



BRAIFORM AUSTRALIA PTY LTD (IN LIQUIDATION)

ACN 151 954 513

REPORT TO CREDITORS

6 AUGUST 2021

PRIVATE AND CONFIDENTIAL

CONTACT FOR QUERIES: BILL TODD

CONTACT NUMBER: (02) 8221 2228

CONTACT EMAIL: bill.todd@bdo.com.au



TO THE CREDITOR AS ADDRESSED

Dear Sir/Madam

Braiform Australia Pty Ltd (In Liquidation)

ACN 151 954 513 ('the Company')

I refer to my previous correspondence regarding the liquidation of the Company.

Please find enclosed a report to creditors dated 6 August 2021.

This report should be read in conjunction with our previous reports which can be found at our website:


<https://www.bdo.com.au/en-au/insights/appointments/br/braiform-australia-pty-ltd>

This report includes information on:

- ▶ Progress of the liquidation including;
 - Access to books and records;
 - Recovery of outstanding debtors;
 - Status of potential unfair preference claims;
- ▶ The external Administrators' receipts and payments;
- ▶ Estimated return to creditors and timing of any dividends to unsecured creditors; and
- ▶ The Liquidators' remuneration report.

If you have any queries in relation to the report, please contact Bill Todd of my office on (02) 8221 2228 or email bill.todd@bdo.com.au.

Yours faithfully



Andrew Sallway

Joint and Several Liquidator

GLOSSARY

Glossary of Key Terms

Term	Definition
AEST	Australian Eastern Standard Time
AFC	Australian Factoring Company
AIIPAP	All Present and After Acquired Property
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
BDO	BDO Group Holdings Limited
Braiform Enterprise	Braiform Enterprise Inc (based in USA)
Braiform HK	Cliffhanger Limited Formerly Braiform (HK) Limited (In Liquidation)
Braitrim Plasti-Form	Braitrim Plasti-Form (Middle East) FZCO
Braitrim UK	Braitrim U.K. Limited (In Liquidation)
c.	Circa
c./\$	Cents in the dollar
Director(s)	Graeme Andrew Scott Rutherford, Ben James Hunt and Craig Geoffrey Stevens
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
FEG	Fair Entitlements Guarantee
FY	Financial Year Ended 30 June

Term	Definition
GST	Goods and Services Tax
IPR	Insolvency Practice Rules (Corp) 2016
IPS	CORPORATIONS ACT 2001 - SCHEDULE 2 - Insolvency Practice Schedule (Corporations)
k	Thousands
Liquidators	Andrew Sallway and Duncan Clubb of BDO
m	Millions
NZD	New Zealand Dollars
PILN	Payment in Lieu of Notice
PMSI	Purchase Money Security Interest
POD	Proof of Debt
PPSA	Personal Property Securities Act
PPSR	Personal Property Securities Register
ROCAP	Report on Company's Affairs and Property
ROT	Retention of Title
Thai Fashion	Thai Fashion Plastics Industrial Co Ltd
The Act	Corporations Act 2001 (Cth)
The Company	Braiform Australia Pty Ltd (In Liquidation)
YTD	Year to Date
USD	US Dollars

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DISCLAIMER

BDO, (its affiliates - present or future), Andrew Sallway and Duncan Clubb and servants, employees and agents ('the Liquidator') hereby advise that:

- a) When preparing this report and the accompanying documents, the Liquidators have relied on the available books and records, financial accounts and other documentation pertaining to the Company.
- b) When preparing this report and the accompanying documents, the Liquidators have relied on the advice of the Company's officers and/or senior management.
- c) The Liquidators have not conducted an audit of the books and records, financial accounts and other documentation pertaining to the Company's affairs.
- d) Whilst the Liquidators have endeavoured to verify the accuracy or otherwise of the records, the financial accounts and other documentation pertaining to the Company's affairs and the advice of the Company's officers, the Liquidators give no warranty as to the accuracy, completeness or reliability of same.
- e) The Liquidators undertake no responsibility arising in any way whatsoever to any person for errors or omissions however caused by way of this report, or accompanying documents.

SECTION 1

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

We refer to our previous reports to creditors dated:

- ▶ 28 April 2020;
- ▶ 14 July 2020; and
- ▶ 2 November 2020.

(collectively referred to as ‘Previous Reports’).

Appointment

On 15 April 2020, Duncan Clubb and I were appointed Joint and Several Liquidators of the Company by a resolution of the Company’s sole member.

Books and record

The costs to restore and read the Company’s ‘tape drive’ backup of electronic records is estimated between \$10k to \$50k, with no guarantee of success as advised by our external IT professionals. The tape drive provided by Ricoh is an outdated medium for file backup. Additionally, we are aware that various software subscriptions will be required to extract the data if it is successfully restored.

It is our view that the costs outweigh any commercial benefit available to creditors. If any creditors wish to provide funding to the Liquidators for the purpose of restoring the data from the tape drive or any other actions, please contact Bill Todd of this office.

Voidable Transactions

The recovery of potential unfair preference claims as voidable transactions has been hindered by the following:

- ▶ Insufficient information to support the claim due to a lack of adequate records;
- ▶ Identified parties being either insolvent and/or located in foreign jurisdictions; and
- ▶ Lack of funding to commence legal proceedings.

A claim has been submitted in the liquidation of Braitrust UK, including an amount of AUD \$425,905 for preference payments. The Liquidators of Braitrust UK has confirmed the receipt of our claim.

We do not expect to progress any of the other unfair preference claims.

Collection of outstanding debtors

Mahoney’s Solicitors was engaged to pursue outstanding debtors subsequent to our appointment. To date, 40% of these debtors has been collected and we do not expect any further recovery.

Estimated Return to Creditors

The estimated return to creditors has been updated as below:

Class of creditor	Previous estimate	Current estimate
Total Unsecured Creditors (\$)	2,954,143	2,368,814
Estimated return to Unsecured Creditors (c./\$)	3.39	3.06

The timing and amount of dividend distribution to unsecured creditors is subject to Braitrust UK’s adjudication process and result for our claim.

We expect to declare a first and final dividend to unsecured creditors within the next 6 months.

Proposal without a meeting

To minimise costs in the liquidation, we are seeking creditor approval of our remuneration by a proposal without a meeting.

