

**RECEIVERS' FIRST REPORT ON THE STATE OF AFFAIRS OF  
COASTAL CUISINE NZ LIMITED (IN RECEIVERSHIP)  
"The Company"**

**1. INTRODUCTION**

On the 27 August 2012, Peri Micaela Finnigan and Roy Horrocks, Insolvency Practitioners, of Auckland, were appointed jointly and severally as Receivers and Managers of Coastal Cuisine NZ Limited by Tegel Foods Limited pursuant to all present and after acquired goods of Coastal Cuisine NZ Limited under the powers contained in a the supply agreement, and the terms of the supply dated the 30<sup>th</sup> day of April 2009 (which terms were reconfirmed in a supply agreement dated 8 June 2012) and which property consists of all goods supplied from time to time by the Secured Creditor to the company and includes all proceeds of such goods.

On 4 September 2012, Peri Micaela Finnigan and Roy Horrocks, Insolvency Practitioners of Auckland, were also appointed jointly and severally as receivers and managers of all the assets, property and undertakings of the company under the powers contained within a mortgage agreement dated 20 December 2011 in favour of S.H. Lock (NZ) Limited.

The Receivers set out below their first report on the state of affairs of the above named company as required by section 23 of the Receiverships Act 1993.

**2. EVENTS LEADING UP TO OUR APPOINTMENT**

The appointment arose as a result of the company being placed in receivership on 9 August 2012 by the second ranking General Security Agreement holder, Weekend Holdings Limited. The receivers appointed by Weekend Holdings Limited retired on 6 September 2012.

**3. TRADING ON / CLOSURE OF BUSINESS**

The previous receivers ceased trading the business on 31 August 2012 and continued with a skeleton staff of 5 employees until 4 September 2012 reducing stocks held. On 4 September 2012 these staff were terminated. The general manager and operations manager gave their formal resignations to the new receivers.

**4. PROPERTY DISPOSED OF TO DATE**

The receivers have sold the major business assets and stock. Please refer to the statement of affairs for further details. The business assets were originally marketed for sale by the receivers of Weekend Holdings Limited who appointed an agent to assist with the process. The current receivers continued the sale process and contacted parties known to Mr Arnesen, director, and appointers. The current receivers successfully sold the business assets and intellectual property. The receivers also have interest in refrigeration installed into premises in Mangere and are reviewing related party loans. The receivers are also pursuing debtors.

The business assets were sold on 13 September 2012 to Lynnmac Meats Limited. These proceeds have been paid to S.H. (NZ) Lock Limited in reduction of their debt. S.H. Lock (NZ) Limited continue to collect debtors also in reduction of their debt, and in reduction of the Tegel debt (for related Tegel supplies).

## 5. AMOUNTS OWING TO THE SECURED CREDITOR

At the date of our appointment the amounts due to the secured creditors were as follows:

	\$
S.H. Lock (NZ) Limited – First Ranking GSA	256,077
Weekend Holdings Limited – Second Ranking GSA,	4,000,000
Tegel Foods Limited – Specific Security (in debtor proceeds)	224,917
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<b>TOTAL</b>	<b>\$4,480,994</b>
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## 6. PREFERENTIAL CREDITORS

We have received some formal claims from the company's preferential creditors. According to the records of the company these claims, as at the date of our appointment, are summarised as follows:

	\$
Employees' Claims –Holiday Pay & Redundancy	38,661
PAYE	83,616
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<b>TOTAL</b>	<b>\$122,277</b>
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Employees will be paid from surplus debtors recovered, after payment in full of S.H. Lock (NZ) Limited's debt (including costs) and Tegel is paid debtor proceeds relating to their supply (up to the value of their debt and costs).

All employees need to provide their contact details to the receivers.

## 7. UNSECURED CREDITORS

At this stage, the receivers do not anticipate that there will be funds available for distribution to unsecured creditors. Weekend Holdings Limited and preferential creditors rank ahead of these creditors.

## 8. PARTICULARS OF ASSETS AND LIABILITIES

We **attach** particulars of the assets and of the debts and liabilities of the company. For the sake of confidentiality, we have not at this stage disclosed the value recovered from sale of business assets. The funds recovered are not sufficient at date of writing this report to clear S.H. Lock (NZ) Limited in full. Debtors continue to be collected to reduce the debt due.

## 9. INFORMATION PROVIDED BY THE COMPANY

We have yet to obtain up to date information from the company to provide a fuller report. Accordingly, we have had to rely on information we have recovered and our own observations and investigations.

