

REPORT TO CREDITORS

Braiform Australia Pty Ltd
(In Liquidation)
ACN 151 954 513

Creditors' Meeting:

Creditors' meeting to be held at
11:00am (AEST) on Tuesday, 17
November 2020 via Webinar.

Dated: 2 November 2020

Liquidators:	Andrew Sallway and Duncan Clubb
Contact for Queries:	Bill Todd
Contact Phone:	(02) 8221 2228
Contact Email:	Bill.Todd@bdo.com.au



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ABBREVIATIONS USED

Abbreviation	Description
AEST	Australian Eastern Standard Time
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
AUD	Australian Dollars
BAS	Business Activity Statement
BDO	BDO Business Restructuring
Braiform Enterprise	Braiform Enterprise Inc
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
CAANZ	Chartered Accountants Australia and New Zealand
FY	Financial Year
GST	Goods and Services Tax
IPS	Schedule 2 of the Corporations Act 2001 - Insolvency Practice Schedule (Corporations)
IPR	Insolvency Practice Rules (Corporations) 2016
k	Thousand
Liquidators	Andrew Sallway and Duncan Clubb
m	Million
NZD	New Zealand Dollars
PAYG	Pay as You Go
ROCAP	Report on Company Activities and Property
Thai Fashion	Thai Fashion Plastics Industrial Co Ltd
the Act	Corporations Act 2001
the Company	Braiform Australia Pty Ltd (In Liquidation)
SGC	Superannuation Guarantee Charge
USD	US Dollars

ATTACHMENTS

Annexure	Description
A	Estimated Outcome Statement
B	Notice of Meeting
C	Proof of Debt Form
D	Proxy Form
E	Remuneration Report

1. EXECUTIVE SUMMARY

Outlined below is a summary of the key points raised in this report:

- On 15 April 2020, Andrew Sallway and Duncan Clubb were appointed Liquidators of the Company.
- This report should be read in conjunction with our previous reports to creditors dated 28 April 2020 and 14 July 2020.
- To date, we have received 15 proofs of debt totalling AUD 5,218,842 from unsecured creditors of the Company.
- Collection of the Company's pre-appointment debtors is currently ongoing. We have engaged Mahoneys Solicitors to pursue the remaining outstanding balance. We estimate AUD 58,163 remains collectible.
- Potential unfair preference payment claims have been identified. Investigations revealed a number of these payments were paid to a supplier, Thai Fashion, as well as other entities in the international Braiform group. Our assessment of these claims is detailed in section 4 of this report.
- Potential insolvent trading claims against the Directors have been identified. Our assessment of these claims is detailed in section 5 of this report.
- There is likely to be sufficient recoveries in the liquidation to enable a return of approximated 3.39 cents in the dollar to unsecured creditors of the Company. This estimate has decreased from our previous estimate of 15 cents in the dollar primarily due to a substantial increase in the value of creditor claims from a proof of debt submitted by a related party. Further information on our estimated return is detailed in section 7 of this report.
- A meeting of creditors has been convened for Tuesday, 17 November 2020 at 11:00am, to be held via Webinar. At the meeting, we will be seeking approval of:
 - Our current remuneration for the period 31 July 2020 to 30 September 2020 for AUD 20,686.50, excluding GST.

We would appreciate if creditors voting by proxy would complete and return this form by 4:00pm on Monday, 16 November 2020 to Bill Todd of this office at Bill.Todd@bdo.com.au.

- We anticipate the winding up of the Company will continue for between 12 months and two years, the timing of which is subject to the completion of our investigations and whether legal proceedings are required to pursue any rights of action. We will seek approval for our future remuneration beyond 30 September 2020 from creditors in due course.

COVID-19: MEETING TO BE HELD VIA WEBINAR

Please note due to the current COVID-19 pandemic and in line with ASIC guidance, it is not appropriate to hold a physical meeting of creditors, as such the meeting will be held via an online webinar. Any creditor wishing to attend the webinar will need to ensure their documentation (including a proof of debt form, proxy and alternate contact details) has been submitted to the Liquidators' office by 4:00pm on Monday, 16 November 2020. A link to the webinar meeting will be provided by email upon receipt of the relevant documents.

