

8 October 2010

MELBOURNE

Level 29 600 Bourke Street  
Melbourne VIC 3000 Australia  
PO Box 290 Collins Street West  
Melbourne VIC 8007  
phone +61 3 9600 4922  
fax +61 3 9642 5887  
email fhmelb@fh.com.au  
www.ferrierhodgson.com  
DX 125 Melbourne

**TO CREDITORS**

Dear Sir/Madam

RE:      **CLIVPEE LTD**  
          **(FORMERLY CLIVE PEETERS LTD)**  
          **ACN 058 868 018**

**RICKHAR PTY LTD**  
          **(FORMERLY RICK HART HOLDINGS**  
          **PTY LTD)**  
          **ACN 112 058 787**

**NTFQ PTY LTD**  
          **ACN 109 689 769**

**(ALL RECEIVERS AND MANAGERS APPOINTED)**  
          **(ALL ADMINISTRATORS APPOINTED)**

**(COLLECTIVELY "THE COMPANIES")**

**CLIVWHO PTY LTD**  
          **(FORMERLY CLIVE PEETERS WHOLESALE PTY LTD)**  
          **ACN 058 868 723**

**CLIVPKB PTY LTD**  
          **(FORMERLY CLIVE PEETERS KITCHENS AND**  
          **BATHROOMS PTY LTD)**  
          **ACN 097 301 445**

**HI-FI CORPORATION (WA) PTY LTD**  
          **ACN 092 691 846**

ADELAIDE  
BRISBANE  
PERTH  
SYDNEY  
JAKARTA  
KUALA LUMPUR  
SINGAPORE  
TOKYO

Affiliated through  
Zolfo Cooper  
UNITED STATES  
UNITED KINGDOM  
CARIBBEAN  
and  
KLC Kennic Lui & Co  
HONG KONG  
CHINA

I refer to the appointment of Brendan Richards and me on 28 May 2010 as the Companies' Administrators.

Enclosed is the Administrators' report to creditors pursuant to section 439A(4)(a) of the Corporations Act 2001 ("the Act"). You will note that there is no proposal for a Deed of Company Arrangement between the Companies and its creditors. Accordingly, I have convened a meeting of creditors to consider and, if thought fit, resolve that the Companies be placed into liquidation. I enclose the following regarding the meeting of creditors.

1. Notice of Meeting. *Please note that the meeting commences at 11:00am on 19 October 2010. You should arrive for registration at least 15 minutes prior to the meeting.*
2. Informal Claim Form for Voting Purposes. If you submitted one of these for the purposes of the first meeting of creditors or since the first meeting of creditors, you do not need to submit another one for this meeting.

*A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Companies or any lien/pledge over goods in their possession which are property of the Companies.*



3. Appointment of Proxy form. The form enables you to appoint another person to act on your behalf at the meeting. Proxy Forms submitted for the first meeting of creditors are not valid for this meeting.

**The Informal Claim Form for Voting Purposes and Proxy Form should be lodged with this office before the meeting and, in any event, not later than 4.00pm on the day prior to the meeting.** Forms can be sent by facsimile on **(03) 9642 5887** marked to the attention of Ms Fahime Durbali or scanned and emailed to [Fahime.Durbali@fh.com.au](mailto:Fahime.Durbali@fh.com.au). However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy Form with the Administrators' office within 72 hours of lodging the faxed/emailed copy.

4. Administrators' report to creditors pursuant to section 439A(4)(a) of the Act which includes an opinion, with supporting reasons, on each of the following matters:
  - Whether it would be in the creditors' interests for the Companies to be wound up.
  - Whether it would be in the creditors' interests for the administration to end.

### **The Administrators' Remuneration**

The Administrators' report includes a remuneration report explaining their remuneration claim setting out:

- (a) Details of time spent by category of staff at the rates applicable for such staff; and,
- (b) A summary of the work undertaken by the Administrators and their staff in the administration.

I advise the Secured Creditor has provided an indemnity for up to \$200,000 for fees and disbursements (excluding GST) associated with the Voluntary Administration, or any subsequent Liquidation. In the event costs exceed \$200,000, the Secured Creditor will consider further support, subject to appropriate demonstration as to basis for costs in excess of this amount, to a maximum of \$300,000 (excluding GST). In addition, the Secured Creditor has agreed to pay the legal costs incurred by the Administrators in relation to Retention of Title claims and also extensions of the convening period, up to \$25,000 (excluding GST) per application.

### **Remuneration of Liquidators**

Where creditors resolve that the Companies be wound up, the Liquidators intend that their remuneration be fixed on the basis of time spent by them and their staff of an appropriate level having regard to the nature and complexity of the work and calculated by reference to the hourly rates set out in the schedule accompanying the Notice of Meeting of Creditors sent out for the purposes of the first meeting of creditors. A further copy of the schedule is included in the Administrators' report to creditors together with a schedule setting out the Liquidators' likely tasks.



For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com). Queries regarding the administration should be directed to Ms Durbali of this office on (03) 9604 5661.

Yours faithfully

A handwritten signature in blue ink, appearing to be 'G. Georges'.

GEORGE GEORGES  
ADMINISTRATOR

Encl.

**FORM 529  
CORPORATIONS ACT 2001**

Subregulation 5.6.12(2)

**CLIVPEE LTD  
(FORMERLY CLIVE PEETERS LTD)  
ACN 058 868 018**

**CLIVWHO PTY LTD  
(FORMERLY CLIVE PEETERS  
WHOLESALE PTY LTD)  
ACN 058 868 723**

**RICKHAR PTY LTD  
(FORMERLY RICK HART HOLDINGS PTY  
LTD)  
ACN 112 058 787**

**CLIVPKB PTY LTD  
(FORMERLY CLIVE PEETERS KITCHENS  
AND BATHROOMS PTY LTD)  
ACN 097 301 445**

**NTFQ PTY LTD  
ACN 109 689 769**

**HI-FI CORPORATION (WA) PTY LTD  
ACN 092 691 846**

**(ALL RECEIVERS AND MANAGERS APPOINTED)  
(ALL ADMINISTRATORS APPOINTED)**

**(COLLECTIVELY "THE COMPANIES")**

**NOTICE OF A CONCURRENT MEETING OF  
CREDITORS OF COMPANIES UNDER ADMINISTRATION**

NOTICE is given that a meeting of the creditors of the Companies will be held at the Institute of Chartered Accountants of Australia, Level 3, 600 Bourke Street, Melbourne VIC 3000 on 19 October 2010 at 11:00am.

Teleconference facilities will also be available in the Ferrier Hodgson offices in Perth (Level 26, BankWest Tower, 108 St George's Terrace, Perth), Sydney (Level 13, Grosvenor Place 225 George Street, Sydney) and Brisbane (Level 7, 145 Eagle Street, Brisbane) to dial into the meeting.

**AGENDA**

1. To consider a statement by the director about the Companies' business, property, affairs and financial circumstances.
2. To consider the circumstances leading up to the administration and the various options available to creditors.
3. To determine the remuneration of the Voluntary Administrators.
4. For creditors to resolve upon one of the following:
  - That the administration should end; or
  - That the Companies be wound up.
5. If the Companies are wound up, to consider the appointment of a Committee of Inspection.
6. If the Companies are wound up, to fix the remuneration of the Liquidators.
7. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Administrators by 4.00pm on the day prior to the meeting. **A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31 respectively or, by a representative appointed under Section 250D of the Corporations Act 2001.**

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at the meeting unless they have previously lodged particulars of their claims against the Companies with the Administrators.

DATED this 8<sup>th</sup> day of October 2010

A handwritten signature in blue ink, appearing to be 'GG', is positioned above the name of the administrator.

**GEORGE GEORGES**  
**ADMINISTRATOR**

**INFORMAL PROOF OF DEBT FORM**

Regulation 5.6.47

Please tick the relevant company you are a creditor of:

- CLIVEPEE LTD**  
(FORMERLY CLIVE PEETERS LTD)
- RICKHAR PTY LTD**  
(FORMERLY RICK HART HOLDINGS PTY LTD)
- CLIVPKB PTY LTD**  
(FORMERLY CLIVE PEETERS KITCHENS AND BATHROOMS PTY LTD)
- CLIVWHO PTY LTD**  
(FORMERLY CLIVE PEETERS WHOLESALE PTY LTD)
- HI-FI CORPORATION (WA) PTY LTD**
- NTFQ PTY LTD**

Name of creditor:

Address of creditor:

Amount of debt claimed: (see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

Balance, if any, after deducting value of security (see note):

.....  
Creditor (or person authorised by creditor)

**NOTE:**

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrator; or
- b. he has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrator.

**FORM 532  
CORPORATIONS ACT 2001**

Regulation 5.6.29

**CLIVPEE LTD  
(ADMINISTRATORS APPOINTED)  
(RECEIVERS AND MANAGERS APPOINTED)  
(FORMERLY CLIVE PEETERS LTD)  
ACN 058 868 018**

**APPOINTMENT OF PROXY FOR CREDITORS MEETING**

\*I/\*We<sup>1</sup> .....

of .....

a creditor of ClivePee Ltd appoint<sup>2</sup>

.....

or in his absence .....

as \*my/our \*(i) general OR \*(ii) special proxy<sup>3</sup> to vote at the meeting of creditors to be held on 19 October 2010, or at any adjournment of that meeting, to vote

(i) on all matters arising at the meeting; OR

(ii) on each of the following kinds of resolutions in the manner specified:

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
(a) A resolution that the company be wound up:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) A resolution that the Administration end:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) A resolution that the Administrators' remuneration for the period from the appointment date to the date of the Administrators' report, being 28 May 2010 to 30 September 2010, be fixed in accordance with the Ferrier Hodgson hourly rates in the sum of \$250,519.15, and also that the Administrators' remuneration for the period 1 October 2010 to 19 October 2010 be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$30,000 (plus GST if applicable):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) A resolution that the Liquidators' remuneration be fixed in accordance with the Ferrier Hodgson hourly rates up to a maximum sum of \$225,000 but subject to upward adjustment by resolution of creditors / committee of inspection:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) A resolution that a Committee of Inspection be appointed:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) A resolution that creditors authorise the Liquidator(s) under Section 477(2A) of the Corporations Act 2001, to compromise a debt owed to the company of any amount:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) A resolution that the books and records of the company be disposed of 12 months after the dissolution of the company or earlier at the discretion of the ASIC:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I am an unsecured creditor and the total amount owed to me is \$

\* Strike out if inapplicable

<sup>1</sup> If a firm, strike out "I" and set out the full name of the firm.

<sup>2</sup> Insert the name, address and description of the person appointed.

<sup>3</sup> If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.



**FORM 532  
CORPORATIONS ACT 2001**

Regulation 5.6.29

**CLIVPKB PTY LTD  
(ADMINISTRATORS APPOINTED)  
(RECEIVERS AND MANAGERS APPOINTED)  
(FORMERLY CLIVE PEETERS KITCHENS AND BATHROOMS PTY LTD)  
ACN 097 301 445**

**APPOINTMENT OF PROXY FOR CREDITORS MEETING**

\*I/\*We<sup>1</sup> .....

of .....

a creditor of RickHar Pty Ltd appoint<sup>2</sup>

.....

or in his absence .....

as \*my/our \*(i) general OR \*(ii) special proxy<sup>3</sup> to vote at the meeting of creditors to be held on 19 October 2010, or at any adjournment of that meeting, to vote

(i) on all matters arising at the meeting; OR

(ii) on each of the following kinds of resolutions in the manner specified:

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
(a) A resolution that the company be wound up:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) A resolution that the Administration end:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) A resolution that the Administrators' remuneration for the period from the appointment date to the date of the Administrators' report, being 28 May 2010 to 30 September 2010, be fixed in accordance with the Ferrier Hodgson hourly rates in the sum of \$5,323.97, and also that the Administrators' remuneration for the period 1 October 2010 to 19 October 2010 be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$1,000 (plus GST if applicable):	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) A resolution that the Liquidators' remuneration be fixed in accordance with the Ferrier Hodgson hourly rates up to a maximum sum of \$5,000 but subject to upward adjustment by resolution of creditors / committee of inspection:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) A resolution that a Committee of Inspection be appointed:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) A resolution that creditors authorise the Liquidator(s) under Section 477(2A) of the Corporations Act 2001, to compromise a debt owed to the company of any amount:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) A resolution that the books and records of the company be disposed of 12 months after the dissolution of the company or earlier at the discretion of the ASIC:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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CORPORATIONS ACT 2001**

Regulation 5.6.29

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(ADMINISTRATORS APPOINTED)  
(RECEIVERS AND MANAGERS APPOINTED)  
(FORMERLY CLIVE PEETERS WHOLESALE PTY LTD)  
ACN 058 868 723**

**APPOINTMENT OF PROXY FOR CREDITORS MEETING**

\*I/\*We<sup>1</sup> .....

of .....

a creditor of CliveWho Pty Ltd appoint<sup>2</sup>

.....

or in his absence .....

as \*my/our \*(i) general OR \*(ii) special proxy<sup>3</sup> to vote at the meeting of creditors to be held on 19 October 2010, or at any adjournment of that meeting, to vote

(i) on all matters arising at the meeting; OR

(ii) on each of the following kinds of resolutions in the manner specified:

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
(a) A resolution that the company be wound up:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) A resolution that the Administration end:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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(d) A resolution that the Liquidators' remuneration be fixed in accordance with the Ferrier Hodgson hourly rates up to a maximum sum of \$5,000 but subject to upward adjustment by resolution of creditors / committee of inspection:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) A resolution that a Committee of Inspection be appointed:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) A resolution that creditors authorise the Liquidator(s) under Section 477(2A) of the Corporations Act 2001, to compromise a debt owed to the company of any amount:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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**HI-FI CORPORATION (WA) PTY LTD  
(ADMINISTRATORS APPOINTED)  
(RECEIVERS AND MANAGERS APPOINTED)  
ACN 092 691 846**

**APPOINTMENT OF PROXY FOR CREDITORS MEETING**

\*I/\*We<sup>1</sup> .....

of .....

a creditor of NTFQ Pty Ltd appoint<sup>2</sup>

.....

or in his absence .....

as \*my/our \*(i) general OR \*(ii) special proxy<sup>3</sup> to vote at the meeting of creditors to be held on 19 October 2010, or at any adjournment of that meeting, to vote

(i) on all matters arising at the meeting; OR

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	<b>For</b>	<b>Against</b>	<b>Abstain</b>
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**NTFQ PTY LTD  
(ADMINISTRATORS APPOINTED)  
(RECEIVERS AND MANAGERS APPOINTED)  
ACN 109 689 769**

**APPOINTMENT OF PROXY FOR CREDITORS MEETING**

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a creditor of NTFQ Pty Ltd appoint<sup>2</sup>

.....

