

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

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

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

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

**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 ninth 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 September 2010 the following repayments have been made to the ANZ bank.

	A\$
By the New Zealand receivers	\$49.2 million
By the Australian receivers	\$67.4 million
Total	<u>A\$116.6 million</u>

Which left ANZ owed approximately AUD 2.9 million principal plus interest and costs. As at 21 September 2010 the receivers reported held NZ\$426,889 and AUD 517,629.

Since then the receivers have advised that ANZ has been repaid a further AUD\$350,000 from funds held as at 21 September 2010 and that this was likely to be the final amount repaid to ANZ with the other funds held.

We have calculated based on information provided by the Bank that it will be owed after all realisations NZ\$15.6 million.

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

### 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 will impact on that.

## 4. INVESTIGATIONS AND LEGAL ISSUES

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  
Peter Thomas – ex Chief Executive Officer  
Tim Saunders - former Chairman  
Michael Feeney  
John Hagen

The pleadings have been amended and the statement of defence to the amended pleadings has been received.

As at the end date of the period covered by this report the liquidators had provided 11 briefs of evidence including from one of the liquidators, an expert, a representative of the ANZ bank, a director of Godfrey Hirst, a receiver, 3 creditors and 3 shareholders, and from a manager of the share registry. During the report period we had not received the defendants' evidence.

The liquidators' arranged funding for the litigation. The terms of such funding typically require a percentage of recoveries to be met as well as costs. The terms were competitive with the percentages payable for this type of funding. The ANZ Bank was not willing to fund the case so the liquidators had no choice but to arrange private funding. The terms of the funding are confidential. The costs of pursuing a case such as this are significant.

## 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 and related issues will be the main determinant of the conclusion of the litigation.

## 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 30 day of June 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 DECEMBER 2010

DUE TO REASONS OF COMMERCIAL  
CONFIDENTIALITY AND BECAUSE THE LIQUIDATORS'  
PRIMARY ACTIVITY AT PRESENT INVOLVES  
LITIGATION 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 30 day of June 2011