

4. Events leading to appointment of Liquidators

The Company has been trading in the logging industry latterly in the Whangarei area. The directors of the company have advised the reason for the failure of the company due to issues in relation to one of their contracts which had subsequently been cancelled leaving insufficient work to meet the outgoings. The directors had looked at options in relation to restructuring, however this proved to be unworkable and led to the companies overdraft facility being withdrawn. The company then ceased trading in mid August of 2008. The assets of the company were essentially transferred to a new company for the value of the debt outstanding to the secured creditor , although initial indications are that the assets were worth less than the value of the debt.

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 to the Liquidators and we are not yet able to express an opinion on the validity of that information.

Also attached as *Appendix II* is a list of known creditors as at the date of appointment.

6. Proposals for Conducting the Liquidation

The Liquidators will be pursuing further information from the directors and accountants of the company in relation to the affairs of the company. Some records have been received from the accountants, and they have confirmed they will provide us with any further information we require. We will look at the circumstances surrounding the set up the new company and establish if the transaction was completed at fair value.

When records are received the liquidators will look to investigate any amounts owed under the shareholders current accounts and take appropriate action on the results of that investigation.

Further the liquidators will look to establish if there are any potentially voidable transactions that require investigation, and ensure the director has complied with the duties and obligations imposed on him under the Companies Act 1993.

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 at six monthly intervals if the Liquidation is not completed or a final report will be issued on completion.

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 Stephen Wheeler on 07 571 6280.

Please complete and return the enclosed Unsecured Creditors Claim form by 28 February 2009 to P O Box 15660, Tauranga. If you believe that you are a secured creditor please contact our Tauranga 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 Stephen Wheeler at our Tauranga Office.



Thomas Lee Rodewald
Joint Liquidator

Appendix I
D M Barnes Limited (In Liquidation)
Statement of Affairs
as at the 8th December 2008.

	<i>Estimated to realise</i>
Assets	
Hauler, Excavator, Sundry Equipment	Unknown
Less Secured Claims	
Bank of New Zealand	\$200,000
Less Preferential Claims	
Preferential Creditor Costs	\$ 3,037
Wages	\$ 164
IRD – GST	\$118,217
– PAYE	\$ 69,066
– Child Support	\$ 518
Deficit before Unsecured Creditors	(\$391,002)
Less Unsecured Creditors	
IRD –GST (penalties & interest)	\$ 28,639
– PAYE	\$ 23,722
Trade Creditors	\$ 243,478
Deficit (before costs of liquidation)	(\$686,841)

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

Appendix II
D M Barnes Limited (In Liquidation)
Schedule of Creditors as at 8 December 2008

Accident Compensation Corp	P O Box 3248	Wellington
Affordable Autos	P O Box 15045	Hamilton
		Mount
Bay Engineers	P O Box 4247	Maunganui
		Mount
BOP Gear Cutters	33 Aviation Ave	Maunganui
Log Haul	P O Box 892	Wellington
BOC	P O Box 11161	Christchurch
Cookes Bridon	P O Box 708	Whangarei
Company Health Services	P O Box 1530	Whangarei
Diesel & Turbo Chargers		
Dixies Digger		
Engineering Services Rotorua	P O Box 598	Rotorua
Eagle Spares	P O Box 870	Whangarei
Forrand & Mason		
Gillespie Panelbeaters	36 Normanbie St	Dargaville
Gas & Tyre Service	148 Victoria St	Dargaville
Gough, Gough & Hamer	P O Box 16168	Christchurch
Inland Revenue Department	pO Box 251	Timaru
LTSA	Pvt Bag	Manawatu
Lakeland Heavy Machinery	P O Box 1976	Rotorua
Lakeland Plant Hire	P O Box 1976	Rotorua
MB Truck Spares		
McFall Fuels	P O Box 501	Te Awamutu
Northern Wairoa Hire	31 Gladstone St	Dargaville
NZ Redcross		
Protector Safety	Pvt Bag 92224	Auckland
Rotorua Forest Haulage	P O Box 7063	Rotorua
Staples Rodway	P O Box 743	Tauranga
Trojan Haulage	31 Frost Road	Kaukapakapa
TCL Isuzu	P O Box 2618	Tauranga
United Petroleum Services	P O Box 286	Whangarei
United Carriers	P O Box 286	Whangarei
VOS Electrical	P O Box 169	Dargaville
Orb Communications	P O Box 1691	Whangarei
Whangarei Electrical Services	P O Box 1691	Whangarei
Wildkat Spares	45 Depot Street	Rotorua