

# Receivers' First Report



**Criterion Group Limited (In Receivership)**  
**("the Company" or "CGL")**  
**Company No: 332593**

CRI30547-02  
29 March 2012

## Introduction

Grant Robert Graham and Brendon James Gibson were appointed joint and several Receivers and Managers of all the assets and undertakings of the abovenamed company on 31 January 2012 pursuant to a General Security Agreement granted by the Company in favour of The Hongkong and Shanghai Banking Corporation Limited and HSBC Bank Australia Limited dated 1 April 2004.

## Restrictions

This report has been prepared by us in accordance with and for the purposes of Section 23 of the Receiverships Act 1993. It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership. In compiling this report we have relied on the accuracy of all relevant information provided by the Trust. While all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

All information contained in this report is for the confidential use of the parties to which it is provided, in accordance with Sections 26 and 27 of the Receiverships Act 1993 and is not to be disseminated or passed to any other person without prior written authority or in accordance with the law.

## Commentary

- The Company is a holding company of a wider group which manufactured, imported and traded ranges of flat pack furniture for the office and entertainment market in New Zealand and Australia.
- The last complete monthly financial accounts of CGL may be summarised on a consolidated basis as follows:

Corporate Recovery Services  
Turnaround & Restructuring Services  
Real Estate Advisory  
Forensics

*Independent New Zealand  
firm internationally affiliated  
with the KordaMentha Group*

[nz@kordamentha.com](mailto:nz@kordamentha.com)  
[www.kordamentha.com](http://www.kordamentha.com)

### New Zealand

Level 16, 45 Queen Street  
Auckland 1010

PO Box 982, Shortland Street

Auckland 1140

Office: +64 9 307 7865

Fax: +64 9 377 7794

### Offices

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New York

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Shanghai

Tokyo

Washington, DC

Dec-11	\$000
Equity	(11,780)
Shareholder Loans	11,430
Equity and Shareholder Loans	(350)
Debtors and Prepayments	4,381
Inventories	7,634
Current Assets	12,015
Investments	13
Fixed Assets	5,984
Sundry	182
Total Assets	18,194
HSBC	6,531
Creditors and Accruals	4,877
Shareholder Loans	7,136
Total Liabilities	18,545
Net Assets	(350)

- We comment on the consolidated statement of financial position as follows:
  - The statement of financial position includes reference to the assets of subsidiary companies including Criterion Manufacturing Ltd and Criterion Furniture New Zealand Ltd, and Criterion Group Australia. All subsidiaries are in receivership. Given the expected shortfall to the first ranking secured creditor of the charging group, none of the assets in this statement will be realisable to CGL.
  - CGL has no reasonably identifiable assets on its own account which would be available to meet creditor claims.
- The first ranking security holder is The Hongkong and Shanghai Banking Corporation Limited. Sums outstanding to HSBC at receivership are defined in various currencies but aggregate to approximately NZD8.593 million.
- Parties with security interests registered on the Personal Property Securities Register are as follows:

Secured Party	Address	Date Registered
Beverley Small	23 Springcombe Road, St Heliers, Auckland	26-Jan-12
Buro Officeware	15 Ron Driver Place, East Tamaki, Auckland	18-Oct-10
HSBC Bank Australia Ltd and The Hongkong & Shanghai Banking Corporation Ltd	HSBC Building, 300 Queen Street, Brisbane, Australia Level 7, One Queen Street, Auckland	7-Apr-04
Hydrawood Flooring Systems Ltd, Hydrawood Building Systems Ltd & Hydrawood Holdings Ltd	26 Crummer Road, Grey Lynn, Auckland	23-Jan-12

- The Group had been trading at a loss and the directors were taking steps in relation to a trade sale of the business.

- We have marketed the Group business in New Zealand and Australia for sale on an in situ/going concern basis. While a number of parties initially expressed interest, no party proceeded to make an offer for the business in situ. Accordingly we have proceeded to sell the plant by auction. We have continued to sell inventory through existing channels. Other initiatives to realise inventory will also be undertaken.
- Amounts owing to preferential claimants as at receivership are as follows:
  - Staff claims \$120k
  - Inland Revenue Department \$225k

Certain of these claims remain subject to verification. At present, we expect a significant shortfall to the first ranking secured creditor and no funds for preferential claimants. We do not expect any funds to be available to any other class of creditor.



G R GRAHAM  
Joint Receiver