

**DML RESOURCES LIMITED
(IN RECEIVERSHIP & IN LIQUIDATION)**

LIQUIDATORS' REPORT

24 June 1998

1. APPOINTMENT

On 7 May 1998, DML Resources Limited ("the company") was placed in liquidation by the High Court at Auckland. The Court ordered:

"That the Defendant be liquidated by this Court under the provisions of the Companies Act 1993, and that John Lawrence Vague and Graeme George McDonald be appointed jointly and severally liquidator of the affairs of the Defendant".

2. BACKGROUND

- 2.1 The company, which is part of the Skellerup/Maine group of companies, was incorporated on 28 April 1987 and was in the business of contract earth moving to the mining industry. The company was also involved in quarry ownership.
- 2.2 The company's head office was located at 190 Great South Road, Remuera, Auckland.
- 2.3 Companies Office records show there are no current directors/officers of the company. The Companies Office records show the following:

Person	Office	Appointed	Resigned
Stuart W Walbridge	Director	4 March 97	26 January 98
Murray J Bolton	Director	27 May 94	27 November 97
Lawrence R Margrain	Director	1 July 96	8 October 97
James H Greenwood	Director	21 February 96	1 October 97
Christopher W McCarthy	Director	27 May 94	30 April 97
Michael F Bedford	Director	1 March 96	30 January 97

- 2.4 The company has a share capital of 12,001,000 consisting of 12,001,000 ordinary \$1.00 shares which the 1997 annual return filed at the Companies Office shows as fully paid up.

2.5 The company issued a further 50,000 ordinary shares and 50,000 redeemable preference shares on 8 August 1997 as part of a restructure of the company and its subsidiaries. These shares were issued based \$1.00 per share payable in cash upon issue according to resolutions of the board of directors. The liquidators have not yet confirmed that these shares are paid up as shown in the records of the company.

2.6 Messrs Davidson and Agnew, partners of Coopers & Lybrand, Chartered Accountants, were appointed joint and several receivers of the company by UDC Finance Ltd on 1 November 1997. Two reports have been prepared by the receivers pursuant to the Receiverships Act 1993. Copies of this reports can be obtained from the Companies Office.

3. EVENTS LEADING TO THE APPOINTMENT OF LIQUIDATORS

The receivers' report dated 10 March 1998 stated that there would be a deficiency of approximately \$3 million to UDC Finance Limited and therefore nothing available to meet unsecured creditors claims of \$19.532 million. Accordingly, unsecured creditors sought to appoint liquidators to fully investigate the affairs of the company.

The focus and powers of a liquidator are quite different from those of a receiver (whose principal obligation is to the secured creditors by whom he was appointed). Additionally, some potential rights of action that could benefit unsecured creditors only arise in a liquidation.

4. STATEMENT OF AFFAIRS

We **attach** a statement of the company's affairs as at the date of our appointment. This has been prepared from information provided by the receivers. The liquidators are not yet able to express an opinion on the validity of that information.

DML is the holding company for a number of subsidiary companies, and was part of the Maine Investments Limited group of companies. We **attach** a table obtained from the records of the company showing the structure of the DML Group of Companies prior to the August 1997 restructure.

5. PROPOSALS FOR CONDUCTING THE LIQUIDATION

5.1 Assets of the company are currently under the control of the receivers.

5.2 There are various companies within the DML Group. There are cross guarantees within the companies in respect of debentures issued. Accordingly, the final amount owing to the debentureholders cannot be ascertained at this stage.

5.3 The liquidators are conducting an investigation into the affairs of the company and will do all those things which would be expected of the liquidators. A small group of major creditors is funding the investigation.

6. CREDITORS CLAIMS

Enclosed is a notice to creditors to prove debts or claims and an unsecured Creditors Claim form for your completion and return to this office by 30 August 1998. If you believe that you are a secured creditor please contact this office and the appropriate forms will be sent to you. All creditors who consider they have an admissible claim against the company must forward a completed creditors claim form to the liquidators regardless of whether advice of the claim may already have been given to the receivers.

Secured or preferential creditors should also contact the receivers directly if they have not already done so.

7. ESTIMATED DATE OF COMPLETION OF LIQUIDATION

It is too early yet to estimate a date of completion for this liquidation.

8. MEETING OF CREDITORS

The records of the company indicate that there are over 400 unsecured creditors owed approximately \$19.532 million plus the estimated shortfall to the secured creditors of approximately \$3 million. The liquidators wish to preserve contributed funds received from creditors for investigation of the affairs of the company. Accordingly, the liquidators give notice pursuant to section 245 of the Companies Act 1993 that they consider that no formal meeting of creditors should be held. Any creditors requiring a meeting to be called must give notice in writing to the liquidators within ten working days of receiving this report.

The liquidators do not wish to preclude creditors from expressing their views. Please contact Terence Hillson of this office if you have any specific enquiries.

Creditors are advised that pursuant to section 314 of the Companies Act 1993 the liquidators shall at any time during the course of the liquidation call a meeting for the purpose of voting on a proposal that a liquidation committee be appointed.

Enquiries to: Terence Hillson
Phone: 0-9-303 0506

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JOHN L VAGUE
LIQUIDATOR

JLV/TH/kh
DML/OFirstReport

DML RESOURCES LIMITED (IN RECEIVERSHIP & IN LIQUIDATION)

Statement of Affairs of the above company as at 7 May 1998 (being the date of liquidation) showing assets at estimated realisable values and liabilities expected to rank.

	Estimated To Realise \$
ASSETS SPECIFICALLY PLEDGED	
As per Schedule I	10,591,000
LESS PREFERENTIAL CREDITORS	
As per Schedule II	1,330,000
	9,261,000
LESS DEBENTUREHOLDER	
As per Schedule II	12,269,000
	3,008,000
ESTIMATED DEFICIENCY AS REGARDS DEBENTUREHOLDER	
LESS UNSECURED CREDITORS	
As per Schedule II	19,532,000
	22,540,000
ESTIMATED DEFICIENCY AS REGARDS UNSECURED CREDITORS	
Less Share Capital (as per 1997 Annual Return)	12,001,000
	34,541,000
ESTIMATED DEFICIENCY AS REGARDS DEBENTUREHOLDER, UNSECURED CREDITORS AND SHAREHOLDERS	
	\$34,541,000

Notes:

1. There is no known unpaid capital liable to be called up.
2. The above estimated are subject to the cost of the receivership and the liquidation and to any surplus or deficiency on trading by the receivers pending realisation of assets.
3. The debentureholder's claim will continue to accrue interest until fully paid.
4. The above information is extracted from the receivers' report dated 10 March 1998 filed in the Companies Office.

Disclaimer of Liability

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