2. INTRODUCTION

We refer to our previous reports to creditors dated 28 April 2020 and 14 July 2020.

The purpose of this report is to:

- Provide you with an update on the progress of the liquidation; and
- Advise you of the likelihood of a dividend being paid in the liquidation.

We will also be requesting that you consider our detailed remuneration report and approve our remuneration at an upcoming meeting of creditors to be held on Tuesday, 17 November 2020 at 11:00am, to be held via Webinar.

3. BOOKS AND RECORDS

A physical back-up of the Company's books and records has been received from Ricoh, however the records were provided in an unconventional format requiring additional software and equipment in order to access. We are seeking assistance from IT professionals in order to extract the required data.

4. DEBTORS

In our previous report, we identified debtors totalling AUD 354,652. A summary of collections to date is provided below:

Debtors	Australia AUD	New Zealand AUD	Total AUD
Total book value	250,491	104,161	354,652
Add: Additional NZ debtors not previously reported	-	6,026	6,026
Adjusted Total	250,491	110,187	360,678
Less: Amounts collected	(48,344)	(76,859)	(125,202)
Less: Amounts paid to Australian Factoring Company (debtor finance)	(18,810)	-	(18,810)
Less: Set offs	(50,163)	-	(50,163)
Less: Estimated bad debts	(75,012)	(33,328)	(108,340)
Residual amount likely to be recoverable	58,163	-	58,163

To date, we have collected AUD 125,202, being 35% of total receivables.

We previously estimated a collection rate of 50% of total book value as likely. We still consider this estimate to be reasonable. We have engaged Mahoneys Solicitors to pursue the remaining outstanding balance of AUD 235,476 of which AUD 58,163 is estimated to be collectible.

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

- Rights of set-off pursuant to section 553C of the Corporations Act 2001;
- 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
- Poor books and records.

5. UNFAIR PREFERENCES

Our preliminary investigations identified potential unfair preference payments totalling c. AUD 1.6m and c. NZD 367K.

Unfair Preference Payments to Related Parties

A summary of the potential preferences to each related entity is set out below:

Related Party	Amount AUD	Amount NZD	Total Claim AUD*
Braitrim (U.K.) Limited (In Liquidation)	395,452	28,885	425,905
Cliffhanger Limited Formerly Braiform (HK) Limited (In Liquidation)	131,210	100,542	237,211
Braiform Enterprise Inc	216,588	-	216,588
Braitrim Plasti-Form (Middle East) FZCO	-	55,616	58,636
Pierre Fourie	10,000	-	10,000
Total	753,250	185,043	948,340

*NZD conversion rate (date of appointment): 1 AUD = 1.0543 NZD

Further investigations into the Company's loan accounts, pending access to the Company's back-up records, are required in order to determine whether the payments are voidable and commercial to pursue.

As we have identified related party payments, further bank statements for the period of 4 years prior to our appointment have been requested from the Company's pre-appointment bank.

Our investigations for each related entity is summarised below:

- Braitrim UK

Braitrim UK received payments in the amount of AUD 425,905 during the relation-back period.

Braitrim UK was placed into liquidation on 22 April 2020 with James Cook and Paul David Williams of Duff & Phelps Ltd appointed as Liquidators.

The Company is listed as a creditor of Braitrim UK for USD 217 (excluding the potential unfair preference claim). The Liquidators' of Braitrim UK anticipate a return of 5 cents in the dollar to unsecured creditors.

We have written to the Liquidators in relation to the Company's potential preference claim.

- Braiform HK

Braiform HK received payments in the amount of AUD 237,211 during the relation-back period.

Braiform HK was placed into liquidation on 21 April 2020 with David James Bennett and Georgia Chow of Grant Thornton appointed as Liquidators.

Braiform HK has advised us that they are a creditor of the Company and have lodged a proof of debt with us in the amount of c. AUD 5m. Braiform HK may qualify for the right of offset pursuant to section 553C of the Act. We have requested supporting documentation to validate the debt.

Braiform HK advised that there may be a return to unsecured creditors from the liquidation, however the rate of return is difficult to estimate at this time.

We have written to the Liquidators in relation to the Company's potential preference claim.

