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CIRCULAR TO CREDITORS

29 September 2015

Dear Sir/Madam

BBY Nominees Pty Ltd ACN 007 001 443
BBY Protection Nominees Pty Ltd ACN 007 001 710
Options Research Pty Ltd ACN 006 770 627
Tilbia Nominees Pty Ltd ACN 007 001 578
(“All Administrators Appointed”)
(“BBY Nominee companies”)

We refer to our appointment as Joint and Several Administrators of the BBY Nominee companies on 17 May 2015 and our circular to creditors on 20 May 2015.

Second meetings of creditors

In accordance with section 439A of the Corporations Act 2001 (the “Act”), the second meetings of the BBY Nominee companies have been convened to be held concurrently on **8 October 2015 at 11.30am (AEDT)**, and are to be held at:

KPMG offices Sydney
Level 15, 10 Shelley Street
Sydney, New South Wales
Registration: 30 minutes prior to the meeting

We enclose the following:

- Report by Administrators pursuant to section 439A (4)(a) of the Act;
- Form 529 – Notice of meeting;
- Form 532 – Appointment of Proxy Form; and
- Informal Proof of Debt Form

Attendance in person/ teleconference facilities

To assist with registration, creditors who wish to attend and/or vote at the second meetings are required to lodge an informal proof of debt and proxy form by post, facsimile or email to Leah Diprose at bby@kpmg.com.au by no later than **12.00 pm AEDT on Wednesday 7 October 2015**.

Informal proofs of debt and proxy forms lodged in respect to the first meetings will not be admitted for voting at the second meetings.

Teleconference facilities will also be available at KPMG offices at:

- Melbourne, 147 Collins Street
- Brisbane, 71 Eagle Street

If you plan to attend the teleconference in Melbourne or Brisbane, please register your interest in advance by emailing a request to Christel Wade at cwade@kpmg.com.au by no later than **12:00pm AEDT on Wednesday 7 October 2015**. To enable orderly registration for the teleconference please attend 30 minutes prior to the meeting time.

Yours faithfully



Stephen Vaughan
Joint and Several Administrator

**NOTICE OF CONCURRENT MEETINGS OF
CREDITORS TO DECIDE THE COMPANIES FUTURE CONVENED PURSUANT TO SECTION
439A**

**BBY Nominees Pty Ltd ACN 007 001 443
BBY Protection Nominees Pty Ltd ACN 007 001 710
Options Research Pty Ltd ACN 006 770 627
Tilbia Nominees Pty Ltd ACN 007 001 578
("All Administrators Appointed")
("BBY Nominee companies")**

Notice is given that the concurrent second meeting of creditors of the BBY Nominee companies, convened pursuant to Section 439A of the Corporations Act 2001, will be held concurrently on **8 October 2015 at 11.30am (AEDT)**, and are to be held at:

KPMG offices Sydney
Level 15, 10 Shelley Street
Sydney, New South Wales
Registration: 30 minutes prior to the meeting

Teleconference facilities will also be available at KPMG offices at:

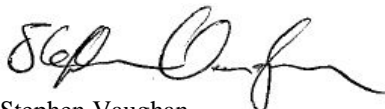
- Melbourne, 147 Collins Street
- Brisbane, 71 Eagle Street

If you plan to attend the teleconference in Melbourne or Brisbane please register your interest in advance by emailing a request to Christel Wade at cwade@kpmg.com.au by no later than **12:00pm AEDT on Wednesday 7 October 2015**. To enable orderly registration for the teleconference please attend 30 minutes prior to the meeting time.

AGENDA

1. To receive and consider a report by the Administrators about the BBY Nominee Companies' business, property, affairs and financial circumstances.
2. To consider the terms of a Deed of Company Arrangement, if one is proposed.
3. To consider, and if thought fit, approve the remuneration of the Administrators.
4. To resolve that:
 - a) That the Companies should execute a Deed of Company Arrangement; or
 - b) That the Companies be wound up; or
 - c) That the meeting be adjourned for a period of up to forty-five (45) business days.
5. If a Deed of Company Arrangement is approved, to approve the remuneration of the Deed Administrators.
6. If the Companies are wound up, to approve the remuneration of the Liquidators.
7. If the Companies are wound up, to consider appointing a Committee of Inspection.
8. If the Companies are wound up, to consider the early destruction of the books and records at the conclusion of the winding up; and
9. Any other business relevant to the meeting.

Dated this 29th day of September 2015



Stephen Vaughan
Joint and Several Administrator

FORM 532
CORPORATIONS ACT 2001

Regulation 5.6.29

APPOINTMENT OF PROXY
CREDITORS MEETING

Tick as appropriate

- BBY Nominees Pty Ltd (Administrators appointed) ACN 007 001 443
- BBY Protection Nominees Pty Ltd (Administrators appointed) ACN 007 001 710
- Options Research Pty Ltd (Administrators appointed) ACN 006 770 627
- Tilbia Nominees Pty Ltd (Administrators appointed) ACN 007 001 578

*I/*We (1)
of.....
a creditor of(2), appoint (3).....
.....
or in his or her absence

as *my/our *general/special proxy to vote at the meeting of creditors to be held on Thursday, 8 October 2015 at 11:30am AEDT (Australia) or at any adjournment of that meeting. (4)

Resolutions

	For	Against	Abstain*
1. To approve the Voluntary Administrators' remuneration for the period 17 May 2015 to 25 September 2015	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To approve the Voluntary Administrators' remuneration for the period 26 September 2015 to 8 October 2015	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. For creditors to consider the options available and to resolve for each BBY Nominee Company either that (please only select 'for' for one of the options in Resolution 3):			
a. Execute a Deed of Company Arrangement; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. The Administration should end; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
c. The company be wound up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. To approve the Deed Administrators' estimated prospective remuneration from execution of the DOCA (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. To approve the liquidators' prospective remuneration (if applicable)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. I nominate to receive notices and documents by email rather than post (Section 600G and Regulation 5.6.11A of the Act)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

My email address is _____

*If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

DATED this day of 2015.

