

18 DECEMBER 2014

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 001872 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 2014;
 - 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, 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. Subsequent to the end of the Report Period, PPB advised the Liquidators that they retired as Receivers from the Companies on 1 October 2014.

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 Investigations into the affairs of the Directors of the Companies;
 - 14.2 Investigating and pursuing Unfair Preferences pursuant to the Act;
 - 14.3 Dealing with a workers compensation insurance claim relating to Marsico;
 - 14.4 FEG distribution to the employees of Marsico;
 - 14.5 Required statutory reporting under the Act; and
 - 14.6 Liaising with the Receivers to understand the status of the Receivership.

Section 3: Asset Realisations

15. We note that all proceeds realized from the sale of the assets of the Companies were applied to the Receivers' professional and legal costs, and subsequently to the secured debt owed to the ANZ, aside from the following funds which were transferred to the Liquidators from the realisation of circulating assets:

| Company | \$ |
|---------|--------|
| BVH | 4,493 |
| Marsico | 60,265 |
| Rocks | 42,612 |

16. The proceeds from the sale of the assets of the Companies by the Receivers were not sufficient to enable a return to unsecured creditors of the Companies given the significant shortfall owed to ANZ.

Section 4: Unfair Preference Recoveries

Introduction

17. 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.
18. Investigations have commenced with respect to Unfair Preference recoveries.

Unfair Preference Claims against the ATO

19. The Liquidators' have made a number of demands to the ATO in respect of Unfair Preference Payments. These demands are summarised below:

Marsico

20. The Liquidators made a demand on 25 February 2014 in the amount of \$274,422.
21. The ATO advised that they were seeking legal advice and did not respond until November 2014. We have been advised that the ATO is currently experiencing a significant delay in reviewing preference demands.
22. The ATO offered an amount of \$28,088 to settle the abovementioned claim. We are currently in correspondence with the ATO in respect of this claim but consider the offer to be unacceptable.
23. We will advise creditors further once a resolution has been reached.

BVH

24. A demand was made in respect of the abovementioned unfair preference claim on 20 November 2014 in the amount of \$31,039.
25. The ATO has yet to respond to the demand.

Other Unfair Preferences

26. We have identified a number of other potential unfair preferences, however will continue to assess the commercial viability of pursuing the transactions.

Section 5: Claims against the Directors

27. Subsequent to the Report Period, the Directors were made bankrupt by separate debtor's petitions on 13 November 2014. The Trustee in Bankruptcy of both estates is Mr Robert Whitton from William Buck (NSW) Pty Ltd.
28. Given their financial status, it would be futile to pursue claims which may exist against the Directors.

Section 6: FEG distribution to Employees of Marsico

29. During the Liquidation Period, the Liquidators' verified the claims of five former employees on account of their unpaid employee entitlements owing to them by Marsico.
30. In total, on 31 October 2014 (which falls outside of the Report Period) the Liquidators' advanced \$108,341.05 which includes payment to former employees and to the ATO for their PAYG tax obligations.

Section 7: Estimated Return to Ordinary Unsecured Creditors

31. The forecast return to ordinary unsecured creditors remains at \$NIL cents in the dollar. As advised in the Administrators' s439A dated 13 September 2013, any return to employee and unsecured creditors is entirely reliant upon successfully recovering voidable transactions.
32. At this stage, we advise that it is unlikely that recoveries from voidable transactions will be sufficient to enable the Liquidators to make a distribution to unsecured creditors.

Section 8: Acts and Dealings to be undertaken

33. Prior to the completion of the liquidations, the following administrative matters will be required to be undertaken for the Companies:
 - 33.1 Finalising Unfair Preference claims;
 - 33.2 Finalisation of any further FEG claims in relation to the Companies; and

- 33.3 Attend to all remaining statutory obligations.
34. Following the completion of the abovementioned work for the Companies, we will be in a position to finalise the Liquidations.

Section 9: Estimated Timeframe for completion of the Liquidations

35. We intend to complete the liquidations of the Company by 30 June 2015, however finalisation is dependent upon the timing of the completion of remaining acts and dealings which may be affected by third parties.

Section 10: Statutory Issues

Statutory Reporting

36. 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 11: Receipts and Payments

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

Section 12: Queries

38. Should you have any queries in relation to this report, please contact Amanda Collins of this office on (02) 8247 8000 or amanda.collins@fticonsulting.com.

