

ALDONET PTY LIMITED ACN 069 830 977

BATENT HOLDINGS PTY LIMITED ACN 137 598 586

BVH MANAGEMENT PTY LIMITED ACN 137 598 577
(FORMERLY TRADED AS THE BELVEDERE HOTEL)

J & J O'BRIEN PTY LIMITED ACN 001 872 966
(FORMERLY TRADED AS THE MARLBOROUGH HOTEL)

MARSICO HOLDINGS PTY LIMITED ACN 003 678 608
(FORMERLY TRADED AS JACKSONS ON GEORGE HOTEL)

ROCKS CATERING PTY LIMITED ACN 003 510 656
(FORMERLY TRADED AS WATERSHED HOTEL AND COHIBAR)
(ALL IN LIQUIDATION)

("THE COMPANIES")

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Section 1: Introduction

Purpose of the Report

1. The Liquidators have prepared this report pursuant to Section 508 of the Act to provide, amongst other things, the following information:
 - 1.1 An account of the acts and dealings of the Liquidators and the conduct of the winding up of the Companies for the 12 months to 22 September 2016;
 - 1.2 A description of the acts and dealings that remain to be carried out in order to complete the winding ups; and
 - 1.3 An estimate of when the Liquidations are likely to be finalised.

Basis of Preparation

2. The manner in which the Companies conducted their affairs and maintained records involved limited delineation between the Companies, and has necessitated the Liquidators predominantly assessing and reporting on the Companies on an overall Group basis. For this reason, the Liquidators considered it appropriate to prepare one report for the Companies.

Glossary

3. A glossary of the defined terms used in this report appears at Schedule 1.

Disclaimer

4. This report is based on information sourced from the Companies' books and documents and information provided to the Liquidators. The Liquidators have reviewed the books, documents and information and whilst limited independent verification of the information has been conducted, no audit has been undertaken.
5. The Liquidators have no reason to doubt the information contained in 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. The Liquidators reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to them.
6. Neither the Liquidators, nor FTI Consulting, nor any employee thereof undertakes any responsibility in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to the Liquidators.
7. This report is not for general circulation, publication, reproduction or any other use other than to assist the Creditors in evaluating their position as Creditors of the Companies and must not be disclosed without the written approval of the Liquidators.
8. The Liquidators do not assume or accept any responsibility for any liability or loss sustained by any Creditor or any other party as a result of the circulation, publication, reproduction or any other use of the report.
9. Each Creditor must seek their own independent legal advice as to their rights and the options available to them with respect to the Liquidation of the Companies.

Section 2: Background & Key Work Undertaken

Background

10. Mr Quentin Olde and Mr Michael Ryan of FTI Consulting were appointed as Joint and Several Administrators of the Companies on 16 April 2013 by ANZ pursuant to Section 436C of the Act.

11. Immediately following the Administrators' appointment, Mr Marcus Ayres and Mr Stephen Parbery of PPB were appointed Receivers and Managers of the Companies pursuant to the terms of a security interest registered against the Companies in favour of ANZ. As a result of their appointment, the Receivers assumed full control of the Companies' assets and trading operations. Following their appointment, the Companies and the Businesses continued to trade on a "business as usual" basis under the control of the Receivers.
12. On 23 September 2013, the Creditors of the Companies resolved that:
 - 12.1 The Companies be wound up; and
 - 12.2 That Quentin James Olde and Michael Joseph Ryan of FTI Consulting be appointed as the Liquidators of the Companies.
13. On 1 October 2014, PPB advised the Liquidators that they retired as Receivers from the Companies.

Key Work Undertaken During the Report Period

14. During the Report Period, the Liquidators have attended to the following matters for the Companies:
 - 14.1 Finalising Unfair Preference Payments;
 - 14.2 FEG distributions to the employees of Marsico; and
 - 14.3 Required statutory reporting under the Act.

Section 3: Unfair Preference Recovery Actions

Introduction

15. Part 5.7B of the Act allows the Liquidators to bring certain legal recovery proceedings for the benefit of the unsecured creditors of the Companies.
16. Investigations have developed with respect to Unfair Preference recoveries.