- Braiform Enterprise

Braiform Enterprise received one payment in the amount of AUD 216,588 during the relation-back period.

Braiform Enterprises, based in the US, was involved in legal proceedings commenced by Target. We believe Braiform Enterprise entered into a six-year supply agreement with Target on 20 December 2017 for the supply of a closed-loop hanger re-use system. The trading relationship broke down over the rollout of self-checkout stores. Despite lengthy negotiations, Braiform Enterprise and Target could not reach an agreement regarding ongoing supply leading to lengthy litigation between parties.

We have written to Braiform Enterprises in relation to the Company's potential preference claim.

- Braitrim Plasti-Form

Braitrim Plasti-Form received one payment in the amount of AUD 58,636 during the relation-back period.

Braitrim Plasti-Form is 20% owned by Braiform HK.

We have written to Braitrim Plasti-Form regarding the Company's potential preference claim.

- Mr Pierre Fourie

Mr Pierre Fourie received one payment of AUD 10,000 during the relation-back period.

Mr Fourie is a former Director of the Company who resigned on 19 December 2019. It is understood that he was engaged in March 2020 and paid for a week as a contractor to manage the Company's affairs.

We will write to Mr Fourie regarding the nature of the payment from the Company's books and records.

Unfair Preference Payments to Other Creditors

We identified payments made to Thai Fashion totalling c. NZD 66k in the 6 months prior to our appointment.

We have requested a copy of the correspondence between Thai Fashion and the Company in the lead up to our appointment from the Company's former accountant to determine whether the payments may be classified as unfair preference payments.

We have written to Thai Fashion in relation to the Company's preference claim.

Potential Defences

The Act provides certain defences to preference payment claims, including:

- the recipient received the payment in good faith pursuant to section 588FG of the Act;
- the amounts received is part of a running balance account and the level of indebtedness to the creditor, while fluctuating, does not significantly alter; or
- the recipient is entitled to set off pursuant to section 553C of the Corporations Act 2001.

Request for Funding

In the event that legal proceedings are required to progress these claims, we will assess the commerciality of each claim prior to commencing recovery actions. Further funding may be required in the event creditors wish to commence legal proceedings.

Potential funding options include:

- Funding from litigation funders. Funding from litigation funders is likely to be a costly option as they are remunerated with a percentage of the successful recovery.
- Funding from Attorney-General's Department administering the Fair Entitlements Guarantee (FEG) scheme for employees. As there has been no employee claims in the liquidation, it is unlikely we will be able to obtain funding from the Attorney-General's Department.
- Funding from creditors. We invite any creditors interested in funding the litigation to contact our office.
- Pursuant to section 100-5 of the IPS, liquidators may assign the right to sue conferred to them. As such, creditors can potentially purchase the right of actions for the claims identified. If any creditors are interested in purchasing the rights to pursue the identified unfair preference claims, please contact our office to discuss further.

We will consider all offers and make an assessment based on the merits of the claim and the impact on the return to creditors.

6. INSOLVENT TRADING

In our previous report, we determined that the Company may have traded while insolvent from at least 2019 and identified potential insolvent trading claims against the Directors, subject to available defences. In reviewing the quantum of the potential claim, we have relied upon the presumption of insolvency in section 588E of the Act and determined that the total level of debts incurred since the Company's date of incorporation is appropriate in calculating the value of the insolvent trading claim in the absence of further information.

Determination of Insolvency

Section 588E of the Act sets out presumptions of insolvency for the purposes of section 588G. Section 588E(4), provides that:

"a company will be presumed to have been insolvent for the purposes of section 588G if the company has failed to keep financial records for a period of seven (7) years as required by subsection 286(2) of the Act".

Despite our request for the books and records of the Company, we have yet to receive complete financial records. The Company's back-up records have been received but the data is not accessible for review.

The key indicators relied upon in determining insolvency and their relevance to this matter are summarised below:

- Continuing trading losses from FY15 to FY18. We note that Profit and Loss statements for FY19 and FY20 have not been provided;
- Unpaid statutory debts accrued from November 2019 to the date of our appointment;

- No access to alternative finance as the Braiform Group was experiencing financial difficulties as a result of the early termination of a key customer contract in the US in September 2019 and the further impact of COVID-19 on sales in the lead up to our appointment; and
- Unpaid creditors outside trading terms with outstanding invoices at appointment dating back to June 2019.

