



Chartered Accountant

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17 January 2017

TO THE CREDITOR AS ADDRESSED

Dear Sir / Madam

Plasterboard West Pty Ltd (Receivers & Managers Appointed) (In Liquidation)
ACN: 150 949 803
Formerly trading as "Retroflex Building Supplies"
("the Company")

I refer to my appointment as Liquidator of the Company on 12 February 2016 pursuant to section 491(1) of the *Corporations Act 2001* ("the Act").

To update creditors on the progress of this appointment, I **enclose** a report to creditors.

Should you have any queries in relation to this report or the liquidation generally, please liaise with the above contact.

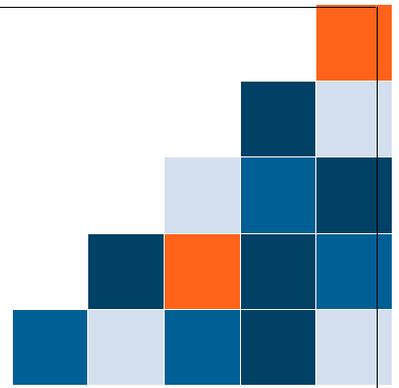
Yours faithfully

A handwritten signature in black ink, appearing to read 'Gary Anderson', with a long, sweeping horizontal line extending to the right.

Gary John Anderson – Liquidator of
Plasterboard West Pty Ltd (Receivers & Managers Appointed) (In Liquidation)
ACN: 150 949 803



Chartered Accountant



**Plasterboard West Pty Ltd
(Receivers & Managers Appointed) (In Liquidation)**

ACN: 150 949 803

Formerly trading as “Retroflex Building Supplies”
 (“the Company”)

Report to Creditors

Dated: 17 January 2017

Liquidator	Gary Anderson
Appointment Date	12 February 2016
Contact	Samuel Clark
Telephone Number	(08) 9215 7955

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1. INTRODUCTION

I, Gary John Anderson, was appointed Liquidator of the Company 12 February 2016 pursuant to section 491(1) of the *Corporations Act 2001* ("the Act").

The purpose of this report is to provide creditors with an update regarding my dealing and conduct of the winding up to date.

2. ASSET REALISATIONS

Detailed below is a summary of the asset realisations achieved during the course of the liquidation to date, compared to the values disclosed in the Director's Report as to Affairs ("RATA").

	As per Director's RATA (Form 507)	Actual Realisations Achieved	Notes
	\$	\$	
ASSETS			
Sundry debtors	1,946,000	632,432	1
Cash and cash equivalents	25,950	28,826	2
Stock	50,000	129,480	3
Plant and equipment	140,000	119,735	4
TOTAL ASSETS	<u>2,161,950</u>	<u>910,473</u>	

Notes:

1. Sundry debtors:

The Director's RATA disclosed \$1,946,000 in collectable sundry debtors, out of \$2,186,000 in book debts. Scottish Pacific provided debtor funding to the Company, and debts owned by Scottish Pacific were included in these values. Subsequent to my appointment, Scottish Pacific recovered \$242,283 pursuant to their perfected security, which was sufficient to extinguish their liability in full.

I have subsequently recovered \$594,652.24 in debtors as well as a \$37,780 rental bond.

Based on current information, it is estimated that the remaining recoverable debtors to be in the range of \$250,000 to \$500,000.

2. Cash and cash equivalents:

The sum of \$28,826.95 has been recovered from funds held in the company bank account and petty cash.

3. Stock:

The Director's RATA disclosed stock with an estimated realisable value of \$50,000 (based on auction / fire sale value). The stock was subsequently sold at auction and realised \$129,480.

4. Plant and equipment:

The RATA provided by the Director also disclosed an estimated value in plant and equipment of \$140,000, (comprising of unencumbered assets, plus equity in encumbered assets). These assets were sold at auction for \$119,735.

From these proceeds, \$36,510 was paid to the secured creditors and \$41,821 was paid to the Auctioneer's for their commission and disbursements.

3. PROGRESS OF LIQUIDATION

Asset realisations

All inventories and plant and equipment has been now been sold, with debtor recovery action continuing.

Calculation and notification of outstanding employee entitlements.

I have assessed and determined all outstanding employee entitlements. Former employees have been notified of their outstanding entitlements and have been provided instructions on how to claim for these under the Fair Entitlements Guarantee Scheme ("FEG"). I understand that most former employees have submitted their FEG claims, and that those claims have been finalised and paid under FEG. Should any former employees not have lodged their FEG claims, I recommend they do so by no later than 11 February 2017. Any former employees who have had their FEG claim rejected are encouraged to contact this office.

