

22 December 2014

**TO MEMBERS AND CREDITORS**

Dear Sir/Madam

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

We refer to the appointment of Andrew Saker and Martin Jones as Joint and Several Liquidators of the Company on 28 September 2012. By way of an update, we advise that Andrew Saker has resigned from the role of Liquidator of the Company on 25 July 2014 following his retirement from the partnership of Ferrier Hodgson.

In recognition of the liquidation’s anniversary, the Liquidators are required pursuant to section 508 of the Corporations Act 2001 (“the Act”) to either:

- Convene an annual meeting of the Company’s creditors: section 508(1)(b)(i); or
- Prepare and lodge a report with the Australian Securities and Investments Commission (“ASIC”) that complies with section 508(3) of the Act, which sets out (amongst other things), the conduct of the winding up and an account of the Liquidators’ acts and dealings during the preceding year: section 508(1)(b)(ii).

Notice is hereby given to creditors pursuant to section 508(4) of the Act that:

- The Liquidators have elected not to convene an annual meeting of creditors.
- The Liquidators have prepared and lodged with ASIC a report that complies with section 508(3) of the Act. A copy of this report is available to creditors free of charge, upon written request to the Liquidators. It includes the Liquidators’ summary of receipts & payments, details of remuneration incurred, indicates finalisation of the liquidation in late 2015. Alternatively, a copy of this report is also available for download from the Ferrier Hodgson website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com).

Should you have any queries in relation to the above matters, please do not hesitate to contact Jason Soo of this office.

Yours faithfully  
**Crane Investments (WA) Pty Ltd**



**Martin Jones**  
Liquidator

SYDNEY  
MELBOURNE  
ADELAIDE  
BRISBANE  
PERTH  
JAKARTA  
KUALA LUMPUR  
SINGAPORE  
TOKYO

Affiliated through:  
Zolfo Cooper  
CARIBBEAN  
UNITED KINGDOM  
UNITED STATES  
KLC Kennic Lui & Co.  
CHINA  
HONG KONG

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

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

**22 December 2014**

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# Table of Contents

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| <b>Section</b> |                                                                     | <b>Page</b> |
|----------------|---------------------------------------------------------------------|-------------|
| 1              | Work Conducted and Current Status of Liquidation .....              | 1           |
| 2              | Asset Realisation Process and Collection of Debtors .....           | 1           |
| 3              | Statement of Position .....                                         | 2           |
| 4              | Return to Priority Creditors and Ordinary Unsecured Creditors ..... | 4           |
| 5              | Investigations into the Company's Affairs .....                     | 4           |
| 6              | Receipts and Payments .....                                         | 4           |
| 7              | Liquidators' Remuneration.....                                      | 5           |
| 8              | Outstanding matters to finalise the Liquidation .....               | 5           |
|                | Glossary of terms .....                                             | 6           |

## Annexure

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|   |                                                                                         |
|---|-----------------------------------------------------------------------------------------|
| A | Summary of Receipts and Payments for the period<br>16 December 2013 to 15 December 2014 |
| B | Remuneration Report                                                                     |

## 1 Work Conducted and Current Status of Liquidation

We refer to the Liquidators' Annual Report dated 20 December 2013 ("the Liquidators' 2013 Annual Report"). 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 Administrators' Report to creditors dated 19 September 2012 and the Liquidators' 2013 Annual Report dated 20 December 2013. Copies of these reports are available on the Ferrier Hodgson website at [www.ferrierhodgson.com.au](http://www.ferrierhodgson.com.au).

We provide an update to the progress of the liquidation since that time under the relevant headings:

## 2 Asset Realisation Process and Collection of Debtors

### Asset realisation process

As reported in the Liquidators' 2013 Annual Report, all the Company's plant and equipment (mobile crane fleet and various items of office equipment) has been realised.

The NAB held a registered charge over the Company assets and an amount of \$135,843 was forwarded to the NAB from the sale of the Company's assets, as partial repayment of the secured debts owed by the Company to NAB.

### Collection of Debtors

The Company factored its debts through SPBF and had effectively sold its debt book to SPBF. Subsequently, SPBF has collected a sufficient quantum to discharge their debt in full and a number of debtors still uncollected. The Company received a surplus amount of \$128,215 from the collection of debtors.

With regards to the remaining debtors (which were not collected by SPBF), we do not anticipate that there will be any further recovery from the outstanding debtors, given the intensive process undertaken by SPBF and also because of various claims of set-off and back charges raised by the debtors.