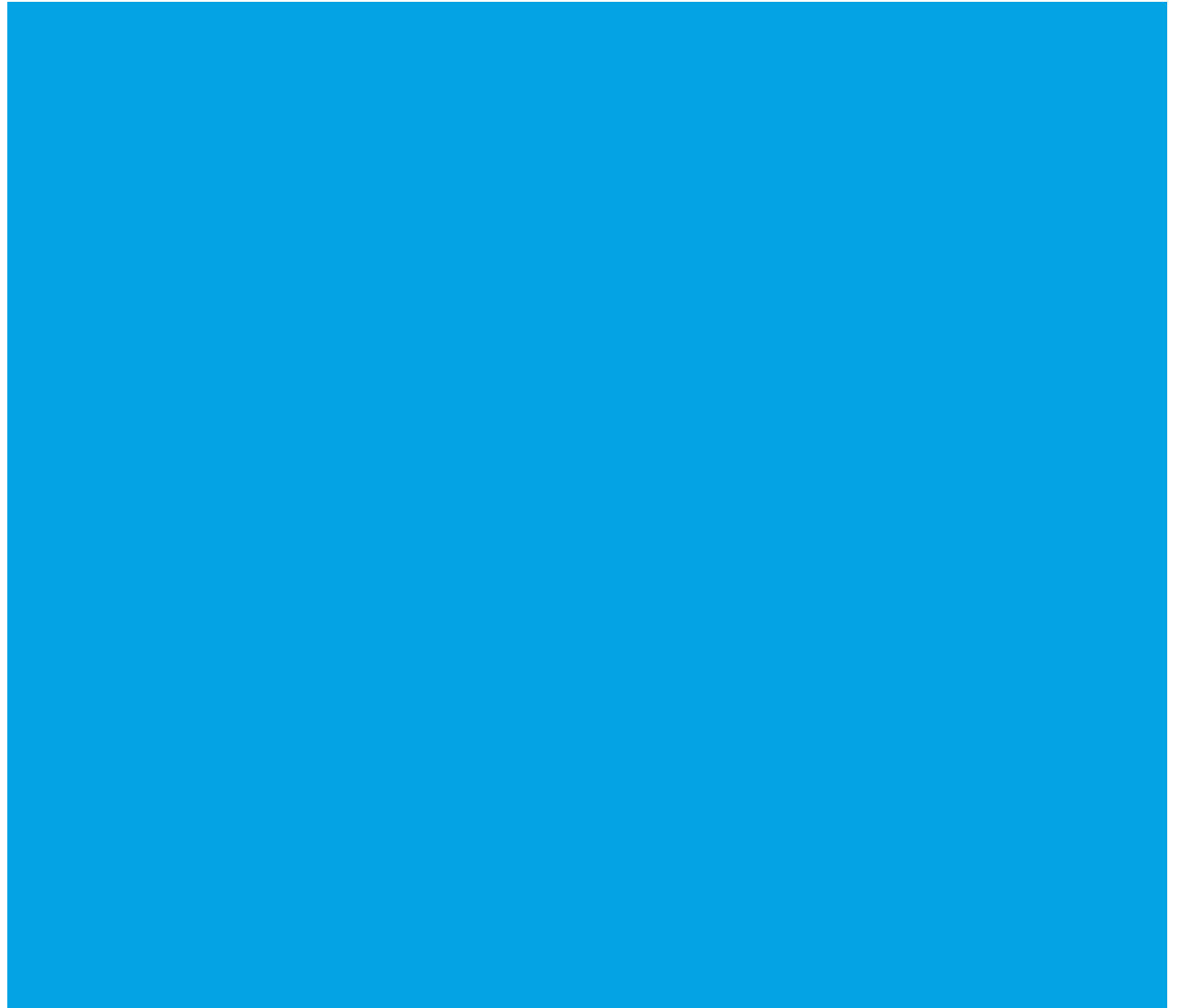
The proposal seeks creditors’ approval for the following:

- ▶ The Liquidators’ remuneration for the period 1 October 2020 to 31 July 2021; and
- ▶ The Liquidators’ future remuneration for the period 1 August 2021 to conclusion of the liquidation.

To participate in the proposal, creditors must complete and return the proposal without a meeting forms by no later than 30 August 2021 to Bill Todd of this office at bill.todd@bdo.com.au. Refer to Section 5 and Appendix C of this report.

SECTION 2

UPDATE ON THE LIQUIDATION



UPDATE ON THE LIQUIDATION

Books & Records and Debtor Collection

Since our previous report, the following actions have been completed:

- ▶ Attended to all statutory requirements;
- ▶ Responded to enquiries from creditors and stakeholders of the Company;
- ▶ Prepared a report to ASIC pursuant to Section 533 of the Act;
- ▶ Sought assistance and advice from IT professionals to restore the 'tape drive' backup of Company electronic files provided by Ricoh;
- ▶ Further investigated the potential unfair preference claims;
- ▶ Lodged a claim in the liquidation of Braitrim UK and provided supporting documents;
- ▶ Liaised with our appointed solicitors to collect the remaining debtor balance;
- ▶ Prepared this report to creditors dated 6 August 2021;
- ▶ Undertook any other sundry administration tasks as required; and
- ▶ Liaised with the appointed insolvency practitioners to Braitrim UK, Braiform HK and Braiform Enterprise.

Books and Records

We have sought assistance from several IT professionals to restore data from the 'tape drive' backup provided by Ricoh. These professionals have advised that the tape drive is an outdated medium for backups. Further, if the data was to be extracted successfully, subscriptions to specific software will be required to read the data.

The estimated cost to restore and read the data on the tape drive is between \$10k and \$50k, with no guarantee of success due to the outdated hardware. Access to the books and records will allow the Liquidators to:

- ▶ Perform a more thorough investigative review; and
- ▶ Continue to pursue collection of the remaining debtors.

Upon assessing the costs and benefits of engaging IT professionals to restore the backup file, it is our view that the costs outweigh any commercial benefit available to creditors.

If any creditors wish to provide funding to the Liquidators for the purpose of restoring the data from the tape drive or any other actions, please contact Bill Todd of this office.

Collection of Outstanding Debtors

A summary of debtor collections to date is provided below:

Debtors (All amounts are shown in \$AUD)	Australia	New Zealand	Total
Total book value	250,491	110,187	360,678
<i>Less: Amounts collected</i>	(68,344)	(76,859)	(145,203)
<i>Less: Amounts paid to AFC (debtor finance)</i>	(18,810)	-	(18,810)
<i>Less: Set offs</i>	(50,163)	-	(50,163)
<i>Less: Estimated bad debts</i>	(113,174)	(33,328)	(146,502)
Residual amount likely to be recoverable	-	-	-

To date, we have collected pre-appointment debtors totalling AUD \$145,203, being 40% of the debtor book.

The following factors have impacted our ability to pursue the remaining balance:

- ▶ Rights of set-off pursuant to section 553C of the Corporations Act 2001 where the debtor is also a creditor of the Company;
- ▶ Debtors under financial stress due to COVID-19 who are no longer able to meet their financial obligations and it not being commercial to pursue these debtors;
- ▶ Disputed invoices; and
- ▶ Insufficient books and records.

At the date of this report, it is unlikely that any further outstanding amount will be recovered.

UPDATE ON THE LIQUIDATION

Investigations

Report to ASIC

As discussed in our previous report to creditors, we have identified a number of breaches of Director's duties which we are required to report to ASIC pursuant to section 533 of the Act.

We have reached the final stage of our investigations and have lodged the report with ASIC detailing the various breaches in duties. This report to ASIC is confidential and not available for creditors.

We will await a determination from ASIC as to whether they wish to pursue the misconduct.

