

the said payments and subsequently satisfy the Superannuation Guarantee Charge. Often when a company is experience difficulty meeting its obligations to trade creditors, it will neglect its superannuation obligations in order to assist with cash flow.

iv. Aged Payables (Trade Creditors)

Ageing as at	30-Jun-11		23-Jan-12	
	Total (\$)	Total (%)	Total (\$)	Total (%)
Less than 30 Days	6,257	6.17	6,224	6.12
31-60 Days	2,375	2.34	17,643	17.35
61-90 Days	1,644	1.62	10,642	10.47
Over 90 Days	91,168	89.87	67,172	66.06
Total	101,444	100.00	101,681	100.00

As seen in the table above, the Company's management accounts reveal a historical trend of significant aged payables in excess of thirty (30) days. This is an indicator that the Company was paying trade creditors outside trading terms.

v. Rental Arrears

The Administrators have been provided with a Statement of Claim in the amount of \$423,374.37 as at 1 November 2011 which was filed in the District Court of New South Wales, General Division (Case Number: 2011/383800) by the landlord on the Company's leased premises. This reveals that the Company had a history of late payment of its rental obligations. In this regard, the Company's rental payment history is summarised as follows:

Date Due	Date Paid	Amount Paid
01-Aug-09	26-Aug-10	Paid in Full
01-Sep-09	26-Aug-10	Paid in Full
01-Oct-09	26-Aug-10	Paid in Full
01-Nov-09	26-Aug-10	Paid in Full
01-Dec-09	26-Aug-10	Paid in Full
01-Jan-10	26-Aug-10	Paid in Full
01-Feb-10	27-Aug-10	Paid in Full
01-Mar-10	21-Sep-10	Paid in Full
01-Apr-10	09-Nov-10	Paid in Full
01-May-10	31-Dec-10	Paid in Full
01-Jun-10	16-Feb-11	Paid in Full
01-Jul-10	22-Mar-11	Paid in Full
01-Aug-10	22-Mar-11	Paid in Full
01-Sep-10	30-Mar-11	Paid in Full
01-Oct-10	06-Apr-11	Paid in Full
01-Nov-10	06-Apr-11	Paid in Full
01-Dec-10	06-Aug-11	Paid in Full
01-Jan-11	19-Apr-11	Paid in Full
01-Feb-11	23-Apr-11	Paid in Full
01-Mar-11	-	Part Payment

As seen in the table above, it is evident that the Company was unable to meet its rental instalments as and when they fell due since at least 1 August 2009. The Administrators note that the Company did not make any further payments in respect to rental instalments for the period 1 April 2011 to the date of appointment of their appointment and have estimated the landlord's total claim against the Company to be \$534,258.77.

vi. Judgment Debts

The Administrators have conducted an 'eCheck 3' search of the Australian Business Research database on the name of the Company. This report reveals the following judgment debts made against the Company:

Judgment Date	Creditor	State	Amount (\$)
13-Dec-07	Forster Mercantile Collections	NSW	1,290.00
29-Sep-08	Bohemia Crystal Pty Limited	NSW	4,009.00
02-Jun-09	Noritake Australia Pty Limited	NSW	12,887.00

Conclusion

Having regard to the above preliminary analysis, a Liquidator may have a claim for insolvent trading from at least 1 April 2009.

Further investigation would be required to determine the precise date of insolvency and to quantify the loss suffered by creditors. A Liquidator, if appointed, would be required to conduct a further, more in depth investigation to ascertain the merits of commencing an action against the Directors for insolvent trading, including their financial capacity to meet any demand made against them for insolvent trading.

In this regard, the Administrators have conducted searches of the database of the New South Wales Land Titles Office in the names of the current Directors, Mr Lawrence Kelly, Mr John Kelly and Mrs Raima Kelly as well as Mr Jason Kelly in his possible capacity as a shadow/de-facto director. The results of these searches as well as an analysis of the financial position of each of the Directors and possible shadow/de-facto director are detailed below.

1. Mr Lawrence Kelly and Mrs Raima Kelly

The searches of the database of the New South Wales Land Titles Office in the names of Mr Lawrence Robert Kelly and Mrs Raima Joan Kelly have revealed that they are the joint registered proprietors of one (1) real property in New South Wales, the details of which are summarised in the table below:

Title	Dealing	Address	Mortgagee	Ownership
15/285691	TAF479044	27 Jane Jarvis Way Macquarie Links NSW 2565	Australia and New Zealand Banking Group Limited	Joint Tenants

To assist in their enquiries, the Administrators have recently requested a personal asset and liability statement from Mr Lawrence Kelly and Mrs Raima Kelly. The information contained in this statement can be summarised as follows:

	Amount (\$)
Assets	
Home	585,000
Cash	30
Motor Vehicle	2,000
Household Contents	5,000
Total Assets	592,030
Liabilities	
Home Mortgage	(364,113)
Other Loans	(220,000)
Credit Cards	(19,580)
Other Liabilities	(5,847)
Total Liabilities	(609,540)
Net Assets (Deficiency)	(17,510)

Notwithstanding the above, the Administrators note that Mr Lawrence Kelly and Mrs Raima Kelly have personally guaranteed the significant debt due to St. George. The Administrators' investigations into the affairs of the Company have revealed that a significant shortfall is likely to exist on the amounts owing to St. George. Accordingly, their net asset position is expected to deteriorate significantly after providing for his liability on the shortfall on the debts owing to St. George.

2. Mr John Kelly

The searches of the database of the New South Wales Land Titles Office in the name of Mr John Arthur Kelly have revealed that Mr John Kelly is the registered proprietor of two (2) real properties in New South Wales, the details of which are summarised in the table below:

Officeholder	Title	Dealing	Address	Mortgagee	Ownership
John Arthur Kelly	22/238921	TN887829	12 Sylvan Grove Picnic Point NSW 2213	St. George	Joint Tenants (50% Share)
John Arthur Kelly	45/SP60724	T8201795	45/37 Bay Street Glebe NSW 2037	National Australia Bank Limited	Joint Tenants (50% Share)

The Administrators are not aware of the equity positions of the above properties, however the Administrators have conducted searches of RPDData.com.au which reveals that the purchase price of abovementioned properties are as follows:

Officeholder	Address	Purchase Date	Purchase Price
John Arthur Kelly	12 Sylvan Grove Picnic Point NSW 2213	10/05/1974	61,000
John Arthur Kelly	45/37 Bay Street Glebe NSW 2037	30/10/2001	342,000

To assist in their enquiries, the Administrators have recently requested a personal asset and liability statement from Mr John Kelly. The information contained in this statement can be summarised as follows:

	Amount (\$)
John Kelly	
Assets	
Home	700,000
Cash	100
Motor Vehicle	-
Household Contents	5,000
Total Assets	705,100
Liabilities	
Home Mortgage	-
Other Loans	-
Credit Cards	(15,000)
Other Liabilities	(1,400)
Total Liabilities	(16,400)
Net Assets (Deficiency)	688,700

The Administrators note that they are unaware of the current market value on the Glebe property nor the amounts owing to the mortgagee on the property. However, the Administrators have obtained a 'kerbside appraisal' from Raine & Horne Commercial to ascertain the estimated market value of Mr John Kelly's Picnic Point property which reveals the estimated market value on the property to be between \$670,000 and \$690,000. The Administrators note that the above statement does not include the amounts owing to St. George under its registered mortgage in respect to the Company's debt mentioned earlier.

Notwithstanding the above, Mr John Kelly has also personally guaranteed the significant debt due to St. George. Accordingly, Mr John Kelly's net asset position is expected to deteriorate significantly after providing for his liability on the shortfall on the debts owing to St. George.

Furthermore, the DCT has served Mr John Kelly with a Director's Penalty Notice ("DPN") pursuant to Section 222AOE of the Income Tax Assessment Act 1936. The Administrators understand that the DPN has been served in respect to

amounts totalling \$74,942.07 in relation to unpaid PAYG withholding amounts of the Company. Irrespective of whether the Company is placed into liquidation, it is likely that the ATO would continue to pursue Mr John Kelly under the DPN. As a result, Mr John Kelly will be required to enter into some form of repayment arrangement to satisfy the debt owing under the DPN and stave off any bankruptcy proceedings against him, thereby further reducing any net assets which may be available to satisfy any insolvent trading claim made against him.