Yours faithfully



Quentin J 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 2014 |
| 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) |
| Creditors | Creditors of the Company who have a claim admissible to proof in the Liquidation of the Company |
| Directors | Mr Christopher Crawley and Ms. Judith Crawley |
| Employees | Creditors of the Company 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 Parberry of PPB Advisory |
| Report Period | The period from 23 September 2014 to 22 September 2014 |
| 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 2013 to 22 September 2014

Aldonet

Table 2: Aldonet Receipts and Payments

| | Amount \$ |
|---|---------------------|
| Receipts | |
| GST Paid (Received) | 23,935.00 |
| | 23,935.00 |
| Payments | |
| ANZ Indemnity for Group | (179,752.73) |
| Appointee Disbursements | (19,970.75) |
| Appointee Fees | (111,888.15) |
| Document Request | (30.00) |
| Legal Fees | (131,203.46) |
| Subcontractors | (3,080.00) |
| | (445,925.09) |
| Reconciliation as at 22 September 2014 | |
| Opening Balance | 0.00 |
| Receipts | 23,935.00 |
| Payments | (445,925.09) |
| Closing Balance | (421,990.09) |

Note: ANZ provided Aldonet with an overdraft facility with a limit of \$445,000, as detailed in the Administrators' s439A report to creditors.

Batent

Table 3: Batent Receipts and Payments

| | Amount \$ |
|---|--------------------|
| Receipts | |
| ANZ Indemnity | 32,451.11 |
| GST Paid (Received) | 2,950.00 |
| Interest Income | 1.39 |
| | 35,402.50 |
| Payments | |
| Appointee Disbursements | (929.70) |
| Appointee Fees | (31,521.41) |
| | (32,451.11) |
| Reconciliation as at 22 September 2014 | |
| Opening Balance | 0.00 |
| Receipts | 35,402.50 |
| Payments | (32,451.11) |
| Closing Balance | 2,951.39 |

BVH

Table 4: BVH Receipts and Payments

| | Amount \$ |
|--|--------------------|
| Receipts | |
| Net funds received from PPB (Circulating Assets) | 4,493.00 |
| ANZ Indemnity | 40,904.05 |
| GST Paid (Received) | 3,718.00 |
| | 49,115.05 |
| Payments | |
| Appointee Disbursements | (1,258.64) |
| Appointee Fees | (39,645.41) |
| | (40,904.05) |
| Reconciliation as at 22 September 2014 | |
| Opening Balance | 0.00 |
| Receipts | 49,115.05 |
| Payments | (40,904.05) |
| Closing Balance | 8,211.00 |

J & J O'Brien

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

| | Amount \$ |
|---|--------------------|
| Receipts | |
| ANZ Indemnity | 49,997.57 |
| GST Paid (Received) | 4,959.00 |
| Interest Income | 12.57 |
| | 54,969.14 |
| Payments | |
| Appointee Disbursements | (1,095.97) |
| Appointee Fees | (53,459.17) |
| | (54,555.14) |
| Reconciliation as at 22 September 2014 | |
| Opening Balance | 0.00 |
| Receipts | 54,969.14 |
| Payments | (54,555.14) |
| Closing Balance | 414.00 |

Marsico

Table 6: Marsico Receipts and Payments

| | Amount \$ |
|--|--------------------|
| Receipts | |
| Net funds received from PPB (Circulating Assets) | 64,605.36 |
| ANZ Indemnity | 13,200.00 |
| GST Paid (Received) | 1,200.00 |
| Other Income | 30.00 |
| | 79,035.36 |
| Payments | |
| Appointee Disbursements | (1,635.81) |
| Appointee Fees | (11,564.19) |
| | (13,200.00) |
| Reconciliation as at 22 September 2014 | |
| Opening Balance | 0.00 |
| Receipts | 79,035.36 |
| Payments | (13,200.00) |
| Closing Balance | 65,835.36 |

Rocks

Table 7: Rocks Receipts and Payments

| | Amount \$ |
|--|--------------------|
| Receipts | |
| Net funds received from PPB (Circulating Assets) | 42,612.00 |
| ANZ Indemnity | 13,200.00 |
| GST Paid (Received) | 1,200.00 |
| | 57,012.00 |
| Payments | |
| Appointee Disbursements | (1,167.72) |
| Appointee Fees | (12,032.28) |
| | (13,200.00) |
| Reconciliation as at 22 September 2014 | |
| Opening Balance | 0.00 |
| Receipts | 57,012.00 |
| Payments | (13,200.00) |
| Closing Balance | 43,812.00 |



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