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16 December 2015

**TO THE CREDITOR AS ADDRESSED**

Dear Sir / Madam

**Kent Corporation Pty Ltd (In Liquidation) ACN 071 906 762**

**Formerly trading as Country Homes WA**

**(“the Company”)**

As you are aware, I act as the Liquidator of the Company, having been appointed by a resolution passed by the creditors of the Company on 8 September 2015.

The purpose of this letter is to provide you with a brief update with respect to the Company’s sale of intellectual property (“IP”) prior to my appointment and the deferred payment for same by the purchaser of the IP.

You will recall from my report to creditors dated 28 August 2015 that in consideration of the IP transfer, the Company agreed to receive deferred payments over a period ending in December 2017(approximately 2 1/2 years).

The quantum of funds to be paid to the Company in relation to the agreement is to be driven by the gross margins achieved by the third party as a result of sales in respect of its use of the intellectual property described above.

The payment to the Company of a percentage on the gross margins achieved follows completion and payment of the works.

I have been actively and diligently monitoring the sales and construction activities of the purchaser, including:

* Warranty work performed on houses completed by the Company prior to the sale taking place;
* Houses that had been started by the Company and completed by the purchaser; and
* New builds undertaken by the purchaser.

Based on current projections following the completion of the first 11 projects, the purchaser’s revenue, therefore no funds will be paid to the Company in the immediate future (i.e. December quarter 2015 as defined in the contract).

This result has come as a result of:

* The rectification costs for warranty works not previously anticipated; and
* The Company received and spent client deposits prior to my appointment, resulting in the purchaser needing to fund the shortfall in contract works. These losses are to be paid from the purchaser’s future profits.



The new projects undertaken by the purchaser are indicating a return to the Company which is anticipated will offset the losses incurred to date, as outlined above.

There are a further 24 quotes in the purchaser’s system with an anticipated build margin of approximately $672K which converts to an anticipated margin to the Company of $134K.

The first monies due to the Company are anticipated to be received in the second quarter of 2016.

As further time elapses and works being undertaken by the purchaser continue, I will seek further updates and will pass information on to creditors periodically.

It is my intention to arrange period dividend distributions when funding permits. You will be notified in writing of my intention to declare a dividend.

Should you have any queries in relation to this matter, please do not hesitate to contact my office.

Yours faithfully



Kim Wallman – Liquidator of

Kent Corporation Pty Ltd (In Liquidation)

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