

**EXFTX LIMITED  
(IN RECEIVERSHIP & IN LIQUIDATION)  
("Feltex")**

**(This company was called Feltex Carpets Limited until 1 December 2006)**

**LIQUIDATORS TENTH REPORT  
Pursuant to Section 255(2)(d)  
of the Companies Act 1993**

**For the Period from 13 December 2010  
to 12 June 2011**

**1. PROGRESS OF THE ADMINISTRATION OF THE LIQUIDATION**

The liquidators report herewith on the progress made in the liquidation of EXFTX Limited (In Receivership & In Liquidation).

This tenth report to creditors follows the previous reports and should be read in conjunction with all previous reports.

**2. REALISATION OF COMPANY ASSETS**

The Receivers sold all of the business and assets of Feltex to Godfrey Hirst. Settlement of the sale to Godfrey Hirst took place on 30 November 2006.

**3. CREDITORS CLAIMS**

There are changes to the report under this section. Refer to section 4, Investigations and Legal Issues for an update on the liquidation.

**3.1 Secured Creditors**

The Feltex Group of companies were served with demands from Australia and New Zealand Banking Group Limited and ANZ National Bank Limited dated 20 September 2006, for A\$119.5 million. Interest and charges have continued to accrue since that date.

The receivers advise that in the period up to 21 March 2011 the following repayments have been made to the ANZ bank.

|                              | A\$                      |
|------------------------------|--------------------------|
| By the New Zealand receivers | \$49.55 million          |
| By the Australian receivers  | \$67.40 million          |
| Total                        | <u>A\$116.95 million</u> |

Which left ANZ owed approximately AUD 2.55 million principal plus interest and costs. Based on information we received earlier this year we expect that the bank will be owed in excess of AUD 16 million.

As at 21 March 2011 the receivers reported held NZ\$429,650.

We do not expect there to be any surplus funds from the conclusion of the receivership for the liquidation.

### **3.2 Unsecured Creditors**

As at the date of preparing this report 614 unsecured creditors claims have been received which total \$13,880,557.

The claims can be broken down as follows;

|           |           |
|-----------|-----------|
| Trade     | 5,718,271 |
| Employees | 8,162,286 |

We have not yet confirmed the amounts owed to employees.

### **3.3 Shareholders**

166 shareholders have lodged claims as unsecured creditors totalling \$6,287,619. Most of these claims relate to shares purchased in the IPO.

Further detailed information has been sought from these shareholder claimants. A letter dated 19 March 2007 requested further information. This letter is still posted on our website [www.mvp.co.nz](http://www.mvp.co.nz) (look immediately below our logo on the right of the home page).

The liquidators have not made any decisions on Shareholder claims arising from the IPO.

The Liquidators have assessed that shareholder claims against Feltex for breaches of the Securities Market Act continuous disclosure provisions between 1 September 2005 and 23 June 2006. The shareholders who make up this amount are those that made net purchases of Feltex shares from 1 September 2005 to 23 June 2006.

Formal communications will be sent in due course.

The liquidators have the power to review and amend their decisions however and the outcome of the case against the directors may impact on that.

## **4. INVESTIGATIONS AND LEGAL ISSUES**

The liquidators settled the claim against the directors in the week preceding trial. The terms of the settlement are confidential, however we are able to attach our press release.

Because of funding arrangements and the costs of litigation, there are no funds available for creditors at this time. The settlement funds have been received and the proceedings discontinued.

We expect to be able to elaborate on our reasons for settlement in a subsequent report when all litigation matters are resolved. There are some matters that we are still considering possible litigation over.

## **5. DIVIDENDS**

The receivers have reported that there will be a shortfall out of the physical assets to the debentureholder.

It therefore follows that any return to creditors will only be achieved by successful Court actions taken by the liquidators.

**6. MATTERS DELAYING COMPLETION OF THE LIQUIDATION**

Resolution of any further court proceedings may take time.

**7. DISCLAIMER**

The Liquidators do not accept any responsibility or liability for any errors, omissions or misinformation contained in this report. The liquidators do not accept responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction, or use of this report.

**8. WEBSITE [www.mvp.co.nz](http://www.mvp.co.nz)**

Creditors are advised that this report and all subsequent reports will be available on the liquidator's website. The liquidators will provide a regular bulletin updating creditors with current progress in actions taken. This bulletin will be lodged on the website to reduce costs. Please send us your email address if you would like further reports sent to you.

**9. CONCLUSION**

Based on the above the liquidators cannot yet estimate an expected date of completion.

Any queries can be directed to Iain McLennan or Peri Finnigan of these offices on 0-9-303 0506 or by visiting our website at [www.mvp.co.nz](http://www.mvp.co.nz).

Yours faithfully  
for EXFTX LIMITED  
(IN RECEIVERSHIP & IN LIQUIDATION)



IAIN MCLENNAN  
LIQUIDATOR



PERI M FINNIGAN  
LIQUIDATOR

DATED this 16 day of August 2011

Number of Company: 828025

Name of Company: EXFTX LIMITED (IN LIQUIDATION)  
(This company was called Feltex Carpets Limited until  
1 December 2006)

Subject: LIQUIDATOR'S STATEMENT OF REALISATIONS AND  
DISTRIBUTIONS FOR PERIOD 13 DECEMBER 2006 TO  
12 JUNE 2011

DUE TO REASONS OF COMMERCIAL  
CONFIDENTIALITY AND BECAUSE THE LIQUIDATORS'  
PRIMARY ACTIVITY AT PRESENT IS THE LITIGATION  
AGAINST DIRECTORS WE HAVE ELECTED TO NOT  
ITEMISE RECEIPTS AND PAYMENTS AT THIS TIME

Yours faithfully  
for EXFTX LIMITED  
(IN RECEIVERSHIP & IN LIQUIDATION)



IAIN McLENNAN  
LIQUIDATOR



PERI M FINNIGAN  
LIQUIDATOR

Dated this 16 day of August 2011

## PRESS RELEASE

The Liquidators of EXFTX Limited (formerly Feltex Carpets Limited) announce that they have entered into a full and final settlement of their claims against the company's former directors.

The Liquidators were appointed in December 2006 and issued proceedings against the directors in 2009. In 2010 the District Court found, after a 15 day trial concerning related issues, that the "overwhelming evidence" was that the directors had conducted themselves at all times with "unimpeachable integrity."

The District Court's findings naturally caused the Liquidators to reevaluate their claim, which was due to be heard in a trial starting next week in the Auckland High Court. The Liquidators and the directors have today reached a settlement the terms of which, as is usual in such matters, are confidential.

The Liquidators acknowledge that the settlement is entered into without any admission of liability by the directors. This is reflected in what is a modest and pragmatic settlement reached on a costs saving basis.

12 May 2011