

LIQUIDATORS FIRST REPORT

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

Herbert Insurance Group Limited (In Liquidation) "The Company"
(945992)

1. APPOINTMENT

The company was placed into liquidation on 4 March 2011 at 09:00 am by special resolution of the company's shareholders pursuant to s241(2)(a) of the Companies Act 1993 ("the Act"). Steven Khov and Damien Grant Insolvency Practitioners of Auckland were appointed joint and several liquidators.

The liquidators have made the appropriate enquiries and are of the opinion that they are not barred from acting under section 280 of the Act.

This report should be read in conjunction with the report for Hebert Securities Limited.

2. ATTACHMENTS

The following appendices accompany this report:

Appendix A: Notice of Creditors Meeting.

Appendix B: List of known creditors including their addresses as required by section 255(2)(c) of the Act

3. BACKGROUND OF COMPANY STRUCTURE

Date of Incorporation:	4 March 1999
Type of Business:	Insurance Brokering
Directors:	Grant Malcolm Herbert
Shareholders:	Paul Webb Grant Malcolm Herbert
Number of shares:	10,000

4. HISTORY AND EVENTS THAT PRECIPITATED THE LIQUIDATION

The company was incorporated on 7 April 2003 and traded a business as an Insurance Brokering company. It appears the company has done this since its incorporation.

The directors of the company attribute its failure to a reduction in revenue due to the failing of finance companies during the recession. The sustained level of overheads caused the business to be no longer viable.

The Liquidators accept that the directors' explanation is accurate but further investigation is likely to produce a more detailed picture of the causes of the failure of the business, especially concerning the methods that were employed by the firm to maintain the high level of overhead once the sales revenue declined in recent years.

5. DECISION TO APPOINT LIQUIDATOR

After seeking professional advice and having reviewed the cash flow projections of the business, the company's shareholding elected to appoint a liquidator.

The liquidation of the company commenced on 4 March 2011 at 09:00am.

6. PERSONAL PROPERTIES SECURITIES ACT/RESERVATION OF TITLE

A search of the Personal Properties Securities Register revealed 11 security interest registered against the company at the date of liquidation, these creditors are noted in Appendix B.

The liquidators have notified these creditors of their rights and are currently awaiting a reply.

Should any creditor believe that they have a registered security over any property or proceeds from the realisation of the property, they should contact this office immediately.

7. APPOINTMENT OF A RECEIVER

The ASB appointed Brendon Gibson and Michael Stiassny from KordaMentha as receivers on Monday the 7th of March 2011.

8. CLIENT BROKING ACCOUNT

The Insurance Intermediaries Account requires the company to hold client funds in a Client Broking Account, for the benefit of the insurance underwriters.

Upon being appointed the liquidators ascertained that there was a substantial shortfall in this account.

9. HERBERT INSURANCE AUSTRALIA

The company owned a smaller insurance business in Australia. This business is subject to a change by Macquarie Bank.

10. FURTHER INFORMATION ABOUT THE COMPANY

Should you have any information that you believe would assist the liquidators, please provide this in writing with supporting evidence attached. Please note that the liquidators can only act on written information as any conversations would be regarded as hearsay only by the Court.

11. PREFERENTIAL CREDITORS

We anticipate that preferential claims will be received from former employees with respect to outstanding wages and holiday pay. We also believe that a claim will be made by the Inland Revenue for outstanding GST and/or PAYE.

12. CREDITORS MEETING

Please be advised the liquidators will be holding a meeting of creditors pursuant to section 243 of the Companies Act 1993 on Friday 25th of March 2011. Please refer to appendix A for details.

13. PROSPECT OF A DIVIDEND

From the present information it is unknown if there will be a dividend to unsecured creditors.

If you are owed money by the company you can assist the liquidation by lodging a claim. A proof of debt form is enclosed along with this report, alternatively one may be downloaded from www.waterstone.co.nz.

14. ESTIMATED DATE OF COMPLETION

It is not practical at this stage to estimate the time for completion for this liquidation.

If unsecured creditors have not yet completed the “Unsecured Creditors Claim Form” and filed that with supporting documentation with the liquidator, they must do so as soon as possible.

