

**Crane Investments (WA) Pty Ltd (In Liquidation)
ACN 103 911 226 (“the Company / CI”)
Formerly trading as “Northern Suburbs Crane Hire”**

**Liquidator’s Annual Report
Pursuant to Section 508 of the Corporation Act 2001**

12 December 2016

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1 Introduction

The purpose of this report is to provide information and update creditors on the Liquidator's acts and dealings since our previous reports.

This report should be read in conjunction with the:

- Administrator Report to Creditors dated 19 September 2012;
- Liquidators' Annual Reports dated 20 December 2013, 22 December 2014 and 23 December 2015; and
- Circular to Creditors dated 18 March 2016 providing further update on Liquidation

which are available on the Ferrier Hodgson website at www.ferrierhodgson.com.au.

We provide an update to the progress of the liquidation since our last report under the relevant headings:

2 Statement of Position

We have conducted an analysis of the Company's asset and liability position in order to provide creditors with an indication of the Company's financial position as at 30 November 2016. The following notes should be read in conjunction with the table below:

Statement of position as at 30 November 2016	Notes	Liquidator's ERV	Liquidator's ERV
		High (\$)	Low (\$)
Assets not subject to charges			
Cash at bank as at 30 November 2016		86,854	86,854
Total assets not subject to charges and available to meet cost of liquidation		86,854	86,854
Less: Cost of liquidation			
Outstanding Liquidator's fees as 30 November 2016		(3,339)	(3,339)
Outstanding Liquidator's disbursements as at 30 November 2016		(86)	(86)
Estimated future Liquidator's fees		(50,000)	(60,000)
Estimated future Liquidator's disbursements		(15,000)	(20,000)
Contingencies for other expenses (legal fees)		(20,000)	(30,000)
Total cost of liquidation		(88,424)	(113,424)
Surplus / (Deficit) after cost of liquidation		(1,570)	(26,570)
Amounts available to priority creditors		(1,570)	(26,570)
Less: Total priority creditors (employee entitlements)	i	(475,564)	(475,564)
Total assets available to unsecured creditors		Nil	Nil
Estimated amount owing to NAB (secured creditor)	ii	(734,661)	(734,661)
Unsecured trade creditors		(4,395,807)	(5,000,000)
Australian Taxation Office		(788,035)	(788,035)
Office of State Revenue (payroll tax)		(163,184)	(163,184)
Contingent claims - shortfall to HP financiers		(11,040,010)	(11,040,010)
Total unsecured creditors' claims	iii	(17,121,696)	(17,725,889)
Estimated surplus / (deficiency)		(17,121,696)	(17,725,889)
Estimated dividend rate (cents in \$)		Nil	Nil

i. Priority creditor debts

Amounts owed to priority creditors represents amounts owed for employee entitlement which are afforded a statutory priority of repayment over circulating charge assets pursuant to section 556(1) of the Act.

On 15 August 2016, a first interim preferential dividend totalling \$216,842 was distributed to priority creditors at a rate of:

- 100 cents in the dollar in respect of admitted claims for employees' unpaid wages and superannuation (as ranked under section 556(e) the Act); and
- 40 cents in the dollar in respect of admitted claims for employees' unpaid leave entitlements and amount due under industrial instruments (as ranked under section 556(g) of the Act).

We tabled overleaf a summary of the distribution and our estimates of the remaining outstanding employee entitlements:

Employees entitlements	Amount outstanding as at 28/08/2012 (\$)	Amount distributed on 15/08/2016 (\$)	Amount outstanding (\$)
<u>Section 556 (e) entitlement</u>			
Superannuation / Superannuation guarantee charge	42,408	(42,408)	Nil
Salary sacrifice superannuation	17,900	(17,900)	Nil
<u>Section 556 (g) entitlement</u>			
Annual leave	169,388	(67,755)	(101,633)
Leave loading	29,643	(11,857)	(17,786)
Fares & travel allowance	6,986	(2,794)	(4,192)
Rostered days off	75,548	(30,219)	(45,329)
Sick leave	71,247	(28,499)	(42,748)
Long service leave	38,525	(15,410)	(23,115)
<u>Section 556 (h) entitlement</u>			
Payment in lieu of notice (PILN)	155,531	-	(155,531)
Redundancy	85,231	-	(85,231)
Total	\$692,406	(\$216,842)	(\$475,564)

From our analysis, we do not anticipate that there will be further funds available to pay priority creditors for the outstanding employee entitlements.

ii. Secured creditors' debts

As mentioned in our previous reports, NAB had provided a hire purchase facility to the Company for the purchase of a Demag 350 Tonne AC350 mobile crane (Demag 350). We have been advised that the shortfall from the sale of the Demag 350 is approximately \$735,000 (before accrued interest).

