



ARROW INTERNATIONAL (NZ) LIMITED (IN LIQUIDATION)

Company number: 3383573

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

Reporting Period: 6 June 2021 to 5 December 2021

1. Introduction

Andrew Bethell and Andrew McKay of BDO Auckland and Colin Gower of BDO Christchurch were appointed joint and several administrators of Arrow International (NZ) Limited (“the Company” or “AINZL”) on 28 February 2019 by a resolution of the Company’s directors, in accordance with section 239I of the Companies Act 1993 (“the Act”).

At the Watershed Meeting held on 6 June 2019, the Company’s creditors resolved to place the Company into liquidation. Andrew Bethell, Andrew McKay and Colin Gower were appointed joint and several liquidators (“Liquidators”) pursuant to section 241(2)(d) of the Act.

The Liquidators provided a Declaration of Independence, Relevant Relationships and Indemnities together with details of hourly rates in the Watershed report dated 29 May 2019 previously provided to creditors. The rates have not changed since that report.

In accordance with section 255 of the Act we report on the Company’s affairs together with our proposals for conducting the liquidation.

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 Schedule of Receipts and Payments

Attached at **Appendix 1** is a schedule of receipts and payments for the six-month period.

3.2 Asset Realisations

The Liquidators have realised all known assets in prior reporting periods and are not expecting any further recovery from asset realisations. Refer to our previous reports for further detail on prior asset realisations.

3.3 Creditors Claims

Secured Creditors

As noted in our previous report, the Company’s bank provided funding jointly and severally to the Company, the ultimate parent company Arrow International Group Limited (“AIGL”), a subsidiary Construction Labour & Resources Limited (“CLRL”) and other Group companies. The bank’s security was jointly and severally secured over the assets of the Company, AIGL and CLRL.

Performance bonds provided on behalf of the Company were secured by way of general security instruments over AINZL and AIGL. All secured bonds have now either been released or called and paid.

Preferential Creditors

We previously reported that employee wages and holiday pay of \$730k, that would otherwise have been preferential claims in the event of the liquidation of the Company after the Watershed meeting, were settled in full prior to the liquidation.

Inland Revenue's preferential claim of \$553k has been paid in full.

Retentions Held

The Liquidators have continued to release retentions held in trust to subcontractors in accordance with the provisions of the Construction Contracts Act 2002. \$5.2m has been released to date. The Liquidators will continue to progress the release of the \$0.4m of remaining retentions. These will be released subject to projects achieving practical completion, receipt of final accounts and at the expiry of defect liability periods.

Attached at **Appendix 2** is a summary of the retentions released since our appointment as Administrators.

Unsecured Creditors

The Liquidators have progressed assessment of further claims during the reporting period. See the table below for a breakdown of our updated claims assessment to date:

Claim Status	\$ (incl GST)	Count
Admitted	26,446,107	435
Rejected	17,243,444	76
Withdrawn	3,883,689	13
Total	47,573,241	524

We are aware of potential further claims totalling approximately \$1.8m. These will be fully assessed once finalised claims are received.

4. Distribution to creditors

Subsequent to this reporting period, the Liquidators have paid an interim distribution at a rate of 12 cents on the dollar (12%) for a total of \$3.2m. The majority of the distribution was paid on 14 December 2021 and it was paid to all unsecured creditors with an admitted claim in the liquidation.

Please note that as the distribution occurs after the reporting period, it is not included in the Receipts and Payments.

The Liquidators have retained sufficient funds to meet any potential future claims of which they are currently aware.

Once all remaining matters of the liquidation have been resolved, the Liquidators will be in a position to assess the remaining funds for distribution to creditors and will then advise creditors of the final distribution.

5. Liquidators' fees

Liquidators' fees and disbursements for the current reporting period total \$49k net of GST.

Attached at **Appendix 3** is a schedule of the Liquidators' fees and disbursements for the reporting period.

6. Further proposals for completing the liquidation

The Liquidators propose to take the following further actions:

- Continue to administer the release of the remaining retentions held in trust;
- Complete our assessment of all claims made against the Company;
- Distribute any remaining available funds to creditors; and
- Comply with our statutory obligations.

Once all matters are completed, the Liquidators will then seek to have the Company removed from the register.

7. Estimated date of completion

We anticipate the final outstanding issues in the liquidation will be settled in the next six months and it is our intention to make a final distribution to creditors and complete the liquidation as soon as possible thereafter.

8. Contact information

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

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Dated this 22nd day of December 2021



Andrew McKay
Liquidator

APPENDICES

Appendix 1 - Summary of Receipts & Payments

Arrow International (NZ) Limited (In Liquidation)	
Summary of Receipts and Payments	
6 June 2021 to 5 December 2021	\$ (excl GST)
Opening Cash Balance	4,689,814
Receipts	
GST	25,183
Interest Received	10,486
Sundry Receipts	190
Transfers from Retentions Trust Account	244,412
Total Receipts	280,272
Payments	
Legal Fees and Disbursements	15,389
Liquidators Fees and Disbursements	49,320
Operating Expenses	44,308
Project Costs	1,647
Retentions Released	245,694
Total Payments	356,357
Cash at Hand as at 5 December 2021	4,613,729

Note: The above summary does not include the interim distribution to creditors, majority of which was paid on 14 December 2021.

Appendix 2 - Summary of Retentions Held In Trust

Arrow International (NZ) Limited (in Liquidation) Summary of Retentions Held in Trust 28 February 2019 to 5 December 2021	Voluntary Administration \$ (excl GST)	Liquidation \$ (excl GST)	Total \$ (excl GST)
Opening Retentions Balance held in Trust			5,614,052
Receipts			
Interest Received	3,311	18,004	21,314
Total Receipts	3,311	18,004	21,314
Payments			
Retentions Released	1,087,230	4,113,157	5,200,388
Interest Paid		17,948	17,948
Total Payments	1,087,230	4,131,106	5,218,336
Closing Balance as at 5 December 2021			417,030



Appendix 3 - Summary of Liquidators' Fees

	Hourly Rate	Asset Realisation		Creditors		Administration		Reporting		Total	
		Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost	Hours	Cost
Liquidator	544	0	0	7	4,072	6	3,263	1	642	15	7,977
Partner	508	0	0	4	1,940	1	471	0	0	5	2,411
Associate	398	0	0	14	5,607	0	80	0	120	15	5,807
Senior Manager	367	0	148	14	5,236	7	2,483	2	648	23	8,514
Manager	320	1	235	13	4,277	0	0	0	0	14	4,511
Assistant Manager	244	1	319	35	8,491	8	1,852	9	2,132	53	12,793
Senior Analyst	164	0	0	2	290	2	351	0	0	4	641
Administration	176	0	0	0	0	38	6,667	0	0	38	6,667
Total	298	2	701	90	29,911	61	15,167	12	3,541	166	49,320