



WINCO SYSTEMS PTY LIMITED
A.C.N. 075 096 203
(ADMINISTRATOR APPOINTED) ("the company")

REPORT TO CREDITORS

18 MARCH 2015

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1 INTRODUCTION

I refer to my report to creditors pursuant to Section 439A of the Corporations Act ("**the Act**") dated 13 January 2015 ("**First Section 439A Report**") and the meeting of creditors held on 22 January 2015. That meeting was adjourned for a period of up to 45 business days at the discretion of the Administrator to allow for:

1. completion of AusIndustry's review of its original decision to deny the company's Research and Development ("R&D") expenditure in the 30 June 2014 income year; and
2. receipt of a deed proposal from the directors.

Notwithstanding the progression of the review/appeals process, a decision is yet to be made by AusIndustry. AusIndustry have indicated to me that the review process is likely to take a further 4 to 6 weeks before a decision is made.

Further, the directors have advised that they will not be proposing a deed of company arrangement.

The adjourned meeting of creditors will be held on Friday, 27 March 2015 at 3:00pm at my offices situated at Suite 103, Level 1, 84 Pitt Street, Sydney NSW. Telephone conference facilities are available for this meeting.

The information contained and commented on in this report and annexures has been provided entirely from the company's books and records, advice by company officers and communication with third parties. I have not sought verification or confirmation of this information in all instances. My comments and opinions expressed in this report are necessarily subject to the above qualifications. However, in my opinion these limitations have not prevented me from being able to provide sufficient meaningful information in this report or from being able to form an opinion on what is in the creditors' best interests.

Please note that this report should be read in conjunction with my First Section 439A Report.

2 ADMINISTRATOR'S RECOMMENDATION

The following options are available to creditors to decide pursuant to section 439C of the Act, being that:

- the company execute a deed of company arrangement; or
- the administration should end; or
- the company be wound up.

My opinion on each option and the reasons for my opinion are set out in the following:

(a) The company execute a deed of company arrangement

As a deed has not been proposed, I am of the opinion that it is not in the creditors' interest that the company execute a deed of company arrangement.

(b) The administration should end

The company is insolvent. Consequently, I am of the opinion that it is not in the creditors' interest that the administration end.

(c) The company be wound up

As a deed has not been proposed and as the company is insolvent, I am of the opinion that it is in the creditors' interest that the company be wound up.

(d) Recommendation

For the reasons given above, I recommend that the company be wound up.

3 ESTIMATED RETURN FROM A WINDING UP

I note that in the event that the R&D Tax Incentive appeal is unsuccessful, there will be insufficient realisations (subject to recoveries, if any, that may result from the administrator's/liquidator's investigation) to enable a dividend to be paid to any class of creditors. Further, in such circumstances, the administrator/liquidator will likely have to write off up to 40% of his remuneration.

In the event however, that the R&D Tax Incentive appeal is successful and an amount of some \$1.5 million is recovered from this source, then it is likely that priority employee creditors and the secured creditor, the National Australia Bank Ltd will be paid in full and ordinary unsecured creditors will receive a dividend of around 10 cents in the dollar. I refer creditors to **Annexure "1"** – "Schedule of Possible Recoveries and Dividends in the event the R&D Tax Incentive Appeal is Successful".

The dividend estimates are subject to the assumptions and qualifications detailed herein, (primarily that the R&D Tax Incentive appeal is successful and some \$1.5 million is recovered from this source, and other recoveries and creditors' claims are in keeping with my estimates and the amount acknowledged as owing by the directors and that no recoveries of any substance would result from matters arising out of the administrator's/liquidator's investigation.

I comment in more detail as follows:

3.1 Possible Recoveries

(i) Sundry Debtors (Book Value: \$236,049; Estimated Realisable Value ("ERV"): \$95,877)

As noted in my First Section 439A Report, the Report as to Affairs ("RATA") lists the book value of sundry debtors at \$236,049. The directors have estimated that \$95,877 is recoverable.

I have issued demand letters and follow up letters to a number of the company's debtors. Further I have referred two of the debtors to my lawyer for commencement of recovery action. With the

assistance of directors I have also provided certain debtors with rectification and warranty issues, specific rectification quotes in order to hopefully maximise recoveries from this source. For report purposes, I have estimated that an amount of \$90,000 will be recovered from this source.

To date, a total of \$44,991 has been recovered from debtors. This includes an amount of \$19,556 which has been paid into the company's pre-appointment NAB account.

(ii) Stock (Market Value: \$5,270; ERV: \$2,650)

As noted in my First Section 439A Report, stock on hand was valued, at my instruction, by Pickles Valuation Services, independent auctioneers, on a market value basis at \$5,270 and on a forced realisation (auction) basis at \$2,650.

For report purposes, after making an allowance for removal and selling costs, I have estimated that \$1,500 may be recovered from this source.

(iii) Other Assets (Book Value: \$1,735,106 ; ERV: Unknown)

As noted in my First Section 439A Report, other assets as per the RATA are comprised of:

Description	Book Value \$	ERV \$
Order by the Road Safety Remuneration Tribunal for payment against former employees David and Hamid Eghlima	71,647.90	unknown
Insurance claim in relation to damaged stock in transit	30,000.00	unknown
Possible Customs Refund	113,410.11	unknown
Possible Research & Development Tax Incentive Refund	1,520,047.71	unknown
Total	1,735,105.72	unknown

I now comment further as follows:

Order for payment against David and Hamid Eghlima

As previously noted I had issued a letter of demand to the last known address of David and Hamid Eghlima and was awaiting a response. The envelope enclosing the letter of demand was returned to my office with a handwritten note that the addressee lives in Iran-details not known.

