

25 August 2006

**FIRST REPORT OF THE LIQUIDATORS
TO CREDITORS AND MEMBERS OF
TALENT BASE LIMITED (In Liquidation)**

INTRODUCTION

Talent Base Limited (In Liquidation) ("the company") was placed into liquidation on Monday 21 August 2006 at 10.00am 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:

Shareholder: Richard Gunton

Director: Richard Gunton

History

The company was incorporated as Talent Base Limited on 21 September 2004 and traded from 10 Maheke Street St Heliers Auckland.

It would appear from information presently available to the liquidators, that the company effectively ceased trading having unsuccessfully defended an action against it before the Employment Relations Authority. The resulting fine and the cost of defending the action has meant the company is no longer solvent. The director now sees the only responsible course of action is to wind up the company rather than trade while insolvent.

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

Statement of Position

Attached by way of Appendix 1 is the Statement of Position of the company as at 21 August 2006, 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 no registrations over any property owned by the company.

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 review disbursements made by the company in the period beginning on 21 August 2004 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 appropriate investigation in this regard will be conducted and the findings will be reported 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.

ESTIMATED DATE OF COMPLETION OF LIQUIDATION

Subject to any matters arising from the investigation into the company's affairs 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 Leon Tabb at the office of the liquidators on telephone 309 0463, extension 846.



Kevin David Pitfield
JOINT LIQUIDATOR



Gareth Russel Hoole
JOINT LIQUIDATOR

APPENDIX 1

TALENT BASE LIMITED (In Liquidation)
STATEMENT OF POSITION AS AT 21 AUGUST 2006 (Date of Appointment)

Assets	Book Value
Bank	12,072.99
TOTAL ASSETS	<u>12,072.99</u>
Liabilities	
Preferential Creditors	10,230.86
Unsecured Creditors	<u>24,591.30</u>
TOTAL LIABILITIES	<u>34,822.16</u>
DEFICIT: LIABILITIES OVER ASSETS	<u><u>(22,749.17)</u></u>