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PERI M FINNIGAN  
RECEIVER

DATED this 24<sup>th</sup> day of September 2012

**COASTAL CUISINE NZ LIMITED (IN RECEIVERSHIP)  
PARTICULARS OF THE ASSETS AND OF DEBTS AND LIABILITIES  
AS AT THE DATE OF THE APPOINTMENT OF RECEIVERS  
BEING 4 SEPTEMBER 2012**

	<b>Estimated to Realise \$</b>
<b>ASSETS NOT SPECIFICALLY PLEDGED</b>	
Plant and Machinery (Including Trucks)	73,200
Goodwill	10,000
Debtors (refer note 8)	585,914
Vehicle – 2001 BMW X5 (refer note 9)	10,870
Stock (refer note 10)	2,000
High Ceiling Freezer (refer note 11)	10,000
	\$691,984
<b>LESS PREFERENTIAL CREDITORS</b>	
Employee Holiday Pay	38,661
Inland Revenue Department – PAYE	83,616
	122,277
<b>ESTIMATED SURPLUS AS REGARDS PREFERENTIAL CREDITORS</b>	<b>\$569,707</b>
<b>LESS FIRST GENERAL SECURITY AGREEMENT HOLDER</b>	
S.H. Lock (NZ) Limited	256,077
<b>ESTIMATED SURPLUS AS REGARDS PREFERENTIAL CREDITORS AND FIRST GENERAL SECURITY AGREEMENT HOLDER</b>	<b>\$313,630</b>
<b>LESS SPECIFIC SECURITY HOLDER</b>	
Tegel Foods Limited (refer note 5)	224,917
<b>ESTIMATED SURPLUS AS REGARDS PREFERENTIAL CREDITORS, FIRST GENERAL SECURITY AGREEMENT HOLDER AND SPECIFIC SECURITY HOLDER</b>	<b>\$88,713</b>
<b>LESS SECOND GENERAL SECURITY AGREEMENT HOLDER</b>	
Weekend Holdings Limited (refer note 6)	4,000,000
<b>ESTIMATED DEFICIENCY AS REGARDS SECOND GENERAL SECURITY AGREEMENT HOLDER</b>	<b>\$3,911,287</b>
<b>LESS UNSECURED CREDITORS</b>	
Trade Creditors	1,029,234
<b>ESTIMATED DEFICIENCY AS REGARDS SECOND GENERAL SECURITY AGREEMENT HOLDER AND UNSECURED CREDITORS</b>	<b>\$4,940,521</b>

**Notes:**

1. There is no unpaid capital liable to be called up.
2. The above estimates are subject to the costs of the Receivership.
3. Assets held may be subject to Reservation of Title Claims.
4. The secured creditors' claims will continue to accrue interest until fully paid.
5. Tegel Foods Limited ("Tegel") has a security in debtors and proceeds. As a result, they have first priority in funds relating to Tegel supply. The receivers will be required to analyse collections and apply Tegel related recovery to Tegel. Other debtors will be paid to S.H. Lock (NZ) Limited in first priority in reduction of their security, and once S.H. Lock (NZ) Limited is paid in full, the remaining funds will be allocated to preferential creditors. It is unclear whether Tegel will be paid in full from debtors relating to Tegel supply.
6. Weekend Holdings Limited is owed approximately \$4 million arising from an investment in the purchase of the business. The latest financials available at the time of preparing this report (August 2011) record a balance of \$4,250,682 as owing.
7. The former receivers claim a lien for all liabilities incurred during the period of their receivership. At 18 September 2012, the value of the lien amounted to \$76,723, comprising fees, disbursements and supplier invoices. This is a preferential claim.
8. The debtors' ledger held by S.H. Lock (NZ) Limited totals \$1,893,071. This however, includes a sum of \$708,253 owing by a related entity, Poultry Distributors NZ Limited (In Liquidation). This collection is doubtful. The balance also includes a rebates amount which is not recoverable. After deducting these balances a sum of \$585,000 is expected. The debtors however are disputing balances or claiming set off, so the amount recorded may be overstated. A liquidator was appointed to Poultry Distributors NZ Limited ("PDNZ") on 19 September 2012. It is too early to anticipate what may be recovered from this ledger. The funds will be distributed on a pro rata basis to unsecured creditors of PDNZ.
9. The BMW vehicle was independently valued by Turners Auctions at \$15,000 inclusive. Following further assessment, Turners Auctions recommended a reserve price of \$11,500 (inclusive). Three wholesalers were offered an opportunity to purchase the BMW. The highest offer was for \$9,000. The factors considered were the age, condition and mileage (191,000 kms).
10. At 6 September 2012, the stock had been reduced substantially. The former receivers held a fire sale. A number of interested parties viewed the remaining stocks. After taking into consideration the labour cost to sort stocks and disposal of old stocks, a valuation of \$2,000 was provided by two industry specialists.
11. Turners Auctions valued the freezer at \$50,000 in situ should the business be sold as a going concern and \$10,000 to dismantle and relocate. Industry specialists advised that the value in the freezer related to labour cost to assemble and the concrete flooring. The receivers sold the freezer to the landlord after all interested parties in the assets advised they did not intend to take a lease and had no interest in the large freezer.