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ACN 112 058 787**

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**(ALL RECEIVERS AND MANAGERS APPOINTED)  
(ALL ADMINISTRATORS APPOINTED)  
(COLLECTIVELY "THE COMPANIES")**

**Report by Administrators pursuant to  
Section 439A(4)(a) of  
the Corporations Act 2001**

**George Georges**

**Brendan Richards**

8 October 2010



**FERRIER HODGSON**

LEVEL 29, 600 BOURKE STREET, MELBOURNE VIC 3000  
PO BOX 290, COLLINS STREET WEST, MELBOURNE VIC 8007  
TELEPHONE 03 9600 4922 FACSIMILE 03 9642 5887

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## Glossary of terms

Abbreviation	Description
ABN	Australian Business Number
ACN	Australian Company Number
Act	The Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
The Bank; NAB; or the Secured Creditor	National Australia Bank Limited
ClivPee; the Parent Entity; or the Company	ClivPee Ltd (Receivers and Managers Appointed) (Administrators Appointed)
The Companies	The trading group of companies including ClivPee Ltd, ClivWho Pty Ltd, ClivPKB Pty Ltd, Hi-Fi Corporation (WA) Pty Ltd, NTFQ Pty Ltd, RickHar Pty Ltd, (All Receivers and Managers Appointed) (All Administrators Appointed)
Deloitte	Deloitte Touche Tohmatsu
DOCA	Deed of Company Arrangement
The Dormant Entities	Watercell Pty Ltd, Autoka Pty Ltd, ClivHom Pty Ltd (All Receivers and Managers Appointed) (All In Liquidation)
ERV	Estimated Realisable Value
FY07	Financial Year ending 30 June 2007
FY08	Financial Year ending 30 June 2008
FY09	Financial Year ending 30 June 2009
GEERS	General Employee Entitlements Redundancy Scheme
GFC	Global Financial Crisis
The Group	The Clive Peeters Group of Companies including ClivPee Ltd, ClivWho Pty Ltd, ClivPKB Pty Ltd, Hi-Fi Corporation (WA) Pty Ltd, NTFQ Pty Ltd, RickHar Pty Ltd, (All Receivers and Managers Appointed) (All Administrators Appointed) Watercell Pty Ltd, Autoka Pty Ltd, ClivHom Pty Ltd (All Receivers and Managers Appointed) (All In Liquidation)
IPA	Insolvency Practitioners Association of Australia
The Previous Administrators	Mr Colin Nicol, Mr Matthew Caddy and Mr Keith Crawford of McGrathNicol
Receivers and Managers; or Receivers	Mr Philip Carter and Mr Daniel Bryant of PPB
SGC	Superannuation Guarantee Charge
Statement	Director's Statement about the Companies' Business, Property, Affairs and Financial Circumstances

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## **Listing of Annexures**

<b>Annexure 1</b>	Administrators' Remuneration Report
<b>Annexure 2</b>	Incorporation Date and Company Officers
<b>Annexure 3</b>	Registered Charges
<b>Annexure 4</b>	IPA – Creditor Information Sheet – Offences, Recoverable Transactions and Insolvent Trading

## 1. EXECUTIVE SUMMARY

The previous Administrators were appointed by the directors of the Companies on 19 May 2010. Following their appointment, the Secured Creditor appointed Receivers and Managers over the Companies on 19 May 2010.

My partner, Brendan Richards, and I were appointed Administrators of the Companies on 28 May 2010, pursuant to Section 436E of the Act at the first meeting of creditors.

A Committee of Creditors was formed, which consisted of the following members:

Committee of Creditors	Representative
1. Fisher and Paykel	Gary Cole
2. Clive Peeters' Employees	Trisha Farnes
3. Coinvest	Neil Forrest
4. LG Electronics	Ian Greenwood
5. TGB Electrical	Phil Beha

Investigations undertaken are detailed in section 6 of this report. The main points arising from these investigations are:

- The financial statements, board papers and reports prepared by various professional services firms support, prima facie, the directors' Statement that the Companies were solvent at the time of the appointment. The directors believed, however, that the Companies were likely to become insolvent at some future time.
- As such, there do not appear to be any voidable transactions that a Liquidator might claw back.

The second meeting of creditors is convened for 19 October 2010, and will be held at the offices of the Institute of Chartered Accountants Australia, Level 3, 600 Bourke Street, Melbourne at 11.00am.

Teleconference facilities will also be available in the Ferrier Hodgson offices in Perth (Level 26, BankWest Tower, 108 St George's Terrace, Perth), Sydney (Level 13, Grosvenor Place 225 George Street, Sydney) and Brisbane (Level 7, 145 Eagle Street, Brisbane) to dial into the meeting.

There is no proposal for a DOCA. In the absence of a proposal for a DOCA, my opinion is that, for the reasons set out in this report, the Companies should be wound up.

For the reasons set out in this report, I am unable to estimate the extent to which a dividend may be payable to unsecured creditors, in the event the Companies are wound up. This is because of the continuing uncertainties associated with the outcome of various unresolved issues, including Retention of Title claims made by suppliers against the Company and the Receivers, as well as the finalisation of the insurance claim resulting from the employee fraud during 2008 and 2009, which the insurer has indicated may take up to three years to be finalised.

## 2. INTRODUCTION

### 2.1 Purpose of Administrators' appointment and this report

My partner, Brendan Richards, and I were appointed Administrators of the Companies on 28 May 2010, pursuant to Section 436E(4) of the Act.

The purpose underlying an Administrator's appointment is to allow for independent control and investigation of an insolvent Company's affairs. During the administration period, creditors' claims are put on hold. I am required to provide creditors with information and recommendations to assist creditors decide upon the Companies' future.

Section 439A(4) of the Act explains the purpose of an Administrator's report in providing that the notice (of second meeting) must be accompanied by a copy of:

- (a) *A report by the Administrator about the company's business, property, affairs and financial circumstances; and*
- (b) *A statement setting out the Administrator's opinion about each of the following matters:*
  - *Whether it would be in the creditors' interests for the company to execute a Deed of Company Arrangement;*
  - *Whether it would be in the creditors' interest for the administration to end;*
  - *Whether it would be in the creditors' interest for the company to be wound up;*
  - *His or her reasons for those opinions and provide such other information known to the Administrator as will enable the creditors to make an informed decision about each of the above matters; and*
- (c) *If a Deed of Company Arrangement is proposed – a statement setting out details of the proposed deed.*

## 2.2 First meeting of creditors and committee of creditors

At the first meeting of creditors held on 28 May 2010, creditors resolved to remove Mr Nicol, Mr Caddy and Mr Crawford, of McGrathNicol, as joint and several Administrators and appoint Mr Brendan Richards and me as replacement joint and several Administrators of the Companies pursuant to Section 436E(4) of the Act. The replacement arose as a result of a perceived conflict of interest involving McGrathNicol.

Creditors elected the following creditors to a Committee of Creditors for ClivPee:

Committee of Creditors	Representative
1. Fisher and Paykel	Gary Cole
2. Clive Peeters' Employees	Trisha Farnes
3. Coinvest	Neil Forrest
4. LG Electronics	Ian Greenwood
5. TGB Electrical	Phil Beha

## 2.3 Second meeting of creditors

### 2.3.1 Extension of Convening Period

Pursuant to Section 439A of the Act, the second meeting of creditors of the Companies was originally scheduled to be held by 23 June 2010, being within five (5) business days after the end of the Administration convening period.

One of the implications of Voluntary Administration is that landlords are unable to exercise control over leased premises without the consent of the Administrators or the Court. Such protection is not available to Receivers. We were aware that the Receivers were attempting to sell the ClivPee business, which if successful, would be likely to provide the best outcome for creditors.

Accordingly, we were concerned that, unless the Voluntary Administration convening period was extended, there would not be a sufficient amount of time to allow the Receivers to complete a sale of the business, including relevant lease transfers/negotiations, and accordingly an application was made to extend the convening period for the Companies for up to 120 days. On 11 June 2010, Justice Goldberg of the Federal Court made an Order extending the convening period from 15 June 2010 to 12 October 2010 for the Companies.

### **2.3.2 Second Meeting**

Pursuant to Section 439A of the Act, the second meeting of creditors of the Companies is convened for 19 October 2010, and will be held at the offices of Institute of Chartered Accountants Australia, Level 3, 600 Bourke Street, Melbourne at 11.00am.

At the second meeting, creditors will decide the Companies' future in voting on one of the following options:

- That the administration should end and control of the Companies revert to its directors; **or**
- That the Companies should be wound up.

As there has been no proposal for a DOCA, that is not an option for creditors to vote upon.

## **2.4 Declaration of independence, relevant relationships and indemnities**

The Administrators provided a Declaration of Independence, Relevant Relationships and Indemnities to creditors with their first circular to creditors.

There has been no change in the declaration since that time.

Brendan Richards and I are partners of Ferrier Hodgson. Ferrier Hodgson is Australia's and the Asia-Pacific's largest independent corporate restructuring practice with 47 partners and over 440 staff throughout Australia and Asia. Ferrier Hodgson does not provide accounting, audit, legal or taxation services.

Brendan Richards is a Chartered Accountant, Registered Liquidator and member of the IPA with over 17 years experience in corporate insolvency.

I am also a Chartered Accountant, Registered Liquidator and member of the IPA with over 20 years experience in corporate insolvency.

Further information regarding Ferrier Hodgson and the Administrators can be obtained from the firm's website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com).

## 3. COMPANY INFORMATION

### 3.1 Statutory information

A search of the ASIC database revealed the following information:

#### 3.1.1 Name changes

A number of name changes occurred on 14 July 2010 for entities within the Group as follows:

Former Name	Current Name
Clive Peeters Ltd (Holding Entity)	CLIVPEE Limited
Clive Peeters Wholesale Pty Ltd	CLIVWHO Pty Limited
Clive Peeters Kitchens and Bathrooms Pty Ltd	CLIVPKB Pty Limited
Clive Peeters Home Entertainment (Brisbane) Pty Ltd	CLIVHOM Pty Limited
Rick Hart Holdings Pty Ltd	RICKHAR Pty Limited

The Receivers required the name change to satisfy the terms of the sale to Harvey Norman, as discussed in in section 3.4 of this report.

#### 3.1.2 Incorporation date and registered office

Statutory information detailing incorporation dates, company officers and shareholders is detailed in **Annexure 2**.

Changes to statutory information in the past 12 months are as follows:

- Steven Douglas Rowarth ceased to be a secretary of the Companies on 27 May 2010 having held the positions between 1 October 2002 and 21 September 2005; and
- Richard John Hart ceased to be a director of ClivPee Ltd, Hi-Fi Corporation (WA) Pty Ltd, RickHar Pty Ltd and NTFQ Pty Ltd on 17 November 2009 having held the positions between 5 May 2000 and 5 August 2005.

Other information for the Companies is set out below:

- The Companies' registered office is 289-311 Bayswater Road, Bayswater North, VIC 3153; and
- No company secretary is appointed for ClivPKB Pty Ltd, Hi-Fi Corporation (WA) Pty Ltd, RickHar Pty Ltd and NTFQ Pty Ltd.

A search of the National Personal Insolvency Index maintained by the Insolvency Trustee Service, Australia, shows that the Companies' directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966.

#### 3.1.3 Shareholders

As at the time of our appointment ClivPee had 127 million ordinary shares held by approximately 1,900 shareholders.

The top 20 shareholders of ClivPee as at 18 May 2010 were as follows:

Shareholders	Shares Held	%
Hudson Investments (Vic) Pty Ltd	32,300,000	25.43
Mr. Gregory William Smith & Mrs. Shirley Margaret Smith	30,128,974	23.72
Toby Investments (Vic) Pty Ltd	8,615,000	6.78
Mr. Reginald Peter Lord & Mrs. Louise Frances Lord	6,200,000	4.88
Mr. Peter Brennan	1,800,000	1.42
Lawncat Pty Ltd	1,400,000	1.10
Lornette Pty Ltd	1,000,000	0.79
Mr. Craig Gee	960,381	0.76
Mr. Richard John Hart	893,582	0.70
Mrs. Judith Dorothy Allain & Mr. Louis Terence Allain	733,000	0.58
Mr. Glenn Edward Jones	620,002	0.49
Hathaway Partners Pty Ltd	605,000	0.48
Carlton & Partners Pty Ltd	585,694	0.46
CGFH Holdings Pty Ltd	530,617	0.42
Mrs. Shanti Devi Lal	500,000	0.39
Eleftherios	425,000	0.33
Mr. Graham Kenneth Girdler & Mrs Robyn Ann Girdler	376,928	0.30
Mr. Brook Anthony Adcock	345,000	0.27
Mr. Peter Wolryche Stansfeld	345,000	0.27
JP Morgan Nominees Australia	340,745	0.27
<b>Sub-Total</b>	<b>88,704,923</b>	<b>69.85</b>
Other	38,295,077	30.15
<b>Total</b>	<b>127,000,000</b>	<b>100.00</b>

ClivPee is the sole shareholder of the other Companies in the Group.

### 3.1.4 Registered charges

The registered charges held over the Companies are listed in **Annexure 3**.

The debt owed to NAB as at 28 May 2010 was approximately \$38,000,000.

I undertook a review of the bank's charge and determined it to be, prima facie, valid.

### 3.1.5 Winding up applications

There were no winding up applications outstanding as at the date of my appointment.

## 3.2 Company history

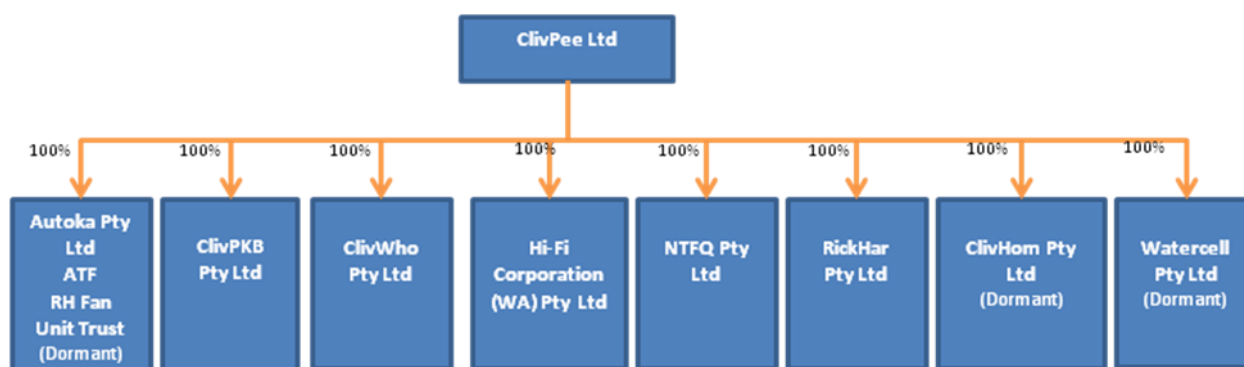
As at our appointment on 28 May 2010, ClivPee was the parent entity of the Group and was a publicly listed corporation having listed on 22 September 2005. The Group operated throughout Australia in the household appliance retail sector. The Group consisted of a number of trading entities which operated all of the Group's businesses in addition to three (3) dormant entities which all ceased operating more than 12 months ago, and which do not hold any unrelated assets or liabilities. Brendan Richards and I have recently been appointed Liquidators of the Dormant Entities.

