



Report to creditors of
A.C.N. 120 221 105 Pty Ltd
(In Liquidation)
(Formerly known as Hypersonic Glass Pty Ltd)
("the Company")

Monday, 11 November 2013



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1 Introduction

- Michael Gerard McCann and Graham Robert Killer were appointed joint & several Liquidators' of Hypersonic Glass Pty Ltd on Wednesday, 9 May 2012 pursuant to a resolution passed by the creditors of the Company.
- A third meeting of creditors will be held on 27 November 2013 at 10:00 a.m. at the offices of Grant Thornton.

Introduction

Graham Robert Killer and I were appointed joint and several Liquidators' of the Company pursuant to a resolution passed by the creditors of the Company at the second meeting of creditors on 9 May 2012.

Our appointment as Liquidators' follows our appointment as joint and several Voluntary Administrators.

This report sets out an account of the Liquidators' acts and dealings and the conduct of the winding up of the Company since the last report to creditors on 27 April 2012.

Compliance with best practice

We confirm that this report complies with the statements of best practice issued by the Insolvency Practitioners Association of Australia ("IPA") with regard to content of Administrators reports (effective 1 July 2001) and the Code of Professional Practice with regard to remuneration (effective 1 January 2013).

Abbreviations used in this report

- “ACN” – Australian Company Number
- “Act” – Corporations Act 2001
- “ASIC” – Australian Securities & Investment Commission
- “the Company” – A.C.N 120 221 105 Pty Ltd (formerly Hypersonic Glass)
- “the Directors” – Yan Dun Lin and Jie Lin
- “the Director” – Yan Dun Lin
- “GEERS” – General Employee Entitlements Redundancy Scheme
- “IPA” – Insolvency Practitioners Association of Australia
- “the liquidation period” – 9 May 2012 onwards
- “k” – Thousand
- “m” - Million
- “the purchaser” – Blue Wren Holdings Pty Ltd

2 Liquidators executive summary

- The Company's business was sold to Blue Wren Holdings Pty Ltd on 30 August 2012. As a result of the sale, employees' positions and trading relationships were preserved.
- There is unlikely to be a distribution to ordinary unsecured creditors of the Company.
- The Liquidators' are continuing to pursue certain antecedent transactions. A distribution to priority creditors is possible if antecedent transactions are successfully recovered.

Sale of the Company's business

The Liquidators continued to trade the Company's business during their appointment in order to enable a sale of the business as a going concern. This decision was based on the following:

- The Company's stock would have been realised for limited value if sold at auction;
- The net realisable value of the Company's plant and equipment was substantially improved under a going concern 'in situ' sale compared to a 'remove, relocate and sell' scenario;
- Employee positions could be preserved; and
- The preservation of the business' goodwill.

The business was sold to Blue Wren Holdings Pty Ltd on 30 August 2012. The purchaser continues to trade the business as Hypersonic Glass.

Investigations by the Liquidators

Further to our previous report, we have continued our investigations into the Company's financial affairs during the period leading up to the Administrators' appointment and the reasons for the Company being placed into Voluntary Administration.

These investigations have focused on issues such as insolvent trading, preference payments and uncommercial transactions. Our investigations and findings on these issues are detailed in Section 3 of this report.

Estimated Return to Creditors

At the date of this report the following distributions to creditors have been made:

- Priority creditors have received a distribution from GEERS for their outstanding employee entitlements excluding superannuation.
- Secured creditors have received a first and final distribution from net realisations of non-circular assets.

Based upon our investigations and the information available, we expect that:

- It is possible that priority creditors will receive a return under an optimistic scenario.
- Secured creditors are not expected to receive any further returns under an optimistic or pessimistic scenario.
- It is unlikely that unsecured creditors will receive a return under an optimistic or pessimistic liquidation scenario.

Completion of Liquidation and Dissolution of the Company

We expect that the liquidation will be complete by March 2014.

3 Realisations to Date

- The Company's business was sold as a going concern to Blue Wren Holdings Pty Ltd on 30 August 2012.
- Proceeds from the sale of the Company's non-circulating assets were distributed to the secured creditor.
- Before debtor provisions and write-offs, the Company traded at a small loss during the Administration and Liquidation periods.
- The realisation value of the business' assets (including Plant and Equipment, Stock and Debtors) was significantly enhanced by the decision to continue trading the business.

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- The net realisable value of the Company's plant and equipment was substantially improved under a going concern 'in situ' sale compared to a 'remove, relocate and sell' scenario;
- Employee positions could be preserved; and
- The preservation of the business' goodwill.

The business was sold to Blue Wren Holdings Pty Ltd on 30 August 2012. The purchaser continues to trade the business as Hypersonic Glass.

Overview of trading

The Company traded at a small loss during the Administration and Liquidation periods. This was partially due to bad debt write-offs totalling \$25,461 incurred as a consequence of certain customers entering into external administration.

It should be noted that with the agreement of the secured creditor, rental expenses totalling \$35,000 were deducted from the non-circulating asset recoveries (the secured creditor received the primary benefit from the sale).

The realisation value of the business' assets (including plant and equipment, stock and debtors) was significantly enhanced by the decision to continue trading the business.

Debtor collections

The book value of trade debtors at the date of appointment totalled \$367,000. To date, we have collected \$185,648 of these pre-appointment debtors. \$130,313 of the balance has been written off as uncollectable due to either disputes or the insolvency of the debtor. Of the remaining \$51,039 to be collected we estimate that we will have success in recovering a further \$10,000 under an optimistic scenario.

We have engaged a debt collector to pursue these outstanding amounts.

4 Antecedent Transactions

- The Liquidators have completed a report to the ASIC regarding the conduct of the Directors.
- The Liquidators do not believe that pursuing the Company Director for insolvent trading will result in a net recovery for creditors of the Company.
- The Liquidators are continuing to pursue certain uncommercial and preferential transactions.

Antecedent transactions recoverable by a Liquidator
As advised in the last report to creditors, dated 27 April 2012, in accordance with certain provisions of the Act, we are required to conduct investigations into the Company's affairs for the period preceding the Administrators' appointment and also around the circumstances surrounding the Company's failure.

We have conducted our statutory investigations into the circumstances surrounding the failure of the Company and also the conduct of the Directors. We have reported our findings to the ASIC pursuant to Section 533 of the Act ("s533 report").

Creditors should note that the Liquidators' s533 report was prepared with consideration of the Director of the Company, Yan Dun Lin, and also Jie Lin, who we believe may be considered a shadow Director of the Company. Accordingly, all of our investigations focus on both the Company Director and Jie Lin, should he be a shadow Director.

A summary of our investigations are outlined below:

Insolvent trading

Pursuant to Sections 588G and 588M of the Act, a liquidator may seek to recover from the Directors of the Company any debt incurred by the Company after a time that a reasonable person would suspect that the Company could not pay its debts as and when they fell due (i.e. after the date it became insolvent).

Insolvent trading is governed by Section 588G(1) of the Act and applies if:

- (a) A person is a director at the time the debt is incurred; and
- (b) The company is insolvent at that time or became insolvent as a result of incurring the debt; and
- (c) At that time, there are reasonable grounds for suspecting that the company is insolvent.

As previously advised, in order to ascertain if the Company traded whilst insolvent, the liquidator must prove that the Company was insolvent at the time of the debt, or became insolvent as a result of incurring the debt.

We have established the likely date of insolvency to be 31 January 2011 and that an insolvent trading claim of \$194,841 may exist against the Company Director and shadow Director. In determining whether it would be in the best interest of creditors to pursue the Company's Directors' for insolvent trading, consideration must be given to possible defences against such a claim. Pursuant to Section 588H of the Act, defences available to a Director include:

- (a) If it is proved that, at the time the debt was incurred, the person had reasonable grounds to expect, and did expect that the Company was solvent at that time and would remain solvent;
- (b) If the person relied on another person to provide the financial information so that if the information was relied upon, the Company was solvent and would remain so;
- (c) The person was ill and did not take part in the management of the Company; and

- (d) The person took reasonable steps to prevent the Company from incurring the debt.

Creditors must also consider the Directors personal asset position and the likely recoveries from those assets, should insolvent trading action be pursued.

The table below summarises the results of our investigations into the personal financial position of the Directors:

Financial Position	Comments
Yan Dun Lin	
Alleged Assets	
Wellington Point QLD	Yan Dun Lin is not the current owner.
Helensvale QLD	Yan Dun Lin is not the current owner.
Bellbird Heights NSW	Yan Dun Lin is not the current owner.
Liverpool NSW	Yan Dun Lin is not the current owner.
50% Shareholder in A.C.N. 120 221 105 Pty Ltd (Formerly known as Hypersonic Glass Pty Ltd)	The Company is insolvent.
Jie Lin	
Bankruptcy	Made bankrupt on 30 May 2012.
Known Assets	
Two blocks of land in Toorbul, QLD	Approx. value \$850k to \$940k.
Known Liabilities	
Unsecured liabilities	Unsecured liabilities c. \$3.9m.
Mortgages held	Mortgages held c. \$3.4m.