Value of Claim

The insolvent trading claim is currently AUD 5,218,842, being the total debts incurred which remain unsatisfied, since the Company's date of incorporation.

In determining whether to initiate an insolvent trading claim, the costs to prosecute and the Directors' ability to satisfy each claim must be also assessed. We have requested a statement of the Directors' assets and liabilities, however to date none of the Directors have provided the requested statement. A national property search conducted did not reveal any properties owned in the Directors' names.

The value of the claim is currently preliminary and subject to change based on a review of further records and any additional creditor claims.

Insolvent trading demands against the Directors may be issued in this regard.

Request for Funding

Further investigations including public examinations of the Directors to determine any defences they may have and the preparation of an expert witness solvency report would be required to pursue insolvent trading claims. Funding will be required to undertake these actions. If a funder is identified, the terms will be documented in a funding agreement and provided to creditors for approval.

Potential funding options include:

- Funding from litigation funders. Funding from litigation funders is likely to be a costly option as they are remunerated with a percentage of the successful recovery.
- Funding from Attorney-General's Department administering the Fair Entitlements Guarantee (FEG) scheme for employees. As there has been no employee claims in the liquidation, it is unlikely we will be able to obtain funding from the Attorney-General's Department.
- Funding from creditors. We invite any creditors interested in funding the litigation to contact our office.
- Pursuant to section 588R of the Act, a creditor may, with the consent of the Liquidators, commence proceedings under section 588M to pursue a Director for an insolvent trading claim. If any creditor wishes to purchase the rights to commence proceedings under section 588M, please contact our office within 14 days of the date of this report.

We will consider all offers and make an assessment based on the merits of the claim and the impact on the return to creditors.

7. REPORT TO ASIC

We have identified a number of breaches of Director's duties which will be reported to ASIC pursuant to section 533 of the Act.

ASIC will make a determination on whether to pursue the misconduct depending on:

- The extent of the harm or loss;
- The benefits of pursuing the misconduct;
- How other issues, such as the type and seriousness of the misconduct and the evidence available, affect the matter; and
- Whether there is an alternative course of action.

8. RETURN TO CREDITORS

To date, we have received 15 proofs of debt totalling AUD 5,218,842 from unsecured creditors of the Company in Australia and New Zealand.

A summary of the estimated outcome statement is set out in Annexure A. We currently estimate a return of 3.39 cents in the dollar to unsecured creditors.

Estimated Outcome Statement	Prior Estimate (Likely)	Current Estimate (Low)	Current Estimate (Likely)	Current Estimate (High)
Total Unsecured creditors	1,054,143	5,829,366	2,954,143	2,354,143
Estimated return to Unsecured Creditors (c./\$)	15.08	-	3.39	10.33

Decrease in estimated return

This estimate has decreased from our previously reported estimate due to a substantial increase in the value of creditor claims as a result of a claim from Braiform HK for USD 3,008,000. Supporting documentation to the proof of debt has been requested, however, this has not been provided as at the date of this report. It is understood that the Liquidators of Braiform HK will provide supporting documents once they receive the books and records from Ricoh.

It should be noted that we have not yet adjudicated any creditor claims (including the claim from Braiform HK). If a dividend becomes payable, we will undertake an adjudication process and the estimated return to creditors is subject to change.

Increase in Estimated Remuneration

Our estimated remuneration has increased from our prior estimated due to additional time incurred in:

- liaising with US based service provider, Ricoh, for a back-up of the Company's records;
- liaising with BDO's internal IT support regarding extraction of data from the back-up;
- liaising with and collecting the Company's debtors;
- investigating and assessing the recoverability of potential preference payments;
- preparing an insolvent trading claim and assessing recoverability;



- liaising with the Directors, staff, and external parties to acquire information due to difficulties in obtaining records and deficiencies in information; and
- preparing an update report to creditors.

Details of tasks completed in the liquidation can be found in our remuneration report attached as Annexure E.