My enquiries continue in this regard. For report purposes, I have assumed that there will be no recoveries from this source.

Insurance Claim

I am currently awaiting further particulars from the directors in relation to the insurance claim. For report purposes, I have assumed that there will be no recoveries from this source.

Possible Customs Refund

Since my last report, I have reviewed information obtained from the Australian Customs and Border Protection Service website including Practice Statement No. 2009/13 relating to Free Trade Agreement Rules of Origin and a publication titled Instructions and Guidelines-ASEAN-Australia-New Zealand Free Trade Agreement ("AANZFTA") relating to origin issues associated with the AANZFTA. I have also enquired with Australian Customs and it is apparent that the company is only able to make a claim for an import duty refund if its claim is supported by a Certificate of Origin ("COO") issued by an Issuing Authority/Body of the exporting party for each relevant shipment. Further from a timing perspective, the exporter must obtain the COO within 12 months of shipment and the COO remains valid for a period of 12 months from the date it was issued. As previously noted the COO's are currently held by the exporter, Malaysian company Coloured Glass SDN BHD, who is also a creditor of the company.

Following further review of company records, the actual amount of import duty paid in relation to relevant shipments that are eligible for a refund under the AANZFTA amounts to \$87,388, not the \$113,410 disclosed in the RATA.

I have had a number of discussions with lawyers representing Coloured Glass SDN BHD in relation to the COO's held by them. To date, Coloured Glass has not formally put to me any commercial settlement proposal for the release of the COO's for my consideration. My enquiries continue in this regard.

For report purposes, I have assumed that 75% of the customs refund will be ultimately recovered for the benefit of the company, that is, an amount of \$65,503.

Possible Research & Development Tax Incentive Refund

As advised in my last report, at the request of the company, AusIndustry was conducting an internal review of their original decision to deny the company's R&D Tax Incentive application. Since that time, together with director Christoph Behrens and Brendan Brown from MPR Group, I attended a meeting with the reviewer from AusIndustry in relation to the presentation of further information in support of the company's R&D application. The meeting also provided us with an opportunity to answer specific questions asked by the reviewer. The reviewer indicated that the review process was likely to take a further 4-6 weeks before a decision would be made.

As noted earlier, in the event the appeal is unsuccessful, subject to recoveries, if any, resulting from investigatory matters there will be no dividend paid to any class of creditors.

The attached Schedule of Possible Recoveries and Dividends has been prepared on the basis that the R&D Tax Incentive appeal is successful and some \$1.5 million is recovered from this source.

4 REMUNERATION OF ADMINISTRATOR/LIQUIDATOR

To date, remuneration totalling \$86,388.00 (excluding GST) has been approved by creditors in this administration for the period 9 December 2014 to 12 January 2015.

I am now seeking creditor approval of my remuneration for necessary work properly performed from 13 January 2015 to 17 March 2015. I am also seeking approval of my prospective remuneration to the completion of the voluntary administration period and my prospective remuneration as liquidator.

My remuneration has been calculated on a time basis in accordance with the A2Z Insolvency Solutions' standard hourly rates of charge which were attached to my report to creditors dated 11 December 2014. A detailed remuneration report is attached at **Annexure "2"**. The remuneration report describes in detail the specific tasks undertaken in the administration from 13 January 2015 to 17 March 2015 as well as outlining the matters still remaining for which prospective remuneration is sought.

In summary, I am seeking creditor approval for the following remuneration:

(a) Voluntary Administration

Remuneration from 13 January 2015 to 17 March 2015 in the amount of \$63,913.00 plus GST.
Remuneration from 18 March 2015 to the finalisation of the voluntary administration to a limit of \$15,000.00 plus GST.

(b) Liquidation

Remuneration as liquidator from appointment to finalisation to a limit of \$70,000.00 plus GST.

Creditors are advised that not all expenditure in an administration is subject to creditor approval. Attached at **Annexure "3"** is a summary of receipts and payments in the administration to date. Creditors will note from reference to same that I have paid certain disbursements directly from the administration bank account. Creditors are invited to raise any queries regarding disbursements at the upcoming creditors meeting.

ASIC has issued an information sheet for creditors on approving the remuneration of insolvency practitioners. This information sheet is available for download from www.asic.gov.au

5 MEETING

The adjourned meeting of creditors has been convened for Friday, 27 March 2015 at 3.00pm at my offices situated at Suite 103, Level 1, 84 Pitt Street, Sydney NSW. Telephone conference facilities are available for this meeting. Please refer to the **attached** formal Notice of Meeting for further details.

The principal purpose of this meeting is for creditors to vote on the future of the company. Creditors should be aware that as incumbent administrator I will act as liquidator, unless the creditors nominate and resolve to appoint another person to so act.

An informal proof of debt form and a form of proxy are also **attached**. Creditors who wish to vote at the meeting and/or appoint a proxy should lodge these forms at my office prior to the commencement of the meeting.

