



Animal Supplies (Wholesale) Pty. Ltd. ACN 058 258 870 (In Liquidation) (ASW)

AS Consolidated Pty Limited ACN 167 361 604 (In Liquidation) (ASC)

Australian Supply and Distribution Solutions Pty Ltd ACN 167 361 775 (In Liquidation) (ASDS)

ACN 094 221 913 Pty Ltd (formerly Pet Brands Connect Pty Ltd) ACN 094 221 913 (In Liquidation) (PBC)

(Collectively "the Companies")

Annual Report to Creditors dated 14 August 2018

I refer to the appointment of David Lombe and I, Vaughan Strawbridge, as Joint and Several Administrators of the Companies on 14 April 2016, and subsequently Joint and Several Liquidators on 20 May 2016. I note that David Lombe retired as Liquidator of the Companies on 15 September 2017 and that I remain as the sole Liquidator of the Companies.

Pursuant to section 508(1)(b)(ii) of the *Corporations Act 2001* (Cth) (**the Act**), I have decided to prepare an annual report to update creditors on the status of the liquidation of the Companies rather than convene a meeting of creditors of the Companies. This report has been prepared in accordance with section 508(3) of the Act and outlines:

- The key activities and conduct of the liquidation of the Companies for the period 20 May 2017 to 19 May 2018
- The matters which remain outstanding and an estimated timeframe for completion.

This report should be read in conjunction with all previous reports issued by me in the name of the Companies.

A copy this report has been lodged with the Australian Securities and Investments Commission (**ASIC**).

1 Executive summary

I am pleased to report that the key highlights during the year are:

- Declaration and payment of a first interim dividend to unsecured creditors of ASW and PBC at 8 and 36 cents in the dollar, respectively
- Settlement reached with various creditors regarding unfair preference claims, resulting in a recovery of \$895,000, increasing the pool of funds available for distribution to creditors
- Settlement agreement reached with the former directors in relation to insolvent trading and unreasonable director-related transaction claims
- Notices regarding an intention to declare a second interim dividend in September 2018 have been issued to creditors in ASW and PBC.

2 Receipts and payments

Attached at **Annexures A-D** are copies of the receipts and payments in the winding up of each of the respective entities of the Companies for the annual anniversary period 20 March 2017 – 19 May 2018.

The Liquidator has lodged receipts and payments with ASIC every six months of the liquidation in compliance with their obligations. I note that under the *Insolvency Law Reform Act 2016* (Cth), I will now only report to ASIC on an annual basis when I lodge the Form 5602 Annual Return.

Creditors are advised pursuant to Section 539(5) of the Act that our account of receipts and payments have been lodged with ASIC, and may be inspected at the offices of Deloitte Financial Advisory Pty Ltd, Grosvenor Place, 225 George Street, Sydney NSW 2000, during business hours.

3 Update on the liquidation of the Companies

3.1 First interim dividend to unsecured creditors in ASW

On 5 September 2017, a first interim dividend to unsecured creditors of ASW was declared at 8 cents in the dollar. A total of \$117,845.40 was paid to creditors for this dividend.

3.2 First interim dividend to unsecured creditors in PBC

On 5 September 2017, a first interim dividend to unsecured creditors of PBC was declared at 36 cents in the dollar. A total of \$300,549.57 was paid to creditors for this dividend.

3.3 Settlement of unfair preference claims

In the past 12 months, the liquidator has settled a number of unfair preference claims against creditors.

These settlements remain subject to contractual and commercial confidentiality clauses. However, we are pleased to advise an additional \$895,000 in funds have been recovered. These funds will add to the pool of funds available for distribution to unsecured creditors of ASW and PBC.

The liquidator is continuing to progress unfair preference claims against creditors where a settlement has yet to be reached.

3.4 Settlement of insolvent trading and unreasonable director-related transactions claim

The liquidator alleged that the former directors of the Companies, in their capacity as directors of each of the entities in group, breached their duties pursuant to Section 588G of the Act to prevent insolvent trading.

The liquidator also alleged a number of unreasonable director-related transactions in accordance with Section 588FDA of the Act.

On 24 August 2017, in the interests of commerciality, the liquidator reached a settlement with the former directors of the Companies to settle the above matters. The terms of this agreement remain confidential in nature.

However, the effect of the settlement is that:

- The liquidator will not bring any claim against the former directors in relation to their alleged insolvent trading
- The liquidator will not bring any claim against the former directors in relation to the unreasonable director-related transactions
- The related party, Zanplea Pty Ltd as Trustee for the Garforth Family Trust, will not make any claim in the liquidation of ASW or PBC in relation to their respective claims of \$1,966,000 and \$495,000 for loans to each company
- These proofs of debt have been withdrawn from the respective entities, whereby the related parties have agreed not to participate in any dividends payable to unsecured creditors. As such, this has the effect of increasing the available funds for distribution to all other unsecured creditors.

3.5 Second interim dividend in ASW and PBC

Notices were issued to all creditors of ASW and PBC advising of the liquidator's intention to declare a second interim dividend to unsecured creditors of the respective entities. The estimated date of dividend will be 18 September 2018.

As advised in my notice dated 30 July 2018, creditors of ASW and PBC who participated in the first interim dividend are not required to provide any further particulars to participate in the second dividend distribution.

Any creditors who have not yet received a notice of rejection of their claim, or have not yet had their claim previously admitted as outlined above, will be required to lodge a claim with my office to participate in the second interim dividend. The deadline for submission of any proofs of debt is 21 August 2018.