Unfair Preference Claims against the ATO

17. The Liquidators made a number of demands to the ATO in respect of Unfair Preference Payments.
18. The demands and their resultant settlements are summarised as follows:

Table 1: Summary of preferences

Entity	Claim	Negotiated Settlement
	\$	\$
BVH	31,039.00	25,000.00
Marsico	274,422.00	75,000.00
Rocks Catering	374,628.46	100,000.00

19. Following unsatisfactory responses from the ATO, the Liquidators engaged solicitors to commence more formal communications with the ATO. The solicitors formally wrote to the ATO on 19 May 2015, outlining the Liquidators' position.
20. On 26 October 2015, the solicitors for the Liquidators wrote to the ATO and requested further records in relation to correspondence between the ATO and the Companies including records relating to file notes and telephone conversations between the ATO and the Companies. Although these had previously been requested they had not been provided by the ATO.
21. Following receipt of additional information by the ATO, the solicitors issued another demand to the ATO on 1 December 2015, referencing material from the additional records received, to reiterate the Companies' potential claim for unfair preference payments.

22. On 27 January 2016, a representative for the ATO contacted the Liquidators' solicitors and made an informal verbal offer for unfair preference claims for the respective Companies within the Group, being BVH, Marsico, and Rocks Catering. Subsequent to this correspondence, a formal offer was not received by the ATO.
23. On or around 11 February 2016, the solicitors for the Liquidator filed and served proceedings against the ATO and the directions hearing and orders were made on 2 March 2016. The proceedings were commenced on a collective basis for the respective Companies within the Group.
24. The ATO intimated that they may request for the proceedings to be separated on an individual company basis. On 4 April 2016 the solicitors for the Liquidators wrote to the ATO and requested confirmation if the Group matters will proceed together or be separated. The ATO did not respond.
25. In order to expedite the process, the Liquidators instructed their solicitors to serve a formal notice of offer to compromise on the ATO on 9 May 2016 in respect of the Group unfair preference claims. The ATO had 28 days to accept the offer. The ATO raised specific defences in relation to a number of substantial payments and made an offer of c\$200k for the group of companies (which includes Kavia Holdings Pty Ltd (In Liquidation)).
26. On 6 June 2016 a settlement meeting was held between the Liquidators and ATO. During this meeting, the Liquidators were able to negotiate a substantially higher settlement than was initially offered at c\$300k for the group of companies (which includes Kavia Holdings Pty Ltd (In Liquidation)).
27. A Deed of Settlement was executed on 20 June 2016.
28. The Companies were distributed the amounts as summarised in Table 1 above during July 2016.

Section 4: FEG distribution to Employees

29. On 29 January 2016, the Liquidators' were advanced \$9,932.99 (gross) to distribute to one former employee of Marsico pursuant to the FEG scheme. The distribution to this employee was made in February 2016.

Section 5: Estimated Return to Ordinary Unsecured Creditors

30. As advised previously, the estimated return to ordinary unsecured creditors remains at \$NIL cents in the dollar.
31. Recoveries made by the Liquidators are not sufficient to enable a return to unsecured creditors. Furthermore, the Liquidators consider that no further recoveries are likely and intend to finalise the liquidations.

Section 6: Acts and Dealings to be undertaken

32. Prior to the completion of the liquidations, the following administrative matter will be required to be undertaken for the Companies:
 - 32.1 Attend to all remaining statutory obligations; and
 - 32.2 Hold creditor meetings where necessary.
33. Following the completion of the abovementioned work for the Companies, we will be in a position to finalise the Liquidations.

Section 7: Estimated Timeframe for completion of the Liquidations

34. We intend to complete the liquidations of the Companies by 31 March 2017, however finalisation is dependent upon the timing of the completion of remaining acts and dealings which may be affected by third parties.

Section 8: Statutory Issues

Statutory Reporting

35. The Liquidators continue to comply with their ASIC and ATO statutory reporting obligations by lodging statements of receipts and payments with ASIC and business activity statements with the ATO.

Section 9: Receipts and Payments

36. A statement of receipts and payments for each of the Companies for the Report Period is detailed at Schedule 2.

Section 10: Queries

37. Should you have any queries in relation to this report, please contact Jonathan Chee of this office on (02) 8247 8000 or jonathan.chee@fticonsulting.com.