9. RECEIPTS AND PAYMENTS

A summary of receipts and payments in the liquidation to date is set out below:

Description	Amount (AUD)
Receipts	
Pre-appointment cash at bank	48,974
Proceeds from sale of stock	403,508
Pre-appointment debtors	125,202
Interest income	178
ATO Refund	9,666
Total Receipts	587,528
Payments	
Bank Charges	831
Warehouseman's lien	304,461
Liquidators' Remuneration	101,141
Liquidators' Disbursements	1,517
IT costs	1,533
Legal Fees	10,281
Total Payments	419,764
Cash at Bank	167,764

The receipts and payments shown above include GST. Variations between the proceeds from the sale of stock and payments for the warehouseman's lien in our estimated outcome statement relate to GST.

10. COSTS OF THE LIQUIDATION

We are seeking approval of our remuneration of AUD 20,686.50, exclusive of GST, for the period 31 July 2020 to 30 September 2020.

Attached at Annexure E 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.

A meeting of creditors to consider our remuneration will be held as follows:

Meeting Details	
Date	Tuesday, 17 November 2020
Time	11:00am (AEST)
Address	Held via online Webinar

Further meeting information, including the notice of meeting and details of the information you are required to provide if you plan to attend the meeting are attached as Annexure B. To participate in this meeting, you may need to:

- Submit a proof of debt and information to substantiate your claim.
- Appoint a person - a "proxy" or person authorised under a power of attorney - to vote on your behalf at the meeting. This may be necessary if you are unable to attend the meeting, or if the creditor is a company.
- You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish your vote to be cast. If you choose to do this, the chairperson must cast your vote as directed.

Proof of debt and proxy forms are included with the notice of meeting. To facilitate the conduct of the meeting, completed proofs of debt and, if applicable, proxy forms must be returned to our office by post, fax or email by 4:00pm on Monday, 16 November 2020.

11. MATTERS OUTSTANDING

We will proceed with the liquidation, including:

- Hold the forthcoming meeting of creditors;
- Collection of remaining debtors;
- Reporting to the corporate insolvency regulator, ASIC, pursuant to section 533 of the Act;
- Completing our investigations with respect to potential voidable transactions and insolvent trading and issuing demand letters to the relevant parties. If applicable, commence legal proceedings to pursue recovery (subject to availability of funding);
- Prepare a brief for, and liaise with, our solicitors regarding public examinations (if applicable);
- Adjudicate on creditors' proofs of debt;
- Prepare and distribute a dividend to creditors; and
- Finalise the Liquidation.

We anticipate the winding up of the Company will continue for between 12 months and two years, subject to whether it is determined to be appropriate to commence legal proceedings.

12. DISCLAIMER

As of 31 July 2020, BDO Melbourne, Sydney, Brisbane and Sunshine Coast offices have merged into one Firm. This is a significant milestone for BDO in Australia as the Firm moves to a simpler and more efficient structure across Australia for the benefit of our clients.

As part of the merger process, BDO East Coast Partnership, the entity you have been dealing with, has, as at 31 July 2020, ceased to trade.

Your relationship with BDO will now be conducted under the name of BDO Business Restructuring Pty Ltd. All future correspondence with you will also be in the name of BDO Business Restructuring Pty Ltd.



Apart from the above changes, there will be no change to your day to day dealings with me or other BDO partners or staff.

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's affairs.
- 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.

If you have any queries with respect to this liquidation and the enclosed documents, please do not hesitate to contact Bill Todd of our office on (02) 8221 2228 or Bill.Todd@bdo.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Andrew Sallway'.