A report to creditors issued by Jie Lin's Bankruptcy Trustee advises that no distribution will be made to any creditor. Notwithstanding this, we have submitted a formal proof of debt

with the Trustee should future recoveries be made.

Based on information currently available, the estimated costs of pursuing litigation, would likely exceed any potential benefit from the asset recoveries. In the absence of creditor/ASIC funding, it is not our intention to pursue Yan Dun Lin for insolvent trading.

Unfair preferences

Pursuant to Section 588FA and the associated legislation of the Act, a liquidator is able to recover from creditors any preferences or advantages obtained by the creditor from the Company.

These payments, referred to as unfair preference payments, are generally recoverable if they were made during a period of six months prior to the commencement of the Company's winding up. In the Company's instance this period commenced 24 September 2011.

To constitute an unfair preference, there must be evidence that the creditor was aware, or ought to have been aware, that the Company was insolvent.

Initially we reported to creditors that the Company had paid \$36,000 in preference payments to creditors. After further investigations and applying relevant case study, we have determined that no preference payment is recoverable. Further, the legal costs in pursuing each creditor would outweigh the recoverability of each preference payment.

Uncommercial transactions

Section 588FB(1) of the Act defines an uncommercial transaction as “a transaction of the company if, and only if, it may be expected that a reasonable person in the company’s circumstances would not have entered into the transaction, having regard to:

- (a) The benefits (if any) to the Company of entering into the transaction;
- (b) The detriment to the Company of entering into the transaction;
- (c) The respective benefits to other parties to the transaction of entering into it; and
- (d) Any other relevant matter.”

In our last report to creditors, we advised that the Company had related party loan balances as shown opposite.

Debtor	Director	Total Loan Balance (\$)
Xue Yu Cai	Former director	168,170
Reticulate Pty Ltd	Jie Lin	195,304
Hypersonic Windows Pty Ltd	Yandun Lin	88,502
Total		451,976

We do not believe that the listed transactions constituted commercial loan agreements between the Company and the debtor. Accordingly, we have sent letters of demand to each debtor’s known address. At the date of this report, we are yet to receive a response from Xue Yu Cai and Reticulate Pty Ltd.

Hypersonic Windows Pty Ltd is in liquidation and we have lodged our claim with the court appointed liquidator. The court appointed liquidator has advised that no dividend will be distributed to any class of creditor. We have referred the collection of the remaining uncommercial transactions to a debt collector.

The debt collector has tried contacting both Xue Yu Cai and Jie Lin to serve summons on both. At this stage, the debt collector has not been able to contact either party. We intend to continue to pursue these debtors and evaluate all possible options that can be taken to enable a potential recovery.

Summary

- In the absence of creditor/ASIC funds we will not be pursuing any insolvent trading claims.
- After further investigations, we will not be pursuing any preference payments.
- We continue to pursue debts totalling \$363,474 (total loan balances less Hypersonic Windows’ loan balance) due from related parties.

5 Estimated Return to Creditors

- It is likely that priority creditors will receive a return under an optimistic scenario, however under a pessimistic scenario recoveries for employees are limited to that available under GEERS.
- The Liquidators have processed GEERS claims totalling \$38,860. Potential claims totalling \$2,395 remain outstanding and we recommend that all staff complete their claims with GEERS if they have not already done so.
- A return to ordinary unsecured creditors is not expected under any scenario.

Annexure A to this report is an analysis of the estimated return to creditors including a summary of receipts and payments. A summary is provided below:

Estimated Return to Creditors (excl. GST)

	Optimistic	Pessimistic
Non-circulating asset realisations	403,446	403,446
Total costs of realisations	(167,831)	(167,831)
Total net non-circulating asset realisations	235,615	235,615
First and final distribution to Secured Creditor	(235,615)	(235,615)
Circulating asset realisations	294,858	174,858
Total external administration costs as at 31/10/2013	(118,532)	(118,532)
Estimated future liquidation costs	(164,593)	(56,326)
Total net circulating asset realisations	11,733	-
Asset realisations available for Priority Creditors	11,733	-
Priority employee entitlements (wages/superannuation)	115,702	115,702
Estimated distributable c/\$ to priority creditors (wages/superannuation) s556(1)(e)	0.10	Nil except for payments by GEERS
Priority employee entitlements (leave and retrenchment) s556(1)(h)	Nil	Nil
Unsecured Creditors	Nil	Nil

*Creditors should note that realisations will most probably be insufficient to pay any more than c. \$56k of time costs incurred between 1 October 2012 and 31 October 2013. Time-costs for this period total \$103,593 and additional time-costs will be incurred in resolving the outstanding issues detailed in this report prior to finalising the company's affairs. Accordingly, it is likely that existing time-costs of c. \$47k and all future time-costs incurred in this matter will be written off.

Unsecured creditors are unlikely to receive a distribution under either an optimistic or pessimistic scenario due to the limited funds available.

Priority creditors may only receive a further payment in the event there are material future debtor recoveries.

IMPORTANT READING FOR PRIORITY (EMPLOYEE) CREDITORS

Pursuant to section 556 of the Act, employee entitlements are afforded priority over non priority unsecured creditors (such as trade creditors) and secured creditors in respect to circulating assets. Priority claims made by employees may receive a distribution from the funds available from realising circulating charge assets, net of the liquidator's costs, such as the Company's pre-appointment trade debtors, before the claims of secured creditors and non-priority unsecured creditors are paid.

It is noted that any funds advanced by GEERS are in subrogation of the employees' claims (i.e. the DEEWR will take the priority place of the employee in any subsequent distribution in the liquidation). It is also noted that GEERS has a number of exclusions, including outstanding superannuation. All GEERS claims can be submitted online via www.deewr.gov.au/geers.

Conclusion

- It is possible that priority creditors will receive a return under an optimistic scenario, however under a pessimistic scenario priority creditors are limited to that available under GEERS.
- Secured creditors will not be receiving any further distributions in the liquidation.
- Unsecured creditors will not receive a dividend in the liquidation due to the limited funds available.

6 Remuneration

- At the forthcoming meeting of creditors, creditors will consider the current and future remuneration of the appointees.

Liquidators' remuneration

In order for the Liquidators to receive remuneration, such remuneration is to be approved by creditors.

Total remuneration

As at the date of this report, remuneration totalling \$198,619 has been approved by creditors. At the forthcoming meeting of creditors on 27 November 2013, creditors will be requested to approve further remuneration totalling \$119,593. Total remuneration for the entire period is shown below:

Period	Amount (ex GST)	Amount Paid (ex GST)
Past remuneration approved:		
Voluntary Administration		
23 March 2012 to 8 May 2012	118,619	118,619
Creditors' Voluntary Liquidation		
9 May 2012 to 30 September 2012	80,000	80,000
Total past remuneration approved	198,619	198,619
Current remuneration approval sought:		
Creditors' Voluntary Liquidation		
Resolution 1: 1 Oct 2012 to 31 Oct 2013	103,593*	-
Resolution 2: 1 Nov 2013 to Finalisation	16,000*	-
Total future remuneration to be approved	119,593	-
Total remuneration	318,212	198,619

*Creditors should note that realisations will most probably be insufficient to pay any more than c. \$56k of time costs incurred between 1 October 2012 and 31 October 2013. Time-costs for this period total \$103,593 and additional time-costs will be incurred in resolving the outstanding issues detailed in this report prior to finalising the company's affairs. Accordingly, it is likely that existing time-costs of c. \$47k and all future time-costs incurred in this matter will be written off.

In accordance with the Code of Practice issued by the IPA, attached as **Annexure B** is an IPA Creditor Information Sheet which provides information on approval of remuneration.

As a consequence of the protracted sale of the Company's business, the estimate of the Liquidators' time costs provided to the second meeting of creditors was inadequate to cover the full extent of actual time costs incurred.

Specifically, the following commercial tasks have been completed since the second meeting of creditors:

- Trading and marketing of the business for an additional 3 months (this process was forecast to be completed in May 2012 in our previous report to creditors);
- Negotiations and settlement of a Landlord dispute;
- Settling the sale of the Company's business contract and distribution of funds to the Secured Creditor;
- Processing employees' claims through GEERS;
- Commenced pursuit of recoveries from voidable transactions;
- Continued debtor collections; and
- Finalising all supplier accounts.

As a consequence of the above action, we have improved the outcome for key stakeholders by:

- Preserving the Company's business;
- Preserving employees' contracts;
- Improving the return to the secured creditor; and
- Potentially enabling a return to priority creditors.

