

**MERCHANT OVERSEAS LOGISTICS PTY LTD
ACN 108 934 685
(Administrators Appointed)
(‘the Company’)**

**Report by Administrators pursuant to
Section 75-225 of the Insolvency Practice Rules
(Corporations) 2016**

Andrew Schwarz and Jon Howarth

23 November 2017

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GLOSSARY

Defined term	Definition
ACN	Australian Company Number
All PAAP	All Present and After Acquired Property
ARITA	Australian Restructuring Insolvency and Turnaround Association (formerly known as the Insolvency Practitioners Association of Australia)
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
BCA	Bulk Convertors Australia Pty Ltd (Administrators Appointed)
DEEWR	Department of Education, Employment and Workplace Relations
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
EBITDA	Earnings before interest, tax, depreciation and amortisation
First Circular to Creditors	Administrators' Circular to Creditors dated 1 November 2017
First Meeting	Meeting pursuant to 436E of the Corporations Act held on 13 November 2017 for the Company at Comfort Inn Bay of Isles, Conference Room 32, The Esplanade Esperance WA 6450
GST	Goods and Services Tax
IPR	Insolvency Practice Rules (Corporations) 2016
MCL	Merchant Cement & Lime Pty Ltd
Merchant	Merchant Overseas Logistics Pty Ltd (Administrators Appointed)
Nab	National Australia Bank Limited
NPBT	Net Profit Before Tax
PPSA	<i>Personal Property Securities Act 2009</i>
PPSR	Personal Property Securities Register
Proof of Debt Form	Informal Proof of Debt Form
Proxy Form	Form 532 Appointment of Proxy
Raffles	FPG Raffles Pte. Ltd
RATA	Report as to Affairs pursuant to Section 438B of the <i>Corporations Act 2001</i>
the Act	<i>Corporations Act 2001</i>
the Administrators	Mr Andrew Schwarz and Jon Howarth
the Company	Merchant Overseas Logistics Pty Ltd ACN 108 934 685
the Director	Chris Dunphy
the Relation Back Period	1 May 2017 to 31 October 2017
the Second Meeting of Creditors	Second Meeting of Creditors convened pursuant to Section 439A of the Corporations Act to be held on 6 December 2017
the Statements	Statements about the Company's business, property, affairs and financial circumstances
this Report	The Report pursuant to Section 75-225 of the Insolvency Practice Rules (Corporations) 2016

1. INTRODUCTION

1.1 Appointment of Administrators

Mr Andrew Schwarz and Mr Jon Howarth ('the Administrators') were appointed Joint and Several Administrators of the Company on 31 October 2017 pursuant to Section 436A of the *Corporations Act 2001* ('the Act').

1.2 Object of Voluntary Administration

Pursuant to Section 435A of the Act, the object of a Voluntary Administration is to provide for the business, property and affairs of an insolvent company to be administered in a way that either:

- Maximises the chances of the company, or as much as possible of its business, continuing in existence, or
- If it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up.

On the date of our appointment we sought to maximise the chances of the Company's business continuing in existence by:

- Undertaking an urgent review of the Company's operations, financial accounts and management accounts.
- Securing all assets and arranging insurance cover.
- Liaising with the secured creditor, the Nab.
- Assessing the condition, location and value of plant and equipment to determine the most appropriate realisation strategy.

1.3 First Meeting of Creditors

On 13 November 2017, the first meeting of creditors of the Company was held pursuant to Section 436E of the Act to determine:

- Whether creditors wished to remove the Administrators and appoint someone else as Administrator of the Company.
- Whether to appoint a committee of inspection and, if so, who would be the committee's members.

At this meeting the Administrators' appointment was ratified. There were no nominations received for the committee of inspection and as such no committee was formed.

1.4 Second Meeting of Creditors and purpose of this Report

The Second Meeting of Creditors of the Company to be held pursuant to Section 439A of the Act has been convened for 12.00 noon on 6th December 2017 to be held at the Merchant Shipping Offices, 16 McDonald Road, Chadwick, WA 6450

Amongst other things, the Second Meeting of Creditors will determine the future of the Company.

At the forthcoming meeting the Administrators will be seeking creditors approval to adjourn the meeting to enable time for the Director to propose a Deed of Company Arrangement ('DOCA').

Pursuant to section 75-225 of the Insolvency Practice Rules (Corporations) 2016 ('IPR'), the purpose of this Report is to inform creditors about the Company's business, property, affairs and financial circumstances and to provide a statement to creditors and give reasons for our opinion with respect to the following matters:

- Whether it would be in creditors' interests for the Company to execute a DOCA;
- Whether it would be in creditors' interests for the Administration to end and control of the Company be returned to the Director; or
- Whether it would be in creditors' interests for the Company to be wound up.

At the time of writing this Report no proposal for a DOCA has been received for the Company. Accordingly, creditors can only resolve that the administration ends or that the Company be wound up. Notwithstanding this, the Director has indicated he is working on a DOCA proposal which is likely to provide creditors with a greater return than liquidation. **Accordingly at the forthcoming meeting the Administrators will be proposing that the second meeting be adjourned for a period of up to 45 business days pursuant to IPR 75-130.**

1.4.1 Administrators opinion as to future of Company

As disclosed in Section 8 and **Annexure A** of this Report, the Administrators are at this stage only able to recommend that creditors place the Company into liquidation as no proposal for a DOCA has been received and the Company is insolvent. However, as noted above the Administrators will be seeking an adjournment of the meeting to allow time for the Director to propose a DOCA.

1.5 Independence

As stated in our First Circulars to Creditors dated 1 November 2017 we have adopted the Code of Professional Practice in relation to independence on the appointment of Administrators as released by ARITA, which is applied by members of ARITA.

Section 448C of the Act lists the circumstances whereby a person is disqualified and unable to seek or consent to be appointed as, or act as, Administrator of a company. We do not believe that we are prohibited from accepting the positions of Joint and Several Administrators of the Company pursuant to the Act.

Pursuant to the ARITA Code of Professional Practice, we have had no prior involvement with the Company, its Officers, or any related party which would preclude us from accepting the appointment. On 9 October 2017 we were appointed Voluntary Administrators of a related entity, Bulk Convertors Australia Pty Ltd ('BCA'). That appointment was referred to us by Martin Casey of the Thorney Group. As a result of our appointment to BCA we were asked to consent to Act as Administrators of the Company. Given the inter-relationship between BCA and the Company we believe we are best placed to administer the Company and do not believe this results in any conflict of interest.

In accordance with the ARITA Code of Professional Practice, a DIRRI was provided to creditors in the First Circular to Creditors and is attached at **Annexure B**. There is no change or update to that DIRRI.

In accordance with Section 436DA of the Act, the DIRRI was lodged with ASIC on 2 November 2017.

1.6 Disclaimer

This Report, the statements herein and the investigations of the Company's affairs has been prepared and conducted from available books and records and information provided by the Company's Officers, key personnel where applicable and from our own enquiries.

Whilst we have no reason to doubt any information contained in this Report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially change from the date of this Report.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this Report and the date of the Second Meeting of Creditors.

Neither A.S. Advisory Pty Ltd, nor any member, employee or consultant thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to us. Should creditors have information that may assist our investigations into the Company's affairs, please forward details to our office.

2. THE COMPANY'S BUSINESS, PROPERTY AND AFFAIRS

2.1 STATUTORY INFORMATION

A summary of the statutory details for the Company based on a search of the ASIC database is set out below.

Item	Details
ACN	108 934 685
Date Registered	4 May 2004
Registered Office	Unit 132, 15 Hall Street, Port Melbourne, Victoria
Former Registered Office	491 Spencer Street, West Melbourne, Victoria (from 2 June 2009 to 18 April 2011) 9 Trade Park Drive, Tullamarine, Victoria (from 4 May 2004 to 1 June 2009)
Principal Place of Business	Unit 132, 15 Hall Street, Port Melbourne, Victoria
Former Principal Place of Business	491 Spencer Street, West Melbourne, Victoria (from 4 May 2009 to 24 March 2011) 9 Trade Park Drive, Tullamarine, Victoria (from 4 May 2004 to 3 May 2009)
Director	Chris Dunphy (appointed 18 October 2005)
Secretary	John Cahill (appointed 4 May 2004)
Number of Shares	21,000
Shareholder	Dos Equis Pty Ltd (100%) ACN 121 500 829

2.1.2 Registered security interests

The Personal Property Securities Register ('PPSR') discloses the following registered security interests:

No.	Secured Party	Date Registered	Collateral Class	PMSI
1	Royal Wolf Trading Australia Pty Ltd	30 Jan 2012	Other Goods	Yes
2	BOC Limited	18 June 2013	Other Goods	Yes
3	Kalgoorlie Consolidated Gold Mines Pty Ltd	11 Dec 2013	Other Goods	Yes
4	Allied Forklifts Pty Ltd	4 April 2014	Other Goods	Yes
5	Allied Forklifts Pty Ltd	4 April 2014	Motor Vehicle	Yes
6	Nab	21 June 2014	All PAP	No
7	Redstar Equipment Pty Ltd Onsite Rental Group Operations Pty Ltd	11 July 2014	Other Goods	Yes
8	Redstar Equipment Pty Ltd Onsite Rental Group Operations Pty Ltd	18 Sept 2014	Other Goods	Yes
9	Royal Wolf Trading Australia Pty Ltd	16 Oct 2014	Other Goods	Yes
10	Coates Hire Operations Pty Ltd	7 Nov 2014	Motor Vehicle	Yes
11	Coates Hire Operations Pty Ltd	7 Nov 2014	Other Goods	Yes
12	Seaco Global Limited	11 Dec 2015	Other Goods	Yes
13	Macquarie Leasing Pty Ltd	22 Dec 2015	Motor Vehicle	Yes
14	MLG OZ Pty Ltd	27 Oct 2016	Other Goods	Yes
15	MLG Oz Pty Ltd	27 Oct 2016	Motor Vehicle	Yes
16	Caru Specialized Leasing Pte Ltd	9 Dec 2016	Other Goods	No
17	Caru Specialized Leasing Pte Ltd	9 Dec 2016	Other Goods	Yes

The major secured creditor is the Nab who are owed \$1.07 million according to the records of the Company. This relates to the funding the acquisition of land in Esperance, Western Australia. Please refer to section 2.4.1 for further information regarding this property. In addition to this, the Company also guarantees the facilities provided by Nab to BCA. BCA, a related entity, owes Nab approximately \$920,000.

We have written to all other PPSR registrations seeking information on the registration and any amounts owed. To date we have had no responses. We understand that all other PPSR registrations relate to hired plant and equipment or vehicles that were leased. These have since been paid out or the goods returned. Accordingly these should fall away.

2.2 COMPANY'S HISTORY AND BACKGROUND

The Company was incorporated on 4 May 2004 and is part of a group of companies operated by the Director, Mr Chris Dunphy that trade in the shipping and transportation industry.

The Company started trading in mid 2004 as an international freight forwarding business. The Company incurred losses up to 2009 financial year when it was decided that it would move away from being an international freight forwarder and start being a direct shipping business. The opportunity of moving mineral concentrates from Western Australia in half height containers had been identified and over the next few years shipping contracts were signed with a number of leading nickel and gold exporters. Nearly all this product was shipped out of the Port of Esperance.

From 2015 the Company was adversely impacted by the progressive decline in the mining industry's profitability particularly with the price of nickel dropping from a high of over USD\$20 per pound to under USD\$5 per pound. This resulted in customers not renewing contracts to move product in half height containers but instead utilising cheaper shipping methods and in some cases placing their operations into care and maintenance.

Further, a major international shipping competitor, MSC, began making Esperance a regular port call on its service to China. As a result of increased competition and cheaper shipping alternatives the Company was no longer able to compete on price.

2.3 DECISION TO APPOINT ADMINISTRATORS

As detailed above, in recent years, the Company has experienced a decrease in demand and an increase in competition due to the introduction of a major international shipping business, MSC.

The last customer gave notice that they had decided to start shipping with MSC from October 2017 resulting in a substantial loss of cash flow.

We were advised by the Director that the Company did not have sufficient cash flow to satisfy its debts and accordingly a decision was made to appoint Voluntary Administrators to the Company on 31 October 2017.

2.4 STATEMENT ABOUT THE COMPANY'S BUSINESS, PROPERTY, AFFAIRS AND FINANCIAL CIRCUMSTANCES ('RATA')

Pursuant to Section 438B of the Act, a director is required to provide the Administrators with a Statement about the Company's Business, Property, Affairs and Financial Circumstances ('RATA') within five (5) days of receipt of our request. The RATA represents a summary of the book value of the assets and liabilities of the company and the director's estimate of the realisable values ('ERV') of the assets and liabilities as at the date of appointment.

The Director submitted a RATA on 6 November 2017. A copy of the RATA is enclosed as **Annexure C** and a summary is provided below.

Description	Notes	Book Value (\$)	Estimated Realisable Value (\$)
Assets subject to specific security interests	2.4.1	1,782,000	1,834,600
Less: Relevant secured creditor claims		(1,804,600)	(1,804,600)
Surplus/(Deficit) on specific security interests		(22,600)	30,000
Assets not specifically charged			
Interest in land		Noted above	Noted above
Sundry debtors	2.4.2	7,354,247	2,000,876
Cash on hand		Nil	Nil
Cash at bank	2.4.3	98,200	98,200
Stock		Nil	Nil
Work in progress		Nil	Nil
Plant and equipment	2.4.4	162,989	50,000
Other	2.4.5	128,195	Nil
Surplus/(Deficit)		7,721,031	2,179,076
Sub Total			
Less: other creditor claims			

Employee entitlements	2.4.6	Nil	Nil
Preferential Creditors		Nil	Nil
General security interest holders	2.4.7	Nil	Nil
Unsecured creditors	2.4.8	(4,668,112)	(4,668,112)
Surplus/(Deficiency) to creditors		3,052,920	(2,489,035)
Plus: Contingent assets			
Less: Contingent liabilities	2.4.9	(1,340,722)	(1,340,722)
Surplus/Deficiency to creditors after contingencies		1,712,198	(3,829,757)

**Note: The Director disclosed debtors and contingent creditors in US dollars. For the purpose of the above analysis, we have converted values disclosed in US dollars to Australian dollars using the currency exchange rate as at the date of appointment.*

Notes:

2.4.1 Assets Subject to Specific Security Interest

The Director has disclosed the following properties in the RATA:

Asset	Book Value	Estimated Realisable Value	Amount owing to Nab - Mortgage	Amount owing to Dos Equis Pty Ltd - Caveat
Vacant Land - Lot 1 on Deposited Plan 73198 Chadwick WA	\$1,047,400	1,834,600	1,070,000	0
Vacant Land - Lot 2 on Deposited Plan 75537 Chadwick WA	\$470,000			734,600
Caltex Australia Tenancy – Lot 4 on Deposited Plan 75537 Chadwick WA	\$264,600			
Total	1,782,000	1,834,600	1,070,000	734,600

The caveat lodged by Dos Equis Pty Ltd secures a loan agreement entered into on 10 July 2016 between the Company and Dos Equis Pty Ltd. Pursuant to this loan agreement an amount of \$734,600 was advanced with an interest rate of 4.5% to fund the purchase of Lot 2 and Lot 4 on Deposited Plan 75537. The loan agreement also allowed Dos Equis Pty Ltd to lodge a caveat over the two properties as security.

We have been advised by the Director that a company associated with him, Ricebowl Pty Ltd has entered into a contract of sale with the Company to acquire Lot 1 on Deposited Plan 73198. The contract is conditional on a third party entering into a lease of the property to develop the land. We understand a final decision by the third party is due within the next 2 months.

Following our appointment, we engaged Opteon Property Valuers to conduct a valuation on the three lots. At the time of writing we have not received these valuations. The Director has indicated a possible willingness to acquire these properties as part of a DOCA. We are also exploring other realisation strategies for the properties. At the time of writing it is uncertain as to what value the properties may realise and whether there would be any equity available after the re-payment of the secured loans.

2.4.2 Sundry Debtors

The RATA indicates the following debtors:

Debtor	Amount (\$)	Recoverability
Merchant Cement & Lime Pty Ltd	621,310.18	Unlikely
Merchant Con-Haul Pty Ltd	6,722,429.36	2,000,000
Christabell Maritime Pte Ltd	9,631.01	Unlikely
MLG Oz	876.83	876.83
Total	7,354,247.38	2,000,876.83

Creditors should note that based on the Director's estimate and our preliminary investigations, we anticipate that an amount of \$2,000,876.83 may be recoverable from the debtors of the Company.

Merchant Cement & Lime Pty Ltd ('MCL') is a related entity within the group. The Director has advised that it has been trading at a loss for some time and does not have the funds to repay the loan. We have been provided with the balance sheet for MCL as at June 2017. This shows a net asset deficiency of \$(1.17m) supporting the Director's comments.

Merchant Con-Haul Pty Ltd is also a related entity within the group. . The Director has advised that it would have to sell assets to make a repayment and the assets are over valued. We have been provided with the balance sheet as at 30 June 2017. This shows that excluding the loan to the Company the net assets of Merchant Con-Haul Pty Ltd as at 30 June was \$4.2m. We are currently in discussions with the Director regarding the repayment of this loan.

Christabell Maritime Pte Ltd is also a related entity within the group. The Director has advised that it is a holding company with no assets or sources of income. We have been provided with the balance sheet for Christabell Maritime Pte Ltd as at December 2016. This shows that it has very few assets with a net asset deficiency of \$(1.69m).

MLG Oz is not related to the Company. Since our appointment we have contacted this debtor and demanded payment.

As at the date of this report, we have not recovered any amounts from the debtors of the Company.

2.4.3 Cash at Bank

As at the date of our appointment, the Company operated two bank accounts with Nab. These accounts consisted of a transaction account and a US dollar account. The balance of these accounts upon our appointment, according to the Director's RATA was as follows:

Account Type	\$
Nab AUD bank account	AUD \$56,413.41
Nab USD bank account*	USD \$32,062.93
Total	AUD \$98,200.10

**Note: For the purpose of the above analysis and the summary of the RATA provided above, we have converted the funds available in the US dollar account to Australian dollars using the Reserve Bank of Australia currency exchange rate of \$0.7673 as at the date of appointment.*

The Company's records indicate the sum of \$56,413.41 and USD \$41,830.30 was held in the Nab bank accounts at the date of our appointment.

Following our appointment, we requested that Nab place a freeze on the above two bank accounts. We are currently waiting for confirmation from Nab in relation to the amount held in the Company's bank account.

It is likely that these funds will be retained by the Nab pursuant to its security and will not be available to unsecured creditors.

Our investigations have not identified any other bank accounts in the name of the Company.

2.4.4 Plant and Equipment

The Director disclosed in the RATA plant and equipment with an estimated realisable value of \$162,989. The plant and equipment owned by the Company consists of computer software and hardware, office equipment, containers, furniture and fittings and other minor assets.

Following our appointment, we engaged Hymans Auctioneers and Valuers to review the plant and equipment, list and provide asset values. We have received a report from Hymans that indicates the value of the plant and equipment may be in the vicinity of \$54,254 to \$122,645. However, it is noted that some equipment, in particular containers that are located overseas, may be difficult to realise. Further the Nab would have first claim to the assets pursuant to their security.

As noted above, at the time of writing it is not known what the land may realise and whether or not this will be sufficient to meet the debt owed to the Nab or whether they will also have a claim to the plant and equipment to dis-charge their debt.

2.4.5 Other Assets

The Director disclosed in the RATA a deposit of \$106,000 and interest thereon of \$22,195. The deposit was for the purchase of a block of land being Lot 9003 on Deposited Plan 75537 Chadwick WA. The deposit and interest were retained by the sellers when the Company was unable to complete the sale.