-----*This space has been left blank intentionally*-----

### 3 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 financial position as at 15 December 2014. The following notes should be read in conjunction with the table overleaf.

| Statement of Position as at 15 December 2014                                            | Notes | Liquidators' ERV<br>High (\$) | Low (\$)            |
|-----------------------------------------------------------------------------------------|-------|-------------------------------|---------------------|
| <b>Assets not subject to charges</b>                                                    |       |                               |                     |
| Cash at Bank as at 15 December 2014                                                     |       | 5,133                         | 5,133               |
| <b>Total Assets not subject to charges</b>                                              |       | <b>5,133</b>                  | <b>5,133</b>        |
| <b>Total Available to meet Cost of Liquidation</b>                                      |       | <b>5,133</b>                  | <b>5,133</b>        |
| <b>Less: Cost of Liquidation</b>                                                        |       |                               |                     |
| Liquidators' Fees to 30 November 2014                                                   |       | (52,846)                      | (52,846)            |
| Estimated future liquidators fees and disbursements                                     |       | (50,000)                      | (75,000)            |
| Contingencies for other expenses                                                        |       | (3,000)                       | (5,000)             |
| <b>Total Cost of Liquidation</b>                                                        |       | <b>(105,846)</b>              | <b>(132,846)</b>    |
| <b>Surplus / (Deficit) after Cost of Liquidation</b>                                    |       | <b>(100,714)</b>              | <b>(127,714)</b>    |
| <b>Amounts available to Priority Creditors</b>                                          |       | <b>(100,714)</b>              | <b>(127,714)</b>    |
| <b>Less: Priority Creditors</b>                                                         |       |                               |                     |
| Total Priority Creditors (Employee Entitlements)                                        | i     | (701,208)                     | (701,208)           |
| <b>Estimated surplus / (deficit) to unsecured creditors prior to further recoveries</b> |       | <b>(801,921)</b>              | <b>(828,921)</b>    |
| Total Voidable Transaction and Other Recoveries                                         | ii    | 1,577,891                     | Nil                 |
| Less: Cost of recoveries                                                                |       | (250,000)                     | Nil                 |
| Less: Estimated deficit to unsecured creditors prior to further recoveries (see above)  |       | (801,921)                     | (828,921)           |
| <b>Total Assets Available to Unsecured Creditors</b>                                    |       | <b>525,970</b>                | <b>Nil</b>          |
| Estimated amount owing to NAB (secured creditor)                                        | iii   | (81,670)                      | (81,670)            |
| Unsecured Trade Creditors                                                               |       | (10,150,294)                  | (10,150,294)        |
| Australian Taxation Office                                                              |       | (369,035)                     | (369,035)           |
| Payroll Tax                                                                             |       | (100,073)                     | (100,073)           |
| Contingent Claims - Shortfall to HP financiers                                          |       | (2,881,016)                   | (2,881,016)         |
| <b>Total Unsecured Creditors' Claims</b>                                                | iv    | <b>(13,582,088)</b>           | <b>(13,582,088)</b> |
| <b>Estimated Surplus / (Deficiency)</b>                                                 |       | <b>(13,056,118)</b>           | <b>(13,582,088)</b> |
| <b>Estimated Dividend Rate (cents in \$)</b>                                            |       | <b>4.03</b>                   | <b>Nil</b>          |

#### i. Priority Creditors 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.

The Federal Government's GEERS have responded to the claims of the employees and they have advanced funds (other than superannuation) to pay 21 out of 23 employees who had outstanding entitlements as at the date of our appointment. Entitlements met by GEERS rank as a priority in a distribution alongside superannuation and other entitlements not covered by GEERS.

Based upon our reconciliation we estimate that the amount owed to priority creditors for employee entitlements is approximately \$701K as tabled overleaf:

| Employees entitlements       | Amount<br>(\$)   |
|------------------------------|------------------|
| Wages (including allowances) | 24,886           |
| Superannuation               | 42,408           |
| Annual Leave                 | 270,278          |
| Long Service Leave           | 39,783           |
| Rostered Days Off            | 76,060           |
| Payment in Lieu of Notice    | 160,831          |
| Redundancy                   | 86,961           |
| <b>Total</b>                 | <b>\$701,208</b> |

**ii. Total Estimated Voidable Transaction and Other Recoveries**

Our ongoing investigations into the affairs of CI have also identified a number of other possible transactions that may fall under the provisions of unfair preferences under Section 588FA of the Act, totalling \$1,577,891.

For completeness, we also note there are inherent risks and significant costs involved in pursuing such claims and therefore the risk and potential cost of recovery must be taken into consideration before a final determination is made if the claims are worthwhile pursuing.