Andrew Sallway
Joint & Several Liquidator

‘ANNEXURE A’

Estimated Outcome Statement

Braiform Australia Pty Ltd (In Liquidation)	Previous Likely Estimate	Current Low Estimate	Current Likely Estimate	Current High Estimate
Circulating assets				
Pre-Appointment Cash at Bank	48,974	48,974	48,974	48,974
Proceeds from the Sale of Stock (excl GST)	353,485	353,485	353,485	353,485
Interest Income	-	178	178	178
Pre-Appointment Debtors	354,625	360,678	360,678	360,678
Less: Provision for Uncollectible Debtors	(177,313)	(235,476)	(177,313)	(44,263)
Liquidator Claims	-	-	TBC	TBC
Net: Circulating Assets	579,772	527,839	586,002	719,052
Costs incurred				
Less: Warehouseman's Lien (excl GST)	(267,140)	(267,140)	(267,140)	(267,140)
Less: Net GST Payable on Sale of Stock*	(15,739)	(15,739)	(15,739)	(15,739)
Less: Bank Charges	-	(831)	(831)	(831)
Less: Legal Costs (excl GST)	(15,000)	(9,346)	(9,346)	(9,346)
Less: IT Costs	(1,533)	(1,533)	(1,533)	(1,533)
Less: Liquidators Remuneration (excl GST)	(91,947)	(112,633)	(112,633)	(112,633)
Less: Liquidators Disbursements (excl GST)	(1,380)	(1,380)	(1,380)	(1,380)
Total Costs to Date	(392,739)	(408,602)	(408,602)	(408,602)
Future costs				
Less: Legal Costs (excl GST)	-	(20,000)	(15,000)	(10,000)
Less: Contingency Costs	-	(15,000)	(10,000)	(5,000)
Less: Liquidators Future Remuneration (excl GST)	(28,054)	(84,367)	(52,367)	(52,367)
Net Circulating Assets Available to Creditors	158,980	-	100,033	243,083
Unsecured Creditors	1,054,143	1,054,143	1,054,143	1,054,143
Additional Unsecured Creditors	-	4,775,223	1,900,000	1,300,000
Total Unsecured creditors	1,054,143	5,829,366	2,954,143	2,354,143
Estimated return to Unsecured Creditors (c./\$)	15.08	-	3.39	10.33

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

‘ANNEXURE B’

Insolvency Practice Rules (Corporation) 2016

Corporations Act 2001

NOTICE OF MEETING OF CREDITORS

BRAIFORM AUSTRALIA PTY LTD (IN LIQUIDATION)

ACN 151 954 513 ("THE COMPANY")

NOTICE IS GIVEN that a meeting of the creditors will be held via Online Webinar on Tuesday, 17 November 2020 at 11:00am (AEDT).

The purpose of this meeting is:

1. To provide creditors with an update on the liquidation; and
2. To approve the remuneration of the Liquidators, their partners and staff for the period 31 July 2020 to 30 September 2020 on a time basis up to a maximum amount of \$20,686.50 exclusive of GST and disbursements.

Please note due to the current COVID-19 pandemic, it is not viable or appropriate to hold a physical meeting of creditors, as such the meeting will be held via an online webinar. Any creditor wishing to attend the webinar will need to ensure their documentation (including a proof of debt form, proxy and alternate contact details) has been submitted to the Liquidators' office by 4:00pm on Monday, 16 November 2020. A link to the webinar meeting will be provided by email upon receipt of the relevant documents.

Creditors will not be entitled to vote at the meeting unless they have lodge particulars of their claim against the Company with us prior to the commencement of the meeting.

DATED this the 2nd day of November 2020



Andrew Sallway
Joint and Several Liquidator

‘ANNEXURE C’

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

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

To the Liquidators of

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

1. This is to state that the company was on Wednesday, 15 April 2020, and still is, justly and truly indebted to (insert full name and address of the creditor¹)

for (insert amount of claim in words)

	dollars and	
		cents

Particulars of the debt are (give details of claim²):

Date	Consideration (state how the debt arose)	Amount \$ ¢	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following³:

3. ⁴I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. I am the creditor, employed by the creditor, and/or the creditor's agent duly authorised in writing to make this statement.

Signed

Dated

Confirmation of postal/contact details of Creditor

Address			
City	State	Postcode	
Phone	Email		

Correspondence by email

Do you consent to this office electing to send correspondence regarding the company to the above email address? Yes

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
	\$ ¢	\$ ¢

‘ANNEXURE D’

APPOINTMENT OF PROXY

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

I/We (name of signatory).....of (creditor name).....
of (creditor address) _____

a creditor of Braiform Australia Pty Ltd

appoint (name of person to hold proxy) _____

of (address of proxy) _____

or in his or her absence (name alternative proxy) _____

of (address of alternative proxy) _____

as my/our proxy to vote at the creditors meeting to be held on Tuesday, 17 November 2020 at 11:00am via
webinar, or at any adjournment of that meeting as follows:

I/We authorise my/our proxy to vote as special proxy as specified below.

