

Cool Units Limited (In Liquidation) Liquidators First Report

27 July 2006

1. Background

Cool Units Limited (“the company”) was placed into liquidation by special resolution of shareholder on the 15th of March 2006 at 2.12pm. 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

Date of Incorporation:	18 July 2001
Trading Address:	315 Snodgrass Road, Te Puna
Type of business:	Manufacturers of aquaculture & live environment systems
Date trading ceased:	January 2006
Shareholders:	William Lawson Peard
Directors:	William Lawson Peard

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 high cost of raw materials along with large developmental, research and transport costs.

This combined with the directors ill health resulting in an inability to make sound business decisions resulted in under quoting, payment delays and additional supplier costs.

An unexpected tax audit revealed a discrepancy in the PAYE for one of the employees. The company was unable to meet the debt plus growing interest and eventually had no option but to cease trading.

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

The only security registered on the PPSR is a General Security Agreement registered by the Peard Family Trust for 'All Present And After Acquired Personal Property'.

The funds received in the liquidation covering fixed assets will be first available to the Trust subject to priority in reduction of their debt, along with funds received from accounts receivable after first applying them in accordance with the Seventh Schedule of the Companies Act 1993

7. Proposals for Conducting the Liquidation

The company only purchased a small amount of assets, which included a couple of moulds and a computer. Other equipment used in the manufacturing of the units were either purchased by the Trust or owned personally by the Director.

It is the Liquidator's intention to dispose of the immediate realisable assets and apply the funds received according to the appropriate priorities.

The Liquidators will seek legal advice over the validity of the Trust's General Security Agreement.

In addition, an investigation of the companys books and records will be undertaken to confirm any amounts due under the shareholders current account, 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.

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 1 May 2006. 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 Claudine Cleaver at our Tauranga Office on (07) 571 6280.

Yours faithfully
For and on behalf of
Cool Units Limited (In Liquidation)

Kenneth Peter Brown
Joint Liquidator



As at 15 March 2006

	Book Value	Estimated Realisable Value	
Assets Not Specifically Charged			
Debtors	29,000	<u>5,000</u>	
			<u>5,000</u>
Assets Subject to Fixed Charges			
Plant and Equipment	10,000	1,100	
Less Secured Claim.			
Peard Family Trust		<u>25,000</u>	
		(23,900)	
Assets available for secured claim balance, preferential and unsecured creditors			5,000
Less Preferential Claims			
Inland Revenue Department			
- GST	1,287		
- PAYE	13,549		
Wages	<u>900</u>		
			<u>15,736</u>
Deficit before Secured claim balance and Unsecured Creditors			(10,736)
Less Balance Of Secured Claim			(23,900)
Less Unsecured Creditors			
IRD			
- Interest and Penalties	9,889		
- Income Tax	14		
Trade Suppliers	<u>13,652</u>		
			<u>(23,541)</u>
Deficit (before costs of liquidation)			\$(58,177)