

TUATARA JEWELLERY LIMITED (IN RECEIVERSHIP)

Receivers' First Report on the State of Affairs

Pursuant to Section 23 of the Receiverships Act 1993

Company Number 693044

Introduction

Kevin David Pitfield and Gareth Russel Hoole were appointed joint receivers of Tuatara Jewellery Limited (In Receivership) ("the company") by Morris and Watson Limited, on 21 March 2006 under the powers contained within a General Security Agreement dated 15 July 2005.

This report has been prepared by the receivers in accordance with and for the purpose of Section 23 of the Receiverships Act 1993.

Restrictions and Disclaimers

The report is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership.

In compiling this report the receivers have relied on the accuracy of all relevant information provided by the management of the company. Whilst all care and attention has been taken in compiling this report, the receivers, Staples Rodway Limited, its employees and its agents do not accept any liability whatsoever arising from this report.

This report is not intended for general circulation and all information contained in it is for the confidential use of the parties to whom it is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993. This report is not to be disseminated or passed on to any other party without the receivers' prior written authority or as may be required by law.

The financial particulars included in this report have been prepared from the company's records and information supplied to the receivers by the company and its director. In preparing the particulars the receivers have not carried out anything in the nature of an audit or other verification procedure.

The receivers reserve the right (but will be under no obligation) to review the contents of this report and, if considered necessary, to revise the report in light of any information which becomes known to the receivers at a subsequent date.

Events Leading To Appointment

The company was indebted to Morris & Watson Limited in the sum of approximately \$330,000 as at the date of appointment of the receivers. Their indebtedness arose from advances and/or trade supplies made by Morris & Watson Limited to the company. Those advances were secured by way of a registered General Security Agreement over the company. The company had defaulted on its repayment obligations to the secured creditor and recovery action ensued, culminating in the appointment of the receivers.

Particulars of the Assets Comprising the Property in Receivership

The property in Receivership comprises all of the assets and undertakings of the company. At the date of the appointment of the receivers, those assets comprised:

Cash at bank	\$20,577
Debtors	\$32,997
Inventory	*

* The Receivers are not prepared to disclose estimated values of inventory at this stage as disclosure may prejudice the quantum of realisations.

In addition, the receivers have a claim against the shareholder of the company in respect of distributions made at a time when the company did not meet the statutory solvency test. The receivers are of a view that such claim amounts to some \$92,000.

Particulars of Debt and Liabilities Currently Outstanding and Requiring to be Satisfied from the Property In Receivership

- Due to Morris & Watson Limited secured by priority ranking General Security Agreement \$330,000
- Due to unsecured creditors (approximately) \$250,000

Proposals for the Conduct of the Receivership

The company ceased trading prior to the appointment of the Receivers.

The receivers assumed control of the bank account and transferred the available balance to the receivers' trust account.

The company has a receivable due, which the receivers will pursue using all available legal remedies.

The receivers have placed the inventory with an auction house and are in the process of realising that inventory through auction sales.

Proposals for Disposal of Receivership Property

The receivers will continue to realise or distribute the assets of the company in order to maximise repayments to secured parties.

Amounts Likely to be Available for Payments to Unsecured Creditors

The receivers cannot determine with accuracy any amounts that may be available to unsecured creditors. However, at this stage any distribution to unsecured creditors is unlikely.

Information Provided By the Company

The Director of the company co-operated fully in making available the information required by the receivers to complete this report.

Dated this 13th day of June 2006.



Gareth Russel Hoole
JOINT RECEIVER



Kevin David Pitfield
JOINT RECEIVER