We confirm that we will continue to consider the merits (and progress) these claims in due course.

**iii. Secured Creditors' Debts**

As noted previously, the 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 from the proceeds of sales of DGWA's assets.

After taking into consideration of the above repayment and also the partial repayment as mentioned in section 1 above, it is estimated that the current amount owing to NAB is approximately \$82k.

For completeness, we note that while ordinarily secured creditors have a priority of repayment from the realisation of the Company's assets, given that the assets of the Company have been exhausted in full and the proceed from the sale of the Company's assets have been remitted, any further outstanding amounts owed to the secured creditors will rank equally with the debts owed to unsecured creditors.

**iv. 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 \$13.58M.

The figure is subject to the receipt and adjudication of final proof of debt from creditors.

#### 4 Return to Priority Creditors and Ordinary Unsecured Creditors

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

Based upon the analysis in the statement of position above, any distribution to priority creditors and unsecured creditors will be subject to recovery of the identified voidable transactions as discussed in section 3 (iii) above.

In this regard, given the uncertainty if there will be dividend payable to both priority and ordinary unsecured creditors we have not called for formal proofs of debt from creditors.

#### 5 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.

The Company's affairs are complex and closely related to the other related entities are also in Liquidation namely, DGWA and DGV. In this regard, we confirm that our investigations are progressing and we have lodged our preliminary report to the ASIC who has now advised that they intends to carry out further investigations into the affairs of the Company and the conduct of its officers and have requested that we prepare a further supplementary report on the conduct of the Company's officers.

#### 6 Receipts and Payments

We table at **Annexure A**, a summary of the receipts and payments for the period 16 December 2013 to 15 December 2014.

#### 7 Liquidators' Remuneration

Set out below is a summary of the Liquidators' remuneration (GST exclusive) for the period 28 September 2012 to 30 November 2014:

| Description                                                                            | Amount Approved (\$) | Amount Incurred (\$) | Amount Drawn / Paid (\$) | Less: Amount invoiced* (\$) | Running Balance of fees approval remaining (\$) |
|----------------------------------------------------------------------------------------|----------------------|----------------------|--------------------------|-----------------------------|-------------------------------------------------|
| Liquidators remuneration incurred for the period 28 September 2012 to 30 November 2013 |                      | 115,567              | (111,640)                | N/A                         | 88,360                                          |
| Liquidators remuneration incurred for the period 1 December 2013 to 30 November 2014   | 200,000              | 94,576               | (35,527)                 | (10,141)                    | 42,693                                          |
| <b>Total</b>                                                                           | <b>\$200,000</b>     | <b>\$210,143</b>     | <b>(\$147,167)</b>       | <b>(\$10,141)</b>           | <b>\$42,693</b>                                 |

\*see comment in Annexure B: Remuneration Report, Part 6: Remuneration Recoverable from External Sources

We table at **Annexure B** the Liquidators' Remuneration Report which provides creditors with a breakdown of the remuneration incurred and drawn during the course of the Liquidation period to 30 November 2014.

## **8 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 the pursuit (and resolution) of potential antecedent transactions;
- Lodgement of the supplementary section 533 report and conduct any further investigations as requested by ASIC; and
- Calling for proofs and adjudication of same and declaration of dividends to priority creditors and ordinary unsecured creditors (if any).

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

Encl.

## 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)<br>ACN 103 911 266                                                     |
| DGV                      | D&G Hoists & Cranes (Aus) Pty Ltd (In Liquidation) ACN 136 357 054<br>formerly trading as D&G Verticon Hoists & Cranes |
| DGWA                     | D&G Hoists & Cranes Pty Ltd (In Liquidation)<br>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                                                                              |

## Summary of Receipts and Payments for the period 16 December 2013 to 15 December 2014

| Summary of Receipts & Payments<br>For the period 16 December 2013 to 15 December 2014 | Amount<br>(\$)* | Amount<br>(\$)* |
|---------------------------------------------------------------------------------------|-----------------|-----------------|
| <b>Receipts</b>                                                                       |                 |                 |
| Balance c/f from 15 December 2013                                                     |                 | 2,190,058       |
| Advance from GEERS                                                                    | 68,592          |                 |
| GST Control                                                                           | 6,713           |                 |
| Surplus debtor funds from Scottish Pacific                                            | 128,215         | 203,520         |
| <b>Payments</b>                                                                       |                 |                 |
| Balance c/f from 15 December 2013                                                     |                 | (2,135,463)     |
| Distribution of GEERS advance                                                         | (58,349)        |                 |
| Legal fees                                                                            | (8,295)         |                 |
| Liquidators' fees                                                                     | (35,527)        |                 |
| Liquidators' disbursements                                                            | (312)           |                 |
| PAYG - GEERS                                                                          | (10,243)        |                 |
| Payment to secured creditor - National Australia Bank                                 | (135,843)       |                 |
| GST on payments                                                                       | (4,413)         | (252,982)       |
| <b>Account Balance as at 15 December 2014</b>                                         |                 | <b>\$5,133</b>  |