Creditors should note that realisations will most probably be insufficient to pay any more than c. \$56k of time costs incurred between 1 October 2012 and 31 October 2013. Time-costs for this period total \$103,593 and additional time-costs

will be incurred in resolving the outstanding issues detailed in this report prior to finalising the company's affairs.

Accordingly, it is likely that existing time-costs of c. \$47k and all future time-costs incurred in this matter will be written off.

We now seek further fee approval from creditors for the following time periods:

Remuneration to be approved – Work to Date

At the meeting, creditors will be requested to approve remuneration for work undertaken from Monday, 1 October 2012 to Thursday, 31 October 2013 totalling \$103,593.

Detailed information on the calculation of remuneration is provided in the attached “Remuneration Report” at **Annexure C**.

A breakdown of the work undertaken to date is provided in the Remuneration Report – Description of Work Completed.

As previously stated, it is likely that realisations will be insufficient to pay any more than c. \$56k of time costs incurred between 1 October 2012 and 31 October 2013.

Remuneration to be approved – Future Work of the Liquidators

As indicated in the return to creditors estimate, we expect the remuneration for the remainder of the liquidation up to the finalisation to be up to \$16,000 plus GST and disbursements. This remuneration has been calculated on the basis that we will pursue all possible recoveries identified throughout this report, and make distribution as appropriate to the priority creditors of the

Company.

Remuneration will be drawn on a periodic basis from the funds available to the Liquidators from each of the respective Company's assets. There is no indemnity provided by any third party for remuneration.

Detailed information on the calculation of remuneration including a breakdown of the expected work to be undertaken until finalisation is provided in the attached “Remuneration Report - Description of Work to Be Completed” in the aforementioned annexure.

This remuneration is to be calculated with reference to both the current and future hourly rates of Grant Thornton Recovery and Reorganisation Services.

In seeking remuneration approval for work yet to be completed, we undertake to not increase individual charge rates in excess of 10% of the current rates without seeking the approval of the creditors, committee or the court.

As previously stated, it is likely that realisations will be insufficient to pay any of my future time costs incurred in this matter.

Staffing of Liquidation

The Liquidators' staff team is structured such that tasks are completed by staff with the appropriate level of experience.

Creditor's resolutions

At the forthcoming meeting, creditors will be asked to consider the following resolutions shown over the page:

“That the remuneration of the Liquidators, their partners and staff incurred in relation to the liquidation of A.C.N. 120 221 105 Pty Ltd (In Liquidation) for the period 1 October 2012 to 31 October 2013, be hereby calculated on a time basis and by reference to the hourly rates of Grant Thornton – Recovery & Reorganisation Services. Such remuneration is to be \$103,593 plus GST and disbursements, and should be drawn to the extent of available funds.”

Remuneration to be Approved – Future Work of the Liquidators

“That the remuneration of the Liquidators, their partners and staff for work carried out in relation to A.C.N. 120 221 105 Pty Ltd (In Liquidation) be hereby calculated by reference to the current and future hourly rates of Grant Thornton-Recovery and Reorganisation Services. Such remuneration for the period 1 November 2013 to Finalisation of the Liquidation is to be capped at \$16,000 plus GST and disbursements, and should be drawn to the extent of available funds. In respect to remuneration calculated with by reference to future hourly rates, any increase to hourly rates charged will not exceed 10% of the current hourly rates of Grant Thornton-Recovery and Reorganisation Services”

7 Meeting of creditors

- The meeting of creditors will be held at the offices of Grant Thornton, Level 18, 145 Ann Street, Brisbane QLD 4000 on 27 November 2013 at 10:00 a.m.
- Creditors who have not submitted a proof of debt form are required to submit this form if they intend to vote at the meeting.
- New proxy forms are required for this meeting, and must be submitted by no later than 4 p.m. Tuesday, 26 November 2013.

A meeting of creditors of A.C.N. 120 221 105 Pty Ltd (In Liquidation) is to be held as follows:

Date: 27 November 2013
Time: 10:00am
Place: Level 18, Grant Thornton House
145 Ann Street
Brisbane QLD 4000

Attached the following documents:

- Form 529 – Notice of Meeting of Creditors
- Form 532 – Appointment of Proxy
- Form 535 – Formal Proof of Debt or Claim

Proxies lodged for the previous meetings are not valid for this meeting and therefore, fresh proxies and formal proofs of debt need to be lodged to enable creditors to vote at the third meeting. Please ensure that the proxies are signed under seal, where appropriate (if you are a company) and if the proxy is executed by a power of attorney, that a copy of the power of attorney is enclosed with the proxy form.

Proxies for the meeting can be lodged in the following ways:

- by post to arrive prior to the meeting;
- by facsimile to (07) 3222 0446 **by 4pm 26 November 2013;**
- by person with a person attending the meeting; or
- by email to aaron.previte@au.gt.com **by 4pm 26 November 2013.**

If proxies are lodged by facsimile or email, the law requires that the original proxy must be lodged with the Liquidators within 72 hours of lodging the faxed or emailed copy.

If you are attending the meeting, it would be appreciated if you could arrive at the meeting venue at least 15 minutes before the scheduled commencement time to allow for the registration of attendees.

8 Outstanding matters

- We estimate the liquidation to be finalised by March 2014.

Finalisation of Company's Affairs

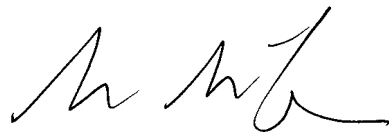
The following are those tasks that need to be conducted prior to the finalisation of the liquidation:

- Collection of voidable transactions/loan accounts;
- Collection of trade debtors; and
- Possible distribution to priority creditors.

Provided the above may be settled in a timely manner, we expect that the Company liquidation will be finalised by March 2014.

Should you wish to discuss this report further, please contact Mr Aaron Previte, of this office, on 07 3222 0332.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M McCann', written in a cursive style.

Michael McCann

Joint & Several Liquidator

Annexure A

Receipts and Payments and Estimated Outcome Statement

A.C.N. 120 221 105 Pty Ltd (In liquidation)
Receipts and Payments and Estimated Outcome Statement
as at 31 October 2013 (excl. GST)

	Note	Actual	Forecast		Total	
		Receipts and Payments as at 31 October 2013 \$	Optimistic \$	Pessimistic \$	Optimistic \$	Pessimistic \$
Non-Circulating Asset Realisations		403,446	-	-	403,446	403,446
Less: Costs of Realisation						
Voluntary Administrators Fees up to 9 May 2012		(25,413)	-	-	(25,413)	(25,413)
Liquidators' fees up to 22 August 2012		(59,430)	-	-	(59,430)	(59,430)
Valuation Fees		(4,510)	-	-	(4,510)	(4,510)
Legal Fees		(35,000)	-	-	(35,000)	(35,000)
Sale of business advertisements		(8,478)	-	-	(8,478)	(8,478)
Rental expenses		(35,000)	-	-	(35,000)	(35,000)
Total Costs of Realisations		(167,831)	-	-	(167,831)	(167,831)
Total Net Non-Circulating Asset Realisations		235,615	-	-	235,615	235,615
Distribution to secured creditor		(235,615)	-	-	(235,615)	(235,615)
Total non-circulating assets remaining for distribution		-	-	-	-	-
Circulating Asset Realisations						
Cash at bank at 23 March 2012		3,336	-	-	3,336	3,336
Trade Debtors (pre-appointment)		185,648	10,000	-	195,648	185,648
Stock (pre-appointment)		5,302	-	-	5,302	5,302
Stock realisations		37,890	-	-	37,890	37,890
Company Trading Profit/(Loss)		(57,318)	-	-	(57,318)	(57,318)
Net voidable transactions/loan accounts	1	-	110,000	-	110,000	-
Total Circulating Asset Realisations		174,858	120,000	-	294,858	174,858
Administrator's Costs						
Administrator Fees for the period 23 Mar 12 - 8 May 12 (paid)		(93,206)	-	-	(93,206)	(93,206)
Total approved Administrators' Costs (paid)		(93,206)	-	-	(93,206)	(93,206)
Liquidation Costs						
Liquidators Fees for the period 9 May 12 - 30 Sep 12 (paid)		(20,570)	-	-	(20,570)	(20,570)
Liquidators Outlays for the period 9 May 12- 30 Sep 12 (paid)		(4,756)	-	-	(4,756)	(4,756)
Total Liquidators' Costs		(25,326)	-	-	(25,326)	(25,326)
Cash at Bank		56,326	120,000	-	176,326	56,326
Estimated Future Liquidation Costs						
Liquidators Fees for the period 1 Oct 12 - 31 Oct 13 (unpaid)	2	-	(103,593)	(56,326)	(103,593)	(56,326)
Estimated Liquidators Future Fees 1 Nov 13 - Finalisation	2	-	(16,000)	-	(16,000)	-
Estimated Legal Fees		-	(20,000)	-	(20,000)	-
Estimated Liquidators Future outlays	2	-	(1,000)	-	(1,000)	-
Debt Collector's Commission		-	(24,000)	-	(24,000)	-
Total Est. Liquidators' Future Costs		-	(164,593)	(56,326)	(164,593)	(56,326)
Circulating Asset surplus/(shortfall) for Priority Creditors (wages/superannuation)		-	-	-	11,733	-
Priority Employee Entitlements (wages/superannuation)		-	-	-	115,702	115,702
Estimated surplus distributable c/\$ to priority creditors (wages/superannuation)		-	-	-	0.10	Nil
Estimated deficiency to priority creditors (wages/superannuation)		-	-	-	(103,968)	(115,702)
Estimated deficiency to priority creditors (leave/retrenchment)		-	-	-	(41,253)	(41,253)
Estimated deficiency to unsecured creditors		-	-	-	(632,401)	(632,401)
Estimated shortfall to priority and unsecured creditors		-	-	-	(777,623)	(789,356)

