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LIQUIDATOR'S SECOND REPORT

(pursuant to section 255 of the Companies Act 1993)

to the Creditors and Shareholders of

LIVINGSTONE PAVERS (NZ) Limited (In Liquidation)

Gerard Hulst, Chartered Accountant of Auckland, was appointed Liquidator of the above company pursuant to a resolution of the shareholder dated 9 August 2002.

My First Report was dated 20th August 2002. I take this opportunity to advise on the conduct of the liquidation during the period 9 August 2002 to 8 February 2003 and on the further proposals which I have for completing the liquidation.

DISPOSAL OF ASSETS

At the date of my appointment the only assets was a debt of \$500,000 owed by Living Stone (2002) Limited. This debt was secured by a registered first charge debenture. Interest at the rate of 8% pa is payable each six months. The first payment of interest has been received. The principal is due for repayment on 31 March 2004.

OTHER ACTIONS OF THE LIQUIDATOR REQUIRING COMMENT

A meeting of creditors was held in the East Wing of the Great Lakes Centre, Taupo on 16 September 2002.

The meeting took due regard to the views of the creditors. The decision was to allow the new company every opportunity to be successful as that was the best alternative for a dividend.

A Liquidation Committee was formed comprising Wendy York, Gavin Hedley and Pat Brown.

FUTURE ACTIONS OF THE LIQUIDATOR

The next interest payment is due on 7 August 2003.

PROSPECT OF FURTHER DIVIDENDS

There are three secured creditors that need to be satisfied. The face value of the debentures is \$330,000, however all this may not be owing, though some interest will have accrued.

I have received 40 unsecured creditor claim forms totalling \$416,558.47. I know of one additional substantial creditor that has yet to file their claim.

Based on the expected claims and on the basis that the principal is repaid, then creditors could expect a dividend of about 30 cents per \$1.00

RECEIPTS AND PAYMENTS

There were no receipts and payments during the period 9 August 2002 to 8 February 2003.

I am available to answer any questions that creditors may have.

Gerard Hulst

Gerard Hulst

Liquidator

Dated this 7th day of May 2003.