\* GST inclusive where applicable

## Remuneration Report

**CORPORATIONS ACT 2001**  
Section 499(7)

**Crane Investments (WA) Pty Ltd (In Liquidation)**  
**ACN 103 911 226 (the Company)**

**REMUNERATION REPORT**

The Liquidator's Remuneration Report, prepared pursuant to Section 499(7) of the Corporations Act 2001, is to be read in conjunction with the Liquidators' Remuneration Report dated 20 December 2013 and the Liquidators Annual Report to Creditors dated 22 December 2014 and takes the following form:

**Part 1: Declaration**

I, Martin Jones of Ferrier Hodgson, have undertaken a proper assessment of this remuneration claimed for my appointment as Liquidator of the Company in accordance with the Corporations Act 2001 (Cth) (**the Act**), the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) Code of Professional Practice (**the Code**) and applicable professional standards.

I am satisfied that the remuneration claimed is in respect of necessary work, properly performed in the conduct of the Liquidation.

**Part 2: Executive Summary**

**2.1 Summary of remuneration for the Company**

To date, remuneration totalling \$200,000 has been approved and \$147,166 paid in the liquidation of the Company. This remuneration report does not seek approval of any additional fees.

| Period                                                   | Amount<br>(\$)<br>(ex GST) |
|----------------------------------------------------------|----------------------------|
| <b>Past remuneration approved (liquidation only):</b>    |                            |
| 14 September 2012 to the finalisation of the liquidation | \$200,000                  |
| <b>Total past remuneration approved</b>                  | <b>\$200,000</b>           |

**2.2 Comparison to estimate of costs provided in initial advice to creditors**

This remuneration report is consistent with the estimate of costs provided in the initial advice to creditors on remuneration included in my letter dated 19 September 2012, which estimated a cost to completion of the liquidation of \$200,000 (excluding GST).

|              |                      |
|--------------|----------------------|
| SYDNEY       | Affiliated through:  |
| MELBOURNE    | Zolfo Cooper         |
| ADELAIDE     | CARIBBEAN            |
| BRISBANE     | UNITED KINGDOM       |
| PERTH        | UNITED STATES        |
| KUALA LUMPUR | KLC Kennic Lui & Co. |
| SINGAPORE    | CHINA                |
|              | HONG KONG            |

### Part 3: Schedule of Hourly Rates & General Guide to Staff Experience

The hourly rates for my remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the liquidation and the role they take.

The hourly rates encompass the total cost of providing professional services and should not be compared to an hourly wage.

| Title                               | Rate (\$) |      | Experience                                                                                                                                                                                                                                                                                                                           |
|-------------------------------------|-----------|------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                     | 2013      | 2014 |                                                                                                                                                                                                                                                                                                                                      |
| Partner                             | 595       | 595  | The Partner/Appointee is a registered liquidator and member of the ICAA and, generally, the ARITA, bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at <a href="http://www.ferrierhodgson.com">www.ferrierhodgson.com</a> |
| Director                            | 495       | 510  | Generally, minimum of 12 years' experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and, generally, the ARITA, with deep knowledge and lengthy experience in relevant insolvency legislation and issues.                                                                           |
| Senior Manager                      | 455       | 465  | Generally, more than 7 years' experience with at least 2 years as a Manager. University degree; member of the ICAA and, generally, the ARITA; very strong knowledge of relevant insolvency legislation and issues.                                                                                                                   |
| Manager                             | 385       | 400  | Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and generally, the ARITA; sound knowledge of relevant insolvency legislation and issues.                                                                                                                        |
| Assistant Manager                   | 345       | 360  | Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing ARITA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.                                                                                                   |
| Senior Analyst                      | 295       | 305  | Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA program. Good knowledge of basic insolvency legislation and issues.                                                                                                                                       |
| Analyst                             | 265       | 270  | Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.                                                                                                                                                                                                       |
| Accountant                          | 225       | 230  | 0 to 2 years' experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.                                                                                                                                          |
| Junior Accountant                   | 140       | 150  | 0 – 1 years' experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.                                                                                                                                                             |
| Personal Assistant                  | 180       | 180  | Appropriate skills including machine usage.                                                                                                                                                                                                                                                                                          |
| Administration Supervisor/Assistant | 140       | 140  | Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.                                                                                                                                                               |

**Notes:**

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to review on an annual basis at 1 July having regard to a range of market factors. We request that creditors approve such increments on the basis that same are no more than 5% per annum for each staff classification ("title").