We have reviewed the sale contract and correspondence relating to the termination of the contract. In accordance with these documents the seller was entitled to retain the deposit and interest thereon. We also note that the deposit and interest was fully impaired in the Company's accounts at the date of our appointment.

2.4.6 Employee Entitlements

The Company employed six (6) employees. The Director has advised that these employees were terminated on 30 October 2017 and their annual leave and outstanding wages paid. Superannuation and termination entitlements at the time of administration are still owed to the employees. Pursuant to the Corporations Act, employee entitlements have priority over circulating assets including cash, stock and debtors.

An estimate of the employee claims is provided below:

Employees	Superannuation	Termination	Total Entitlements
6 Employees	\$1,497	\$28,060	\$29,557

2.4.7 General Security Interest Holders

The RATA does not disclose any amounts owing the general security interest holders.

A search of the PPSR disclosed one (1) registered All PAP security interest registered over all past and present assets of the Company in favour of Nab. Our preliminary investigations indicate that the debt owed to Nab is approximately \$1,070,000.

2.4.8 Unsecured Creditors

The Director disclosed amounts owing to ordinary unsecured creditors of approximately \$4.6 million, which includes amounts of \$2,725,630.58 owing to entities related to the Company.

Creditors should note that the Administrators have not formally called for Proof of Debt forms from creditors and have not adjudicated on any creditor claims, accordingly these amounts may change.

2.4.9 Contingent Liabilities

The Director disclosed amounts that may be owing to the Nab of \$1,327,764 and Seaco Global Australia of USD \$9,942.35*. The amounts potentially owing to the Nab arise from the Company being guarantor on loans for related entities, BCA & MCL. The amount owing to Seaco Global Australia relates to a disputed make good claim on the return of leased containers.

**Note: For the purpose of the above analysis and the summary of the RATA provided above, we have converted the funds available in the US dollar account to Australian dollars using the Reserve Bank of Australia currency exchange rate of \$0.7673 as at the date of appointment.*

3. HISTORICAL FINANCIAL PERFORMANCE AND POSITION

3.1 BOOKS AND RECORDS

Section 286 of the Act requires companies to keep written financial records that correctly record and explain its transactions and financial position and performance and would enable true and fair financial statements to be prepared and audited. A company is required to retain its financial records for a period of seven years.

The Company maintained computerised accounting records utilising Cargo wise accounting software to the date of our appointment. Further, the Company maintained externally prepared financial accounts up to the financial year ended 30 June 2016. A copy of the most recent externally prepared financial accounts, being for the year ended 30 June 2016 are enclosed for creditors reference as **Annexure D**.

Creditors should note that we have not audited the financial accounts or management accounts and accordingly we are unable to provide any warranty as to the accuracy of the information contained in the accounts. An analysis of the financial position and performance of the Company based on the information contained in the financial accounts and management accounting file is provided in Section 3.2 and 3.3 of this Report.

Based on our preliminary assessment of the information available to the Liquidators, we consider that the Company maintained sufficient books and records that comply with the requirements of Section 286 of the Act.

3.2 HISTORICAL FINANCIAL PERFORMANCE

The financial performance of the Company over the four years to 30 June 2017 and for the period 1 July 2017 to 31 October 2017 is summarised in the table below:

Description	FY 2014 \$	FY 2015 \$	FY 2016 \$	FY 2017 \$	YTD 31 Oct 17 \$
Income	43,255,506	39,351,255	43,220,947	19,966,224	3,089,457
Less: Cost of Goods Sold	(37,794,242)	(34,581,277)	(37,793,927)	(16,315,736)	(2,178,187)
Gross Profit from trading	5,461,264	4,769,978	5,427,020	3,650,488	911,270
Operating Expenses					
Staff Expenses	(1,337,623)	(1,537,615)	(1,271,619)	(1,128,480)	(279,525)
Marketing and travel expenses	(1,546,125)	(1,339,161)	(982,094)	(960,581)	(279,367)
Motor vehicle expenses	(155,663)	(195,169)	(136,928)	(108,978)	(87,556)
Professional expenses	(1,927,326)	(1,143,865)	(1,166,109)	(552,397)	(114,097)
Rent and general expenses	(240,738)	(278,497)	(194,255)	(186,766)	(126,558)
Communication expenses	(163,604)	(170,640)	(175,947)	(148,208)	(42,278)
Warehouse expenses	(31,384)	(73,799)	(8,475)	(10,819)	(2,338)
Total Operating Expenses	(5,402,463)	(4,738,746)	(3,935,427)	(3,096,229)	(931,719)
Add: Other Income	97,701	853,513	420,604	457,988	15,691
Less: Other expenses	(118,329)	(18,764)	(1,360,768)	(928,717)	(3,905)
EBITDA	38,173	865,981	551,429	83,530	(8,663)
Interest	(98)			(43,809)	(20,098)
Tax	(15,146)	(184,582)	(188,847)		
Depreciation	(23,082)	(32,638)	(27,765)	(21,428)	(5,542)
Amortisation	(49,286)	(16,429)	-		
Operating Profit/(Loss)	(49,439)	632,332	334,817	18,292	(34,302)

A copy of the Company's most recent financial statements, being for the financial year ended 30 June 2016 are enclosed as **Annexure D** and contain a Statement of Financial Performance. For creditors' reference, we have also enclosed as **Annexure E** a copy of the Statement of Financial Performance for the period 1 July 2017 to 31 October 2017, extracted from the management accounts maintained by the Company prior to our appointment.

We note the following in relation to the Company's financial performance since the financial year ended 30 June 2014:

- Sales peaked in FY 2014 and FY2016, with sales recorded at \$43.2 million. Sales deteriorated significantly in FY 2017 to \$19.9m. Management attribute the decline in sales to the downturn in the mining industry in Australia and a resultant decline in demand for its specialised half height containers.
- The Company attempted to address the declining sales by reducing the cost of goods sold by 5%. This resulted in an increase in gross margin from 13% in FY2016 to 18% in FY2017. The Company also reduced management and consulting fees and wage costs in FY2017.
- The YTD accounts for the period to 31 October 2017 reflect the significant downturn in demand for the Company's products, with only \$3m of sales being generated during this period, resulting in an EBITDA loss of \$(28,760) for the period.

3.3 HISTORICAL FINANCIAL POSITION

A summary of the financial position of the Company over the four years to 30 June 2017 and for the period 1 July 2017 to 31 October 2017 is summarised in the table below:

Description	FY 2014 \$	FY 2015 \$	FY 2016 \$	FY 2017 \$	YTD 31 Oct 17 \$
Current Assets					
Cash and cash equivalents	435,648	593,293	2,400,222	374,185	107,022
Trade and other receivables	5,483,011	5,137,246	2,556,331	1,212,689	(8,075)
Inventories	29,252				
Other current assets	224,315		44,912	10,276	112,327
Total Current Assets	6,172,226	5,730,539	5,001,465	1,597,150	211,274
Non Current Assets					
Trade and other receivables	7,160,832	8,503,144	8,967,315	7,361,310	7,343,740
Property, plant and equipment	199,896	215,554	839,006	2,052,517	2,051,474
Financial assets			120		
Intangible assets	16,428			7,123	7,123
Total Non Current Assets	7,377,156	8,718,698	9,806,441	9,420,950	9,402,336
TOTAL ASSETS	13,549,382	14,449,237	14,807,906	11,018,100	9,613,610
Current Liabilities					
Trade and other payables	(9,277,583)	(10,572,670)	(8,902,770)	(7,997,206)	(5,738,517)
Current tax liabilities	(15,146)	(39,576)	(5,251)	72,394	56,077
Financial liabilities	(97,336)	(46,869)	(43,484)		
Short term provisions	(117,304)	(106,885)	(52,867)	(38,923)	
Other accruals	(2,264,492)	(2,252,459)	(3,580,104)	(1,136,193)	(574,600)
Total Current Liabilities	(11,771,861)	(13,018,459)	(12,584,476)	(9,099,928)	(6,257,040)
Non Current Liabilities					
Financial liabilities	(1,886,467)	(907,392)	(1,365,228)	(1,041,680)	(1,070,000)
Contingent liabilities					(1,444,384)
Total Non Current Liabilities	(1,886,467)	(907,392)	(1,365,228)	(1,041,680)	(2,514,384)
TOTAL LIABILITIES	(13,658,328)	(13,925,851)	(13,949,704)	(10,141,608)	(8,771,424)
NET ASSETS	(108,946)	523,386	858,202	876,492	842,186

A copy of the Company's most recent financial statements, being for the financial year ended 30 June 2016 are enclosed as **Annexure D** and contain a Statement of Financial Position. For creditors' reference, we have also enclosed as **Annexure E** a copy of the Statement of Financial Position as at 30 November 2017, extracted from the management accounts maintained by the Company prior to our appointment.

We note the following in relation to the Company's financial position since 30 June 2014:

- The Company's key working capital asset appears to have been trade receivables, which declined 53% from \$2.5 million as at 30 June 2016 to \$1.2m at 30 June 2017. As a function of sales, we consider this decline to be in line with the Company's performance and Management's explanation for the failure of the business.
- The carrying value for the three properties owned by the Company shown in the FY2016 financial statements was \$651,045. The carrying value for these properties as shown in the FY2017 and 31 October 2017 management accounts was \$1.89m. We are advised the amount showing in the FY2016 was for deposits on the three properties. These properties settled in FY2017.

- Trade payables appear to have declined 10% and 28% from FY2016 to FY2017 and FY2017 to 31 October 2017, respectively. This decline has not been to the same extent as the decline in trade receivables, illustrating the likely cashflow constraints the Company was experiencing.
- The Company had loan facilities with NAB which were secured over the assets and undertaking of the Company. We have been advised by the Director that, as at the date of our appointment, approximately \$1,070,000 remained outstanding in respect of these facilities.

Creditors should note that we have not audited the management accounts and therefore we are unable to provide any warranty as to the accuracy of the information contained in the above report.

4. ADMINISTRATION ACTIONS AND TRADING

4.1 ADMINISTRATORS ACTIONS

As disclosed in Section 1.2 of this Report, on our appointment, after liaising with key stakeholders, we conducted a preliminary analysis of the business of the Company to determine a strategy that would result in the best return for creditors, taking into account the Company's circumstances.

Since our appointment we have attended to numerous issues. A summary of some of these issues is detailed below:

- Holding discussions with the Director;
- Conducting preliminary assessment of the viability of the business of the Company;
- Convening and holding the First Meeting of Creditors on 13 November 2017;
- Attending to creditor enquiries and questions;
- Attendance at the Company's Esperance and Melbourne offices to assess the assets;
- Review of the Company's records and investigations into its operations and reasons for failure;
- Review of the Company's insurance policies for adequacy and liaising with our insurance brokers for the placement of Administration period insurance policies;
- Discussions with the Director regarding the location and condition of assets owned by the Company.
- Liaising with the Director in relation to debtors and the likelihood of recovery of debtors.
- Liaising with banking institutions regarding bank accounts currently or previously in the name of the Company.
- Liaising with the secured creditor in relation to security interests.
- Preparing written report to the secured creditor and engaged with them.
- Engaging Hymans and Opteon to conduct an independent value of the assets.
- Complying with statutory obligations including ASIC notifications;
- Conducting preliminary investigations into the Company's operations and
- Preparation of this Report and convening of the Second Meeting of Creditors.

A summary of receipts and payments for the Company for the period 31 October 2017 to 22 November 2017 is enclosed at **Annexure F**.

4.2 ADMINISTRATION TRADING

The Company's trading activities prior to our appointment were limited to dealings with related parties and a select number of other customers. Trading ceased prior to our appointment and all employees were terminated on 30 October 2017 prior to our appointment.

5. INVESTIGATIONS

The Act requires the Administrators to carry out preliminary investigations into the Company's business, property, affairs and financial circumstances.

These preliminary investigations are focused on transactions entered into by the Company that a liquidator might seek to void or otherwise challenge where a company is wound up. Preliminary investigations allow the Administrators to advise creditors about the potential recoveries that might become available to a liquidator in order for creditors to properly assess whether to accept a DOCA proposal or resolve to wind up a company.

Funds recovered would be available to unsecured creditors, including any secured creditors to the extent of any shortfall incurred after realising their security.

A liquidator may recover funds from each type of transaction detailed in the Creditor Information Sheets provided by ASIC. A list of these sheets is provided at **Annexure G** of this Report. A deed administrator does not have recourse to these voidable transactions. A liquidator may also recover funds through other avenues; for example, through action seeking compensation for insolvent trading or breaches of director's duties.

Administrators are not obliged to carry out investigations to the same extent as liquidators. A liquidator may require many months of investigation and may also need to conduct public examinations before forming a concluded view on recovery action. We have investigated matters to the extent possible in the time available.

The Administrators' knowledge of the Company's affairs comes principally from the following sources:

- Communications with creditors;
- Discussions with the Director and their advisors;
- Searches obtained from ASIC and the Personal Property Securities Register;
- An examination of the Company's books and records including their financial statements and management accounts.

Should creditors resolve that the Company be wound up at the Second Meeting of Creditors, there may be transactions where money, property or other benefits may be recoverable by a Liquidator. We will need to undertake further investigations into the following areas, however, we provide our initial findings into:

- Insolvent trading at Section 5.1.
- Voidable transactions at Section 5.2.
- Directors' and officers' responsibilities at Section 5.3.
- Offences at Section 5.4.

5.1 INSOLVENT TRADING

Directors have a positive duty to prevent a company from trading whilst it is insolvent. If a director is found to have contravened section 588G of the Act they may be ordered to pay an amount of compensation to the company equal to the amount of loss or damage suffered by creditors as a result of the contravention.

A director may be personally liable to a company if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the company is insolvent, or becomes insolvent by incurring that debt. A company is insolvent when it cannot pay its debts as and when they fall due.

An action for insolvent trading is generally undertaken by a liquidator, however, in the event that a liquidator elects not to pursue such action, creditors may be able to pursue a director for a claim for insolvent trading directly. Claims for insolvent trading are often difficult to prove and directors have a number of defences available to them pursuant to Section 588H of the Act.

To be successful in pursuing a claim against a director for insolvent trading, the Liquidator must prove that the company was insolvent at the relevant date. The basic tests of insolvency relate to both the net asset position of the company (the balance sheet test) and whether the company can pay its debts as and when they fall due (the cash flow test). The assessment of a company's solvency is complex and comes down to a question of fact in the circumstances which requires detailed examination.

Pursuant to case law, there are a number of indicators of insolvency which we also take into consideration. A company can also be deemed to be insolvent under a statutory presumption where books and records are not adequately maintained. Further information with respect to this matter is disclosed below:

5.1.1 Statutory presumption of insolvency

Pursuant to Section 286 of the Act, companies are required to maintain financial records which correctly record and explain its transactions, financial position and performance and that would enable true and fair financial statements to be prepared and audited.

In accordance with Section 588E of the Act, a company is presumed to have been insolvent if it failed to maintain books and records that comply with the requirements of Section 286 of the Act.

As detailed earlier in this Report, based on our preliminary review of the books and records of the Company, it appears that the Company complied with the requirements of Section 286 of the Act. In this regard, should the Company be placed into liquidation at the Second Meeting of Creditors, it is unlikely that the liquidator would be able to rely on the statutory presumption of insolvency in pursuing an insolvent trading claim against the Director.

5.1.2 Indicators of Insolvency

Some of the indicators of insolvency include:

Continuing losses

The Company's financial performance for the four years to 30 June 2017 is summarised in the table below:

Period	Profit/(Loss) \$
FY 2014	(49,439)
FY 2015	632,332
FY 2016	334,817
FY 2017	18,293
1 July 2017 to 31 October 2017	(34,303)

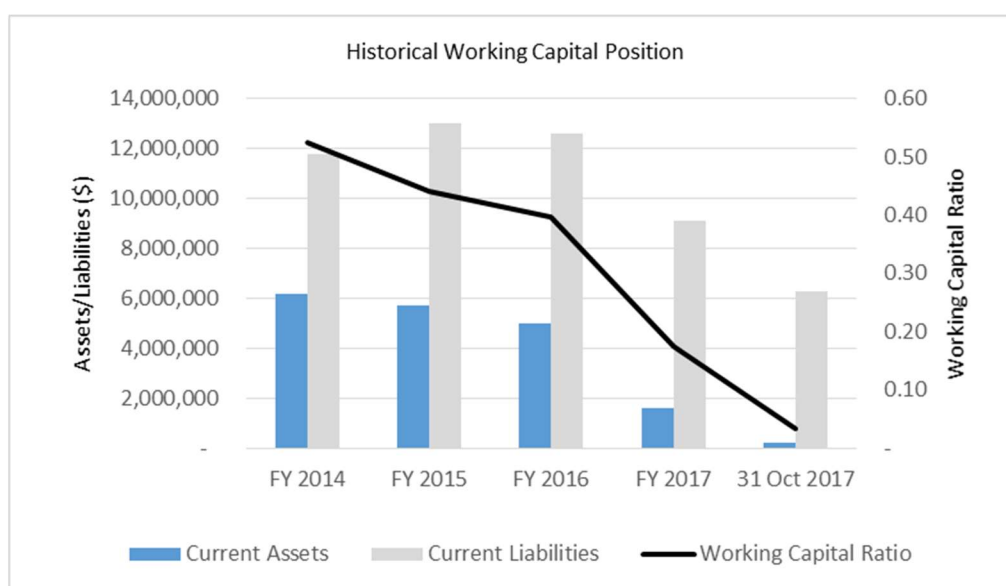
We note the following:

- The Company's profits were declining from FY 2015 however it did not incur any losses until the period 1 July 2017 to 31 October 2017. This is in line with the Director's explanation for the failure of the business.
- The loss incurred in the period ended 31 October 2017 does not exceed the combined profits generated from the previous financial years.

Working Capital Ratio

The working capital ratio is a financial measurement of the operating liquidity available to a business. A working capital ratio of more than 1 indicates that a business is able to pay its short term liabilities, whereas a working capital ratio of less than 1 indicates that a business is unable to meet its short term liabilities.

The below chart summarises the Company's historical working capital ratio from the financial year ended 30 June 2014 to the date of appointment.



Please note that the working capital ratio shown above includes loans to related entities in FY2017 and the period ended 31 October 2017. If these loans were excluded the working capital ratios for these periods would increase as set out in the table below:

Period	Working Capital Ratio incl Related Party Loans	Working Capital Ratio excl Related Party Loans
FY 2017	0.18	0.29
1 July 2017 to 31 October 2017	0.03	0.08

We note the following:

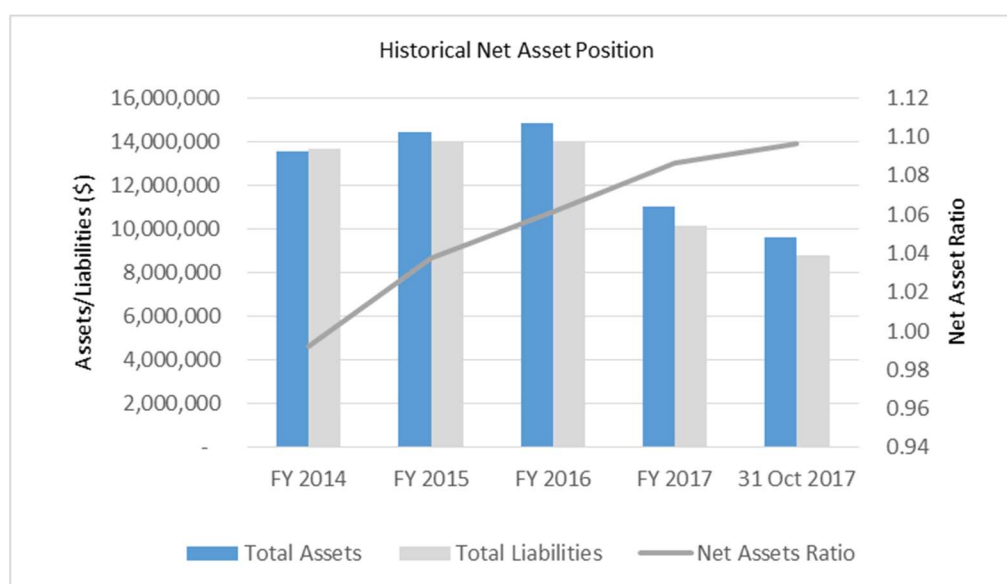
- The Company's liquidity position has largely been driven by the value of trade receivables and trade payables.

