

Administrators' Statement pursuant to Section 439A(4)(b) of the *Corporations Act 2001*

GORDON SMITH MARKETING PTY LTD

ACN 003 840 168

RODNEY CLARK PTY LTD

ACN 088 072 244

RODNEY CLARK RETAIL PTY LTD

ACN 138 806 256

I, Mr Andrew Schwarz, provide the following statement setting out my opinion about each of the following matters and my reasons for these opinions:

(i) Whether it would be in the creditors' interests for Gordon Smith Marketing to execute a Deed of Company Arrangement ('DOCA')

A DOCA is a mechanism for dealing with creditors' claims. A DOCA, if approved by creditors, binds all creditors arising on or before the date of the appointment of the administrator unless otherwise specified.

A DOCA proposal has been propounded by the Director in relation to the Companies for consideration by creditors.

The Administrator is of the opinion that creditors should accept the proposed DOCA because:

- The estimated return to unsecured creditors (although lower than the high case scenario under liquidation) is likely to be more certain than in an orderly winding up of the Companies, noting that the actual return in liquidation could be nil;
- A DOCA avoids the risks to the Asset Sale Agreement not completing and therefore limits the crystallisation of employee claims (with the exception of unpaid superannuation);
- The DOCA provides for a return to all employees, whereas under a liquidation scenario there is likely to be a shortfall to employees of Rodney Clark, resulting in their superannuation entitlements not being paid in full;
- It provides certainty to unsecured creditors and employees. In a liquidation scenario, any dividend will be contingent on antecedent recoveries (i.e. preference recoveries, insolvent trading, compensation for breach of director's duties etc.) and notwithstanding the merits of these claims, recovery costs are likely to be high, they will require Court proceedings which are uncertain and ultimately will be impacted by the capacity of the parties to meet any significant judgments which may be obtained; and
- The DOCA will enable a dividend to be paid to creditors earlier than what may be available under a liquidation scenario where a dividend is likely dependent on antecedent recoveries which are uncertain.

The timing of likely dividend payments has been a significant consideration in forming this opinion. Under a DOCA a first dividend will be possible after receiving the initial deed contribution and the calling for Formal Proofs of Debt and adjudication of same. Given the statutory timeframe a dividend

is likely within 2 to 3 months following the Second Meetings of Creditors with a final dividend likely (assuming the DOCA completes) before financial year end 2017. Whereas under a liquidation scenario, where a dividend is dependent on antecedent recoveries which will require litigation the likelihood and timing of any dividend is uncertain and most likely take up to two years to eventuate.

(ii) Whether it would be in the creditors' interests for the Administrations to end

It is possible that creditors may consider ending the Administration which would return the Companies to the control of the Director, however this would not be in the best interests of creditors given each of the Companies are insolvent. Should creditors resolve that any of the Administrations should end, then the company for which that resolution is passed will be placed into a similar position to which existed prior to the Administrator's appointment. Accordingly, my opinion is that it is not in creditors interests for the Administration to end for any of the Companies.

(iii) Whether it would be in the creditors' interests for the Company to be wound up

Should creditors resolve to wind up the Companies or any individual company at the Second Meetings of Creditors, the winding up will, pursuant to Section 513C of the Act, be deemed to have commenced on the date of Administration, being 27 June 2016 for each of the Companies.

Should creditors resolve to wind up the Companies or any individual company, the company is taken to have nominated Mr. Schwarz as liquidator. In the event that an individual company is placed in liquidation the DOCA proposal will no longer be viable and all of the Companies will be placed in liquidation.

A liquidator is required to realise and distribute assets pursuant to the Act and will also be required to complete a thorough investigation into past dealings and affairs and the past actions of the Companies' officers as disclosed in Sections 8 of this Report.

The effects of the liquidation include:

- The moratorium available under the Administration process will cease.
- The liquidator will be empowered to recover voidable transactions, as disclosed in Section 8 of this Report.
- The liquidator will be required to conduct an investigation into the Companies' affairs as disclosed in Sections 8 of this Report and lodge reports with ASIC pursuant to Section 533 of the Act.