## Part 4: Description of work completed

A description of our works completed since our last report is detailed below:

| Task Area                                      | General Description              | Includes:                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Assets</b><br>42.5 hours<br>\$14,064        | Debtors                          | <ul style="list-style-type: none"> <li>▪ Correspondence with debtors re outstanding amount.</li> <li>▪ Reviewing and assessing debtors ledgers.</li> <li>▪ Liaising with Scottish Pacific Business Finance and their solicitors in relation to the book debts.</li> <li>▪ Liaising with NAB and their solicitors in relation to the surplus from Scottish Pacific Business Finance.</li> </ul>                                                  |
|                                                | Creditor Enquiries               | <ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone and email.</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post.</li> </ul>                                                                                                                                                                                                        |
| <b>Creditors</b><br>128.8 hours<br>\$40,585    | Secured creditor reporting       | <ul style="list-style-type: none"> <li>▪ Preparing reports to secured creditor.</li> <li>▪ Responding to secured creditors queries.</li> </ul>                                                                                                                                                                                                                                                                                                  |
|                                                | Creditor reports/circulars       | <ul style="list-style-type: none"> <li>▪ Preparation of Liquidators' Annual Report to Creditors including an accompanying Remuneration Report.</li> </ul>                                                                                                                                                                                                                                                                                       |
|                                                | Dealing with proofs of debt      | <ul style="list-style-type: none"> <li>▪ Receipting and filing POD's when not related to a dividend.</li> <li>▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend.</li> </ul>                                                                                                                                                                                                                                       |
|                                                | Processing proofs of debt        | <ul style="list-style-type: none"> <li>• Preparation of correspondence to potential creditors inviting lodgement of proofs of debt.</li> <li>• Receipt of proofs of debt.</li> <li>• Maintain proof of debt register.</li> <li>• Adjudicating proofs of debt.</li> <li>• Request further information from claimants regarding proofs of debt.</li> <li>• Preparation of correspondence to claimant advising outcome of adjudication.</li> </ul> |
| <b>Employees</b><br>52.0 hours<br>\$14,979     | Employee enquiries               | <ul style="list-style-type: none"> <li>▪ Receive and follow up employee enquiries via telephone.</li> </ul>                                                                                                                                                                                                                                                                                                                                     |
|                                                | GEERS                            | <ul style="list-style-type: none"> <li>▪ Liaising with GEERS regarding employee entitlements.</li> <li>▪ Correspondence with GEERS regarding reimbursements.</li> <li>▪ Review of Employee Discrepancy Reports.</li> <li>▪ Receipt and distribution of funding from GEERS.</li> </ul>                                                                                                                                                           |
|                                                | Calculation of entitlements      | <ul style="list-style-type: none"> <li>▪ Reviewing employee files and the Company's books and records.</li> <li>▪ Calculating employee entitlements.</li> <li>▪ Reviewing awards.</li> <li>▪ Reconciliation of outstanding employee entitlements subsequent to distribution of GEERS advances.</li> <li>▪ Correspondence with employees regarding entitlements owed during the Voluntary Administration.</li> </ul>                             |
| <b>Trade On</b><br>1.6 hours<br>\$471          | Processing receipts and payments | <ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system.</li> </ul>                                                                                                                                                                                                                                                                                                                                       |
| <b>Investigation</b><br>31.9 hours<br>\$10,440 | Conducting investigation         | <ul style="list-style-type: none"> <li>▪ Reviewing the Company's books and records and Report as to Affairs.</li> <li>▪ Review and preparation of the Company's nature and history.</li> <li>▪ Preparation of investigation file.</li> </ul>                                                                                                                                                                                                    |
|                                                | Recoveries                       | <ul style="list-style-type: none"> <li>▪ Review of Company records to identify and quantify</li> </ul>                                                                                                                                                                                                                                                                                                                                          |