I have also taken steps to calculate all outstanding superannuation obligations and have notified the Australian Taxation Office of such. Former employees are advised that the Australian Taxation Office will claim for their outstanding superannuation on their behalf, and will disburse any funds received as a dividend to them in due course.

With respect to dividend prospects to priority creditors (e.g. former employees), please refer to section 5 of this report below.

Court direction regarding vesting of Knauf Plasterboard Pty Ltd's ("Knauf") security interest

As some creditors will be aware, Knauf appointed Receivers and Managers to the assets of the Company. It is uncertain whether or not, Knauf's security interest (created by the Company and Knauf entering a General Security Deed in June 2014) vested in the Company upon my appointment as Liquidator pursuant to section 588FL of the Act. As such, Knauf has applied to the Federal Court for directions in this regard.

I will report to creditors once the outcome of this matter is determined by the Federal Court.

4. INVESTIGATIONS AND REPORT TO ASIC

I advise that I have conducted investigations into the affairs of the Company. Details of these investigations are provided below.

Duty to ensure books and records are maintained in accordance with the Corporations Act (Section 286) – a company must keep written financial records that:

- a) *correctly record and explain its transactions and financial position and performance, and*
- b) *would enable true and fair financial statements to be prepared and audited.*

I have formed the view that the Company maintained accurate books and records sufficient to enable the Directors to assess the Company's financial position from time to time.

4.1 Voidable transactions

Insolvent transactions (Section 588FC) – *these are unfair preferences or uncommercial transactions entered into when the Company was insolvent or became insolvent as a result of entering into the transaction.*

My investigations into this matter are set out below:

Unfair preferences (Section 588FA) – *these are transactions where a company transacts with a creditor resulting in that creditor receiving more than the creditor would receive if the transaction were set aside and the creditor claimed the same amount in a liquidation. Unfair preferences paid by the Company within six months of the relation-back day (the day of the Liquidator's appointment) are void against the Liquidator. This timeframe is extended to four years should a related entity be a party to the transaction (s588FE(4)).*

My preliminary investigations have indicated payments that may be considered preferential and therefore repayable to the Liquidator. Details of such are commercially sensitive, as such no further comments will be provided at this stage.

Uncommercial transactions (Section 588FB) – *these are transactions entered into that a reasonable person would not have entered, having regard to the benefits and detriment to the Company and to the other parties involved in the transaction. Uncommercial transactions entered into by a company are voidable against the Liquidator if they were entered into within two years of the relation-back day.*

My preliminary investigations have indicated the presence of potentially uncommercial transactions. Details of such are commercially sensitive, as such no further comments will be provided at this stage.

Unfair loans to a company (Section 588FD) – *these are loans made to a Company where interest and other charges on the loan are extortionate. These transactions can be recovered regardless of when they were entered into as long as they were entered into on or before the winding up begun.*

My investigations have not revealed any unfair loans.

Unreasonable director-related transactions (Section 588FDA) – *these are transactions entered into by a company and a director, close associate of a director, or person on behalf of a director, which a reasonable person would not have entered into. The transaction must be a payment by a company, the transfer of property by a company, or the incurring of an obligation of a director's by a company. These transactions are voidable if they were entered into within four (4) years of the relation-back day.*

My investigations have not revealed any related party transactions.

Transactions entered into for the purpose of defrauding creditors (Section 588FE (5)) – these are insolvent transactions entered into for the purpose of defeating, delaying or interfering with the rights of creditors and were entered into within a period of ten (10) years prior to the relation-back day.

My investigations have not revealed any such transactions.

Circulating Security Interest created within six months (Section 588FJ) – where a circulating security interest is granted by the Company within six months of the relation-back day, the security interest is void against the Liquidator unless valuable consideration was given or the Company was solvent at the time of granting of the circulating security interest.

My search of the PPSR has not revealed any circulating security interests granted by the Company within six months of the relation-back day.

4.2 Insolvent Trading

Directors' duty to prevent insolvent trading (Section 588G) – a Director of a Company has a duty to prevent a Company from incurring a debt when the Company is insolvent or there are reasonable grounds to suspect that the company is or would become insolvent.

A Director would fail to fulfil that duty if the Director was aware of the grounds for suspecting the Company is or would become insolvent or a reasonable person in a like position would be aware of such grounds.