An estimate of the possible return available to employees and creditors in each of the Companies is detailed at **Annexure H**.

Creditors should note this is only an estimate of the possible return available having regard to the factors known at the time of writing. This estimate may be impacted by the following factors:

- The level of remaining asset collections including debtor collections, recoveries from the Director and completion of the Asset Sale Agreement;
- The quantum of Secured Creditors security;
- Total liabilities, once proofs of debt have been lodged and adjudicated upon;

- Likely recoveries from voidable transactions and the cost of those recoveries;
- The final cost of administration and liquidation resulting from additional issues arising;

Notwithstanding, the issues identified in section 8 of this Report, I am of the opinion having regard to the factors outlined at section 10.1.1 of this Report that a DOCA provides the best alternative to creditors in light of the significant uncertainty associated with antecedent recoveries under a liquidation scenario.

I acknowledge that the creditors may form a different view having regard to the issues highlighted in section 8 of this Report.

DATED this 8 day of September 2016

Gordon Smith Marketing Pty Ltd
(Administrator Appointed)

A handwritten signature in blue ink, appearing to read 'Andrew Schwarz', with a long horizontal flourish extending to the right.

Andrew Schwarz
Administrator

GORDON SMITH MARKETING										
SUMMARY OF FINANANCIAL PERFORMANCE:										
	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	Management	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	27-Jun-16
										\$000's
REVENUE/NET SALES	27,160	23,119	23,045	24,664	21,519	22,444	20,822	17,700		13,970
Cost of Goods Sold	13,966	14,883	12,793	12,704	11,202	12,653	12,094	9,648		8,711
GROSS PROFIT	13,194	8,236	10,252	11,960	10,317	9,791	8,728	8,052		5,259
GP%	48.58%	35.62%	44.49%	48.49%	47.94%	43.62%	41.92%	45.49%		37.64%
Adjustments:										
Net contribution from farm operations	-325	-290	-187	-72	-185	-197	-218	-59		n/a
Trust distributions	41	4	4	0	0	0	1,370	0		n/a
Grants received	134	0	0	0	0	0	0	0		n/a
	-150	-286	-183	-72	-185	-197	1,152	-59		0
ADJUSTED GROSS PROFIT	13,044	7,950	10,069	11,888	10,132	9,594	9,880	7,993		5,259
Expenses:										
Advertising	2,800	908	1,544	530	149	183	370	694		112
Commissions	637	562	578	488	411	357	350	368		310
Discount allowed	752	477	646	620	498	655	455	391		178
Freight & Cartage	670	462	324	281	290	502	287	288		264
Interest paid	828	801	760	525	387	373	300	283		218
Rebates	-	-	-	2,731	2,481	2,155	1,444	1,250		209
Rent	578	531	489	554	503	562	510	364		341
Salaries & wages	2,655	2,243	2,544	2,591	2,474	2,512	2,382	2,431		2,218
Superannuation	311	262	230	238	261	266	239	252		126
Warehouse distribution	691	494	387	484	503	507	500	415		450
Other	2,156	892	1,401	1,104	905	892	1,047	809		698
Total Expenses	12,078	7,632	8,903	10,146	8,862	8,964	7,884	7,545		5,124
NET PROFIT (LOSS) including farm operations	966	318	1,166	1,742	1,270	630	1,996	448		135
NP%	4.11%	2.61%	5.85%	7.35%	6.76%	3.68%	4.05%	2.86%		0.97%
Farm operations & trust distriibutions removed	-150	-286	-183	-72	-185	-197	1,152	-59		0
NET PROFIT (LOSS) FROM GSM TRADING	1,116	604	1,349	1,814	1,455	827	844	507		135

