

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 2015;
 - 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. 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 Investigating and pursuing Unfair Preferences pursuant to the Act, particularly in relation to the ATO;
 - 14.2 FEG distributions to the employees of Marsico and Rocks;
 - 14.3 Required statutory reporting under the Act;
 - 14.4 Liaising with the Receivers regarding the finalisation of their appointment; and
 - 14.5 Acknowledging the commencement of proceedings against Rocks Catering for a personal injury claim.

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 have made a number of demands to the ATO in respect of Unfair Preference Payments.
18. The demands are summarised as follows:

Table 1: Summary of preferences

Entity	\$
BVH	31,039.00
Marsico	274,422.00
Rocks Catering	374,628.46

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 for the abovementioned preferences, referencing material from the additional records received.
22. The ATO have not responded to the demand.
23. The Liquidators are likely to commence legal proceedings shortly and we will update creditors with further information as applicable.

Other Unfair Preferences

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

Section 4: FEG distribution to Employees

Marsico

25. On 31 October 2014, the Liquidators' were advanced \$108,341.05 (gross) to distribute to former employees pursuant to the FEG scheme. The distributions to employees were made in November 2014.
26. The Liquidators were informed that one (1) former employee made a claim for employee entitlements that were not verified by the Liquidators. We are awaiting the Department of Employment's decision regarding this matter.

Rocks Catering

27. During the Report Period, the Liquidators verified the claim of one (1) former employee on account of their unpaid employee entitlements owing to them by Rocks Catering.
28. On 21 July 2015, the Liquidators' were advanced \$20,430.86 (gross) to distribute to the former employee pursuant to the FEG scheme. The distribution to the employee was made in late July 2015.

Section 5: Commencement of Injury Claim Proceedings

Rocks Catering

29. The Liquidators have been informed that legal proceedings were commenced in October 2015 against Rocks Catering by an individual claiming damages for personal injury from an accident that occurred on the Watershed Hotel premises.
30. The Liquidators understand that the individual and the insurers were unable to reach a settlement and as such the Liquidators did not object to the commencement of proceedings.

Section 6: 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. The Liquidators will continue to keep creditors informed of the likelihood of recoveries from voidable transactions and whether it is likely that those recoveries will be sufficient to enable the Liquidators to make a distribution to the respective unsecured creditors.

Section 7: 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 8: Estimated Timeframe for completion of the Liquidations

35. We intend to complete the liquidations of the Company by 31 December 2016, however finalisation is dependent upon the timing of the completion of remaining acts and dealings which may be affected by third parties.

Section 9: 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 10: 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 11: Queries

38. Should you have any queries in relation to this report, please contact Declan McDonnell of this office on (02) 8247 8000 or declan.mcdonnell@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)
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 2014 to 22 September 2015
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 2014 to 22 September 2015

Aldonet

Table 2: Aldonet Receipts and Payments

	Amount \$
Receipts	
ANZ Administration Funding	421,990.09
	421,990.09
Payments	
	0.00
Reconciliation as at 22 September 2015	
Opening Balance	(421,990.09)
Receipts	421,990.09
Payments	0.00
Closing Balance	0.00

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	
GST Paid (Received)	295.00
Interest Income	1.50
	296.50
Payments	
Appointee Fees	(2,890.04)
Appointee Disbursements	(61.35)
	(2,951.39)
Reconciliation as at 22 September 2015	
Opening Balance	2,951.39
Receipts	296.50
Payments	(2,951.39)
Closing Balance	296.50

BVH

Table 4: BVH Receipts and Payments

	Amount \$
Receipts	
GST Paid (Received)	821.00
Interest Income	4.52
	825.52
Payments	
Appointee Fees	(7,373.23)
Appointee Disbursements	(837.77)
	(8,211.00)
Reconciliation as at 22 September 2015	
Opening Balance	8,211.00
Receipts	825.52
Payments	(8,211.00)
Closing Balance	825.52

J & J O'Brien

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

	Amount \$
Receipts	
GST Paid (Received)	41.00
	41.00
Payments	
Appointee Disbursements	(414.00)
	(414.00)
Reconciliation as at 22 September 2015	
Opening Balance	414.00
Receipts	41.00
Payments	(414.00)
Closing Balance	41.00

Marsico

Table 6: Marsico Receipts and Payments

	Amount \$
Receipts	
FEG Distribution	108,341.05
GST Paid (Received)	6,583.00
Other Income	1,224.01
Interest Income	37.44
	116,185.50
Payments	
FEG Distribution	(81,718.05)
PAYG Instalment	(26,623.00)
Appointee Fees	(65,093.75)
Appointee Disbursements	(741.61)
	(174,176.41)
Reconciliation as at 22 September 2015	
Opening Balance	65,835.36
Receipts	116,185.50
Payments	(174,176.41)
Closing Balance	7,844.45

Rocks Catering

Table 7: Rocks Catering Receipts and Payments

	Amount \$
Receipts	
FEG Distribution	20,430.86
GST Paid (Received)	4,381.00
Interest Income	22.34
	24,834.20
Payments	
FEG Distribution	(13,994.86)
Appointee Fees	(43,245.44)
Appointee Disbursements	(566.56)
	(57,806.86)
Reconciliation as at 22 September 2015	
Opening Balance	43,812.00
Receipts	24,834.20
Payments	(57,806.86)
Closing Balance	10,839.34



Quentin Olde
+61 2 8247 8000
quentin.olde@fticonsulting.com

Declan McDonnell
+61 2 8247 8000
declan.mcdonnell@fticonsulting.com

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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