

1 July 2008

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

INTRODUCTION

ICP Biotechnology Limited (In Receivership & Liquidation) ("the company") was placed into liquidation on 12 June 2008 at 11.16a.m. pursuant to Section 241(2)(d) 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

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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: The company was listed on the New Zealand Stock Exchange.
Refer microfiche held at the Companies Office

Directors: Roger Hamilton Gower
Brent Douglas King
Alistair Alan Ward

History

The company was incorporated as Petro Taranaki No Liability on 16 June 1983. The company went through a series of name changes as a listed entity before the name was ultimately changed to ICP Biotechnology Limited on 16 May 2006.

The company was the listed holding company of a wholly owned subsidiary, ICP Holdings Limited which in turn was the holding company of two wholly owned subsidiaries ICP Biologicals Limited and ICPBio Limited.

The company had sought to raise capital on the New Zealand Stock Exchange through the issuing of warrants to be exercised in February 2008. The liquidators understand that the prevailing difficult global share market conditions and more specifically the markets pricing of the head shares, resulted in only a small number of those warrants being exercised, with the result that the required injection of capital necessary to fund the ongoing operations of the group did not materialise.

As a result of the failure to procure sufficient capital to fund ongoing operations, the directors appointed administrators under the voluntary administration regime, with the objective of seeking an alternative means to rehabilitate the company and its subsidiaries.

Immediately following the commencement of the voluntary administration, a secured creditor exercised their rights under the voluntary administration provisions of the Act and appointed receivers who took control of the assets of the company and its subsidiaries. At the time of preparation of this report, the receivers are still in office and effective control of all the assets and undertaking of the company and its subsidiaries remain in their hands.

On that basis, the decision of the creditors at the watershed meeting was to place the company and its subsidiaries into liquidation.

The liquidators have not been advised of the detailed plans of the receivers, other than that purchasers of the group's business operations are being sought.

To the extent practically possible, given the fact that receivers are in office, the liquidators will investigate the affairs of the company with particular attention to the actions of the directors up to date of liquidation. Pursuant to Section 258A they will report any offences to the Registrar of Companies.

Actions Taken To Date

Given the presence of receivers, the liquidators have had no opportunity to undertake any asset realisations.

The liquidators have been advised by the directors that the company has assets in the form of fixed assets and investments in its subsidiaries.

All of the assets are subject to charges in the form of General Security Agreements.

Statement of Position

Attached by way of Appendix 1 is the Statement of Position of the company, as advised by the management of the company. That information was current as at 14 May 2008, the date upon which administrators were appointed. As yet no further information has been provided to the liquidators as to what assets, if any, have been realised by the receivers and what liabilities may have been settled. 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 five registered security interests, including four General Security Agreements. In addition, there is a Purchase Money Security Interest which secures the rights to certain insurance interests funded by the secured party.

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 are constrained by the priority claim over all the assets and undertakings of the company pursuant to which the receivers have been appointed. Until the receivers retire, the powers of the liquidators to realise assets are severely restricted.

The liquidators will review transactions entered into by the company in the period beginning on 12 June 2005 through to their appointment, for purposes of determining whether any such transactions can be considered voidable within the ambit of Section 292 or may otherwise give rise to recoveries under either Section 297 or 298 of the Companies Act 1993.

From the records made available to the liquidators, at the time of their appointment the company was prima facie solvent to the extent that the balance sheet revealed assets of greater value than the liabilities. However, the following should be noted in this regard:

- The company has guaranteed the exposure to secured creditors within the trading subsidiary, which is insolvent; and
- The investments in the balance sheet represent the investments in the subsidiaries which are all in receivership and liquidation. Thus the carrying value thereof, as represented in the statement of financial position is highly questionable.

Furthermore, the company was having difficulty in meeting its obligations as they fell due, indicating cash flow insolvency. In order for a company to meet the statutory solvency test it must be both balance sheet and cash flow solvent.

At this time the liquidators have not been able to determine how long the company traded under insolvent circumstances, if at all. However, they 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

Pursuant to Section 243(11) no creditors' meeting will be held, given that little or no new information has arisen since the watershed meeting.

UNSECURED CREDITORS CLAIM FORM

A listing of all known creditors of the company is attached by way of Appendix 2 to this report.

An unsecured creditor's claim form is available upon request from the liquidators. The liquidators request that this be completed and returned to their office to register your claim in this liquidation by 25 July 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

Bearing in mind the nature into the investigation of the company's affairs and the involvement of receivers, the liquidators are not presently in a position to estimate when the liquidation might be completed.

Please note that any further reports prepared by the liquidators subsequent 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 liquidators on telephone 309 0463, during normal business hours



Gareth Russel Hoole
LIQUIDATOR



Kevin David Pitfield
LIQUIDATOR

APPENDIX I

**ICP BIOTECHNOLOGY LIMITED (In Receivership & Liquidation)
 STATEMENT OF POSITION AS AT 14 May 2008 ***

Assets	Book Value
Fixed Assts	12,403,175
Investments	32,037,804
Current Assets	3,127
TOTAL ASSETS	<u>44,444,106</u>
 Liabilities	
Secured Creditors –Personal Property	2,014,571
Unsecured Creditors	<u>1,117,186</u>
TOTAL LIABILITIES	<u>3,131,757</u>
 EXCESS: ASSETS OVER LIABILITIES	 <u><u>\$41,312,349</u></u>

** Being the date on which administrators were appointed and the latest practicable date on which information is currently available to the liquidators.*

APPENDIX II

**ICP BIOTECHNOLOGY LIMITED (In Receivership & Liquidation)
 CREDITORS LIST AS AT 14 May 2008 ***

Ascot Park Hotel	McCooe Raves & Poole
BDH & Co	McDouall Stuart Securities Ltd
BDO Spicers	Merger Market
Bell Gully	Misc Supplier
BodyWorks Holdings Limited	Moses & Singer LLP
Campbell MacPherson Ltd	Network Communications (NZ) Lt
Chapman Tripp	New Zealand Bio
Commercialisation Advisors Ltd	New Zealand Exchange Ltd
Computershare Investor Services	PJB Publications Ltd
Curwoods Lawyers	Premiere Conferencing Ltd
Dec International NZ Ltd	PricewaterhouseCoopers
Ellis Capital Limited	Pupuke Financial Services Ltd
Fiona Russell	Rect Funds Management Ltd
Forsyth Barr	Roger Gower & Associates
Griffin Farms Ltd	Rotorua Trust Perpetual Capital F
Head Consultants Limited	Rouen Ltd
Horwath Porter Wigglesworth Ltd	Sam MacDonald
HPC Capital Management	Signium International
Informa Healthcare	Simmons Corporate Finance
Investment Research Group Ltd	Simpson Grierson
John L Mills & Associates Ltd	Stevens Capital Partners Limited
Jones Young	Takeovers panel
Kensington Swan	Trio Group Ltd
Leob Enterprises	Trio Print Ltd
lopmand Pty Ltd	Viking Capital
Lowndes Jordan Trust	Willis New Zealand Ltd

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