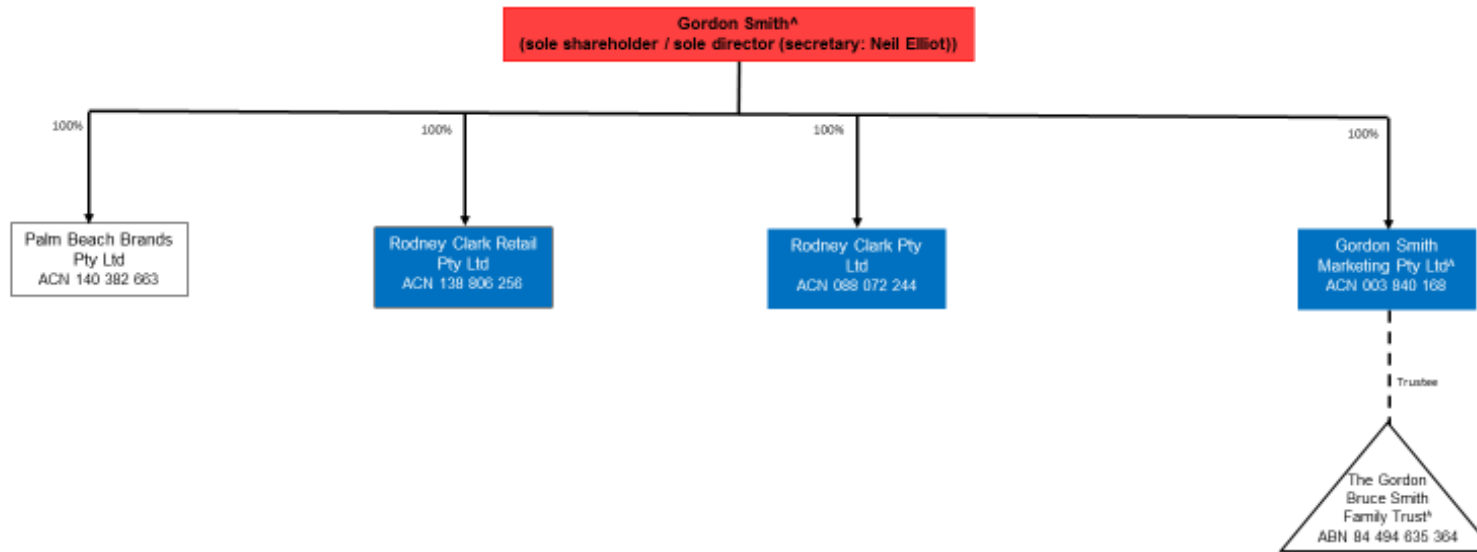
ANNEXURE B

RODNEY CLARKE PTY LTD										
SUMMARY OF FINANANCIAL PERFORMANCE:										
	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	27-Jun-16	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
REVENUE/NET SALES	14,199	15,071	12,731	10,887	9,235	9,246	9,430	8,316	7,853	
Cost of Goods Sold	4,516	5,401	4,480	3,908	3,169	2,935	3,281	2,683	3,570	
GROSS PROFIT	9,683	9,670	8,251	6,979	6,066	6,311	6,149	5,633	4,283	
GP%	68.19%	64.16%	64.81%	64.10%	65.68%	68.26%	65.21%	67.74%	54.54%	
Adjustments										
Trust distributions from the Gordon Bruce Smith Trust	0	150	1,100	1,600	1,100	550	450	220	n/a	
ADJUSTED GROSS PROFIT	9,683	9,820	9,351	8,579	7,166	6,861	6,599	5,853	4,283	
Expenses:										
Advertising & Promotion	535	740	417	431	415	490	620	475	213	
Creditcard Merchant Fees	122	124	95	88	0	80	83	73	78	
Depreciation	406	684	646	539	449	243	246	218	141	
Electricity	81	96	78	75	69	67	96	61	75	
Freight & Cartage	98	244	31	37	41	37	44	37	27	
Insurance	114	96	59	69	76	61	84	67	64	
Packing Materials	98	75	67	52	55	67	57	30	45	
Payroll Tax	188	234	144	126	107	105	98	100	81	
Rent	3236	3945	3178	3014	2613	2432	2357	2106	1985	
Superannuation	287	374	261	247	216	210	198	199	178	
Wages & salaries	3671	4251	3027	2885	2437	2406	2323	2195	1953	
Other	875	743	661	486	461	369	434	322	353	
Total Expenses	9711	11606	8664	8049	6939	6567	6640	5883	5193	
NET PROFIT (LOSS) including trust distributions	-28	-1786	687	530	227	294	-41	-30	-910	
Trust distributions removed	0	150	1,100	1,600	1,100	550	450	220	n/a	
NET PROFIT (LOSS) excluding trust distributions	-28	-1936	-413	-1070	-873	-256	-491	-250	-910	
NP%	-0.20%	-12.85%	-3.24%	-9.83%	-9.45%	-2.77%	-5.21%	-3.01%	-11.58%	