The defences available to the Director are as follows;

- (i) The Director had reasonable grounds to expect, and did expect, that the Company was solvent and would remain so; or
- (ii) The Director had reasonable grounds to believe, and did believe, that a competent and reliable person was providing adequate information to the Director and based on that information the Director expected the Company to be solvent and to remain so; or
- (iii) The Director did not take part in the management of the company at the time due to illness or other good reason; or
- (iv) The Director took reasonable steps to prevent the Company from incurring the debt.

I have formed the view that the Director may have traded whilst insolvent for a short period prior my appointment because at the time transactions were entered, there were reasonable grounds to believe the Company may not have been able to pay its debts as and when they fell due. Having said this, I believe the Director was likely to have had reasonable grounds to expect, and was likely to have expected, that the Company was solvent. My belief is based on the following:

1. The Company had the ongoing support from the debtor funder it engaged with;
2. The Company was in the final stages of negotiations with a prospective investor in the Company; and
3. The Company had a history of profitability and may have only been suffering from a temporary lack of liquidity following the death of a shareholder.

A report pursuant to section 533 of the Act was submitted to ASIC on 11 August 2016, detailing my investigations into the past affairs and dealings of the Company. A response was received from ASIC on 15 August 2016 advising that it did not intend to commence any further investigation into the Company's past affairs.

5. DIVIDEND PROSPECTS

Based on the assets realised to date, and given the vast majority of those assets realised were circulating assets (i.e. cash, debtors and stock), I anticipate a dividend will be paid to priority creditors in due course. Until the Knauf matter is resolved I intend to refrain from distributing these funds.

Any return to unsecured creditors is subject to Knauf security interest vesting in the Company (as referred to in section 3 of this report). As this matter is ongoing, I am not in a position to comment on whether or not there will be any return to unsecured creditors.

6. RECEIPTS AND PAYMENTS

A summary of my receipts and payments to 17 January 2017 is **enclosed** as Appendix A.

7. REMUNERATION

I have drawn \$83,461.84 (including GST) during the course of the liquidation. This remuneration is only for work done in relation to the preservation and realisations of assets and the dealings with priority creditors.

Further fees of \$115,662.26 (excluding GST) have been incurred in the conduct of this liquidation, however I will, refrain from drawing any portion of these fees (to the capped limit approved by creditors) that is not related to preserving or realising company assets or dealing with priority creditors, whilst the Knauf security matter is ongoing.

8. STATUTORY ACCOUNTS

Pursuant to section 539(5) of the Act, I am required to give notice to every creditor and contributory in any notice, report or circular that my six monthly accounts and statements (ASIC Form 524) have been completed and submitted to ASIC.

For the sake of completeness, please see below a summary of my previous lodgements of the ASIC Form 524 to date:

Description	From	To	Date lodged
Presentation of Accounts and Statements – Form 524	12/02/2016	11/08/2016	31/08/2016

9. FINAL COMMENTS

Should you have any information you wish to bring to my attention in relation to the Company, please provide that information in writing to the contact person detailed on the cover page of this report.

Should you have any queries in relation to the content of this report or the liquidation generally, please do not hesitate to liaise with the contact person detailed on the cover page of this report.

Yours faithfully



Gary John Anderson – Liquidator of
Plasterboard West Pty Ltd (Receivers & Managers Appointed, pending clarification) (In Liquidation)
ACN: 150 949 803

Plasterboard West Pty Ltd

A.C.N. 150 949 803

Appendix A

Gary Anderson - Liquidator
HLB Mann Judd (Insolvency WA)

Liquidator's Account of Receipts and Payments

For the period 12 February 2016 to 17 January 2017

Receipts

Company cash at bank recovered	28,826.95
Refunds	44,332.62
Sale of plant & equipment	119,735.65
Pre-appointment debtors recovered	594,652.24
BAS refunds	75.00
Sale of inventory	129,480.92
Total	917,103.38

Payments

Subcontractors	825.00
Bank charges & fees	88.08
Consultants (<i>IT, insurance & bookkeeping</i>)	10,743.37
Secured creditor payment	36,510.74
Liquidator's remuneration (<i>in relation to asset realisation and priority creditor dealings only</i>)	83,461.84
Liquidator's disbursements	2,468.89
Insurances	18,272.83
Payments in error	3,240.93
Auctioneer's commission & disbursements	41,821.09
Stamp duty	496.30
Debt collection agent's fees	3,575.00
Legal fees (<i>in relation to debtor recovery only</i>)	12,312.52
BAS payments	9,962.00
Total	223,778.59

Cash Balance

693,324.79