3. Mr Jason Kelly

As detailed above, Section 588G of the Act provides that a director, including a shadow or de-facto director, of a company may be held personally liable for debts incurred at a time when the company was proven to be insolvent or became insolvent as a result of incurring a debt. Section 9 of the Act includes shadow directors and de-facto directors within the definition of "director".

As mentioned earlier in this report, the Administrators' investigations and observations of the Company's affairs have revealed the possibility that Mr Jason Kelly, son of Mr Lawrence Kelly and Mrs Raima Kelly, may be a shadow or de-facto director of the Company. In this regard, the Administrators have identified the existence of a number of factors which indicate that Mr Jason Kelly may be shadow or de-facto director of the Company, the details of which are as follows:

- The Administrators' enquiries reveal that Mr Jason Kelly is an authorised signatory on the Company's bank account with St. George;
- Mr Jason Kelly's involvement with the Company appears to go beyond his capacity as an employee of the Company. The Administrators' dealings with the Company since their appointment reveal that Mr Jason Kelly appears to be actively involved in the day-to-day management of the Company and has assumed the 'Managing Director' role since the stroke suffered by his father Lawrence Kelly.
- The Administrators' observations of the Company's operations reveal that Mr Jason Kelly was the ultimate source of decision making within the Company, which is evidence by the fact that Mr Jason Kelly directed employees / handled payroll, oversaw stock purchases and orders, actively dealt with the Company's customers and was responsible for the maintenance of the Company's books and records.

Having regard to the above, the Administrators are of the opinion that Mr Jason Kelly may be a shadow or de-facto director of the Company and accordingly, he may also be held liable for an insolvent trading claim pursuant to Section 588G of the Act.

The searches of the database of the New South Wales Land Titles Office in the name of Mr Jason Andrew Kelly have revealed that Mr Jason Kelly is the registered proprietor of two (2) real properties in New South Wales, the details of which are summarised in the table below:

Officeholder	Title	Dealing	Address	Mortgagee	Ownership
Jason Andrew Kelly	10/285664	T7837692	15 Strathwallen Close Macquarie Links NSW 2565	Australia and New Zealand Banking Group Limited	Sole Proprietor
Jason Andrew Kelly	92/1076221	TAD976749	117 Moleton Road Lowanna NSW 2450	National Australia Bank Limited	Tenants in Common (5% Share)

The Administrators are not aware of the equity positions of the above properties, however the Administrators have conducted searches of RPData.com.au which reveals that the purchase price of abovementioned properties are as follows:

Officeholder	Address	Purchase Date	Purchase Price
Jason Andrew Kelly	15 Strathwallen Close Macquarie Links NSW 2565	2/04/2001	175,000
Jason Andrew Kelly	117 Moleton Road Lowanna NSW 2450	18/04/2008	155,000

The Administrators note that they are unaware of the current market value on the above properties nor the amounts owing to the respective mortgagees.

In addition, the Company's Directors and possible shadow/de-facto director are also shareholders in a number of other companies in Australia, the details of which are summarised in the table below:

Officeholder	Company	Share Class	No. Held	Beneficially Owned
Lawrence Robert Kelly	Lawraima Pty Limited (In Liquidation)	MAN	10	Yes
Lawrence Robert Kelly	Lawraima Pty Limited (In Liquidation)	Ordinary	10	Yes
Lawrence Robert Kelly	Valentino Home Fashion Pty Limited (In Liquidation)	Ordinary	25	Yes
Raima Joan Kelly	Lawraima Pty Limited (In Liquidation)	MAN	5	Yes
Raima Joan Kelly	Lawraima Pty Limited (In Liquidation)	Ordinary	5	Yes
John Arthur Kelly	Brabrooke Pty Limited	Ordinary	4	Yes
John Arthur Kelly	Valentino Home Fashion Pty Limited (In Liquidation)	Ordinary	25	Yes
Jason Andrew Kelly	Valentino Home Fashion Pty Limited (In Liquidation)	Ordinary	25	Yes
Jason Andrew Kelly	Valentino Franchising Pty Limited	Ordinary	25	Yes

The Directors' and possible shadow/de-facto director's net asset positions may increase depending upon the value (if any) of their shareholdings in these other entities. However, as can be seen in the table above, a majority of these entities have been placed into external administration and accordingly, it is unlikely that any value can be attributed to their shareholdings in these entities.

Having regard to the above information, it would appear that based on preliminary investigations into the financial positions of the Directors, neither Mr Lawrence Kelly, Mr John Kelly or Mrs Joan Kelly would have sufficient net assets to satisfy any successful insolvent trading action against them by a Liquidator. Further investigations will need to be undertaken by a Liquidator, if appointed, to determine the Directors' ability to meet any judgment made against them.

Finally, it would appear that based on preliminary investigations into the financial position of Mr Jason Kelly in his capacity as a shadow or de-facto director that he may have some capacity to satisfy a successful insolvent trading action made against him by a Liquidator. Further investigations will need to be undertaken by a Liquidator, if appointed, to determine whether Mr Jason Kelly is in fact a shadow/de-facto director as well Mr Jason Kelly's ability to meet any judgment made against him for insolvent trading in the event that it is proven that he is a shadow or de-facto director.

The Administrators note that based on creditor advice, Mr Craig Kelly, son of Mr Lawrence Kelly and Mrs Raima Kelly, may also be a shadow or de-facto director of the Company and accordingly, he may also be held liable for an insolvent trading claim pursuant to Section 588G of the Act. Further investigations will need to be undertaken by a Liquidator, if appointed, to determine whether Mr Craig Kelly is in fact a shadow/de-facto director and/or Mr Craig Kelly's ability to meet any judgment made against him for insolvent trading in the event that it is proven that he is a shadow or de-facto director.

Defences to Insolvent Trading

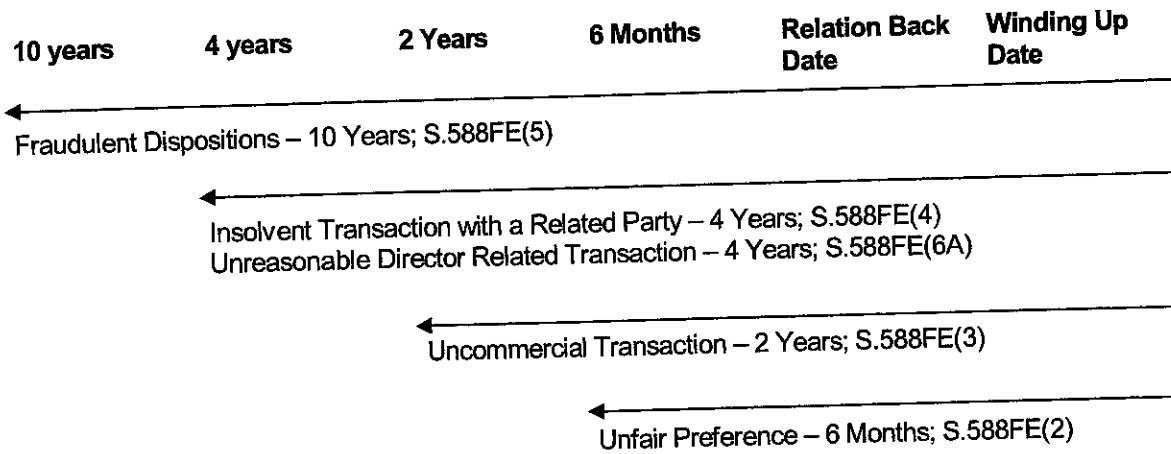
It should be noted that the Act identifies a number of defences available to directors in respect to insolvent trading claims. Creditors should also be aware of the difficulties faced in pursuing an action for insolvent trading; which include but are not limited to:

- any action commenced against the directors would more than likely be vigorously defended;
- the costs associated with commencing and prosecuting any legal actions; and
- the inherent uncertainties associated with litigation.

A Liquidator, if appointed, would conduct further in depth investigations in order to assess the issue of insolvent trading and the benefit to creditors as a result of any action for recovery, including the costs involved in pursuing the matter.