In the interim if creditors have any queries or wish to raise additional matters, please contact this office.

Yours Faithfully

Winco Systems Pty Limited

(Administrator Appointed)

A handwritten signature in black ink, appearing to read 'Ahmad Zeidan', with a stylized flourish at the end.

Ahmad Zeidan

Administrator

Enc.

Annexure “1”

WINCO SYSTEMS PTY LIMITED
A.C.N. 075 096 203
(ADMINISTRATOR APPOINTED)

Schedule of Possible Recoveries and Dividends in the event the R&D Tax Incentive Appeal is Successful.

	Book Value	Possible Realisations	Notes
	\$	\$	
Realisable Assets as per RATA			
Assets not subject to specific charge:			
Cash at Bank	-	-	
Sundry Debtors / Retentions	236,049	90,000	1
Work in Progress	40,000	-	
Stock	5,270	1,500	
Possible R & D Refund	1,520,047	1,482,547	2
Customs Refund (maximum recoverable \$87,338)	113,410	65,503	3
Insurance claim	30,000	-	4
Claim against former employees	71,648	-	4
Total Realisable from Floating Charge Assets	2,016,424	1,639,550	
Less:			
Administrator's Remuneration (excluding GST)		(165,301)	* 5
Liquidator's Remuneration (excluding GST) (estimated)		(70,000)	* 5
Administrator's/Liquidator's Disbursements (excluding GST) (estimated)		(25,000)	* 5
Total		(260,301)	
Amount Available/(deficiency) for Employee Creditors		1,379,249	
Less:			
Employee Entitlements			
Wages		(8,023)	
Superannuation		(22,844)	
Annual Leave		(9,294)	
Long Service Leave		-	
Notice		(12,800)	
Total Employee Claims:		(52,961)	
(Deficiency)/Surplus		1,326,288	
Assets subject to specific charge:			
	Estimated Realisable Value		
	\$		
Plant & equipment including motor vehicle	14,292		
	14,292		
Less selling costs including insurance (estimated)	(5,500)		6
Less amount owing to National Australia Bank Ltd - secured creditor	(1,077,197)		
Surplus/(Deficiency)	(1,068,405)	(1,068,405)	7
Motor Vehicles subject to security by Volkswagen Financial Services Australia Pty Ltd	30,000		
Less selling costs including insurance and lien (estimated)	(5,000)		8
Less amount owing to Volkswagen Financial Services	(26,659)		
Surplus/(Deficiency)	(1,659)		9
Amount Available/(Deficiency) for Ordinary Unsecured Creditors		257,883	
Ordinary Unsecured Creditors as per RATA			
Shortfall to Volkswagen Financial Services Australia		1,659	9
Trade Creditors		1,158,842	
Australian Taxation Office ("ATO")		-	10
Office of State Revenue ("OSR")		2,063	
Peter Behrens and Cordula Hohnen-Behrens Joint Loan Account		1,205,634	
Peter Behrens - credit cards		68,500	
Cordula Hohnen-Behrens - credit cards		31,500	
Christoph Behrens - credit card		68,500	
Christoph Behrens - non priority employee entitlements		4,388	
Total Ordinary Unsecured Creditors		2,541,086	
Possible dividend to ordinary unsecured creditors (approx)		10.1	11

*Excluding GST

Notes

- 1 Debtors recovered to date total \$44,991. This includes an amount of \$19,556 paid into the company's pre-appointment bank account. The \$90,000 is an estimate only.
- 2 If the R&D tax incentive appeal is successful, then it is anticipated that \$1,520,047 will be recovered less the ATO debt est. at \$15,000 and less the success fee of \$22,500 payable to MPR Group.
- 3 The actual import duty refund available amounts to \$87,338. At this stage, recovery of this amount is unknown as Malaysian company Coloured Glass has refused to provide me with the Certificates of Origin required to claim a refund or come back to me with a proposed commercial resolution for my consideration. I am hopefully that 75% of this amount will be ultimately recovered, i.e. an amount of \$65,503.
- 4 It is estimated that there will be no recoveries from these assets.
- 5 These are estimates only and do not include GST.
- 6 Selling costs have been estimated and include recovery of insurance paid by the administrator.
- 7 The secured creditor, the National Australia Bank Ltd will rank after employee claims for dividend purposes pursuant to the floating charge component of its security.
- 8 Selling costs have been estimated and include recovery of insurance paid by the administrator and payment of a lien to the Smash Repairer.
- 9 Volkswagen Financial Services Australia will be entitled to participate for a dividend pro rata with ordinary unsecured creditors in relation to its estimated shortfall.
- 10 The debt of the Australian Taxation Office estimated at \$15,000 will be offset against the R&D tax incentive refund, see also note 2 above.
- 11 The estimated dividend will vary if the amounts admitted for unsecured creditors' claims differ from amounts detailed in the RATA.

Annexure "2"

18 March 2015

REMUNERATION REPORT

WINCO SYSTEMS PTY LIMITED

A.C.N. 075 096 203

(ADMINISTRATOR APPOINTED) ("the Company")

In compliance with the requirements of the Corporations Act 2001 ("the Act") and applicable Professional Standards, I set out below my remuneration report for work completed during the period 13 January 2015 to 17 March 2015, for work to be completed from 18 March 2015 to the completion of the voluntary administration and for work to be completed as liquidator.