ANNEXURE C

RODNEY CLARK - Balance Sheet									
	30-June-2008	30-June-2009	30-June-2010	30-June-2011	30-June-2012	30-June-2013	30-June-2014	30-June-2015	Management 27-June-2016
CURRENT ASSETS									
CASH AT BANK & ON HAND	103	31	80	88	59	16	21	45	96
OTHER DEBTORS	19	14	5	21	-	-	-	-	-
LAYBUYS OUTSTANDING	-	-	-	-	20	18	17	16	20
BONDS (leases)	28	28	28	28	21	4	4	10	66
ANZ TERM DEPOSIT	-	-	-	-	-	145	145	94	60
INVENTORY	975	929	825	849	841	827	798	839	845
PREPAYMENTS	80	47	82	191	106	181	266	203	236
Total Current Assets	1,206	1,049	1,021	1,177	1,046	1,190	1,252	1,206	1,322
NON CURRENT ASSETS									
PLANT & EQUIPMENT at cost	2,870	3,501	3,450	2,842	3,132	1,337	1,431	1,155	1,208
Less Accumulated Depreciation	- 1,137	- 1,511	- 2,157	- 2,005	- 2,454	- 728	- 672	- 534	- 701
Total Non Current Assets	1,733	1,990	1,292	838	679	609	758	621	507
TOTAL ASSETS	2,939	3,039	2,313	2,014	1,725	1,799	2,010	1,828	1,829
CURRENT LIABILITIES									
BANK OVERDRAFT	-	0	-	-	-	-	-	-	-
ACCOUNTS PAYABLE- TRADE CREDITORS	823	279	134	167	188	269	493	310	145
CREDITORS - OTHER	106	185	136	13	-	-	-	-	-
ACCRUALS	52	93	108	18	32	181	32	53	178
GST PAYABLE	29	88	182	209	118	107	101	214	300
ASSET PURCHASE LIABILITY	472	720	556	376	180	7	7	-	-
LOAN - GORDON BRUCE SMITH FAMILY TRUST	1,400	-	-	-	-	-	-	-	-
OTHER INTERCOMPANY	-	-	-	-	-	-	-	-	-
SUPERANNUATION UNPAID	-	-	-	-	-	-	52	106	68
SECURITY DEPOSIT HELD	10	10	17	17	17	7	7	7	-
CLEARING ACCCOUNT - Sales	-	-	-	-	-	-	-	-	43
PROVISIONS - Holiday Pay	104	137	110	103	74	65	85	72	78
- Customer rewards	-	65	95	70	68	59	60	45	47
- Income Tax	1	-	-	-	-	-	-	-	-
- Long Service Leave	20	39	42	36	43	48	51	53	52
Total Current Liabilities	3,017	1,615	1,379	1,008	720	743	887	862	824
NON CURRENT LIABILITIES									
INTERCOMPANY - LOAN GB SMITH TRUST	-	2,232	1,230	1,653	1,425	1,182	1,289	1,162	2,111
Total Non Current Liabilities	-	2,232	1,230	1,653	1,425	1,182	1,289	1,162	2,111
TOTAL LIABILITIES	3,017	3,848	2,610	2,661	2,145	1,924	2,177	2,024	2,935
NET ASSETS	- 79	- 809	- 297	- 647	- 420	- 125	- 167	- 196	- 1,106