In the event that creditors are interested in funding such enquiries then they are requested to contact the Administrators' office.

2. Voidable Transactions



Based on the investigations performed to date, the Administrators provide comments as follows:

Unfair Preferences

The Act allows a Liquidator a right of recovery in respect of transactions made by a company if it was insolvent at the time it entered into the transaction or if it became insolvent because of the transaction, which occurred in the period of six (6) months immediately prior to the relation back date, in this case being the date of appointment of the Administrators, and the unsecured creditor received more than it would have received in the winding up of the Company. For related party creditors, a Liquidator is able to recover Unfair Preference recoveries which date back four (4) years prior to the relation back date.

Having regard to the above, the Administrators' investigations with respect to Unfair Preferences have identified the following payments made within the six (6) months prior to the winding up application being filed against the Company:

No. of Payments	Payee	Amount (\$)
14	Unknown	86,687.52
1	DVK International	45,554.00
Total		132,241.52

Further investigations in respect to the above payments will be required to be undertaken by a Liquidator if one is appointed to the Company to ascertain whether or not these payments were preferential in nature. However, it should be noted that there are a number defences available to the recipients of these payments. In particular, the 'Running Account' principle as per Section 588FA(3) of the Act states that payments deemed to be for the purpose of inducing the creditor to provide further goods or services as well as to discharge an existing indebtedness are not preferential provided that the payment made does not exceed the value of goods or services acquired. Accordingly, if the 'Running Account' principle applies to the payments received by the above recipients, then it is unlikely that the payments in full will be deemed preferential in nature, notwithstanding the commerciality of pursuing these payments.

Further investigation into this area of the law will be required to be undertaken by a Liquidator and a commercial assessment of the recovery of any Unfair Preferences, if one is so appointed to the Company.

Uncommercial Transactions

A transaction of a company is an Uncommercial Transaction and may be set aside if the company was insolvent at the time it entered into the transaction or if it became insolvent because of the transaction and if it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction. Again, a Liquidator may recover such transactions made to related parties within four (4) years of the winding up application being filed, as opposed to two (2) years for a non-related party.

Pre-appointment Disposal of Motor Vehicles:

As detailed earlier herein, the search obtained from the Roads and Maritime Services reveals that the Company disposed of five (5) motor vehicles prior to the Administrators' appointment, the details of which are as follows:

Rego. No.	Description	Date Acquired	Date Disposed
BHC58A	2008 Nissan Z50 Murano	31/01/2010	20/01/2012
BCF63N	2006 Mercedes Sprinter	01/06/2007	13/01/2012
AH97FG	2001 Hyundai Santa Fe	10/10/2005	13/01/2012
TLV832	1999 Ford Trader	25/08/2000	16/01/2012
VTR891	1999 Mitsubishi Pajero	05/05/1999	13/01/2012

The Administrators have issued a letter to the Roads and Maritime Services requesting further details in respect to the disposal of the above motor vehicles and have also issued letters to the Company's Directors requesting details and supporting documentation in respect to the disposal of the vehicles. As at the date of drafting this report, the Administrators are yet to receive a response from the Roads and Maritime Services or the Directors of the Company, however the Administrators understand that these transfers were made to related parties.

A Liquidator (if appointed) may deem the above disposals as a voidable transaction and therefore recoverable, depending on the circumstances of the transaction.

Further investigation into this area of the law will be required to be undertaken by a Liquidator, if so appointed to the Company.

Unreasonable Director Related Transaction

A transaction of a company is an Unreasonable Director Related Transaction and may be set aside if the company entered into the transaction with a director or a close associate of a director of the company and if it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction. Transactions include payments, the issue of securities, conveyances or other dispositions of property by a company in favour of a director, a relative, de-facto spouse or related entity of a director.

Should any of the pre-appointment disposals of motor vehicles mentioned above be deemed as voidable transactions made to a related entity, then these transactions may also be constituted as Unreasonable Director Related Transactions.

Should the payments made to unknown parties identified above be revealed as payments to the Directors and/or related parties, then these transactions may also be constituted as Unreasonable Director Related Transactions, depending on the circumstances of the payments.

Furthermore, as mentioned earlier in this report, Mr Jason Kelly is the current director of DVK International Furniture Pty Limited ("DVK International"). Accordingly, the payment in the amount of \$45,554 made to DVK International identified above may also constitute an Unreasonable Director Related Transaction, depending upon the circumstances of the payment.

The Administrators enquiries into the affairs of the Company have identified payments totalling \$90,480 made to related parties within the last six (6) months. However, further investigation into this area of the law will be required to be undertaken by the Liquidators, if so appointed to the Company.

Fraudulent Dispositions

A transaction of a company may be set aside if the company was insolvent at the time it entered into the transaction or if it became insolvent because of the transaction and if the purpose of the transaction was to defeat, delay or interfere with the rights of any or all of its creditors on the winding up of the company.

Should any of the pre-appointment disposals of motor vehicles mentioned above be deemed as voidable transactions, then they may also constitute transactions of this nature, depending on the circumstances of the transactions.

Further investigation into this area of the law will be required to be undertaken by a Liquidator, if one is so appointed to the Company.

Unfair Loans

A loan to a company is unfair if, and only if, the interest and/or charges on the loan were extortionate when the loan was made or have since become extortionate because of variation.

The Administrators' enquiries into the affairs of the Company have not identified any such transactions. Further investigation into this area of the law will be required to be undertaken by a Liquidator, if one is so appointed to the Company.

The investigations of potential voidable transactions conducted to date and outlined above are of a limited nature given the strict time space allowed under the Act for the preparation of this report and the poor state of the Company's records. A Liquidator would have sufficient time to investigate in further detail the likely recovery of potential voidable transactions.

Creditors are advised that the difficulties with pursuing voidable transactions (if any) which may be identified include:-

- Legal and accounting fees could be substantial and the matter may take some time to resolve.
- The recipient of the potential voidable transaction may have a valid defence,
- The recipient of the potential voidable transaction may not be in a position to pay back those monies if and when a favourable judgment is received,
- It can be difficult to sustain a claim against a creditor for the receipt of certain types of voidable transaction as the issue of suspicion of insolvency can be disputed.

3. Director's Personal Liability for Employee Entitlements

Pursuant to Section 596B of the Act, a director may be ordered to pay compensation if agreements or transactions were entered into with the intention of avoiding payment of employee entitlements or reducing the amount of entitlements that can be recovered.

Again, should any of the pre-appointment disposals of motor vehicles mentioned above be deemed as voidable transactions made to a related entity, then these transactions may also constitute transactions of this nature as these transfers have effectively reduced the value of realisable assets available to be distributed to priority employee creditors in respect to their outstanding entitlements.

Further investigation into this area of the law will be required to be undertaken by a Liquidator, if one is so appointed to the Company.

4. Director's and Officer's Duties

The related party loan accounts, together with the transactions identified above as possible Unfair Preferences to related parties, Uncommercial Transactions, Unreasonable Director Related Transactions and/or Fraudulent Dispositions could constitute a breach by the Directors of the Company and/or Mr Jason Kelly (having regard to the possibility that he is a shadow/de-facto director) of their duties under Section 181 and Section 182 of the Act, by not acting in good faith in the best interests of the Company and for a proper purpose, and/or improperly using their position to gain an advantage for someone else or causing a detriment to the company.

Accordingly, it would appear that the above mentioned officeholders may have constituted such a breach by failing to meet the Company's taxation liabilities and its debts to trade creditors, as well as allowing the Company to enter into a number of possible related party transactions (namely the motor vehicle disposals mentioned earlier) which may not have been in the commercial interests of the Company. Further investigation into this area of the law is required to be undertaken by a Liquidator, if one is so appointed to the Company.

Furthermore, the loan accounts to Homewares Depot and Valentino Home Fashion, and the possible Unreasonable Director Related Transactions to DVK International, could constitute a breach of duties under Section 181 and Section 182 of the Act. Based on the information known to date, a reasonable person in the position of a director would not have advanced monies by way of unsecured loans given the circumstances of the Company and the detrimental effect they would have upon it and its other creditors.

