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**DEBEC BUILDING SOLUTIONS LIMITED
(IN LIQUIDATION)**

Company number: 1240255

**Liquidators' Second Report to Creditors and
Shareholders**

Reporting Period: 29 March 2018 to 29 September 2018

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1. Introduction

Debec Building Solutions Limited (In Liquidation) (“the Company”) was placed into liquidation by special resolution of the shareholders on 12 March 2018 at 1:30pm by the appointment of Lloyd James Hayward and Jeffrey Phillip Meltzer.

Replacement Liquidators Paul Thomas Manning and Thomas Lee Rodewald, both Accredited Insolvency Practitioners of Tauranga, were appointed by special resolution of the shareholders on 28 March 2018 at 3:28 pm. On 3 April 2018 at 11:30 am Thomas Lee Rodewald vacated the position of Replacement Liquidator and Kenneth Peter Brown, Accredited Insolvency Practitioner of Tauranga took over as the new Replacement Liquidator.

In accordance with section 255 (2)(d) of the Act we are obliged to report to all creditors and shareholders on the conduct of the liquidation during the preceding six month period.

This report should be read in conjunction with our previous report pursuant to section 255 (2)(c) of the Act.

2. Restrictions

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose other than that outlined above without our written permission in each specific instance.

We do not assume any responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction or use of this report contrary to the provisions of this paragraph.

We reserve the right (but will be under no obligation) to review this report and if we consider it necessary to revise the report in the light of any information existing at the date of this report which becomes known to us after that date.

3. Conduct of the liquidation within the reporting period

3.1 Asset Realisations

Plant & Equipment

Two company utility vehicles have been sold.

Debtors

A small amount of debtor funds have been collected. The bulk of the debtor amounts owing will be written off as the work invoiced was not completed.

Other

One of the company utility vehicles was repossessed by the Liquidators as it was deemed to be a voidable transaction. The vehicle was subsequently sold at auction.

3.2 Schedule of Receipts and Payments

Attached as Appendix 1 is a schedule of receipts and payments for the six month period ended 29 September 2018.

3.3 Creditors Claims

Secured Creditors

AML Limited

AML have lodged a secured creditor claim for \$18,547.36.

Bunnings Limited

A secured creditor claim has been received for \$322,450.06.

Cogent Communications Limited

No correspondence has been received from Cogent Communications.

CSG Finance (NZ) Limited

A secured creditor claim has been received for \$9,508.73.

Finance Now Limited

Finance Now Limited held security over an Audi RS4. The Liquidators have disclaimed all rights, title and interest in this vehicle.

Fletcher Distribution Limited

Fletcher Distribution Limited t/a Placemakers has lodged a secured creditor claim for \$4,730.82.

Kitchen Things NZ Limited

No correspondence has been received.

Metal Line Roofing Limited

A secured creditor claim has been received for \$7,463.98.

Mico New Zealand Limited

A secured creditor claim has been received for \$16,014.91.

Taylor Bros Transport Limited

No correspondence has been received.

Preferential Creditors

A former staff member has lodged a preferential claim for the sum of \$23,362.61. These costs were determined by the Employment Relations Authority and are made up of \$4,878.77 in wages arrears, \$7,830.00 for loss of wages, \$6,153.84 in compensation and \$4,500 in costs. The \$4,878.77 in wages arrears is a preferential claim, the remainder of \$18,483.84 is an unsecured claim. The Company's external accountant has a preferential claim of \$2,000 under S263 of the Companies Act 1993 as a lien over documents.

Unsecured Creditors

\$1,472,487.25 unsecured creditor claims have been received. The Liquidators believe it is unlikely there will be any dividend paid to unsecured creditors.

3.5 Other Matters

The Liquidators have assisted Landmark Homes NZ Limited to complete work on unfinished homes.

4. Further proposals for completing the liquidation

The Liquidators propose to take the following further actions:

- pursue potential voidable transactions;
- continue a review of the actions of Management, Directors, Officers and Advisers of the Company and any potential claim against them;
- pursue the recovery of related party debts;
- distribute available funds (if any) to preferential and unsecured creditors;
- assessing other areas of potential recovery; and
- complying with our statutory obligations.

The Liquidators will consider further actions subsequent to additional information regarding the Company's affairs that comes to the Liquidators' attention. Further actions will be subject to the availability of funding and an assessment of the benefits of pursuing recoveries.

5. Estimated date of completion

It is not practical to estimate the date of the completion of the liquidation at this stage. Our subsequent reports to creditors and shareholders will, when appropriate, advise of an estimated completion date. Reports are made six monthly from appointment with a final report at the conclusion of the liquidation.

6. Contact information

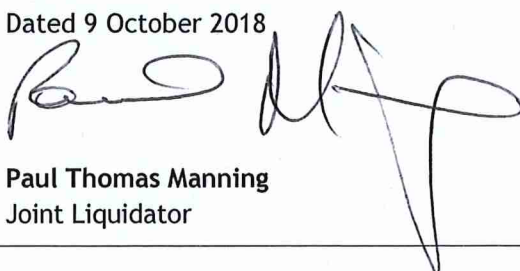
If you require any further information, please direct enquiries to:

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BDO Tauranga Limited
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TAURANGA 3144

Level 1
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TAURANGA 3110

Dated 9 October 2018



Paul Thomas Manning
Joint Liquidator



Kenneth Peter Brown
Joint Liquidator



APPENDICES

Appendix 1 - Summary of Receipts & Payments

Summary of Receipts and Payments To 29 September 2018

| RECEIPTS | Total (NZD) |
|---------------------------|-------------------------|
| GST on Income | 3,521.74 |
| GST Refunded | 23,786.53 |
| Interest Received | 8.41 |
| Motor Vehicles | 23,478.26 |
| Pre Appointment Debtors | <u>22,286.30</u> |
| | <u>73,081.24</u> |
| | |
| PAYMENTS | |
| Advertising | 53.81 |
| Commissions paid | 1,634.78 |
| Contractor Wages/Payments | 17,625.70 |
| Envirowaste | 39.05 |
| GST on Expenses | 8,521.97 |
| Insurance | 371.39 |
| Legal Fees | 2,065.25 |
| Liquidators Fees | 32,497.74 |
| Mileage & Travel | 141.08 |
| Printing & Stationery | 326.00 |
| RWT | 2.35 |
| Search Fees | 75.65 |
| Searches | 122.26 |
| Storage | 1,452.67 |
| Telephone | 150.00 |
| Vehicle Expenses | <u>257.75</u> |
| | <u>65,337.45</u> |
| Balances in Hand | <u>7,743.79</u> |
| | <u><u>73,081.24</u></u> |

Disclaimer

This statement should be read in conjunction with the disclaimer on page one of the above Liquidators report and BDO Tauranga Limited have not audited the report and they, their directors or employees accept no liability to any other party in relying on the information presented. The purpose of the report is to give creditors of the company an indication of the financial position of the company as at the date of appointment of the Liquidators.

BDO Tauranga Limited