| Task Area                                       | General Description                        | Includes:                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-------------------------------------------------|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Administration</b><br>57.0 hours<br>\$14,038 |                                            | <ul style="list-style-type: none"> <li>antecedent transactions</li> <li>▪ Prepare correspondence to creditors to identify recoverability</li> <li>▪ Internal meetings to discuss status of recoveries.</li> <li>▪ Liaise with creditor to progress preference claim including negotiating settlement for full amount of claim.</li> <li>▪ Preparing brief to solicitors and liaising with solicitors regarding recovery actions.</li> </ul> |
|                                                 | ASIC reporting                             | <ul style="list-style-type: none"> <li>▪ Preparing statutory investigation reports.</li> <li>▪ Lodging the statutory investigation report prepared pursuant to Section 533 of the Act with ASIC.</li> </ul>                                                                                                                                                                                                                                 |
|                                                 | Correspondence                             | <ul style="list-style-type: none"> <li>▪ General correspondence.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                 |
|                                                 | Document maintenance/file review/checklist | <ul style="list-style-type: none"> <li>▪ Six (6) month administration review.</li> <li>▪ Filing documents.</li> <li>▪ Updating checklists.</li> </ul>                                                                                                                                                                                                                                                                                       |
|                                                 | Bank account administration                | <ul style="list-style-type: none"> <li>▪ Reviewing bank statements and bank reconciliations.</li> </ul>                                                                                                                                                                                                                                                                                                                                     |
|                                                 | ASIC Form 524 and other forms              | <ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including 505, 524, 5011 etc.</li> <li>▪ Correspondence with ASIC regarding statutory forms.</li> </ul>                                                                                                                                                                                                                                                           |
|                                                 | ATO & other statutory reporting            | <ul style="list-style-type: none"> <li>▪ Preparing BAS statements.</li> <li>▪ Completing group certificates.</li> </ul>                                                                                                                                                                                                                                                                                                                     |
|                                                 | Planning / Review                          | <ul style="list-style-type: none"> <li>▪ Discussions regarding status/strategy of administration.</li> </ul>                                                                                                                                                                                                                                                                                                                                |
|                                                 | Books and records/storage                  | <ul style="list-style-type: none"> <li>▪ Dealing with records in storage.</li> <li>▪ Sending job files to storage.</li> </ul>                                                                                                                                                                                                                                                                                                               |

**Summary of Liquidators Remuneration by employee and task area for the period 1 December 2013 to 30 November 2014**

| Employee    | Position                    | \$ / hour   |       | Total  |        |       |           | Task Area |           |       |          |     |               |       |                |       |
|-------------|-----------------------------|-------------|-------|--------|--------|-------|-----------|-----------|-----------|-------|----------|-----|---------------|-------|----------------|-------|
|             |                             | (ex<br>GST) | Hrs   | \$     | Assets |       | Creditors |           | Employees |       | Trade On |     | Investigation |       | Administration |       |
|             |                             |             |       |        | Hrs    | \$    | Hrs       | \$        | Hrs       | \$    | Hrs      | \$  | Hrs           | \$    | Hrs            | \$    |
| M Jones     | Partner                     | 595         | 1.2   | 714    | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 1.2            | 714   |
| K Chu       | Manager                     | 400         | 13.8  | 5,520  | 9.3    | 3,720 | 2.1       | 840       | 0.2       | 80    | 0.2      | 80  | 0.4           | 160   | 1.6            | 640   |
|             |                             | 385         | 106.2 | 40,887 | 17.7   | 6,815 | 58.2      | 22,407    | 9.3       | 3,581 | 0.4      | 154 | 16.0          | 6,160 | 4.6            | 1,771 |
| L Smith     | Manager                     | 385         | 1.1   | 424    | -      | -     | -         | -         | -         | -     | -        | -   | 1.1           | 424   | -              | -     |
| L McCann    | Assistant<br>Manager        | 345         | 27.8  | 9,591  | -      | -     | 11.5      | 3,968     | 12.0      | 4,140 | 0.1      | 35  | 3.8           | 1,311 | 0.4            | 138   |
| W Hulmes    | Analyst                     | 265         | 22.2  | 5,883  | 0.9    | 239   | 12.4      | 3,286     | 7.9       | 2,094 | -        | -   | -             | -     | 1.0            | 265   |
| J Soo       | Analyst                     | 270         | 6.6   | 1,782  | 0.1    | 27    | 1.1       | 297       | -         | -     | -        | -   | -             | -     | 5.4            | 1,458 |
|             | Accountant                  | 225         | 81.6  | 18,360 | 5.0    | 1,125 | 30.1      | 6,773     | 22.0      | 4,950 | 0.9      | 203 | 3.2           | 720   | 20.4           | 4,590 |
| N Shah      | Accountant                  | 225         | 15.1  | 3,398  | -      | -     | 7.4       | 1,665     | 0.3       | 68    | -        | -   | 3.5           | 788   | 3.9            | 878   |
| W George    | Accountant                  | 230         | 9.0   | 2,070  | 0.2    | 46    | -         | -         | -         | -     | -        | -   | -             | -     | 8.8            | 2,024 |
|             |                             | 225         | 20.6  | 4,635  | 9.3    | 2,093 | 6.0       | 1,350     | 0.3       | 68    | -        | -   | 3.9           | 878   | 1.1            | 248   |
| G Caldera   | Team Assistant              | 180         | 0.3   | 54     | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 0.3            | 54    |
| J Titlestad | Team Assistant              | 180         | 2.1   | 378    | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 2.1            | 378   |
| K Melissa   | Team Assistant              | 180         | 0.1   | 18     | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 0.1            | 18    |
| A Jamieson  | Accounts<br>Supervisor      | 180         | 1.9   | 342    | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 1.9            | 342   |
| T Newland   | Administration<br>Assistant | 140         | 0.1   | 14     | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 0.1            | 14    |
| M Seward    | Administration<br>Assistant | 140         | 0.4   | 56     | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 0.4            | 56    |
|             |                             | 115         | 0.6   | 69     | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 0.6            | 69    |
| S Smith     | Administration<br>Assistant | 115         | 0.5   | 58     | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 0.5            | 58    |
| S Herriman  | Administration<br>Assistant | 140         | 0.2   | 28     | -      | -     | -         | -         | -         | -     | -        | -   | -             | -     | 0.2            | 28    |