- For all reporting dates the value of current liabilities – namely trade payables exceeded the value of current assets, resulting in a current ratio of less than 1 as at 30 June 2014, 30 June 2015, 30 June 2017 and 31 October 2017. A current ratio of less than 1 supports the assertion that the Company could not meet its short term debts from liquid assets and therefore may have been insolvent at the date the ratio was calculated.

Historical Net Asset Ratio

Whilst the working capital ratio is the primary ratio used to demonstrate insolvency, the Administrators have also assessed the longer-term assets and liabilities of the Company and have considered whether a surplus of assets exists over total liabilities.

The below chart summarises the Company's historical net asset position from the financial years ended 30 June 2014 to 30 June 2017 and for the period 1 July 2017 to 31 October 2017.



We note the following:

- The Company's net asset ratio has increased from 0.99 as at 30 June 2014 to 1.10 as at 31 October 2017.

Outstanding Taxation Obligations

Our preliminary investigations indicate that the Australian Taxation Office is not a creditor of the Company, indicating that, as at the date of our appointment, the Company was in compliance with its tax obligations.

Compliance with Lease Obligations

Prior to our appointment, the Company leased premises located at Unit 132, 15 Hall Street, Port Melbourne, Victoria. The Director has advised that the amount of \$72,050 was prepaid. This equates to 15 months' rent. It would appear that the Company was in compliance with its lease obligations.

Inability to borrow further funds / no access to further funds and/or inability to raise further equity capital

The Company's banking facilities were fully drawn at the time of appointment and our investigations indicate that no further credit was available.

Special payments with selected creditors/payments to creditors of rounded sums which are not reconcilable to specific invoices

The Director has advised that creditors began pressing the Company for payment from September 2017. One creditor received 3 payments totalling USD\$130,000 from 22 September 2017 to 13 October 2017. These payments would require further investigation should a liquidator be appointed.

5.1.3 Preliminary findings

Our preliminary investigations indicate that the Company may have been insolvent sometime between July and October 2017 given the reduction in sales and poor recovery of the loans given to related parties especially Merchant Con-Haul Pty Ltd.

It is noted however, that the Company appears to have taken steps to mitigate its losses through reducing operating expenses in an attempt to maintain profitability. Additionally, in 2017 the Company initiated a sale campaign in an attempt to realise value in the business. It was only after a sale campaign had been exhausted and the loss of the last major client in October that the director placed the Company into liquidation.

The Corporations Act provides various defences available to a director to an insolvent trading claim and it is likely that the above actions may provide the director with grounds to defend any insolvent trading claim.

Should Liquidators be appointed further investigations would be undertaken into the Company's solvency and the Administrators are not in a position to quantify any potential insolvent trading action at this stage.

Ultimately, the issue of insolvency would need to be determined on the basis of available evidence presented to a Court.

We advise that in order for an insolvent trading action to be initiated, a solvency report would need to be prepared and this is a costly exercise. If any creditors are in possession of any documentary evidence that would suggest that the Director continued to incur debt when the Company was unable to pay its debts as and when they fell due, they should forward such evidence to our office as soon as practicable.

5.1.3 Director's Personal Financial Position

The financial position of Director and his ability to pay any damages awarded against him is relevant to the consideration of the commerciality of further action.

At this point in time, our investigations into the Director's personal financial position have been limited. However should the Company be placed into liquidation at the Second Meeting of Creditors, further investigations in relation to the Director's personal financial position may be undertaken.

5.2 VOIDABLE TRANSACTIONS

In the event that a company is wound up, certain transactions that occurred prior to the date of appointment where a company's property is disposed of or otherwise dealt with may be voidable pursuant to Part 5.7B of the Act. These are known as voidable transactions and may result in a requirement for a third party to return property to a company and thereby increase the assets available to the Liquidator, if one is appointed.

We provide our initial findings in relation to:

- Unfair preference payments at Section 5.2.1;
- Uncommercial transactions at Section 5.2.2;
- Unfair loans at Section 5.2.3;
- Unreasonable director-related transactions at Section 5.2.4;
- Voidable circulating security interests at Section 5.2.5; and
- Transactions for purpose of defeating creditors at Section 5.2.6.

Should the Company be wound up, further investigations will be conducted in relation to voidable transactions. Should creditors hold any information with respect to any possible voidable transactions to which the Company was a party, please contact our office.

5.2.1 Unfair preference payments

An unfair preference payment is a transaction, generally occurring in the six (6) months prior to the appointment of the Liquidator (the date of the appointment of the Liquidator is deemed by the Act as the date of the appointment of the Administrators), to which the company and a creditor were parties, that results in the creditor receiving more for its debt than it would if the transaction were set aside and that creditor had to prove for their debt in the winding up of the company like all other creditors.

It should be noted that a transaction can only be an unfair preference if the company was insolvent at the time the transaction took place or that the company became insolvent as a result of the transaction. The creditor must have knowledge or suspicion of this insolvency for any transaction to be voidable.

The period for recovering unfair preference payments is generally six (6) months prior to the relation back day. In this instance, this is the period from 1 May 2017 to 31 October 2017 ('the relation-back period'). The period is extended up to four (4) years for transactions entered into with a related entity.

If a receipt is proven to be an unfair preference, the creditor must return the benefit they received to the Liquidator and it is then available for the benefit of all creditors.

We have undertaken preliminary investigations into potential unfair preference payments including a review of the bank statements for the last six months.

Based on our preliminary review we have identified three payments to one creditor totalling USD\$130,000 that may be preferential in nature, however should the Company be wound up at the Second Meeting of Creditors, further investigation may be required.

Creditors should be reminded that the recoverability of any potential unfair preference payments is subject to significant further investigations and there is no guarantee that any funds will be recovered by a Liquidator. As well, the recoverability of these payments is subject to finalising a date of

insolvency. We note that creditors can seek protection from the provisions of Section 588FA(3) of the Act and, further to this, the costs of pursuing voidable transactions can be considerable and may outweigh the benefit to creditors in some circumstances.

5.2.2 Uncommercial transactions

A transaction of a company is an uncommercial transaction 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 the benefits and detriments to the company of entering into the transaction and the respective benefits to other parties. Further the transaction must have occurred at a time when the company was insolvent, or the company became insolvent as a result of entering into the transaction, and generally within two (2) years of the date of the commencement of the winding up.

It should also be noted that while the period for recovering uncommercial transactions is generally two (2) years, if the transaction is between the company and a related party, then payments can be recovered up to four (4) years before the appointment of the Liquidator.

Our preliminary investigations have identified one potential voidable transactions as follows:

- The prepayment of 15 months' rent to the landlord, Ricebowl Pty Ltd which is an entity related to the Director discussed at Section 5.1.2

5.2.3 Unfair loans

A loan is unfair if it is made to a company at an extortionate rate of interest or with extortionate charges.

Our preliminary investigations have not disclosed any unfair loans made by the Company.

5.2.4 Unreasonable director-related transactions

A transaction of a company is an unreasonable director-related transaction if, and only if, the transaction is a payment, conveyance or other disposition by the company of property to a director or close associate of a director. The Liquidator would need to substantiate that a reasonable person in the company's circumstances would not have entered into the transaction having regards to the benefits (if any) and detriment to the company of entering into the transaction. The transaction must have been unreasonable, and entered into during the four (4) years leading up to a company's liquidation, regardless of the solvency at the time the transaction occurred.

Based on our review of the Company's records there were various payments totalling \$992,546 made to Dos Equis Pty Ltd during the period 9 May 2017 to 23 October 2017 to repay the Company's loan. There was also monies advanced totalling \$98,370 to Merchant Con-Haul Pty Ltd. Should the Company be wound up at the Second Meeting of Creditors, further investigation may be required into these transactions.

5.2.5 Voidable circulating security interests

When a circulating security interest is created during the six (6) months ending on the relation-back day it is voidable against the Liquidator, except if the company is solvent after the security interest is created and if the security interest secured subsequent advances.

From our review of the security interests registered on the PPSR, there were no new interests registered in the period 1 May 2017 to 31 October 2017 for the Company. However we note that the shareholder, Dos Equis Pty Ltd has lodged a caveat over two of the properties owned by the Company relating to a loan agreement entered into on 10 July 2016. Should the Company be wound up at the Second Meeting of Creditors, further investigation may be required into this transaction.

5.2.6 Transactions for the purpose of defeating creditors

A transaction of a company is voidable where a transaction is entered into for the purpose of defeating, delaying or interfering with the rights of any or all of its creditors. Further, the transaction must have occurred at a time when the company was insolvent, or the company became insolvent as a result of entering into the transaction, and generally within ten (10) years of the date of the commencement of the winding up.

Our preliminary investigations have not disclosed any transactions of this nature.

5.3 DIRECTOR AND OFFICERS RESPONSIBILITIES

Pursuant to Section 180 to Section 183 of the Act, directors and officers of a company have an obligation, amongst other things, to:

- Exercise their powers and discharge their duties with care and diligence;
- Discharge their duties in good faith in the best interests of the company (for a proper purpose);
- Withhold from using their position and the company's information to improperly gain an advantage for themselves or someone else (or cause detriment to the company).

We confirm that these duties extend, not only to validly appointed directors, but also to parties acting in the position of a director whose instructions or wishes are accustomed to be acted upon (also known as "de-facto" or "shadow" directors).

Our preliminary investigations have not disclosed any breaches of director's duties.

Should the Company be wound up, further investigations will be conducted to extend our preliminary investigations with respect to any possible breaches of the Act by the Director or Officers of the Company. Should creditors hold any information that may assist the investigations in this area, please contact our office.

5.4 OFFENCES

Pursuant to Section 438D of the Act, if we become aware of a possible offence(s) under the Act committed by Officers of the Company we are required to report these to ASIC.

The Administrators are only able to investigate the affairs of the Company. Previous company failures are monitored by ASIC and ASIC have the power to disqualify persons for managing corporations for up to five (5) years if, within seven (7) years, the person have been an officer of two (2) or more failed companies.

At the date of this Report our preliminary investigations have not disclosed any offences committed by officers of the Company.

In the event that the Company is wound up, we will conduct further investigations into any potential breaches of the Act by Officers of the Company. If that investigation reveals that possible offences have been committed, as Liquidators, we will be obliged to report these to ASIC pursuant to Section 533 of the Act.

5.5 SUMMARY OF POTENTIAL RECOVERIES BY A LIQUIDATOR

Based on our preliminary investigations, set out below is a summary of the potential recoveries by a liquidator in the event the Company is wound up:

Potential Recovery Item	\$
Unfair Preferences	\$USD130,000
Uncommercial Transactions	None
Unfair Loans	None
Unreasonable Director-Related Transactions	None
Insolvent Trading Compensation	Unknown
Total	\$USD130,000

Based on our preliminary investigations to date we are unable to provide any further details in relation to any potential claims that a liquidator may have. As discussed above there are a number of potential matters identified in our preliminary investigations however further investigations are required to determine the potential recoverability, if any, of those matters.

6. PROPOSAL FOR A DEED OF COMPANY ARRANGEMENT

A DOCA is a formal arrangement between a company, its creditors and the proponents of the DOCA. The proponents are interested parties who wish the creditors to consider their proposal usually involving a compromise of creditors' claims as opposed to either winding up the company or returning the company to its directors.

A DOCA, if approved by creditors, binds all creditors arising on or before the date of the appointment of the Administrators unless otherwise specified.

As at the date of writing this report, we have not received a proposal for a DOCA from any parties. It is noted that the Director has held discussions with the Administrators regarding a possible deed proposal. These discussions indicate that this may offer a better return to creditors than liquidation. Accordingly at the forthcoming Second Meeting of Creditors, the Administrators will be seeking an adjournment to enable time for a DOCA proposal to be fully explored.

7. ESTIMATED RETURN TO CREDITORS

As outlined in Section 2.4.1 it is uncertain as to what value the properties may realise and whether there would be any equity available after the repayment of the secured loans.

Based on our preliminary investigations, we do not anticipate any funds being available from the realisation of assets to enable a return to unsecured creditors. Any potential return to unsecured

creditors will be dependent on the outcome of the unfair preferences claim potential insolvent trading claim and potential voidable transaction claim identified earlier in this Report.

Creditors are reminded that the recoverability of any potential insolvent trading claim and voidable transactions is subject to significant further investigations and there is no guarantee that any funds will be recovered by a Liquidator. As well, the recoverability of these payments is subject to finalising a date of insolvency. We note that the costs of pursuing insolvent trading claims and voidable transactions can be considerable and may outweigh the benefit to creditors in some circumstances.

8. OPTIONS AVAILABLE TO CREDITORS

Pursuant to the Act we must provide creditors with a statement of our opinion about each of the courses of action. Pursuant to Section 439C of the Act, creditors are required at the Second Meeting of Creditors to vote on the outcome of the Administration. The matters requiring our opinion, with respect to the Company are whether it would be in creditors' interests for:

- The Company to execute a DOCA; or
- The Administration to end; or
- The Company to be wound up.

8.1 ADMINISTRATORS' OPINION

Our statement setting out our opinion on the above alternatives and in relation the Company is enclosed at **Annexure A** of this Report. We make the following comments with respect to each option.

8.1.1 Execution of a DOCA

We have not received a formal DOCA proposal from any party at the time of writing this report. Accordingly, this option is not available to creditors of the Company.

8.1.2 Administration to end

It is possible that creditors may consider ending the Administration which would return the Company to the control of the Director however this is not a commercial proposition given the financial and operational position of the Company. Should creditors resolve that the Administration should end, then the Company will be placed into a similar position to that which existed prior to the Administrators' appointment. Given the parlous financial state of the Company, our opinion is that it is not in creditors interests for the Administration to end.

8.1.3 Winding up the Company

Should creditors resolve to wind up the Company at the Second Meeting of Creditors, the winding up will, pursuant to Section 513C of the Act, be deemed to have commenced on the date of Administration, being 31 October 2017.

Should creditors resolve to wind up the Company, the Company is taken to have nominated Mr Schwarz and Mr Howarth as the Joint and Several Liquidators. 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 company officers as disclosed in Sections 5.3 and 5.4 of this Report.

The effects of the Liquidation include:

- The moratorium available under the Administration process will cease;
- The Liquidators will be empowered to recover voidable transactions, as disclosed in Section 5.2 of this Report;
- The Liquidators will be required to conduct an investigation into company affairs as disclosed in Sections 5.3 and 5.4 of this Report and lodge reports with ASIC pursuant to Section 533 of the Act if any offences are identified or if the Company is unable to pay its creditors more than 50 cents in the dollar.

The estimated return to creditors in the winding up of the Company is unknown at this point in time and is dependent on the outcome of a potential insolvent trading claim or potential voidable transaction claims identified earlier in this report.

Having regard to the above, the fact that no DOCA has been proposed and ending the Administration is not a viable option due to the insolvency of the Company, it is the Administrators opinion that the Company should be wound up.

Notwithstanding this, the Administrators recommend creditors vote to adjourn the Second Meeting of Creditors to enable time for the Director to propose a DOCA.

9. ADMINISTRATORS' REMUNERATION

At the Second Meeting of Creditors convened for 6 December 2017, creditors will be asked to approve the Administrators' remuneration as disclosed below:

Time period	External Administration	Annexure I Part	\$
			(excl GST)
31 October 2017 to 19 November 2017	Voluntary Administration	3.1	30,293
20 November 2017 to finalisation of administration	Voluntary Administration	3.2	25,000
Total Voluntary Administration			55,293
Commencement of liquidation to completion	Liquidation	3.3	30,000

Our remuneration is based on hours worked by the Administrators and their staff, calculated in accordance with hourly rates adjusted for CPI at 1 July each year and disclosed at **Annexure H** of this Report.

Our Remuneration Request Approval Report, as prepared in accordance with the ARITA's guidelines is enclosed at **Annexure I** of this Report.

10. SECOND MEETING OF CREDITORS

Pursuant to Section 439A(3) of the Act, we have enclosed at **Annexure J** a Form 529 "Notice Convening the Second Meeting of Creditors" to be held at **12.00 noon on 6th December 2017** to be held at the Merchant Shipping Offices, 16 McDonald Road, Chadwick, WA 6450

A Proxy Form is enclosed at **Annexure K**. If you intend on appointing another person to act on your behalf at the Second Meeting of Creditors, or you are a corporate creditor, you are required to complete and return the Proxy Form appointing your representative to AS Advisory PO Box 4038, McKinnon, Vic 3204 or by email to email@asadvisory.com.au by no later than 3.00 pm EAST on Monday 4th December 2017.

If you are representing a company, please ensure that your Proxy Form is executed pursuant to Section 127 of the Act or your representative is appointed pursuant to Section 250A of the Act, otherwise you will not be entitled to vote at the Second Meeting of Creditors.

Proxy Forms submitted for the purpose of the First Meeting of Creditors are not valid for the Second Meeting of Creditors.

A Proof of Debt Form is enclosed at **Annexure L** of this Report. Creditors are required to have lodged their Proof of Debt Form by no later than 3.00 pm EAST on 4th December 2017. Those creditors who have already lodged a Proof of Debt Form are not required to lodge a further Proof of Debt Form (unless they wish to amend their claim).

In the event that you have any queries regarding the contents of this Report, or the Administration in general, please do not hesitate to contact Mr Andrew Schwarz on 0408 317 984.

DATED this 23rd day of November 2017

MERCHANT OVERSEAS LOGISTICS PTY LTD ACN 108 934 685

(Administrators Appointed)



Andrew Schwarz
Joint and Several Administrator



Jon Howarth
Joint and Several Administrator

Enc

Annexure A

Administrators' Statement pursuant to IPR 75-225(3)(b)

MERCHANT OVERSEAS LOGISTICS PTY LTD ACN 108 934 685 (Administrators Appointed)

Mr Andrew Schwarz and Mr Jon Howarth, the Joint and Several Administrators provide the following statement setting out our opinion about each of the following matters and our reasons for these opinions:

(i) Whether it would be in the creditors' interests for the Company 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.

We have not received a formal DOCA proposal from any party at the time of writing this report. Accordingly, this option is not available to creditors in any of the Company.

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

It is possible that creditors may consider ending the Administration which would return the Company to the control of the Director, however this would not be in the best interests of creditors given the Company is insolvent. Should creditors resolve that the Administration should end, then the Company will be placed into a similar position to which existed prior to the Administrator's appointment. Given the parlous financial state of the Company, our opinion is that it is not in creditors interests for the Administration to end.

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

Should creditors resolve to wind up the Company at the Second Meeting of Creditors, the winding up will, pursuant to Section 513C of the Act, be deemed to have commenced on the date of Administration, being 31 October 2017.

Should creditors resolve to wind up the Company, the Company is taken to have nominated Mr. Schwarz and Mr. Howarth as joint and several liquidators.