15. ESTIMATED STATEMENT OF AFFAIRS

Herbert Insurance Group Limited (In Liquidation)		
Estimated Statement of Affairs as at date of liquidation		
Assets	\$	\$
Premium Trust Account	272,890	
Other Accounts	83,951	
Overseas Accounts (NZD est)	184,000	
Office Equipment, est	20,000	
Total Assets		560,841
Liabilities		
Secured Creditors, est*	1,600,000	
Preferential Creditors	200,000	
Underwriters Claim	3,000,000	
Unsecured Creditors	200,000	
Total Liabilities		5,000,000
Surplus/(Deficit)		(4,439,159)

*These securities are also attached to a debtors book in Herbert Securities Limited with an estimated book value of \$800,000

Disclaimer of Liability

The liquidator has prepared the Estimated Statement of Affairs as at the date of Liquidation. The estimated statement of affairs has been prepared based on information from the books and records of the company. This information has not been verified. The liquidator has not carried out an audit or reviewed the information supplied and therefore does not accept any responsibility for the accuracy of the information from which the estimated statement of affairs has been prepared and that the estimated statement of affairs has been prepared for the purposes of this liquidation only in accordance with section 255 of the Companies Act 1993.

Dated at Auckland this 16th day of March 2011.



Steven Khov
Liquidator



Damien Grant
Liquidator

Appendix A

NOTICE OF CREDITORS MEETING
Herbert Insurance Group Limited (In Liquidation)

Notice is given that, pursuant to section 243 of the Companies Act 1993, a meeting of creditors is to be held on Friday, the 25th of March 2011 at 10:30am at Gate A, North Harbour Stadium, Stadium Drive, Albany, North Shore City 0752

Agenda:

1. Discussion of Liquidators first report;
2. Vote on any resolution to replace liquidators;
3. Determine whether to appoint a committee of creditors; and, if so, who are to be the committee's members;
4. General business

If you have not already done so please ensure that you have completed a **proof of debt form** (attached) and submitted it along with the appropriate supporting documentation to our offices. This will need to be completed and received by us no later than **10:30am Wednesday 23rd of March 2011** if you wish to vote at the meeting.

If you are not able to attend the meeting in Auckland you may complete the enclosed **Proxy form**. This will need to be submitted to us no later than **10:30am Wednesday 23rd of March 2011** to be included.

Dated at Auckland this 16th day of March 2011.



Steven Khov
Liquidator



Damien Grant
Liquidator

Appendix B

LIST OF KNOWN CREDITORS

Pursuant to Section 255(2)(c) of the Companies Act 1993 (as amended)

<u>CREDITOR</u>	<u>ADDRESS</u>		
Ace			
All China Insurances Limited	PO Box 3398	Shortland Street	Auckland
Allianz	PO Box 794	Auckland	
Amlin			
Andrew Carlson	14a Netherlands Avenue	Kelston	Auckland
Andrew Herbert	51a Gibraltar Street	Howick	Auckland
ASB Bank	360 Dominion Road	Mount Eden	Auckland
Associated Marine	PO Box 4422	Shortland Street	Auckland 1140
Australis	GPO 247	Sydney, NSW 2001	AUSTRALIA
Chartis	PO Box 1745	Auckland 1140	
Classic Cover	PO Box 974	Hamilton 3240	
Dealersblock	PO Box 68644	Newton	Auckland 1145
Di Mangos	20a Glendon Avenue	Avondale	Auckland
Equipment Finance Limited	Private Bag 94013	South Auckland Mail Centre	South Auckland
Faye Davis	49 New North Road	Eden Terrace	Auckland 1021
George Qiao	66b Union Road	RD3 Pukekohe	Auckland
Inland Revenue	PO Box 761	Waikato Mail Centre	Hamilton
Lewis Christensen			
Li Qiao	3/469a Dominion Road	Mt Eden	Auckland
Lloyds	C/O Scott Galloway	PO Box 5639	Wellington 6145
Lumley	PO Box 2426	Auckland	
	Flat 10/ 11a Killarney		
Michael Edgell	Street	Takapuna	Auckland
Motor and General	PO Box 2224	Shortland Street	Auckland 1140
NAC	PO Box 1840	Whangarei	
Natasha Faithfull	410 McLaren Falls Road	RD1 Tauranga	
New India	PO Box 91748	Victoria Street West	Auckland
NZI/IAG	PO Box 92130	Victoria Street West	Auckland 1142
Paul Webb			
Prestigio	PO Box 97-954	Manukau City	Manukau 2241
QBE	PO Box 44	Auckland 1140	
Rothbury	PO Box 62608	Greenlane	Auckland 1546
Scott Williams	PO Box 46207	Herne Bay	Auckland
Shirley Goodare	PO Box 2230	Shortland Street	Auckland

Tower	PO Box 90347	Auckland 1142	
Underwriting Risk Services			
Velos			
Vero	Private Bag 92 120	Auckland	
Western Pacific	PO Box 1935	Queenstown 9300	
Working Capital Solutions	PO Box 90339	Victoria Street West	Auckland 1142
Zurich	55-65 Shortland Street	Auckland 1010	