Yours faithfully



Quentin Olde
Joint and Several Liquidator of the Companies

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Schedule 1: Glossary

Term	Definition
Act	Corporations Act 2001 (Cth)
Aldonet	Aldonet Pty Limited ACN 069 830 977
Appointment Date	Appointment of Liquidators on 23 September 2013
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
The Bank or ANZ	Australia and New Zealand Bank Limited
Batent	Batent Holdings Pty Limited ACN 137 598 586
BVH	BVH Management Pty Limited ACN 137 598 577 (Trading as the Belvedere Hotel)
Companies	Aldonet Pty Limited, Batent Holdings Pty Limited, BVH Management Pty Limited, J&J O'Brien Pty Limited, Marsico Holdings Pty Limited and Rocks Catering Pty Limited
Creditors	Creditors of the Companies who have a claim admissible to proof in the Liquidations of the Companies
Directors	Mr Christopher Crawley and Ms Judith Crawley
Employees	Creditors of the Companies in their capacity as former employees of the Companies
FEG	Fair Entitlements Guarantee
FTI Consulting	FTI Consulting (Australia) Pty Ltd
J & J O'Brien	J&J O'Brien Pty Limited ACN 001 872 966 (formerly traded as the Marlborough Hotel)
Liquidators	Quentin James Olde and Michael Joseph Ryan of FTI Consulting
Marsico	Marsico Holdings Pty Limited ACN 003 678 608 (trading as Jacksons on George Hotel)
Receivers or PPB	Marcus Ayres and Stephen Parbery of PPB Advisory
Report Period	The period from 23 September 2015 to 22 September 2016
Rocks Catering	Rocks Catering Pty Limited ACN 003 510 656 (trading as Watershed Hotel and Cohibar)

Schedule 2: Receipts and payments for the period 23 September 2015 to 22 September 2016

Aldonet

Table 2: Aldonet Receipts and Payments	
	Amount \$
Receipts	
	0.00
Payments	
	0.00
Reconciliation as at 22 September 2016	
Opening Balance	0.00
Receipts	0.00
Payments	0.00
Closing Balance	0.00

Batent

Table 3: Batent Receipts and Payments	
	Amount \$
Receipts	
	0.00
Payments	
Appointee Fees	(295.14)
	(295.14)
Reconciliation as at 22 September 2016	
Opening Balance	296.50
Receipts	0.00
Payments	(295.14)
Closing Balance	1.36

BVH

Table 4: BVH Receipts and Payments

	Amount \$
Receipts	
Legal Recoveries	25,000.00
	25,000.00
Payments	
Legal Fees	(10,508.43)
Appointee Fees	(821.10)
	(11,329.53)
Reconciliation as at 22 September 2016	
Opening Balance	825.52
Receipts	25,000.00
Payments	(11,329.53)
Closing Balance	14,495.99

J & J O'Brien

Table 5: J&J O'Brien Receipts and Payments

	Amount \$
Receipts	
	0.00
Payments	
Appointee Disbursements	(41.00)
	(41.00)
Reconciliation as at 22 September 2016	
Opening Balance	41.00
Receipts	0.00
Payments	(41.00)
Closing Balance	0.00

Marsico

Table 6: Marsico Receipts and Payments

	Amount \$
Receipts	
FEG Distribution	8,932.90
Legal Recoveries	75,000.00
	83,932.90
Payments	
FEG Distribution	(5,851.99)
PAYG Instalment	(3,081.00)
Legal Fees	(30,016.93)
Appointee Fees	(6,509.38)
Appointee Disbursements	(74.16)
	(45,533.46)
Reconciliation as at 22 September 2016	
Opening Balance	7,844.45
Receipts	83,932.99
Payments	(45,533.46)
Closing Balance	46,243.98

Rocks Catering

Table 7: Rocks Catering Receipts and Payments

	Amount \$
Receipts	
Legal Recoveries	100,000.00
	100,000.00
Payments	
Legal Fees	(42,573.22)
Legal Disbursements	(74.14)
PAYG Instalment	(6,436.00)
Appointee Fees	(4,324.55)
Appointee Disbursements	(56.65)
	(53,464.56)
Reconciliation as at 22 September 2016	
Opening Balance	10,839.34
Receipts	100,000.00
Payments	(53,466.56)
Closing Balance	57,372.78



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About FTI Consulting

FTI Consulting is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring.

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