At the date of our appointment, the Group operated 44 stores across Australia under two brands, trading as “Clive Peeters” in Victoria, Queensland, New South Wales and Tasmania, and as “Rick Hart” in Western Australia. The Group employed approximately 1,200 staff.

The operations of the Group were managed from its head office located in Bayswater, Victoria.

### 3.2.1 The Group Structure and Related Parties

The Group’s operational structure is summarised as follows:



As previously advised, ClivPee is the ultimate holding Company of the Group and wholly owns all other entities in the Group.

### 3.2.2 The Share Price

Generally, the share price of a public company reflects the market’s perception as to the financial well being of the company in terms of historical performance and future expectations.

Share price information obtained from the ASX website charts the trend in share price over the last 5 years for ClivPee as follows:



The share price fell from a high of \$3.50 in April 2007 to a low of \$0.06 in December 2008.

On 19 May 2010 when the Group was placed into administration the share price was in a trading halt at 15 cents.

Market capitalisation for ClivPee decreased from approximately \$444 million in September 2007 to approximately \$19 million at the date the Group was placed into administration.

### **3.3 Decision to appoint Administrators**

The appointment of Administrators and Receivers became necessary as a result of financial difficulties experienced by the Group as a whole due to, inter alia, the following factors:

- Decrease in sales caused by general economic conditions affecting the retail sector, and associated cost cutting.
- A reduction in floor traffic resulting from decreased advertising levels, necessitated by cash flow shortages.
- Fraudulent transactions conducted by the Group's Senior Financial Accountant over the course of a two (2) year period from July 2007 to July 2009 to the value of almost \$20 million.
- Cash flow shortages as a result of the above fraudulent activities.
- An unsuccessful sale campaign conducted in 2009.

As a result of these factors and in order to keep the restructuring options open for the Group, the directors of the Group's entities resolved to appoint Mr Colin Nicol, Mr Matthew Caddy and Mr Keith Crawford of McGrathNicol as Administrators.

At the first meeting of creditors held on 28 May 2010, creditors resolved to remove Mr Nicol, Mr Caddy and Mr Crawford as joint and several Administrators and appoint Mr Brendan Richards and me as replacement joint and several Administrators of the Group pursuant to Section 436E(4) of the Act. The replacement arose as a result of a perceived conflict of interest involving McGrathNicol.

Following our appointment we undertook immediate operational and statutory actions for the conduct of the Voluntary Administration. These include:

- Meetings with directors and officers of the Group
- Review and analysis of the financial position and performance of the Group
- Review of the annual reports from FY2007 to FY2009
- Dealing with creditor enquiries
- Dealing with shareholder enquiries
- Dealing with customer enquiries
- Preparation and lodgement of relevant notices with ASIC and the ASX
- Notifying statutory authorities of our appointment
- Applying to Court and obtaining an extension to the convening period, and preparing an affidavit to support the extension
- Liaising with solicitors in relation to the ongoing litigations involving the Group
- Conducting investigations into the affairs of all the Companies in the Group

- Applying for and obtaining reporting relief from ASIC
- Convening the second meeting of creditors
- Preparation of the report to creditors

### **3.4 Appointment of Receivers and Managers**

Following the appointment of the Previous Administrators, the Secured Creditor appointed Receivers and Managers over the Companies, on 19 May 2010. From the time of their appointment, the Receivers and Managers assumed responsibility of the day to day operations of ClivPee.

On 15 June 2010 the Receivers closed six (6) unprofitable stores to improve the profitability of the Group and to make it more attractive to bidders with interest in buying the business as a going concern. The closure of these stores resulted in the loss of up to 75 staff, however the Receivers were able to offer temporary continuation of employment to the majority of employees at other Clive Peeters stores.

We are advised that after an extensive marketing campaign, the Receivers received 60 expressions of interest for the sale of the Group's businesses, 16 parties were shortlisted to receive an information memorandum and allowed access to a virtual data room resulting in 3 'non-binding indicative offers'.

On 8 July 2010 the Receivers announced that 32 of the Group's stores and the commercial division had been sold to Harvey Norman for \$55 million. The sale included the Clive Peeters' brand names, which necessitated the company name changes described in Section 3.1.1 herein. All staff from the 32 stores, including warehouse and support staff, have been offered employment with Harvey Norman.

Following the appointment of Receivers, approximately 80 Retention of Title claims were made against the Receivers and the Company. At the time of writing this report, approximately 20 claims are still to be resolved by the Receivers. A number of these claims have resulted in legal proceedings being initiated by suppliers.

Claims initiated by suppliers against the Receivers have also been issued against the Administrators. As such, the Administrators and their legal advisers have been involved in various proceedings and correspondence with suppliers' solicitors, with the purpose of removing the Administrators as parties to those proceedings. In circumstances where the Receivers have been in control of the Company and the goods supplied since the date of appointment, the inclusion of the Administrators as defendants is considered unnecessary.

To the extent those proceedings result in the Receivers having to pay amounts to suppliers, or return stock to suppliers, the amount available to pay the Secured Creditor and the balance to be distributed amongst unsecured creditors will be diminished. In any event, the legal and other costs being incurred by the Receivers in defending the actions is likely to diminish the total amount available for distribution.

In addition to Retention of Title claims, the Receivers have a number of other issues which are yet to be resolved, including:

- Finalising the payment of employee entitlements. Approximately 50 employees have not yet submitted proofs of debt.
- The collection of a number of outstanding debtors, including a significant amount relating to purchasing rebates.

The resolution of an insurance claim submitted by the Company in relation to the employee fraud committed during 2008 and 2009. The latest indication provided by the insurers to the Receivers is that the claim could take up to three years to resolve.

The Administrators have had regular contact with the Receivers during the course of the Administration. We are satisfied on the information provided to date that an appropriate sale process has been undertaken by the Receivers, and believe that the sale to Harvey Norman represents the best outcome for unsecured creditors, notwithstanding the ongoing Retention of Title issues faced by the Receivers. Given those unresolved issues, and the impact the resolution of which is likely to have on any return to creditors, we are unable to provide a meaningful estimate on the return to unsecured creditors in a liquidation scenario.

## 4. HISTORICAL FINANCIAL INFORMATION

### 4.1 Preparation of financial statements

We obtained Clive Peeters Limited Annual Reports which include the Group's audited consolidated financial statements, for the 2006, 2007, 2008 and 2009 financial years. The consolidated financial statements comprise the financial statements for the companies within the Group.

The Group also prepared six (6) monthly accounts which have been reviewed by Deloitte and accordingly we have included the consolidated financial statements to 30 December 2009 in our review.

The Group also prepared various management accounts and reports on a monthly basis. We have obtained the consolidated monthly management accounts for the period January 2010 to April 2010.

At section 6.2.3 of this report, I comment on the adequacy of the Group's books and records.

### 4.2 Profit and loss statement and preliminary analysis

Set out below is a summary of the Group's consolidated profit and loss statement for the past four (4) financial years, the 10 months to 30 April 2010 together with extrapolated figures to 30 June 2010 and my preliminary analysis.

Consolidated Financial Performance AUD'000	30 June 2006 \$	30 June 2007 \$	30 June 2008 \$	30 June 2009 \$	10 Months to 30 April 2010	Extrapolated to June 2010
Revenue	315,316	457,229	534,883	496,859	427,615	513,138
COGS	(233,139)	(336,717)	(393,795)	(375,969)	(330,781)	(396,937)
<b>Gross Profit</b>	<b>82,177</b>	<b>120,512</b>	<b>141,088</b>	<b>120,890</b>	<b>96,834</b>	<b>116,201</b>
GPM%	26%	26%	26%	24%	23%	23%
Other income	19,710	31,620	38,293	36,622	-	-
<b>Total income</b>	<b>101,887</b>	<b>152,132</b>	<b>179,381</b>	<b>157,512</b>	<b>96,834</b>	<b>116,201</b>
Distribution expenses	(6,278)	(10,290)	(10,360)	(10,121)	-	-
Occupancy expenses	(11,047)	(20,194)	(26,307)	(30,315)	(25,294)	(30,353)
Administration expenses	(18,761)	(25,788)	(33,239)	(32,840)	(6,065)	(7,278)
Sales and marketing expenses	(39,611)	(64,957)	(80,288)	(75,693)	(60,766)	(72,919)
Other Expenses	(6,171)	(10,080)	(11,482)	(11,653)	(6,941)	(8,329)
Misappropriation expense	-	-	-	(4,815)	-	-
Finance costs	(414)	(1,408)	(3,011)	(3,421)	(7,645)	(9,174)
<b>Total Expenses</b>	<b>(82,282)</b>	<b>(132,717)</b>	<b>(164,687)</b>	<b>(168,858)</b>	<b>(106,711)</b>	<b>(128,053)</b>
<b>Profit/(Loss) before income tax expense</b>	<b>19,605</b>	<b>19,415</b>	<b>14,694</b>	<b>(11,346)</b>	<b>(9,877)</b>	<b>(11,852)</b>
Income tax expense	(5,744)	(5,885)	(4,421)	2,374	3,281	3,937
<b>Profit/(Loss)</b>	<b>13,861</b>	<b>13,530</b>	<b>10,273</b>	<b>(8,972)</b>	<b>(6,596)</b>	<b>(7,915)</b>

#### Key comments:

- The Group's Gross Profit margin deteriorated over the period, reflecting increased competitive pressures in terms of pricing and also increases in the costs of supply. This had a significant impact on the Group.
- The Group traded profitably in FY06, FY07 and FY08 (when gross profit margins were 26%) with consistent profits in FY06 and FY07.
- The Group's performance deteriorated in FY09. A drop in sales is consistent with the directors' advice that stock supply was interrupted due to tightening of credit insurers' terms, and is also reflective of deteriorating macroeconomic conditions resulting in lower discretionary spending by consumers. Despite a drop in sales, expenses in FY09 remained at levels consistent with FY08. These factors, together with the misappropriation expense of \$4.8 million arising from the fraudulent activities of a former employee of Clive Peeters, resulted in a loss for FY09 of \$8.9 million.
- Sales appeared to be recovering based on the extrapolated figures to 30 June 2010, and the Group managed to reduce operating expenses predominately through staff reductions and a decrease in marketing expenses, which is consistent with the directors' advice.
- Other income mainly comprise commissions, installation revenue and delivery which in the annual statements are separated from sales however in the management accounts the net result is included in sales.

### 4.3 Balance sheet and preliminary analysis

A summary of the Group's balance sheet for the past four (4) financial years is set out below together with my preliminary analysis:

Consolidated Financial Position AUD '000	30 June 2006 \$	30 June 2007 \$	30 June 2008 \$	30 June 2009 \$	30 April 2010 \$
<b>Assets</b>					
Current Assets	115,251	140,526	189,151	158,853	118,872
Non-Current Assets	43,910	55,146	61,826	61,325	57,783
<b>Total Assets</b>	<b>159,161</b>	<b>195,672</b>	<b>250,977</b>	<b>220,178</b>	<b>176,655</b>
<b>Liabilities</b>					
Current Liabilities	83,475	114,882	137,954	111,208	87,099
Non-Current Liabilities	4,038	3,232	32,812	39,567	26,708
<b>Total Liabilities</b>	<b>87,513</b>	<b>118,114</b>	<b>170,766</b>	<b>150,775</b>	<b>113,807</b>
<b>Net Assets/(Liabilities)</b>	<b>71,648</b>	<b>77,558</b>	<b>80,211</b>	<b>69,403</b>	<b>62,848</b>

#### Key comments:

- The Group's assets exceeded its liabilities in each of the periods.
- The current ratio is one indicator of a business's ability to pay short term debts with short term assets. A current ratio of less than 1 is an indicator of insolvency. The Group's current ratio was greater than 1 for all periods from 30 June 2006 to 30 April 2010.

The Group's trading position deteriorated from FY09, as set out in section 4.2 of this report, and accordingly the remaining balance sheet analysis focuses on the changes in FY09 and beyond.

## Major variances:

Major variances between FY08 and FY09 include:

- A decrease in inventory of \$23 million which is consistent with the Group having to run down existing stock due to stock supply interruptions as a result of credit insurers tightening terms.
- A decrease in cash of \$13 million resulting from the fraudulent activity, which was subsequently discovered, as well as increased trade creditor payments.
- A decrease in trade liabilities of \$23 million, consistent with a reduction of inventory purchases and increased payments to trade creditors.

Major variances between FY09 and April 2010:

- Reduction in inventory of \$11 million as the Group was drawing down further on existing stock
- Decrease in trade liabilities of \$20 million which, according to the Financial Controller, was the result of lower stock purchasing and a concerted effort to bring creditors within terms.

Based on our analysis of the financial and other information (including board minutes) of the Company, we would have expected the decrease in the trade creditors balance to be lower than \$20 million. Despite seeking further information from the former General Manager, the former Financial Controller, current accounting staff and the Receivers, at the date of this report there remains some uncertainty as to the reason for the overall decrease.

A liquidator might undertake further investigations in this regard, including public examinations of relevant parties. An assessment would need to be made, however, of the likelihood of an increased return to the creditors resulting from any additional investigations.

- Reduction in long term borrowings of \$12.5 million per a debt reduction programme entered into with the Bank which was funded by the realisations of funds from the sale of assets purchased with misappropriate funds.

In summary, the financial statements are consistent with the directors' advice that the Group's financial situation was greatly impacted by the stock interruptions commencing in September 2008, the misappropriation of funds by the senior financial accountant and the subsequent efforts to reduce operating costs as well as a decrease in the overall level of discretionary consumer spending as a result of consecutive interest rate rises and the uncertainty cause by the GFC. Despite those factors, the Group continued to meet its creditor terms, some of which had been extended by negotiation. We note it was very important for the Group to continue to meet terms, as any failure to do so would almost certainly have had an adverse impact on the availability of already limited trade insurance, which in turn would have further impacted stock levels, foot traffic and turnover.

## 4.4 Cash Flow and preliminary analysis

	30 June 2006	30 June 2007	30 June 2008	30 June 2009	31 December 2009
Consolidated Cash flow AUD '000	\$	\$	\$	\$	\$
Net cash from operating activities	10,460	(9,100)	9,344	(5,461)	14,308
Net cash from investing activities	(8,321)	(17,065)	(15,174)	(4,914)	(248)
Net cash from financing activities	17,141	17,524	11,701	(2,147)	(8,559)
<b>Net increase/(decrease) in cash &amp; cash equivalents</b>	<b>19,280</b>	<b>(8,641)</b>	<b>5,871</b>	<b>(12,522)</b>	<b>5,501</b>
Cash and cash equivalents at the beginning of the year	573	19,853	11,212	17,083	4,561
<b>Cash and cash equivalents at the end of the year</b>	<b>19,853</b>	<b>11,212</b>	<b>17,083</b>	<b>4,561</b>	<b>10,062</b>

## Key comments:

- The Company experienced a significant decrease in cash for the period ending 30 June 2009 which is consistent with the directors' advice in relation to decreased sales caused by stock supply interruptions and the fraudulent misappropriation of cash.

