

28 March 2019

**To: The director, shareholders, and known creditors of the Company**

**Liquidators' First Report on the State of Affairs of Halifax New Zealand Limited (In Liquidation)  
(the Company)**

**Company Number 213 0897**

**NZBN 942 903 274 8079**

**1 Introduction and Appointment**

We refer to the Voluntary Administrators' Report to Creditors dated 14 March 2019.

At the meeting of creditors held on 22 March 2019, creditors resolved that the Company be placed into liquidation pursuant to Section 241(2)(d) of the Companies Act 1993 (**the Act**) and Phil Quinlan, Stewart McCallum and Morgan Kelly be appointed liquidators of the Company.

The purpose of this report is to report to the creditors and shareholders of the Company in accordance with Section 255 of the Act and to provide information about the liquidation of the Company and your rights as a creditor.

**2 Restrictions**

This report is prepared for the sole purpose of reporting on the state of affairs with respect to the Company in liquidation and the conduct of the liquidation.

This report is not intended for general circulation, nor is it to be reproduced or used for any purpose without the Liquidators' written permission. The Liquidators have not independently verified the accuracy of the information provided to them and have not conducted any form of audit in respect of the Company. Accordingly, the Liquidators express no opinion on the reliability, accuracy or completeness of the information provided to them and upon which they have relied.

The Liquidators, their employees, agents and advisors do not assume any responsibility or liability for any losses occasioned to any party for any reason including as a result of the circulation, publication, reproduction or use of this report.

The Liquidators reserve the right (but will be under no obligation) to review this report and, if considered necessary, to revise the report in light of any information existing at the date of this report which becomes known to them after that date.

**3 Details of the Company**

Item	Detail
Name	Halifax New Zealand Limited (In Liquidation)
Registered Address	Level 25 One International Towers Sydney, 100 Barangaroo Avenue, Sydney, NSW 2000, Australia
Date of Liquidation	Friday, 22 March 2019

#### **4 Statement of Affairs**

In preparing the statement we have relied on information provided by the Company's Director. We have not carried out an audit of the information which has been provided, nor have we subjected the information provided to detailed verification procedures. We cannot be held responsible for inaccuracies in the report arising from deficiencies in the information or explanations given to us.

Please note the statement of Affairs is:

- to be considered a high-level estimate only and is subject to key assumptions outlined in Section 13 of the Administrators' Report, and;
- subject to significant change in particular as a result of any further Court applications.

As an illustration of the indicative return to creditors in a liquidation scenario, the statement of affairs of the Company is prepared at both the date of appointment of Halifax Investment Services Pty Ltd (in liquidation) (23 November 2018), and 28 February 2019 – being the most recent month-end report available.

The Court will ultimately determine the crystallisation date to value beneficiary assets. The variance between these scenarios is significant and prepared on the basis that the Court instructs the assets to be pooled.

Enclosed, at **Annexure A**, is a statement of the Company's affairs as at the date of liquidation. The statement has been prepared by the Liquidators in accordance with Section 255 of the Act.

#### **5 Administrators' Interests Statement**

A copy of our Administrators' Interests Statement was tabled at the first meeting of Creditors dated 7 December 2018. To date, no amendments have been made to the Administrators' Interests Statement.

#### **6 Trading**

At this stage, the Liquidators continue to maintain the trading platforms, IT infrastructure, and office operations.

All investor accounts will remain in 'close only' mode – i.e. it is not possible for investors to enter into new positions, nor is it possible to withdraw money from client accounts, however it is possible to close out current positions.

#### **7 Contracts / agreements**

The Liquidators expressly refrain from personally adopting any of the Company's contracts existing at the date of their appointment.

#### **8 Legal proceedings**

The appointment of Liquidators stays a proceeding in a court against the Company. You cannot commence or continue a proceeding against the Company without written consent from the Liquidators or the leave of the Court.

#### **9 Employees**

We have written separately to employees regarding our appointment.

## **10 Investigations**

The Director has prepared a Director's Statement of Company Position pursuant to Section 239AF which details the Company's business, property, affairs, and financial circumstances as at the date of our appointment as Administrators. The Director's Statement was received on 3 December 2018.

In the Administrators' report to creditors, the Administrators determined that the Company became insolvent on or around 23 November 2018, being the date from which Halifax Investment Services Pty Ltd (in liquidation) (**Halifax AU**) was unable to continue to provide financial and administrative support.

The Liquidators will continue to conduct further investigations into the affairs of the Company and report to creditors regarding the outcome of these investigations.