This report is set out as follows:

- 1. DECLARATION**
- 2. EXECUTIVE SUMMARY**
- 3. DESCRIPTION OF WORK COMPLETED/ TO BE COMPLETED**
- 4. CALCULATION OF REMUNERATION**
- 5. STATEMENT OF REMUNERATION CLAIM**
- 6. REMUNERATION RECOVERABLE FROM EXTERNAL SOURCES**
- 7. DISBURSEMENTS**
- 8. REPORT ON PROGRESS OF THE ADMINISTRATION**
- 9. SUMMARY OF RECEIPTS AND PAYMENTS**
- 10. QUERIES**
- 11. INFORMATION SHEET**

1. Declaration

I, Ahmad Zeidan of A2Z Insolvency Solutions have undertaken a proper assessment of this remuneration claim for my appointment as Voluntary Administrator of the Company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administration.

2. Executive Summary

To date, remuneration totalling \$86,388.00 (excluding GST) has been approved in this administration. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount (ex GST)
Past remuneration approved: 9 December 2014 to 12 January 2015		\$86,388.00
Current remuneration approval sought:		
Voluntary Administration		
Resolution 1: 13 January 2015 to 17 March 2015	3 & 4	\$63,913.00
Resolution 2: 18 March 2015 to completion of the voluntary administration*	3	\$15,000.00
Total – Voluntary Administration*		\$78,913.00
Liquidation		
Resolution 3: Commencement of liquidation to completion*	3	\$70,000.00
* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

Please refer to report section references detailed in the above table for full details of the calculation and composition of the remuneration approval sought.

My remuneration as voluntary administrator differs to the estimate provided in the Initial Advice to Creditors dated 11 December 2014, which estimated remuneration for the voluntary administration period will be in the vicinity of \$80,000.00 to \$100,000.00 (excluding GST), for the following reasons:

- In my initial advice to creditors it was not contemplated that the meeting of creditors held on 22 January 2015 would be adjourned. As a result of the adjournment the voluntary administration period has been extended by 9 weeks. During these 9 weeks I have continued to perform all necessary work required in relation to amongst other things recovery of company assets which I would have continued to do in my role as either liquidator or deed administrator had the meeting not been adjourned. The only additional work resulting directly from the adjournment is the preparation of my further report to creditors dated 18 March 2015 and the holding of the adjourned meeting of creditors which will be held on 27 March 2015.

3. Description of work completed / to be completed

Resolution 1 – Administrator’s Retrospective Remuneration from 13 January 2015 to 17 March 2015.

Task Area	General Description	Includes
Assets [62.2 hours] [\$32,958]	Assets subject to specific charges including plant, equipment and motor vehicles	Liaising with my valuers in relation to collection of company motor vehicles and providing estimates of selling costs. Liaising with Volkswagen Financial Services Australia in relation to two motor vehicles subject to specific charges. Liaising with Smash Repairer holding a lien over one of the motor vehicles.
	Debtors	Preparation of debtors’ reconciliation. Preparation of a number of debtor demand letters and follow up letters. Review correspondence received from debtors. Numerous discussions with directors and debtors in relation to monies owing and rectification and warranty issues. Refer a number of debtors to my lawyer for commencement of recovery action.
	Other Assets	Discussions and correspondence with Brendan Brown from MPR Group and directors in relation to the Research and Development (“R&D) Tax Incentive appeal. Review additional material prepared by director Christoph Behrens to be provided to AusIndustry in support of the Company’s R&D application. Review R&D Tax Incentive Information Sheet produced by AusIndustry. Organise and attend meeting with Owen Andrews from AusIndustry, director Christoph Behrens and Brendan Brown from MPR Group in relation to the presentation of further information in support of the Company’s R&D application and answering specific questions asked by Mr Andrews. In relation to the customs refund, review information obtained from the Australian Customs and Border Protection website including Practice Statement No. 2009/13

Task Area	General Description	Includes
		and Instructions and Guidelines re the ASEAN-Australia-New Zealand Free Trade Area ("AANZFTA"). Discussions with directors and review of Company records relating to duty paid and shipments that qualify for a customs duty refund under the AANZFTA. Discussions and correspondence with lawyers representing Malaysian company Coloured Glass SDN BHD in relation to the Certificates of Origin held by them. Preparation of a demand letter to former employees, the Eghlima brothers in relation to an order for payment and discussions with directors in relation to same.
Creditors [43 hours] [\$23,287]	Creditor Enquiries	Receive and follow up creditor enquiries via telephone. Review and prepare correspondence to creditors and their representatives via facsimile, email and post.
	Creditor reports	Finalisation and issuance of section 439A report to creditors dated 13 January 2015. Preparation of further report to creditors including my remuneration report and schedule of possible recoveries.
	Dealing with informal proofs of debt ("POD")	Receipting and filing informal PODs for voting purposes.
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements. Forward 2nd notice of meeting to all known creditors. Preparation of meeting file, including agenda, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Chair 2nd meeting of creditors held on 22 January 2015. Preparation and lodgement of minutes of 2nd meeting with ASIC. Responding to stakeholder queries and questions immediately following the 2nd meeting.