Notes:

1. Includes recoveries from voidable transactions/loan accounts.

2. Creditors should note that realisations will most probably be insufficient to pay any more than c. \$56k of time costs incurred between 1 October 2012 and 31 October 2013. Time-costs for this period total \$103,593 and additional time-costs will be incurred in resolving the outstanding issues detailed in this report prior to finalising the company's affairs. Accordingly, it is likely that existing time-costs of c. \$47k and all future time-costs incurred in this matter will be written off.

Annexure B





ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 45

Liquidation: a guide for creditors

If a company is in financial difficulty, its shareholders, creditors or the court can put the company into liquidation.

This information sheet provides general information for unsecured creditors of companies in liquidation.

Who is a creditor?

You are a creditor of a company if the company owes you money. Usually, a creditor is owed money because they have provided goods or services, or made loans to the company.

An employee owed money for unpaid wages and other entitlements is a creditor.

A person who may be owed money by the company if a certain event occurs (e.g. if they succeed in a legal claim against the company) is also a creditor, and is sometimes referred to as a 'contingent' creditor.

There are generally two categories of creditor: secured and unsecured.

- A secured creditor is someone who has a security interest (as defined in s12 of the *Personal Property Securities Act 2009*), such as a charge or a mortgage, over some or all of the company's assets, to secure a debt owed by the company. Lenders usually require a security interest over company assets when they provide a loan.
- An unsecured creditor is a creditor who does not have a security interest over the company's assets.

Employees are a special class of unsecured creditors. In a liquidation, some of their outstanding entitlements are paid in priority to the claims of other unsecured creditors. If you are an employee, see ASIC's information sheet INFO 46 *Liquidation: a guide for employees*.

All references in this information sheet to 'creditors' relate to unsecured creditors unless otherwise stated.

The purpose of liquidation

The purpose of liquidation of an insolvent company is to have an independent and suitably qualified person (the liquidator) take control of the company so that its affairs can be wound up in an orderly and fair way for the benefit of all creditors.

Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

There are two types of insolvent liquidation:

- creditors' voluntary liquidation, and
- court liquidation.

The most common type is a creditors' voluntary liquidation, which usually begins in one of two ways:

- creditors vote for liquidation following a voluntary administration or a terminated deed of company arrangement, or
- an insolvent company's shareholders resolve to liquidate the company and appoint a liquidator. Within 11 days of being appointed by shareholders, the liquidator must call a meeting of creditors who may confirm the liquidator's appointment or appoint another liquidator of the creditors' choice.

In a court liquidation, a liquidator is appointed by the court to wind up a company, following an application, usually by a creditor. Others, including a director, a shareholder and ASIC, can also make a winding-up application.

After a company goes into liquidation, unsecured creditors can no longer commence or continue legal action against the company, unless the court permits.

It is possible for a company in liquidation to also be in receivership: see ASIC information sheet INFO 54 *Receivership: a guide for creditors*.

The liquidator's role

When a company is being liquidated because it is insolvent, the liquidator has a duty to all the company's creditors. The liquidator's role is to:

- collect, protect and realise the company's assets
- investigate and report to creditors about the company's affairs, including any unfair preferences which may be recoverable, any uncommercial transactions which may be set aside, and any possible claims against the company's officers
- enquire into the failure of the company and possible offences by people involved with the company and report to ASIC
- after payment of the costs of the liquidation, and subject to the rights of any secured creditor, distribute the proceeds of realisation—first to priority creditors, including employees, and then to unsecured creditors, and
- apply for deregistration of the company on completion of the liquidation.

Except for lodging documents and reports required under the *Corporations Act 2001* (Corporations Act), a liquidator is not required to do any work unless there are enough assets to pay their costs.

If the company is without sufficient assets, one or more creditors may agree to reimburse a liquidator's costs and expenses of taking action to recover further assets for the benefit of creditors.

In this case, if additional assets are recovered, the liquidator or particular creditor can apply to the court for the creditor to be compensated for the risk involved in funding the liquidator's recovery action.

If a liquidator suspects that people involved with the company may have committed offences and the liquidator reports this to ASIC, the liquidator may also be able to apply to ASIC for funding to carry out a further investigation into the allegations.

Recoveries from creditors

A liquidator has the ability to recover, for the benefit of all creditors, certain payments (known as unfair preferences) made by the company to individual creditors in the six months before the start of the liquidation.

Broadly, a creditor receives an unfair preference if, during the six months prior to liquidation, the company is insolvent, the creditor suspects the company is insolvent, and receives payment of their debt (or part of it) ahead of other creditors. To be an unfair preference, the payment must put the creditor receiving it in a more favourable position than other unsecured creditors.

Not all payments from the company to a creditor in the six months before liquidation are unfair preferences. The Corporations Act provides various defences to an unfair preference claim.

If a liquidator seeks to recover a payment that has been made to you, you may wish to obtain independent legal advice on the merits of the liquidator's claim before repaying any money.

Creditors' meetings

A liquidator may call a creditors' meeting from time to time to inform creditors of the progress of the liquidation, to find out their wishes on a particular matter or seek approval of the liquidator's fees.

You may also use a creditors' meeting to ask questions about the liquidation and inform the liquidator about your knowledge of the company's affairs.

Meetings during a court liquidation

In a court liquidation, the liquidator is not required to call a creditors' meeting unless a matter requires creditor approval.

The only exception is that if the creditors pass a resolution requiring a creditors' meeting to be called, or at least one-tenth in value of all the creditors request the liquidator in writing to do so, the liquidator must call a creditors' meeting. However, it is unusual for this to happen, as those who make the request or pass the resolution must pay the costs of calling and holding the meeting.

Meetings during a creditors' voluntary liquidation

In a creditors' voluntary liquidation, the liquidator may choose to hold an annual meeting of the creditors or lodge a report with ASIC on the progress in the administration. If they choose not to hold the meeting, the liquidator must tell creditors that the report has been prepared and give them a copy free of charge if asked. The report must set out:

- an account of the liquidator's acts and dealings and the conduct of the winding up in the preceding year
- a summary of the tasks yet to be done in the liquidation, and
- an estimate of when the liquidation is expected to be finalised.

The liquidator in a creditors' voluntary winding up must also hold a joint meeting of the creditors and members at the end of the winding up. Creditors can require the liquidator to call a creditors' meeting at other times, the same as in a court liquidation, as long as they pay the associated costs.

Minutes of meetings

The chairperson of a creditors' meeting (usually the liquidator or one of their senior staff) must prepare minutes of the meeting and a record of those who were present at the meeting and lodge them

with ASIC within one month. A copy may be obtained from any ASIC Business Centre on payment of the relevant fee.

Voting at a creditors' meeting

To vote at a creditors' meeting you must lodge details of your debt or claim with the liquidator. Often, the liquidator will provide you with a form called a 'proof of debt' to be completed and returned before the meeting. Proofs of debt are discussed further below.

The chairperson of the meeting decides whether or not to accept the debt or claim for voting purposes. The chairperson may decide that a creditor does not have a valid claim or the amount of the debt cannot be determined with any certainty at the date of the meeting. In this case, they may not allow the creditor to vote at all, or only to vote for a debt of \$1. This decision is only for voting purposes. It is not relevant to whether a creditor will receive a dividend.

An appeal against a decision by the chairperson to accept or reject a proof of debt or claim for voting purposes may be made to the court within 14 days after the decision.

Voting by proxy

You may appoint a proxy to attend and vote at a meeting on your behalf. A proxy can be any person who is at least 18 years old. Creditors who are companies will have to nominate a person as proxy so that they can participate in the meeting. This is done using a form sent out with the notice of meeting. The completed proxy form must be provided to the liquidator before the meeting. You can fax the proxy form to the liquidator, but must lodge the original within 72 hours of sending the faxed copy.