## **11 Proposed conduct of the Liquidation**

We will continue to conduct the liquidation, and propose to undertake the following tasks (among other things):

- Continue to realise the assets of the Company;
- Make an application to Court for directions in relation to pooling;
- Make an application to Court for directions with respect to:
  - Distributions from Client trust monies including in relation to entitlements of Clients; and
  - Costs and expenses of and associated with making such distributions.
- Pending the appropriateness to do so and any directions and orders from the Court, we may seek to make an interim distribution to investors as soon as possible;
- Continue the investigation and potential pursuit of antecedent transactions entered into by Halifax AU (in liquidation)
- Pursue recoveries and other actions and litigation for the benefit of creditors; and
- Continue ongoing investigations and report to the relevant authorities (including FMA).

We will write to you within 3 months following the date of this report to advise the outcome of our investigations and to the extent that we are able to do so and have visibility as to the same, confirm the likelihood and amount of a dividend.

## **12 Estimated outcome for creditors and date of completion**

You may be aware that creditors are entitled to claim for a dividend in the liquidation for debts owed by the Company at the date of liquidation.

At this stage, it is uncertain what dividend might be paid to creditor. This will not be known until the court makes its determination.

Given the extent of investigations required to recover antecedent transactions entered into by Halifax AU, and the uncertainty of the Court's direction, it is not practicable to estimate the date of the completion of the liquidation. Accordingly, we do not intend formally fixing a day on or before which creditors must submit particulars of their debts or claims.

## **13 Creditors Committee**

In accordance with Section 314 of the Act, a creditor or a shareholder may at any time in the course of the liquidation request the Liquidators to call a meeting of the creditors or of the shareholders for the following reasons:

- a) to vote on a proposal that a Liquidation Committee be appointed to act with the Liquidators; and
- b) if it is decided to have a Liquidation Committee, to choose the members of the Committee

At the Watershed Meeting, the Liquidators called for nominations from creditors for the Liquidators Committee. At the meeting, a Liquidators Committee was formed comprising of the following creditors:

— Kevin Chen	— Muni Goundar
— Jens Claassen	— Sean McCarthy
— Darren Coyne	— Sirshen Naik
— Alexander Kiechle-Cornish	— Jaroslaw Dobrowolski
— Lynley Lee	— Yongcheng Duan
— Carl Sayers	— Neville Garda
— Ashley Arrowsmith	— Nichole Lewis
— Nina Jensen	— Chen Wang
— Xian Dahlberg	

#### **14 Notice of Liquidators' Decision to Dispense with Meeting of Creditors**

The Liquidators have decided pursuant to Section 245 of the Act to dispense with the meeting of creditors. The reason for this is that there are no further issues or information for consideration following the recent Watershed Meeting. You are advised that should you desire a meeting notice in writing to the Liquidators is required within 10 working days of receiving this notice.

#### **15 Creditor Claims**

##### Unsecured creditors and investor creditors

Creditors and investors who have already lodged a Proof of Debt during the Voluntary Administration period are not required to lodge another Proof of Debt at this stage.

##### Secured Creditors

At the date of administration, two secured parties had registered security interests against the Company on the Personal Property Securities Register.

<b>Secured party</b>	<b>Collateral</b>
Halifax Investment Services Limited	All Present and After Acquired Personal Property
Financial Synergy Limited	Intangibles

Since the appointment of Administrators, two additional interests have been registered against the Company on the Personal Property Securities Register.

<b>Secured party</b>	<b>Collateral</b>	<b>Registration date</b>
Oliver Leadbeater	Investment Securities	4 December 2018
Chloe Chatfield, Jay Reeve, Tamryn Reeve	Investment Securities	28 November 2018

We are in the process of contacting the above secured parties requesting further details of their registrations.

**16 Liquidators' remuneration and fee estimate**

The Liquidators' remuneration will be claimed in respect of necessary work, properly performed, or to be properly performed, in the conduct of the liquidation.

Our remuneration will be fixed on the basis of time spent by the Liquidators and the Liquidators' staff of an appropriate level having regard to the nature and complexity of the work and calculated by reference to the hourly rates.

We believe there will be insufficient Company funds with which to pay ongoing trading costs and Liquidator remuneration. We intend to seek approval from the Court prior to drawing fees and disbursements once Company funds are exhausted.

Under Section 284(1)(e) of the Act, creditors are entitled to have the Liquidators' remuneration reviewed by the Court.

**17 Further information**

Should you have any further information that would assist our investigations you are requested to write to us setting out full particulars. Specifically, please provide details on the following issues:

- Any demands, writs, judgments or other legal action taken by you against the Company.
- Copies of correspondence sent to and received from the Company regarding unpaid accounts.
- Advice when trading first commenced with the Company.