ANNEXURE D



■ Trading entity

^ Guarantor to NAB Facility

* Mortgaged to NAB

ANNEXURE E

Trademarks Registered in the Name of Gordon Smith Marketing					
Registered Trademark Name	Details	Trademark Ref	Date Registered	Expiry Date	
Basic by Gordon Smith		1007857	23.06.04	23.06.24	
Indetity by Inter National Klothes		1304236	12.06.09	12.06.19	
Inter National Klothes		935906	17.09.03	28.11.22	
Miracle Jean - AUS		1280037	22.03.11	07.01.19	Current
Paradise Express A.U.S.T.R.A.L.I.A		732245	26.03.04	03.12.16	
International Registration					
Miracle Jean - NZ		809142	08.07.09	08.07.19	
Trademarks Registered in the Name Palm Beach Brands					
Registered Trademark Name	Details	Trademark Ref	Date Registered	Expiry Date	
And She Was		1490333	11.05.12	11.05.22	Current
Armoire		1464437	08.12.11	08.12.21	Current
Hammock & Vine		1298050	06.05.09	06.05.19	Current
Kamiko		1362861		21.05.20	
La Vie the Life	875325	13388054	21.12.09	21.12.19	
Gordon Smith	Application Pending				
Nathan Smith	927327	1455436	21.10.11	21.10.21	
Nouvelle Woman	T3322340	1228156	13.10.08	13.10.18	Current
Kiki and Lulu		1595648	09.12.13	09.12.23	Current
Kuku		1034450	14.12.04	14.12.24	
International Registration:					
And She Was	US Ser # 86-860,530	1490333	11.05.12	11.05.22	
Hammock & Vine	New Zealland	812517	10.09.10	06.05.19	
Nouvelle Woman	South Africa	2012/21693	13.08.12	13.08.22	
Hammock and Vine	South Africa	2012/01469	23.01.12	23.01.22	
Kiki & Lulu	South Africa	2014/12030	14.05.14	17.02.16	Current
Kuku	South Africa	2012/01470	23.01.12	23.01.22	
Gordon Smith	South Africa	2012/01471	23.01.12	23.01.22	
BASIC by Gordon Smith	South Africa	2012/01472	23.01.12	23.01.22	
Trademarks Registered in the Name of Rodney Clark Pty Ltd					
Registered Trademark Name	Details	Trademark Ref	Date Registered	Expiry Date	
Rodney Clark	T86839	1165712	03.11.03	08.03.17	Current
Business Name Registration in Name of Rodney Clark Pty Ltd					
Registered Trademark Name		Business Registration #	Date Registered	Expiry Date	
Rodney Clark		BN79628801	29.11.11	29.11.14	
Sizzle Boutique Noosa			03.03.16	03.03.19	

ANNEXURE F

SUMMARY OF RECEIPTS & PAYMENTS								
	Gordon Smith Marketing			Rodney Clark			Rodney Clark Retail	
	27 June to 31-Jul	August	Total	27 June to 31-Jul	August	Total		
	\$	\$	\$	\$	\$	\$		
Transfers from Company Bank Accounts	32,175	5,000	37,175	21,744		21,744		
Post appointment trading receipts				71,656		71,656		
Advances from Purchaser - Licence / Indemnity	316,193	96,300	412,493	158,667	245,905	404,572	No receipts or payments in period	
Bank Interest	1	2	3	11	10	21		
Worker's Compensation receipts		2,404	2,404					
Debtor receipts		4,274	4,274					
	348,369	107,980	456,349	252,078	245,915	497,993		
Bank Charges	11	8	19	22	24	46		
Wages & Salaries (net)	178,138	121,984	300,122	159,472	137,306	296,778		
Employee expenses				1,483	40	1,523		
Media Services to Administrator				3,850		3,850		
Freight charges					1,598	1,598		
Mezannine Floor Lease payments		7,317	7,317			-		
Valuation of vehicles		330	330			-		
Administrator disbursements		16,262	16,262			-		
	178,149	145,901	324,050	164,827	138,968	303,795		
Closing Bank Balance 31 August			132,299			194,198		

The following ASIC Insolvency information sheets can be obtained from

<http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- 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*

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the 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: The information sheets contain 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. These documents 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.