An electronic form of proxy may be used if the liquidator allows electronic lodgement provided there is a way to authenticate the appointment of the proxy (e.g. by scanning and emailing a signature or using a digital signature).

You can specify on the proxy form how the proxy is to vote on a particular resolution and the proxy must vote in accordance with that instruction. This is called a 'special proxy'. Alternatively, you can leave it to the proxy to decide how to vote on each of the resolutions put before the meeting. This is called a 'general proxy'.

You can appoint the chairperson to represent you either through a special or general proxy. The liquidator or one of their partners or employees must not use a general proxy to vote in favour of a resolution approving payment of the liquidator's fees.

Manner of voting

A vote on any resolution put to a creditors' meeting may be taken by creditors stating aloud their agreement or disagreement, or by a show of hands. Sometimes a more formal voting procedure called a 'poll' is taken.

If voting is by show of hands or by verbally signalling agreement, the resolution is passed if a majority of those present indicate agreement. It is up to the chairperson to decide if this majority has been reached.

After the vote, the chairperson must tell those present whether the resolution has been passed or lost.

The chairperson may decide to conduct a poll, or a poll can be demanded by at least two people present who are entitled to vote, or someone who holds more than 10% of the votes of those entitled to vote at the meeting. The chairperson will determine how this poll is taken.

If you intend to demand that a poll be taken, you must do so before, or as soon as, the chairperson has declared the result of a vote taken by show of hands or voices.

When a poll is conducted, a resolution is passed if:

- more than half the number of creditors who are voting (in person or by proxy) vote in favour of the resolution, and
- those creditors who are owed more than half of the total debt owed to creditors at the meeting vote in favour of the resolution.

This is referred to as a 'majority in number and value'. If no result is reached, the chairperson has a casting vote.

Chairperson's casting vote

When a poll is taken and there is a deadlock, the chairperson may use their casting vote either in favour of or against the resolution. The chairperson may also decide not to use their casting vote.

The chairperson must inform the meeting of the reasons why they cast the vote a particular way or why they chose not to use their casting vote. They must also include these reasons in the written minutes of meeting that are lodged with ASIC.

If you are dissatisfied with how the chairperson exercised their casting vote or failed to use their casting vote, you may apply to court for a review of the chairperson's decision. The court may vary or set aside the resolution or order that the resolution is taken to have been passed.

Votes of related creditors

Directors and shareholders, their spouses and relatives and other entities controlled by them are entitled to attend and vote at creditors' meetings if they are creditors of the company.

If a resolution is passed, or defeated, based on the votes of these related creditors, and you are dissatisfied with the outcome, you may apply to court for the resolution to be set aside and/or for a fresh resolution to be voted on without related creditors being entitled to vote. Certain criteria must be met before the court will make such an order (e.g. the original result of the vote being against the interests of all or a class of creditors).

Committee of inspection

In both types of liquidation, the liquidator may ask creditors if they wish to appoint a committee of inspection and, if so, who will represent the creditors on the committee.

A committee of inspection assists the liquidator, approves fees and, in limited circumstances, approves the use of some of the liquidator's powers, on behalf of all the creditors.

Committee meetings can be arranged at short notice, which allows the liquidator to quickly obtain the committee's views on urgent matters. Shareholders may also be members of the committee.

At the first meeting in a creditors' voluntary liquidation, creditors can decide to appoint a committee of inspection.

Creditors in both types of liquidation can also request at any time that the liquidator call separate meetings of shareholders and creditors to decide whether a committee of inspection should be appointed and, if so, who will represent the shareholders and creditors on the committee. This doesn't usually happen, as the creditor making the request must pay the costs of calling and holding these meetings.

A member of the committee of inspection must not, without permission from the court, accept a gift or benefit from the company or any other person, including another creditor, or purchase any of the company's property.

A committee of inspection acts by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

A liquidator must consider any directions given by the committee of inspection, but is not bound to follow them.

Minutes of committee of inspection meetings must be prepared and lodged with ASIC within one month. A copy may be obtained from any ASIC Business Centre on payment of the relevant fee.

Approval of liquidator's fees

A liquidator is entitled to be paid for the work carried out on the liquidation, but only if there are assets available. The liquidator cannot be paid until the amount of fees has been approved by one of the methods set out in the Corporations Act.

In a court liquidation, the amount of fees is approved by:

- agreement with a committee of inspection (if there is one), or
- a resolution passed at a creditors' meeting, or
- the court.

The liquidator must try to get approval by each of these methods, in turn.

In a creditors' voluntary liquidation, a committee of inspection or creditors may approve the fees.

If no fees have been approved in a court liquidation or a creditors' voluntary winding up, the liquidator may draw fees to a maximum of \$5000 where they have called a meeting of creditors but not obtained approval for their fees because the meeting did not have a quorum.

The court has the power to review the amount of fees approved.

If you are asked to approve fees, either at a meeting of a committee of inspection or in a general meeting of creditors, the liquidator must give you, at the same time as the notice of the meeting, a report that contains sufficient information for you to assess whether the fees claimed are reasonable. This report should be in simple language and set out:

- a description of the major tasks performed
- the costs of completing these tasks, and
- such other information that will assist in assessing the reasonableness of the fees claimed.

For further information, see Information Sheet 85 *Approving fees: a guide for creditors* (INFO 85).

If you are in any doubt about how the fees were calculated, ask the liquidator for more information.

In a court liquidation, the liquidator must also send creditors a statement of all receipts and payments for the liquidation.

Apart from fees, the liquidator will also be entitled to reimbursement for out-of-pocket expenses that have arisen in carrying out the liquidation. This reimbursement does not require committee, creditor or court approval. However, creditors have a right to know what funds were spent on these costs and why they were spent.

Payment of dividends

If there are funds left over after payment of the costs of the liquidation, and payments to other priority creditors, including employees, the liquidator will pay these to unsecured creditors as a dividend. Generally, the order in which funds are distributed is:

1. costs and expenses of the liquidation, including liquidators' fees
2. outstanding employee wages and superannuation
3. outstanding employee leave of absence (including annual leave, sick leave—where applicable—and long service leave)
4. employee retrenchment pay, and
5. unsecured creditors.

Each category is paid in full before the next category is paid. If there are insufficient funds to pay a category in full, the available funds are paid on a pro rata basis (and the next category or categories will be paid nothing).

Proving your debt

Before any dividend is paid to you for your debt or claim, you will need to give the liquidator sufficient information to prove your debt.

The liquidator will notify you if there are likely to be funds available for distribution and must call for formal proof of debt forms to be lodged. At least 14 days notice of the deadline for lodging the proof must be given.

This notice must be given to each person claiming to be a creditor whose debt or claim has not already been admitted by the liquidator. It must also be published in a daily newspaper in the states where the company carried out its business. A copy of the formal proof of debt form will be sent to you with the notice.

You should attach copies of any relevant invoices or other supporting documents to the proof of debt form, as your debt or claim may be rejected if there is insufficient evidence to support it.

If a creditor is a company, the proof of debt form must be signed by a person authorised by the company to do so.

The completed proof of debt form must be delivered or posted to the liquidator. When submitting your claim, ask the liquidator to acknowledge receipt of your claim and advise if any further information is needed.

The liquidator must notify you within seven days if they reject your claim. If you are dissatisfied with the decision, your first step should be to promptly contact the liquidator to see if you can resolve the matter.

If you can't resolve the matter with the liquidator, you may wish to seek your own legal advice, as you have a limited time to appeal to the court. The liquidator will notify you of this time in the notice of rejection. It must be at least 14 days after you receive the notice. The court has the power to extend the time to appeal. If you don't appeal within this time, the liquidator's decision on your claim is final.

If you have a query regarding the calculation of your claim, or the timing of the payment, discuss this with the liquidator.

Other creditor rights

As well as the various rights involving meetings and participation in dividends discussed above, the other rights of unsecured creditors include the right to:

- receive written reports to creditors about the liquidation
- inspect certain books of the liquidator
- inform the liquidator about your knowledge of matters relevant to the affairs of the company in liquidation, and
- complain to ASIC or the court about the liquidator's conduct in connection with their duties.

Written reports

The number of written reports a liquidator sends to creditors about the liquidation varies. If there are no funds at all available in the liquidation, it is possible that no written report will be sent, although many liquidators will send creditors a brief report even if there are no funds.

Liquidator's books

Liquidators must keep sufficient books to give a complete and correct record of their administration of the company's affairs. These include minutes of meetings and details of all the receipts and payments for the liquidation. These books must be available at the liquidator's office for inspection by creditors and shareholders.

Copies of minutes of meetings and six-monthly detailed lists of receipts and payments, as well as a number of other documents, must also be lodged with ASIC. Copies may be obtained from any ASIC Business Centre on payment of the relevant fee.

Creditors are unable to access the company's books and records without court permission.

