers

Date trading ceased: 15 April 2005

Shareholders: Adrian Leonard Gommans
Cherie Tania Gommans

Director: Adrian Leonard Gommans

4. Events leading to appointment of Liquidators

The Director of the company has advised the reason for the failure of the company is due to a downturn in business over a four to five month period following increased competition.

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 the 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

There are several secured creditors in the liquidation with charges registered, in addition there are preferential amounts due for wages and Inland Revenue preferential claims for GST and PAYE. The liquidators will have to assess these claims as to the priority for distribution of funds, however it would appear that there will be no dividend available for non preferential unsecured creditors.

7. Proposals for Conducting the Liquidation

It is the liquidators intention to dispose of the immediate realisable assets and apply the funds realised according to the appropriate priorities.

In addition an investigation of the companys books and records will be undertaken to confirm any amounts due under shareholders current accounts, and to ensure all assets have been accounted for and further to establish if there are any potentially voidable transactions that require investigation.

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.

The Liquidators give notice under section 255(5) of the Companies Act 1993 that no further reports will be issued other than a final report when the liquidation is complete.

9. 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.

10. Creditors Claims

Please complete and return the enclosed Unsecured Creditors Claim form by 20 May 2005. 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 Grant Wills at our Tauranga Office on (07) 571 6280.

Yours faithfully
For and on behalf of
Contour Homes Limited (In Liquidation)

Kenneth Peter Brown
Joint Liquidator

Appendix 1:

Contour Homes Limited (In Liquidation) Statement of Affairs

As at 15 April 2004

Assets		
Funds on hand	6,507	
Vehicles	65,400	
Plant and Equipment	4,000	
Fixtures and fittings	800	
Debtors	49,000	
Directors current account	<u>10,000</u>	<u>135,507</u>
Less Secured Claims		
ANZ	75,000	
GMAC	86,500	
Dorchester Finance	<u>1,200</u>	
	162,700	
Less Preferential Claims		
IRD Preferential claim	42,000	
Wages	<u>4,000</u>	
	46,000	<u>208,700</u>
Deficit before Unsecured Creditors		(73,913)
Less Unsecured Creditors		<u>207,742</u>
Deficit (before costs of liquidation)		280,935

It should be noted that included in the vehicle figure above are two vehicles secured by a specific security agreement. These vehicles have a preliminary value of \$60,000 and it is anticipated there will be a significant shortfall to the secured creditor.

Further the ANZ have a general security agreement securing the amount outstanding to them. The funds received in the liquidation covering fixed assets and plant and machinery will be available to them in reduction of their debt, along with funds received from accounts receivable and inventory after first applying them in accordance with the Seventh Schedule of the Companies Act 1993. This deals with the payment of preferential creditors.

There will be insufficient funds available to pay secured creditors in full and there will be no funds available for unsecured non preferential creditors.