## 5. STATEMENT BY DIRECTORS

### 5.1 Summary

Section 438B of the Act requires the directors to give an Administrator a statement about the Companies' business, property, affairs and financial circumstances. I received the directors' Statement for the Companies on 2 August 2010.

In the Statement, the directors detailed the Companies' assets and liabilities at book value and ERV.

The Statements are detailed at **Annexure 4** for the six (6) trading entities, being:

- ClivPee Ltd;
- Hi-Fi Corporation (WA) Pty Ltd;
- RickHar Pty Ltd;
- NTFQ Pty Ltd;
- ClivPKB Pty Ltd; and
- ClivWho Pty Ltd.

The assets and liabilities detailed in the directors' Statement are summarised as follows:

ClivPee Ltd	Report Ref	Cost or Net Book Value	Directors' ERV
Statement as at 19 May 2010		\$	\$
Total Assets	5.1.1	177,190,270	146,390,096
<b>Liabilities:</b>			
Less: Priority creditors			
- Employee entitlements payable in advance of secured creditors	5.1.2	(11,808,954)	(11,808,954)
- Secured creditors	5.1.3	(36,825,055)	(36,825,055)
<b>Total Priority Creditors</b>		<b>(48,634,009)</b>	<b>(48,634,009)</b>
<b>Available to Unsecured Creditors</b>		<b>128,556,261</b>	<b>97,756,087</b>
Ordinary unsecured creditor claims	5.1.4	(85,194,460)	(63,968,349)
<b>Estimated Surplus/(Deficiency)</b>		<b>43,361,801</b>	<b>33,787,738</b>

Hi-Fi Corporation (WA) Pty Ltd	Report Ref	Cost or Net Book Value	Directors' ERV
Statement as at 19 May 2010		\$	\$
Total Assets	5.1.1	18,717,957	7,002,547
<b>Liabilities:</b>			
Less: Priority creditors			
- Employee entitlements payable in advance of secured creditors	5.1.2	0	0
- Secured creditors	5.1.3	0	0
<b>Total Priority Creditors</b>		<b>0</b>	<b>0</b>
<b>Available to Unsecured Creditors</b>		<b>18,717,957</b>	<b>7,002,547</b>
Ordinary unsecured creditor claims	5.1.4	(2,792,706)	(2,792,706)
<b>Estimated Surplus/(Deficiency)</b>		<b>15,925,251</b>	<b>4,209,841</b>

<b>RickHar Pty Ltd</b>	<b>Report Ref</b>	<b>Cost or Net Book Value</b>	<b>Directors' ERV</b>
<b>Statement as at 19 May 2010</b>			
		<b>\$</b>	<b>\$</b>
Total Assets	5.1.1	3,725,377	112,687
<b>Liabilities:</b>			
Less: Priority creditors			
- Employee entitlements payable in advance of secured creditors	5.1.2	0	0
- Secured creditors	5.1.3	0	0
<b>Total Priority Creditors</b>		<b>0</b>	<b>0</b>
<b>Available to Unsecured Creditors</b>		<b>3,725,377</b>	<b>112,687</b>
Ordinary unsecured creditor claims	5.1.4	(1,225,260)	(204,877)
<b>Estimated Surplus/(Deficiency)</b>		<b>2,500,117</b>	<b>(92,190)</b>

<b>NTFQ Pty Ltd</b>	<b>Report Ref</b>	<b>Cost or Net Book Value</b>	<b>Directors' ERV</b>
<b>Statement as at 19 May 2010</b>			
		<b>\$</b>	<b>\$</b>
Total Assets	5.1.1	2,871,246	126,918
<b>Liabilities:</b>			
Less: Priority creditors			
- Employee entitlements payable in advance of secured creditors	5.1.2	0	0
- Secured creditors	5.1.3	0	0
<b>Total Priority Creditors</b>		<b>0</b>	<b>0</b>
<b>Available to Unsecured Creditors</b>		<b>2,871,246</b>	<b>126,918</b>
Ordinary unsecured creditor claims	5.1.4	(713,104)	(255,537)
<b>Estimated Surplus/(Deficiency)</b>		<b>2,158,142</b>	<b>(128,619)</b>

<b>ClivPKB Pty Ltd</b>	<b>Report Ref</b>	<b>Cost or Net Book Value</b>	<b>Directors' ERV</b>
<b>Statement as at 19 May 2010</b>			
		<b>\$</b>	<b>\$</b>
Total Assets	5.1.1	12,756	0
<b>Liabilities:</b>			
Less: Priority creditors			
- Employee entitlements payable in advance of secured creditors	5.1.2	0	0
- Secured creditors	5.1.3	0	0
<b>Total Priority Creditors</b>		<b>0</b>	<b>0</b>
<b>Available to Unsecured Creditors</b>		<b>12,756</b>	<b>0</b>
Ordinary unsecured creditor claims	5.1.4	0	0
<b>Estimated Surplus/(Deficiency)</b>		<b>12,756</b>	<b>0</b>

ClivWho Pty Ltd	Report Ref	Cost or Net Book Value	Directors' ERV
Statement as at 19 May 2010		\$	\$
Total Assets	5.1.1	769,953	14,532
<b>Liabilities:</b>			
Less: Priority creditors			
- Employee entitlements payable in advance of secured creditors	5.1.2	0	0
- Secured creditors	5.1.3	0	0
<b>Total Priority Creditors</b>		0	0
<b>Available to Unsecured Creditors</b>		769,953	14,532
Ordinary unsecured creditor claims	5.1.4	0	0
<b>Estimated Surplus/(Deficiency)</b>		769,953	14,532

ClivPee Consolidated	Report Ref	Cost or Net Book Value	Directors' ERV
Statement as at 19 May 2010		\$	\$
Total Available Assets	5.1.1	203,287,559	153,646,780
<b>Liabilities:</b>			
Less: Priority creditors			
- Employee entitlements payable in advance of secured creditors	5.1.2	(11,808,954)	(11,808,954)
- Secured creditors	5.1.3	(36,825,055)	(36,825,055)
<b>Total Priority Creditors</b>		(48,634,009)	(48,634,009)
<b>Available to Unsecured Creditors</b>		154,653,550	105,012,771
Ordinary unsecured creditor claims	5.1.4	(89,925,530)	(67,221,469)
<b>Estimated Surplus/(Deficiency)</b>		64,728,020	37,791,302

I comment on the Statements as follows:

### 5.1.1 Assets

The Group's assets mainly comprise of debtors, stock and plant and equipment, all subject to the fixed and floating charge held by the Bank. In addition, a substantial amount of the stock balance is subject to Retention of Title claims, which has resulted in some suppliers being paid in full or having their stock returned by the Receivers, and has resulted in other suppliers commencing legal proceedings against the Receivers and the Company for the return of and/or payment for stock they claim is theirs.

The sale process undertaken by the Receivers resulted in a sale of the majority of the assets for \$55 million plus our assumption of the employee entitlements. Assets excluded from the sale included IT assets and assets from the four (4) NSW stores, which have been sold by the Receivers as part of the ongoing operations. We are satisfied from the information provided thus far, that the sale process undertaken by the Receivers was appropriate, and therefore conclude that the Directors' ERV was too high in the circumstances.

### 5.1.2 Employee claims

Employee claims are afforded priority of repayment pursuant to Section 556 of the Act.

As mentioned earlier in the report, the Group's business was sold to Harvey Norman who, we have been advised by the Receivers, have offered jobs on the same or better terms and conditions to nearly all staff in the 32 stores and various sites acquired.

Accordingly, Harvey Norman have assumed liability for the transferring employees' entitlements. Furthermore, Harvey Norman have undertaken to interview most of the non transferring employees to determine if there are opportunities for their alternative employment elsewhere in the Harvey Norman group of companies. These steps have assisted other creditors by avoiding redundancy costs.

The Receivers have estimated that priority creditor claims will be approximately \$3.5 million, which in the current circumstances will take priority over the repayment of the Bank's loan, and priority over unsecured creditors. Distributions to employees will be made by the Receivers. At the time of this report, we note there are approximately 50 employees who have not yet lodged proofs of debt.

The Act provides that 'Excluded Employees', which includes company directors and their spouses, are each restricted to a total maximum priority claim of \$2,000 for unpaid wages and \$1,500 for annual leave entitlements.

Amounts owed to Excluded Employees that exceed the statutory cap for wages and superannuation and annual leave/long service leave, and all payments owing in respect of retrenchment, being redundancy and payment in lieu of notice, rank for dividend with all other unsecured creditors.

### **5.1.3 Secured creditors**

**Annexure 3** sets out the charges held over the Group and registered with ASIC.

At 28 May 2010, the Company owed approximately \$38 million to the Bank. However the amount to be repaid to the Bank will be higher due to interest, fees and charges, costs incurred by Receivers in trading the business and costs of the receivership to date.

### **5.1.4 Unsecured creditors**

Unsecured creditors of approximately \$87 million include inter-entity loans of approximately \$18 million.

Informal proofs of debt received to date total approximately \$66.6 million.

This figure is subject to the receipt and adjudication of final proofs of debt from creditors.

## **5.2 Explanation for current financial position**

The directors' explanation for the Group's current financial position is as follows:

- Stock interruption suffered when credit insurers tightened terms.
- Decrease in sales caused by general economic conditions affecting the retail sector and cost cutting.
- A reduction in floor traffic resulting from decreased advertising levels, necessitated by cash flow shortages.
- Fraudulent transactions conducted by the Group's Senior Financial Accountant over the course of a two (2) year period from July 2007 to July 2009 to the value of almost \$20 million.
- Cash flow shortages as a result of the above fraudulent activities.
- An unsuccessful sale campaign conducted in 2009.

Our investigations into the Group's failure support the explanation provided by the directors. The cash misappropriation in FY08 and FY09, combined with the impact of the GFC on consumer discretionary spending and the tightening of available credit insurance, resulted in stock shortages and a need to substantially cut costs. The business was then particularly impacted by the cut in advertising expenses, which resulted in reduced foot traffic and lower sales.

## **6. STATUTORY INVESTIGATIONS**

### **6.1 Nature and scope of review**

The Act requires an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances.

Investigations centre on transactions entered into by the company that a liquidator might seek to void or otherwise challenge where the company is wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator such that creditors can properly assess whether to accept a DOCA proposal or resolve to wind up the company (in this case, no DOCA proposal has been put forward).

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

A liquidator may recover funds from each type of transaction detailed in the Creditor Information Sheet described in Annexure 2 of this report. A deed administrator does not have recourse to these voidable transactions. A liquidator may also recover funds through other avenues; for example, through action seeking compensation for insolvent trading or breach of director duties.

An administrator is not obliged to carry out investigations to the same extent as a liquidator. A liquidator may require many months of investigation and conduct public examinations before forming a concluded view on recovery action. I investigated matters to the extent possible in the time available.

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

- Communications with the Companies' major unsecured creditors regarding the nature and amount of the debts owed. Those creditors confirmed that the details disclosed by the Companies are substantially correct.
- Communications with the secured creditor regarding the nature and amount of the debt owed. The secured creditor confirmed the information supplied by the Companies.
- The directors' Statement and a detailed questionnaire concerning the Companies' affairs prepared by the directors.
- Discussions with the directors and their advisors.
- Discussions with the Group's Receivers, PPB.
- A search of the ASIC records relating to the Company and any related entities.
- An examination of the Companies' books and records including its financial statements and management accounts.

## 6.2 The Company's solvency

### 6.2.1 Overview

A precursor to the recovery of funds by a liquidator through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading, is establishing the Companies' insolvency at the relevant time.

Establishing insolvency is a complex matter due in part to the complexity of corporate financial transactions and the lack of clear prescriptive legal authority on proof of insolvency. Notwithstanding, there are two primary tests used in determining a company's solvency, at a particular date; namely:

- Balance sheet test; and
- Cash flow or commercial test.

The Courts have widely used the cash flow or commercial test in determining a company's solvency at a particular date.

Section 95A of the Act also contains a definition of solvency. That definition reflects the commercial test in stating that a person is solvent if *"the person is able to pay all the person's debts as and when they become due and payable"*.

However, the commercial test is not the sole determinant of solvency. Determining solvency derives from a proper consideration of a company's financial position in its entirety and in the context of commercial reality. Relevant issues include, but are not limited to the following:

- The degree of illiquidity. A temporary lack of liquidity is not conclusive;
- Regard should be had to:
  - Cash resources
  - Monies available through asset realisations, borrowings against the security of assets or equity/capital raising;
- All a company's assets might not be relevant when considering solvency. For example, where a company proposes selling assets which are essential to its business operations, the proceeds of those assets should not be taken into account;
- The voluntary and temporary forbearance by creditors not to enforce payment terms; and
- It is not appropriate to base an assessment of whether a company can meet its liabilities as and when they fall due on the prospect that a company might trade profitably in the future.

In summary, it is a company's inability using such resources as are available to it through the use of its assets, or otherwise, to meet its debts as they fall due, which indicates insolvency.

### 6.2.2 Preliminary determination

Set out below is a summary of my preliminary investigations and my preliminary determination as to the Companies' solvency.

## Aged payables review

The table below sets out an analysis of the aged payables as at 19 May 2010.

	Current \$	30 Days \$	60 Days \$	90+ Days \$	Total \$
Trade creditors as at 19 May 2010	12,154,725	14,900,688	983,313	(172,602)	27,866,124
Percentage of total	43.62%	53.47%	3.53%	(0.62%)	

I comment on the above analysis as follows:

My review indicates that no creditors issued statutory demands or commenced recovery action against the Group. The directors indicate that this is a reflection of the clear communication and strong long term relationships with suppliers.

Our investigations identified that the Group was able to negotiate extended credit terms with a number of key suppliers, and also entered into a repayment arrangement with the ATO in relation to outstanding tax debts. Whilst these actions are evidence of the financial hardship being experienced by the Group, the voluntary agreement by those creditors to extend terms enabled the Group to meet other commitments as they fell due.

## Finance commitments review

The Group relied heavily on borrowings from the NAB as a primary source of funding to operate its businesses.

The directors advised that NAB had notified the Group that it was withdrawing the formal \$4.5 million overdraft facility from 28 May 2010 however would consider further overdraft facilities beyond that time upon application. The directors also advised that the NAB put the Company on notice that it required a further debt reduction programme for the repayment of \$10 million to be tabled by 25 May 2010.

The directors advised that these decisions by the NAB were contributing factors in the decision to appoint Voluntary Administrators.

## Profitability, Cashflow and Working Capital

The Group's consolidated financial performance discloses operating profits in financial years FY06 to FY08. The Group's financial performance then deteriorated from FY09 with cumulate losses of \$15.5 million from FY09 to April 2010. As previously described, this can largely be attributed to the stock interruptions commencing in September 2008, the misappropriation of funds by the senior financial accountant and the subsequent effects of the Group's efforts to reduce operating costs which included reduced marketing expenditure, causing a reduction in floor traffic and ultimately having a declining impact on sales.