Informing the liquidator

The liquidator must report to ASIC if they suspect that anyone connected to the company may have committed an offence. If you have any information that might assist in preparing such a report, you should let the liquidator know.

These reports are not available for inspection. ASIC reviews these reports and decides whether to take further action, such as banning a person from acting as a company director for a period of time or charging the person with a criminal offence.

Applications to the court

Creditors can apply to the court if they are dissatisfied with an act, omission or decision of a liquidator. This includes if a creditor seeks:

- to challenge the liquidator's decision not to admit a proof of debt or claim, either for voting or dividend purposes, and
- a review of the liquidator's fees, in certain circumstances.

Making an application to the court can be costly. You should attempt to resolve any problems with the liquidator and only go to court if this fails.

Liquidators, ASIC and other people can also make applications to the court. For example, a liquidator might apply to have questions decided or powers exercised in a liquidation.

Complaining to ASIC about a liquidator's conduct is discussed below.

Secured creditors' rights

If a company fails to meet its obligations under a security interest (e.g. a charge or a mortgage), a secured creditor can appoint an independent and suitably qualified person (a receiver) to take control of and realise some or all of the secured assets, in order to repay the secured creditor's debt. This right continues after the company goes into liquidation. For more on receivership, see Information Sheet 54 *Receivership: a guide for creditors* (INFO 54).

Another option available to a secured creditor is to ask the liquidator to deal with the secured assets for them and account to them for the proceeds and costs of collecting and selling those assets.

A secured creditor is entitled to vote at creditors' meetings for the amount the company owes them that exceeds the amount they are likely to receive from realisation of the secured assets. The secured creditor can participate in any dividend to unsecured creditors on a similar basis.

Directors and liquidation

Directors cannot use their powers after a liquidator has been appointed. They have an obligation to assist the liquidator by:

- advising the liquidator of the location of company property and delivering any such property in their possession to the liquidator
- providing the company's books and records to the liquidator
- advising the liquidator of the whereabouts of other company records
- providing a written report about the company's business, property and financial circumstances within 14 days of the appointment of the liquidator by the court or within 7 days of the appointment of a liquidator in a creditors' voluntary liquidation
- meeting with, or reporting to, the liquidator to help them with their enquiries, as reasonably required, and
- if required by the liquidator, attending a creditors' meeting to provide information about the company and its business, property, affairs and financial circumstances.

A liquidator has the power to apply to the court to conduct a public examination, under oath, of a director (or other person with information about the company).

Compensation proceedings for amounts lost by creditors as a result of the company trading while insolvent can be initiated against a director personally by ASIC, a liquidator or, in certain circumstances, a creditor.

Conclusion of liquidation

A liquidation effectively comes to an end when the liquidator has realised and distributed all the company's available property and made their report to ASIC.

In a creditors' voluntary liquidation, the liquidator must hold a final joint meeting of the creditors and members to give an account of how the liquidation has been conducted and how company property has been disposed of. After the final meeting is held, the company is automatically deregistered by ASIC three months after a notice of the holding of the meeting is lodged.

In a court liquidation, the liquidator is not required to hold a final meeting of creditors. After the liquidator decides that the company's affairs are fully wound up, they may:

- seek an order for release from the court
- seek an order for release and that ASIC deregister the company, or
- if there are insufficient assets to obtain a court order for the company's deregistration, request that ASIC deregister the company.

A company ceases to exist after it has been deregistered.

Queries and complaints

You should first raise any queries or complaints with the liquidator. If this fails to resolve your concerns, including any concerns about the liquidator's conduct, you can lodge a complaint with ASIC at www.asic.gov.au/complain, or write to:

ASIC Complaints
PO Box 9149
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by a liquidator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, visit www.asic.gov.au/question, or call ASIC on 1300 300 630 for the cost of a local call.

To find out more

For an explanation of terms used in this information sheet, see Information Sheet 41 *Insolvency: a glossary of terms* (INFO 41). For more on external administration, see ASIC's related information sheets at www.asic.gov.au/insolvencyinfosheets:

- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

These are also available from the Insolvency Practitioners Association (IPA) website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Important note

This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

Annexure C

Remuneration Report

Part 1: Declaration

We, Michael Gerard McCann and Graham Robert Killer, of Grant Thornton Australia Limited have undertaken a proper assessment of this remuneration claim for our appointment as Grant Thornton Australia Limited, of ACN 120 221 105 Pty Ltd (In Liquidation), in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

Part 2: Executive Summary

To date, remuneration totalling \$198,619 has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (ex GST)	Amount Paid (ex GST)
Past remuneration approved:			
Voluntary Administration 23 March 2012 to 8 May 2012		\$118,619	\$118,619
Creditors' Voluntary Liquidation 9 May 2012 to 30 September 2012		\$80,000	\$80,000
<i>Total past remuneration approved</i>		\$198,619	\$198,619
Current remuneration approval sought:			
Creditors' Voluntary Liquidation Resolution 1: 1 October 2012 to 31 October 2013	Part 6	\$103,593	\$0.00
Resolution 2: 1 November 2013 to Finalisation	Part 6	\$16,000	\$0.00
<i>Total future remuneration to be approved</i>		\$119,593	\$0.00

Period	Report Reference	Amount (ex GST)	Amount Paid (ex GST)
Total remuneration		\$318,212	\$198,619
<p>* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.</p> <p>*Creditors should note that realisations will most probably be insufficient to pay any more than c. \$56k of time costs incurred between 1 October 2012 and 31 October 2013. Time-costs for this period total \$103,593 and additional time-costs will be incurred in resolving the outstanding issues detailed in this report prior to finalising the company's affairs. Accordingly, it is likely that existing time-costs of c. \$47k and all future time-costs incurred in this matter will be written off.</p>			

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

This differs to the estimate of costs provided in the Initial Advice to Creditors dated 27 April 2012 for the following reasons:

- Trading and marketing of the business for an additional 4 months (this process was forecast to be completed in May 2012 in our previous report to creditors);
- Negotiations and settlement of a Landlord dispute;
- Settling the sale of the Company's business contract and distribution of funds to the Secured Creditor;
- Processing employees' claims through GEERS;
- Commenced pursuit of recoveries from voidable transactions;
- Continued debtor collections; and
- Finalising all supplier accounts.

As a consequence of the above action, we have improved the outcome for key stakeholders by:

- Preserving the Company's business;
- Preserving employees' contracts;
- Improving the return to the secured creditor; and
- Potentially enabling a return to priority creditors.

Part 3: Description of work completed

Resolution 1

“The remuneration of the Liquidators and any of the Liquidators’ partners or employees in performance of services performed from 1 October 2012 to 31 October 2013 to be fixed at \$103,593 (excluding GST) plus any out of pocket expenses incurred. Approval is given for such amounts approved to be drawn on a monthly basis.”

Company	ACN 120 221 105 Pty Ltd (In Liquidation)		
Practitioner(s)	Michael Gerard McCann and Graham Robert Killer	Firm	Grant Thornton Australia Limited
Administration Type	Creditors Voluntary Liquidation		
Period	From	1 October 2012	To 31 October 2013

Task Area	General Description	Includes
Assets 26.40 hours \$6,861.00	Debtors	Discussions and correspondence with debtors Reviewing and assessing debtors ledgers Reconciling debtor’s deposits Liaising with management and staff Liaising with solicitors Liaising with debt collector
Creditors 155.20 hours \$44,897.00	Creditor enquiries	Receive and follow up creditor enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Secured creditors reporting	Responding to secured creditor’s queries Preparing Estimated Outcome Statement Preparing Estimated Security Position

Task Area	General Description	Includes
	Meeting of Creditors	Preparation of notices of meeting
	Creditor reports	Preparation of report to creditors Reviewing Company's books and records
Employees 18.60 hours \$4,392.00	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	GEERS	Correspondence with GEERS Preparing notification spreadsheet Preparing GEERS quotations Preparing GEERS distributions
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
Trading 46.60 hours \$11,289.50	Processing receipts and payments	Entering receipt and payments into accounting system Reconciling receipts Entering employee's entitlements accrued during the appointment
	Insurance	Liaising with insurance broker in regard to repair of truck Discussions and correspondence with Blue Insolvency in regard to repair of truck