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 Company's officers as disclosed in Section 5.3 and 5.4 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 5.2 of this Report.
- The liquidator will be required to conduct an investigation into the Company's affairs as disclosed in Sections 5.4 of this Report and lodge reports with ASIC pursuant to Section 533 of the Act.


As no DOCA has been proposed it is the Administrators opinion that the Company should be wound up and a liquidator appointed. Notwithstanding this, the Administrators recommend that creditors adjourn the Second Meeting of Creditors to allow time for a DOCA proposal to be explored.

DATED this 23rd day of November 2017

MERCHANT OVERSEAS LOGISTICS PTY LTD ACN 108 934 685
(Administrators Appointed)

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

Andrew Schwarz
Joint and Several Administrator

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

Jon Howarth
Joint and Several Administrator

Annexure B – DIRRI

Declaration of Independence, Relevant Relationships and Indemnities

Merchant Overseas Logistics Pty Ltd (In Voluntary Administration)

ACN 108 934 685

("the Company")

Practitioner/s appointed to an insolvent entity are required to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i the circumstances of the appointment;
 - ii any relationships with the [company/debtor] and others within the previous 24 months;
 - iii any prior professional services for the [company/debtor] within the previous 24 months;
 - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners and AS Advisory Pty Ltd.

A. Independence

We, Mr Andrew Schwarz and Mr Jon Howarth of AS Advisory Pty Ltd have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of Merchant Overseas Logistics Pty Ltd in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

i. Circumstances of appointment

Andrew Schwarz and Jon Howarth were appointed Voluntary Administrators of a related entity Bulk Convertors Australia Pty Ltd ('BCA') on 9 October 2017. That appointment was referred to us by Martin Casey of the Pratt Group.

It is as a result of our appointment to BCA that we were asked to consent to Act as Administrators of the Company. Given the inter-relationship between BCA and the Company we believe we are best placed to administer the Company and do not believe this results in any conflict of interest.

Detailed below is a summary of the specific communications that transpired in relation to the Company:

- 6 October 2017, Mr Schwarz discussed with the Director the possible administration of the Company and what the implications of an administration would be.
- 8 October 2017, Mr Schwarz prepared a letter to the Director outlining the administration process and providing the appointment documents to affect an appointment.

- 27 Oct 2017 – Andrew Schwarz received a phone call from Mr Dunphy advising that he wished to place Merchant Overseas Logistics into administration on 31 October 2017.
- 31 Oct 2017 - Andrew Schwarz met with Mr Dunphy to accept the appointment as joint and several administrator of Merchant Overseas Logistics.

The Courts and the ARITA Code of Professional Practice recognises the need for practitioners to provide advice on the insolvency process and the options available and that such advice does not result in a conflict nor is it an impediment to accepting the appointment. Accordingly, in our opinion, the above meetings do not result in a conflict of interest or duty in our opinion.

Further, we have not received any remuneration for these meetings.

We have provided no other information or advice to Merchant Overseas Logistics Pty Ltd, the directors and its advisors prior to our appointment beyond that outlined in this DIRRI.

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

We or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons
Mr Martin Casey	Mr Casey is known to the Voluntary Administrators in a professional capacity.	<p>We believe that this relationship does not result in a conflict of interest or duty because:</p> <p>These circumstances do not preclude me from acting under the <i>Corporations Act 2001</i> or under the ARITA Code of Professional Practice.</p> <p>Chapter 6.6 of the ARITA Code states that networks of referrals between professionals are normal and acceptable provided the referral relationships are based on quality of professional service and expertise.</p> <p>Mr Casey is one of a number of professionals that refer work to A.S. Advisory Pty Ltd. We consider that such referrals are based on quality of professional services and expertise.</p> <p>We confirm that such referrals do not result in referral commissions, inducements or benefits, “spotters” fees, recurring commission, “understandings” or requirements that work in the administration be</p>

		given to the referrer or any other arrangements that restrict the proper exercise of our judgement and duties.
--	--	--

iii. Prior Professional services to the Insolvent

Neither we, nor our firm, have provided any professional services to Merchant Overseas Logistics Pty Ltd in the previous 24 months.

iv. No other relevant relationships to disclose

In regard to any relevant relationships, in the proceeding 24 months, we note the following:

On 9 October 2017, Andrew Schwarz and Jon Howarth were appointed Joint and Several Administrators of another company controlled by the director called Bulk Convertors Australia Pty Ltd.

Except for this engagement, there are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with Merchant Overseas Logistics Pty Ltd, an associate of Merchant Overseas Logistics Pty Ltd, a former insolvency practitioner appointed to Merchant Overseas Logistics Pty Ltd or any person or entity that has security over the whole or substantially whole of Merchant Overseas Logistics Pty Ltd's property that should be disclosed.

C. Indemnities and up-front payments

We have been provided with the following indemnities *and/or upfront payments for remuneration* for the conduct of this voluntary administration:

Name	Relationship with Merchant Overseas Logistics Pty Ltd	Nature of indemnity or payment
Mr Chris Dunphy	Director	The Voluntary Administrators received an indemnity in the amount of \$20,000 from Mr Dunphy for their remuneration, disbursements that may be generated by the administrators and, if applicable, liquidators or deed administrators

This does not include statutory indemnities. We have not received any other indemnities or upfront payments that should be disclosed.

Dated: 1 November 2017



.....

Andrew Schwarz



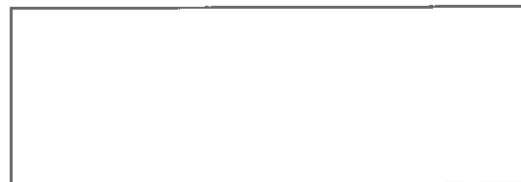
.....

Jon Howarth

Note:

Annexure C

STATEMENT ABOUT THE COMPANY'S BUSINESS, PROPERTY, AFFAIRS AND FINANCIAL CIRCUMSTANCES



Report as to Affairs

Form 507

Corporations Act 2001

421A(1)&(2), 429(2)(b)&(c), 475(1)&(7), 497(5)

Related Forms:

507A Statement verifying document under s475(1)

911 Verification of certification of a document

If there is insufficient space in any section of the form, you may photocopy the relevant page(s) and submit as part of this lodgement

Company details

Company name

Merchant Overseas Logistics Pty Ltd

ACN / ABN

108 934 685

Lodgement details

Who should ASIC contact if there is a query about this form?

ASIC registered agent number (if applicable)

364901

Firm/Organisation

A.S. Advisory Pty Ltd

Contact name/position description

Andrew Schwarz

Telephone Number

0408 317 984

Email address (optional)

andrew@asadvisory.com.au

Telephone Number

0408 317 984

Postal Address or DX Address

PO Box 4038

Suburb/City

McKinnon

State / Territory

VIC

Post Code

3204

Directions

This report is to be made as at the following dates:

- (a) where prepared by the managing controller under s 421A(1) - a day not later than 30 days before the day when it is prepared
- (b) where submitted to a controller under s 429(2) - the control day, or
- (c) where submitted to a liquidator or to a provisional liquidator under s 475(1) - the date of the winding up order or, if the liquidator specifies an earlier date, that date.

This report is to be submitted by, and verified by a statement in writing made by, the following person, in accordance with Form 507A;

- where the statement is made out for the purposes of s 475(1) - a person referred to in that subsection.

Regulation 5.2.02 requires the copy of this report that is lodged with the Australian Securities & Investments Commission to be certified in writing as a true copy of the original report.

- (a) for a copy lodged for the purposes of s 429(2)(c) - by the controller of property of the corporation; or
- (b) for a copy lodged for the purposes of s 475(7) - by the liquidator/provisional liquidator of the company.

NOTE: Form 911 is prescribed for this purpose.

1 Reason for report

ASIC Form Code

To be completed by the external administrator
or person who must lodge this form with ASIC

[Select one and delete others]

Appointment of Controller – s429(2)(b)
(Under s429(2)(c)(i) a notice setting out any comments relating to the report,
or a statement that no comment is made, should accompany the report. A
Form 911 Verification or certification of a document should also be lodged)
Date of receipt of report: [RATARceiptDate]

507F

Appointment of Liquidator / Provisional Liquidator by the Court – S475(1)
(A Form 911 Verification or certification of a document should also be lodged)
Date of receipt of report: [RATARceiptDate]

507C

Appointment of a liquidator – creditors' voluntary winding up- s497(4)
Date report was received by liquidator: [RATARceiptDate]

507D

Managing Controller of property – s421A(1)
Date of Appointment: [AppointmentDate]

507G

2 Assets and Liabilities

Date specified under the relevant section as the date of the report (see directions):

2.1 Assets not specifically charged

	Valuation (for each entry show whether cost or net book amount) \$		Estimated Realisable Values \$
(a) interest in land as detailed in schedule A	Cost	1,782,000	1,834,600
(b) sundry debtors as detailed in schedule B	Net Book	A\$7,354,247	A\$2,000,876
		RMB 1,093,125	RMB 1,093,125
(c) cash on hand		NIL	NIL
(d) cash at bank	Net Book	US\$ 32,062.93 A\$ 56,413.41	US\$ 32,062.93 A\$ 56,413.41
(e) stock as detailed in annexed inventory		NIL	NIL
(f) work in progress as detailed in annexed inventory		NIL	NIL
(g) plant and equipment as detailed in inventory	Net Book	162,989	50,000
(h) other assets as detailed in schedule C	Net Book	128,195	NIL
Sub total			

2 Continued ... Assets and Liabilities

	Valuation (for each entry show whether cost or net book amount \$)	Estimated Realisable Values \$
2.2. Assets subject to specific security interests, as specified in schedule D	Cost 1,782,000	1,834,600
Less amounts owing as detailed in schedule D	1,804,600	1,804,600
Total assets		
Total Estimated Realisable Values	-22,600	30,000
2.3. Less payable in advance of secured creditor(s)		
Amounts owing for employee entitlements as detailed in schedule E	NIL	NIL
2.4. Less amounts owing and secured by debenture or circulating security interest over assets	NIL	NIL
2.5. Less preferential claims ranking behind secured creditors as detailed in schedule F	NIL	NIL
2.6. Balances owing to partly secured creditors as detailed in schedule G	NIL	NIL
Total Claims \$		
Security Held \$		
2.7. Creditors (unsecured) as detailed in schedule H	A\$ 4,668,111.59	A\$ 4,668,111.59
Amount claimed \$		
2.8. Contingent assets \$]	NIL	NIL
Estimated to produce as detailed in schedule I		
2.9. Contingent liabilities A\$ 1,327,764 and US\$873,915.83 Estimated to rank as detailed in schedule J Estimated Surplus (Deficiency) Subject to costs of the Liquidation Share capital \$21,000..... Issued \$21,000..... Paid Up \$21,000.....		

2 Continued ... Assets and Liabilities

Schedules If this report is made for the purposes of subsection 497(4), Schedules A, B, and C are to show the method and manner of arriving at the valuation of the assets.

SCHEDULE A INTERESTS IN LAND

Address & description of property	Valuation	Estimated realisable value	Valuation for rating purposes	Particulars of tenancy	Where possession of deeds may be obtained	Short particulars of title
Lot 1 on Deposited Plan 73198 Chadwick W.A.	\$1,047,400	\$1,100,000	\$ 1,047,400	Vacant Land	National Australia Bank	1/DP73198
Lot 2 on Deposited Plan 73198 Chadwick W.A.	\$ 470,000	\$470,000	\$470,000	Vacant Land	National Australia Bank	2/DP75537
Lot 4 on Deposited Plan 73198 Chadwick W.A.	\$264,600	\$264,600	\$264,000	Caltex Australia Ltd	National Australia Bank	4/DP75537

SCHEDULE B SUNDRY DEBTORS (INCLUDING LOAN DEBTORS)

Name & address of debtor	Amount owing	Amount realisable	Deficiency	Particulars of security (if any) held	Explanation of deficiency
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Merchant Cement & Lime P/L 132/15 Hall St. Port Melbourne Vic. 3207	\$ 621,310.18	\$ NIL	\$ 621,310.18	NIL	Merchant Cement & Lime P/L has been trading at a loss for some time now and does not have the funds to repay the loan
Merchant Con-Haul P/L 132/15 Hall St. Port Melbourne Vic. 3207	\$ 6,722,429.36	\$ 2,000,000	\$4,722,429.36	NIL	Merchant Con-Haul would have to sell assets to make a repayment to Merchant Overseas Logistics and the assets and the main assets are over valued.
Christabell Maritime Pte Ltd	\$9,631.01	NIL	\$9,631.01	NIL	Christabell Maritime is a Holding company with no assets and no source of income.
MLG OZ 22 Coath Road West Kalgoorlie W.A 6430	\$876.83	\$876.83	NIL	NIL	

**SCHEDULE C
OTHER ASSETS**

Description of deposit or investment	Cost	Amount realisable
Deposits: Deposit on a Block of Land being Lot 9003 on Deposited Plan 75537 Chadwick W.A. The deposit was retained by the Owners when Merchant was unable to complete the purchase.	\$106,000	\$ NIL
Interest Charged on the above	\$22,195	\$ NIL
Investments: NIL		

2 Continued ... Assets and Liabilities

Schedules If this report is made for the purposes of subsection 497(5), Schedule D is to show the method and manner of arriving at the valuation of the assets.

**SCHEDULE D
ASSETS SUBJECT TO SPECIFIC SECURITY INTERESTS**

Description of asset	Date security interest given	Description of security interest	Holder of security interest	Terms of repayment	Valuation	Estimated realisable value	Amount owing under security interest
Lots 1,2 & 4 on Deposited Plan 73198 Chadwick W.A.	14/6/2016	Mortgage	National Australia Bank	Interest Only	\$1,834,600	\$1,834,600	\$1,070,000
Lots 2 & 4 on Deposited Plan 73198 Chadwick W.A.	5/9/2017	Caveat	Dos Equis Pty Ltd	Interest Free Repayment date 9/6/2021	\$1,834,600	\$1,834,600	\$734,600

**SCHEDULE E
CLAIMS BY EMPLOYEES**

Employee's name & address	Wages	Holiday pay	Long service leave	Estimated liability
---------------------------	-------	-------------	--------------------	---------------------

	\$	\$	\$	\$
Christopher Good 27 Frederick Street, Sinclair W.A. 6540	NIL	NIL	NIL	NIL
Todor Jordanovski 26 Macklin Way, Caroline Springs Vic. 3023	NIL	NIL	NIL	NIL
Nick Morrison 94 Catspaw Avenue, Beeliar W.A. 6164	NIL	NIL	NIL	NIL
Gaurav Garry Sangwan 16 Hub Street, Werribee Vic. 3030	NIL	NIL	NIL	NIL
Zulkefli Shamsuddin 18 Freshwater Dr. Craigieburn Vic. 3064	NIL	NIL	NIL	NIL
Paul Zaccaria 5 Charnley Bend, Success W.A. 6164	NIL	NIL	NIL	NIL

SCHEDULE F
PREFERENTIAL CREDITORS (OTHER THAN THOSE DETAILED IN SCHEDULE E)

Name & address of preferential creditor	Description of amount owing	Amount owing

2 Continued ... Assets and Liabilities

Schedules

SCHEDULE G PARTLY SECURED CREDITORS

Name & address of creditor	Particulars of security held	Nature of security	Estimated value of security	Amount owing to creditor	Amount estimated to rank as unsecured
			\$	\$	\$

SCHEDULE H UNSECURED CREDITORS

Name & address of creditor	Amount claimed by creditor	Amount admitted as owing	Reasons for difference between amount claimed & admitted (if any)
Dos Equis Pty Ltd – 132/15 Hall Street Port Melbourne Vic 3207	440,846.70	440,846.70	
QCoast Holdings Pty Ltd – 132/15 Hall Street Port Melbourne Vic 3207	485,984.41	485,984.41	
Bulk Converters Pty Ltd – 132/15 Hall Street Port Melbourne Vic 3207	1,798,799.47	1,798,799.47	
As per attached Listing	1,942,481.01	1,942,481.01	

SCHEDULE I CONTINGENT ASSETS

Description of asset	Gross asset	Estimated to produce
	\$	\$

SCHEDULE J CONTINGENT LIABILITIES

Name & address of creditor	Nature of liability	Gross liability \$	Estimated to rank for \$
----------------------------	---------------------	--------------------	--------------------------

National Australia Bank	Loan Guarantee on bank loans to Bulk Converters Australia	A\$830,202.00	
National Australia Bank	Loan Guarantee on bank loans to Merchant Cement & Lime Pty Ltd	A\$497,562.00	
Seaco Global Australia Suite 2002, 44 Market Street Sydney NSW 2000	Disputed Make Good claim on return of leased containers	US\$9,942.35	

3 Annexure

For the purposes of the statement in Form 507A only.

This is the annexure of pages _____ marked "A" referred to in the Statement verifying report signed by me/us and dated as follows.

Date of the Statement verifying report

Each signatory must complete and sign a copy of **Form 507A Statement verifying report under s475(1)** to be lodged with Form 507

Name

Signature

Name

Signature

Name

Signature

Certification

I declare that the particulars contained in this report as to affairs are true to the best of my/our knowledge and belief.

Name

Capacity

Signature

Date

Lodgement

If lodging with ASIC, send completed and signed forms to:
Australian Securities and Investments Commission
PO Box 4000, Gippsland Mail Centre VIC 3841.