The Company's related entity, DGWA had also previously provided a commercial guarantee to the NAB in relation to the obligation for the purchase of the Demag 350 and partial repayment has also been made by DGWA to NAB. Based upon our recent correspondence with NAB, it is estimated that the current amount owing to NAB is \$734,661.

iii. Unsecured creditors' debts

Accounting for informal proofs of debts received to date and based upon the Company's records, we estimate the Company's liability to unsecured creditors at \$17.1M to \$17.8M. However, this figure is subject to the receipt and adjudication of final proof of debt from creditors.

At the time of writing, no distributions have been made to unsecured creditors of the Company.

3 Investigations into the Company's Affairs

A liquidator is required to lodge a report to the ASIC pursuant to Section 533 of the Act in circumstances where a past or present officer may have been guilty of an offence, or if it is unlikely that the Company will be able to pay its unsecured creditors more than 50 cents in the dollar.

The report to ASIC includes an examination of various aspects of the Company's trading activities and also gives consideration if offences have been committed by any officers of the Company. These investigations also include the review of any voidable transactions pursuant to section 588FA of the Act and the directors' duty to prevent the Company from trading whilst insolvent pursuant to section 558G of the Act.

As noted previously, we have lodged our preliminary report with ASIC, and ASIC has requested that a further supplementary report to be prepared as they intend to carry out further investigations into the affairs of the Company and the conduct of its officers. In this regard, we advise that we are progressing our investigations with a view to complete and lodge the supplementary report with ASIC in due course.

4 Receipts and Payments

We table at **Annexure A**, a summary of the receipts and payments for the period 16 March 2016 to 30 November 2016.

5 Liquidators' Remuneration

Set out below is a summary of the Liquidators' remuneration (GST exclusive) from the commencement of the Liquidation to 30 November 2016:

Description	Amount Incurred (\$)	Amount Approved (\$)	Amount Drawn (\$)	Less: Amount Invoiced* (\$)	Balance Available (\$)
Liquidators remuneration incurred for the period 28 September 2012 to 29 February 2016	311,331	301,188	301,188	10,141	-
Liquidator remuneration incurred for the period 1 March 2016 to 30 November 2016	44,585	80,000	41,246	-	38,754
Total	\$355,916	\$381,188	\$342,434	\$10,141	\$38,754

*Remuneration received from the Department of Employment and Workplace Relations on 17 June 2014 in relation to the Fair Entitlements Guarantee Act 2012 or its predecessor schemes (i.e. GEERS) as outlined in our previous reports.

We have undertaken a proper assessment of our remuneration claimed for our appointment as Liquidators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work properly performed in the conduct of the Liquidation.

6 Outstanding Matters to Finalise the Liquidation

At the time of writing, the main outstanding task in the liquidation relates to:

- Completion of our investigations and lodgement of the supplementary Section 533 report to the ASIC; and
- Calling for proofs and adjudication of same and declaration of dividends to ordinary unsecured creditors (as applicable).

Once the above matters have concluded, we will be in a position to finalise the liquidation which will involve the following tasks:

- Convening a final meeting of creditors and members; and
- Attending to final statutory requirements of the liquidation.

Should you have any enquiries in relation to this matter, please do not hesitate to contact Jason Soo of this office.

Yours faithfully

Crane Investments (WA) Pty Ltd



Martin Jones

Liquidator

Glossary of terms

Abbreviation	Description
ABN	Australian Business Number
ACN	Australian Company Number
Act	The Corporations Act 2001
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Company or CI	Crane Investments (WA) Pty Ltd (In Liquidation) ACN 103 911 266
DGV	D&G Hoists & Cranes (Aus) Pty Ltd (In Liquidation) ACN 136 357 054 formerly trading as D&G Verticon Hoists & Cranes
DGWA	D&G Hoists & Cranes Pty Ltd (In Liquidation) ACN 084 148 096
ERV	Estimated Realisable Value
GEERS	General Employee Entitlement Redundancy Scheme
JP Nelson	JP Nelson Equipment Pte Ltd
K	Thousand dollars
M	Million dollars
NAB	National Australia Bank Limited
Scottish Pacific or SPBF	Scottish Pacific Business Finance Pty Ltd

Annexure A

Summary of Receipts and Payments for the period 16 March 2016 to 30 November 2016

Summary of Receipts & Payments For the period 16 March 2016 to 30 November 2016	Amount (\$) (excl GST)	Amount (\$) (excl GST)
Receipts		
Balance c/f from 15 March 2016		2,898,482
Bank interest	4,066	
GST Control	14,267	18,332
Payments		
Balance c/f from 15 March 2016		(2,452,905)
First and final preferential dividend		
- Superannuation / Superannuation guarantee charge	(42,408)	
- Salary sacrifice superannuation	(17,900)	
- Annual leave	(67,755)	
- Leave loading	(11,857)	
- Fares & travel allowance	(2,794)	
- Rostered days off	(30,219)	
- Sick leave	(28,499)	
- Long service leave	(15,410)	
Legal fees	(1,441)	
Printing & stationery	(562)	
Liquidator's disbursements	(1,230)	
Liquidator's fees	(142,435)	
GST on payments	(14,546)	(377,056)
Account Balance as at 30 November 2016		\$86,854