Task Area	General Description	Includes
Employees [0.6 hours] [\$330]	Employees enquiries	Receive and follow up employee enquiries via telephone. Review and prepare correspondence to employees via email.
Investigation [4.7 hours] [\$2,585]	Conducting investigation	Review validity of the fixed and floating charge of the National Australia Bank Ltd. Preparation of investigation files.
Administration [15.2 hours] [\$4,753]	Document maintenance/file review/checklist	Filing of documents. File reviews. Updating checklists.
	Bank account administration	Preparing and authorising receipt vouchers and payment vouchers. Bank account reconciliations.
	ASIC Forms	Preparing and lodging ASIC form 5011.
	ATO and other statutory reporting	Preparation of BAS control spreadsheet.
	Planning / Review	Discussions regarding status of administration.

Total \$63,913 plus GST

Resolution 2 - Administrator's Prospective Remuneration

A summary of the expected major tasks and costs relating to the professional services for the period from 18 March 2015 to the completion of the voluntary administration is set out below.

Task Area	General Description	Includes
Assets [\$2,000]	Other Assets	Tasks associated with realising other assets.
	Debtors	Preparation of follow up debtor letters. Discussions with my lawyer re consideration of commencement of recovery proceedings.
Creditors [\$13,000]	Creditor Enquiries	Receive and follow up creditor enquiries via telephone. Review and prepare correspondence to creditors and their representatives via facsimile, email and post.
	Creditor reports	Finalisation and distribution of further report to creditors dated 18 March 2015 including my remuneration report and schedule of possible recoveries.

Task Area	General Description	Includes
	Meeting of Creditors	Preparation of meeting notice, proxy form and ASIC publication of notice for adjourned 2nd meeting of creditors. Forward notice of meeting to all known creditors. Preparation of meeting file, including attendance register, reports to creditors and draft minutes of meeting. Chair adjourned 2 nd meeting of creditors.
TOTAL \$15,000 plus GST		

On the assumption that I will not be required to undertake any major tasks not detailed above I will limit the administrator's future fee claim for the period 18 March 2015 to the finalisation of the voluntary administration to \$15,000 plus GST.

Resolution 3 - Liquidator's Prospective Remuneration

Should creditors resolve that the company be wound up at the meeting of creditors to be held on 27 March 2015 I will ask for approval to be paid remuneration for services to be rendered as liquidator from the commencement of the liquidation through to the end of the liquidation. A summary of the expected major tasks and costs relating to the professional services for the period is set out below.

Task Area	General Description	Includes
	Assets subject to specific charges including plant, equipment and motor vehicles	All tasks associated with realising fixed charged assets including but not limited to the following: • Liaising with my auctioneers and Volkswagen Financial Services Australia in relation to sale and allocation of sale proceeds. • Liaising with the National Australia Bank Ltd and my auctioneers in relation to sale of a plant and equipment including a motor vehicle and allocation of sale proceeds.
	Debtors	Tasks associated with recovery of debtors including but not limited to the following: - Discuss with directors as necessary. - Issue follow up letters. - Review debtor responses. - Update debtors' reconciliation. Engage my lawyer or a debt collector to assist with recovery.

Task Area	General Description	Includes
Assets [\$40,000]	Stock	Liaising with my auctioneers in relation to the sale of stock.
	Other Assets	Tasks associated with realising other assets including but not limited to the following: • Discussions and correspondence with Brendan Brown from MPR Group and directors in relation to the Research and Development ("R&D") Tax Incentive appeal. • Liaising with Owen Andrews from AusIndustry in relation to the progress of the R&D appeal and any further information required. • If the R&D appeal is successful, liaise with Company's accountants and directors in relation to the preparation and lodgement of the Company's income tax return for the 30 June 2014 financial year. • Discussions and correspondence with lawyers representing Coloured Glass SDN BHD in an attempt to reach a commercial resolution for the delivery of the Certificates of Origin required in order to receive the customs refund under the AANZFTA. • Following resolution of matters with Coloured Glass instruct Shipping broker to prepare customs refund application with Australian Customs. • Discussions and correspondence with my lawyer in relation to recovery action against the Eghlima brothers. • Discussions and correspondence with the directors and the relevant insurance company in relation to an existing claim for damaged stock in transit.
	Creditor Enquiries	Receive and follow up creditor enquiries via telephone. Review and prepare correspondence to creditors and their representatives via

Task Area	General Description	Includes
Creditors [\$10,000]		facsimile, email and post.
	Secured creditor reporting	Preparing reports to the secured creditor, the National Australia Bank Ltd. Responding to secured creditor's queries. Payment of dividend to the secured creditor.
	Creditor reports	Preparation of future circular to creditors regarding the appointment of the liquidator. Preparation of progress report to creditors, if warranted. Preparation of future circular to creditors convening final meeting of members and creditors.
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend.
	Meeting of Creditors	Preparation of final meeting notice and advertisement for publication on ASIC Notices. Forward final meeting notice to creditors and members. Preparation of meeting file, including agenda, attendance register, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement of minutes of adjourned meeting of creditors with ASIC. Preparation and lodgement of minutes of final meeting with ASIC.
Employees [\$2,500]	Employees enquiries	Receive and follow up employee enquiries via telephone. Preparation of letters to employees advising of their entitlements and options available.
	Employee dividend	In the event that sufficient realisations result to enable a dividend to be paid to employees, I will complete the following tasks: • Correspondence with employees regarding dividend. • Correspondence with ATO regarding SGC proof of debt. • Calculating dividend rate. • Preparing dividend file. • Advertising dividend notice. • Preparing distribution.