Return Estimate assuming Asset Sale Agreement Completes

Estimated Return Statement	Liquidation - Assuming Sale Completes						DOCA		
	Gordon Smith Marketing		Rodney Clark		Rodney Clark Retail		Assuming sale completes All Companies combined Pool Deed		
	High \$	Low \$	High \$	Low \$	High \$	Low \$	High \$	Low \$	
Assets									
Non Circulating Assets									
Proceeds from Business Sale	500,000	500,000	240,000	240,000	10,000	10,000	750,000	750,000	
Director Contribution to Deed	0	0	0	0	0	0	1,700,000	1,700,000	
Funds due - sale of Koolabah Farm	192,000	140,000	0	0	0	0			
Equity in motor vehicles sold	22,776	13,776	0	0	0	0	13,776	13,776	
Total Non circulating Assets	714,776	653,776	240,000	240,000	10,000	10,000	2,463,776	2,463,776	
Less Secured Creditor Claims									
Bank Guarantees (property leases)	0	0	130,256	130,256	0	0	130,256	130,256	
Other PPSR Claims	17,649	17,649	9,064	9,064	0	0	26,713	26,713	
	17,649	17,649	139,320	139,320	0	0	156,969	156,969	
Surplus after Secured Creditor and Circulating assets									
Surplus after paying Secured creditors	697,127	636,127	100,680	100,680	10,000	10,000	2,306,807	2,306,807	
Excess from Bank Guarantees	0	0	0	0	47,038	36,654	47,038	36,654	
Cash at Bank at Appointment	37,175	37,175	21,744	21,744	0	0	58,919	58,919	
Collection of non-factored debts	20,000	4,000	0	0	0	0	20,000	4,000	
Proceeds from Pre-Appointment Sales & Indooroopilly	0	0	71,656	71,656	0	0	71,656	71,656	
Sale of Indooroopilly Stock	0	0	5,000	5,000	0	0	5,000	5,000	
Total	754,302	677,302	199,080	199,080	57,038	46,654	2,509,420	2,483,036	
Less Administration Costs									
Administrator's Fees and Disbursements	242,812	242,812	120,262	120,262	18,072	18,072	381,145	381,145	
Estimated Legal Fees - Administration	100,000	110,000	50,000	60,000			150,000	170,000	
Estimated Deed Administrator's Fees & Disbursements							100,000	115,000	
Estimated Legal Fees - DOCA							40,000	70,000	
Total Administration Costs	342,812	352,812	170,262	180,262	18,072	18,072	671,145	736,145	
Surplus available for priority creditors	411,490	324,490	28,819	18,819	38,967	28,583	1,838,275	1,746,891	
Less Priority Creditor Claims									
Pre-Appointment Wages & Salaries Paid	5,600	5,600	32,400	32,400	0	0	38,000	38,000	
Indooroopilly Wages & Salaries	0	0	7,000	7,000	0	0	7,000	7,000	
Superannuation Entitlements	94,300	94,300	63,000	63,000	0	0	157,300	157,300	
Bonus outstanding	0	0	22,250	22,250	0	0	22,250	22,250	
Total Priority Creditors	99,900	99,900	124,650	124,650	0	0	224,550	224,550	
Surplus / (Deficiency) to Priority Creditors	311,590	224,590	-95,832	-105,832	38,967	28,583	1,613,725	1,522,341	
Antecedent recoveries net of direct costs (Liquidation only)									
Preference Recoveries	400,000	Nil	150,000	Nil	Nil	Nil	n/a	n/a	
Insolvent Trading	2,000,000	Nil	Incl in GSM	Nil	Nil	Nil	n/a	n/a	
Compensation for breach of directors duties	Unknown	Nil	Unknown	Nil	Unknown	Nil	n/a	n/a	
Uncommercial Transactions			Incl above at farm proceeds due		Nil	Nil	n/a	n/a	
Unfair Loans	Unknown	Nil	Unknown	Nil	Nil	Nil	n/a	n/a	
Unreasonable Director related transactions	500,000	Nil	Unknown	Nil	Nil	Nil	n/a	n/a	
Estimated antecedent recoveries	2,900,000	Nil	150,000	Nil	Nil	Nil	n/a	n/a	
Less Estimated Liquidator Realisation Costs:									
Estimated Liquidator's Fees & Disbursements	450,000		100,000		10,000	10,000			
Estimated Legal Fees - Liquidation	500,000		150,000		10,000	10,000			
	950,000	-	250,000	-	20,000	20,000			
Balance Available for Priority & Unsecured Creditors	2,261,590	Nil	Nil	Nil	18,967	8,583	1,613,725	1,522,341	
Priority Creditor Claims			95,832	105,832					
Unsecured Creditors	11,182,415	11,182,415	1,554,312	1,554,312	24,213	24,213	11,274,455	11,274,455	
Total Unsecured Creditors	11,182,415	11,182,415	1,650,144	1,660,144	24,213	24,213	11,274,455	11,274,455	
Estimated Dividend (cents in \$)	0.202	Nil	Nil	Nil	0.783	0.354	0.143	0.135	

