

Fine Balance Limited (In Liquidation)

Liquidators' First Report

08 July 2010

1. Background

Fine Balance Limited ("the company") trading as Mag and Turbo Warehouse was placed into liquidation by special resolution of the shareholders on the 5th day of July 2010, at 11.02am. Kenneth Peter Brown and Paul Raymond Clark, of Tauranga were appointed as Joint and Several Liquidators of the company. This is an insolvent voluntary liquidation.

2. Disclaimer

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3. Company Information

Date of Incorporation: 16 October 2008

Trading Address: 101 Cameron Road, Tauranga

Type of business: Automotive

Date trading ceased: 5 July 2010

Shareholders:

| | |
|----------------------------|-------------------|
| Shane Arthur Blackburn | |
| Mandy Leigh Wilcock | 98 Shares jointly |
| IOC Shelf Coy No.8 Limited | |
| Shane Arthur Blackburn | 1 Share |
| Mandy Leigh Wilcock | 1 Share |

Directors: Shane Arthur Blackburn
Mandy Leigh Wilcock

RHB Chartered Accountants Limited

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Ph +64 9 262 3634

Hamilton
14 Knox Street
Hamilton 3204
Ph +64 7 848 1586

4. Events Leading to Appointment of Liquidators

The Directors of the company have advised the reason for the failure of the company is due to the recession and insufficient capital.

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 directors of the Company and the Liquidators 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.

The Liquidators are yet to receive a confirmation of debt from Inland Revenue Department.

6. Proposals for Conducting the Liquidation

The Liquidators have secured the Company's premises and assets. The assets have been valued, negotiations have commenced with an interested party in relation to a sale.

We are completing an investigation into the affairs of the Company but at this stage do not know whether this will disclose any further recoveries. This investigation will establish if there were any potentially voidable transactions made by the Company and the position of the shareholder current accounts.

Further we will look to establish if the directors have completed their statutory duties as required by the Companies Act 1993. Debtors of the Company will also be collected.

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.

8. Creditors Meeting

A Liquidator may call a meeting of creditors in order to decide whether an application should be made to the Court to appoint a replacement Liquidator.

Having regard to the assets and liabilities of the company, the likely result of the liquidation and other relevant matters, the Liquidator considers in accordance with section 245 of the Companies Act 1993 that no such meeting should be held.

A meeting will not be called unless within 10 working days after receiving this notice a creditor gives notice in writing to the Liquidator requiring a meeting to be called.

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 Monique Nielsen on 07 571 6280.

Please complete and return the enclosed Unsecured Creditors Claim form by 6th August 2010 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 Monique Nielsen at our Tauranga Office.



Paul Raymond Clark
Joint Liquidator

Appendix I

Fine Balance Limited (In Liquidation) Statement of Affairs as at the Date of the Appointment of the Liquidators being 5 July 2010

| | <i>Note</i> | <i>Estimated to Realise</i> <i>\$'000s</i> |
|--|-------------|---|
| Assets | | |
| Fixed Assets | 1 | - |
| Debtors | | 13 |
| | | <hr/> |
| | | - |
| Less Liabilities | | |
| Secured Claims | 2 | 156 |
| Preferential Claims | 3 | - |
| Unsecured Creditors | 4 | 78 |
| | | <hr/> |
| | | 234 |
| | | <hr/> |
| Deficit (before costs of liquidation) | | <u>Not Disclosed</u> |

Notes

- 1. The liquidators deem it prudent not to disclose any value on the basis that such disclosure could be prejudicial to a future sale.*
- 2. Secured creditors known to the liquidators to date.*
- 3. Preferential creditors known to the liquidators to date.*
- 4. Unsecured creditors known to the liquidators to date.*

Disclaimer

This statement should be read in conjunction with the disclaimer on page one of the above Liquidators report and RHB Chartered Accountants Limited 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.

RHB Chartered Accountants Limited

Appendix II

Fine Balance Limited (In Liquidation) Schedule of Creditors as at 5 July 2010

| Name | Address 1 | Address 2 | City |
|--|------------------------|-------------------------|-------------------|
| ANZ National Bank Limited | PO Box 2218 | DX CX 10027 | Auckland |
| Cogent Communications Limited | PO Box 68542 | Newton | Auckland |
| Connect Capital Limited | PO Box 7417 | Wellesley Street | Auckland |
| Connect NZ Limited | PO Box 7417 | Wellesley Street | Auckland |
| Geoff Dixon International Ltd | PO Box 259231 | Greenmount | Manukau 2141 |
| Mag and Turbo Warehouse Franchises Ltd | PO Box 97528 | | Auckland |
| Nationwide Accessories Limited | PO Box 5270 | Frankton | Hamilton |
| Technology Holdings Limited | PO Box 481 | | Dunedin |
| Value Tyres Limited | PO Box 4674 | | Christchurch 8062 |
| YHI (New Zealand) Limited | 260 Puhinui Road | Manukau City | Auckland |
| Accounts Department Sun Media Ltd | PO Box 240 | Tauranga | |
| Also | PO Box 1617 | | Rotorua |
| Arthur & Collen Blackburn | Miro Street | Keripehi | |
| Auto One | PO Box 433 | | Te Puke |
| Autolign | PO Box 9237 | Newmarket | Auckland |
| Autoline | 15b Newton Street | Mount Maunganui | |
| BDF International | PO Box 202197 | Southgate | Takanini 2246 |
| BNT | PO Box 2035 | | Tauranga |
| BOC Limited | Private Bag 93300 | Otahuhu | Auckland |
| Bruce | No known address | | |
| Buddy Club | 14 Hopper Street | | Te Aro |
| Century Batteries | PO Box 13-343 | Onehunga | Auckland |
| Coca-Cola Amatil (NZ) Ltd | The Oasis, Oasis Lane, | Mt Wellington | Auckland |
| Cole Armstrong | 370 Otumoetai Rd | | Tauranga |
| Envirowaste | Private Bag 92810 | Penrose | Auckland |
| Extreme Automotive | PO Box 1518 | | Hamilton |
| Fastway Couriers | PO Box 3046 | | Tauranga |
| Flexirent - Harvey Normans | PO Box 90935 | Victoria Street West | Auckland 1142 |
| Gamman Engineering | PO Box 804 | | Tauranga |
| Heath Lett | No address supplied | | |
| Imex Imports | PO Box 10096 | | Mt Maunganui |
| Koya Wheels | PO Box 58475 | Botany 2163 | Manukau |
| McPhail Group | PO Box 11-2121 | Penrose | Auckland |
| Nutech Security Limited | PO Box 14052 | | Tauranga |
| Pro Wholesale | 10 Botany Place | Ohauiti | Tauranga |
| Provida Foods | PO Box 20-115 | Te Rapa | Hamilton |
| RepcO | PO Box 1144 | | Tauranga |
| Scarles | PO Box 95234 | | Swanson |
| Stocks Service Ltd | PO Box 62102 | Mt Wellington | Auckland 1641 |
| Stone Star | 49 Santa Anna Drive | Howick | Auckland |

Sun Media
Tech Tire products
Value Tyres Limited
Vehicle Testing BOP
WHK
Würth
Yellow Pages Group

No 1 The Strand
PO Box 22351
PO Box 4674
PO Box 13576
PO Box 158
PO Box 97079
PO Box 17345

Otahuhu

Greenlane

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