Task Area	General Description	Includes
		• Receipting Proofs of Debt. • Adjudicating on Proofs of Debt. • Ensuring PAYG is remitted to ATO.
Investigation [\$2,500]	Investigatory matters	Collection of company books and records. Preparation of preference enquiry letters. Review responses to preference enquiry letters.
	ASIC reporting	Preparation and lodgement of section 533 report.
Dividend [\$10,000]	Processing proofs of debt ("POD")	In the event that sufficient realisations result to enable a dividend to be paid to ordinary unsecured creditors, I will complete the following tasks: • Preparation of correspondence to potential creditors inviting lodgement of POD. • Receipt of POD. • Maintain POD register. • Adjudicating on POD. • Request further information from claimants regarding POD. • Preparation of correspondence to claimant advising outcome of adjudication.
	Dividend procedures	In the event that sufficient realisations result to enable a dividend to be paid to ordinary unsecured creditors, I will complete the following tasks: • Preparation of correspondence to creditors advising of intention to declare dividend. • Advertisement of intention to declare dividend. • Preparation of dividend calculation. • Preparation of correspondence to creditors announcing declaration of dividend. • Advertise announcement of dividend. • Preparation of distribution. • Preparation of dividend file. • Preparation of payment vouchers to pay dividend. • Preparation of correspondence to

Task Area	General Description	Includes
		creditors enclosing payment of dividend.
Administration [\$5,000]	Correspondence	Preparation of miscellaneous correspondence.
	Document maintenance/file review/checklist	Filing of documents. File reviews. Updating checklists.
	Bank account administration	Preparing correspondence opening and closing accounts. Preparing and authorising receipt vouchers. Preparing and authorising payment vouchers. Bank account reconciliations.
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524 and 5011.
	ATO and other statutory reporting	Preparing BAS. Responding to correspondence received.
	Finalisation	Notifying ATO of finalisation. Cancelling ABN and GST registrations. Completing checklists. Finalising WIP.
	Planning / Review	Discussions regarding status of administration.
	Books and records / storage	Dealing with records in storage. Sending job files to storage.

Total \$70,000 plus GST

On the assumption that I will not be required to undertake any major tasks not detailed above, I will cap the liquidator's future fee claim to \$70,000 plus GST. Should matters change which prevent me from being able to complete the liquidation for this capped amount of remuneration, I will report to creditors.

4. Resolution 1 - Calculation of Remuneration -13 January 2015 to 17 March 2015

Employee	Position	\$ /hour (ex GST)	Total actual hours	Total (\$)	Task Area				
					Assets \$	Creditors \$	Employees \$	Investigation \$	Administration \$
A Zeidan	Appointee	550	110.1	60,555	32,120	23,045	330	2,585	2,475
D El-Bayeh	Senior 1	280	0.1	28					28
Contractor	Senior 2	240	1.6	384	24				360
Y Khan	Inter. 1	220	5.8	1,276	110	220			946
Y Sarakbi	Inter. 1	220	6.5	1,430	704	22			704
Temp	PA	150	1.6	240					240
Total				\$63,913	32,958	23,287	330	2,585	4,753
GST				\$6,391					
Total (Incl. GST)				\$70,304					
Actual Hours				125.7	62.2	43.0	0.6	4.7	15.2
Average hourly rate				\$508	530	542	550	550	313

5. Statement of remuneration claim

At the forthcoming meeting of creditors to be held on 27 March 2015, creditors will be asked to pass the following resolutions:

Resolution 1: Administrator's Retrospective Fees

"That the remuneration of the Administrator for the period 13 January 2015 to 17 March 2015, calculated at the hourly rates as detailed in the report to creditors of 11 December 2014, is determined in the amount of \$63,913.00 plus GST of \$6,391.30"

Resolution 2: Administrator's Prospective Fees

"That the remuneration of the Administrator from 18 March 2015 to the completion of the voluntary administration is determined at a sum equal to the cost of time spent by the Administrator and his staff, calculated at the hourly rates as detailed in the report to creditors of 11 December 2014, to a limit of \$15,000.00, plus GST of \$1,500.00, payable as and when incurred."

Resolution 3: Liquidator's Prospective Fees

"Should a Liquidator be appointed, that the remuneration of the Liquidator from appointment to completion is determined at a sum equal to the cost of time spent by the Liquidator and his staff, calculated at the hourly rates as detailed in the report to creditors of 11 December 2014, to a limit of \$70,000.00 plus GST of \$7,000.00, payable as and when incurred, without limiting the right of the Liquidator to approach creditors or the Court to approve further remuneration."

6. Remuneration recoverable from external sources

In respect of corporate Administrations, Remuneration payments received in relation to the Fair Entitlements Guarantee Act 2012 or predecessor schemes, or from the Assetless Administration Fund operated by ASIC are considered separate arrangements involving a limited or partial funding agreement. Where higher fees are incurred than the amount covered by the funding agreement there is no restriction in the Administration being charged for the shortfall on the basis that all remuneration claimed is necessary and properly incurred in accordance with applicable Professional Standards.