## Net Assets

The information detailed in section 4.3 shows the Group maintained a surplus of assets over liabilities in each financial period from 30 June 2006 to 30 April 2010.

## Payment of statutory commitments including Superannuation Guarantee Charge

The Group's directors advised that accounting irregularities were discovered on 31 July 2009 which were subsequently identified as a large scale cash misappropriation by an employee. The directors note that one of the ways the employee concealed the misappropriations was to siphon cash appearing to be paid to the ATO in respect of Group Tax, paid into her personal bank account.

As a result of the misappropriation and the subsequent financial difficulties, the Group entered into financial arrangements with the ATO to repay the Group's taxation liability.

At the date of appointment of Administrators the Group owed the following statutory payments:

- Goods and Services Tax - \$2,295,896
- Payroll Tax - \$355,100
- Pay as you Go Withholding - \$4,594,378
- Superannuation April and May - \$790,856
- Fringe Benefits Tax - \$20,082

### **Board meetings and correspondence**

A review of the board minutes and correspondence covering the period from August 2008 to May 2010 was undertaken and I note the following:

- From at least August 2008, the Company experienced a decline in sales due to stock shortages (in turn due to the tightening of available credit insurance) and weakening consumer sentiment, as well as decreasing margins due to increasing competition.
- In response to these pressures, the directors and management embarked on a cost cutting programme and also on an (ultimately unsuccessful) strategic review which explored a capital-raising and also a sale of the business.
- NAB provided ongoing support to the Company, by way of overdraft and waiving covenant breaches. This enabled the Group to continue to pay creditors within agreed terms, up until the date of appointment of the Previous Administrators.
- The board of directors gave ongoing consideration to the Company's solvency from at least October 2008, in the face of declining sales and margins. The intensity of the focus on the Group's solvency increased from that time. In February 2010 the Group auditors (Deloitte) reviewed the balance sheet and confirmed that liquid assets exceeded liquid liabilities. KPMG's opinion was sought by the Board in February 2010 also, and its view was that the Group was not insolvent at that time, which was consistent with the advice provided by Freehills in relation to the Group's solvency. Based on the financial results, forecasts and particularly the continued support of the Bank, the directors maintained the view that the Group was solvent.

Based on the above analysis, it is my preliminary view that the Company was more likely than not solvent upon the appointment of Administrators.

A liquidator would need to conduct further investigations, and possibly conduct public examinations of relevant parties, to ultimately determine whether or not the Group was solvent at that time.

### **6.2.3 Presumption of insolvency – inadequate books and records**

Failure to keep or retain adequate books and records in accordance with Section 286 of the Act provides a rebuttable presumption of insolvency under Section 588E of the Act. A liquidator can rely on the presumption of insolvency in litigation including:

- Compensation claims arising from insolvent trading; and
- Recovery of voidable transactions from related entities.

The presumption cannot be relied upon in the recovery of an unfair preference except where the recovery is sought from a related entity.

My preliminary view is that the Group maintained adequate books and records in accordance with Section 286. Accordingly, the presumption of insolvency under Section 588E would not be available.

## **6.3 Potential liquidator recoveries - voidable transactions**

### **6.3.1 Unfair preferences**

On the basis of my preliminary view that the Group was not insolvent upon the appointment of Administrators, there are no unfair preference payments.

### **6.3.2 Uncommercial transactions**

My preliminary investigations do not disclose any transactions of an uncommercial nature which may lead to recoveries by a liquidator in the event that the Companies are wound up.

### **6.3.3 Unfair loans**

Based on my investigations to date, the Group was not a party to any unfair loans.

### **6.3.4 Unreasonable director-related transactions**

My preliminary investigations do not reveal any unreasonable director related transactions.

### **6.3.5 Obstruction of creditors' rights**

My investigations do not disclose any transactions intended to obstruct creditors' rights.

## **6.4 Potential liquidator recoveries - insolvent trading**

### **6.4.1 Director liability**

Section 588G of the Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found guilty of an offence in contravening Section 588G, the Court may order him or her to pay compensation to the company equal to the amount of loss or damage suffered by its creditors.

The Court may also impose upon the directors' one of two types of civil penalty orders. The first can include a fine not exceeding \$200,000 or an order prohibiting directors from participating in the management of a company. The second, where there is criminal intent and a conviction, a director could also be imprisoned for up to five years or fined as well.

ASIC usually applies for civil penalty orders while applications for compensation payable to the company are usually made by a liquidator, or in specified circumstances, a creditor.

The substantive elements of Section 588G are:

- A person must be a director of a company at a time when the company incurs a debt.
- The company must be insolvent at that time or becomes insolvent by incurring the debt.
- The director must have reasonable grounds for suspecting that the company is insolvent or would so become insolvent by incurring the debt.

Summarised below are the defences contained in Section 588H:

- The directors had reasonable grounds at the time the debt was incurred to expect the company to be solvent and would remain solvent even after the debt was incurred.
- The directors relied on another person to provide information about whether or not the company was solvent.
- The directors were ill or for some other good reason did not take part in the management of the company.
- The directors took reasonable steps to prevent the incurring of the debt.

A liquidator must form an opinion as to whether the Company became insolvent prior to the appointment of Administrators and determine the debts incurred from that date; thereby quantifying the loss to the Company.

Based on my analysis, it appears that the Company was not insolvent at the date of appointment, given the ongoing support from financiers and creditors up until the date of appointment. As previously mentioned the tipping point for the Group came when the Bank indicated it would be withdrawing its support and the directors formed the view the Group would, in all likelihood, become insolvent.

A liquidator may, however, conduct more investigations, possibly including a public examination to ascertain whether the Company was insolvent before the appointment, and the date of insolvency.

The costs of proceeding with an insolvent trading action must be considered by a liquidator, as does the personal financial capacity of the directors to pay a judgement obtained against them.

## **6.5 Director duties**

Based on my preliminary investigations, I have not identified any breaches by the directors of their statutory or fiduciary duties. A liquidator may conduct further investigations in this regard, taking into account the costs of those further investigations and the likelihood of any recoveries.

## **6.6 Other matters arising from investigations**

### **6.6.1 Misappropriation of Company funds**

The Company announced a trading halt in July 2009 following the identification of a large scale cash misappropriation. The Company discovered that the Group's Senior Financial Accountant misappropriated \$19.3 million over the course of a two (2) year period from July 2007 to July 2009. The majority of these funds were used to purchase property, luxury cars and jewellery. Since the fraud was identified the Company has recovered approximately \$16.3 million (before costs) from the realisation of the assets subject to the fraud. The employee pleaded guilty to the charges laid and was sentenced to eight years' jail on 19 August 2010. As part of a loan repayment programme entered into with the Bank, the majority of the net realisations were utilised to reduce the Bank's existing debt.

A claim has been made against the Company's insurer, Chubb, consisting of a number of things, including:

- The shortfall between funds recovered from realisations of the assets and the total misappropriated funds;
- The costs associated with realising the assets subject to the fraud; and
- The commercial loss and damages suffered by the Company as a result of the fraud.

The Receivers are continuing to pursue the claim and the latest indication provided by the insurers to the Receivers is that the claim could take up to three years to resolve.

Further to the above, we note that the Company's auditor did not identify the cash misappropriation during the audit of the 2008 and 2009 financial accounts. Our investigations into the auditor's conduct, which were at a high level only, indicated that this is an avenue of inquiry which a liquidator may wish to progress.

### **6.6.2 Listed company shell**

The ASX listed shell is an asset of the Company (i.e. not available to the Receivers) which may be realised for the benefit of creditors.

The Administrators advertised in the Australian Financial Review for expressions of interest and indicative offers which resulted in limited interest for the listed shell.

In assessing whether the offer should be accepted consideration was given to ASX requirements together with the costs associated with preparing and executing a Deed of Company Arrangement ("DOCA") which would be required to realise the listed shell. In particular, the costs associated with maintaining the share register and the payment of ASX listing fees amount to approximately \$30,000 annually.

In considering the offer, the Administrators assessed a significant level of completion risk, and, as such determined that it was not in the interests of creditors to proceed with the sale, and the costs which would be incurred in that process.

The Company was accordingly delisted from the ASX on 30 August 2010.

### **6.6.2 Books and records**

A liquidator has a requirement to retain the books and records of the Group for a period of five (5) years from the date of deregistration of the Companies in accordance with section 542(2) of the Act.

The books and records located at the Head Office in Bayswater total approximately 2,300 boxes and the estimated cost to store the books and records in accordance with the Act amounts to approximately \$135,000.

In accordance with Section 542(4) of the Act ASIC's consent may be sought to destroy the books and records one (1) year after deregistration which would reduce the cost to approximately \$55,000.

The cost is clearly significant and the Administrators' view is that a large portion of the documents would not be required by a liquidator. Accordingly the Administrators have written to ASIC and the ATO requesting their support in an application to retain only the required records which amount to an estimated 200 boxes and a total cost of storage estimated to be between \$4,000 and \$11,000.

## **6.7 Summary of potential liquidator recoveries**

My preliminary investigations do not disclose any transactions which may lead to recoveries by a liquidator in the event that the Companies are wound up.

## **6.8 Directors' ability to pay a liquidator's claims**

The directors of the Group have not been requested at this time to provide a statement of their financial position. In the event that the liquidator identifies voidable transactions or other possible offences which the liquidator intends to pursue, the liquidator would consider the directors' ability to pay any successful claim.

## **7. CREDITORS' OPTIONS, DIVIDEND ESTIMATES & COST ESTIMATES**

Pursuant to Section 439A(4)(b) of the Act, I am required to provide creditors with a statement setting out my opinion on whether it is in the creditors' interests for the:

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

There is no proposal for a DOCA. Accordingly, creditors have the options of resolving that the administration end or resolving that the Company be wound up.

In forming my opinion, I considered an estimate of the dividend creditors might expect, and the likely costs, under each option.

### **7.1 Administration to end**

Creditors may resolve that the administration should end if it appears the Companies are solvent or, for some other reason, control of the Companies should revert to its directors.

Given the business has been sold by the Receivers to Harvey Norman, and the Company shell has been delisted from the ASX, there is nothing of substance to hand back to the directors.

As such, there appears to be no valid commercial reason why control of the Companies should revert to its directors.

If the administration were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors. I am unable to say what the Companies might ultimately pay creditors or what costs it might incur.

Therefore, my opinion is that it is not in the creditors' interest for the administration to end.

### **7.2 Winding up of Company**

Based upon the information in this report, specifically the uncertainties which remain in relation to the Retention of Title claims on foot against the Receivers and the Company, I am unable to estimate the extent to which creditors will receive a dividend, if any.

I estimate that any return to creditors from a winding up of the Companies is unlikely to occur before 30 June 2011. The timing of any distribution is subject to the resolution by the Receivers of the various Retention of Title claims currently on foot (and those which may arise in the future), the payment of remaining employee entitlements and repayment of the Secured Creditor, and the subsequent retirement of the Receiver.

The costs of winding up the Companies' affairs are estimated at \$200,000.

## **8. ADMINISTRATORS' OPINION**

As stated in section 7.1 above, the option of the administration ending is clearly not viable. The only remaining option available to creditors is to wind up the Companies.

## **9. ADMINISTRATORS' REMUNERATION REPORT**

Pursuant to Section 446E of the Act, I enclose as Annexure 1 the Administrators' Remuneration Report. At the second meeting of creditors, I intend seeking approval of the remuneration set out in the remuneration report. Details of disbursements incurred are also included in the remuneration report.

## **10. FURTHER QUERIES**

I will advise creditors in writing, if practicable, of any additional matter that comes to my attention after the dispatch of this report that, in my view, is material to creditors' deliberations.

In the meantime, should creditors have any queries, please do not hesitate to contact Ms Fahime Durbali of this office.

DATED this 8<sup>th</sup> day of October 2010.



**GEORGE GEORGES**  
**ADMINISTRATOR**

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# **Annexure 1**

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## **Administrators' Remuneration Report**

**CLIVPEE LTD  
(FORMERLY CLIVE PEETERS LTD)  
ACN 058 868 018**

**RICKHAR PTY LTD  
(FORMERLY RICK HART HOLDINGS PTY LTD)  
ACN 112 058 787**

**HI-FI CORPORATION (WA) PTY LTD  
ACN 092 691 846**

**NTFQ PTY LTD  
ACN 109 689 769**

**CLIVPKB PTY LTD  
(FORMERLY CLIVE PEETERS KITCHENS AND BATHROOMS PTY LTD)  
ACN 097 301 445**

**CLIVWHO PTY LTD  
(FORMERLY CLIVE PEETERS WHOLESALE PTY LTD)  
ACN 058 868 723**

**(ALL RECEIVERS AND MANAGERS APPOINTED)  
(ALL ADMINISTRATORS APPOINTED)**

**(COLLECTIVELY "THE COMPANIES")**

**REMUNERATION REPORT**

The Administrators' Remuneration Report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format.

**Part A**

- A1 Schedule of hourly rates and general guide to staff experience
- A2 Tasks undertaken by the Administrators and remuneration calculation for the period 28 May 2010 to 30 September 2010
- A3 Schedule of the Administrators' anticipated tasks and remuneration estimate for the period 1 October 2010 to 19 October 2010
- A4 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 19 October 2010 to the conclusion of the Liquidation
- A5 Remuneration approved and drawn to date
- A6 Resolutions to be put to creditors at the meeting convened for 19 October 2010

**Part B**

- B1 Administrators' Disbursements
- B2 Other creditor information on remuneration

The Remuneration Report must be read in conjunction with the report to creditors dated 8 October 2010.

**PART A**

**A1 SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE**

Title	Rate (\$)	Experience
Partner/Principal/ Appointee	590	The Partner/Appointee is a registered liquidator and member of the ICAA and, generally, the IPA, bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at <a href="http://www.ferrierhodgson.com">www.ferrierhodgson.com</a>
Director	535	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and, generally, the IPA, with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	465	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and, generally, the IPA; very strong knowledge of relevant insolvency legislation and issues.
Manager	370	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and, generally, the IPA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	315	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	280	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	250	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	220	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	185	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.
Professional Staff Junior	145	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.
Senior Secretary	180	Appropriate skills including machine usage.
Computer Operator	120	Appropriate skills including machine usage.
Clerk	145	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.
Typist	95	Appropriate skills including machine usage.
Office Assistant	65	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

**Notes:**

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to change from time to time.