| Employee                     | Position                    | \$ / hour<br>(ex<br>GST) | Total        |                | Task Area   |               |              |               |           |               |            |            |               |               |                |               |  |
|------------------------------|-----------------------------|--------------------------|--------------|----------------|-------------|---------------|--------------|---------------|-----------|---------------|------------|------------|---------------|---------------|----------------|---------------|--|
|                              |                             |                          | Hrs          | \$             | Assets      |               | Creditors    |               | Employees |               | Trade On   |            | Investigation |               | Administration |               |  |
|                              |                             |                          | Hrs          | \$             | Hrs         | \$            | Hrs          | \$            | Hrs       | \$            | Hrs        | \$         | Hrs           | \$            | Hrs            | \$            |  |
| J Newland                    | Administration<br>Assistant | 140                      | 0.8          | 112            | -           | -             | -            | -             | -         | -             | -          | -          | -             | 0.8           | 112            |               |  |
|                              |                             | 115                      | 1.6          | 184            | -           | -             | -            | -             | -         | -             | -          | -          | -             | -             | 1.6            | 184           |  |
| <b>Total Hours</b>           |                             |                          | <b>313.8</b> | <b>94,576</b>  | <b>42.5</b> | <b>14,064</b> | <b>128.8</b> | <b>40,585</b> | <b>52</b> | <b>14,979</b> | <b>1.6</b> | <b>471</b> | <b>31.9</b>   | <b>10,440</b> | <b>57.0</b>    | <b>14,038</b> |  |
| GST (\$)                     |                             |                          |              | 9,458          |             | 1,406         |              | 4,059         |           | 1,498         |            | 47         |               | 1,044         |                | 1,404         |  |
| <b>TOTAL (Including GST)</b> |                             |                          |              | <b>104,033</b> |             | <b>15,470</b> |              | <b>44,644</b> |           | <b>16,477</b> |            | <b>518</b> |               | <b>11,483</b> |                | <b>15,441</b> |  |
| Average hourly rate (ex GST) |                             |                          |              | 301            |             | 331           |              | 315           |           | 288           |            | 294        |               | 327           |                | 246           |  |

## Part 5: Statement of remuneration claim

### 5.1 Remuneration approved and drawn to date

The Liquidators' remuneration approved and drawn to date is as follows:

| Detail                                                        | Amount<br>(\$)<br>(excl GST) |
|---------------------------------------------------------------|------------------------------|
| <b>Remuneration Approved</b>                                  |                              |
| Approved by creditors on 28 September 2012                    | 200,000                      |
| Less: Remuneration paid in previous report period             | (111,640)                    |
| <b>Surplus available to Liquidators as at 1 December 2013</b> | <b>88,360</b>                |
| Less: Remuneration 1 December 2013 to 31 March 2014           | (35,527)                     |
| Less: Amount Invoiced*                                        | (10,141)                     |
| <b>Total drawings as at 30 November 2014</b>                  | <b>(157,307)</b>             |
| <b>Surplus in approval as at 1 December 2014</b>              | <b>\$42,693</b>              |

\*see comment in Part 6: Remuneration Recoverable from External Sources

## Part 6: Remuneration Recoverable from External Sources

Remuneration payments received in relation to the Fair Entitlements Guarantee Act 2012 or its predecessor schemes (i.e. GEERS) are considered a separate arrangement involving a limited or partial funding agreement.