It is noted that a Liquidator could not recover the amounts as voidable transactions and also recoveries with respect to breach of directors' duties from the Directors of the Company and/or Mr Jason Kelly as they relate to the same set of transactions. As mentioned earlier in this report, it would appear that based on preliminary investigations into the financial positions of the Directors, they appear to have insufficient net assets to satisfy a successful voidable transaction/breach of Directors' Duties claim by a Liquidator. However, it is noted that Mr Jason Kelly may have sufficient net assets to satisfy a successful voidable transaction/breach of Directors' Duties claim by a Liquidator. Further investigations will need to be undertaken by a Liquidator, if appointed, to determine their abilities to meet any judgement obtained against them.

5. Enforceability of Charges

If the Company proceeds into liquidation, under Section 588FJ of the Act, a floating charge registered within six (6) months of the relation back date, in this case after 15 July 2011, is void against a Liquidator if the Company was insolvent immediately after the date the charge was created, except so far as:

- The charge secured an advance paid to the Company or at its direction, at or after the charge is registered and as a consideration for the charge; or
- An amount payable for property or services supplied to the Company at or after that time; or
- Interest on such an advance or such amount so payable.

As advised earlier, NCF holds a second-ranking fixed and floating charge over the assets of the Company that was registered on 12 August 2011, which is within the relation back date period. However, as mentioned earlier, it was created to secure a loan paid to the Company as consideration for the charge, and accordingly, would not be voidable against a Liquidator.

6. Adequacy of the Company's Books and Records

A company is required pursuant to Section 286 of the Act 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.

To date, the Administrators have been provided with various books and records including the Company's MYOB accounting file and limited banking records relating to the Company. However, as mentioned earlier in the report the records received for the Company contain a number of inaccuracies and have not been reconciled for a significant period of time. Also, as mentioned previously, the Company has not produced financial statements since the 2009 financial year. In this regard, it appears that the Company has unlikely maintained its records in accordance with Section 286 of the Act.

7. Section 438D Report

An Administrator is required, pursuant to Section 438D of the Act, where it appears that offences may have been committed in relation to the Company, to prepare and submit a report to ASIC.

Should the continued investigations into the affairs of the Company identify that a report to ASIC is warranted, the Administrators would proceed to complete and lodge the relevant report as required by the Act.

SUMMARY OF RECEIPTS AND PAYMENTS

A summary of receipts and payments for the period of the administration from 23 January 2012 to 16 February 2012 is attached hereto.

DIVIDEND PROSPECTS IN LIQUIDATION

Creditors' prospects of receiving a dividend in liquidation will depend upon the following:

- The recovery of assets available to the Liquidator;
- Successful voidable transactions/insolvent trading claims;
- Quantification of all creditors claims; and
- Costs of the administration and liquidation.

However, it is unlikely that a dividend will be paid to any class of creditor unless a Liquidator is successful in the recovery of significant monies as a result of voidable transactions and/or insolvent trading claims and/or breaches of Director's Duties and/or recoveries as a result of legal proceedings that the Company was involved with prior to the Administrators' appointment. The Administrators note that a dividend to the Company's priority employee creditors and St. George could potentially be payable in the event that the Company is successful in a number of legal proceedings which were detailed earlier in this report.

It should be noted that outstanding employee entitlements including wages, annual leave, long service leave, PILN and severance payments are further protected under the GEERS which is administered by the Department of Education, Employment and Workplace Relations in the event that the Company is placed in to liquidation. However, outstanding superannuation contributions are not protected under GEERS.

SUMMARY OF AVAILABLE ALTERNATIVES, ADMINISTRATORS' OPINION AND RECOMMENDATION

Summary of Options

The Act requires the Administrators to provide an opinion on the options available to creditors. This section of the report constitutes such a statement. In the 'Introduction' section of this report, the available alternatives were disclosed and these are now explained as follows:

The Company to Execute a DOCA

A proposal for a DOCA has not been received nor is a proposal expected to be received. Therefore, this is not an option available to creditors.

The Administration to End

If creditors resolve the administration should end, the control of the Company would revert to the Directors of the Company. It is the Administrators' opinion that it is **not** appropriate for the administration to end due to the following reasons:

- This course of action would not solve the Company's problems nor provide a forum for dealing with creditors' claims;
- Based on the 'Financial Position / Report as to Affairs' section of this report, the Company is clearly insolvent. Resolving to end the administration would leave the Company vulnerable to some other form of external administration; and
- Further investigations should be undertaken into the Company's affairs that are only possible if the Company is in administration or liquidation.

The Company Be Wound Up

Creditors may resolve that the Company be wound up and that Messrs Ozem Kassem and Daniel Juratowitch be appointed Liquidators. In these circumstances, the Act deems that the Company entered into creditors voluntary liquidation as at that date.

In the Administrators' opinion, creditors should vote **in favour of** the Company being wound up because:

- A DOCA proposal has not been received;
- The business of the Company has ceased trading;
- The Company is insolvent and the Act provides a legal framework for dealing with the Company's assets, determining the value of creditors claims and paying dividends to creditors;
- The investigations into the Company's affairs may continue, including but not limited to, investigations into voidable transactions, director related transactions, insolvent trading and possible breaches of director duties and other officer duties as identified above; and
- The Liquidators realisation of the above identified assets can continue to proceed for the benefit of creditors.

Adjournment

The Act provides for the meeting of creditors convened under Section 439B of the Act to be adjourned for up to forty-five (45) business days if creditors so decide. The Administrators are of the opinion that it is not in the best interests of creditors for the meeting to be adjourned.

Recommendation

The Administrators recommend that creditors attending the second meeting of creditors in person or by proxy should vote for a motion:

"THAT the Company be wound up, and that Messrs Ozem Kassem and Daniel P Juratowitch be appointed Joint & Several Liquidators"

ADMINISTRATORS' AND LIQUIDATORS' REMUNERATION AND DISBURSEMENTS

In accordance with the IPA's Code of Professional Practice effective 1 January 2011, details of the remuneration being sought for the external administration of the Company are set-out under the headings below.

Insolvency Practitioners are entitled to be remunerated for acting as external administrators of a company. This remuneration can be calculated in number of ways including:

- On the basis of time spent by the external administrator and their staff; or
- A quoted fixed fee, based on the upfront estimate; or
- A percentage of asset realisation

Charging on a **time basis** is the most common method. As advised in the initial report to creditors dated 25 January 2012, the Administrators propose to calculate their fees on this basis by using the hourly scale of rates set down by the firm Cor Cordis Chartered Accountants. A schedule of the rates currently employed is attached for creditor's reference. Each hour is charged in six (6) minute increments. The rates are calculated to reimburse this firm for its labour and operating overheads in carrying out the tasks required for this administration. Staff are allocated to tasks according to relevant experience and qualifications. The Administrators consider this method appropriate as it ensures creditors are only charged for work that is performed by the Administrators and their staff.

1: Declaration

We, Ozem Kassem and Daniel P Juratowitch of Cor Cordis Chartered Accountants, have undertaken a proper assessment of the remuneration claim hereunder for our appointment as external administrators of D V Kelly Pty Limited, in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed or to be performed in the conduct of this external administration.

Administrators' Remuneration from 23 January 2012 to 17 February 2012

As noted above, the calculation of the remuneration of the Administrators and their staff would be based on a time cost basis and calculated at an hourly scale of rates used by the firm Cor Cordis Chartered Accountants.

