

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Mike Lamacraft

Liquidators' First Report

New Zealand Knights Football Club Limited (In Liquidation)

1. Appointment

We advise that Karen Betty Mason and Michael Lamacraft were appointed joint and several Liquidators of the above company on 2 February 2007 by special resolution of shareholders.

Karen Mason and Mike Lamacraft are full time Insolvency Practitioners. They have not previously acted in any capacity for the company or the officers and shareholders of the company.

2. Background

<i>Date of Incorporation:</i>	11 October 2004
<i>Trading Address:</i>	17a Piermark Drive, Albany, Auckland
<i>Type of Business:</i>	Professional Football Club
<i>Date Ceased Trading:</i>	15 December 2006
<i>Shareholder:</i>	Octagon Sports Limited 100 shares
<i>Directors:</i>	Brian Leonard Katzen Anthony Craig Lee
<i>Share Capital:</i>	100 ordinary shares
<i>Date of Liquidation:</i>	2 February 2007

3. Events Leading to Appointment

Following the withdrawal of the licence held by its holding company which allowed the Club to play in the Australian A League the company had no ability to continue trading. Having sought appropriate advice the directors determined that the proper course was for the company to be placed in to liquidation.



4. Statement of Affairs

The Liquidators have prepared an Estimated Statement of Affairs being the assets and liabilities of the company at the date of liquidation. We attach a copy.

5. Proposals for Conducting the Liquidation

5.1 Realisation of Assets

Every effort will be made to maximise the realisations from assets. Professional advice will be sought as required.

5.2 Investigations

The Liquidators will conduct a brief initial review into the trading affairs of the company.

6. Creditors Claim Form

Creditors should complete and return the attached Creditor's claim form by 9 March 2007. Creditors who do not make a claim within the period may be excluded from any distribution that may be made.

7. Retention of Title Claims/Security Interests

Please note, if you believe you have a valid retention of title claim or security interest over goods or equipment supplied to New Zealand Knights Football Club Limited (In Liquidation), and you have not yet contacted the Liquidators, please contact us immediately.

8. Initial Creditors Meeting

As it is unlikely there will be a distribution to creditors, pursuant to s245 of the Companies Act 1993 the Liquidators propose to dispense with the meeting of creditors to consider whether to appoint different Liquidators, and to consider the views of creditors.

Accordingly a meeting of creditors will not be called unless a creditor gives notice to the Liquidators within 10 working days after receiving this notice, requiring a meeting to be called.

9. Liquidation Committee

At any time during the liquidation, any creditor may in writing, request the Liquidators to call a meeting of creditors to consider whether a Liquidation Committee should be appointed, and if so, to choose the members of the Committee.

A Liquidation Committee has certain powers set out in s315 of the Companies Act 1993, including to assist the Liquidators as appropriate in the conduct of the liquidation.

10. Estimated Date of Completion of Liquidation

It is not practicable to estimate the date of completion of the liquidation at this stage.

Enquiries should be directed to: Mike Lamacraft

M Lamacraft
Liquidator

Dated this 9th day of February 2007.

Attach:

**Estimated Statement of Affairs of
New Zealand Knights Football Club Limited (In Liquidation)
As at the date of the Appointment of Liquidators
Being 2 February 2007**

	<i>Estimated Realisable Value \$</i>
Assets	
Cash at Bank	5,000
Grants/Debtors (subject to review)	Unknown
Office Equipment	5,000
Vehicle	1,000
Estimated Total Assets Available for Preferential Creditors	<u>11,000</u>
First Ranking Preferential Creditors	
Wages and Holiday Pay (Includes PAYE)	<u>(200,000)</u>
	<u>(189,000)</u>
Second Ranking Preferential Creditors	
Inland Revenue Department	
GST	(25,000)
PAYE	<u>(220,000)</u>
	<u>(245,000)</u>
Estimated Deficiency as regards Preferential Creditors	<u>(434,000)</u>
Unsecured Creditors:	
- Trade	(765,000)
- Advances/Loans/Bonds	<u>(4,500,000)</u>
	<u>(5,265,000)</u>
Estimated Total Deficiency as regards Unsecured Creditors	<u>(5,699,000)</u>

Note: The above estimates are subject to the costs of realisation, including Liquidators' fees.

Disclaimer of Liability:

We have prepared the Estimated Statement of Affairs as at the date of liquidation being 2 February 2007.

The Estimated Statement of Affairs has been prepared based on information from the books and records of the company together with information supplied by the Director. This information has not been verified. The Liquidators have not carried out an audit or reviewed the information supplied and therefore they do not accept any responsibility for the accuracy of the information from which the Estimated Statement of Affairs has been prepared. Further, the Estimated Statement of Affairs has been prepared for the purpose of the liquidation only, and the Liquidators do not accept any responsibility on any ground whatever, including liability in negligence, to any other person.