

Four Seasons Waikato Limited (In Liquidation) Liquidators First Report

04 September 2006

1. Background

Four Seasons Waikato Limited (“the company”) was placed into liquidation by special resolution on the 28th of July 2006 at 9.45am. 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:	30 September 2002
Trading Address:	Hamilton
Type of business:	Retailers
Date trading ceased:	April 2006
Shareholders:	Patrick Bruce Scott } Rachel Scott } Jointly Heather Green }
	Lee Janet Wilson
	Peter Graham Wilson
	Rachel Scott
Directors:	Rachel Scott Lee Janet Wilson

4. Events leading to appointment of Liquidators

The business operated a retail franchise business selling home leisure type furniture and accessories.

The business was operated by the Scotts from incorporation, and then new partners bought a 50% share of the business. This took place in November of 2004.

There was disagreement between the parties latterly over the direction of the business and eventually the business ceased trading in approximately April 2006. At that point in time the Wilsons were operating the business solely as the other parties had resigned from their capacities within the company in December 2005 and February 2006.

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

6. Analysis of Statement of Affairs

The Liquidators are currently seeking valuations on the assets and attempting to determine the best method of sale to maximise any realisable funds.

We have been advised that prior to the liquidation the major creditor had uplifted all available stock secured to them at the time of ceasing to trade.

7. Proposals for Conducting the Liquidation

The Liquidators will also conduct an investigation of the company's books and records to further establish if there are any potentially voidable transactions that require investigation. In addition we believe the company declared a dividend in the 05 financial year and we will be looking closely at the solvency of the company at the time the dividend was declared, along with any other issues in relation to current accounts. Further we will be looking to ensure that the directors have complied with the duties and obligations imposed on them under the Companies Act 1993.

We hope to have a preliminary investigation completed within the next two months.

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 will report further in 6 months time as to the outcome of their investigations.

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

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. Please complete these and return by the 15 September 2006. 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. Legal Action

We have appointed Sharp Tudhope as our legal advisors to assist with the review under (7) above.

12. 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
Four Seasons Waikato Limited (In Liquidation)

Thomas Lee Rodewald
Joint Liquidator


Statement of Affairs

As at 04 August 2006

	\$
Assets	
Vehicles	6,000
Plant & Equipment	<u>20,000</u>
	26,000
Less Preferential Claims - IRD	<u>777</u>
Surplus before Unsecured Creditors	25,223
Less Unsecured Creditors	164,135
Deficit (before costs of liquidation)	<u>\$ (138,912)</u>

Note No up to date accounts records are available at this point in time to confirm shareholders current account balances.

Disclaimer

This statement should be read in conjunction with the disclaimer on page one of the above Liquidators report. 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
17 August 2006*