Unfair Preferences

Our investigations to date have identified potential unfair preference payments totalling c. AUD \$1.01m*. A summary of the potential preference payments is set out below:

Name	Location	Registration status	Claim (\$AUD)*
Related Parties			
Braitrim UK	United Kingdom	In liquidation	425,905
Braitrim HK	Hong Kong	In liquidation	237,211
Braiform Enterprise	United States	Chapter 7	216,588
Braitrim Plasti-Form	United Arab Emirates	Registered	58,636
Pierre Fourie	Australia	Not bankrupt	10,000
Related Party Total			948,340
Other Parties			
Thai Fashion	Thailand	Registered	62,917
Total			1,011,257

*AUD claims include NZD payments. NZD conversion rate (date of appointment): 1 AUD = 1.0543 NZD

For further background information on each of the potential unfair preference claims, please refer to our previous report to creditors.

Recovery of Unfair Preferences

We have determined that commencing litigation to pursue these potentially voidable transactions would be uncommercial based upon the following factors:

- ▶ A claim against any of the parties whom are in insolvent and under external administration would likely result in a return of less than 100 c/\$;
- ▶ The timing of any dividend from an insolvent party is unknown and may result in the liquidation of the Company being drawn out for a significant period of time; and
- ▶ The process of pursuing an unfair preference claim against an overseas party under foreign jurisdiction can be complicated, long and expensive.

Braitrim UK

Since our previous report, we have made a claim in the liquidation of Braitrim UK, a related party of the Company, in the amount of AUD \$854,499. The claim includes unfair preference payments totalling AUD \$425,905 and an inter-company balance of USD \$271,000.

We consider this claim commercially viable to pursue as there is minimal cost, with a potential upside to creditors.

The Liquidators of Braitrim UK have confirmed the receipt of our claim. However, they have not formally adjudicated at the date of this report. Braitrim UK's report to creditors dated 14 April 2020 indicates an estimated return of 5c/\$ to unsecured creditors. Therefore the claim may result in up to AUD \$42,725 available to creditors.

If any creditors wish to consider providing funding to the Liquidators for the purpose of pursuing the unfair preferences or other actions, please contact Bill Todd of this office.

UPDATE ON THE LIQUIDATION

Matters Outstanding

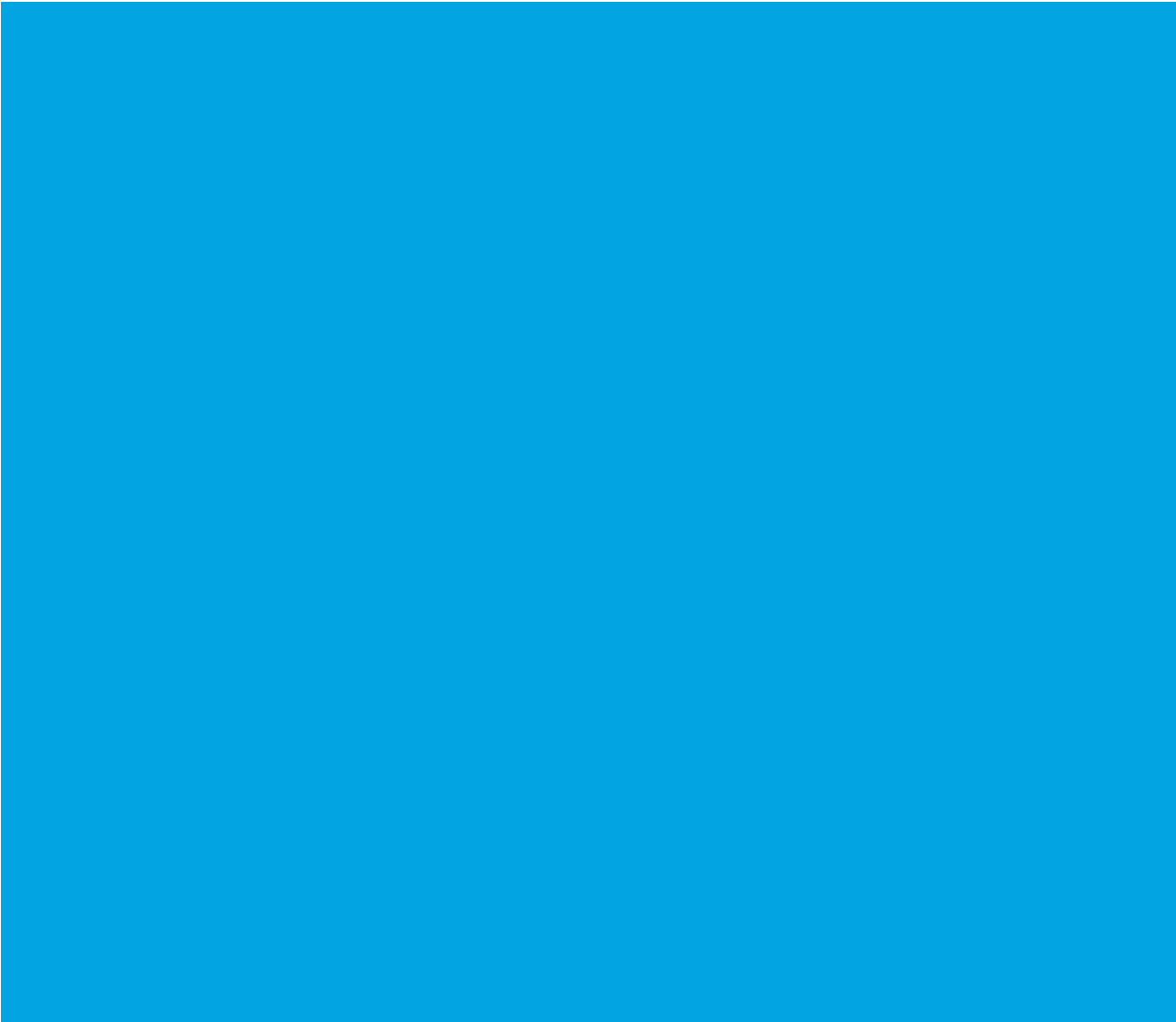
The following actions need to be completed before the liquidation of the Company can be finalised:

- ▶ Prepare a supplementary report to ASIC (if applicable);
- ▶ Liaise with the Liquidators of Brairtrim UK;
- ▶ Adjudicate on creditors' proofs of debt;
- ▶ Prepare and distribute a dividend to unsecured creditors;
- ▶ Attend to sundry administration tasks and statutory requirements as required; and
- ▶ Apply to ASIC to deregister the Company.

We estimate that the liquidation will be finalised in approximately 6 to 12 months from the date of this report. This is contingent upon Brairtrim UK declaring a dividend to unsecured creditors within the next 3 months.