We have invoiced the Department of Employment and Workplace Relations ("DEEWR") a total of \$10,140.50 (excluding GST) in respect of work done administering employee entitlements under GEERS, in particular the work involved in calculating employee entitlements and disbursing the funds advanced by GEERS to the former employees of the Company. The amount invoiced to DEEWR is calculated on the number of employees reviewed at an agreed fixed rate and prior creditor approval is not required.

## Part 7: Disbursements

### 7.1 Types of disbursements

Disbursements are divided into three types:

- Externally provided professional services. These are recovered at cost. An example is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These disbursements are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the liquidation, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The relevant rates are set out below

| Disbursement type           | Charges (excl GST)   |
|-----------------------------|----------------------|
| Advertising                 | At cost              |
| Couriers                    | At cost              |
| Mileage reimbursement       | \$0.67 per kilometre |
| Photocopying (colour)       | \$0.50 per page      |
| Photocopying (mono)         | \$0.20 per page      |
| Photocopying (outsourced)   | At cost              |
| Printing (colour)           | \$0.50 per page      |
| Printing (mono)             | \$0.20 per page      |
| Printing (outsourced)       | At cost              |
| Postage                     | At cost              |
| Searches                    | At cost              |
| Storage and storage transit | At cost              |
| Telephone calls             | At cost              |

Note: Above rates are applicable for the financial year ending 30 June 2015

## 7.2 Disbursements paid from the liquidation to Ferrier Hodgson

The disbursements which have been paid from the liquidation to Ferrier Hodgson since our last report are detailed below.

| Disbursements paid                                   | Basis                   | Total (excl GST) (\$) |
|------------------------------------------------------|-------------------------|-----------------------|
| <b>Externally provided professional services</b>     |                         | -                     |
| <b>Externally provided non-professional services</b> |                         | -                     |
| <b>Internal disbursements</b>                        |                         |                       |
| Photocopying - mono                                  | 52 pages @ \$0.20/page  | 10.40                 |
| Printing - mono                                      | 676 pages @ \$0.20/page | 135.20                |
| Printing – colour                                    | 9 pages @ \$0.50/page   | 4.50                  |
| Postage                                              | -                       | 68.32                 |
| Storage and storage transit                          | -                       | 6.61                  |
| Telephone calls                                      | -                       | 1.37                  |
| <b>Total</b>                                         |                         | <b>\$226.40</b>       |

In relation to the disbursements paid from the liquidation to Ferrier Hodgson for the period from 28 September 2012 to November 2014, I advise the following:

- I have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.
- Where amounts have been paid to Ferrier Hodgson for externally provided services and costs, those payments are in reimbursement of costs previously paid by Ferrier Hodgson, either due to a lack of funds in the liquidation at the time the payment was due, or the direct invoicing of Ferrier Hodgson by the supplier.
- All of the transactions in the above table appear in the summary of receipts and payments at Part 6 as Liquidator's disbursements. Where payments to third parties are paid directly from the liquidation bank account, they are included in the summary of receipts and payments at Part 6.

- Creditor approval for the payment of disbursements is not required. However, the Liquidator must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.
- Future disbursements provided by Ferrier Hodgson will be charged to the liquidation on the same basis as the table in Part 7.1.

### **Part 8: Report on Progress of the Administration**

The Remuneration Report must be read in conjunction with the Liquidator's Annual Report dated 22 December 2014, which outlines the progress of the liquidation.

### **Part 9: Summary of Receipts and Payments**

A summary of receipts and payments for the period from 16 December 2013 to 15 December 2014 is included in the accompanying Liquidator's Annual Report dated 22 December 2014.

### **Part 10: Queries**

If you require further information in respect of the above, or have other questions, please contact either Jason Soo or Kieran Chu of this office on 08 9214 1444.

### **Part 11: Information Available**

The partners of Ferrier Hodgson are, generally, members of ARITA. Ferrier Hodgson follows the Code. A copy of the Code may be found on the ARITA website at [www.arita.com.au](http://www.arita.com.au).

An information sheet concerning approval of remuneration in external administrations can also be obtained from the Australian Securities & Investments Commission website at [www.asic.gov.au](http://www.asic.gov.au).

Dated this 22<sup>nd</sup> day of December 2014.



**Martin Jones**  
Liquidator