**A2. Tasks undertaken by the Administrators and remuneration calculation for the period 28 May 2010 to 30 September 2010**

<b>Assets</b>	Proposed sale of Company shell	<ul style="list-style-type: none"> <li>▪ Preparing an information memorandum</li> <li>▪ Liaising with ASIC and interested parties</li> <li>▪ Internal meetings to discuss / review offers received</li> </ul>
	Leasing	<ul style="list-style-type: none"> <li>▪ Reviewing leasing documents</li> <li>▪ Liaising with owners/lessors</li> <li>▪ Tasks associated with disclaiming leases</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone and email</li> <li>▪ Maintaining creditor enquiry register</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Correspondence with committee of creditors members</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Initial circular to creditors.</li> <li>▪ Prepare report pursuant to section 439A of the Act.</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipting and filing POD's when not related to a dividend</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Attend meeting of creditors</li> <li>▪ Respond to stakeholder queries and questions immediately following meeting</li> </ul>
	Shareholder enquires	<ul style="list-style-type: none"> <li>▪ Initial day one letters</li> <li>▪ Receive and follow up creditor enquiries via telephone and email</li> <li>▪ ITAA Section 104-145(1) declarations</li> </ul>
	Retention of Title Claims	<ul style="list-style-type: none"> <li>▪ Review creditor claims</li> <li>▪ Maintain retention of title file</li> <li>▪ Correspondence with solicitors</li> </ul>
<b>Employees</b>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up employee enquiries via telephone</li> <li>▪ Review and prepare correspondence to creditors and employees</li> </ul>
<b>Investigation</b>	Financial Reporting	<ul style="list-style-type: none"> <li>▪ Reviewing financial statements and annual reports</li> </ul>
	Conducting investigation	<ul style="list-style-type: none"> <li>▪ Collection of company books and records</li> <li>▪ Correspondence with ASIC to receive guidance regarding storage of books and records</li> <li>▪ Reconstruction of financial statements</li> <li>▪ Reviewing company's books and records and Report as to Affairs</li> <li>▪ Review and preparation of company nature and history</li> <li>▪ Conducting and summarising statutory searches</li> <li>▪ Preparation of comparative financial statements</li> <li>▪ Preparation of deficiency statement</li> <li>▪ Liaising with directors and company staff regarding certain transactions</li> <li>▪ Preparation of investigation file</li> </ul>

<b>Administration</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Filing of documents</li> <li>▪ Updating checklists</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>▪ Confirm required insurance in place</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Requesting bank statements</li> </ul>
	ASIC Form 505 and other forms	<ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including Form 505</li> <li>▪ Correspondence with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ Notification of appointment</li> <li>▪ Preparing BAS'</li> </ul>
	Extension of Convening period	<ul style="list-style-type: none"> <li>▪ Preparing brief to solicitor</li> <li>▪ Liaising with solicitor</li> <li>▪ Preparation of affidavits and other documents</li> <li>▪ Attendance at Court</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status/strategy of administration</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>▪ Dealing with records in storage</li> <li>▪ Sending job files to storage</li> </ul>

The remuneration for the Group totals \$277,139.00 (excluding GST) and the remuneration for each company by tasks undertaken is detailed at A2 (overleaf) and summarised as follows:

#### ClivPee Ltd

	Assets	Creditors	Employees	Investigation	Administration	Total
Hours	12.20	394.20	11.90	51.75	430.38	900.43
Amount	5,424.00	125,774.55	5,516.50	16,045.65	97,758.45	250,519.15

#### RickHar Pty Ltd

	Assets	Creditors	Employees	Investigation	Administration	Total
Hours	-	8.76	-	1.15	9.56	19.47
Amount	-	2,794.99	-	356.57	2,172.41	5,323.97

#### Hi-Fi Corporation (WA) Pty Ltd

	Assets	Creditors	Employees	Investigation	Administration	Total
Hours	-	8.76	-	1.15	9.56	19.47
Amount	-	2,794.99	-	356.57	2,172.41	5,323.97

#### NTFQ Pty Ltd

	Assets	Creditors	Employees	Investigation	Administration	Total
Hours	-	8.76	-	1.15	9.56	19.47
Amount	-	2,794.99	-	356.57	2,172.41	5,323.97

#### ClivPBK Pty Ltd

	Assets	Creditors	Employees	Investigation	Administration	Total
Hours	-	8.76	-	1.15	9.56	19.47
Amount	-	2,794.99	-	356.57	2,172.41	5,323.97

#### ClivWho Pty Ltd

	Assets	Creditors	Employees	Investigation	Administration	Total
Hours	-	8.76	-	1.15	9.56	19.47
Amount	-	2,794.99	-	356.57	2,172.41	5,323.97



## A2 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 28 May 2010 to 30 September 2010

Remuneration Report

ClivPee Pty Ltd

Client Code: 5370 Matter Code: 62854

Date: 28 May 2010 to 30 September 2010

Employee	Position	\$ /hour (ex GST)	Total actual hours	Total (\$)	Assets		Creditors		Task Area Employees		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
George Georges	Partner	590	42.21	24,903.90	0.00	-	30.33	17,895	0.00	-	0.00	-	11.88	7,009
Brendan Richards	Partner	590	10.35	6,106.50	0.00	-	2.25	1,328	0.00	-	0.00	-	8.10	4,779
Stewart McCallum	Director	535	111.5	59,652.50	4.50	2,408	71.73	38,376	8.00	4,280	0.00	-	27.27	14,589
Michael Cave	Director	535	3.15	1,685.25	0.00	-	0.00	-	0.00	-	0.00	-	3.15	1,685
David Caldwell	Principle	535	5.13	2,744.55	0.00	-	0.00	-	0.00	-	5.13	2,745	0.00	-
Luci Palaghia	Manager 1	465	4.54	2,111.10	2.20	1,023	0.36	167	0.00	-	0.00	-	1.98	921
Natalie Reid	Manager 2	370	76.42	28,275.40	5.00	1,850	38.79	14,352	0.50	185	13.95	5,162	18.18	6,727
Justin Geri	Manager 2	370	1.62	599.40	0.00	-	0.00	-	0.00	-	1.62	599	0.00	-
Natalie Reid	Supervisor	315	46.24	14,565.60	0.10	32	23.85	7,513	3.30	1,040	6.48	2,041	12.51	3,941
Ben Kot	Senior 1	280	48.64	13,619.20	0.40	112	44.01	12,323	0.00	-	0.54	151	3.69	1,033
Justin Heath	Senior 1	280	2.88	806.40	0.00	-	0.00	-	0.00	-	0.00	-	2.88	806
Simon Ezard	Senior 2	250	10.8	2,700.00	0.00	-	0.00	-	0.00	-	8.55	2,138	2.25	563
Andrew Burnett	Intermediate 1	220	2.88	633.60	0.00	-	0.00	-	0.00	-	0.00	-	2.88	634
Simon Ezard	Intermediate 1	220	11.16	2,455.20	0.00	-	0.00	-	0.00	-	9.90	2,178	1.26	277
Suzanne Jing	Intermediate 1	220	20.43	4,494.60	0.00	-	0.18	40	0.00	-	0.00	-	20.25	4,455
Liam Creedon	Intermediate 1	220	13.68	3,009.60	0.00	-	0.00	-	0.00	-	0.00	-	13.68	3,010
Mai Nguyen	Intermediate 1	220	11.7	2,574.00	0.00	-	0.00	-	0.00	-	0.00	-	11.70	2,574
Fahimi Durbali	Intermediate 2	185	268.11	49,600.35	0.00	-	181.26	33,533	0.00	-	5.58	1,032	81.27	15,035
Aaron Fisher	Intermediate 2	185	71.91	13,303.35	0.00	-	0.45	83	0.00	-	0.00	-	71.46	13,220
Mark Tippet	Intermediate 2	185	8.28	1,531.80	0.00	-	0.72	133	0.00	-	0.00	-	7.56	1,399
Ben Kite	Intermediate 2	185	7.65	1,415.25	0.00	-	0.00	-	0.00	-	0.00	-	7.65	1,415
Brent Smith	Intermediate 2	185	7.2	1,332.00	0.00	-	0.00	-	0.00	-	0.00	-	7.20	1,332
Jacqui Chambers	Intermediate 2	185	6.75	1,248.75	0.00	-	0.00	-	0.00	-	0.00	-	6.75	1,249
Kelly James	Secretary	180	10.26	1,846.80	0.00	-	0.00	-	0.00	-	0.00	-	10.26	1,847
Vera Socratous	CP Operator	120	3.79	454.80	0.00	-	0.27	32	0.10	12	0.00	-	3.42	410
Ruth Paynter	Typist	95	93.15	8,849.25	0.00	-	0.00	-	0.00	-	0.00	-	93.15	8,849
<b>TOTAL</b>				250,519.15	12.20	5,424	394.20	125,775	11.90	5,517	51.75	16,046	430.38	97,758
<b>GST</b>				25,051.92										
<b>TOTAL (including GST)</b>				275,571.07										
<b>Average hourly rate</b>				278.22	444.59		319.06		463.57		310.06		227.14	



## A2 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 28 May 2010 to 30 September 2010

Remuneration Report

RickHar Pty Ltd

Client Code: 5370 Matter Code: 62923

Date: 28 May 2010 to 30 September 2010

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
George Georges	Partner	590	0.938	553.42	0.00	-	0.67	398	0.00	-	0.00	-	0.26	156
Brendan Richards	Partner	590	0.23	135.70	0.00	-	0.05	30	0.00	-	0.00	-	0.18	106
Stewart McCallum	Director	535	2.2	1,177.00	0.00	-	1.59	853	0.00	-	0.00	-	0.61	324
Michael Cave	Director	535	0.07	37.45	0.00	-	0.00	-	0.00	-	0.00	-	0.07	37
David Caldwell	Principle	535	0.114	60.99	0.00	-	0.00	-	0.00	-	0.11	61	0.00	-
Luci Palaghia	Manager 1	465	0.052	24.18	0.00	-	0.01	4	0.00	-	0.00	-	0.04	20
Natalie Reid	Manager 2	370	1.576	583.12	0.00	-	0.86	319	0.00	-	0.31	115	0.40	149
Justin Geri	Manager 2	370	0.036	13.32	0.00	-	0.00	-	0.00	-	0.04	13	0.00	-
Natalie Reid	Supervisor	315	0.952	299.88	0.00	-	0.53	167	0.00	-	0.14	45	0.28	88
Ben Kot	Senior 1	280	1.072	300.16	0.00	-	0.98	274	0.00	-	0.01	3	0.08	23
Justin Heath	Senior 1	280	0.064	17.92	0.00	-	0.00	-	0.00	-	0.00	-	0.06	18
Simon Ezard	Senior 2	250	0.24	60.00	0.00	-	0.00	-	0.00	-	0.19	48	0.05	13
Andrew Burnett	Intermediate 1	220	0.064	14.08	0.00	-	0.00	-	0.00	-	0.00	-	0.06	14
Simon Ezard	Intermediate 1	220	0.248	54.56	0.00	-	0.00	-	0.00	-	0.22	48	0.03	6
Suzanne Jing	Intermediate 1	220	0.454	99.88	0.00	-	0.00	1	0.00	-	0.00	-	0.45	99
Liam Creedon	Intermediate 1	220	0.304	66.88	0.00	-	0.00	-	0.00	-	0.00	-	0.30	67
Mai Nguyen	Intermediate 1	220	0.26	57.20	0.00	-	0.00	-	0.00	-	0.00	-	0.26	57
Fahimi Durbali	Intermediate 2	185	5.958	1,102.23	0.00	-	4.03	745	0.00	-	0.12	23	1.81	334
Aaron Fisher	Intermediate 2	185	1.598	295.63	0.00	-	0.01	2	0.00	-	0.00	-	1.59	294
Mark Tippet	Intermediate 2	185	0.184	34.04	0.00	-	0.02	3	0.00	-	0.00	-	0.17	31
Ben Kite	Intermediate 2	185	0.17	31.45	0.00	-	0.00	-	0.00	-	0.00	-	0.17	31
Brent Smith	Intermediate 2	185	0.16	29.60	0.00	-	0.00	-	0.00	-	0.00	-	0.16	30
Jacqui Chambers	Intermediate 2	185	0.15	27.75	0.00	-	0.00	-	0.00	-	0.00	-	0.15	28
Kelly James	Secretary	180	0.228	41.04	0.00	-	0.00	-	0.00	-	0.00	-	0.23	41
Vera Socratous	CP Operator	120	0.082	9.84	0.00	-	0.01	1	0.00	-	0.00	-	0.08	9
Ruth Paynter	Typist	95	2.07	196.65	0.00	-	0.00	-	0.00	-	0.00	-	2.07	197
<b>TOTAL</b>				5,323.97	0.00	-	8.76	2,795	0.00	-	1.15	357	9.56	2,172
<b>GST</b>				532.40										
<b>TOTAL (including GST)</b>				5,856.37										
<b>Average hourly rate</b>				273.39			319.06				310.06		227.14	



## A2 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 28 May 2010 to 30 September 2010

Remuneration Report  
 Hi-Fi Corporation (WA) Pty Ltd  
 Client Code: 5370 Matter Code: 62904  
 Date: 28 May 2010 to 30 September 2010

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
George Georges	Partner	590	0.938	553.42	0.00	-	0.67	398	0.00	-	0.00	-	0.26	156
Brendan Richards	Partner	590	0.23	135.70	0.00	-	0.05	30	0.00	-	0.00	-	0.18	106
Stewart McCallum	Director	535	2.2	1,177.00	0.00	-	1.59	853	0.00	-	0.00	-	0.61	324
Michael Cave	Director	535	0.07	37.45	0.00	-	0.00	-	0.00	-	0.00	-	0.07	37
David Caldwell	Principle	535	0.114	60.99	0.00	-	0.00	-	0.00	-	0.11	61	0.00	-
Luci Palaghia	Manager 1	465	0.052	24.18	0.00	-	0.01	4	0.00	-	0.00	-	0.04	20
Natalie Reid	Manager 2	370	1.576	583.12	0.00	-	0.86	319	0.00	-	0.31	115	0.40	149
Justin Geri	Manager 2	370	0.036	13.32	0.00	-	0.00	-	0.00	-	0.04	13	0.00	-
Natalie Reid	Supervisor	315	0.952	299.88	0.00	-	0.53	167	0.00	-	0.14	45	0.28	88
Ben Kot	Senior 1	280	1.072	300.16	0.00	-	0.98	274	0.00	-	0.01	3	0.08	23
Justin Heath	Senior 1	280	0.064	17.92	0.00	-	0.00	-	0.00	-	0.00	-	0.06	18
Simon Ezard	Senior 2	250	0.24	60.00	0.00	-	0.00	-	0.00	-	0.19	48	0.05	13
Andrew Burnett	Intermediate 1	220	0.064	14.08	0.00	-	0.00	-	0.00	-	0.00	-	0.06	14
Simon Ezard	Intermediate 1	220	0.248	54.56	0.00	-	0.00	-	0.00	-	0.22	48	0.03	6
Suzanne Jing	Intermediate 1	220	0.454	99.88	0.00	-	0.00	1	0.00	-	0.00	-	0.45	99
Liam Creedon	Intermediate 1	220	0.304	66.88	0.00	-	0.00	-	0.00	-	0.00	-	0.30	67
Mai Nguyen	Intermediate 1	220	0.26	57.20	0.00	-	0.00	-	0.00	-	0.00	-	0.26	57
Fahimi Durbali	Intermediate 2	185	5.958	1,102.23	0.00	-	4.03	745	0.00	-	0.12	23	1.81	334
Aaron Fisher	Intermediate 2	185	1.598	295.63	0.00	-	0.01	2	0.00	-	0.00	-	1.59	294
Mark Tippet	Intermediate 2	185	0.184	34.04	0.00	-	0.02	3	0.00	-	0.00	-	0.17	31
Ben Kite	Intermediate 2	185	0.17	31.45	0.00	-	0.00	-	0.00	-	0.00	-	0.17	31
Brent Smith	Intermediate 2	185	0.16	29.60	0.00	-	0.00	-	0.00	-	0.00	-	0.16	30
Jacqui Chambers	Intermediate 2	185	0.15	27.75	0.00	-	0.00	-	0.00	-	0.00	-	0.15	28
Kelly James	Secretary	180	0.228	41.04	0.00	-	0.00	-	0.00	-	0.00	-	0.23	41
Vera Socratous	CP Operator	120	0.082	9.84	0.00	-	0.01	1	0.00	-	0.00	-	0.08	9
Ruth Paynter	Typist	95	2.07	196.65	0.00	-	0.00	-	0.00	-	0.00	-	2.07	197
<b>TOTAL</b>				5,323.97	0.00	-	8.76	2,795	0.00	-	1.15	357	9.56	2,172
<b>GST</b>				532.40										
<b>TOTAL (including GST)</b>				5,856.37										
<b>Average hourly rate</b>				273.39			319.06				310.06		227.14	