SECTION 3

RECEIPTS AND PAYMENTS



RECEIPTS AND PAYMENTS

Receipts and Payments for the Period 15 April 2020 to 31 July 2021

Receipts

Account	Amount (\$)
Pre-appointment cash at bank	48,974
Proceeds from sale of stock	403,508
Pre-appointment debtors	145,202
Interest income	321
ATO refund	13,136
Total Receipts	611,141

The receipts and payments shown above include GST. The variance between the proceeds from the sale of stock and payments for the Warehouseman's lien in our estimated outcome statement (Appendix A) relate to GST.

Payments

Account	Amount (\$)
Bank charges	833
Warehouseman's lien	304,461
Liquidators' remuneration	123,896
Liquidators' disbursements	1,517
IT costs	1,533
Legal fees	24,658
Total Payments	456,899
Net Receipts and Payments	154,242
Cash at bank as at 31 July 2021	154,242

SECTION 4

ESTIMATED RETURN TO CREDITORS



ESTIMATED RETURN TO CREDITORS

Dividend to Unsecured Creditors

To date, we have received 17 Proofs of debt totalling AUD \$5,235,850 from unsecured creditors of the Company in Australia and New Zealand, including a claim from a related party in the amount of AUD \$4,767,036. As we have yet to receive any supporting document from this related party, we have only included a portion of its claim for the purpose of calculating the estimated return to unsecured creditors.

The estimated return to creditors has been updated as follows:

Class of creditor	Previous estimate	Current estimate
Total Unsecured Creditors	2,954,143	2,368,814
Estimated return to Unsecured Creditors (c./\$)	3.39	3.06

Please refer **Appendix A** for the Estimated Outcome Statement ('EOS').

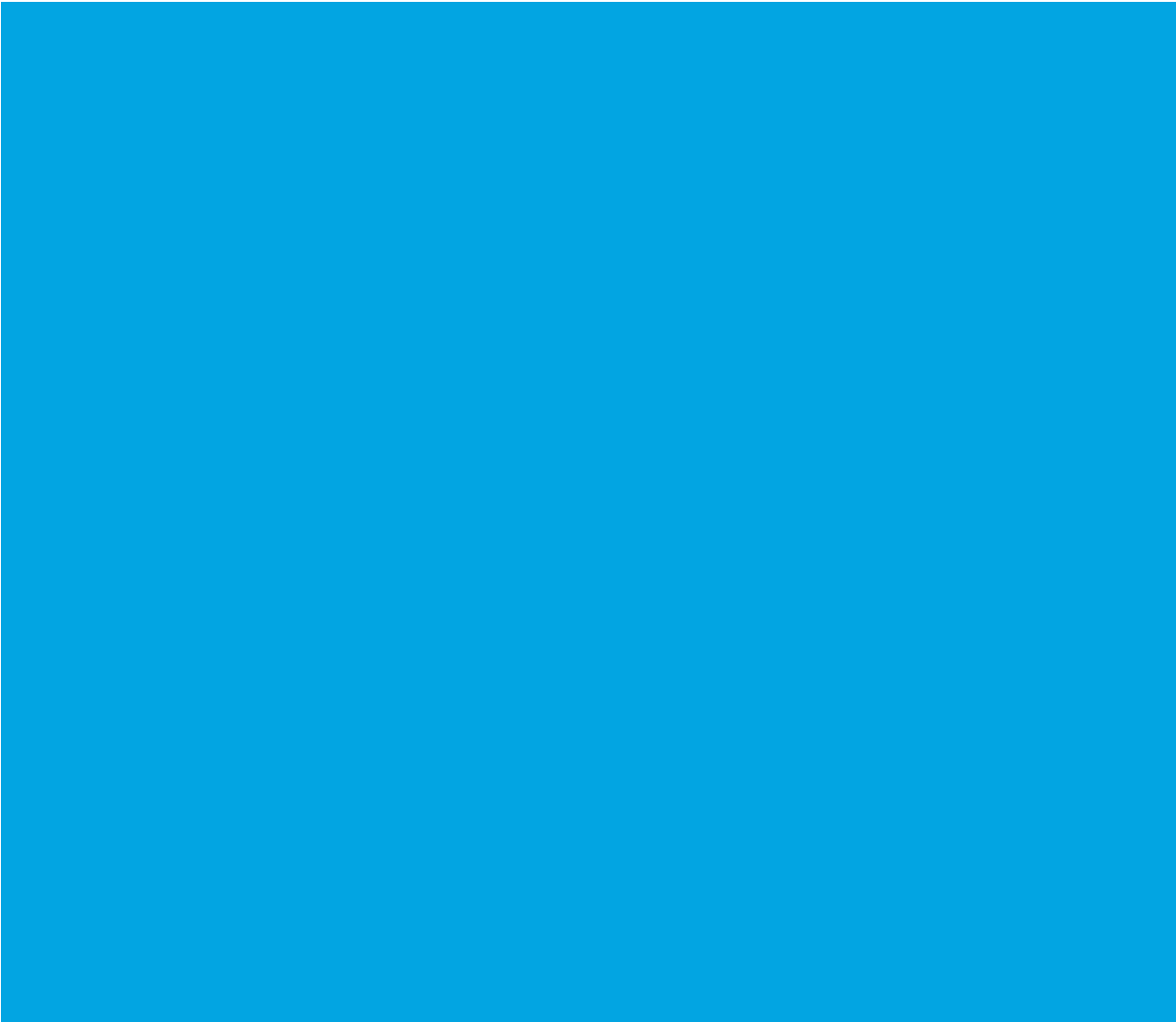
As discussed in Section 2 of this report, we have submitted a Proof of Debt in the liquidation of Braitrust UK, with an expected return of 5c/\$ to be distributed to unsecured creditors of the company.

We believe it is in the best interest of the creditors to wait for any potential dividend distribution from Braitrust UK. While there is no certainty around the timing of a dividend at this stage, we expect to have further updates from the Liquidators of Braitrust UK within the next 3 months.

Upon receipt of the dividend from Braitrust UK, if any, we will be in a position to declare a first and final dividend to unsecured creditors. We expect to declare a dividend within the next 6 months.

SECTION 5

COSTS OF THE LIQUIDATION



COSTS OF THE LIQUIDATION

Proposal Without a Meeting

Appointees' Remuneration

To date, creditors have approved the appointees' total remuneration as detailed below:

Period	Amount approved (\$)
15 April 2020 - 30 June 2020	71,946.50
1 July 2020 - 30 September 2020	20,000.00
1 August 2020 - 30 September 2020 (overruns)	20,686.50
TOTAL	112,633.00

We are now seeking approval of our current remuneration and futures fees as follows:

Period	Amount being sought (\$)
1 October 2020 - 31 July 2021	56,481.50
1 August 2021 - Conclusion of the liquidation	20,000.00
TOTAL	76,481.50

Attached at **Appendix B** is a detailed report on our remuneration, called a Remuneration Approval Report. We are unable to pay our remuneration without the approval of creditors or the court.

Proposal without meeting

To minimise the costs in the liquidation, we are seeking creditor approval of our remuneration by a proposal without a meeting.