Since the appointment of the Administrators on 23 January 2012 to 17 February 2012, the following tasks have been undertaken in the administration of the Company:

Task Area	General Description	Includes	Hours	Amount (\$)
Assets	Cash at Bank	Liaising with bank regarding accounts held. Preparing correspondence to St. George to freeze account	102.4	32,296.00
	Plant & Equipment	Investigations regarding Company's plant and equipment. Liaising with Dominions regarding valuation of Company's plant and equipment. Reviewing asset listings. Liaising with interested parties regarding sale of plant and equipment. Negotiations regarding sale of plant and equipment to landlord of Company's leased premises.		
	Stock	Conducting stock takes. Liaising with Dominions regarding stock take and valuation of Company's stock. Preparing and circulating advertisements in Liverpool Leader and mX Newspaper for sale of stock. Reconciling stock take with stock on hand to determine quantity and value of stock held. Liaising with interested parties regarding sale of stock. Reviewing and reconciling stock held overseas and costs to import. Internal meetings to discuss/review offers received for sale of stock. Negotiations regarding bulk sale of residual stock to landlord of Company's leased premises.		
	Debtors	Correspondence with debtors. Reviewing and assessing debtor ledgers. Liaising with Directors regarding collectability. Reviewing documentation in respect to the debtors. Receiving and following up debtor enquires. Liaising with and conducting meetings with Harvey Norman regarding collection of pre-appointment trade debtors.		
	Contingent Assets	Discussions with Directors regarding the Company's legal claims.		
	Insurance	Liaising with PRM Managers regarding insurance requirements of the Company.		
Creditors	Creditors Enquiries	Receiving and following up creditor enquires via telephone. Maintaining creditor enquiry register. Review and prepare correspondence to creditors and their representatives via facsimile, email and post.	41.1	14,001.50
	Secured Creditor	Preparing preliminary report to St. George.		

		Preparing letters to St. George and NCF. Responding to secured creditors' enquiries. Meetings with St. George and NCF/Harvey Norman.		
	Leased Premises	Reviewing leasing documents in respect to Chipping Norton premises. Liaising with managing agent and landlord. Undertaking tasks associated with exercising property rights in respect to the leased premises. Conducting meetings with managing agent and landlord in respect to rental negotiations.		
	Creditor Reports	Drafting first circular to creditors. Drafting and amending this Section 439A Report.		
	Meeting of Creditors	Preparing meeting notices, proxies and advertisements. Forwarding notice of meeting to all known creditors. Preparing meeting file including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Attending first meeting of creditors. Preparing and lodging minutes of meetings with ASIC.		
	Dealing with Proofs of Debt	Receiving, reviewing and recording proofs PODs.		
Employees	Meeting of Employees	Meeting with employees regarding notification of appointment and termination of employment.	8.9	2,688.50
	Employee Enquiries	Receiving and following up employee enquiries via telephone and email. Review and prepare correspondence to employees and their representatives via facsimile, email and post. Preparation of letter to employees advising them of termination of employment. Preparation of letter to employees advising of their outstanding entitlements and options available.		
	Calculation of Entitlements	Calculating employee entitlements. Reviewing employee files and the Company's books and records. Reviewing industry awards and National Employment Standards for the calculation of entitlements.		
Trade On	Trade on Management	Liaising with suppliers. Liaising with management and staff. Attendance on site. Liaising with external sales consultant. Dealing with customer sales. Conducting on-site sales of stock. Reconciling back orders and determining orders which can be fulfilled. Co-ordinating customer orders and delivery of customer orders. Attending to the payment of trade-on wages.	247.1	65,992.15
	Processing Receipts and Payments	Entering receipt and payments into accounting systems.		

	Budgeting and Financial Reporting	Reviewing Company's budgets and financial statements. Preparing budgets and cash flows. Meetings to discuss trading position.		
Administration	Document Maintenance/File Review/Checklist	Preparing timetable for Voluntary Administration. Attending to client setup. Attending to mail outs & postage. Filing of documents	36.3	12,260.50
	ATO & Other Statutory Reporting	Notifying statutory bodies of appointment.		
	Bank Account administration	Preparing correspondence opening and closing accounts. Bank account reconciliations. Corresponding with bank regarding specific transfers.		
	Processing Receipts and Payments	Entering receipt and payments into accounting systems.		
Investigation	Conducting Investigation	Attending Chipping Norton premises to collect the Company's books and records. Reviewing the Company's books and records. Review and preparation of Company nature and history. Discussions with Directors to conduct investigations into the affairs of the Company. Liaising with Company's external accountant regarding books and records. Conducting and summarising Company searches. Conducting and summarising searches on Directors and former Directors. Preparing and analysing financial statements schedule. Preliminary investigations regarding voidable transactions and insolvent trading. Reviewing specific transactions and liaising with Directors regarding certain transactions. Investigations in respect to the pre-appointment disposal of motor vehicles. Preparing an investigation file.	18.5	5,578.50
	Legal Issues and Litigation	Preparing letter of instruction to ERA Legal to attend winding up hearing on 1 February 2012. Liaising and corresponding with ERA Legal regarding winding up.		
Total			454.3	\$132,817.15

Enclosed as **Annexure "A"** is a calculation of the work performed by appointee, employee and position for the period of the administration from 23 January 2012 to 17 February 2012, which has been calculated in accordance with the hourly rates charged by Cor Cordis and can be summarised as follows:

Classification	Hours	Hourly	
		Rate (\$)	Total (\$)
Appointee/Partner	26.6	525.00	13,963.65
Senior Manager	25.0	400.00	10,000.00
Manager	129.9	375.00	48,712.50
Supervisor	22.7	325.00	7,377.50
Senior 2	89.2	250.00	22,300.00
Intermediate 1	158.4	190.00	30,096.00
Intermediate 2	1.2	160.00	192.00
Accountant	1.3	135.00	175.50
Professional Fees Payable	454.3		132,817.15
Add: GST			13,281.71
Total Professional Fees			\$ 146,098.86

Further time will be incurred from 18 February 2012 up to and including the second meeting of creditors on 28 February 2012. Any work done on or after 18 February 2012 is to be claimed in accordance with the above basis, which is estimated to be in the order of \$12,180.00 (plus GST). The tasks that will be required to be completed during this period that will encompass this fee include:

Task Area	General Description	Description	Est Value (\$) (Ex GST)
Assets	Debtors	Liaising and corresponding with debtors. Reviewing and assessing debtor ledgers. Receiving and following up debtor enquires.	1,500.00
	Contingent Assets	Further discussions with Directors regarding the Company's legal claims. Liaising with legal representatives in respect to assess prospects of success of legal claims. Collecting and reviewing documentation pertaining to legal claims to assess prospects of success of legal claims.	
Trade On	Trade on Management	Attend to the payment of trade-on wages.	1,000.00
	Entering receipt and payments into accounting systems.	Processing Receipts and Payments	
Creditors	Creditors Enquiries	Dealing with creditors' enquiries, including telephone attendance and correspondences.	2,500.00
	Creditors Reports	Finalising and dispatching Section 439A Report.	
	Meeting of Creditors	Attending 439A meeting of creditors. Reviewing proxy forms received. Compiling attendance register and other meeting documents. Preparing and lodging minutes of meetings with ASIC.	
Investigation	Conducting Investigations	Further investigations into related party loan accounts. Obtaining information / explanation from the directors into transactions identified. Compile further documentation in respect to potential voidable transactions.	6,500.00
	Legal Issues and Litigation	Liaising and corresponding with ERA Legal regarding winding up hearing listed for 24 February 2012. Preparing Affidavit. Attending the Winding-Up Proceedings.	
Administration	Document Maintenance/File	Attending to general administration matters.	680.00

	Review/Checklist		
	ATO and Other Statutory Reporting	Entering receipt and payments into accounting system.	
Total			\$12,180.00

In summary, from the date of appointment of the Administrators on 23 January 2012 to the forthcoming meeting of creditors on 28 February 2012, the Administrators will be seeking approval of their fees to the maximum amount of \$145,000.00 (plus GST).

Liquidators' Remuneration (if applicable)

In the event that it is resolved that the Company be wound up, then creditors would also be requested to approve the future remuneration of the Liquidators, which is to be fixed on a time basis in accordance with the hourly rates charged by the firm Cor Cordis Chartered Accountants to a limit of \$50,000.00 (plus GST), beyond which further permission must be sought from the creditors.

