

**PARTNERS**

John T Whittfield Dip.Ag, M Inst.D  
 Peri M Finnigan BBS, DipBusStudies, CA (PP)  
 Boris van Delden BCom, CA (PP)

**DIRECTOR**

Kevin W Bromwich NZ Dip.Bus

**SENIOR ASSOCIATES**

Victoria Toon BCom, CA (PP)  
 Roy Horrocks CA

**CONSULTANTS**

John L Vague JP, FCA ACIS AFNZIM  
 Dennis Wood MBA, GradDipBus, DipPol

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

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

**LIQUIDATORS SEVENTH REPORT**

Pursuant to Section 255(2)(d)  
 of the Companies Act 1993

**For the Period from 13 June 2009**  
**to 12 December 2009**

**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 seventh report to creditors follows the sixth and earlier reports and should be read in conjunction with 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 no changes to 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 September 2009 the following repayments have been made to the ANZ bank.

	A\$
By the New Zealand receivers	\$49.2 million
By the Australian receivers	\$57.3 million
Total	A\$106.5 million

As at 21 September 2009 the receivers hold NZ\$438,727.

The receivers' last report advises that they intend to make a final repayment of surplus funds since they have resolved an issue with the landlord – a claim which has been refuted by the receivers. The shortfall due to the General Security Agreement holder as at 21 September 2009 (according to the receivers' reports), was A\$13 million, plus accrued interest since the date of appointment.

It seems likely that the New Zealand receivers will soon retire with only two outstanding matters, being a landlord claim which has been refuted and the final distribution to the secured creditor.

We do not expect there to be any surplus funds, following the conclusion of the receivership, being available to the liquidators.

### **3.2 Unsecured Creditors**

As at the date of preparing this report 611 unsecured creditors claims have been received which total \$19,174,164, and 146 Shareholders claims have been received totalling \$19,168,173.

### **3.3 Shareholders**

Many Shareholders have lodged claims as unsecured creditors. Further detailed information has been sought from these shareholder claimants. A letter requesting further information is 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, however, assessed that shareholder claims against Feltex for breaches of the Securities Market Act continuous disclosure provisions, amounting to \$9m approx, qualify as claims.

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

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

### **Liquidators Issues**

The Liquidators are pleased to advise two significant events which assist in advancing recovery proceedings.

#### **1. Directors' Breach of Duty and Negligence**

The liquidators have filed the claim against directors. The statement of claim was filed in the Court in Auckland on 1 April 2009 against the following five directors:-

Peter Hunter – ex director executive  
 Peter Thomas – former chairman  
 Tim Saunders  
 Michael Feeney  
 John Hagen

The statement of defence has been received.

The liquidators' claim against the directors arises from their failure to act in good faith and in the best interests of Feltex, for reckless trading, and for the failure to comply with continuous disclosure requirements of the Securities Market Act. The claims taken are distinct from claims taken by shareholders relating to the IPO.

The intermediate stages are underway and progress is being made. It is too early to schedule or estimate trial dates at this stage but a resolution is not expected before 2011.

## 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 the court proceedings will 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 John Whittfield 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)

  
JOHN T WHITTFIELD  
LIQUIDATOR

  
PERI M FINNIGAN  
LIQUIDATOR

DATED this 14 day of December 2009

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 DECEMBER 2009

	Cash Received
<b>CASH HAS BEEN RECEIVED AS FOLLOWS:</b>	<b>\$</b>
Advance from McDonald Vague	2,396
Capital Introduced – Litigation Funding	137,371
Reimbursement / Sundry Refund	3,903
GST Refund	26,645
<b>TOTAL REALISATIONS</b>	<b>\$170,315</b>

**CASH HAS BEEN PAID AS FOLLOWS:**

<b>Costs Charges &amp; Expenses of Liquidation</b>	
Liquidators Fees	26,914
Disbursements	1,987
Legal Fees	79,172
Consultancy Fees	22,916
Expert Contractor Fees	20,482
Advertising Fees	1,378
Sundry Expenses	561
Bank Fees	20
Residents Withholding Tax	195
<b>TOTAL DISTRIBUTIONS</b>	<b>\$153,625</b>

<b>TOTAL REALISATIONS</b>	<b>170,315</b>
<b>LESS TOTAL DISTRIBUTIONS</b>	<b>153,625</b>
<b>BALANCE HELD</b>	<b>\$16,690</b>

**BALANCE REPRESENTED BY:**

ASB Bank Limited – Current Account  
 GST Suspense Account


13,056

3,634

**TOTAL****\$16,690**

**Note:** The above figures are GST exclusive

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

  
 JOHN T WHITTFIELD  
 LIQUIDATOR

  
 PERI M FINNIGAN  
 LIQUIDATOR

Dated this 14 day of December 2009