The proposals seek creditor approval for the following:

- ▶ The Liquidators' remuneration totalling \$56,481.50 (excl. GST) for the period 1 October 2020 to 31 July 2021; and
- ▶ The Liquidators' future remuneration totalling \$20,000.00 (excl. GST) for the period 1 August 2021 to the conclusion of the liquidation.

To participate in the proposal, creditors must complete and return the proposal without a meeting form enclosed as **Appendix C** by no later than 30 August 2021 to Bill Todd of this office at bill.todd@bdo.com.au.

Attached as **Appendix E** is an information sheet from ASIC which details the requirements and process of approving the proposals without a meeting being held.

SECTION 6

CONCLUSION



CONCLUSION

Summary

Due to the associated costs and uncertainty of success, we do not expect to be able to restore the backup files on the tape drive provided by Ricoh.

Without access to the additional books and records, we do not expect any further recoveries from the collection of outstanding debtors.

Subject to a dividend being paid to the Company by Braitrust UK, we expect to declare a first and final dividend to unsecured creditors within the next 6 months.

We welcome any information which creditors feel may be of assistance in the conduct of the liquidation.

Should any creditor require further information regarding the matters raised in this report, please do not hesitate to contact Bill Todd of this office on (02) 8221 2228 or bill.todd@bdo.com.au.

Further Information

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding liquidations and insolvency. This information, including details of your rights as a creditor, is available from ARITA's website at arita.com.au.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au.

Electronic Communications

If you would like to receive all communications electronically, please send an email to: bill.todd@bdo.com.au. The request will remain active until you provide us with further instructions to the contrary. Please alert us if you change your email address or postal address.

Commitment to Client Service

BDO's policy is to conduct files to the highest ethical and professional standards.

BDO adheres to the codes of conduct prescribed by the adheres to the codes of conduct prescribed by Chartered Accountants Australia & New Zealand, AFSA, ARITA and INSOL the International Federation of Insolvency Professionals.

If creditors have any questions, queries or complaints concerning the conduct of this administration please direct them to this office.

If you are dissatisfied with a decision made by the appointee, you may ask the appointee to review his decision or explain their reasons. If you are still not satisfied it may be necessary for an application to court to have the decision reviewed. In this instance it is recommended that you seek your own independent legal advice.

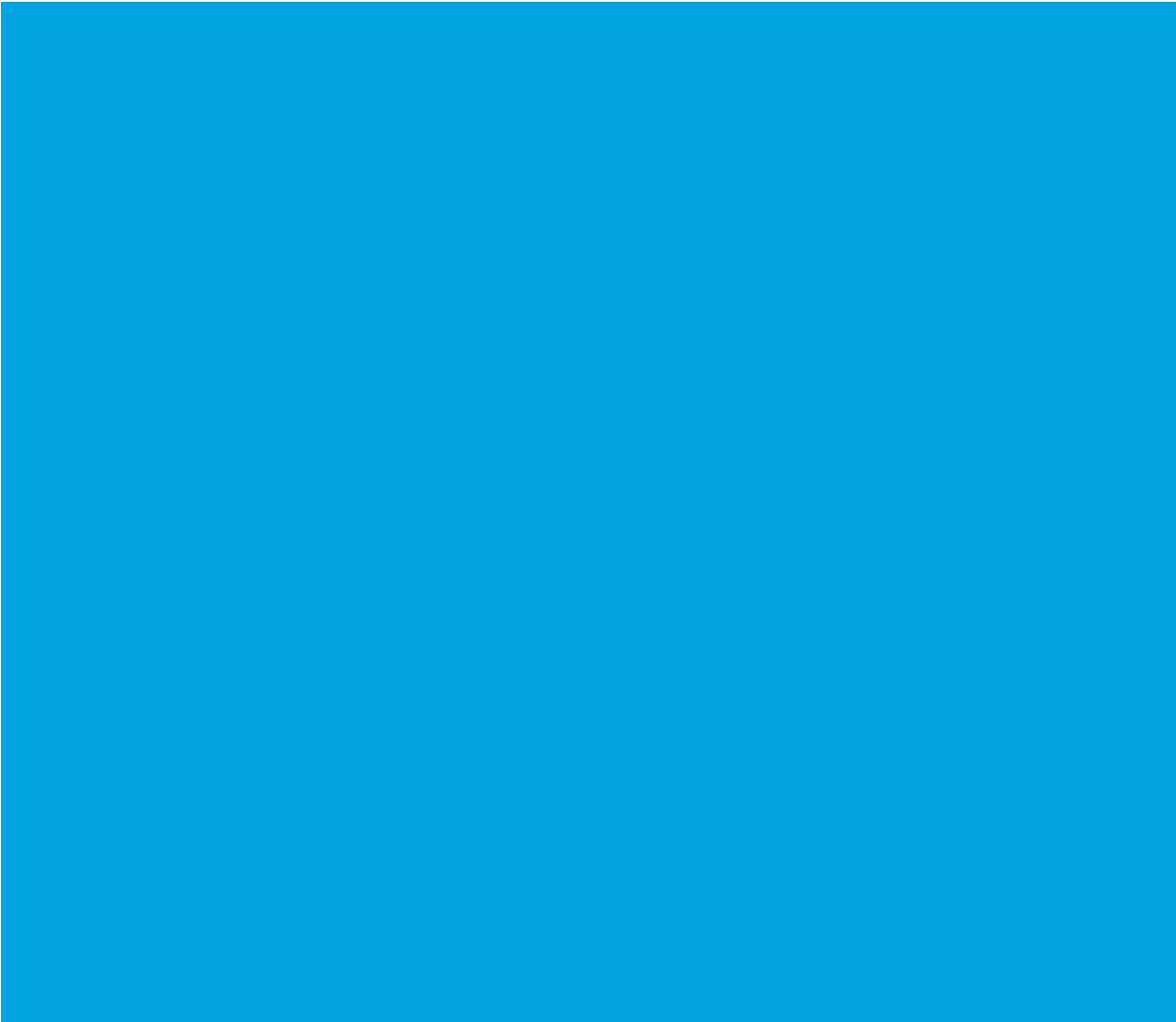
In the event that you are not satisfied with our handling of your query you may refer your complaint to the ASIC.

In an effort to improve our standards and the quality of information that you receive, we welcome your feedback. You can submit feedback anonymously in writing to this office or by email on info@bdo.com.au.