Task Area	General Description	Tasks Including	Est Value (\$) (Ex GST)
Assets	Cash at Bank	Preparing correspondence to St. George to close pre appointment account.	12,000.00
	Debtors	Liaising and corresponding with trade debtors. Receiving and following up debtor enquires. Reconciling Harvey Norman debtor accounts. Collection of trade debtor amounts. Collection of Administrators' trading sales. Liaising with debt collectors and solicitors. Attending internal meetings to discuss/review any settlements of debts.	
	Contingent Assets	Further discussions with Directors regarding the Company's legal claims. Liaising with legal representatives in respect to assess prospects of success of legal claims. Collecting and reviewing documentation pertaining to legal claims to assess prospects of success of legal claims.	
Creditors	Creditors Enquiries	Advising creditors of the appointment of the Liquidators. Dealing with creditors' enquiries, including telephone attendance and correspondence.	11,000.00
	Creditors Reports	Preparing general reports to creditors.	
	Secured Creditor Reporting	Preparing reports to St. George and NCF. Liaising with St. George and NCF.	
	Dealing with Proof of Debts	Receiving, reviewing and recording proofs. Maintaining proof of debt registry.	
	Meeting of Creditors	Preparing and lodging minutes of Section 439A meeting. Convening final meeting of members and creditors.	
Employees	Employee Enquiries	Receiving and following up employee enquiries via telephone and email. Review and prepare correspondence to employees and their representatives via facsimile, email and post. Preparation of letter to employees advising of their outstanding entitlements and options available.	7,000.00
	GEERS	Correspondence with GEERS. Preparing notification spreadsheet. Preparing GEERS quotations.	

		Preparing GEERS distributions.	
Investigation	Conducting Investigation.	Further reviewing the books and records of the Company. Investigating issues raised by creditors. Conducting further investigations regarding the Company's affairs. Further investigations into and reconciliation of related party loan accounts and associated recovery actions (if any). Further investigations into unknown transactions and associated recovery actions (if any). Liaising with the Company's Directors. Preparing Section 533(1) report. Commencing recovery action in respect to voidable transactions identified (if any) and claims for insolvent trading (if any).	15,000.00
Administration	Bank Account Administration	Maintaining bank account and preparing reconciliations.	5,000.00
	ASIC Form 524 and Other Forms	Preparing and lodging ASIC forms including F505, F524, F5011 etc. Corresponding with ASIC regarding statutory forms.	
	ATO and Other Statutory Reporting	Notifying statutory bodies of appointment of the Liquidator. Preparing and lodging BAS.	
	Books and Records/Storage	Attending to records in storage. Forwarding job files to storage.	
Total			\$50,000.00

The above table does not take into account any potential time that may be incurred in the event the Liquidator becomes involved in legal proceedings or recovery of unknown assets or other unforeseen conduct. Should any additional time be required to be incurred in this regard, additional approval would be sought from creditors.

In addition, the above fee resolution does not include any work conducted by the Liquidator in providing assistance in respect to entitlements paid out under GEERS. In the event that funds are advanced under GEERS, the Liquidator may seek a fee to be paid by the Department of Education, Employment and Workplace Relations by facilitating payments to employees under GEERS. This fee is in addition to any fees approved by creditors or Committee of Inspection, in accordance with Section 499(3) of the Act.

As it is currently unclear whether sufficient funds will be realised in the winding up, the above fee resolution does not include work for a distribution to creditors. Should sufficient realisations be made to allow for a distribution then additional fee approval will be sought from creditors.

3: Supporting information

Statement of remuneration claim

Having regard to the discussion above, the following resolutions will be tabled at the forthcoming meeting of creditors:-

For the period of the voluntary administration from 23 January 2012 to 28 February 2012:

"THAT the remuneration of the Joint & Several Administrators for the period 23 January 2012 to 28 February 2012, be approved to a maximum limit of \$145,000.00 (plus GST), with such amount to be calculated on a time cost basis using the hourly rates adopted by the firm of Cor Cordis Chartered Accountants as detailed in the Report to Creditors dated 20 February 2012."

In the event it is resolved that the Company be wound up at the forthcoming meeting of creditors, the following resolution will be table in respect to the Liquidators' fees:

"THAT the remuneration of the Joint & Several Liquidators for the period 28 February 2012 to the conclusion of the winding up, be approved to a maximum limit of \$50,000.00 (plus GST), with such amount to be calculated on a time cost basis using the hourly rates adopted by the firm of Cor Cordis Chartered Accountants, as detailed in the Report to Creditors dated 20 February 2012, which may be varied from time to time with such annual increases (if any) be no greater than ten percent (10%), beyond which further approval may be sought from creditors."

Queries

Should creditors require any further information with respect to the remuneration being sought above, they should contact this office prior to the forthcoming meeting of creditors.

Information Sheet

A creditor information sheet providing information to creditors regarding the approval of remuneration of an external administrator, adopted by the IPA Code of Professional Practice, effective 1 January 2011, can be obtained from the following website address:

http://www.ipaa.com.au/user/docs/Creditor_Information_Sheet.pdf

Disbursements

In accordance with statute and the IPA's Code of Professional Practice, Insolvency Practitioners are not required to seek creditor approval for disbursements incurred, however they must account to creditors in a proper manner. Disbursements are generally divided into three types:

- A) disbursements that are externally provided professional services. These are recovered at cost. An example of this disbursement is legal fees.
- B) disbursements that are externally provided non-professional costs such as travel, accommodation and search fees. These disbursements are recovered at cost.
- C) disbursements that are internally provided non-professional costs, such as photocopying and document storage. These disbursements are charged at cost except for photocopying, printing and telephone calls which can be charged at a rate which is intended to recoup both variable and fixed costs.

The Administrators advise that an assessment is made to ensure that all disbursements are necessary and properly incurred in the conduct of this external administration. Creditors have the right to question the incurring of any disbursements and can challenge disbursements in Court.

Having regard to the above, creditors are referred to the attached Cor Cordis Guide to Hourly Rates and Disbursements.

MEETING OF CREDITORS

As disclosed in the attached Notice of Meeting, a meeting of creditors convened pursuant to Section 439A of the Act for Tuesday, 28 February 2012, at 10:00 AM, at the offices of Cor Cordis Chartered Accountants, Level 10, 76-80 Clarence Street, Sydney NSW 2000. At this meeting, creditors will have the option to vote on the future of the Company by resolving to either:

- Accept any proposal for a DOCA; or
- Place the Company into liquidation (that is, to have the Company wound up); or
- End the administration (in which case control of the Company will revert back to the Director).

If you are unable to attend the meeting of creditors you may still be involved by appointing someone to vote on your behalf. You may grant that person a general proxy to vote as he / she sees fit or a special proxy, which sets out your instructions as to how he / she is to vote. For more information on whom you can appoint and how to grant the power please refer to the Appointment of Proxy (Form 532) enclosed.

Manner of Voting

Voting at the meeting of creditors is regulated by the Act. A resolution must be decided on the voices unless a poll is demanded. A poll may be demanded before or on the declaration of the results of the voices by:

- The Chairperson; or
- Two (2) creditors present; or
- One (1) creditor present representing not less than 10% of the total voting rights of all persons entitled to vote at the meeting.

Where a poll is demanded a resolution is carried if:

- a majority of the creditors voting vote in favour of the resolution; and
- the value of the debts owed by the corporation to those voting in favour of the resolution is more than half of the total debts owed to all the creditors voting.

Where no result is reached, the Chairperson may exercise a casting vote in favour or against the resolution or elect not to use his casting vote.

Form 532 – Appointment of Proxy

Kindly read below to ensure that you are entitled to cast your vote at the meeting of creditors.

- A Form 532 – Appointment of Proxy ("Proxy") is enclosed for your attention. A creditor may use this form to appoint a natural person over the age of eighteen (18) as his or her proxy to attend and vote at the meeting.
- **A new Proxy form is required for each meeting of creditors.** This means, that even if you lodged a Proxy with the Administrators / Chairperson at a previous meeting, a new Proxy will be required for this meeting if you wish to cast your vote. The only exception is where a meeting is adjourned, in which case it is the same meeting being held on a different date.
- To assist you with determining whether you will be required to complete this form for the meeting, kindly refer below:

When appointing a person as your proxy, you may choose:

- (i) General Proxy – which gives the proxy discretion as to how he or she votes; or
- (ii) Special Proxy – which specifies the manner in which the proxy is to vote on a particular resolution, and the proxy is not entitled to vote on the resolution except as specified on the form.