Or lodge the form electronically by visiting the ASIC website
www.asic.gov.au

For help or more information
Web www.asic.gov.au
Need help? www.asic.gov.au/question
Telephone 1300 300 630

Annexure D

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Merchant Overseas Logistics Pty Ltd
ACN 108 934 685
Financial Statements
For the Year ended 30 June 2016

Merchant Overseas Logistics Pty Ltd

Annual Report for the Year Ended 30 June 2016

<u>Contents</u>	<i>Page</i>
Balance Sheet	1
Trading Statement	2
Profit & Loss Statement with Appropriation Statement	3
Notes to the Accounts	5
Fixed Asset and Depreciation Schedule	14
Directors' Declaration	17
Compilation Report	18

Merchant Overseas Logistics Pty Ltd
ACN 108 934 685
Balance Sheet
As at 30 June 2016

	Note	2016 \$	2015 \$
Current Assets			
Cash and Cash Equivalents	7	2,400,222	593,293
Trade and Other Receivables	8	2,556,331	5,137,246
Other Current Assets	11	<u>44,912</u>	<u>-</u>
Total Current Assets		<u>5,001,465</u>	<u>5,730,539</u>
Non-Current Assets			
Trade and Other Receivables	8	8,967,315	8,503,144
Financial Assets	9	120	-
Property, Plant and Equipment	12	<u>839,006</u>	<u>215,554</u>
Total Non-Current Assets		<u>9,806,441</u>	<u>8,718,698</u>
Total Assets		<u>14,807,906</u>	<u>14,449,237</u>
Current Liabilities			
Trade and Other Payables	14	8,902,770	10,572,670
Current Tax Liabilities	10	5,251	39,576
Financial Liabilities	15	43,484	46,869
Short Term Provisions	16	52,867	106,885
Other Accruals	17	<u>3,580,104</u>	<u>2,252,459</u>
Total Current Liabilities		<u>12,584,476</u>	<u>13,018,459</u>
Non-Current Liabilities			
Financial Liabilities	15	<u>1,365,228</u>	<u>907,392</u>
Total Non-Current Liabilities		<u>1,365,228</u>	<u>907,392</u>
Total Liabilities		<u>13,949,704</u>	<u>13,925,851</u>
Net Assets		<u>858,202</u>	<u>523,386</u>
Equity			
Issued Capital	18	21,000	21,000
Retained Profits	19	837,202	502,386
Total Equity		<u>858,202</u>	<u>523,386</u>

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Merchant Overseas Logistics Pty Ltd
ACN 108 934 685
Trading Statement
For the Year ended 30 June 2016

	2016	2015
	\$	\$
Income		
Freight	40,445,731	40,082,193
Agency & Charter	33,363	23,199
Handling & Cartage	(1,488,830)	(4,056,517)
Port & Terminal	1,576,804	1,480,594
Documentation	(90,190)	(115,965)
Duty	48,995	33,897
Container	2,354,854	1,299,235
Consumables	-	158,908
Other Income	<u>340,220</u>	<u>445,711</u>
	43,220,947	39,351,255
Less Cost of Sales		
Handling & Cartage Costs	5,584,718	4,908,151
Container Costs	6,781,682	5,739,795
Duty Costs	23,473	25,532
Freight Costs	6,742,510	3,842,423
Port & Terminal Costs	7,574,351	7,427,857
Agency & Charter Costs	4,962,928	3,913,659
Government Services Costs	627,856	585,948
Consumable/Demurrage Costs	1,994,774	3,948,565
Other Costs	<u>3,501,635</u>	<u>4,189,347</u>
	37,793,927	34,581,277
	<u>37,793,927</u>	<u>34,581,277</u>
Gross Profit	<u><u>5,427,020</u></u>	<u><u>4,769,978</u></u>
Gross Profit Margin	12.6%	12.1%

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Merchant Overseas Logistics Pty Ltd
ACN 108 934 685
Profit and Loss Statement
For the Year ended 30 June 2016

	2016	2015
	\$	\$
Income		
Labour Recharge	556,834	646,303
Other Income	5,017	1
Interest Received	808	230
Other Revenue	50,969	19,380
Foreign Currency Exchanges	(193,024)	187,599
Gross Profit from Trading	5,427,020	4,769,978
	5,847,624	5,623,491
Expenditure		
Accountancy Fees	6,518	9,682
Advertising	10,487	103,527
Annual Leave	(52,905)	(6,731)
Amortisation	-	16,429
Bad Debts Written Off	1,320,854	-
Bank Charges	21,161	18,475
Body Corporate Fees	2,823	2,786
Chemical Analysis	593	2,321
Cleaning	20,925	22,393
Computer Expenses	97,964	106,346
Consultancy Fees	619,224	696,066
Courier	475	345
Depreciation	27,765	32,638
Discounts Allowed	(420)	-
Donations	181	-
Employees' Amenities	4,475	7,842
Entertainment Expenses	1,733	200
Filing Fees	246	243
Fines	151	289
Forklift Expenses	836	524
Fringe Benefits Tax	(1,055)	584
Hire of Plant & Equipment	6,718	73,230
Hire of Motor Vehicles	31,032	32,429
Insurance	4,551	14,215
Internet Expenses	14,090	5,900
Legal Costs	81,107	27,893
Licensing Fees	16	93
Light & Power	11,295	11,960
Management Fees	456,000	400,479
Medical Supplies	892	-
Minor Equipment	941	1,013
Motor Vehicle Expenses	105,896	162,740
Payroll Tax	53,167	65,355
Plans & Permits	254	1,449
Postage	2,490	2,286
Printing & Stationery	1,844	14,748

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached.*

Merchant Overseas Logistics Pty Ltd
ACN 108 934 685
Profit and Loss Statement
For the Year ended 30 June 2016

	2016	2015
	\$	\$
Rates & Taxes	3,184	2,724
Registration Fees	-	78
Rent	142,964	198,228
Repairs & Maintenance	3,419	7,153
Security Costs	39	671
Staff Recruitment	13,187	3,390
Staff Relocation	2,591	-
Staff Training & Welfare	19,045	1,000
Software Rental	526	4,606
Subscriptions	2,744	7,882
Sundry Expenses	1,677	285
Superannuation Contributions	91,246	125,783
Telephone	60,402	51,157
Travelling Expenses	969,587	1,234,289
Uniforms	287	1,145
VAT Not Recovered	18,841	-
Wages & Salaries	1,113,383	1,300,089
Warehouse Expenses	788	-
Workers Compensation	27,593	40,303
Wrapping & Packing	133	45
	<u>5,323,960</u>	<u>4,806,577</u>
Profit before Income Tax	<u>523,664</u>	<u>816,914</u>
Income Tax Expense	(188,847)	(184,582)
Profit after Income Tax	<u>334,817</u>	<u>632,332</u>
Retained Profits at the beginning of the financial year	502,385	(129,946)
Unappropriated Profit at 30 June 2016	<u><u>837,202</u></u>	<u><u>502,386</u></u>

*The accompanying notes form part of these financial statements.
These financial statements should be read in conjunction with the attached .*

Merchant Overseas Logistics Pty Ltd
Notes to the Financial Statements
For the Year ended 30th June 2016

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The director has prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the needs of members.

The financial statements have been prepared in accordance with the significant accounting policies disclosed below, which the director has determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The accounting policies that have been adopted in the preparation of the statements are as follows:

2. Summary of Significant Accounting Policies

(a) Cash and Cash Equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short term investments which are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

(b) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(c) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cash flows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cash flows. Changes in the measurement of the liability are recognised in profit or loss.

(d) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment.

Merchant Overseas Logistics Pty Ltd
Notes to the Financial Statements
For the Year ended 30th June 2016

(e) Income Tax

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

(f) Investments and Other Financial Assets

Recognition

Financial assets are initially measured at cost of trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available for Sale Financial Assets

All investments are classified as available for sale financial assets. Available for sale financial assets are reflected at fair value unless their fair value cannot be reliably measured. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Investments held are originally recognised at cost, which includes transaction costs. They are subsequently measured at fair value which is equivalent to their market bid price at the end of the reporting period. Movements in fair value are recognised through an equity reserve.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

(g) Leases

Finance Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to the company, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Leased assets are depreciated on a straight-line basis over their estimated useful lives where it is likely that the company will obtain ownership of the asset or over the term of the lease.

(h) Revenue and Other Income

Revenue is recognised when the business is entitled to it.

All revenue is stated net of the amount of goods and services tax (GST).

Sale of Goods

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Merchant Overseas Logistics Pty Ltd
Notes to the Financial Statements
For the Year ended 30th June 2016

Interest Revenue

Interest is recognised using the effective interest method.

Rendering of Services

Revenue in relation to rendering of services is recognised depends on whether the outcome of the services can be measured reliably. If this is the case then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably measured then revenue is recognised to the extent of expenses recognised that are recoverable.

Other Income

Other income is recognised on an accruals basis when the Company is entitled to it.

(i) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payable are stated inclusive of GST.

The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the balance sheet.

Cash flows in the statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Merchant Overseas Logistics Pty Ltd
Notes to the Financial Statements
For the Year ended 30th June 2016

	2016	2015
	\$	\$
3. Revenue		
Sales Revenue		
Sale of Goods	43,220,947	39,351,255
Rendering Services	<u>561,851</u>	<u>646,304</u>
	43,782,798	39,997,559
Other Income		
Interest Received	808	230
Other Revenue	50,969	19,380
Foreign Currency Exchange Gain	<u>13,113</u>	<u>199,928</u>
	64,890	219,538
	<u>43,847,688</u>	<u>40,217,097</u>
4. Expenses		
Raw Materials, Purchases and Consumables Used	37,793,927	34,581,277
Employee Benefits Expense	1,206,362	1,426,072
Depreciation and Amortisation	27,765	49,067
Advertising	10,487	103,527
Bank Charges	21,161	18,475
Insurance	4,551	14,215
Light & Power	11,295	11,960
Motor Vehicle Expenses	105,896	162,740
Postage	2,490	2,286
Printing & Stationery	1,844	14,748
Rates & Taxes	3,184	2,724
Rent	142,964	198,228
Repairs & Maintenance	3,419	7,153
Telephone	60,402	51,157
Other Expenses	<u>3,925,454</u>	<u>2,753,768</u>
	<u>43,321,201</u>	<u>39,397,397</u>
5. Finance Costs		
Body Corporate Fees	<u>2,823</u>	<u>2,786</u>
	<u>2,823</u>	<u>2,786</u>

These notes should be read in conjunction with the attached Compilation Report.

Merchant Overseas Logistics Pty Ltd
Notes to the Financial Statements
For the Year ended 30th June 2016

	2016 \$	2015 \$
6. Profit for the Year		
Profit before income tax expense from continuing operations includes the following specific expenses:		
Charging as Expense		
Cost of Goods Sold	37,793,927	34,581,277
Finance Costs	2,823	2,786
Movements in Provisions		
Depreciation		
- Depreciation of Property, Plant and Equipment	27,765	32,638
Net Expenses Resulting from Movement in Provisions	<u>27,765</u>	<u>32,638</u>
Bad & Doubtful Debts:-		
- Bad debts written off	<u>1,320,854</u>	<u>-</u>
	1,320,854	-
Foreign Currency Translation Losses	206,137	12,329
7. Cash and Cash Equivalents		
Cash on Hand	200	200
Deposits - Security Bond	140,727	820
Deposits - Rental Office	1,600	4,400
Deposits - Raw Materials	-	15,549
Deposits - Diesel Container Tank	-	10,000
Deposits - Petrochem JV	-	3,429
Deposits - Helicopter EC120B	66,585	-
Cheque Account - AUD	26,968	58,545
Cheque Account - USD	<u>2,164,142</u>	<u>500,350</u>
	<u>2,400,222</u>	<u>593,293</u>
8. Trade and Other Receivables		
Current		
Conti Emden	-	31,514
Sundry Debtors	32,648	6,691
Trade Debtors	2,325,536	4,907,736
Loan - Von Luckner	55,533	-
Provision for GST	<u>142,614</u>	<u>191,305</u>
	<u>2,556,331</u>	<u>5,137,246</u>

These notes should be read in conjunction with the attached Compilation Report.

Merchant Overseas Logistics Pty Ltd
Notes to the Financial Statements
For the Year ended 30th June 2016

	2016 \$	2015 \$
Non-Current		
Loan - Singwa Assets	-	653,168
Loans		
- QCoast Shipping	145,387	-
- Merchant Cement & Lime	2,385,852	1,525,000
- Merchant Con-Haul	6,357,893	6,106,855
- Ricebowl	-	61,749
- MOL Properties	78,183	-
- Christabell Maritime	-	156,372
	<u>8,967,315</u>	<u>8,503,144</u>
Total Trade and Other Receivables	<u>11,523,646</u>	<u>13,640,390</u>
 9. Financial Assets		
Non-Current		
Shares in MOL Properties Pty Ltd	<u>120</u>	-
	<u>120</u>	-
Total Financial Assets	<u>120</u>	-
 10. Tax Assets and Liabilities		
Current		
Liabilities		
Provision for Income Tax	<u>5,251</u>	<u>39,576</u>
	<u>5,251</u>	<u>39,576</u>
Net Tax Liabilities	<u>5,251</u>	<u>39,576</u>
 11. Other Assets		
Current		
Prepayments		
- Workcover	39,224	-
- Loan to BCA	<u>5,688</u>	-
	<u>44,912</u>	-

These notes should be read in conjunction with the attached Compilation Report.

Merchant Overseas Logistics Pty Ltd
Notes to the Financial Statements
For the Year ended 30th June 2016

	2016	2015
	\$	\$
12. Property, Plant and Equipment		
Land and Buildings		
Lot 1, 2, 4, 5 Chadwick Est, Esperance	651,045	-
	<u>651,045</u>	<u>-</u>
Property Improvements		
Property Improvements	145,324	145,324
Less Accumulated Depreciation	<u>21,960</u>	<u>18,022</u>
	123,364	127,302
Plant & Equipment		
Plant & Equipment	116,034	118,984
Less Accumulated Depreciation	<u>82,551</u>	<u>68,585</u>
	33,483	50,399
 Total Land and Buildings	 <u>807,892</u>	 <u>177,701</u>
Plant and Equipment		
Office Furniture & Equipment	17,022	17,022
Less Accumulated Depreciation	<u>9,819</u>	<u>8,024</u>
	7,203	8,998
Computer Hardware	16,630	14,847
Less Accumulated Depreciation	<u>14,518</u>	<u>11,310</u>
	2,112	3,537
Computer Software	1,339	-
Less Accumulated Depreciation	<u>310</u>	<u>-</u>
	1,029	-
Artwork	4,500	4,500
Less Accumulated Depreciation	<u>206</u>	<u>118</u>
	4,294	4,382
Other Assets	28,619	28,619
Less Accumulated Depreciation	<u>12,143</u>	<u>7,683</u>
	16,476	20,936
 Total Plant and Equipment	 <u>31,114</u>	 <u>37,853</u>
 Total Property, Plant and Equipment	 <u>839,006</u>	 <u>215,554</u>

These notes should be read in conjunction with the attached Compilation Report.

Merchant Overseas Logistics Pty Ltd
Notes to the Financial Statements
For the Year ended 30th June 2016

	2016 \$	2015 \$
13. Intangible Assets		
Non-Current		
Formation Expenses	2,621	2,621
Less Accumulated Amortisation	(2,621)	(2,621)
Western Area Setup	354,669	354,669
Less Accumulated Amortisation	354,669	354,669
FQM's Setup	147,858	147,858
Less Accumulated Amortisation	147,858	147,858
14. Trade and Other Payables		
Current		
WIP Control	236,990	139,989
Sundry Creditors	180,676	180,556
Trade Creditors	8,450,848	10,227,083
PAYG Withholding Payable	34,256	25,042
Total Trade and Other Payables	<u>8,902,770</u>	<u>10,572,670</u>
15. Financial Liabilities		
Current		
Credit (Debit) Cards		
- Nick Morrison	(847)	(1,684)
- Charles Poi	(1,263)	(3,039)
- Frank Maycock	-	(1,234)
- Haidon Rendell	-	(3,296)
- Billing Account	1,733	1,964
- Russell Dawson	-	(8,619)
- Paul Zaccaria	(3,295)	-
Payroll Tax Payable/Refundable	47,156	57,527
Superannuation Payable	-	5,250
	<u>43,484</u>	<u>46,869</u>
Non-Current		
Loans		
- Dos Equis	614,058	607,392
- QCoast Holdings	300,000	300,000
- Bulk Connections	451,170	-
	<u>1,365,228</u>	<u>907,392</u>
Total Financial Liabilities	<u>1,408,712</u>	<u>954,261</u>

These notes should be read in conjunction with the attached Compilation Report.

Merchant Overseas Logistics Pty Ltd
Notes to the Financial Statements
For the Year ended 30th June 2016

	2016	2015
	\$	\$
16. Provisions		
Current		
Provision for Annual Leave	52,867	105,772
Provision for Fringe Benefits Tax	-	1,113
	<u>52,867</u>	<u>106,885</u>
Total Provisions	<u><u>52,867</u></u>	<u><u>106,885</u></u>
17. Other		
Current		
Accrued Expenses (Job)	1,913,661	2,021,170
EOY Job Accrual	1,576,591	-
Accrued Insurance	-	7,622
Accrued Expenses	89,852	223,667
	<u>3,580,104</u>	<u>2,252,459</u>
Non-Current		
18. Contributed Equity		
Issued Capital		
Issued Capital	21,000	21,000
	<u>21,000</u>	<u>21,000</u>
19. Retained Earnings		
Retained Earnings at the Beginning of the Financial Year	502,385	(129,946)
Add		
Net profit attributable to members of the company	523,664	816,914
Less		
Income Tax Expense	188,847	184,582
Retained Earnings at the End of the Financial Year	<u><u>837,202</u></u>	<u><u>502,386</u></u>

These notes should be read in conjunction with the attached Compilation Report.

Merchant Overseas Logistics Pty Ltd

Fixed Asset and Depreciation Schedule

For the Year Ended 30 June 2016

Asset	Purchase Date	Cost Price	Cost Limit	Opening W.D.V 01/07/2015	Additions Disposals	Depreciation Rate	Depreciation \$	Accum Deprec 30/06/2016	Closing W.D.V 30/06/2016
Computer Hardware									
Avaya IP500 V2 Control Unit	16/03/2011	3,531		188		50.0% DV	94	3,437	94
CISCO ASA Unit for Perth	27/10/2011	1,147		94		50.0% DV	47	1,100	47
PC - Vostro 260S Slim Tower Desktop	19/01/2012	1,150		111		50.0% DV	56	1,095	55
HP 4300 i5	22/02/2013	1,189		244		50.0% DV	122	1,067	122
HP 4340s Laptop (Kate Clarke)	31/10/2013	1,089		202		66.6% DV	135	1,022	67
Office 2013	31/10/2013	235		78		40.0% PC	78	235	0
iPad (Haidon Rendell)	04/02/2014	862		210		66.6% DV	140	792	70
HP 450 G1 8GB i7 Laptop (Gail)	30/04/2014	1,289		381		66.6% DV	254	1,162	127
Office 2013	30/04/2014	235		125		40.0% PC	94	204	31
Office 2013 - Sarah	23/07/2014	235		147		40.0% PC	94	182	53
HP Probook 450i7 Laptop - Sarah	23/07/2014	1,350		504		66.6% DV	336	1,182	168
Office 2013 - Russell	16/09/2014	235		161		40.0% PC	94	168	67
HP 1040 G1 i7 Laptop - Russell	16/09/2014	2,299		1,089		66.6% DV	726	1,936	363
Toshiba Z30 8GB Laptop - Paul Zacarria	31/08/2015				1,548	66.6% DV	860	860	688
Office 2013 - Paul Zacarria	31/08/2015				235	40.0% PC	78	78	157
Subtotal		14,846		3,534	1,783		3,208	14,520	2,109
Office Furniture & Equipment									
Desks	01/07/2009	2,522		1,340		10.0% DV	134	1,316	1,206
Office Rug	01/07/2009	1,745		310		25.0% DV	78	1,513	232
7 x Black Mesh Chairs	08/03/2011	1,177		452		20.0% DV	90	815	362
Replica Rodolfo Dordoni Side/Coffee Table	08/03/2011	359		138		20.0% DV	28	249	110
2 x Organic Chairs	08/03/2011	900		345		20.0% DV	69	624	276
4 x Plastic Side Chairs	08/03/2011	779		299		20.0% DV	60	540	239
2 x Swan Chair Green	08/03/2011	1,082		415		20.0% DV	83	750	332
Multifunction Printer	28/05/2013	714		170		50.0% DV	85	629	85
Workstations and Chair	29/11/2012	933		711		10.0% DV	71	293	640
Brother MFC-94340CN Printer	31/01/2014	526		263		40.0% DV	105	368	158
Barcode Scanner	14/02/2014	1,046		610		33.3% DV	203	639	407
iPhone 5S (Chris)	07/05/2014	908		705		20.0% DV	141	344	564
IKEA Office Furniture	20/02/2014	3,869		2,873		20.0% DV	575	1,571	2,298
VARIDESK - Pro & The Mat	24/06/2014	460		366		20.0% DV	73	167	293
Subtotal		17,020		8,997			1,795	9,818	7,202
Plant & Equipment									
2 x Half Height Prototypes	01/07/2009	7,244				20.0% PC	0	7,244	0
FCDU3280524									
1200 x Marine Twistlocks Type T1-1L	01/07/2009	35,136				20.0% PC	0	35,136	0
Roof Lifting Frame for RNOU Boxes	02/12/2010	4,200		354		20.0% PC	354	4,200	0
PBXU2223894, PBXU2223873, PBXU2223718	09/02/2012	9,300		2,993		20.0% PC	1,860	8,167	1,133
Container at cost	24/11/2012	3,985		2,009		20.0% PC	797	2,773	1,212
20' Flat Rack	10/03/2014	3,850		2,842		20.0% PC	770	1,778	2,072
Semi-automatic Spreader	21/03/2014	14,403		8,159		40.0% DV	3,264	9,508	4,895
20' Containers x7	23/07/2014	3,965		3,220		20.0% PC	793	1,538	2,427
20' Containers x20	23/07/2014	12,495		10,147		20.0% PC	2,499	4,847	7,648
10' Container	29/08/2014	2,500		2,081		20.0% PC	500	919	1,581
Diesel Container Tank (WIP)	12/05/2015	2,950		2,950	(2,950)	0.0%	0		0
20' x 8' x 2000mm Container Inspection Stand	07/05/2014	2,270		1,762		20.0% DV	352	860	1,410
40' x 8' x 2000mm Container Inspection Stand	07/05/2014	3,237		2,511		20.0% DV	502	1,228	2,009
20' x 8' x 2000mm Container Inspection Stand (Improvements)	22/09/2014	5,545		4,688		20.0% DV	938	1,795	3,750
40' x 8' x 2000mm Container Inspection Stand (Improvements)	22/09/2014	7,905		6,684		20.0% DV	1,337	2,558	5,347
Subtotal		118,985		50,400	(2,950)		13,966	82,551	33,484