Return Estimate based on Asset Sale Agreement NOT completing

	Liquidation Assuming no Sale					
	GSM		RC		RCR	
	High \$	Low \$	High \$	Low \$	High \$	Low \$
Assets						
Non Circulating Assets						
Proceeds from Business Sale						
Director Contribution to Deed						
Funds due - sale of Koolabah Farm	192,000	140,000				
Equity in motor vehicles sold	22,776	13,776				
Total Non circulating Assets	214,776	153,776	-		-	-
Less Secured Creditor Claims						
Bank Guarantees (property leases)			326,585	128,684		
Other PPSR Claims	17,649	17,649	9,064	9,064		
	17,649	17,649	335,649	137,748	-	-
Surplus after Secured Creditor and Circulating assets						
Surplus after paying Secured creditors	197,127	136,127	-	-	-	-
Excess from Bank Guarantees	-	-	-	-	-	-
Cash at Bank at Appointment	37,175	37,175	21,744	21,744	-	-
Collection of non-factored debts	15,000	4,000	-	-	-	-
Proceeds from Pre-Appointment Sales & Indooroopilly	-	-	71,656	71,656	-	-
Sale of Indooroopilly Stock	-	-	5,000	5,000	-	-
Total	249,302	177,302	98,400	98,400	-	-
Less Administration Costs						
Administrator's Fees and Disbursements	242,812	242,812	120,262	120,262	18,072	18,072
Estimated Legal Fees - Administration	100,000	110,000	50,000	60,000	-	-
Estimated Deed Administrator's Fees & Disbursements	-	-	-	-	-	-
Estimated Legal Fees - DOCA	-	-	-	-	-	-
Total Administration Costs	342,812	352,812	170,262	180,262	18,072	18,072
Surplus available for priority creditors	- 93,510	- 175,510	- 71,862	- 81,862	- 18,072	- 18,072
Less Priority Creditor Claims						
Pre-Appointment Wages & Salaries Paid	5,600	5,600	32,400	32,400		
Indooroopilly Wages & Salaries	-	-	7,000	7,000		
Superannuation Entitlements	94,300	94,300	63,000	63,000		
Bonus outstanding	-	-	22,250	22,250		
Annual Leave	226,000	226,000	72,000	72,000		
Long Service Leave	353,000	353,000	52,000	52,000		
Notice & Redundancy	632,000	632,000	352,000	352,000		
Total Priority Creditors	1,310,900	1,310,900	600,650	600,650	-	-
Surplus / (Deficiency) to Priority Creditors	- 1,404,410	- 1,486,410	- 672,512	- 682,512	- 18,072	- 18,072
Antecedent recoveries net of direct costs (Liquidation only)						
Preference Recoveries	400,000	Nil	150,000	Nil	Nil	Nil
Insolvent Trading	2,000,000	Nil	Incl in GSM	Nil	Nil	Nil
Compensation for breach of directors duties	Unknown	Nil	Unknown	Nil	Nil	Nil
Uncommercial Transactions	Incl above at farm proceeds due			Nil	Nil	Nil
Unfair Loans	Unknown	Nil	Unknown	Nil	Nil	Nil
Unreasonable Director related transactions	500,000	Nil	Unknown	Nil	Nil	Nil
Estimated antecedent recoveries	2,900,000	Nil	150,000	Nil	Nil	Nil
Less Estimated Liquidator Realisation Costs:						
Estimated Liquidator's Fees & Disbursements	450,000		100,000			
Estimated Legal Fees - Liquidation	500,000		150,000			
	950,000	-	250,000	Nil	Nil	Nil
Balance Available for Priority & Unsecured Creditors	545,590	Nil	Nil	Nil	Nil	Nil
Priority Creditor Claims	1,310,900					
Unsecured Creditors	11,182,415					
Total Unsecured Creditors	12,493,315	11,182,415	1,650,144	1,660,144	24,213	24,213
Estimated Dividend (cents in \$)	0.044	Nil	Nil	Nil	Nil	Nil
Note: The above dividend estimates will likely be impacted by increased claims of landlords for unearned rent and lease break costs along with claims of the Nab likely being higher - I am unable to quantify these						

