

## PARTNERS

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## SENIOR ASSOCIATES

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## RECEIVERS' SECOND REPORT ON THE STATE OF AFFAIRS OF HELILOGGING LIMITED (IN LIQUIDATION & IN RECEIVERSHIP) ("Helilogging Limited")

### "The Company"

## 1. INTRODUCTION

John Trevor Whittfield and Peri Micaela Finnigan, Insolvency Practitioners, of Auckland, were appointed jointly and severally as receivers and managers of all the assets, property and undertakings of Helilogging Limited on 6 October 2006 by Commercial Factors Limited under a General Security Agreement dated 10 September 2003, granting a security interest in all personal property of any kind or nature that either presently or in the future will be owned, held, leased, under the control of or in the possession of the grantor, including all accounts receivable, book debts both present and future, and intangibles.

Pursuant to section 24 of the Receiverships Act 1993, the receivers report herewith on the progress of the receivership. This second report should be read in conjunction with the receivers first report. A statement of realisations and distributions is not attached as there are no asset to realise.

## 2. LEGAL ISSUES

Helilogging Limited applied to the director of Civil Aviation Authority ("CAA") some time ago for a licence to use the Wessex helicopters owned by Helilogging Holdings Limited ("HHL"). On 19 August 2005 the director of CAA declined an application for a licence for the use of the Wessex helicopters in New Zealand, and further, placed a prohibition on the helicopters for an under slung hook. The prohibition was also extended to the Scout Helicopters that HHL had been using for approximately five to six years extracting logs from various forests.

Mark and Suzanne Ford, through their solicitor, Graham Takarangi, and Barrister, Timothy Castle, wished to challenge this decision. On 15 March 2007, an agreement was reached with the financiers of HHL and various other Ford entities to challenge this decision in the High Court.

## 3. PROPERTY DISPOSED OF TO DATE

There is no property that is located to be disposed of at the date of this report. The financial statements that have been drafted as at 31 March 2005 disclose assets that comprise Hughes spray gear, containers and other smaller value items that in total have a book value of \$28,905. The Hughes spray gear is recorded at the value of \$17,187 and we have asked Mark Ford on 6 October 2006 as to the location of these assets.

## 4. PROPOSALS FOR DISPOSAL OF RECEIVERSHIP PROPERTY

Apart from the property noted above, the company financial statements as at 31 March 2005 disclose the HHL owes \$799,785 to Helilogging Limited. The Helilogging Limited draft financial statements as at 31 March 2005 disclose that liabilities exceed assets by \$1,736,778 and the amount recoverable by Helilogging Limited is uncollectible.

The draft financial statement as at 31 March 2005 disclose that Mark and Suzanne Ford also owe \$277,267 to Helilogging Limited. The lenders have personal guarantees and security interests over the assets in HHL that will exceed the net equity of any assets.

**5. AMOUNTS OWING TO SECURED CREDITOR**

As at the date of our appointment, the amounts (including accrued interest) due to our appointer was \$140,994.

**6. PREFERENTIAL CREDITORS**

We have not received any formal claims from the company's preferential creditors. We understand however, that the Inland Revenue Department may have a claim.

**7. UNSECURED CREDITORS**

A proof of debt form from one creditor amounting to \$12,527 has been received. A letter from another creditor advising that \$113,000 is owed is to be followed up.

**8. OTHER MATTERS**

Helilogging Limited had a business arrangement with Clelands Timber Limited ("Clelands") who received native timber from Helilogging Limited. Clelands would credit Helilogging Limited's account for the market volume of timber they received, and debit the account with helicopter operating costs. The parties disagree on the balance owing between them. Clelands claim they are owed money, and Helilogging Limited claim they are also owed a significant sum of money. The receivers are reviewing the legal files to ascertain the likelihood of realising the amount claimed by Helilogging Limited from Clelands.

**9. PARTICULARS OF ASSETS AND LIABILITIES**

We have not attached particulars of the assets of the company, and of the debts and liabilities of the company as we are still obtaining records to clarify the position.

**10. INFORMATION PROVIDED BY THE COMPANY**

The director of the company has not yet provided all information for the receivers to complete a more detailed report.

**11. TAX RETURNS**

The receivers are completing annual financial tax returns up to 31 March 2007.

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JOHN T. WHITTFIELD  
RECEIVER



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PERI M. FINNIGAN  
RECEIVER

DATED 3 July 2007