**Disclaimer of Liability**

The information contained in the Particulars of Assets and Liabilities has been supplied by the company or former employees of the company. We have not verified the information supplied. The Particulars of Assets and Liabilities have been prepared for the purpose of the Receivership and we do not accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.

**COASTAL CUISINE NZ LIMITED (IN RECEIVERSHIP)**

**APPENDIX I**

**PARTICULARS OF THE DEBTS AND LIABILITIES TO BE SATISFIED  
FROM THE PROPERTY IN RECEIVERSHIP  
AS AT THE DATE OF THE APPOINTMENT OF RECEIVERS  
BEING 4 SEPTEMBER 2012**

**SECURED CREDITORS**

**FIRST SECURED CREDITOR**

S.H. Lock (NZ) Limited  
40 Anzac Avenue  
AUCKLAND

**SECOND SECURED CREDITOR**

Weekend Holdings Limited  
60A Main Road  
HAVELOCK

**THIRD SECURED CREDITOR (Specific Security Creditor)**

Tegel Foods Limited  
88 Shortland Street  
AUCKLAND

**Note 1:** Weekend Holdings Limited, Coastal Cuisine NZ Limited, and S.H. Lock (NZ) Limited, entered into a deed of subordination. As a result, S.H. Lock (NZ) Limited have first priority to proceeds from sale of assets and to debtors (excluding debtors relating to Tegel supply).

**Note 2:** Tegel and S.H. Lock (NZ) Limited also entered into a deed of subordination. As a result of a marshalling clause within the deed and following receivership, Tegel have first right to recovery of Tegel related debtor receipts ahead of S.H. Lock (NZ) Limited.

# COASTAL CUISINE NZ LIMITED (IN RECEIVERSHIP)

## PARTICULARS OF ASSETS

AS AT THE DATE OF THE APPOINTMENT OF RECEIVERS  
BEING 4 SEPTEMBER 2012

	<b>Book Value (August 2011)</b>	<b>Estimated to Realise</b>
<b>ASSETS</b>	<b>\$</b>	<b>\$</b>
Furniture and Fittings	20,057	73,200
Motor Vehicles	52,659	
Plant and Machinery	591,288	
Goodwill		10,000
Stock	N/A	2,000
High Ceiling Freezer (18m x 10m x 5m) (included above)	-	10,000
Vehicle – 2001 BMW X5 (included above)	-	10,870
Debtors	N/A	585,914
<b>TOTAL ASSETS</b>	<b>\$664,004</b>	<b>\$691,984</b>

**Note 1:** The book value of the plant and machinery includes the cost of the freezer in situ.

**Note 2:** Turners Auctions provided an in situ valuation for assets of \$192,075 and a value of \$84,250 should assets be sold and relocated. Turners Auctions valued the larger freezer at \$50,000 in situ and \$10,000 otherwise.

**Note 3:** The debtors exclude a related company receivable. PDNZ is in liquidation and any recovery is unknown.

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**COASTAL CUISINE NZ LIMITED (IN RECEIVERSHIP)**

**PARTICULARS OF LIABILITIES**

**AS AT THE DATE OF THE APPOINTMENT OF RECEIVERS  
BEING 4 SEPTEMBER 2012**

<b>PREFERENTIAL CREDITORS</b>	<b>\$</b>	<b>\$</b>
Employee Holiday Pay	38,661	
Inland Revenue Department – PAYE	83,616	
	<hr/>	122,277
 <b>FIRST SECURED CREDITOR</b>		
S.H. Lock (NZ) Limited		256,077
 <b>SECOND SECURED CREDITOR</b>		
PMSI Creditor – Tegel Foods Limited		224,917
 <b>THIRD SECURED CREDITOR</b>		
Weekend Holdings Limited		4,000,000
 <b>UNSECURED CREDITORS</b>		
Trade Creditors		1,029,234
 <b>TOTAL LIABILITIES</b>		<hr/> <b>\$5,632,505</b> <hr/>

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The information contained in the Statement of Position has been supplied by the company or former employees of the company. We have not verified the information supplied. The Statement of Affairs has been prepared for the purpose of the Receivership and we do not accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.