A.S. Advisory Pty Ltd

(ACN 168 659 176)

SCALE OF RATES AND RELEVANT EXPERIENCE FOR EACH LEVEL OF STAFF – 1 June 2016

A.S. Advisory Pty Ltd (ACN 168 659 176) confirms that in all matters undertaken by me seek to charge an appropriate level of fees and expenses. They should be appropriate for me having regard to the complexity and demands of each assignment and appropriate for my clients having regard to their objectives in seeking our assistance.

A schedule detailing our rates to apply for the period commencing 1 June 2016 is set out hereunder. (Note that GST is a tax on services which is borne by the end consumer. It is not remuneration and will always be separately stated on invoices.)

Position	Relevant Experience	Rate (\$)
Partner/Appointee	Registered Liquidator - Many years specialist insolvency experience.	420
Director	More than 11 years insolvency experience and more than two years as a Senior Manager. Answerable to the appointee but otherwise responsible for all aspects of the Administrations	360
Senior Manager	More than 9 years insolvency experience and more than two years as a Manager. Well-developed technical and commercial skills. Responsible for managing the day to day running of Administrations. Manages staff and their training.	315
Manager	6-9 years insolvency experience. Well-developed technical and commercial skills. Should be consistently alert to opportunities to meet clients' needs and to improve the clients' future operation either by revenue enhancement or by reducing costs and improving efficiency. Manages 2-8 staff.	285
Supervisor	5-7 years insolvency experience. Will have conduct of minor Administrations and experience in control of 1-3 staff. Assists planning and control of medium to larger jobs.	240
Accountant	3-4 years insolvency experience. Assists planning and control of small to medium sized jobs as well as performing more technical work on complex Administrations.	200
Graduate	0-1 year insolvency experience. Required to assist in day-to-day fieldwork under supervision of more senior staff.	160
Bookkeeper	Appropriate skills including bookkeeping and maintenance of Administration financial accounts and attending to all statutory compliance work.	175
Secretary	Appropriate skills including typing, formatting and other administrative and communicative tasks associated with the appointment.	140