## A2 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 28 May 2010 to 30 September 2010

Remuneration Report

NTFQ Pty Ltd

Client Code: 5370 Matter Code: 62919

Date: 28 May 2010 to 30 September 2010

Employee	Position	\$ /hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
George Georges	Partner	590	0.938	553.42	0.00	-	0.67	398	0.00	-	0.00	-	0.26	156
Brendan Richards	Partner	590	0.23	135.70	0.00	-	0.05	30	0.00	-	0.00	-	0.18	106
Stewart McCallum	Director	535	2.2	1,177.00	0.00	-	1.59	853	0.00	-	0.00	-	0.61	324
Michael Cave	Director	535	0.07	37.45	0.00	-	0.00	-	0.00	-	0.00	-	0.07	37
David Caldwell	Principle	535	0.114	60.99	0.00	-	0.00	-	0.00	-	0.11	61	0.00	-
Luci Palaghia	Manager 1	465	0.052	24.18	0.00	-	0.01	4	0.00	-	0.00	-	0.04	20
Natalie Reid	Manager 2	370	1.576	583.12	0.00	-	0.86	319	0.00	-	0.31	115	0.40	149
Justin Geri	Manager 2	370	0.036	13.32	0.00	-	0.00	-	0.00	-	0.04	13	0.00	-
Natalie Reid	Supervisor	315	0.952	299.88	0.00	-	0.53	167	0.00	-	0.14	45	0.28	88
Ben Kot	Senior 1	280	1.072	300.16	0.00	-	0.98	274	0.00	-	0.01	3	0.08	23
Justin Heath	Senior 1	280	0.064	17.92	0.00	-	0.00	-	0.00	-	0.00	-	0.06	18
Simon Ezard	Senior 2	250	0.24	60.00	0.00	-	0.00	-	0.00	-	0.19	48	0.05	13
Andrew Burnett	Intermediate 1	220	0.064	14.08	0.00	-	0.00	-	0.00	-	0.00	-	0.06	14
Simon Ezard	Intermediate 1	220	0.248	54.56	0.00	-	0.00	-	0.00	-	0.22	48	0.03	6
Suzanne Jing	Intermediate 1	220	0.454	99.88	0.00	-	0.00	1	0.00	-	0.00	-	0.45	99
Liam Creedon	Intermediate 1	220	0.304	66.88	0.00	-	0.00	-	0.00	-	0.00	-	0.30	67
Mai Nguyen	Intermediate 1	220	0.26	57.20	0.00	-	0.00	-	0.00	-	0.00	-	0.26	57
Fahimi Durbali	Intermediate 2	185	5.958	1,102.23	0.00	-	4.03	745	0.00	-	0.12	23	1.81	334
Aaron Fisher	Intermediate 2	185	1.598	295.63	0.00	-	0.01	2	0.00	-	0.00	-	1.59	294
Mark Tippet	Intermediate 2	185	0.184	34.04	0.00	-	0.02	3	0.00	-	0.00	-	0.17	31
Ben Kite	Intermediate 2	185	0.17	31.45	0.00	-	0.00	-	0.00	-	0.00	-	0.17	31
Brent Smith	Intermediate 2	185	0.16	29.60	0.00	-	0.00	-	0.00	-	0.00	-	0.16	30
Jacqui Chambers	Intermediate 2	185	0.15	27.75	0.00	-	0.00	-	0.00	-	0.00	-	0.15	28
Kelly James	Secretary	180	0.228	41.04	0.00	-	0.00	-	0.00	-	0.00	-	0.23	41
Vera Socratous	CP Operator	120	0.082	9.84	0.00	-	0.01	1	0.00	-	0.00	-	0.08	9
Ruth Paynter	Typist	95	2.07	196.65	0.00	-	0.00	-	0.00	-	0.00	-	2.07	197
<b>TOTAL</b>				5,323.97	0.00	-	8.76	2,795	0.00	-	1.15	357	9.56	2,172
<b>GST</b>				532.40										
<b>TOTAL (including GST)</b>				5,856.37										
<b>Average hourly rate</b>				273.39			319.06				310.06		227.14	



## A2 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 28 May 2010 to 30 September 2010

Remuneration Report

ClivPKB Pty Ltd

Client Code: 5370 Matter Code 62873

Date: 28 May 2010 to 30 September 2010

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
George Georges	Partner	590	0.938	553.42	0.00	-	0.67	398	0.00	-	0.00	-	0.26	156
Brendan Richards	Partner	590	0.23	135.70	0.00	-	0.05	30	0.00	-	0.00	-	0.18	106
Stewart McCallum	Director	535	2.2	1,177.00	0.00	-	1.59	853	0.00	-	0.00	-	0.61	324
Michael Cave	Director	535	0.07	37.45	0.00	-	0.00	-	0.00	-	0.00	-	0.07	37
David Caldwell	Principle	535	0.114	60.99	0.00	-	0.00	-	0.00	-	0.11	61	0.00	-
Luci Palaghia	Manager 1	465	0.052	24.18	0.00	-	0.01	4	0.00	-	0.00	-	0.04	20
Natalie Reid	Manager 2	370	1.576	583.12	0.00	-	0.86	319	0.00	-	0.31	115	0.40	149
Justin Geri	Manager 2	370	0.036	13.32	0.00	-	0.00	-	0.00	-	0.04	13	0.00	-
Natalie Reid	Supervisor	315	0.952	299.88	0.00	-	0.53	167	0.00	-	0.14	45	0.28	88
Ben Kot	Senior 1	280	1.072	300.16	0.00	-	0.98	274	0.00	-	0.01	3	0.08	23
Justin Heath	Senior 1	280	0.064	17.92	0.00	-	0.00	-	0.00	-	0.00	-	0.06	18
Simon Ezard	Senior 2	250	0.24	60.00	0.00	-	0.00	-	0.00	-	0.19	48	0.05	13
Andrew Burnett	Intermediate 1	220	0.064	14.08	0.00	-	0.00	-	0.00	-	0.00	-	0.06	14
Simon Ezard	Intermediate 1	220	0.248	54.56	0.00	-	0.00	-	0.00	-	0.22	48	0.03	6
Suzanne Jing	Intermediate 1	220	0.454	99.88	0.00	-	0.00	1	0.00	-	0.00	-	0.45	99
Liam Creedon	Intermediate 1	220	0.304	66.88	0.00	-	0.00	-	0.00	-	0.00	-	0.30	67
Mai Nguyen	Intermediate 1	220	0.26	57.20	0.00	-	0.00	-	0.00	-	0.00	-	0.26	57
Fahimi Durbali	Intermediate 2	185	5.958	1,102.23	0.00	-	4.03	745	0.00	-	0.12	23	1.81	334
Aaron Fisher	Intermediate 2	185	1.598	295.63	0.00	-	0.01	2	0.00	-	0.00	-	1.59	294
Mark Tippet	Intermediate 2	185	0.184	34.04	0.00	-	0.02	3	0.00	-	0.00	-	0.17	31
Ben Kite	Intermediate 2	185	0.17	31.45	0.00	-	0.00	-	0.00	-	0.00	-	0.17	31
Brent Smith	Intermediate 2	185	0.16	29.60	0.00	-	0.00	-	0.00	-	0.00	-	0.16	30
Jacqui Chambers	Intermediate 2	185	0.15	27.75	0.00	-	0.00	-	0.00	-	0.00	-	0.15	28
Kelly James	Secretary	180	0.228	41.04	0.00	-	0.00	-	0.00	-	0.00	-	0.23	41
Vera Socratous	CP Operator	120	0.082	9.84	0.00	-	0.01	1	0.00	-	0.00	-	0.08	9
Ruth Paynter	Typist	95	2.07	196.65	0.00	-	0.00	-	0.00	-	0.00	-	2.07	197
<b>TOTAL</b>				5,323.97	0.00	-	8.76	2,795	0.00	-	1.15	357	9.56	2,172
<b>GST</b>				532.40										
<b>TOTAL (including GST)</b>				5,856.37										
<b>Average hourly rate</b>				273.39			319.06				310.06		227.14	



## A2 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 28 May 2010 to 30 September 2010

Remuneration Report

ClivWho Pty Ltd

Client Code: 5370 Matter Code 62869

Date: 28 May 2010 to 30 September 2010

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
George Georges	Partner	590	0.938	553.42	0.00	-	0.67	398	0.00	-	0.00	-	0.26	156
Brendan Richards	Partner	590	0.23	135.70	0.00	-	0.05	30	0.00	-	0.00	-	0.18	106
Stewart McCallum	Director	535	2.2	1,177.00	0.00	-	1.59	853	0.00	-	0.00	-	0.61	324
Michael Cave	Director	535	0.07	37.45	0.00	-	0.00	-	0.00	-	0.00	-	0.07	37
David Caldwell	Principle	535	0.114	60.99	0.00	-	0.00	-	0.00	-	0.11	61	0.00	-
Luci Palaghia	Manager 1	465	0.052	24.18	0.00	-	0.01	4	0.00	-	0.00	-	0.04	20
Natalie Reid	Manager 2	370	1.576	583.12	0.00	-	0.86	319	0.00	-	0.31	115	0.40	149
Justin Geri	Manager 2	370	0.036	13.32	0.00	-	0.00	-	0.00	-	0.04	13	0.00	-
Natalie Reid	Supervisor	315	0.952	299.88	0.00	-	0.53	167	0.00	-	0.14	45	0.28	88
Ben Kot	Senior 1	280	1.072	300.16	0.00	-	0.98	274	0.00	-	0.01	3	0.08	23
Justin Heath	Senior 1	280	0.064	17.92	0.00	-	0.00	-	0.00	-	0.00	-	0.06	18
Simon Ezard	Senior 2	250	0.24	60.00	0.00	-	0.00	-	0.00	-	0.19	48	0.05	13
Andrew Burnett	Intermediate 1	220	0.064	14.08	0.00	-	0.00	-	0.00	-	0.00	-	0.06	14
Simon Ezard	Intermediate 1	220	0.248	54.56	0.00	-	0.00	-	0.00	-	0.22	48	0.03	6
Suzanne Jing	Intermediate 1	220	0.454	99.88	0.00	-	0.00	1	0.00	-	0.00	-	0.45	99
Liam Creedon	Intermediate 1	220	0.304	66.88	0.00	-	0.00	-	0.00	-	0.00	-	0.30	67
Mai Nguyen	Intermediate 1	220	0.26	57.20	0.00	-	0.00	-	0.00	-	0.00	-	0.26	57
Fahimi Durbali	Intermediate 2	185	5.958	1,102.23	0.00	-	4.03	745	0.00	-	0.12	23	1.81	334
Aaron Fisher	Intermediate 2	185	1.598	295.63	0.00	-	0.01	2	0.00	-	0.00	-	1.59	294
Mark Tippet	Intermediate 2	185	0.184	34.04	0.00	-	0.02	3	0.00	-	0.00	-	0.17	31
Ben Kite	Intermediate 2	185	0.17	31.45	0.00	-	0.00	-	0.00	-	0.00	-	0.17	31
Brent Smith	Intermediate 2	185	0.16	29.60	0.00	-	0.00	-	0.00	-	0.00	-	0.16	30
Jacqui Chambers	Intermediate 2	185	0.15	27.75	0.00	-	0.00	-	0.00	-	0.00	-	0.15	28
Kelly James	Secretary	180	0.228	41.04	0.00	-	0.00	-	0.00	-	0.00	-	0.23	41
Vera Socratous	CP Operator	120	0.082	9.84	0.00	-	0.01	1	0.00	-	0.00	-	0.08	9
Ruth Paynter	Typist	95	2.07	196.65	0.00	-	0.00	-	0.00	-	0.00	-	2.07	197
<b>TOTAL</b>				5,323.97	0.00	-	8.76	2,795	0.00	-	1.15	357	9.56	2,172
<b>GST</b>				532.40										
<b>TOTAL (including GST)</b>				5,856.37										
<b>Average hourly rate</b>				273.39			319.06				310.06		227.14	



### A3 Schedule of anticipated tasks and Administrators' estimated prospective remuneration for the Period 1 October 2010 to 19 October 2010

Based on the following anticipated tasks, I estimate the Administrators' fees for the above period to be \$1,000 (excluding GST) per company as follows:

- RickHar Pty Ltd
- Hi-Fi Corporation (WA) Pty Ltd
- NTFQ Pty Ltd
- ClivePKB Pty Ltd
- ClivWho Pty Ltd

The prospective remuneration for ClivPee Ltd will be discussed at the second creditors meeting. In the event, however, the ClivPee Ltd is wound up I estimate the Administrators' fees for the period from 1 October 2010 to 19 October 2010 to be \$30,000 (excluding GST).

<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone and email</li> <li>▪ Maintaining creditor enquiry register</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Preparing report to creditors pursuant to section 439A of the Act</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipting and filing POD's when not related to a dividend</li> <li>▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Preparation meeting notices, proxies and advertisements</li> <li>▪ Forward notice of meeting to all known creditors</li> <li>▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> </ul>
<b>Employees</b>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up employee enquiries via telephone</li> </ul>
<b>Administration</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Filing of documents</li> <li>▪ Updating checklists</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms</li> <li>▪ Correspondence with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ Preparing BAS'</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status/strategy of administration</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>▪ Dealing with records in storage</li> <li>▪ Sending job files to storage</li> </ul>



#### A4 Schedule of anticipated tasks and Liquidators' estimated prospective remuneration for the period 19 October 2010 to the conclusion of the liquidation

Based on the following anticipated tasks of the Liquidation, I estimate the Liquidators' fees for the above period to be \$5,000 (excluding GST) per company as follows:

- RickHar Pty Ltd
- Hi-Fi Corporation (WA) Pty Ltd
- NTFQ Pty Ltd
- ClivePKB Pty Ltd
- ClivWho Pty Ltd

The prospective remuneration for ClivPee Ltd will be discussed at the second creditors meeting. In the event, however, ClivPee Ltd is wound up and there are assets remaining after the Receivership to be distributed to unsecured creditors, I estimate the Liquidators' fees for the period from 19 October 2010 to the conclusion of the Liquidation to be \$225,000 (excluding GST).