SECTION 7

APPENDICES

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APPENDIX A

Estimated Outcome Statement (EOS)

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Estimated Outcome Statement

Braiform Australia Pty Ltd (In Liquidation)	Previous Likely Estimate	Current Likely Estimate
Circulating assets		
Pre-Appointment Cash at Bank	48,974	48,974
Proceeds from the Sale of Stock (excl GST)	353,485	353,485
Interest Income	178	321
Pre-Appointment Debtors	360,678	360,678
Less: Provision for Uncollectible Debtors	(177,313)	(214,176)
Potential dividend from Braitrim UK	TBC	21,433
Net Circulating Assets	586,002	570,715
Costs incurred		
Less: Warehouseman's Lien (excl GST)	(267,140)	(267,140)
Less: Net GST Payable on Sale of Stock*	(15,739)	(15,739)
Less: Bank Charges	(831)	(833)
Less: Legal Costs (excl GST)	(9,346)	(22,417)
Less: IT Costs	(1,533)	(1,533)
Less: Liquidators Remuneration (excl GST)	(112,633)	(169,115)
Less: Liquidators Disbursements (excl GST)	(1,380)	(1,384)
Total Costs to Date	(408,602)	(478,161)
Future costs		
Less: Legal Costs (excl GST)	(15,000)	-
Less: Contingency Costs	(10,000)	-
Less: Liquidators Future Remuneration (excl GST)	(52,367)	(20,000)
Net Circulating Assets Available to Creditors	100,033	72,555
Unsecured Creditors	1,054,143	468,814
Additional Unsecured Creditors	1,900,000	1,900,000
Total Unsecured creditors	2,954,143	2,368,814
Estimated return to Unsecured Creditors (c./\$)	3.39	3.06

*Actual GST payable in NZD subject to change due to currency conversion

APPENDIX B

Remuneration report

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REMUNERATION APPROVAL REPORT

BRAIFORM AUSTRALIA PTY LTD (IN LIQUIDATION)
ACN 151 954 513

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the Creditors Voluntary Liquidation of Braiform Australia Pty Ltd.

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1. APPROVAL OF REMUNERATION AND INTERNAL DISBURSEMENTS

You should read this report and the other documentation that we have sent you.

To minimise the costs in this liquidation, we have elected to seek the approval of creditors for our remuneration and internal disbursements without a meeting. Information about the proposals without a meeting process is included in the covering report to creditors.

You can cast your vote by using the included voting forms. These forms then need to be returned to our office by post, scanned and emailed, or faxed. We need to receive your forms by 30 August 2021 for your vote to count. If you chose to use post, please allow enough time for your correspondence to be delivered.

If you have any questions, or need any assistance with understanding the materials we have sent to you, please contact Bill Todd of this office on (02) 8221 2228 or via email on bill.todd@bdo.com.au.

2. DECLARATION

We, Andrew Sallway and Duncan Clubb of BDO, have undertaken a proper assessment of this remuneration claim for our appointment as Liquidators of Braiform Australia Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the liquidation.

3. EXECUTIVE SUMMARY

The total remuneration for this appointment was previously estimated to be \$165,000, exclusive of GST, subject to outcome of our investigations. The total remuneration for this appointment is currently estimated to be \$189,144.50, exclusive of GST, to completion. This includes remuneration we have not yet seeking approval of.

This estimate has increased as compared to our previous report due to additional time incurred in:

- Liaising with our agent and collecting the Company's debtors;
- Investigating and assessing the recoverability of potential unfair preference payments;
- Preparing our investigation report due to difficulties in obtaining records and deficiencies in information; and
- Liaising with and lodging a claim in the liquidation of Braitrim UK.

The Liquidators' remuneration approval is summarised below.

Period	Report Reference	Amount (\$ ex GST)
Remuneration previously approved:		
15 April 2020 to 30 June 2020	4	71,946.50
1 July 2020 to 30 September 2020	4	20,000.00
31 July 2020 to 30 September 2020	4	20,686.50
Total approved		112,633.00
Current remuneration approval sought:		
Resolution 1: 1 October 2020 to 31 July 2021 (current)		56,481.50
Resolution 2: 1 August 2021 to conclusion of the liquidation (future)*		20,000.00
Total sought		76,481.50
Total remuneration currently approved and sought		189,144.50

*Approval for future remuneration sought is based on an estimate of the work necessary to the completion of the liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

4. REMUNERATION

4.1 Remuneration claim resolution

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are included in section 3 and in the attached Schedules.

Resolution One from 1 October 2020 to 31 July 2021

"That the remuneration of the Liquidators, their partners and staff, for the period from 1 October 2020 to 31 July 2021, calculated at the hourly rates detailed in the Business Restructuring Corporate Rates as at 1 July 2020 and 1 July 2021, is approved for payment in the amount of \$56,481.50, exclusive of GST, to be drawn from available funds immediately or as funds become available."

Resolution Two from 1 August 2021 to conclusion of the liquidation

"That the future remuneration of the Liquidators for the period from 1 August 2021 to the completion of the liquidation, is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, that may be increased at a rate of up to 3.5% at 1 July each year (rounded to the nearest \$5), up to a capped amount of \$20,000.00, exclusive of GST, and that the Liquidators can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."

4.2 Details of remuneration

The basis of calculating the remuneration claims are summarised in the following annexures:

Resolution	Summary ¹	Detailed ²
One - From 1 October 2020 to 31 July 2021	Schedule A	Schedule B
Two - From 1 August 2021 to conclusion of the liquidation		Schedule C

Notes:

1. Summary annexures provide detail of the time charged to each major task area by staff members working on the Creditors Voluntary Liquidation for the relevant period, which is the basis of each claim.
2. Detailed annexures provide descriptions of the tasks performed within each task area, matching the amounts shown in the summary annexures.

4.3 Total remuneration reconciliation

At this point in time we estimate that the total remuneration for this liquidation will be approximately \$189,144.50, excluding GST, to completion, which includes the current approval amount being sought and future remuneration.

Our current estimate has increased from \$165,000 (excluding GST) in our previous Remuneration Report dated 2 November 2020 due to additional time incurred in:

- Liaising with our agent and collecting the Company's debtors;
- Investigating and assessing the recoverability of potential unfair preference payments;
- Preparing our investigation report due to difficulties in obtaining records and deficiencies in information; and
- Lodging a claim in the liquidation of Braitrim UK.

In preparing this remuneration approval report, we have made our best estimate at what we believe the liquidation will cost to complete and we do not anticipate that we will have to ask creditors to approve any further remuneration.

However, should the liquidation not proceed as expected, we will advise creditors and we may seek approval of further remuneration and provide details on why the remuneration has changed. Matters that may affect the progress and the cost of the liquidation, include:

- Collection of the remaining debtors;
- Request from ASIC for a supplementary investigation report;
- Adjudication on proofs of debt;
- Distribution of unsecured dividend to creditors; and
- Difficulties in pursuing the unfair preference payment from Braitrim UK.



4.4 Likely impact on dividends

The Corporations Act sets the order for payment of claims against the Company and it provides for remuneration of the liquidator to be paid in priority to other claims. This ensures that when there are sufficient funds, the liquidator receives payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds.

We estimate that a dividend of approximately 3.06 cents in the dollar will be available to unsecured creditors. Please refer to the Estimated Outcome Statement in Appendix A for further details. However, this is subject to a range of variables, such as future realisations, recoveries and value of creditor claims.

5. QUERIES

If you have any queries regarding the information in this report, please contact Bill Todd on (02) 8221 2228 or via email on Bill.Todd@bdo.com.au.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors.
- ASIC at www.asic.gov.au (search for "insolvency information sheets").

