

15 April 2008

**FIRST REPORT OF THE LIQUIDATORS
TO CREDITORS AND MEMBERS OF
MENSWORKS GROOMING LIMITED (In Liquidation)**

INTRODUCTION

MENSWORKS GROOMING LIMITED (In Liquidation) ("the company") was placed into liquidation on 28th March 2008 at 10.00 am 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: Northern Trustee Services (BT) Limited
Ashley Cooper

Director: Penny Marie Rutherford

History

The company was incorporated as Menswork Grooming Limited on 27 November 2006. The name was changed to Curly Top Limited on 28 November 2006 and then to Mensworks Grooming Limited on 30 November 2006.

The principal business of the company was that of men's grooming and therapy. The company traded from leased premises in central Auckland 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 compounded by issues I respect to the lease over the premises from which the company operated. The cash flow constraints prevented the company from meeting its debts as they fell due.

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 potentially a customer database.

An independent registered valuer has been engaged to provide a current market value of the fixed assets.

The liquidators have experienced some difficulty in obtaining accurate financial information

Statement of Position

Attached by way of Appendix 1 is the Statement of Position of the company as at 28 March 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 two registered security interests, one being a GSA in favour of the shareholder Northern Trustee Services (BT) Limited, the other being a specific charge over a fixed asset.

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 fixed assets and, to the extent that it holds any value, the customer database. To this end, an independent valuation of the assets will be obtained. The liquidators will offer the assets to the open market and preliminary discussions have been initiated with a potential purchaser.

The liquidators will review disbursements made by the company in the period beginning on 28 March 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 their 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 director to the extent considered economically beneficial if evidence exists to support such action.

CREDITORS' MEETING

The liquidators have decided pursuant to Section 245 of the Companies Act 1993 to dispense with a meeting of creditors. The decision has been made in an effort to minimise liquidation costs, given that the value of assets of the company available for realisation and distribution to unsecured creditors, not being creditors entitled to be paid in the order of priority set out in the Seventh Schedule of the Companies Act 1993, is already unlikely to yield any significant dividend to creditors.

Pursuant to Section 314(1) of the Companies Act 1993, any creditor or shareholder of the company may require the liquidators to call a meeting of creditors or shareholders by giving written notice to the liquidators, within 10 days of receipt of this circular, stating the reasons for which they require a meeting to be called.

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 29 April 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 of the investigation of 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 (09) 309 0463, extension 856.



Gareth Russel Hoole
LIQUIDATOR



Kevin David Pitfield
LIQUIDATOR

APPENDIX 1

**MENSWORKS GROOMING LIMITED (In Liquidation)
STATEMENT OF POSITION AS AT 28 MARCH 2008**

Assets

Fixed assets comprising salon furnishings and equipment, Customer database and intellectual property	- <i>Note 1</i>
---	-----------------

Liabilities

Secured Creditors – personal property	- <i>Note 1</i>
Unsecured Creditors (approximately)	\$100,000

Notes:

1. The liquidators are awaiting an independent valuation of the fixed assets. The liquidators deem it prudent not to disclose any value on the basis that such disclosure could be prejudicial to a future sale.
2. Due to the incomplete nature of the records made available to the liquidators, they have not yet been able to determine the exact quantum of the liability to secured parties.