<b>Assets</b>	Other assets	<ul style="list-style-type: none"> <li>▪ Tasks associated with realising other assets</li> </ul>
<b>Creditors</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone</li> <li>▪ Maintaining creditor enquiry register</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Correspondence with committee of creditors members</li> </ul>
	Retention of Title Claims	<ul style="list-style-type: none"> <li>▪ Review creditor claims</li> <li>▪ Maintain retention of title file</li> <li>▪ Forward correspondence to solicitors</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Preparing general reports to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipting and filing POD's when not related to a dividend</li> <li>▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Preparation meeting notices, proxies and advertisements</li> <li>▪ Forward notice of meeting to all known creditors</li> <li>▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> <li>▪ Preparation and lodgement minutes of meetings with ASIC</li> <li>▪ Respond to stakeholder queries and questions immediately following meeting</li> </ul>
	Shareholder enquires	<ul style="list-style-type: none"> <li>▪ Responding to any shareholder legal action</li> </ul>
<b>Employees</b>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up employee enquiries</li> </ul>
<b>Investigation</b>	Conducting investigation	<ul style="list-style-type: none"> <li>▪ Collection of company books and records</li> <li>▪ Reconstruction of financial statements</li> <li>▪ Reviewing company's books and records and Report as to Affairs</li> <li>▪ Preparation of comparative financial statements</li> <li>▪ Preparation of deficiency statement</li> <li>▪ Review of specific transactions and liaising with directors regarding certain transactions</li> <li>▪ Liaising with directors regarding certain transactions</li> <li>▪ Preparation of investigation file</li> <li>▪ Lodgement of report with the ASIC pursuant to section 533 of the Act</li> <li>▪ Preparation and lodgement of supplementary report if required</li> </ul>
	Examinations	<ul style="list-style-type: none"> <li>▪ Preparing brief to solicitor</li> </ul>



		<ul style="list-style-type: none"> <li>▪ Liaising with solicitor(s) regarding examinations</li> <li>▪ Attendance at examination</li> <li>▪ Reviewing examination transcripts</li> <li>▪ Liaising with solicitor(s) regarding outcome of examinations and further actions available</li> </ul>
	Litigation / Recoveries	<ul style="list-style-type: none"> <li>▪ Internal meetings to discuss status of litigation</li> <li>▪ Preparing brief to solicitors</li> <li>▪ Liaising with solicitors regarding recovery actions</li> <li>▪ Attending to negotiations</li> <li>▪ Attending to settlement matters</li> </ul>
	ASIC reporting	<ul style="list-style-type: none"> <li>▪ Preparing statutory investigation reports</li> <li>▪ Liaising with ASIC</li> </ul>
<b>Dividend</b>	Processing proofs of debt	<ul style="list-style-type: none"> <li>▪ Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>▪ Receipt of PODs</li> <li>▪ Maintain POD register</li> <li>▪ Adjudicating PODs</li> <li>▪ Request further information from claimants regarding POD</li> <li>▪ Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>
	Dividend procedures	<ul style="list-style-type: none"> <li>▪ Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>▪ Advertisement of intention to declare dividend</li> <li>▪ Obtain clearance from ATO to allow distribution of company's assets</li> <li>▪ Preparation of dividend calculation</li> <li>▪ Preparation of correspondence to creditors announcing declaration of dividend</li> <li>▪ Advertise announcement of dividend</li> <li>▪ Preparation of distribution</li> <li>▪ Preparation of dividend file</li> <li>▪ Preparation of payment vouchers to pay dividend</li> <li>▪ Preparation of correspondence to creditors enclosing payment of dividend</li> </ul>
<b>Administration</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ First month, then 6 monthly administration review</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> <li>▪ Updating checklists</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Preparing correspondence opening and closing accounts</li> <li>▪ Requesting bank statements</li> <li>▪ Bank account reconciliations</li> <li>▪ Correspondence with bank regarding specific transfers</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including 505, 524, 911 etc</li> <li>▪ Correspondence with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ Notification of appointment</li> <li>▪ Preparing BAS'</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>▪ Notifying ATO of finalisation</li> <li>▪ Cancelling ABN / GST / PAYG registration</li> <li>▪ Completing checklists</li> <li>▪ Finalising WIP</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status/strategy of administration</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>▪ Dealing with records in storage</li> <li>▪ Sending job files to storage</li> </ul>



#### **A5 Remuneration approved and drawn to date**

Creditors have not yet approved the Liquidators' remuneration.

#### **A6 Resolutions to be put to creditors at the meeting convened for 19 October 2010**

At the meeting of creditors convened for 19 October 2010, creditors will be asked to consider the following resolutions:

##### **Administrators' remuneration:**

*"That the remuneration of the Administrators of ClivPee Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period 28 May 2010 to 30 September 2010 be fixed and paid in the sum of \$250,519.15 plus any applicable GST and, for the period from 1 October 2010, to the end of the administration period, being 19 October 2010, be fixed and paid to a maximum amount of \$30,000.00, plus any applicable GST"*

*"That the remuneration of the Administrators of RickHar Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period 28 May 2010 to 30 September 2010 be fixed and paid in the sum of \$5,323.97 plus any applicable GST and, for the period from 1 October 2010, to the end of the administration period, being 19 October 2010, be fixed and paid to a maximum amount of \$1,000.00, plus any applicable GST"*

*"That the remuneration of the Administrators of Hi-Fi Corporation (WA) Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period 28 May 2010 to 30 September 2010 be fixed and paid in the sum of \$5,323.97 plus any applicable GST and, for the period from 1 October 2010, to the end of the administration period, being 19 October 2010, be fixed and paid to a maximum amount of \$1,000.00, plus any applicable GST"*

*"That the remuneration of the Administrators of NTFQ Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period 28 May 2010 to 30 September 2010 be fixed and paid in the sum of \$5,323.97 plus any applicable GST and, for the period from 1 October 2010, to the end of the administration period, being 19 October 2010, be fixed and paid to a maximum amount of \$1,000.00, plus any applicable GST"*

*"That the remuneration of the Administrators of ClivPKB Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period 28 May 2010 to 30 September 2010 be fixed and paid in the sum of \$5,323.97 plus any applicable GST and, for the period from 1 October 2010, to the end of the administration period, being 19 October 2010, be fixed and paid to a maximum amount of \$1,000.00, plus any applicable GST"*

*"That the remuneration of the Administrators of ClivWho Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period 28 May 2010 to 30 September 2010 be fixed and paid in the sum of \$5,323.97 plus any applicable GST and, for the period from 1 October 2010, to the end of the administration period, being 19 October 2010, be fixed and paid to a maximum amount of \$1,000.00, plus any applicable GST"*

**Liquidators' remuneration:**

In the event that the creditors resolve to wind up the Companies the following resolutions are proposed:

*"That the remuneration of the Liquidators of ClivPee Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period from 19 October 2010 to the conclusion of the administration be approved up to the sum of \$225,000.00 any applicable GST but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration."*

*"That the remuneration of the Liquidators of RickHar Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period from 19 October 2010 to the conclusion of the administration be approved up to the sum of \$5,000.00 any applicable GST but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration."*

*"That the remuneration of the Liquidators of Hi-Fi Corporation (WA) Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period from 19 October 2010 to the conclusion of the administration be approved up to the sum of \$5,000.00 any applicable GST but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration."*

*"That the remuneration of the Liquidators of NTFQ Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period from 19 October 2010 to the conclusion of the administration be approved up to the sum of \$5,000.00 any applicable GST but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration."*

*"That the remuneration of the Liquidators of ClivPKB Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period from 19 October 2010 to the conclusion of the administration be approved up to the sum of \$5,000.00 any applicable GST but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration."*

*"That the remuneration of the Liquidators of ClivWho Pty Ltd, as set out in the Administrators' remuneration report dated 8 October 2010 for the period from 19 October 2010 to the conclusion of the administration be approved up to the sum of \$5,000.00 any applicable GST but subject to upward revision by resolution of creditors, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration."*



## PART B

### **B1 Administrators' disbursements**

Disbursements are divided into three types **D1**, **D2** and **D3**.

- D1 Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2 Disbursements are externally provided non professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3 Disbursements are internally provided non professional costs such as photocopying and document storage. D3 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	30c cents per copy
Facsimile	\$1 per page
File Set Up	At cost
Advertising	At cost
Storage – Per Box	At cost
Storage – Per File	At cost
Couriers	At cost

Disbursements incurred to date are shown in the Summary of Receipts and Payments. Creditor approval for the payment of disbursements is not required. However, the Administrators must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.

### **B2 Other creditor information on remuneration**

Generally, the partners of Ferrier Hodgson Victoria are members of the Insolvency Practitioners Association of Australia. Ferrier Hodgson follows the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at [www.ipaa.com.au](http://www.ipaa.com.au)

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.

Queries regarding remuneration should be directed to Ms Fahime Durbali of this office.

Dated this 8<sup>th</sup> day of October 2010

**GEORGE GEORGES**  
**ADMINISTRATOR**

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# **Annexure 2**

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## **Incorporation date and Company officers**

Company Name	Incorporation Date	Director	Appointment Date	Cease Date	Company Secretary	Appointment Date	Cease Date	Shareholders
ClivPee Limited ACN 058 868 018	5/02/1993	Reginald Peter Lord	10/02/1993	-	Andrew William Metcalfe	26/10/2005	-	ASX listed
		Gregory William Smith	10/02/1993	-	Steven Douglas Rowarth	1/10/2002	27/05/2010	
		Geoffrey Ronald Webb	5/08/2005	-	Gregory William Smith	10/02/1993	5/08/2005	
		John Francis Reis	5/08/2005	-	Peter Wolryche Stansfeld	26/07/1994	30/09/2002	
		Brian John Pollock	5/08/2005	-	John Perrin Kellaway	20/04/1993	26/07/1994	
		Richard John Hart	5/08/2005	17/11/2009	Sandra Mary Donald	5/02/1993	10/02/1993	
		Steven Douglas Rowarth	2/06/2005	5/08/2005				
		Sandra Mary Donald	5/02/1993	10/02/1993				
		Kathleen Mary Russell	5/02/1993	10/02/1993				
ClivPKB Pty Ltd ACN 097 301 445	27/06/2001	Gregory William Smith	28/06/2005	-	None disclosed	-	-	ClivPee Ltd
		Reginald Peter Lord	28/06/2005	-	Steven Douglas Rowarth	29/02/2004	27/05/2010	
		Paul John Kenneally	14/10/2008	-	Graeme Edward Lush	27/06/2001	19/02/2004	
		Graeme Edward Lush	27/06/2001	28/06/2005				
ClivWho Pty Ltd ACN 058 868 723	10/02/1993	Reginald Peter Lord	22/02/1993	-	Gregory William Smith	22/02/1993	-	ClivPee Ltd
		Gregory William Smith	22/02/1993	-	Steven Douglas Rowarth	1/10/2002	27/05/2010	
		Sandra Mary Donald	10/02/1993	22/02/1993	Peter Wolryche Stansfeld	26/07/1994	30/09/2002	
		Kathleen Mary Russell	10/02/1993	22/02/1993	John Perin Kellaway	20/04/1993	26/07/1994	
					Sandra Mary Donald	10/02/1993	22/02/1993	
Hi-Fi Corporation (WA) Pty Ltd ACN 092 691 846	4/05/2000	Gregory William Smith	15/09/2005	-	None disclosed	-	-	ClivPee Ltd
		Richard John Hart	5/05/2000	17/11/2009	Steven Douglas Rowarth	15/09/2005	27/05/2010	
		Andrew Kelly	20/12/2001	30/05/2003	Christopher Koh	20/12/2001	30/05/2003	
		Peter Linden McCann	30/09/2002	30/05/2003	Richard John Hart	5/05/2000	20/12/2001	
		John Martin Winstanley	30/09/2002	30/05/2003	Marilyn Stella Sanford	4/05/2000	5/05/2000	
		Norman William Fricker	20/12/2001	30/09/2002				
		Kenneth Aitken	20/12/2001	30/09/2002				
		Yaron Remen	6/10/2000	20/12/2001				
		Christopher Koh	6/10/2000	20/12/2001				
		Marilyn Stella Sanford	4/05/2000	5/05/2000				
RickHar Pty Ltd ACN 112 058 787	8/12/2004	Gregory William Smith	21/09/2005	-	None disclosed	-	-	ClivPee Ltd
		Richard John Hart	8/12/2004	17/11/2009	Steven Douglas Rowarth	21/09/2005	27/05/2010	
					Richard John Hart	8/12/2004	21/09/2005	
NTFQ Pty Ltd ACN 109 689 769	23/06/2004	Gregory William Smith	21/09/2005	-	None disclosed	-	-	ClivPee Ltd
		Richard John Hart	23/06/2004	17/11/2009	Steven Douglas Rowarth	21/09/2005	27/05/2010	
					Richard John Hart	23/06/2004	21/09/2005	

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# **Annexure 3**

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## **Registered Charges**

Company Name	ASIC Charge Number	Chargee	Created Date	Registered Date	Type
ClivPee Ltd	1692380	National Australia Bank Ltd	1/07/2008	11/09/2008	Fixed and floating
	1809400	National Australia Bank Ltd	30/06/2009	3/07/2009	Fixed and floating
ClivPKB Pty Ltd	1809601	National Australia Bank Ltd	30/06/2009	3/07/2009	Fixed and floating
ClivWho Pty Ltd	650844	National Australia Bank Ltd	29/05/1998	3/07/1998	Fixed and floating
	1809558	National Australia Bank Ltd	30/06/2009	3/07/2009	Fixed and floating
Hi-Fi Corporation (WA) Pty Ltd	1809422	National Australia Bank Ltd	30/06/2009	3/07/2009	Fixed and floating
RickHar Pty Ltd	1809527	National Australia Bank Ltd	30/06/2009	3/07/2009	Fixed and floating
NTFQ Pty Ltd	1809467	National Australia Bank Ltd	30/06/2009	3/07/2009	Fixed and floating

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# **Annexure 4**

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## **IPA – Creditor Information Sheet Offences, Recoverable Transactions and Insolvent Trading**

# Creditor Information Sheet

## Offences, Recoverable transactions and Insolvent Trading



### Offences

A summary of offences that may be identified by the administrator:

180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

### Voidable Transactions

#### *Preferences*

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

#### *Uncommercial Transaction*

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.



The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

### ***Unfair Loan***

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

### ***Arrangements to avoid employee entitlements***

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

### ***Unreasonable payments to directors***

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction **must** have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

### ***Voidable charges***

Certain charges are voidable by a liquidator:

- Floating charge created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

### **Insolvent Trading**

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

**Important note:** This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.