For creditors that are a company, kindly note that the Proxy does not need to have the company seal affixed, however, the Proxy must be signed by (pursuant to Section 127 of the Act):

- a. Two (2) directors of the company; or
- b. A director and a company secretary of the company; or
- c. For a proprietary company that has a sole director who is also the sole company secretary – that director. In this event, the director must write next to their signature the words "I am the sole director and sole company secretary of the company".

Form 535 – Formal Proof of Debt or Claim

Kindly read below to ensure that you are entitled to cast your vote at the upcoming meeting of creditors.

- A Form 535 – Formal Proof of Debt or Claim ("Proof of Debt") is enclosed for your attention. Kindly note that a person is not entitled to vote at the meeting unless this form is lodged with the Administrators or the Chairperson.

- **A Proof of Debt is not specific to a meeting of creditors.** Therefore, if you have lodged a Proof of Debt previously in this administration, no further Proof of Debt is required for this meeting, unless you wish to amend your claim.
- Supporting Documentation.
 - (i) Kindly attach invoices, statements and other documentation to substantiate your claim.
 - (ii) If you have a claim for outstanding employee entitlements, kindly attach details of how your entitlements have been calculated.

DISCLAIMER

The information contained in this report is based upon investigations into the affairs of the Company and advice from relevant parties. In these circumstances creditors must appreciate the inherent limitations in the information provided and time prescribed by the Act to allow for the Administrators to prepare this report.

The statement of financial position of the Company disclosed in this report and the projected dividend calculation are 'best estimates' only, based on information available as at the date of this report. Many factors affect the estimated outcome to creditors. The data used in this report may change as further information becomes available and after all matters in the administration are finalised. If there is any additional material information received in the administration then it will be presented to creditors as soon as practicable.

As advised in the section 'Meeting of Creditors', one of the Administrators who is acting as the Chairperson may exercise his casting vote with respect to a resolution tabled at the forthcoming meeting. It is the intention of the Administrators to use any casting vote in accordance with the recommendations contained within this report. This intention is based on the information available at the date of this report and the reasons set out in this report. This position is subject to the Administrators not receiving any further information before or during the meeting that would result in the recommendation being changed.

The Administrators trust that this report adequately discloses information pertaining to the Company's position, and therefore allows creditors to make an informed decision as to the Company's future. The Administrators invite any further advice or comments from creditors with respect to this report and the affairs of the Company in general.

If you require any further information, please do not hesitate to contact Mr Steven Bazouni of this office on (02) 8221 8448.

Dated this 20th day of February 2012



Ozem Kassem
Administrator

Enc.

D V KELLY PTY LIMITED (ADMINISTRATORS APPOINTED)
A.B.N: 43 000 401 605

Calculation of Administrators' Remuneration

For the period 23 January 2012 to 17 February 2012

Employee	Total Actual Hours	Total (\$)	Administration		Assets		Creditors		Employees		Investigation		Trade On	
			Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
Ozem Kassem	1.4	735.00	1.2	630.00	-	-	0.2	105.00	-	-	-	-	-	-
Mark Hutchins	25.2	13,228.65	-	-	4.3	2,257.50	2.9	1,522.50	-	-	1.6	840.00	16.4	8,608.65
Jason Tang	25.0	10,000.00	3.4	1,360.00	1.4	560.00	16.1	6,440.00	0.6	240.00	0.4	160.00	3.1	1,240.00
Gino Tabila	1.7	637.50	-	-	1.7	637.50	-	-	-	-	-	-	-	-
Ahmed Sowaid	26.7	10,012.50	-	-	26.7	10,012.50	-	-	-	-	-	-	-	-
Neil Smail	101.4	38,025.00	21.7	8,137.50	20.9	7,837.50	7.8	2,925.00	3.9	1,462.50	6.7	2,512.50	40.4	15,150.00
Radek Kolman	0.1	37.50	0.1	37.50	-	-	-	-	-	-	-	-	-	-
Mohammad Najjar	20.4	6,630.00	1.5	487.50	6.3	2,047.50	0.8	260.00	-	-	-	-	11.8	3,835.00
Agnes Chan	2.3	747.50	-	-	-	-	-	-	-	-	-	-	2.3	747.50
Steven Bazouni	86.2	21,550.00	0.8	200.00	17.6	4,400.00	3.7	925.00	2.5	625.00	3.4	850.00	58.2	14,550.00
Jason Garcia	0.7	175.00	-	-	0.2	50.00	-	-	-	-	-	-	0.5	125.00
Sabrina White	2.3	575.00	-	-	2.3	575.00	-	-	-	-	-	-	-	-
Rohan Dalal	63.5	12,065.00	5.9	1,121.00	15.8	3,002.00	8.9	1,691.00	1.9	361.00	4.6	874.00	26.4	5,016.00
James Burns	21.0	3,980.00	0.5	95.00	2.4	456.00	-	-	-	-	1.8	342.00	16.3	3,097.00
Nicholas Chan	19.0	3,610.00	-	-	-	-	-	-	-	-	-	-	19.0	3,610.00
Seema Khatter	1.2	192.00	1.2	192.00	-	-	-	-	-	-	-	-	-	-
Nicholas Rodwell	54.9	10,431.00	-	-	1.5	285.00	0.7	133.00	-	-	-	-	52.7	10,013.00
Sebastian Vincent	1.3	175.50	-	-	1.3	175.50	-	-	-	-	-	-	-	-
TOTAL	454.3	132,817.15	36.3	12,260.50	102.4	32,296.00	41.1	14,001.50	8.9	2,688.50	18.5	5,578.50	247.1	65,992.15
GST		\$ 13,281.71												
TOTAL (including GST)		\$ 146,098.86												
Average hourly rate (excl GST)		\$ 292.36		\$337.75		\$315.39		\$340.67		\$302.08		\$301.54		\$267.07

D V Kelly Pty Limited (Administrators Appointed)