Task Area	General Description	Includes
	Trade on Management	<p>Liaising with suppliers Discussions and correspondence with suppliers regarding finalisation of their account Finalising all suppliers' accounts Finalising supplier/debtor's contra account Liaising with management and staff Liaising with supplier to renew license of truck x 3 Liaising with Blue Wren Holdings Pty Ltd and third party supplier to renew license of truck x 3</p>
<p>Administration 101.70 hours \$20,362.00</p>	Document maintenance/file review/checklist	<p>Filing of documents File reviews Updating checklists</p>
	Insurance	<p>Correspondence with Blue Insolvency regarding on-going insurance requirements Identification of potential issues requiring attention of insurance specialists Arranging insurance cover Finalisation of insurance policies</p>
	Bank account administration	<p>Bank account reconciliations Requesting bank statements Correspondence with bank regarding specific transfers Closure of bank account Arranging transfer of funds from the Company's various bank accounts</p>
	ASIC Forms	<p>Correspondence with ASIC regarding statutory forms Preparing Form 524</p>
	Books and records / storage	<p>Dealing with records in storage Sending job files to storage</p>
	Finalisation	<p>Cancelling Payroll tax registration</p>
	Planning / Review	<p>Attending meetings and discussions regarding status of the Administration</p>
	ATO and other statutory reporting	<p>Preparing BAS including GST and PAYG Discussions with the ATO</p>

Task Area	General Description	Includes
Investigations 55.30 hours \$15,581.00	Conducting investigation	Review and preparation of company nature and history Review of specific transactions Preparation of investigation file Discussions and correspondence with staff
	Legal	Discussions and correspondence with the Solicitors
	ASIC Forms	Updating report s533 Updating file note for report s533
Total 403.80 hours \$103,593.00		

Part 4: Calculation of Remuneration

Remuneration Report - Description of Work Completed from 1 October 2012 to 31 October 2013

Employee	Position	\$/Hr (excl. GST)	Total Hours	Total cost excl. GST (\$)	IPAA Tasks											
					Administration		Assets		Creditors		Employees		Investigations		Trading	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Graham Killer	Appointee	550	0.1	55	-	-	-	-	0.10	55.00	-	-	-	-	-	-
Michael McCann	Appointee	550	0.8	440	0.30	165.00	-	-	0.50	275.00	-	-	-	-	-	-
Michael McCann	Appointee	540	3.8	2,052	1.30	702.00	-	-	0.60	324.00	-	-	0.20	108.00	1.70	918.00
Cameron Crichton	Associate Director	495	30.4	15,048	0.70	346.50	2.70	1,336.50	20.50	10,147.50	0.70	346.50	3.90	1,930.50	1.90	940.50
Lauren McMullan	Supervisor	355	55.6	19,738	4.60	1,633.00	0.40	142.00	31.90	11,324.50	1.50	532.50	14.10	5,005.50	3.10	1,100.50
Paula Smith	Supervisor	355	1.0	355	1.00	355.00	-	-	-	-	-	-	-	-	-	-
Gary Lam	Senior Accountant	325	3.8	1,235	-	-	-	-	-	-	-	-	3.80	1,235.00	-	-
Aaron Previte	Accountant	270	28.6	7,722	2.20	594.00	5.40	1,458.00	13.20	3,564.00	0.80	216.00	-	-	7.00	1,890.00
Aaron Previte	Graduate	220	185.1	40,722	22.40	4,928.00	17.60	3,872.00	83.40	18,348.00	12.90	2,838.00	32.80	7,216.00	16.00	3,520.00
Caitlin Wilkinson	Graduate	220	1.0	220	0.40	88.00	-	-	0.10	22.00	-	-	-	-	0.50	110.00
Courtney Butler	Graduate	220	0.1	22	0.10	22.00	-	-	-	-	-	-	-	-	-	-
Holly Millman	Graduate	220	0.2	44	0.20	44.00	-	-	-	-	-	-	-	-	-	-
Emily Midson	Team Secretary	175	2.2	385	1.40	245.00	-	-	0.80	140.00	-	-	-	-	-	-
Emily Midson	Team Secretary	170	9.5	1,615	9.20	1,564.00	-	-	-	-	-	-	0.30	51.00	-	-
Pippa Hocken	Team Secretary	170	4.5	765	4.50	765.00	-	-	-	-	-	-	-	-	-	-
Carolyn Kratz	Team Administrator	175	0.2	35	0.20	35.00	-	-	-	-	-	-	-	-	-	-
Carolyn Kratz	Team Administrator	170	6.6	1,122	6.60	1,122.00	-	-	-	-	-	-	-	-	-	-
Lynelle Guerin	Team Administrator	175	5.1	893	3.50	612.50	-	-	-	-	-	-	0.20	35.00	1.40	245.00
Lynelle Guerin	Team Administrator	170	57.9	9,843	39.20	6,664.00	-	-	4.10	697.00	2.70	459.00	-	-	11.90	2,023.00
Tanya Brown	Team Administrator	175	1.2	210	1.20	-	-	-	-	-	-	-	-	-	-	-
Alex Collivas	Undergraduate	190	0.3	57	0.30	57.00	-	-	-	-	-	-	-	-	-	-
Alex Collivas	Undergraduate	175	5.8	1,015	2.40	420.00	0.30	52.50	-	-	-	-	-	-	3.10	542.50
Total			403.8	103,593	101.70	20,362.00	26.4	6,861.00	155.2	44,897.00	18.6	4,392.00	55.3	15,581.00	46.6	11,289.50
GST				\$ 10,359												
Total (Incl GST)				\$113,951.75												
Average hourly rate (Excl GST)				\$ 282.20		200.22		259.89		289.28		236.13		281.75		242.26

Part 3: Description of work to be completed

Resolution 2

“The remuneration of the Liquidators and any of the Liquidators’ partners or employees in performance of services performed from 1 November 2013 to Finalisation to be fixed at \$16,000 (excluding GST) plus any out of pocket expenses incurred. Approval is given for such amounts approved to be drawn on a monthly basis.”

Company	ACN 120 221 105 Pty Ltd (In Liquidation)		
Practitioner(s)	Michael Gerard McCann and Graham Robert Killer	Firm	Grant Thornton Australia Limited
Administration Type	Creditors Voluntary Liquidation		
Period	From	1 November 2013	To Finalisation

Task Area	General Description	Includes
Assets 10.00 hours \$2,000.00	Debtors	Reviewing and assessing debtors ledgers Liaising with debt collector including collating all necessary information needed to pursue debtors Attend meetings with debtors and their solicitors to settle debt Receive and follow up debtor enquiries via telephone Finalising all debtors’ accounts
Creditors 20.00 hours \$5,000.00	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Meetings of Creditors	Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Forward notice of meeting to all known creditors Conduct meeting of creditors Preparation of notices of meeting

Task Area	General Description	Includes
		Preparation and lodgement minutes of meetings with the ASIC
	Creditor reports	Preparation of reports to creditors Reviewing Company's books and records
Employees 8.00 hours \$1,000.00	Priority creditors	Receive and follow up employee enquiries via telephone Discussions and correspondence with GEERS Preparing Acquittal Statement Preparing Acquittal Verification Statement Preparing GEERS distributions
	Employee dividend	Correspondence with employees regarding dividend Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting POD's Adjudicating POD's Ensuring PAYG is remitted to ATO
Investigations 30.00 hours \$6,000.00	Conducting investigations	Preparing and lodgement of supplementary report Discussions and correspondence with related parties Pursue voidable transactions Discussions with ASIC regarding possible fraudulent activity if required Discussions and correspondence with lawyers regarding voidable transactions if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
	Collection of books and records, statement of affairs etc of bankrupt	Reviewing books & records Obtain Statement of Affairs from Bankrupt(s) and review and pursue further inquiries, searches Analysing books and documents received.

Task Area	General Description	Includes
Administration 10.00 hours \$2,000.00	Document maintenance/file review/checklist	Preparing 6 monthly liquidation review Filing of documents Updating checklists
	Bank account administration	Bank account reconciliations Correspondence with bank regarding specific transfers Closure of bank account
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Books and records / storage	Sending job files to storage
	Planning / Review	Discussions regarding status of the Liquidation
Total 78.00 hours \$16,000.00		

Part 4A: Schedule of remuneration methods and hourly rates

The rates for our remuneration calculation are set out in the following tables together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description of Title	Hourly Rate (ex GST) (QLD) as at FY2014	Hourly Rate (ex GST) (QLD) as at FY2013
Partner	Registered Liquidator / Trustee. Partner bringing specialist skills to Administrations and Insolvency matters. Controlling all matters relating to the assignment.	\$550	\$540
Associate Director	Qualified accountant (CA/CPA) and may be a registered Liquidator/Trustee. Minimum 7/8+ years' experience. Likely to be appointed as a director in due course. Highly advanced technical and commercial skills. Planning and control of all Administration and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$495	\$495
Senior Manager	Qualified accountant (CA/CPA). 7/8+ years' experience. Well developed technical and commercial skills. Planning and control of all Administration and Insolvency tasks. Controlling substantial matters relating to the assignment and reporting to the appointee.	\$450	\$440
Manager	Typically CA/CPA Qualified. 5-8 years' experience. Well developed technical and commercial skills. Planning and control of Administration and Insolvency tasks with the assistance of the appointee.	\$405	\$395
Supervisor / Assistant Manager	Typically CA/CPA Qualified. 4+ years' experience. Co-ordinates planning and control of small to medium Administrations and Insolvency tasks. Conducts certain aspects of larger Administrations.	\$365	\$355
Senior	Typically CA/CPA Qualified. 3-5 years' experience. Required to control the fieldwork on Administrations and Insolvency tasks.	\$330	\$325
Intermediate	Typically undertaking CA/CPA Qualifications. Up to 3 years' experience. Required to conduct the fieldwork on smaller Administrations and Insolvency tasks and assist with fieldwork on medium to large Administrations and Insolvency tasks.	\$270	\$260