Note: This Statement is to be read in conjunction with the accompanying Notes and the Accountant's Disclaimer

Merchant Overseas Logistics Pty Ltd
Fixed Asset and Depreciation Schedule
For the Year Ended 30 June 2016

Asset	Purchase Date	Cost Price	Cost Limit	Opening W.D.V 01/07/2015	Additions Disposals	— Depreciation — Rate	\$	Accum Deprec 30/06/2016	Closing W.D.V 30/06/2016
Minor Assets									
MS Office 2007	30/09/2009	434				40.0% PC	0	434	0
Bookcase with ten adjustable shelves	27/11/2009	686		309		13.3% DV	41	418	268
3 Metal Storage bins for twistlocks	11/07/2012	1,159		597		20.0% DV	119	681	478
Metal storage bins for twistlocks	20/07/2012	383		198		20.0% DV	40	225	158
Bar fridge	27/07/2012	317		214		12.5% DV	27	130	187
Linen	20/02/2014	682		350		40.0% DV	140	472	210
Workstation x4	22/02/2014	2,008		1,743		10.0% DV	174	439	1,569
Black Mesh Office Chair x4	22/02/2014	1,833		1,362		20.0% DV	272	743	1,090
Boardroom Chair x6	22/02/2014	1,531		1,138		20.0% DV	228	621	910
Privacy Screen x2	22/02/2014	304		264		10.0% DV	26	66	238
Executive Straight Desk x2	22/02/2014	567		492		10.0% DV	49	124	443
Mobile Pedestal Draw x4	22/02/2014	804		664		13.3% DV	89	229	575
Mobile Room Divider	22/02/2014	442		383		10.0% DV	38	97	345
7 Piece Dinner Set	28/02/2014	667		346		40.0% DV	138	459	208
Samsung 7.5kg F/Load Washing Machine	20/02/2014	545		320		33.3% DV	107	332	213
Samsung 255L Fridge	20/02/2014	654		486		20.0% DV	97	265	389
Samsung 80L Microwave Oven	20/02/2014	135		84		30.0% DV	25	76	59
NILFISK Vacuum Cleaner	20/02/2014	271		202		20.0% DV	40	109	162
Sunbeam Kettle & Toaster	20/02/2014	82				Write-Off	0	82	0
Sunbeam Iron	20/02/2014	45				Write-Off	0	45	0
Linen	20/02/2014	249		128		40.0% DV	51	172	77
Cutlery	20/02/2014	191		98		40.0% DV	39	132	59
Lifting Gear	11/04/2014	2,809		2,147		20.0% DV	429	1,091	1,718
Software Application Upgrade	31/05/2014	3,000		1,698		40.0% PC	1,200	2,502	498
Esperance Office Fitout - Desk	14/08/2014	2,517		2,295		10.0% DV	230	452	2,065
Esperance Office Fitout - Chairs	14/08/2014	2,784		2,294		20.0% DV	459	949	1,835
Esperance Office Fitout - Pedestal Drawers	14/08/2014	1,582		1,396		13.3% DV	186	372	1,210
Esperance Office Fitout - Mobile Divider	14/08/2014	456		416		10.0% DV	42	82	374
Esperance Office Fitout - 1 Door Metal Locker	14/08/2014	1,480		1,307		13.3% DV	174	347	1,133
Subtotal		28,617		20,931			4,460	12,146	16,471
Property Improvements - Hall St, Port Melbourne									
4 x Sunscreen Roller Blinds	02/02/2011	1,786		1,124		10.0% DV	112	774	1,012
12 Place Setting Dishwasher (Fisher & Paykel)	17/02/2011	1,110		319		25.0% DV	80	871	239
Boiling & Chilled Filtered Water System	17/02/2011	2,178		1,169		13.3% DV	156	1,165	1,013
Cabling Fitout	09/02/2011	3,820		3,399		2.5% PC	96	517	3,303
Fitout of 15 Hall Street	17/03/2011	134,349		119,938		2.5% PC	3,359	17,770	116,579
ISDN Installation & Activation Fee x 30	22/05/2011	2,080		1,349		10.0% DV	135	866	1,214
Subtotal		145,323		127,298			3,938	21,963	123,360
Artwork									
Painting	09/03/2014	4,500		4,383		2.0% DV	88	205	4,295
Subtotal		4,500		4,383			88	205	4,295
Computer Software									
Merchant Website	02/12/2015				1,339	40.0% PC	310	310	1,029
Subtotal					1,339		310	310	1,029
TOTAL		329,291		215,543	172		27,765	141,513	187,950

Note: This Statement is to be read in conjunction with the accompanying Notes and the Accountant's Disclaimer

Merchant Overseas Logistics Pty Ltd
Fixed Asset and Depreciation Schedule
For the Year Ended 30 June 2016

Asset	Purchase Date	Cost Price	Opening W.D.V 01/07/2015	Sale Price	Dep'n Recovered	Loss on Sale	Capital Gains	Sale Date
Diesel Container Tank (WIP)	12/05/2015	2,950	2,950	2,950				30/06/2016
		2,950	2,950	2,950				

Note: This Statement is to be read in conjunction with the accompanying Notes and the Accountant's Disclaimer

Merchant Overseas Logistics Pty Ltd
ACN 108 934 685
Directors' Declaration
for the Year Ended 30 June 2016

The director has determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

The director of the company declares that:

1. The financial statements and notes present fairly the Company's financial position as at 30 June 2016 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
2. In the director's opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution by the Director.



Chris Dunphy
Director

Dated this 23 day of December 2016

Merchant Overseas Logistics Pty Ltd
ACN 108 934 685
Compilation Report To Merchant Overseas Logistics Pty Ltd

We have compiled the accompanying special purpose financial statements of Merchant Overseas Logistics Pty Ltd which comprise the balance sheet as at 30 June 2016, and the income statement for the year then ended, a summary of significant accounting policies and other explanatory notes. The specific purpose for which the special purpose financial statements have been prepared is set out in the notes to the accounts.

The Responsibility of the Director

The director of Merchant Overseas Logistics Pty Ltd is solely responsible for the information contained in the special purpose financial statements, the reliability, accuracy and completeness of the information and for the determination that the basis of accounting used is appropriate to meet their needs and for the purpose that the financial statements were prepared.

Our Responsibility

On the basis of information provided by the director, we have compiled the accompanying special purpose financial statements in accordance with the basis of accounting as described in the notes to the financial statements and APES 315: Compilation of Financial Information.

We have applied professional expertise in accounting and financial reporting to compile these financial statements in accordance with the basis of accounting described in the notes to the financial statements. We have complied with the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants.

Assurance Disclaimer

Since a compilation engagement is not an assurance engagement, we are not required to verify the reliability, accuracy or completeness of the information provided to us by management to compile these financial statements. Accordingly, we do not express an audit opinion or a review conclusion on these financial statements.

The special purpose financial statements were compiled for the benefit of the director who is responsible for the reliability, accuracy and completeness of the information used to compile them. We do not accept responsibility for the contents of the special purpose financial statements.

Davidson Advisory Services
Chartered Accountants
196 Keilor Road, Essendon VIC 3040

Lisa Brooks
20 December 2016

ANNEXURE E

MANAGEMENT ACCOUNTS AS AT NOVEMBER 2017

Merchant Overseas Logistics Pty Ltd (MOL)

Balance Sheet as at Nov 30 2017 (201805)

Roll-Up Level: No Roll up

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Local Currency: AUD

Account No.	Account name	Change	Balance as at 201805
	BALANCE SHEET		
	SHAREHOLDERS FUNDS		
5110.00.00	ISSUED SHARE CAPITAL		21,000.00
	RETAINED EARNINGS	-77,166.43	821,186.43
	TOTAL SHAREHOLDERS FUNDS	-77,166.43	842,186.43
	REPRESENTED BY:-		
	CURRENT ASSETS		
6010.10.00	CASH ON HAND - OFFICE		200.10
6110.10.10	NAB AUD A/C		56,413.41
6110.10.20	NAB USD A/C		41,830.30
6110.40.10	NAB DEBIT CARD - NICK MORRISON		2,453.53
6110.40.60	NAB DEBIT CARD - JACK DWYER		2,596.07
6110.40.70	NAB DEBIT CARD - PAUL ZACCARIA		3,528.78
6210.00.00	TRADE DEBTORS CONTROL		211,563.52
6240.00.00	WIP CONTROL		-258,433.95
6310.00.00	INPUT TAX RECEIVABLE	436.67	38,795.90
6410.60.00	PREPAYMENT - RENT	-4,803.33	67,246.67
6510.00.00	DEPOSIT		45,080.00
6510.80.00	DEPOSIT - LOT 9003		135,323.02
6510.80.50	IMPAIRMENT - LOT 9003		-135,323.02
6710.90.00	LOAN TO MERCHANT CEMENT AND LIME		621,310.18
6710.95.00	LOAN TO MERCHANT CON-HAUL		6,722,429.36
6710.99.00	LOAN TO CHRISTABELL MARITIME		9,631.01
6710.99.50	IMPAIRMENT - LOAN TO CHRISTABEL MAR		-9,631.01
	TOTAL CURRENT ASSETS	-4,366.66	7,555,013.87
	FIXED ASSETS		
7100.10.10	COMPUTER SOFTWARE - COST		1,339.35
7100.10.50	COMPUTER SOFTWARE - ACCUM DEPN.		-1,011.12
7100.20.10	COMPUTER HARDWARE - COST		16,629.97
7100.20.50	COMPUTER HARDWARE - ACCUM DEPN.		-16,074.00
7200.10.10	OFFICE EQUIPMENT - COST		5,194.08
7200.10.50	OFFICE EQUIPMENT - ACCUM DEPN.		-2,588.00
	PLANT, MACHINERY & EQUIPMENT		
7300.10.10	CONTAINERS- COST		116,033.81
7300.10.50	CONTAINERS - ACCUM DEPN.		-96,252.68
7400.10.10	FURNITURE & FITTINGS - COST		13,827.23
7400.10.50	FURNITURE & FITTINGS - ACCUM DEPN.		-9,145.00
7500.10.10	LEASEHOLD IMPROVEMENTS - COST		145,323.57
7500.10.50	LEASEHOLD IMPROVEMENT - ACCUM DEPN.		-27,120.32
7500.20.10	LOT 1,2,4 CHADWICK EST ESP-COST		1,888,484.94
	MINOR ASSETS		
7640.10.10	MINOR ASSETS - COST		28,618.76
7640.10.50	MINOR ASSETS - ACCUM DEPN.		-15,967.18
	COLLECTIBLES		
7660.10.10	ARTWORKS - COST		4,500.00
7660.10.50	ARTWORKS - ACCUM DEPN		-319.00
	TOTAL FIXED ASSETS	0.00	2,051,474.41
	INVESTMENTS		
	TOTAL INVESTMENT	0.00	0.00
	INTANGIBLES		
7820.00.00	FORMATION EXPENSES		2,620.91
7820.20.50	FORMATION EXPENSES - ACCUM AMORT		-2,620.91
7830.10.00	BORROWING COST		8,500.55
7830.10.50	BORROWING COST - ACCUM AMORT		-1,378.00
7850.00.00	WESTERN AREAS SETUP		354,669.10
7850.20.50	WESTERN AREAS ACCUM AMORT		-354,669.10

Merchant Overseas Logistics Pty Ltd (MOL)

Balance Sheet as at Nov 30 2017 (201805)

Roll-Up Level: No Roll up

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Local Currency: AUD

Account No.	Account name	Change	Balance as at 201805
	TOTAL INTANGIBLES	0.00	7,122.55
	TOTAL ASSETS	-4,366.66	9,613,610.83
	LIABILITIES		
	CURRENT LIABILITIES		
8110.40.00	NAB DEBIT CARD - BILLING ACCOUNT		2,719.74
8210.00.00	TRADE CREDITORS CONTROL	-48,592.86	2,153,167.69
8260.00.00	PROVISIONS		50,349.03
8280.00.00	DEPOSIT-SALE OF LOT 1		72,050.00
8310.00.00	OUTPUT TAX PAYABLE		2,750.36
8360.00.00	PAYG TAX CLEARING		36,850.00
8410.10.00	ACCRUAL - JOB COSTING	71,600.00	74,600.00
8410.10.10	EOY JOB ACCRUAL		500,000.00
8410.50.00	PROVISION FOR INCOME TAX		-95,677.00
8710.30.00	LOAN FROM DOS EQUIS	49,792.63	1,175,446.70
8710.45.00	LOAN QCOAST HOLDINGS		485,984.41
8710.80.00	LOAN FROM BULK CONVERTERS		1,798,799.47
	TOTAL CURRENT LIABILITIES	72,799.77	6,257,040.40
	NON-CURRENT LIABILITIES		
9010.30.00	LOAN- NAB LOT 1,2,4		1,070,000.00
	TOTAL NON-CURRENT LIABILITIES	0.00	1,070,000.00
	CONTINGENT LIABILITIES		
9510.00.00	CONTINGENT LIABILITIES		1,444,384.00
	TOTAL CONTINGENT LIABILITIES	0.00	1,444,384.00
	TOTAL LIABILITIES	72,799.77	8,771,424.40
	EXCESS OF ASSETS OVER LIABILITIES	77,166.43	-842,186.43

Merchant Overseas Logistics Pty Ltd (MOL)

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General Ledger Profit And Loss Report for Period 201805

Note: Credit Balances / Movements display as Positive Values, Debit Balances / Movements display as Negative Values

Roll-Up Level: No Roll up

Currency: AUD

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GL Account	Account	Period Actual	YTD Actual	Period Last Year	YTD Last Year	Total Year Last Year
	PROFIT AND LOSS ACCOUNT					
1010.10.10	FREIGHT REVENUE ACTUAL		2,854,139.75	28,465.58	5,715,519.97	17,845,598.78
1010.10.20	FREIGHT REVENUE ACCRUED			-61,174.37		-46,895.50
1010.20.10	FREIGHT COSTS ACTUAL		-293,734.60		355,402.72	488,505.51
1010.20.20	FREIGHT COSTS ACCRUED		108,050.00	-14,887.97	20,946.22	247,976.26
1020.10.10	AGENCY REVENUE ACTUAL				2,500.00	3,388.83
1020.20.10	AGENCY COSTS ACTUAL		-36,159.80	-18,800.46	-80,515.22	-214,632.73
1020.20.20	AGENCY COSTS ACCRUED	-10,000.00	33,564.76		-4,646.28	-41,331.69
1030.10.10	PORT & TERMINAL REV ACTUAL		136,970.04	50,286.00	246,374.23	658,814.94
1030.10.20	PORT & TERMINAL REV ACCR				792.49	792.49
1030.20.10	PORT & TERMINAL COSTS ACTUAL		-559,707.71	-283,308.22	-1,428,102.82	-2,866,750.07
1030.20.20	PORT & TERMINAL COSTS ACCR	-59,000.00	256,694.87	-215,555.42	184,975.48	-41,545.35
1040.10.10	DOC REVENUE ACTUAL			150.00	400.00	700.00
1040.20.10	DOC COSTS ACTUAL		-524.13	-2,637.82	-67,561.67	-67,775.11
1040.20.20	DOC COSTS ACCRUED				-829.79	338.85
1050.10.10	CTR RENTAL REVENUE ACTUAL		41,784.45	10,483.33	53,465.00	127,547.22
1050.10.20	CTR RENTAL REVENUE ACCRUED				2,907.79	2,907.79
1050.20.10	CTR RENTAL COSTS ACTUAL		-21,274.02	-287,722.05	-1,548,846.65	-2,641,150.99
1052.10.10	CTR REPO REVENUE ACTUAL					149,951.31
1052.20.10	CTR REPO COSTS ACTUAL		-72,158.33	-142,675.18	-516,446.13	-1,157,537.06
1053.10.10	SURVEY/CERTIFY REV ACTUAL				-258.78	-258.78
1053.20.10	SURVEY/CERTIFY COSTS ACTUAL		-706.15	-825.83	-3,504.56	-5,354.55
1054.20.10	CTR STORAGE COSTS ACTUAL		-12,771.92	-5,545.20	-44,699.29	-92,979.88
1054.20.20	CTR STORAGE COSTS ACCRUED			13,552.00	13,325.96	13,552.00
1056.10.10	CTR REPAIRS REVENUE ACTUAL					-9,101.79
1056.20.10	CTR REPAIRS COSTS ACTUAL		-108,842.51	-3,856.18	-44,722.56	-92,877.29
1056.20.20	CTR REPAIRS COSTS ACCRUED					677.69
1057.20.10	CTR WASH COSTS ACTUAL				-29,398.68	-29,398.68
1058.10.20	DEMURRAGE REVENUE ACCRUED				23,998.03	23,998.03
1058.20.10	DEMURRAGE COSTS ACTUAL		657,894.74		-40,104.19	-24,453.86
1058.20.20	DEMURRAGE COSTS ACCRUED			80,006.50	80,006.50	502,218.59
1059.20.10	CTR DEHIRE COSTS ACTUAL				-3,251.91	-1,620.71
1060.20.10	HANDLING COSTS ACTUAL				-950.95	-950.95
1070.10.10	CARTAGE REVENUE ACTUAL				915,334.44	915,334.44
1070.20.10	CARTAGE COSTS ACTUAL		-604,655.23	-437,271.38	-2,809,734.57	-5,118,073.97
1070.20.20	CARTAGE COSTS ACCRUED			434,775.94	434,775.94	290,319.99
1080.20.10	GOVT S'VICE COSTS ACTUAL		-4,375.00	-1,110.00	-12,372.04	-19,852.04
1080.20.20	GOVT S'VICE COSTS ACCRUED		1,200.00	-13,295.00	-2,540.00	1,019.00
1090.20.20	DUTY PAID FOR CLIENTS ACCRUED					1,862.71
1110.20.20	WAREHOUSE COSTS ACCRUED					212,019.85
1120.20.10	QUARANTINE COSTS ACTUAL				-2,160.00	-1,395.00
1120.20.20	QUARANTINE COSTS ACCRUED					100.00
1130.10.10	OTHER REVENUE ACTUAL		50,295.75	4,581.82	116,208.17	263,883.05
1130.10.20	OTHER REVENUE ACCRUED					-2,400.00
1130.20.10	OTHER COSTS ACTUAL			-4,941.36	-35,477.18	-78,327.74
1130.20.20	OTHER COSTS ACCRUED		46,573.85		-44,196.94	-40,461.34
1200.20.10	CHARTER COSTS ACTUAL		-783,227.22	-164,461.40	-939,816.85	-2,464,909.53
1200.20.20	CHARTER COSTS ACCRUED		-899.27	164,551.65	294,551.65	130,899.27
1210.20.10	BUNKERS COSTS ACTUAL		-805,510.76	-249,253.74	-805,684.47	-3,097,493.62
1210.20.20	BUNKERS COSTS ACCRUED		39,670.46	281,712.01	401,712.01	80,329.54
1220.20.10	VESSEL INS COSTS ACTUAL		-6,507.54	-3,833.79	-21,373.45	-49,663.50
1220.20.20	VESSEL INS COSTS ACCRUED			3,685.67	5,435.67	1,750.00
1290.10.20	OWNER'S COSTS REV ACCRUED		153.31			
1290.20.10	OWNER'S COSTS ACTUAL		3,480.23		-10,188.00	-10,188.00
1290.20.20	OWNER'S COSTS ACCRUED					81.12
1340.20.10	STORAGE COSTS ACTUAL				-702.91	-898.11
1360.20.10	CONSUMABLES COSTS ACTUAL		4,960.07		-12,178.14	-15,654.53
1440.30.00	FUEL TAX CR		6,114.00	3,425.00	16,393.00	27,050.00