While the money received under the funding arrangement is not subject to creditor approval and can be paid directly to the practitioner, any shortfall must be appropriately approved in accordance with the appropriate legislation prior to drawing. I am not seeking approval from creditors for any potential shortfall that may arise from any future funding arrangement.

As previously noted, directors of the company, Peter Behrens and Cordula Hohnen-Behrens have provided me with an indemnity limited to \$50,000 to cover in part my remuneration and disbursements associated with the administration of the company.

7. Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

At this stage there have been no disbursements paid directly to my firm. There have been payments made directly from the Administration bank account that are detailed in the summary of receipts and payments attached at **Annexure "3"**.

Future disbursements provided by my firm will be charged to the administration on the following basis:

Internal disbursements	Rate (Excl GST)
Advertising	At Cost
Faxes	\$0.50 per page
Courier	At Cost
Printing & Photocopies	\$0.60 per page
Postage	At Cost
Stationery	
- Folders	\$4.00 per folder
- Filing Index	\$4.00 per set of 10
Motor vehicle use	ATO standard rate per km

Rates applicable for financial year ending 30 June 2015.

8. Report on Progress of the Administration

Please refer to the attached report to creditors for a report on the progress of the Administration.

9. Summary of Receipts and Payments

A summary of the Administrator's receipts and payments for the period 9 December 2014 to 17 March 2015 is attached at **Annexure "3"** to the report to creditors.

10. Queries

The above information is provided to assist creditors in considering the appropriateness of the remuneration claim that is being made.

Creditors should feel free to contact the Administrator's office to seek further information concerning the remuneration claim if they so need.

11. Information Sheet

ASIC has produced a Remuneration Information Sheet titled "Approving fees: a guide for creditors" that can be downloaded from the ASIC web site www.asic.gov.au or alternatively a copy can be obtained if you contact this office.

Yours faithfully,

WINCO SYSTEMS PTY LIMITED

(Administrator Appointed)

A handwritten signature in black ink, appearing to read 'Ahmad Zeidan', with a large, stylized flourish at the end.

Ahmad Zeidan

Administrator

Annexure “3”

Winco Systems Pty Limited (Administrator Appointed)
Receipts and Payments Summary for the period 9/12/2014 to 18/03/2015

RECEIPTS	(\$)
Accounts Receivable (Pre-Appointment)	25,435.52
Insurance Refund	2,221.65
Total Receipts	<u>27,657.17</u>
 PAYMENTS	
IT Expenses	125.00
Motor Vehicle Expenses	750.00
Telephone & Fax	817.59
Insurance	3,463.89
IT Services	528.00
Search Fees	234.25
Total Payments	<u>5,918.73</u>
 Cash at Bank	<u><u>21,738.44</u></u>

**NOTICE OF
ADJOURNED
MEETING**

FORM 529

Corporations Act 2001

NOTICE OF ADJOURNED MEETING OF CREDITORS OF COMPANY UNDER ADMINISTRATION

**WINCO SYSTEMS PTY LIMITED
A.C.N. 075 096 203
(ADMINISTRATOR APPOINTED)**

Notice is hereby given that the adjourned meeting of the creditors of the company will be held at A2Z Insolvency Solutions, Suite 103, Level 1, 84 Pitt Street, Sydney, NSW on Friday, 27 March 2015 at 3:00pm.

The purpose of the meeting is for creditors to resolve:

1. a) that the company execute a deed of company arrangement; or
b) that the administration end; or
c) that the company be wound up.
2. That the remuneration of the Administrator for the period 13 January 2015 to 17 March 2015, calculated at the hourly rates as detailed in the report to creditors of 11 December 2014, is determined in the sum of \$63,913.00 plus GST of \$6,391.30.
3. That the remuneration of the Administrator from 18 March 2015 to the completion of the voluntary administration is determined at a sum equal to the cost of time spent by the Administrator and his staff, calculated at the hourly rates as detailed in the report to creditors of 11 December 2014, to a limit of \$15,000.00 plus GST of \$1,500.00, payable as and when incurred.
4. Should a liquidator be appointed, that the remuneration of the liquidator from appointment to completion is determined at a sum equal to the cost of time spent by the liquidator and his staff, calculated at the hourly rates as detailed in the report to creditors of 11 December 2014, to a limit of \$70,000.00 plus GST of \$7,000.00, payable as and when incurred, without limiting the right of the liquidator to approach creditors or the Court to approve further remuneration.
5. To consider the appointment of a Committee of Inspection and if so appointed, who should be the Committee's members.
6. Should a liquidator be appointed, to authorise the liquidator to destroy the books of the company within five years after deregistration, subject to the consent of the Australian Securities and Investments Commission.

Creditors may further consider the Administrator's report and any other matters which may be properly brought before the meeting.

Telephone conference facilities are available.

- a) The telephone conference number is 1800 064 278 (overseas callers +617 3025 7501) (please note you will need to key the participant password 16046852 when prompted).

- b) A creditor who wishes to participate in the meeting by telephone must give the Administrator, not later than the second-last working day before the day on which the meeting is to be held, a written statement setting out:
- i) the name of the creditor;
 - ii) an address to which notices to the creditor may be sent;
 - iii) a telephone number at which the creditor may be contacted; and
 - iv) any facsimile transmission number to which notices to the creditor may be sent.
- c) A creditor, or the proxy or attorney of a creditor, who participates in the meeting by telephone must pay any costs incurred by the creditor, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the company.

