

12 February 2008

**FIRST REPORT OF THE LIQUIDATORS
TO CREDITORS AND MEMBERS OF
ALEXANDER & ALEXANDER LIMITED (In Liquidation)**

INTRODUCTION

Alexander & Alexander Limited (In Liquidation) ("the company") was placed into liquidation on 4 February 2008 at 12:00 pm by a special resolution of shareholders pursuant to Section 241(2)(a) of the Companies Act 1993 ("the Act"). Gareth Russel Hoole and Kevin David Pitfield were appointed joint and several liquidators of the company at that time.

RESTRICTIONS

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the liquidators' written permission in each specific instance. The liquidators, Staples Rodway Limited, its employees and agents do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

The liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light of any information existing at the date of this report which becomes known to us after that date.

BACKGROUND AND STATEMENT OF POSITION

Director and Shareholders

On the date of the appointment of the liquidators the records of the company reflected the following:

Shareholders: Andrew James Alexander
Stephen James Alexander

Directors: Andrew James Alexander
Stephen James Alexander

History

The company was incorporated as Alexander & Alexander Limited on 29 April 2005.

The principal business of the company was that of retailer of auto accessories, specifically sports wheels and car stereo systems. The company traded from leased premises in Manukau City.

The liquidators understand that the company experienced cash flow difficulties for some months prior to the appointment of the liquidators. These cash flow difficulties were principally caused by the failure of certain finance companies which had previously provided finance to the customers of the business. Without those facilities available, the turnover of the company fell to a level which rendered the business unsustainable. The resulting cash flow constraints prevented the company from meeting its debts as they fell due and the shareholders deemed it prudent to place the company into liquidation.

The liquidators are investigating the affairs of the company with particular attention to the actions of the directors up to date of liquidation. Pursuant to Section 258A the liquidators will report any offences to the Registrar of Companies.

Actions Taken To Date

The liquidators and their representatives attended the premises of the company shortly after their appointment. The premises were secured and rights of entry were restricted.

The liquidators have established that the company has assets in the form of fixed assets and inventory.

One motor vehicle is leased under an operating lease and the liquidators propose to return that asset to the lessor forthwith.

Statement of Position

Attached by way of Appendix 1 is the Statement of Position of the company as at 4 February 2008, as advised by the management of the company. The information contained in the attached statement of position was provided by the management of the company and, as yet, has not been investigated by the liquidators. It is possible that subsequent investigation could result in a revision of the information thus presented.

Securities and Charges

A search of the Personal Property Securities Register has revealed numerous registered security interests, including a priority ranking GSA in favour of Westpac Bank. Whilst, the liquidators have established that, with the exception of Westpac Bank, in most cases there is no indebtedness to the secured party, where such indebtedness is secured pursuant to a Purchase Money Security Interest, that party may enjoy a priority claim ahead of the first ranking GSA holder

Apart from creditors designated as preferential in terms of the Seventh Schedule of the Companies Act 1993 and the secured creditors referred to above, all other creditors of the company will rank as unsecured.

PROPOSALS FOR THE CONDUCT OF THE LIQUIDATION

Investigations into the existence and whereabouts of any assets not identified at the date of this report will be undertaken.

The liquidators will seek to sell the business assets on a going concern basis and have already initiated discussions with potential purchasers. In the event that the liquidators have no success in reaching agreement with a purchaser on a going concern basis, the assets will be sold piecemeal.

The liquidators will review disbursements made by the company in the period beginning on 4 February 2006 through to their appointment for purposes of determining whether any such transactions can be considered voidable within the ambit of Section 292 of the Companies Act 1993.

From the records made available to the liquidators, at the time of appointment the company was prima facie insolvent. At this time the liquidators have not been able to determine how long the company traded under insolvent circumstances, if at all. However, the liquidators will conduct the appropriate investigation in this regard and report their findings to the Registrar of Companies as considered necessary. The liquidators will pursue appropriate action against the directors to the extent considered economically beneficial if evidence exists to support such action.

CREDITORS' MEETING

The liquidators advise that a meeting of creditors will be held at Level 9, Tower Centre, 45 Queen Street, Auckland on 20 February 2008 at 10.00am. The relevant notice, agenda and voting forms are enclosed.

UNSECURED CREDITORS CLAIM FORM

An unsecured creditor's claim form is enclosed for your convenience. The liquidators request that this be completed and returned to their office together with supporting documentation to register your claim in this liquidation by 7 March 2008.

If you believe that you hold security for your claim please advise the liquidators, in writing, providing supporting documentation and all other details of the nature of the security that you believe that you hold.

ESTIMATED DATE OF COMPLETION OF LIQUIDATION

Subject to any matters which may arise from the investigation into the company's affairs and the timeframe associated with the collection of receivables the liquidators tentatively estimate that this liquidation will be completed within the next six months.

Please note that all subsequent reports prepared by the liquidators will not be mailed to the creditors (if any) and members of the company, but will be available on the New Zealand Companies Office and Staples Rodway websites.

Should you have any queries regarding the liquidation of the company, please do not hesitate to contact George Bannerman at the office of the liquidators on telephone 309 0463, extension 856.



Gareth Russel Hoole
LIQUIDATOR



Kevin David Pitfield
LIQUIDATOR

APPENDIX 1

**ALEXANDER & ALEXANDER LIMITED (In Liquidation)
STATEMENT OF POSITION AS AT 4 FEBRUARY 2008**

Assets	Book Value	
Plant and Equipment	65,000	
Inventory	56,000	<i>Note 1</i>
TOTAL ASSETS	<u>121,000</u>	
 Liabilities		
Secured Creditors –Personal Property	120,000	
Preferential Creditors	19,000	
Unsecured Creditors	121,000	
TOTAL LIABILITIES	<u>260,000</u>	
DEFICIT: LIABILITIES OVER ASSETS	<u><u>(139,000)</u></u>	

1. The liquidators await valuations of the plant, office equipment and furniture and fittings. As is usual with forced sales, we expect the realisable value of some of these items to be less than the book value.