The above websites include information on external administrations, approval of remuneration and meetings.



Schedule A: Calculation of Remuneration

Resolution 1: Liquidator's Remuneration for the Period from 1 October 2020 to 31 July 2021

Staff	Staff Position	Hourly Rate	Total		Administration		Assets		Creditors		Investigations	
			Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Andrew Sallway	Partner (Appointee)	665.00	8.00	5,320.00	3.50	2,327.50	1.00	665.00	0.50	332.50	3.00	1,995.00
Jeff Marsden	Associate Director	615.00	1.00	615.00	-	-	-	-	1.00	615.00	-	-
Ben Carney	Manager	500.00	0.40	200.00	0.40	200.00	-	-	-	-	-	-
Ben Carney	Manager	465.00	4.50	2,092.50	4.50	2,092.50	-	-	-	-	-	-
Daniel Rigg	Manager	500.00	1.80	900.00	1.20	600.00	-	-	0.30	150.00	0.30	150.00
Daniel Rigg	Manager	465.00	35.10	16,321.50	6.30	2,929.50	3.40	1,581.00	7.60	3,534.00	17.80	8,277.00
Tom Whitmarsh	Manager	465.00	0.20	93.00	0.20	93.00	-	-	-	-	-	-
Kani Zhang	Manager	500.00	2.80	1,400.00	0.30	150.00	-	-	2.50	1,250.00	-	-
Kani Zhang	Assistant Manager	425.00	0.30	127.50	0.30	127.50	-	-	-	-	-	-
Emily Guan	Senior Accountant	385.00	31.60	12,166.00	0.50	192.50	-	-	16.10	6,198.50	15.00	5,775.00
Bill Todd	Accountant	370.00	20.80	7,696.00	1.30	481.00	-	-	19.50	7,215.00	-	-
Bill Todd	Accountant	345.00	17.80	6,141.00	4.70	1,621.50	-	-	1.30	448.50	11.80	4,071.00
Bill Todd	Graduate Accountant	220.00	14.00	3,080.00	3.10	682.00	1.50	330.00	9.10	2,002.00	0.30	66.00
James Hajjar	Undergraduate Accountant	235.00	1.40	329.00	-	-	-	-	1.40	329.00	-	-
	Total	139.70	139.70	56,481.50	26.30	11,497.00	5.90	2,576.00	59.30	22,074.50	48.20	20,334.00
	GST			5,648.15								
	Total (Incl. GST)			62,129.65								
	Average hourly rate			404.31								

Schedule B: Description of work that has been completed

Resolution 1: From 1 October 2020 to 31 July 2021

	General Description	Includes
Administration 26.30 Hrs \$11,497.00	Planning / Review	Attend to all statutory requirements Discuss the status of liquidation Internal meetings to discuss report to creditors
	Correspondence	General correspondence with third parties
	Document Maintenance / File Review / Checklist	File of documents File reviews Update checklists
	Bank account administration	Bank account reconciliations Preparation of receipts and payments
	ASIC Forms	Lodge statutory ASIC notices and forms
	ATO & other statutory reporting	Request ATO refunds Prepare BAS lodgements
	Assets 5.90 Hrs \$2,576.00	Cash at Bank
General		Internal discussions regarding assets and progress
Stock		Review and issue invoice for NZ stock sale
Debtors		Correspondence with Mahoneys regarding collection of outstanding debtors Reconciliation of debtor receipts Preparation of files for external collection

Creditors 59.30 Hrs \$22,074.50	Creditor Enquiries	Receive and follow up creditor enquiries via telephone, email and post Maintain creditor enquiry register Review and prepare correspondence to creditors and their representatives via email and post
	Creditor report	Prepare and send report to creditors Prepare Liquidator's remuneration report
	Proposals without meeting	Prepare proposals without meeting Receive creditors voting and maintain register Prepare and lodge outcome of the proposals
	Proofs of debt	Receive and file proofs of debts Update creditor claims in register
Investigations 48.20 Hrs \$20,334.00	Conducting investigation	Draft s533(1) report for ASIC Prepare internal investigation file note Discussions with Liquidators of Braitrust UK (Duff and Phelps) and review documents provided by them Internal discussions regarding investigations Investigate conduct of Directors prior to appointment Investigate potential preference payments

Schedule C: Description of work expected to be completed

Resolution 2: From 1 August 2021 to the conclusion of the liquidation

	General Description	Includes
Administration 10.00 Hrs \$5,000.00	Planning / Review	Attend to all statutory requirements Discuss the status of liquidation
	Correspondence	General correspondence with third parties
	Document Maintenance / File Review / Checklist	File of documents File reviews Update checklists
	Bank account administration	Bank account reconciliations Preparation of receipts and payments
	ASIC Forms	Lodge statutory ASIC notices and forms
	ATO & other statutory reporting	Prepare BAS lodgements
Assets 5.00 Hrs \$2,500.00	General	Internal discussions regarding assets and progress
	Debtors	Correspondences with Mahoney's to finalise collection Reconciliation of debtor receipts
Creditors 20.00 Hrs \$10,000.00	Creditor enquiries	Receive and follow up creditor enquiries via telephone, email and post Maintain creditor enquiry register
	Creditor report	Prepare report to creditors Prepare Liquidator's remuneration report Receive and file creditor voting forms Respond to creditor enquiries regarding voting forms Lodgements of statutory notifications
	Processing proofs of debt	Receive and file proofs of debts Update creditor claims in register
	Distribution of Dividend	Preparation of correspondence to creditors advising of intention to declare dividend

		<p>Advertisement of intention to declare dividend</p> <p>Adjudication of creditor claims</p> <p>Preparation of dividend calculation</p> <p>Preparation of correspondence to creditors announcing declaration of dividend</p> <p>Advertise announcement of dividend</p> <p>Preparation of dividend payment</p>
<p>Investigations</p> <p>5.00 Hrs</p> <p>\$2,500.00</p>	<p>Conducting investigation</p>	<p>Lodge s533(1) report with ASIC</p> <p>Discussions with Liquidators of Braitrust UK (Duff and Phelps) regarding preference claim</p> <p>Internal discussions regarding investigations</p> <p>Liaise with ASIC in relation to further action required following lodgement of the s533(1) report</p> <p>Finalise investigation</p>

Business Restructuring - Corporate Rates as at 1 July 2020

Title	Description	Hourly Rate (excl GST)
Partner	Registered Liquidator- Partner bringing specialist skills to administration or insolvency task.	665
Associate Director	Minimum of twelve years insolvency experience, at least five years at manager level, qualified accountant and capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in own right.	615
Senior Manager	More than 7 years' insolvency experience, more than 3 years as a manager, qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of administration. Experienced at all levels and considered very competent. Control staff and their training.	510
Manager	6-7 years, qualified accountant, with well-developed technical and commercial skills. Should be constantly alert to opportunities to meet clients' needs and to improve the clients' future operation either by revenue enhancement or by reducing costs and improving efficiency. Controls 2-4 staff.	465
Assistant Manager	4-6 years, CA program (CA) complete. Will have had conduct of minor administrations and experience in control of 1-3 staff. Assists planning and control of medium to larger jobs.	425
Senior Accountant	2-4 years, CA (or equivalent) would normally be commenced during this period. Required to control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.	385
Accountant	1-2 years, CA (or equivalent) would normally be commenced during his period. Required to control the fieldwork on small jobs and responsible for assisting complete fieldwork on medium to large jobs.	345
Graduate Accountant	0-1 years, Trainee undertaking a degree with an accounting major. Required to assist in day-to-day fieldwork under supervision of more senior staff.	220
Undergraduate Accountant	HSC or equivalent, plans to undertake at least part-time degree/diploma. Required to assist in administration and day-to-day fieldwork under supervision of more senior staff.	220
Executive Assistant/ Personal Assistant	Appropriate computer skills including machine usage	220

Note: Office rates charged by BDO are subject to change.