Merchant Overseas Logistics Pty Ltd (MOL)

General Ledger Profit And Loss Report for Period 201805

Note: Credit Balances / Movements display as Positive Values, Debit Balances / Movements display as Negative Values

Roll-Up Level: No Roll up

Currency: AUD

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GL Account	Account	Period Actual	YTD Actual	Period Last Year	YTD Last Year	Total Year Last Year
1515.10.10	SHIPS AGENCY DISB REV ACTUAL				4,914.00	4,914.00
1515.20.10	SHIPS AGENCY DISB COST ACT		-20,901.97	-11,394.00	-28,312.15	-104,830.62
1515.20.20	SHIPS AGENCY DISB COST ACCRUED	-2,600.00	1,680.00			-7,280.00
	TOTAL REVENUE		3,089,457.30	36,217.36	7,098,548.34	19,966,224.81
	TOTAL COSTS	-71,600.00	-2,178,187.18	-883,091.23	-6,747,185.25	-16,315,736.54
	GROSS PROFIT FROM OPERATION	-71,600.00	911,270.12	-846,873.87	351,363.09	3,650,488.27
2010.00.00	OTHER INCOME					10,461.79
2020.10.00	EXCHANGE GAIN (LOSS) - REALISED	-1,199.77	1,084.46	-18,203.30	-34,549.30	-109,734.96
2020.20.00	EXCHANGE GAIN (LOSS) - UNREALISED		-26,125.67	32,503.57	-20,131.61	-89,897.28
2040.00.00	INTEREST RECEIVED				74.85	74.85
2070.00.00	SUNDRY INCOME					230,000.00
2080.00.00	LABOUR RECHARGE		40,732.87	49,634.67	205,176.02	417,083.89
	TOTAL INCOME	-72,799.77	926,961.78	-782,938.93	501,933.05	4,108,476.56
	LESS - OPERATING EXPENSES					
	HUMAN RESOURCE EXPENSES					
3020.00.00	SALARIES & WAGES		-281,831.99	-86,459.62	-444,723.19	-974,111.71
3020.20.00	SALARIES & WAGES - CASUALS/TEMP/CON					-633.67
3030.00.00	COMMISSION			-107.32	-107.32	-107.32
3040.00.00	SUPERANNUATION		-21,859.93	-6,949.60	-39,218.29	-86,026.90
3050.00.00	ANNUAL LEAVE		38,922.63	12,542.19	1,792.78	13,943.95
3060.00.00	TRAINING AND DEVELOPMENT					-1,681.82
3060.10.00	STAFF RECRUITMENT					-1,750.00
3070.00.00	STAFF AMENITIES		-813.29	-84.89	-1,057.60	-3,121.23
3080.00.00	FRINGE BENEFIT TAX					-39.69
3090.00.00	PAYROLL TAX		-7,027.09	-4,798.83	-20,932.69	-41,040.02
3090.10.00	WORKERS COMPENSATION		-6,915.56	-2,787.28	-14,308.03	-33,911.88
	TOTAL HUMAN RESOURCE EXPENSES		-279,525.23	-88,645.35	-518,554.34	-1,128,480.29
	DIRECTOR REMUNERATION EXPENSES					
	TOTAL DIRECTOR REMUNERATION					
	MARKETING EXPENSES					
3220.00.00	ADVERTISMENT AND PROMOTION				-3,696.81	-60,010.44
3230.00.00	ENTERTAINMENT - STAFF PORTION				1,232.43	1,197.89
3230.10.00	ENTERTAINMENT - CLIENTS PORTION				395.26	357.27
3240.00.00	TRAVEL - LOCAL		-2,172.01	-821.04	-5,503.46	-10,168.88
3250.00.00	TRAVEL - INTERSTATE		-10,220.65	-150.41	-7,790.98	-19,925.41
3260.00.00	TRAVEL - OVERSEAS		-6,975.01	-10,980.96	-47,953.73	-91,726.14
3265.00.00	TRAVEL - PHENOM 100		-260,000.00	-65,000.00	-325,000.00	-780,000.00
3270.00.00	UNIFORMS					-305.45
	TOTAL MARKETING EXPENSES		-279,367.67	-76,952.41	-388,317.29	-960,581.16
	MOTOR VEHICLE EXPENSES					
3325.00.00	MOTOR VEHICLE PETROL		-20,035.30	-2,226.16	-25,254.59	-54,128.12
3330.00.00	MOTOR VEHICLE REPAIR/MAINTENANCE		-4,740.10	-304.97	-1,631.36	-4,641.03
3335.00.00	MOTOR VEHICLE REGISTRATION		3,176.40		-1,811.16	-2,556.01
3350.00.00	PARKING AND TOLL		-803.54	-181.82	-2,196.27	-4,340.56
3360.00.00	MOTOR VEHICLE HIRE & LEASE		-65,153.48	-2,427.30	-13,231.97	-43,312.74
	TOTAL MOTOR VEHICLE EXPENSES		-87,556.02	-5,140.25	-44,125.35	-108,978.46
	PROFESSIONAL EXPENSES					
3420.00.00	ACCOUNTING & AUDIT FEE		6,830.00	-534.24	-2,724.65	-7,124.38
3425.00.00	ASIC FILLING FEE				-9.00	-258.00

Merchant Overseas Logistics Pty Ltd (MOL)

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General Ledger Profit And Loss Report for Period 201805

Note: Credit Balances / Movements display as Positive Values, Debit Balances / Movements display as Negative Values

Roll-Up Level: No Roll up

Currency: AUD

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GL Account	Account	Period Actual	YTD Actual	Period Last Year	YTD Last Year	Total Year Last Year
3430.00.00	MANAGEMENT FEES		-92,000.00	-23,000.00	-115,000.00	-276,000.00
3440.00.00	CONSULTATION FEE		-2,192.11	-3,850.00	-114,143.43	-144,691.14
3450.00.00	LEGAL FEE / INCORPORATION FEE		-25,958.59	-15,473.81	-57,477.97	-121,988.70
3455.00.00	ACCESS/PERMIT FEE		-196.65			-250.00
3470.00.00	SUBSCRIPTION & MEMBERSHIP FEES		-580.16	-90.00	-1,183.27	-2,084.90
	TOTAL PROFESSIONAL EXPENSES		-114,097.51	-42,948.05	-290,538.32	-552,397.12
	GENERAL ADMINISTRATION EXPENSES					
3510.00.00	RENT	-4,366.66	-29,614.44	-11,558.69	-56,270.18	-102,518.31
3520.00.00	UTILITY - ELECTRICITY, GAS & WATER		-4,789.21	-241.10	-4,839.53	-9,815.08
3530.00.00	RATES & TAXES		-24,475.08		-9,760.68	-12,504.38
3535.00.00	BODY CORPORATE FEES		-946.65		-944.45	-3,874.44
3540.00.00	CLEANING		-4,113.32	-1,130.00	-10,597.48	-17,146.32
3550.00.00	PRINTING & STATIONERY		-1,322.83	-470.30	-2,259.73	-4,977.55
3570.00.00	SUNDRY EXPENSES			-370.31	-875.73	-2,165.51
3570.10.00	REPAIRS & MAINTENANCE - MINOR EQUIP		-4,248.63		-2,272.57	-17,914.68
3580.00.00	INSURANCE		-57,048.12		-421.03	-15,055.78
3585.00.00	MINOR OFFICE FURNITURE				-794.55	-794.55
	TOTAL GENERAL ADMIN EXPENSES	-4,366.66	-126,558.28	-13,770.40	-89,035.93	-186,766.60
	COMMUNICATION EXPENSES					
3620.00.00	DATA/INTERNET EXPENSES		-1,326.23	-1,972.33	-9,943.47	-23,749.78
3630.00.00	COMPUTER EXPENSES		-33,803.32	-8,272.11	-40,071.36	-94,469.15
3640.00.00	POSTAGE		-111.57	-700.15	-1,198.78	-2,575.82
3650.00.00	TELEPHONES		-1,275.41	-937.53	-4,390.14	-7,370.29
3660.00.00	TELEPHONES - MOBILES		-5,761.83	-1,586.18	-9,320.58	-20,043.25
	TOTAL COMMUNICATION EXPENSES		-42,278.36	-13,468.30	-64,924.33	-148,208.29
	WAREHOUSE EXPENSES					
3710.00.00	FORKLIFT MAINTENANCE				-1,175.43	-5,323.45
3720.00.00	PACKAGING & WRAPPING					-399.00
3750.00.00	SUNDRY WAREHOUSE EXPENSES			-226.36	-2,580.91	-2,580.91
3760.00.00	WAREHOUSE LABOUR				-2,406.50	-2,406.50
3770.00.00	FORKLIFT HIRE				-110.00	-110.00
3790.00.00	EQUIPMENT HIRE		-2,338.90			
	TOTAL WAREHOUSE EXPENSES		-2,338.90	-226.36	-6,272.84	-10,819.86
	DEPRECIATION EXPENSES					
3820.00.00	DEPR. - OFFICE EQUIPMENT		-211.00	-29.55	-147.75	-398.08
3830.00.00	DEPR. - COMPUTER HARDWARE		-157.00	-112.03	-560.15	-1,399.21
3840.00.00	DEPR. - COMPUTER SOFTWARE		-164.12	-44.77	-223.85	-537.00
3860.00.00	DEPR. - FURNITURE & FITTINGS		-279.00	-85.61	-428.05	-1,026.06
3870.00.00	DEPR. - PLANT & EQUIPMENT		-2,723.00	-914.16	-4,570.80	-10,978.66
3875.00.00	DEPR. - MINOR ASSETS		-705.32	-259.19	-1,295.95	-3,119.02
3880.00.00	DEPR. - COLLECTIBLES		-28.00	-7.18	-35.90	-85.45
3890.00.00	DEPR. LEASEHOLD IMPROVEMENTS		-1,275.32	-323.51	-1,617.55	-3,885.03
	TOTAL DEPRECIATION EXPENSES		-5,542.76	-1,776.00	-8,880.00	-21,428.51
	FINANCE EXPENSES					
3910.00.00	BANK CHARGES		-3,904.68	-1,490.32	-8,317.23	-16,636.31
3910.20.00	BANK CHARGES - DBR FINANCE FACILITY			-137.80	-413.40	-1,528.00
3920.00.00	LOAN INTEREST		-20,097.82	-4,887.35	-9,610.01	-43,809.26
3935.00.00	ATO-GIC					33.56
	TOTAL FINANCE EXPENSES		-24,002.50	-6,515.47	-18,340.64	-61,940.01
	OTHER EXPENSES					
3950.10.00	DONATION				-165.00	-165.00

Merchant Overseas Logistics Pty Ltd (MOL)

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General Ledger Profit And Loss Report for Period 201805

Note: Credit Balances / Movements display as Positive Values, Debit Balances / Movements display as Negative Values

Roll-Up Level: No Roll up

Currency: AUD

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GL Account	Account	Period Actual	YTD Actual	Period Last Year	YTD Last Year	Total Year Last Year
3960.00.00	DISCOUNT ALLOWED				-0.01	-0.09
3980.00.00	BAD DEBT			-73,794.15	-73,794.15	-534,539.74
3990.00.00	FINES & PENALTIES				-254.60	-225,786.45
3990.10.00	CLAIMS/PROJECT W/O					-150,095.78
	TOTAL OTHER EXPENSES			-73,794.15	-74,213.76	-910,587.06
	TOTAL OVERHEADS	-4,366.66	-961,267.23	-323,236.74	-1,503,202.80	-4,090,187.36
	GROSS OPERATING PROFIT	-77,166.43	-34,305.45	-1,106,175.67	-1,001,269.75	18,289.20
	PROFIT & LOSS APPROPRIATION					
	OPERATING PROFIT BEFORE TAX	-77,166.43	-34,305.45	-1,106,175.67	-1,001,269.75	18,289.20
	OPERATING PROFIT AFTER TAX	-77,166.43	-34,305.45	-1,106,175.67	-1,001,269.75	18,289.20
	TOTAL AVAILABLE FOR APPROPRIATION	-77,166.43	-34,305.45	-1,106,175.67	-1,001,269.75	18,289.20
	TOTAL YTD UNAPPROPRIATED PROFITS	-77,166.43	-34,305.45	-1,106,175.67	-1,001,269.75	18,289.20
4900.00.00	RETAINED EARNINGS FROM PREVIOUS YR		855,491.88		837,202.68	837,202.68
	RETAINED PROFITS	-77,166.43	821,186.43	-1,106,175.67	-164,067.07	855,491.88

ANNEXURE F

**SUMMARY OF RECEIPTS AND PAYMENTS FOR THE PERIOD
31 OCTOBER 2017 TO 22 NOVEMBER 2017 FOR
MERCHANT OVERSEAS LOGISTICS PTY LTD ACN 108 934 685
(ADMINISTRATORS APPOINTED)**

Description	\$
<i>Receipts</i>	
Directors Indemnity	20,000.00
<i>Total Receipts</i>	20,000.00
<i>Payments</i>	0.00
<i>Total Payments</i>	0.00
Net Receipts / (Payments)	20,000.00
 Represented by:	 20,000.00
Cash at Bank at 22 November 2017	

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.

ANNEXURE H

A.S. Advisory Pty Ltd (ACN 168 659 176)

SCALE OF RATES AND RELEVANT EXPERIENCE FOR EACH LEVEL OF STAFF – 1 June 2017

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

A schedule detailing our rates to apply for the period commencing 1 June 2017 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

REMUNERATION REQUEST APPROVAL REPORT

MERCHANT OVERSEAS LOGISTICS PTY LTD

ACN 108 934 685

(Administrators Appointed)

PART 1: DECLARATION

We, Mr Andrew Schwarz and Mr Jon Howarth of A.S. Advisory Pty Ltd have undertaken a proper assessment of this remuneration claim for our appointment as Administrators and Liquidators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed in the conduct of the Administration.

PART 2: EXECUTIVE SUMMARY

This remuneration request approval report details approvals sought for the following amounts with respect to the Company:

Period	Remuneration Request Approval Report Part	Amount \$ (excl GST)
Voluntary Administration		
Fee Resolution Number 1: 31 October 2017 – 19 November 2017	3.1	30,293.00
Fee Resolution Number 2: 20 November 2017 to Conclusion of Administration (Interim Approval)	3.2	25,000.00
Liquidation		55,293.00
Fee Resolution Number 3: 6 December 2017 to the conclusion of the winding up*	3.3	30,000.00

*Approval for future remuneration sought is based on an estimate of the work necessary to the completion of the administration/liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors or the committee of inspection.

Please refer to the Scale of Rates and Relevant Experience for each level of staff at **Annexure H** and the Remuneration Request Approval Report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

PART 3: DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

3.1 Fee Resolutions 1: Voluntary Administration 31 October 2017 to 19 November 2017

Company	Merchant Overseas Logistics Pty Ltd	Period From	31 October 2017	To	19 November 2017
Practitioners	Andrew Schwarz/Jon Howarth	Firm	A.S. Advisory Pty Ltd		
Administration Type	Voluntary Administration				

Task Area \$(Excl GST)	General Description	Includes
Assets \$5,470.50 / 14.8hrs	Cash at Bank	Liaising with major banking institutions to identify bank accounts held by the Company. Liaising with Nab and reviewing bank statements for both Australian and US dollar bank account.
	Plant and equipment	Liaising with Director regarding assets owned and leased by the Company, including the location, condition and value of plant and equipment. Reviewing books and records to identify leased assets including the location and value of leased assets Engaged independent valuer to conduct valuation of plant and equipment Review and maintain/update insurance cover Observing, securing and maintaining assets
	Land	Liaising with Director regarding sale of Lot 1/DP73198 Engaged independent valuer to conduct valuation of 3 properties Conducted searches
	Debtors	Reviewing and assessing debtors ledger Liaising with the Director regarding the recoverability of debtors
Creditors \$18,738.50 / 56.6hrs	Creditor enquiries	Receive and follow up creditor enquiries Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Secured creditor	Preparation of notifications to creditors with interests registered on the PPSR Responding to PPSR creditor queries and assessing validity of claims Preparing report to National Australia Bank in relation to assets subject to their security interest
	Meeting of creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known 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 Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
Employees \$570 / 2 hrs	Employees enquiries	Receive and follow up employee enquiries
Investigations \$1,882.00 / 8.3hrs	Preliminary Investigations	Liaising with Director in relation to Company's background and nature of business Discussions with the Director regarding cause of failure of the Company Reviewing books and records Reviewing bank statements Reviewing financial accounts and management accounts Preliminary review of solvency, preferences and other antecedent transactions
Administration \$3,632 / 9.8hrs	Document maintenance/file review/checklist	Filing of documents Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies
	Bank account administration	Preparing correspondence opening account
	ASIC Forms	Preparing and lodging ASIC forms including 505, etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment
	Planning / Review	Discussions and planning regarding status of administration

Fee Resolution 1: Calculation of Remuneration

Merchant Overseas Logistics Pty Ltd (Administrators Appointed)
ACN 108 934 685

Remuneration of the Voluntary Administrators for the period 31 October 2017 to 19 November 2017

Person	Position	Hourly Rate Exc GST	Total		Assets		Creditors		Employees		Investigations		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Andrew Schwarz	Partner	\$420	19.7	\$ 8,274.00	6.4	\$2,688.00	7.7	\$ 3,234.00	0	\$ -	0	\$ -	5.6	\$2,352.00
Andrew Schwarz	Senior Manager	\$315	1	\$ 315.00	0	\$ -	1	\$ 315.00	0	\$ -	0	\$ -	0	\$ -
Andrew Schwarz	Manager	\$285	6.6	\$ 1,881.00	1.2	\$ 342.00	4.4	\$ 1,254.00	1	\$ 285.00	0	\$ -	0	\$ -
Andrew Schwarz	Supervisor	\$240	1.1	\$ 264.00	0	\$ -	1.1	\$ 264.00	0	\$ -	0	\$ -	0	\$ -
Jon Howarth	Partner	\$420	19.7	\$ 8,274.50	3	\$1,260.50	14.7	\$ 6,174.00	0	\$ -	0	\$ -	2	\$ 840.00
Jon Howarth	Manager	\$285	26.5	\$ 7,552.50	4	\$1,140.00	19.5	\$ 5,557.50	1	\$ 285.00	2	\$ 570.00	0	\$ -
Rima Forbes	Accountant	\$200	1.9	\$ 380.00	0	\$ -	0.7	\$ 140.00	0	\$ -	0	\$ -	1.2	\$ 240.00
Natalie O'Brien	Supervisor	\$240	8.8	\$ 2,112.00	0	\$ -	7.5	\$ 1,800.00	0	\$ -	1.3	\$ 312.00	0	\$ -
Natalie O'Brien	Accountant	\$200	6.2	\$ 1,240.00	0.2	\$ 40.00	0	\$ -	0	\$ -	5	\$1,000.00	1	\$ 200.00
Total			91.5	\$30,293.00	14.8	\$5,470.50	56.6	\$18,738.50	2	\$570.00	8.3	\$1,882.00	9.8	\$3,632.00
Plus: GST applicable				\$ 3,029.30										
Total (inc GST)				\$33,322.30										

Average Rate (excluding GST)	\$ 331.07
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3.2 Fee Resolutions 2: Voluntary Administration – Estimated Remuneration from 20 November 2017 to conclusion of the Administration.