RESOLUTIONS	For	Against	Abstain
1. Liquidators' Remuneration That the remuneration of the Liquidators from 31 July 2020 to 30 September 2020 is determined at a sum equal to the costs of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the report to creditors dated 2 November 2020, being \$20,686.50, exclusive of GST, and that the Liquidators can draw the remuneration on a monthly basis or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

I/We authorise my/our proxy to vote as a general proxy on resolutions other than those specified above.

Signed

Dated

‘ANNEXURE E’



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 and then attend the meeting of creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Information about the meeting of creditors is provided in the covering report to creditors.

If you have any questions or need any assistance, 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 Creditors Voluntary Liquidation.

3. EXECUTIVE SUMMARY

The total remuneration for this appointment was previously estimated to be \$120,000, exclusive of GST, subject to outcome of our investigations. The total remuneration for this appointment is currently estimated to be \$165,000, exclusive of GST, to completion. This includes remuneration we are not yet seeking approval of.

This has increased compared to our initial estimate because of:

- Time incurred in liaising with US based service provider for a back-up of the Company's records;
- Time incurred in liaising with IT support regarding extraction of data from the back-up;
- Time incurred in liaising with and collecting the Company's debtors;
- Time incurred in investigating and assessing the recoverability of potential preference payments;
- Time incurred in preparing an insolvent trading claim and assessing recoverability;
- Time incurred in liaising with the Directors, staff, and external parties to acquire information due to difficulties in obtaining records and deficiencies in information; and
- Time incurred in preparing an update report to creditors.

Remuneration currently claimed and previously approved 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
Total approved		91,946.50
Current remuneration approval sought:		
Resolution 1: 31 July 2020 to 30 September 2020*		20,686.50
Total sought		20,686.50
Total remuneration currently approved and sought		112,633.00

*Our approval sought for the remuneration up to 30 September 2020 previously is based on an estimate of the work necessary up to 30 September 2020. Additional work was necessary beyond what is contemplated and further approval is being sought from creditors.

4. REMUNERATION

4.1 Remuneration claim resolutions

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 31 July 2020 to 30 September 2020

"That the remuneration of the Liquidators from 31 July 2020 to 30 September 2020 is determined at a sum equal to the costs of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the report to creditors dated 2 November 2020, being \$20,686.50, exclusive of GST, and that the Liquidators can draw the remuneration on a monthly basis or as required."

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 31 July 2020 to 30 September 2020	Schedule A	Schedule B

Notes:

- 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 Creditors Voluntary Liquidation will be approximately \$165,000, excluding GST, to completion, which includes the current approval amount being sought and future remuneration we are not yet seeking approval of, due to variables which may have a significant effect on this estimate and that we are as yet unable to determine.

This estimate differs to the estimate of total remuneration provided in our previous Remuneration Report dated 14 July 2020, which estimated the total cost of the liquidation to be \$120,000 (excluding GST), for the following reasons:

- Additional time incurred in liaising with US based service provide, Ricoh, for a back-up of the Company's records;
- Time incurred in liaising with internal IT support regarding extraction of data from the back-up;
- Additional time incurred in liaising with and collecting the Company's debtors;
- Additional time incurred in investigating and assessing the recoverability of potential preference payments;
- Additional time incurred in preparing an insolvent trading claim and assessing recoverability;
- Additional time incurred in liaising with the Directors, staff, and external parties to acquire information due to difficulties in obtaining records and deficiencies in information; and
- Additional time incurred in preparing an update report to creditors.

In preparing this remuneration approval report, we have made our best estimate at what we believe the liquidation will cost to complete and we anticipate that we will have to ask creditors to approve further future remuneration up to the estimated total remuneration of \$165,000, excluding GST. Future anticipated tasks required to completion include:

- Extraction of data from the Company's back-up records;
- Assist Mahoneys Solicitors with collection of remaining debtors;
- Pursue preference payments against related parties and/or an insolvent trading claim against the Directors subject to funding;
- Adjudication on proofs of debt; and
- Distribution of unsecured dividend to creditors.