3.6 Estimated return to priority creditors

The table below provides an updated total estimated return to priority creditors in each of the companies. It is noted that all priority creditors of ASW and PBC have been paid in full.

Estimated return - priority creditors	ASW	ASC	ASDS	PBC
Cents in the dollar	100	Nil	36	100

3.7 Estimated return to unsecured creditors

The table below provides an updated total estimated return to unsecured creditors in each of the companies. It is noted that unsecured creditors of ASW and PBC have been paid a first interim dividend of 8 and 36 cents in the dollar respectively. This has been reflected in the below total dividend estimate.

Estimated return - unsecured creditors	ASW	ASC	ASDS	PBC
High (c/\$)	43	Nil	Nil	67
Low (c/\$)	27	Nil	Nil	59

*The directors' 'Report as to Affairs' showed total claims of \$8,490,094. In the first interim dividend, only \$1,473,067.50 of claims were admitted. The calculation in the above table assumes more creditors will claim in future dividends.

3.8 Liquidator's fees and disbursements for ASW, ASDS and PBC

For ASW, a total of \$46,663.64 was paid in liquidator's fees and disbursements in the current period. As at 16 July 2018, a total of \$41,113.50 of fees have been incurred but not yet approved. Further approval by creditors will need to be sought for this amount.

For ASDS, a total of \$88,817.15 was paid in liquidator's fees and disbursements in the current period. The majority of this amount relates to fees incurred prior to the current period. Fees approved, but not yet incurred, as at 16 July 2018, total \$36,945.00.

For PBC, a total of \$110,307.57 was paid in liquidator's fees and disbursements in the current period. The majority of this amount relates to fees incurred prior to the current period. Fees approved, but not yet incurred, as at 16 July 2018, total \$30,416.00.

4 Completion

Below is a summary of the acts and dealings that remain to be carried out by me in order to complete the winding up process:

- Declaration and payment of second interim dividend to unsecured creditors in ASW and PBC
- Declaration and payment of final priority dividend in ASDS
- Finalisation of unfair preference matters in ASW, PBC and ASDS
- Declaration and payment of third and final dividend to unsecured creditors in ASW and PBC
- Dealing with future creditor enquiries
- Continued administration and compliance required for ASIC and the ATO
- Finalise the liquidation of the Companies.

Having regard to the above items, I expect that the liquidation of the Companies should be finalised by September 2019.

5 Liquidator's annual obligations

I note that as a result of the *Insolvency Law Reform Act 2016* (Cth), this will be the last time I am required to report to creditors on the anniversary of the liquidation. I will instead now only be required to lodge an annual accounts with ASIC. I will write to creditors in the event that there are material matters that require their attention.

In the event that you have any queries regarding the contents of this report, or the liquidation in general, please do not hesitate to contact Kevin Thay of this office on (02) 8260 4438 or kthay@deloitte.com.au.

Yours faithfully,



Vaughan Strawbridge
Liquidator

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Annexure A	
Animal Supplies (Wholesale) Pty. Ltd. (in Liquidation)	
AGN058 258870	
Receipts and payments for the period 20 May 2017 to 19 May 2018	
	Amount (\$AUD)
RECEIPTS	
Bank Interest	0.85
Settlement of Preferences	745,000.00
Total	745,000.85
PAYMENTS	
Bank Charges	45.69
Legal Fees & Disbursements	48,212.24
Liquidator's Fees & Disbursements	46,663.64
Postage	1,044.30
Dividend to Unsecured Creditors	117,845.40
Total	213,811.27
Net Receipts/(Payments)	531,189.58
Closing Cash at Bank 19 May 2018	1,989,443.05

Annexure B	
AS Consolidated Pty Ltd (in liquidation)	
ACN 167 361 604	
Receipts and payments for the period 20 May 2017 to 19 May 2018	Amount (±AUD)
RECEIPTS	
Total	-
PAYMENTS	
Total	-
Net Receipts / Payments	-
Total	-
Net Receipts/(Payments)	-
Closing Cash at Bank 19 May 2018	-

Annexure C	
Australian Supply and Distribution Solutions Pty Ltd (in Liquidation)	
AGN 167 961 775	
Receipts and payments for the period 20 May 2017 to 19 May 2018	Amount (€AUD)
RECEIPTS	
Total	<u>-</u>
PAYMENTS	
Postage	131.34
Bank Charges	6.30
Legal Fees & Disbursements	6,734.91
Liquidator's Fees & Disbursements	88,817.15
Total	<u>95,689.70</u>
Net Receipts/(Payments)	<u>(95,689.70)</u>
Closing Cash at Bank 19 May 2018	<u>570,244.50</u>

Annexure D
ACN 094 221 913 Pty Ltd (formerly Pet Brands Connect Pty Ltd) (in liquidation)
ACN 094 221 913
Receipts and payments for the period 20 May 2017 to 19 May 2018 **Amount (SAUD)**

RECEIPTS	
Settlement of Preferences	150,000.00
Total	<u>150,000.00</u>
PAYMENTS	
Bank Charges	8.75
Legal Fees & Disbursements	7,739.92
Liquidator's Fees & Disbursements	110,307.57
Postage	272.20
Dividend to Unsecured Creditors	300,549.57
Total	<u>418,878.01</u>
Net Receipts/(Payments)	<u>(268,878.01)</u>
Closing Cash at Bank 19 May 2018	<u>802,602.97</u>