Questions regarding the liquidation should be directed to Link Market Services on:

- **Phone:** 0800 729 276 (within New Zealand)
- **Email:** [halifaxnz@linkmarketservices.com.au](mailto:halifaxnz@linkmarketservices.com.au)
- **Website:** <https://www.ferrierhodgson.com/au/creditors/halifax-new-zealand-limited>

Yours faithfully

**Halifax New Zealand Limited (in Liquidation)**



**Morgan Kelly**  
Liquidator

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## Statement of Affairs

### 1. Trust/beneficiary creditors

AUD 000's	ERV Low 23 Nov 2018	ERV High 23 Nov 2018	ERV Low 28 Feb 2019	ERV High 28 Feb 2019
<b>Trust assets - New Zealand</b>				
Trust cash	1,592	1,592	1,592	1,592
Funds and stocks held by Interactive Brokers	48,355	48,355	48,355	48,355
Less:				
Estimated Administrator's remuneration and disbursements	(800)	(700)	(800)	(700)
Estimated Liquidators future remuneration and disbursements	(950)	(750)	(950)	(750)
Estimated legal fees (including future fees)	(900)	(720)	(900)	(720)
Estimated trading costs	(822)	(692)	(822)	(692)
<b>Total New Zealand trust assets</b>	<b>46,475</b>	<b>47,085</b>	<b>46,475</b>	<b>47,085</b>
<b>Trust assets - Australia</b>				
Trust cash	5,925	5,925	5,925	5,925
Company cash	2,290	2,290	2,290	2,290
Funds and stocks held by Interactive Brokers	151,724	151,724	151,724	151,724
Funds held by other third parties	-	1,467	-	1,467
Less:				
Estimated Administrator's remuneration and disbursements	(2,150)	(1,950)	(2,150)	(1,950)
Estimated Liquidators future remuneration and disbursements	(3,300)	(2,200)	(3,300)	(2,200)
Estimated legal fees (including future fees)	(4,000)	(3,000)	(4,000)	(3,000)
Estimated trading costs for VA and liquidation	(4,400)	(3,850)	(4,400)	(3,850)
<b>Total Australian trust assets</b>	<b>146,089</b>	<b>150,406</b>	<b>146,089</b>	<b>150,406</b>
<b>Total trust assets available to beneficiary creditors</b>	<b>192,564</b>	<b>197,492</b>	<b>192,564</b>	<b>197,492</b>
<b>Beneficiary creditors</b>				
Interactive Brokers Australia investors	(110,045)	(110,045)	(119,601)	(119,601)
Interactive Brokers NZ investors	(44,368)	(44,368)	(47,354)	(47,354)
MT4 investors	(23,768)	(23,768)	(24,596)	(24,596)
MT5 investors	(32,950)	(32,950)	(36,092)	(36,092)
<b>Total beneficiary creditors</b>	<b>(211,130)</b>	<b>(211,130)</b>	<b>(227,643)</b>	<b>(227,643)</b>
<b>Estimated surplus / shortfall to beneficiary creditors (after costs)</b>	<b>(18,566)</b>	<b>(13,639)</b>	<b>(35,079)</b>	<b>(30,151)</b>
<b>Return to beneficiary creditors from trust assets (after costs)</b>	<b>91%</b>	<b>94%</b>	<b>85%</b>	<b>87%</b>

## 2. Unsecured/trade creditors

AUD 000's	ERV Low 23 Nov 2018	ERV High 23 Nov 2018	ERV Low 28 Feb 2019	ERV High 28 Feb 2019
<b>New Zealand non-trust assets</b>				
Term deposits	1,208	1,208	1,208	1,208
Debtors	-	20	-	20
Plant & equipment	-	5	-	5
<b>Total Non-Trust assets</b>	<b>1,208</b>	<b>1,233</b>	<b>1,208</b>	<b>1,233</b>
Priority employee entitlements	(57)	(57)	(57)	(57)
IRD preferential claim	(51)	(51)	(51)	(51)
<b>Total priority claims</b>	<b>(108)</b>	<b>(108)</b>	<b>(108)</b>	<b>(108)</b>
Shortfall to investors with NZ CSAs	(4,401)	(3,233)	(8,165)	(7,018)
Halifax AU claim with respect to investors with AU CSAs	(14,165)	(10,406)	(26,914)	(23,133)
Trade creditors	(7)	(7)	(7)	(7)
Contingent creditors	Unknown	Unknown	Unknown	Unknown
<b>Total unsecured creditors</b>	<b>(18,573)</b>	<b>(13,647)</b>	<b>(35,086)</b>	<b>(30,158)</b>
<b>Deficiency to unsecured creditors</b>	<b>(17,365)</b>	<b>(12,414)</b>	<b>(33,878)</b>	<b>(28,925)</b>