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

- Difficulties in extracting data from the Company's back-up records;

- Debtor collection process becoming protracted;
- Difficulties in pursuing preference payments against related parties and/or an insolvent trading claim against the Directors.

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.

Based on:

- realisations to date;
- estimated future realisations;
- our estimated remuneration to complete the liquidation; and
- the estimated total of creditor claims based on the Company's records and claims lodged now.

We estimate that a dividend of approximately 3.39 cents in the dollar will be paid in the Liquidation. However, this is subject to a range of variables, particularly the 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: Liquidator's Remuneration for the Period from 31 July 2020 to 30 September 2020

Client & Matter	Staff	Staff Position	Hourly Rate	Total		Administration		Assets		Creditors		Investigations	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Client: BRAIFORM AUSTRALIA PTY LTD Matter: BR - Creditors Voluntary Liquidation WIP Between: 31/07/2020 - 30/09/2020	Andrew Sallway	Partner	665.00	1.5	997.50	-	-	-	-	-	-	1.5	997.50
	Ben Carney	Manager	465.00	2.3	1,069.50	2.3	1,069.50	-	-	-	-	-	-
	Daniel Rigg	Manager	465.00	13.3	6,184.50	2.1	976.50	2.0	930.00	3.5	1,627.50	5.7	2,650.50
	Emily Guan	Senior Accountant	385.00	32.7	12,589.50	3.1	1,193.50	0.5	192.50	-	-	29.1	11,203.50
	Total			49.8	20,841.00	7.5	3,239.50	2.5	1,122.50	3.5	1,627.50	36.3	14,851.50
Less: Fees Approved													
Write Off													
Unbilled Amount				20,686.50									
Billed Amount				154.50									
GST				15.45									
Total (Incl. GST)				169.95									
Average hourly rate				418.5									



Schedule B: Description of Work that has been completed

Resolution: 31 July 2020 to 30 September 2020

	General Description	Includes
Administration	Planning / Review	Attend to all statutory requirements Discuss the status of liquidation
7.5 Hrs		
\$3,239.50	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 information from the ATO under the Freedom of Information Act Prepare request for Tax Clearance from the ATO Pursuant to Section 260-45 of Schedule 1 of the Taxation Administration Act 1953 Request ATO refund
Assets	Cash at Bank	Correspond with HSBC to transfer pre-appointment funds into the Liquidator's bank account Correspond with HSBC to close pre-appointment account
2.5 Hrs		
\$1,122.50	General	Internal discussions regarding assets and progress
	Debtors	Correspondences with the Company's former accountant regarding debtor ledger and invoices Correspondences with debtors Reconciliation of debtor payments Preparation of files for external collection Engage Mahoneys Solicitors to pursue the remaining outstanding balance
	Creditor Enquiries	Telephone conversations with creditors and suppliers

Creditors

3.5 Hrs

\$1,627.50

- 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 further report to creditors and convene creditors meeting
 - Prepare Liquidator's remuneration report
- Creditors Meeting
 - Receive proxies and maintain attendance register
 - Answer creditor enquiries regarding the meeting
 - Prepare meeting agenda and file for creditors meeting
 - Attendance at creditors' meeting
 - Prepare and lodge minutes of meeting
- Processing proofs of debt
 - Receive and file Proofs of debts
 - Update creditor claims in register

Investigations

36.3 Hrs

\$14,851.50

- Conducting investigation
 - Correspondences regarding the collection of back-up of books and records
 - Correspondences regarding extraction of data from company's books and records back-up
 - Prepare investigation file
 - Internal discussions regarding investigations
 - Conduct Director property searches
 - Review the Company's pre-appointment bank statements for preferences and voidable transactions
 - Investigate conduct of Directors prior to appointment
 - Investigate the circumstances which led to the winding up of the Company
 - Investigate potential preference payments
 - Request further pre-appointment bank statements from HSBC for investigations into preferential payments
 - Prepare insolvent trading demand

Business Restructuring - Corporate Rates as at 1 July 2019

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.