Business Restructuring - Corporate Rates as at 1 July 2021

Title	Description	Hourly Rate (excl GST)
Partner	Registered Liquidator- Partner bringing specialist skills to administration or insolvency task.	710
Associate Director	Minimum of twelve years insolvency experience, at least five years at manager level, qualified accountant and capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in own right.	615
Senior Manager	More than 7 years' insolvency experience, more than 3 years as a manager, qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of administration. Experienced at all levels and considered very competent. Control staff and their training.	545
Manager	6-7 years, qualified accountant, with well-developed technical and commercial skills. Should be constantly alert to opportunities to meet clients' needs and to improve the clients' future operation either by revenue enhancement or by reducing costs and improving efficiency. Controls 2-4 staff.	500
Assistant Manager	4-6 years, CA program (CA) complete. Will have had conduct of minor administrations and experience in control of 1-3 staff. Assists planning and control of medium to larger jobs.	460
Senior Accountant	2-4 years, CA (or equivalent) would normally be commenced during this period. Required to control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.	410
Accountant	1-2 years, CA (or equivalent) would normally be commenced during his period. Required to control the fieldwork on small jobs and responsible for assisting complete fieldwork on medium to large jobs.	370
Graduate Accountant	0-1 years, Trainee undertaking a degree with an accounting major. Required to assist in day-to-day fieldwork under supervision of more senior staff.	300
Undergraduate Accountant	HSC or equivalent, plans to undertake at least part-time degree/diploma. Required to assist in administration and day-to-day fieldwork under supervision of more senior staff.	235
Executive Assistant/ Personal Assistant	Appropriate computer skills including machine usage	235

Note: Office rates charged by BDO are subject to change.

APPENDIX C

Proposal without a meeting

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NOTICE OF PROPOSAL TO CREDITORS

BRAIFORM AUSTRALIA PTY LTD (IN LIQUIDATION)

ACN 151 954 513 ('THE COMPANY')

RESOLUTION ONE

6 August 2021

This proposal is being put to creditors to approve remuneration as allowed under law.

Proposal for creditor approval

"That the remuneration of the Liquidators, their partners and staff, for the period from 1 October 2020 to 31 July 2021, calculated at the hourly rates detailed in the Business Restructuring Corporate Rates as at 1 July 2020 and 1 July 2021, is approved for payment in the amount of \$56,481.50, exclusive of GST, to be drawn from available funds immediately or as funds become available."

Reasons for the proposal and the likely impact it will have on creditors if it is passed

The proposal, if passed, will minimise the cost of approving remuneration for the liquidation which would otherwise require a meeting of creditors or court application to be approved - which can be costly.

Remuneration of the Liquidators is to be paid in priority to other claims under the Corporations Act 2001. This ensures that when there are sufficient funds, the Liquidators receive payment for the work done to recover assets, investigate the Company's affairs, report to creditors and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Our remuneration approval report, which has been provided with this notice, provides more detailed information on the remuneration we are seeking to be approved.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes I approve the proposal
- No I do not approve the proposal
- Object I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting by the Liquidation for your vote to count. Please select the option that applies:

- I have previously submitted a proof of debt form and supporting documents
- I have enclosed a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor: _____ ACN / ABN (if applicable): _____

- I am not a related creditor of the Company.
- I am a related creditor of the Company, relationship: _____

Address: _____

Name of creditor / authorised person: _____

Signature: _____ Date: _____

Please complete this document and return with any supporting documents by no later than 30 August 2021 for your vote to be counted, via email to bill.todd@bdo.com.au or via post to our firm's address, attention Bill Todd. If posting, please ensure you allow sufficient time for your vote to arrive by the due date.

NOTICE OF PROPOSAL TO CREDITORS

BRAIFORM AUSTRALIA PTY LTD (IN LIQUIDATION)
ACN 151 954 513 ('THE COMPANY')

RESOLUTION TWO

6 August 2021

This proposal is being put to creditors to approve remuneration as allowed under law.

Proposal for creditor approval

"That the future remuneration of the Liquidators for the period from 1 August 2021 to the completion of the liquidation, is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Business Restructuring Corporate Rates as at 1 July 2021, that may be increased at a rate of up to 3.5% at 1 July each year (rounded to the nearest \$5), up to a capped amount of \$20,000.00, exclusive of GST, and that the Liquidators can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."

Reasons for the proposal and the likely impact it will have on creditors if it is passed

The proposal, if passed, will minimise the cost of approving remuneration for the liquidation which would otherwise require a meeting of creditors or court application to be approved - which can be costly.

Remuneration of the Liquidators is to be paid in priority to other claims under the Corporations Act 2001. This ensures that when there are sufficient funds, the Liquidators receive payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Our remuneration approval report, which has been provided with this notice, provides more detailed information on the remuneration we are seeking to be approved.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

- Yes I approve the proposal
- No I do not approve the proposal
- Object I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting by the Liquidation for your vote to count. Please select the option that applies:

- I have previously submitted a proof of debt form and supporting documents

I have enclosed a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor: _____ ACN / ABN (if applicable): _____

I am not a related creditor of the Company.

I am a related creditor of the Company, relationship: _____

Address: _____

Name of creditor / authorised person: _____

Signature: _____ Date: _____

Please complete this document and return with any supporting documents by no later than 30 August 2021 for your vote to be counted, via email to bill.todd@bdo.com.au or via post to our firm's address, attention Bill Todd. If posting, please ensure you allow sufficient time for your vote to arrive by the due date.

APPENDIX D

Formal proof of debt form

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Notes:

1. Insert the full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
2. Insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Due Date
			\$ ¢	

3. Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the date of", "moneys advanced in respect of the Bill of Exchange." Include details of vouchers substantiating payment.
4. Do not complete section three if this proof is made by the creditor personally.

FOR OFFICE USE ONLY

Received	Admitted to Vote for	Admitted to rank for dividend
	\$ ¢	\$ ¢

APPENDIX E

Proposal with a meeting information sheet

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Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").