Company	Merchant Overseas Logistics Pty Ltd	Period From	20 November 2017	To	Conclusion of VA
Practitioner	Andrew Schwarz/Jon Howarth	Firm	A.S. Advisory Pty Ltd		
Administration Type	Voluntary Administration				

Task Area \$ (Excl GST)	General Description	Includes
Assets \$10,815 / 35hrs	Debtors	Reviewing accounts receivable ledger and assessing recoverability of debtors Issuing demand to debtors Attending to debtor enquiries
	Plant and Equipment	Liaising with National Australia Bank regarding the recoverability of plant and equipment. All matters relating to the realisation of plant and equipment
	Land	All matters relating to the realisation of properties Liaising with National Australia Bank in relation to the realisation of properties
Creditors \$10,065 / 35.2hrs	Creditor enquiries	Receive and follow up creditor enquiries Review and prepare correspondence to creditors and their representatives
	Dealing with proofs of debt	Receipting and filing PODs when not related to a dividend Corresponding with OSR and ATO regarding PODs when not related to a dividend
	Secured creditor	Responding to PPSR creditor queries and assessing validity of claims Regular updates to National Australia Bank and Dos Equis Pty Ltd Preparing report to National Australia Bank in relation to assets subject to their security interest Disclaim leased assets, if applicable
	Meeting of creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known 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 Preparation of minutes of meetings Responding to stakeholder queries and questions immediately following meeting
Employees \$1,100 / 4 hrs	Employees enquiries	Receive and follow up employee enquiries Preparation of letters to employees advising of preliminary calculation of their entitlements
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company books and records Reconciling superannuation accounts Reviewing awards and employment contracts
Investigations \$1,720 / 6hrs	Investigations	Reviewing books and records Assessing date of insolvency and whether the Company traded whilst insolvent Review of solvency, preferences and other antecedent transactions
Administration \$1,300 / 5hrs	Document maintenance/file review/checklist	Filing of documents Updating checklists
	Bank account administration	Bank account reconciliations Correspondence with bank regarding specific transfers
	ATO and other statutory reporting	Preparing BAS

Fee Resolution 2: Calculation of Remuneration

Remuneration of the Voluntary Administrators for the period 20 November 2017 to the conclusion of the administration

Position	Hourly Rate Exc GST	Total		Assets		Creditors		Employees		Investigations		Administration	
		Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Partner	\$420	26	\$10,920.00	12	\$ 5,040.00	10	\$ 4,200.00	1	\$ 420.00	2	\$ 840.00	1	\$ 420.00
Manager	\$285	16	\$ 4,560.00	11	\$ 3,135.00	5	\$ 1,425.00	0	\$ -	0	\$ -	0	\$ -
Supervisor	\$240	22	\$ 5,280.00	6	\$ 1,440.00	10	\$ 2,400.00	2	\$ 480.00	2	\$ 480.00	2	\$ 480.00
Accountant	\$200	21.2	\$ 4,240.00	6	\$ 1,200.00	10.2	\$ 2,040.00	1	\$ 200.00	2	\$ 400.00	2	\$ 400.00
Graduate	\$160	0	\$ -		\$ -		\$ -		\$ -		\$ -		\$ -
Total		85.2	\$25,000.00	35	\$10,815.00	35.2	\$10,065.00	4	\$1,100.00	6	\$1,720.00	5	\$ 1,300.00
Plus: GST applicable			\$ 2,500.00										
Total (inc GST)			\$27,500.00										

Average Rate (excluding GST)	\$ 293.43
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3.3 Fee Resolution 3: Liquidation – 6 December 2017 to conclusion of liquidation

Company	Merchant Overseas Logistics Pty Ltd	Period From	6 December 2017	To	Conclusion of Liquidation
Practitioner	Andrew Schwarz/Jon Howarth	Firm	A.S. Advisory Pty Ltd		
Administration Type	Liquidation				

Task Area \$ (Excl GST)	General Description	Includes
Assets \$9,660 / 31.5hrs	Debtors	Issuing demand for payments to from related party debtors Liaising with related party debtors and seeking recoveries Discussions with Director regarding recoverability of debtors
	Plant and equipment	All matters relating to the realisation of plant and equipment Liaising with National Australia Bank in relation to the realisation of plant and equipment.
	Land	All matters relating to the realisation of properties Liaising with National Australia Bank in relation to the realisation of properties
Creditors \$8,150/ 30hrs	Creditor enquiries	Receive and follow up creditor enquiries Review and prepare correspondence to creditors and their representatives
	Dealing with proofs of debt	Receipting and filing PODs when not related to a dividend
	Processing Proof of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of POD Maintain POD register
	Secured Creditors	Responding to PPSR creditor queries and assessing validity of claims Regular updates to National Australia Bank and Dos Equis Pty Ltd Preparing report to National Australia Bank in relation to assets subject to their security interest Calculation of distribution to National Australia Bank and Dos Equis Pty Ltd Payment of distribution to secured creditors pursuant to security interest Disclaim leased assets, if applicable
	Meeting of creditors / Committee	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known 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 Preparation and lodgement of minutes of meetings Responding to stakeholder queries and questions immediately following meeting
Employees \$1,920/ 7hrs	Employees enquiries	Receive and follow up employee enquiries Preparation of letters to employees advising of their entitlements and options available
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company books and records Reconciling superannuation accounts Reviewing awards and employment contracts
Investigations \$5,160 / 16hrs	Conducting investigation	Reviewing company's books and records Review of specific transactions and liaising with director regarding certain transactions Liaising with director regarding certain transactions Investigating date of insolvency and if applicable quantification of insolvent trading claim Investigating potential voidable transactions
	Legal advice / Recoveries (if applicable)	Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
Administration \$5,110 / 21.5hrs	Document maintenance/file review/checklist	Filing of documents Updating checklists Discussions regarding status of liquidation
	Bank account administration	Bank account reconciliations Correspondence with bank regarding specific transfers

Task Area \$ (Excl GST)	General Description	Includes
	ATO and other statutory reporting	Preparing BAS Preparing Insolvency Notices notice Preparing and lodging ASIC forms
	Finalisation	Notifying ATO of finalisation Cancelling tax registrations Completing checklists Dealing with records and job files in storage

Fee Resolution 3: Calculation of Remuneration

Remuneration for Liquidation for the period 6 December 2017 to the conclusion of the winding up

Position	Hourly Rate Exc GST	Total		Assets		Creditors		Employees		Investigations		Administration	
		Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Partner	\$420	29.5	\$ 12,390.00	10.5	\$ 4,410.00	5	\$ 2,100.00	2	\$ 840.00	7.5	\$ 3,150.00	4.5	\$ 1,890.00
Manager	\$285	22	\$ 6,270.00	10	\$ 2,850.00	10	\$ 2,850.00	0	\$ -	2	\$ 570.00	0	\$ -
Supervisor	\$240	18.5	\$ 4,440.00	5	\$ 1,200.00	5	\$ 1,200.00	2	\$ 480.00	3.5	\$ 840.00	3	\$ 720.00
Accountant	\$200	28.5	\$ 5,700.00	6	\$ 1,200.00	10	\$ 2,000.00	3	\$ 600.00	3	\$ 600.00	6.5	\$ 1,300.00
Graduate	\$160	7.5	\$ 1,200.00		\$ -		\$ -		\$ -		\$ -	7.5	\$ 1,200.00
Total		106	\$ 30,000.00	31.5	\$ 9,660.00	30	\$ 8,150.00	7	\$ 1,920.00	16	\$ 5,160.00	21.5	\$ 5,110.00
Plus: GST applicable			\$ 3,000.00										
Total (inc GST)			\$ 33,000.00										

Average Rate (excluding GST)	\$ 283.02
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PART 4: STATEMENT OF REMUNERATION CLAIM

The following resolutions are proposed:

Fee resolution number	Resolution
1	"That the remuneration of the Administrators of Merchant Overseas Logistics Pty Ltd (Administrators Appointed) for the period from 31 October 2017 to 19 November 2017, calculated on the basis of time spent by the Joint and Several Administrators, their directors, staff and contractors at the scale of fees disclosed in the report to creditors dated 23 November 2017 for work of this nature be approved and drawn on account in the amount of \$30,293.00 plus GST."
2	"That the remuneration of the Administrators of Merchant Overseas Logistics Pty Ltd (Administrators Appointed) for the period from 20 November 2017 to the end of the administration, calculated on the basis of time spent by the Joint and Several Administrators, their directors, staff and contractors at the scale of fees disclosed in the report to creditors dated 23 November 2017 for work of this nature be approved and drawn on account from time to time to a fixed amount of \$25,000 plus GST, but subject to upward revisions by resolution of creditors and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."
3	"That the remuneration of the Joint and Several Liquidators of Merchant Overseas Logistics Pty Ltd as set out in the remuneration report dated 23 November 2017, for the period from the commencement of the Liquidation to the Completion of the Liquidation be fixed in the amount of \$30,000 plus GST but subject to upward revision by Creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments because such accruing remuneration as incurred."

With respect to Fee Resolution 2, 3 and 4 representing future remuneration requests which are capped to the amounts disclosed above. Capped remuneration only allows a Practitioner to draw upon that remuneration after it has been necessarily and properly incurred during the conduct of the External Administration. Where remuneration incurred exceeds the capped amount, a Practitioner must seek further approval before drawing any further remuneration.

PART 5: REMUNERATION RECOVERABLE FROM EXTERNAL SOURCES

We confirm that we have not received any remuneration from external sources. Should the company be wound up we may receive remuneration from the Department of Employment for undertaking work in relation to the *Fair Entitlements Guarantee Act 2012*. As noted in the DIRRI we were provided with an indemnity from the Director in the amount of \$20,000 for our remuneration, disbursements and, if applicable, the remuneration and disbursements of the liquidators/deed administrators. No remuneration has been drawn to date.

PART 6: LIKELY IMPACT ON DIVIDENDS

The Corporations Act sets the order for payment of claims against the Company and it provides for remuneration of the Voluntary Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Voluntary Administrators receive payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any

available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend.

We are unable to provide a dividend estimate of any certainty at this stage of the administration. If we do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

PART 7: DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These 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. The recovery of these costs must be on a reasonable commercial basis.

We have undertaken a proper assessment of disbursements claimed for Merchant Overseas Logistics Pty Ltd, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We will be seeking creditor approval to pay our internal disbursements from creditors.

4.1 Future basis of internal disbursements

Future disbursements provided by our firm will be charged to the administration on the following basis:

Disbursements	Basis
Externally provided professional services	At cost
Accommodation & Meals	At cost
Advertising	At cost
ASIC Notices	At cost
Courier	At cost
Hard drives	At cost
Photocopying & Printing (Mono)	\$0.30 per page
Photocopying & Printing (Colour)	\$0.65 per page
Outsourced Printing & Copying	At cost
Postage and facsimiles	At cost
Searches	At cost
Storage	At cost
Travel	At cost
Telephone Calls	At cost

Approval of the payment of these disbursements at the above rates to a capped amount of \$2,000 is

being sought from creditors at the Second Meeting of Creditors for the Joint and Several Administrators and if applicable, the Joint and Several Liquidators.

PART 8: SUMMARY OF RECEIPTS AND PAYMENTS

A summary of receipts and payments for the Company from 31 October 2017 to 22 November 2017 is included as **Annexure F**.

PART 9: QUERIES

Please be advised that creditors who wish to obtain further information or details may obtain further information on request. Please contact Andrew Schwarz on 0408 317 984.

PART 10: INFORMATION SHEET

An information sheet (Info 85: Approving fees – a guide for creditors) provides creditors with general information concerning the approval of remuneration in external Administration. It may be accessed from ASIC's website at www.asic.gov.au/insolvencyinfosheets or alternatively a creditor information sheet on approving remuneration in external administrations is available from the ARITA website at www.arita.com.au.

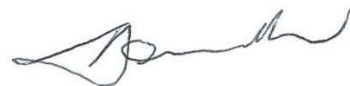
Please contact my office if you are having difficulties accessing either of the above links and you require a copy of the information sheets.

DATED this 23rd day of November 2017

MERCHANT OVERSEAS LOGISTICS PTY LTD (ADMINISTRATORS APPOINTED)



Andrew Schwarz
Joint and Several Administrator



Jon Howarth
Joint and Several Administrator

ANNEXURE J

**Form 529
Corporations Act 2001 ('the Act')**

Regulation 5.6.12(6)

NOTICE OF MEETING OF CREDITORS

**MERCHANT OVERSEAS LOGISTICS PTY LTD ACN 108 934 685
(Administrators Appointed) ('the Company')**

Notice is now given that a meeting of the creditors of the Company, pursuant to Section 439A of the Act, will be held at **12.00 noon on 6th December 2017 at the Merchant Shipping Offices, 16 McDonald Road, Chadwick, WA 6450**

The meeting is convened for the following purposes:

1. To receive a report from the Joint and Several Administrators pursuant to Section 439A of the Act.
2. To consider, and if thought fit, pass one of the following alternative resolutions for the Company:
 - a. That the Company execute a Deed of Company Arrangement, or
 - b. That the Administration of the Company end, or
 - c. That the Company be wound up; or
 - d. Adjourn the meeting for up to 45 days
3. To consider, and if thought fit, approve:
 - a. The Joint and Several Administrators' remuneration for each of the Company from 31 October 2017 to 19 November 2017.
 - b. The Joint and Several Administrators' interim remuneration for each of the Company from 20 November 2017 to the end of the Administration.
 - c. The Liquidators remuneration for the period of the Liquidation.
 - d. The future internal disbursement of the Joint and Several Administrators, and if applicable, the Joint and Several Liquidators.
4. Should creditors resolve that the Company be wound up, to consider, and if thought fit:
 - a. Whether to appoint a committee of inspection.
 - b. If so, who are to be the committee's members.
5. If the Company is wound up and subject to the approval of ASIC consider pursuant to Section 542(4), the books and records of the Company and the Liquidators be destroyed 12 months after the dissolution of the company or earlier at the discretion of ASIC.
6. Any other business which may properly be brought before the Meeting.

DATED this 23rd day of November 2017

**MERCHANT OVERSEAS LOGISTICS PTY LTD ACN 108 934 685
(ADMINISTRATORS APPOINTED)**



Andrew Schwarz
Joint and Several Administrator



Jon Howarth
Joint and Several Administrator

ANNEXURE K

Insolvency Practice Rules, 75-25
Corporations Act 2001

APPOINTMENT OF PROXY

MERCHANT OVERSEAS LOGISTICS PTY LTD
ACN 108 934 685
(ADMINISTRATORS APPOINTED)

*I/*We _____ (name of signatory) of _____ (creditor name)

a creditor of Merchant Overseas Logistics Pty Ltd appoint _____ (name of proxy)

of _____ (address of proxy)

or in his or her absence _____ (details of alternate proxy)

as *my/*our *general/*special proxy to vote at the meeting of creditors to be held on 6 December 2017, or at any adjournment of that meeting.

If a special proxy, specify how you wish your proxy to vote for each of the resolutions.

Resolutions

	For	Against	Abstain
1. <i>"That the remuneration of the Administrators of Merchant Overseas Logistics Pty Ltd (Administrators Appointed) for the period from 31 October 2017 to 19 November 2017, calculated on the basis of time spent by the Joint and Several Administrators, their directors, staff and contractors at the scale of fees disclosed in the report to creditors dated 23 November 2017 for work of this nature be approved and drawn on account in the amount of \$30,293.00 plus GST."</i>			
2. <i>"That the remuneration of the Administrators of Merchant Overseas Logistics Pty Ltd (Administrators Appointed) for the period from 20 November 2017 to the end of the administration, calculated on the basis of time spent by the Joint and Several Administrators, their directors, staff and contractors at the scale of fees disclosed in the report to creditors dated 23 November 2017 for work of this nature be approved and drawn on account from time to time to a fixed amount of \$25,000 plus GST, but subject to upward revisions by resolution of creditors and that the Administrators be authorised to make periodic payments on account of such accruing remuneration as incurred."</i>			
3. <i>"That the future internal disbursement of the Joint and Several Administrators of Merchant Overseas Logistics Pty Ltd be fixed in the amount of \$2,000 plus GST but subject to upward revision by Creditors, and that the Administrators be</i>			

<i>authorised to make periodic payments because such accruing remuneration as incurred."</i>			
4. <i>"That Merchant Overseas Logistics Pty Ltd (Administrators Appointed) execute a Deed of Company Arrangement."</i>			
5. <i>"That the Administration of Merchant Overseas Logistics Pty Ltd (Administrators Appointed) end."</i>			
6. <i>"That Merchant Overseas Logistics Pty Ltd (Administrators Appointed) be wound up."</i>			
7. <i>"That this meeting of Merchant Overseas Logistics Pty Ltd (Administrators Appointed) be adjourned for a period of up to 45 days."</i>			
8. <i>"That the remuneration of the Joint and Several Liquidators of Merchant Overseas Logistics Pty Ltd as set out in the remuneration report dated 23 November 2017, for the period from the commencement of the Liquidation to the Completion of the Liquidation be fixed in the amount of 30,000 plus GST but subject to upward revision by Creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments because such accruing remuneration as incurred."</i>			
9. <i>"That the future internal disbursement of the Joint and Several Liquidators of Merchant Overseas Logistics Pty Ltd be fixed in the amount of \$2,000 plus GST but subject to upward revision by Creditors or the Committee of Inspection, and that the Liquidators be authorised to make periodic payments because such accruing remuneration as incurred."</i>			
10. <i>"That subject to the approval of ASIC, pursuant to Section 542(4), the books and records of the Company and the Liquidators be destroyed 12 months after the dissolution of Merchant Overseas Logistics Pty Ltd or earlier at the discretion of ASIC."</i>			
11. <i>"That a Committee of Inspection be appointed"</i>			
I am prepared / not* prepared to sit on the Committee of Inspection			

*I/*We authorise *my/*our proxy to vote as a general proxy on resolutions other than those specified above

Signature: _____

Dated: _____

ANNEXURE L

FORM 535

subregulation 5.6.49(2)
Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Voluntary Administrators of **Merchant Overseas Logistics Pty Ltd (In Voluntary Administration)**
ACN 108 934 685 (the "Company")

1. This is to state that the company was on 31 October 2017, and still is, justly and truly indebted to: ____

full name, ABN 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) for _____ dollars and _____ cents

Particulars of the debt are:

Date	Consideration	Amount	Remarks
	(state how the debt arose)		(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	Due Date
------	--------	----------	--------	----------

\$

3. Signed by (select option):

☐

I am the creditor personally.

☐

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.

☐ I am the creditor's agent authorised in writing to make this statement in writing. I know the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature: _____

Dated: _____

Name: _____

Occupation: _____

Address: _____

RECEIVE REPORTS BY EMAIL

Yes

No

Do you wish to receive all future reports and correspondence from our office via email?

☐

☐

Email:.....