ABN: 43 000 401 605

Creditor Listing

SECURED CREDITORS	Book Value	Advised	Claimed	Control Value
Network Consumer Finance Pty Limited	135,000.00	134,658.55	131,598.19	134,658.55
St. George Finance Limited	2,000,000.00	1,969,884.99	0.00	1,969,884.99
TOTAL SECURED CREDITORS:	2,135,000.00	2,104,543.54	131,598.19	2,104,543.54
PRIORITY CREDITORS	Book Value	Advised	Claimed	Control Value
Australian Taxation Office	0.00	84,195.87	0.00	84,195.87
TOTAL PRIORITY CREDITORS:	0.00	84,195.87	0.00	84,195.87
PREFERRED (EMPLOYEE) CREDITORS	Book Value	Advised	Claimed	Control Value
WAGES				
Brennan, Keith Robert (Mr)	4,289.98	4,289.98	4,289.98	4,289.98
Cianflone, Stella (Ms)	2,564.85	2,564.85	0.00	2,564.85
Hillery, Natalie (Ms)	3,079.99	3,079.99	0.00	3,079.99
Jiang, Iris (Ms)	531.00	531.00	0.00	531.00
Jones, Craig Anthony (Mr)	5,593.60	5,593.60	8,519.20	5,593.60
Kelly, Jason (Mr)	52,071.43	52,071.43	0.00	52,071.43
Kelly, John (Mr)	26,571.43	26,571.43	26,571.43	26,571.43
Kelly, Lawrence (Mr)	57,857.14	57,857.14	0.00	57,857.14
Kwan, Edmond (Mr)	2,024.88	2,024.88	0.00	2,024.88
Lopez, Maria (Ms)	713.90	713.90	0.00	713.90
Lu, Judy (Ms)	3,730.69	3,730.69	0.00	3,730.69
Moore, Rachel (Ms)	1,504.50	1,504.50	1,504.50	1,504.50
Total Wages:	160,533.39	160,533.39	40,885.11	160,533.39
SUPERANNUATION				
Brennan, Keith Robert (Mr)	2,958.42	2,958.42	2,193.75	2,958.42
Cianflone, Stella (Ms)	1,768.75	1,768.75	0.00	1,768.75
Hillery, Natalie (Ms)	2,124.00	2,124.00	8,442.00	2,124.00
Jiang, Iris (Ms)	671.34	671.34	0.00	671.34
Jones, Craig Anthony (Mr)	2,651.97	2,651.97	0.00	2,651.97
Kelly, Jason (Mr)	4,686.43	4,686.43	0.00	4,686.43
Kelly, John (Mr)	3,034.29	3,034.29	90.00	3,034.29
Kelly, Lawrence (Mr)	5,207.14	5,207.14	0.00	5,207.14
Kelly, Philip (Mr)	5,207.14	5,207.14	0.00	5,207.14
Kelly, Raima (Mrs)	3,645.00	3,465.00	0.00	3,645.00
Kelly, Susan (Ms)	3,645.00	3,645.00	0.00	3,645.00
Kwan, Edmond (Mr)	1,396.38	1,396.38	0.00	1,396.38
Lopez, Maria (Ms)	492.31	492.31	0.00	492.31
Lu, Judy (Ms)	1,768.75	1,768.75	0.00	1,768.75
Moore, Rachel (Ms)	1,342.67	1,342.67	1,035.58	1,342.67
Total Superannuation:	40,599.59	40,419.59	11,761.33	40,599.59
LEAVE OF ABSENCE				
Brennan, Keith Robert (Mr)	17,104.98	17,104.98	17,058.83	17,104.98
Cianflone, Stella (Ms)	8,631.17	8,631.17	0.00	8,631.17
Hillery, Natalie (Ms)	12,120.72	12,120.72	16,514.86	12,120.72
Jiang, Iris (Ms)	936.62	936.62	0.00	936.62
Jones, Craig Anthony (Mr)	21,172.46	21,172.46	20,626.40	21,172.46
Kelly, Jason (Mr)	42,559.61	42,559.61	0.00	42,559.61
Kelly, John (Mr)	26,998.17	26,998.17	26,998.17	26,998.17
Kelly, Lawrence (Mr)	54,364.70	54,364.70	0.00	54,364.70
Kelly, Philip (Mr)	52,403.24	52,403.24	0.00	52,403.24
Kelly, Raima (Mrs)	44,019.21	44,019.21	0.00	44,019.21
Kelly, Susan (Ms)	4,511.77	4,511.77	0.00	4,511.77
Kwan, Edmond (Mr)	5,607.11	5,607.11	0.00	5,607.11
Lopez, Maria (Ms)	1,192.31	1,192.31	0.00	1,192.31
Lu, Judy (Ms)	14,040.06	14,040.06	0.00	14,040.06
Moore, Rachel (Ms)	3,229.41	3,229.41	3,213.06	3,229.41
Total Leave of Absence:	308,891.54	308,891.54	84,411.32	308,891.54
RETRENCHMENT				
Brennan, Keith Robert (Mr)	24,374.91	24,374.91	0.00	24,374.91

Cianflone, Stella (Ms)	9,909.64	9,909.64	0.00	9,909.64
Hillery, Natalie (Ms)	17,499.97	17,499.97	0.00	17,499.97
Jiang, Iris (Ms)	3,761.25	3,761.25	0.00	3,761.25
Jones, Craig Anthony (Mr)	13,984.00	13,984.00	3,496.00	13,984.00
Kelly, Jason (Mr)	22,500.00	22,500.00	0.00	22,500.00
Kelly, John (Mr)	21,000.00	21,000.00	0.00	21,000.00
Kelly, Lawrence (Mr)	21,000.00	21,000.00	0.00	21,000.00
Kelly, Philip (Mr)	25,000.00	25,000.00	0.00	25,000.00
Kelly, Raima (Mrs)	14,700.00	14,700.00	0.00	14,700.00
Kelly, Susan (Ms)	17,500.00	17,500.00	0.00	17,500.00
Kwan, Edmond (Mr)	7,823.40	7,823.40	0.00	7,823.40
Lopez, Maria (Ms)	2,758.25	2,758.25	0.00	2,758.25
Lu, Judy (Ms)	9,909.64	9,909.64	0.00	9,909.64
Moore, Rachel (Ms)	7,080.00	7,080.00	0.00	7,080.00
Total Retrenchment:	218,801.06	218,801.06	3,496.00	218,801.06
TOTAL PREFERRED (EMPLOYEE) CREDITORS:	728,825.58	728,645.58	140,553.76	728,825.58

UNSECURED CREDITORS	Book Value	Advised	Claimed	Control Value
Aplitt Automotive	1,861.45	1,861.45	0.00	1,861.45
ASIC	226.50	226.50	0.00	226.50
Australia Post	233.84	233.84	0.00	233.84
Australian Taxation Office	800,000.00	764,543.47	763,333.32	763,333.32
BP Australia	35.00	35.00	0.00	35.00
Budget Moorebank	4,219.49	4,219.49	0.00	4,219.49
Contact Security	2,311.27	2,311.27	1,973.79	1,973.79
Eco Springs	660.00	660.00	0.00	660.00
E-Tel	3,972.69	3,972.69	0.00	3,972.69
Hainbury Pty Limited	28,408.00	28,408.00	0.00	28,408.00
Integral Energy	2,748.27	2,748.27	0.00	2,748.27
Linsell Industrial	14.95	14.95	0.00	14.95
Liverpool City Council	1,739.82	0.00	0.00	0.00
Noritake	9,495.60	9,495.60	0.00	9,495.60
Office of State Revenue	0.00	0.00	5,131.90	5,131.90
Palin Pty Limited	1,167.99	1,167.99	0.00	1,167.99
Partner IT	742.50	742.50	0.00	742.50
Protec	28.96	28.96	0.00	28.96
Pylon Coatings	291.98	291.98	0.00	291.98
Veolia Environmental Services	3,122.20	3,122.20	0.00	3,122.20
Australia Star Communications	1,949.35	1,949.35	0.00	1,949.35
Bears Logistics	77.00	77.00	0.00	77.00
Finocchiario, Natale Antonio (Mr)	0.00	534,258.77	0.00	534,258.77
Fuji Xerox	3,022.45	3,022.45	525.85	525.85
Macdonald's Furniture Express	488.00	488.00	0.00	488.00
MDL Asset Services	708.40	708.40	708.40	708.40
Quicks Freight Express	1,276.00	1,276.00	0.00	1,276.00
Rob Baker & Associates	6,940.00	6,940.00	0.00	6,940.00
Telstra	595.72	595.72	0.00	595.72
Transtar	23,766.16	23,766.16	0.00	23,766.16
Tweed Shire Council	473.20	473.20	0.00	473.20
VG Auto Paints	16.17	16.17	0.00	16.17
Wanless Wastecorp	647.24	647.24	0.00	647.24
TOTAL UNSECURED CREDITORS:	901,240.20	1,398,302.62	771,673.26	1,399,390.29
Grand Total:	3,765,065.78	4,315,687.61	1,043,825.21	4,316,955.28

**D V Kelly Pty Limited
 (Administrators Appointed)
 ABN: 43 000 401 605**

**Statement of Administrators' Receipts and Payments for the Period
 23 January 2012 to 16 February 2012**

	Amount (\$)
Receipts	
Trading Receipts	
Sales	89,249.08
Total Trading Receipts	<u>89,249.08</u>
Non-Trading Receipts	
Pre-Appointment Debtors	30,854.45
Total Non-Trading Receipts	<u>30,854.45</u>
Total Receipts	<u>120,103.53</u>
Payments	
Trading Payments	Amount (\$)
Freight Outwards	(8.30)
Fuel & Oil	(324.03)
Hire & Leasing	(750.00)
Logistics	(1,602.70)
Merchant Facility Charges	(678.97)
Subcontractors	(9,425.00)
Sundry Expenses	(57.00)
Wages & Salaries	(9,041.76)
Wastes Removal	(85.55)
Total Trading Payments	<u>(21,973.31)</u>
Non-Trading Payments	
Bank Charges	(2.65)
Total Non-Trading Payments	<u>(2.65)</u>
Cash at Bank as at 16 February 2012	<u>\$ 98,127.57</u>
Future Trading Payments	
PAYG Withheld	(1,196.00)
Superannuation Withheld	(921.39)
Total Future Trading Payments	<u>(2,117.39)</u>
Total Payments	<u>(24,093.35)</u>
Net Receipts and Payments	<u>\$ 96,010.18</u>