Graduate	Typically less than 1 years' experience. Required to assist with the day to day fieldwork on Administrations and Insolvency tasks under the supervision of intermediate and senior staff.	\$230	\$220
Undergraduate	Typically less than 1 years' experience, usually working part time whilst studying a university undergraduate qualification. Required to assist with the day to day fieldwork on Administrations and Insolvency tasks under the supervision of intermediate and senior staff.	\$190	\$175
Secretary	Carries out all secretarial functions relating to an Administration.	\$175	\$170
Administrator	Conducts all aspects relating to administering the accounts function.	\$175	\$170

Part 5: Statement of Remuneration Claim

We, Michael McCann and Graham Killer of Grant Thornton state that:

1. The creditors will be asked at the meeting of creditors on 27 November 2013 to consider:

“That the remuneration of the Liquidators, their partners and staff incurred in relation to the liquidation of A.C.N. 120 221 105 Pty Ltd (In Liquidation) for the period 1 October 2012 to 31 October 2013, be hereby calculated on a time basis and by reference to the hourly rates of Grant Thornton – Recovery & Reorganisation Services. Such remuneration is to be \$103,593 plus GST and disbursements, and should be drawn to the extent of available funds.”

2. Remuneration to be Approved – Future Work of the Liquidators:

“That the remuneration of the Liquidators, their partners and staff for work carried out in relation to A.C.N. 120 221 105 Pty Ltd (In Liquidation) be hereby calculated by reference to the current and future hourly rates of Grant Thornton-Recovery and Reorganisation Services. Such remuneration for the period 1 November 2013 to finalisation of the Liquidation is to be capped at \$16,000 plus GST and disbursements, and should be drawn to the extent of available funds. In respect to remuneration calculated with by reference to future hourly rates, any increase to hourly rates charged will not exceed 10% of the current hourly rates of Grant Thornton-Recovery and Reorganisation Services”

Part 6: Remuneration Recoverable from External Sources

Should ASIC wish for a supplementary 533 report to be lodged, we will seek funding from ASIC.

Part 7: Disbursements

Disbursements are divided into three types: **A, B1, B2.**

A disbursements are all externally provided professional services. These are recovered at cost. An example of an A disbursement is legal fees.

B1 disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost.

B2 disbursements are internally provided non-professional costs such as photocopying, printing and postage. B2 disbursements, if charged to the Administration, 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.

I have undertaken a proper assessment of disbursements claimed for the A.C.N. 120 221 105 Pty Ltd (In Liquidation) in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

Basis of disbursement claim:

Disbursements	Rate (Excl GST)
Advertising	At Cost
Courier	At Cost
Local Faxes / Inter-state Faxes / International Faxes	\$1.00 / \$2.00 / \$3.00 per page
Postage	\$0.60 per page

Scale applicable for financial year ending 30 June 2014

Part 8: Report on Progress of the Administration

Please refer to the Report.

Part 9: Summary of Receipts and Payments

Please refer to the Report.

Part 10: Queries

If you require any further information, please contact Mr Aaron Previte of our office on (07) 3222 0332 or aaron.previte@au.gt.com.

Part 11: Information Sheet

Please find enclosed in the report a copy of the ASIC Information for Creditors sheet that outlines further information regarding the remuneration approval and payment process. This information is provided by the Insolvency Practitioners Association of Australia.

Annexure D

Meeting of Creditors Documentation

FORM 535

Subregulation 5.6.49(2)

Corporations Act 2001 (Cwlth)

**FORMAL PROOF OF DEBT OR CLAIM
(GENERAL FORM)**

To the Liquidators of A.C.N. 120 221 105 Pty Ltd (In Liquidation).

This is to state that the company was, on 23 March 2012 and still is, justly and truly indebted to.....*(full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor)* fordollars and.....cents.
ABN of the Creditor:.....

Date	Consideration (state how the debt arose)	Amount \$ c	GST included \$ c	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$ c	Due Date

- *3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- *3 I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- *Delete if this proof is made by the creditor personally.

Dated this day of 2013.

Signature
Occupation
Address.....
.....
.....
Telephone Number
Email

I hereby authorise the Liquidators, or any subsequent capacity that may have, to give or send a notice or any other document electronically pursuant to Section 600G of the Corporations Act.
 Yes No

Corporations Act 2001 (Cwlth)

**APPOINTMENT OF PROXY
CREDITORS MEETING**

**A.C.N. 120 221 105 PTY LTD
(IN LIQUIDATION)
(FORMERLY KNOWN AS HYPERSONIC GLASS PTY LTD)**

I/We (Note 1) _____ (name of creditor)
Of _____ address of creditor)
A creditor of A.C.N. 120 221 105 (In Liquidation) hereby appoint:
_____ (name of proxy)(Note 2)
Of _____ (address of proxy)
Or in his absence, _____ (name of alternative proxy)
Of _____ (address of alternative proxy)

As my/our special/general (Note 3) proxy to vote at the meeting of creditors to be held on 27 November 2013 or at any adjournment thereof.

If special proxy please select ONE of the following:

- | | | | | |
|----|--|--------------------------|--------------------------|--------------------------|
| 1 | To vote on all matters arising from the meeting | | | |
| | AND/OR ALTERNATIVELY | | | |
| 2 | To vote specifically in the following manner: | FOR | AGAINST | ABSTAIN |
| a. | “That the remuneration of the Liquidators, their partners and staff incurred in relation to the liquidation of A.C.N. 120 221 105 Pty Ltd (In Liquidation) for the period 1 Oct 2012 to 31 Oct 2013, be hereby calculated on a time basis and by reference to the hourly rates of Grant Thornton – Recovery & Reorganisation Services. Such remuneration is to be \$103,593 plus GST and disbursements, and should be drawn to the extent of available funds.” | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| b. | “That the remuneration of the Liquidators, their partners and staff for work carried out in relation to A.C.N. 120 221 105 Pty Ltd (In Liquidation) be hereby calculated by reference to the current and future hourly rates of Grant Thornton-Recovery and Reorganisation Services. Such remuneration for the period 1 Nov 2013 to Finalisation of the Liquidation is to be capped at \$16,000 plus GST and disbursements, and should be drawn to the extent of available funds. In respect to remuneration calculated with by reference to future hourly rates, any increase to hourly rates charged will not exceed 10% of the current hourly rates of Grant Thornton-Recovery and Reorganisation Services” | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

DATED this _____ day of _____ 2013

Signature _____(Note 4)

CERTIFICATE OF WITNESS (NOTE 5)

I, _____ of _____, certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED this _____ day of _____ 2013

Signature of Witness _____

Description _____

Place of Residence _____

NOTE:

1. If a firm, strike out “I” and set out the full name of the firm.
2. Insert the name, address and description of the person appointed.
3. If a special proxy add the words “to vote for” or the words “to vote against” and specify the particular resolution.
4. The signature of the creditor, contributory, debenture holder or member must not be attested by the person nominated as proxy.
5. This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.

FORM 529

Corporations Act 2001 (Cwlth)

Subregulation 5.6.14A

NOTICE OF MEETING OF

**A.C.N. 120 221 105 PTY LTD
(IN LIQUIDATION)
(FORMERLY KNOWN AS HYPERSONIC GLASS PTY LTD)
("the Company")**

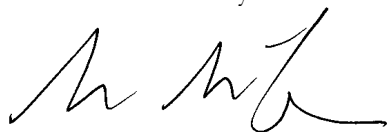
NOTICE is hereby given that a meeting of the creditors of the Company will be held at Grant Thornton, Level 18, 145 Ann Street, Brisbane QLD 4000 on **Wednesday, 27 November 2013 at 10:00am**.

AGENDA

1. To discuss the Liquidators' report to creditors;
2. Creditors to consider, and if thought fit, pass a resolution to approve the current remuneration of the Liquidator;
3. Creditors to consider, and if thought fit, pass a resolution to approve the future remuneration of the Liquidator;
and
4. Any other business that may be lawfully brought forward.

Should you wish to attend the meeting via teleconference, please contact this office, prior to 4pm 26 November 2013.

DATED this 11th day of November 2013



Michael McCann
Liquidator

Gran Thornton Chartered Accountants
Level 18
145 Ann Street
BRISBANE QLD 4000
Telephone (07) 3222 0200
Facsimile (07) 3222 0446