

19 September 2007

**FIRST REPORT OF THE LIQUIDATORS
TO CREDITORS AND MEMBERS OF
SMARTLINE PARCEL COMPANY LIMITED (In Liquidation)**

INTRODUCTION

Smartline Parcel Company Limited (In Liquidation) ("the company") was placed into liquidation on 5th September 2007 at 5:00pm by a special resolution of shareholders pursuant to Section 241(2)(a) of the Companies Act 1993 ("the Act"). Kevin David Pitfield and Gareth Russel Hoole 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: Christina Shoveller

Director: Christina Shoveller

History

The company was incorporated as Smartline Parcel Company Limited on 8 June 2004.

The principal business of the company was that of courier delivery.

The liquidators understand that a competitive business environment caused the company to experience cash flow difficulties for some months prior to the appointment of the liquidators. Those cash flow constraints prevented the company from meeting its debts as they fell due. The director considered it appropriate under the circumstances to place the company into liquidation.

Actions Taken To Date

The liquidators and their representatives attended the premises of the company at Te Atatu Road, Te Atatu upon their appointment. All assets were taken into the custody of the liquidators, except a Toyota Dyno van which is immobile and is presently garaged at Whenuapai.

The liquidators understand that the company has assets in the form of two courier vans, the immobile vehicle referred to above, accounts receivable, two way radio equipment, Navman tracking devices and miscellaneous consumables.

Statement of Position

Attached by way of Appendix 1 is the statement of position of the company as at 5 September 2007, 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 registered security interests over the Navman devices and two way radio equipment. In addition, there is a General Security Interest registered over the company.

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 company has a number of debtor balances which require collection. The liquidators will pursue outstanding debtors using all available legal remedies.

The liquidators will review disbursements made by the company in the period beginning on 5 September 2005 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, 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 director 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 Tuesday, 2 October 2007 at 11.00am.

Enclosed please find a formal notice of that meeting together with voting documentation should you choose not to attend the meeting in person.

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 2nd October 2007.

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.

Should you have any queries regarding the liquidation of the company, please do not hesitate to contact Steve Shewry at the office of the liquidators on telephone 309 0463, extension 206.



Kevin David Pitfield
LIQUIDATOR



Gareth Russel Hoole
LIQUIDATOR

APPENDIX 1

**SMARTLINE PARCEL COMPANY LIMITED (In Liquidation)
 STATEMENT OF POSITION AS AT 5th September 2007**

Assets	Book Value	
Debtors	14,000	1
Plant & Equipment	4,000	2
Vehicles	8,000	2
TOTAL ASSETS	<u>26,000</u>	
Liabilities		
Bank	5,000	
Secured Creditors – Real and Personal Property	13,900	
Preferential Creditors	26,560	
Unsecured Creditors	27,890	
TOTAL LIABILITIES	<u>73,350</u>	
DEFICIT: LIABILITIES OVER ASSETS	<u><u>(47,350)</u></u>	

Notes:

1. The liquidators will pursue all debtors to the fullest extent provided by the law
2. The liquidators await valuations of the plant and equipment. Two of the vehicles have been placed on auction. As is usual with forced sales, they expect the realisable value of some of these items to be as much as 70% less than the book value.