Any creditor wishing to participate in the meeting by telephone must advise my office of the details requested above by no later than 5.00pm on Wednesday, 25 March 2015.

A form of proxy and a proof of debt for the purposes of voting at the meeting are enclosed. Please lodge documents to be used at the meeting prior to the commencement of the meeting.

DATED this 18th day of March 2015



.....
WINCO SYSTEMS PTY LIMITED

(Administrator Appointed)

Ahmad Zeidan

Administrator

FORM 532*Corporations Act 2001*

WINCO SYSYEMS PTY LIMITED
A.C.N. 075 096 203
(ADMINISTRATOR APPOINTED)

APPOINTMENT OF PROXY

I/We

of

a creditor of the abovenamed company hereby appoint

.....

or, in his or her absence

.....

as my/our *general/*special proxy to vote at the adjourned meeting of creditors to be held on Friday, 27 March 2015 at 3:00pm or at any adjournment of that meeting.

- *(i) This proxy is to be used as a **general proxy** to vote on all matters arising at the meeting (including the appointment of the proxy holder as a member of any Committee of Creditors/Inspection).

OR

- *(ii) This proxy is to be used as a **special proxy** to vote on the following resolutions as specified.

- 1(a) $\frac{\text{for}^*}{\text{against}^*}$ That the company execute a deed of company arrangement;

OR

- 1(b) $\frac{\text{for}^*}{\text{against}^*}$ That the administration end;

OR

- 1(c) $\frac{\text{for}^*}{\text{against}^*}$ that the company be wound up.

- 2 $\frac{\text{for}^*}{\text{against}^*}$ That the remuneration of the Administrator for the period 13 January 2015 to 17 March 2015, calculated at the hourly rates as detailed in the report to creditors of 11 December 2014, is determined in the sum of \$63,913.00 plus GST of \$6,391.30.

*** IMPORTANT: CROSS OUT WHICHEVER IS INAPPLICABLE.**

- 3 $\frac{\text{for}^*}{\text{against}^*}$ That the remuneration of the Administrator from 18 March 2015 to the completion of the voluntary administration is determined at a sum equal to the cost of time spent by the Administrator and his staff, calculated at the hourly rates as detailed in the report to creditors of 11 December 2014, to a limit of \$15,000.00 plus GST of \$1,500.00, payable as and when incurred.
- 4 $\frac{\text{for}^*}{\text{against}^*}$ Should a liquidator be appointed, that the remuneration of the liquidator from appointment to completion is determined at a sum equal to the cost of time spent by the liquidator and his staff, calculated at the hourly rates as detailed in the report to creditors of 11 December 2014, to a limit of \$70,000.00 plus GST of \$7,000.00, payable as and when incurred, without limiting the right of the liquidator to approach creditors or the Court to approve further remuneration.
- 5 $\frac{\text{for}^*}{\text{against}^*}$ To appoint a committee of inspection
- 5(a) *To nominate and vote in favour of the proxy holder as a member of the committee of inspection.
- 5(b) *To nominate and vote in favour of the following persons as members of the committee of inspection.
-
-
- 6 $\frac{\text{for}^*}{\text{against}^*}$ Should a liquidator be appointed, to authorise the liquidator to destroy the books of the company within five years after deregistration, subject to the consent of the Australian Securities and Investments Commission.

***IMPORTANT: CROSS OUT WHICHEVER IS INAPPLICABLE.**

DATED this day of 2015

.....
(name of creditor)

.....
(signature)

.....
(capacity of person signing)

.....
(contact number)

NOTES TO PROXY

- (1) The person(s) appointed proxy may be the Chairperson or such other person as the creditor may approve, and the proxy form, when signed, must be lodged by the time and at the address named for that purpose in the notice convening the meeting at which it is to be used.
- (2) Note that any person signing on behalf of a company must be duly authorised by the company.

CERTIFICATE OF WITNESS

(This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy)

I of
 (Name) (Address)

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

.....
 Dated

.....
 (Signature of Witness)

Description

.....

Place of residence

.....

.....

**IN THE MATTER OF
WINCO SYSYSTEMS PTY LIMITED
A.C.N. 075 096 203
(ADMINISTRATOR APPOINTED)**

**PROOF OF DEBT FOR THE PURPOSE OF
VOTING AT THE MEETING OF CREDITORS**

NAME OF CREDITOR

AMOUNT OF DEBT CLAIMED
(see note 1)

CONSIDERATION FOR DEBT
(eg. what you supplied/what
services you rendered)

WHETHER SECURED OR UNSECURED
(if secured, give details of
security including date of
security)

.....
Signature of Creditor (see note 2)

NOTES

1. A creditor must not vote in respect of an unliquidated debt or a contingent debt or an unliquidated or contingent claim, or a debt the value of which is not established, unless a just estimate of its value has been made.
2. The Proof of Debt should be signed by a creditor, or a person duly authorised by that creditor
3. The Chairperson of the meeting may admit or reject a Proof of Debt for the purpose of voting at the meeting.
4. Please return this document prior to the commencement of the meeting to -

A2Z Insolvency Solutions
Suite 103, Level 1, 84 Pitt Street
Sydney NSW 2000
Facsimile: (02) 8021 0251
Email: mail@a2zinsolvency.com.au