.....
Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the name of the firm.
- (2) Insert the name of the company of which you are a creditor.
- (3) Insert the name, address and description of the person appointed.
- (4) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

**Form 535
Corporations Act 2001**

Subregulation 5.6.49(2)

INFORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

**BBY Nominees Pty Ltd ACN 007 001 443
BBY Protection Nominees Pty Ltd ACN 007 001 710
Options Research Pty Ltd ACN 006 770 627
Tilbia Nominees Pty Ltd ACN 007 001 578
("All Administrators Appointed")
("BBY Nominee companies")**

I am an employee of the indebted company I am a creditor I am a secured creditor

Tick as appropriate

- BBY Nominees Pty Ltd (Administrators appointed) ACN 007 001 443
- BBY Protection Nominees Pty Ltd (Administrators appointed) ACN 007 001 710
- Options Research Pty Ltd (Administrators appointed) ACN 006 770 627
- Tilbia Nominees Pty Ltd (Administrators appointed) ACN 007 001 578

To the Administrators of the *BBY Nominee companies*

1. This is to state that the Company was on **17 May 2015**, and still is, justly and truly indebted to
..... (full name)
of (address)
for dollars and cents.

Particulars of the debt are:

Date	Consideration (state how the debt arose)	Net Amount AUD\$	GST AUD\$	Gross Amount AUD\$	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 following: (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 AUD\$	Due Date
------	--------	----------	-----------------	----------

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

*Do not complete if this proof is made by the creditor personally

Dated this day of 2015.

Signature of Signatory
 NAME IN BLOCK LETTERS
 Occupation
 Address
 Contact Phone Number
 Email address

OFFICE USE ONLY

Creditor Code/POD #		Admit – Preferential	AUD\$
Date Received		Admit - Ordinary	AUD\$
Amt. per RATA		Reject	AUD\$
Prep by/ Authorised by		Total Proof	AUD\$
Authorisation Date			



cutting through complexity

BBY Nominees Pty Ltd ACN 007 001 443
BBY Protection Nominees Pty Ltd ACN 007 001 710
Options Research Pty Ltd ACN 606 770 627
Tilbia Nominees Pty Ltd ACN 007 001 578
(All Administrators Appointed)

Administrators' report to creditors

Section 439A of the Corporations Act 2001

Stephen Vaughan and Ian Hall
Joint and Several Administrators

KPMG
10 Shelley Street
Sydney

29 September 2015

Glossary

ACN	Australian Company Number
Act	Corporations Act 2001 (Commonwealth)
Administrators	Stephen Vaughan and Ian Hall of KPMG
AEDT	Australian Eastern Daylight Time
AFSL	Australian Financial Services Licence
AIMS	AIMS Financial Group
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
BBY Companies	BBYL, BBYH, BSA, BBYAS, STL, BBYHT, BBYN, TN, BBYPN and OR
BBY Group	Wider BBY corporate group of companies as set out in Appendix A
BBY Nominees	The four nominee companies BBYN, BBYPN, OR and TN
BBYL	BBY Limited (In Liquidation) (Receivers and Managers Appointed) (the main trading entity)
BBYAS	BBY Advisory Services Pty Ltd (In Liquidation) (Receivers and Managers Appointed)
BBYH	BBY Holdings Pty Ltd (Liquidation) (Receivers and Managers Appointed)
BBYHT	BBY HomeTrader Pty Ltd (subject to a Deed of Company Arrangement)
BBYN or BBY	BBY Nominees Pty Ltd (Administrators Appointed)
BBYPN	BBY Protection Nominees Pty Ltd (Administrators Appointed)
BSA	Broker Services Australia Pty Ltd (In Liquidation) (the employment company)
OR	Options Research Pty Ltd (Administrators Appointed)
TN	Tilbia Nominees Pty Ltd (Administrators Appointed)
STL	SmarTrader Limited (subject to a Deed of Company Arrangement)
Director	Mr Glenn Rosewall
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
Firestone	Firestone Energy Limited
GBST	GBST Holdings Limited (software platform provider for ASX equities and exchange traded options)
GST	Goods and services tax
PPSR	Personal Property Securities Register
RATA	Report as to Affairs
Receivers	Receivers & Managers of BBYH, BBYL, BBYAS, Stephen Parbery and Brett Lord of PPB Advisory
STG	St George Bank, a secured creditor which appointed the Receivers (not over BBY Nominee Companies)

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1. Executive summary

1.1 Report highlights

Appointment of Administrators on 17 May 2015

Stephen Vaughan and Ian Hall of KPMG were appointed as Joint and Several Administrators of ten BBY Companies on Sunday 17 May 2015. The administrations included BBY Limited and the following 4 subsidiary 'nominee' companies ("BBY Nominee Companies"):

- BBY Nominees Pty Ltd ACN 007 001 443
- BBY Protection Nominees Pty Ltd ACN 007 001 710
- Options Research Pty Ltd ACN 606 770 627
- Tilbia Nominees Pty Ltd ACN 007 001 578

(All Administrators Appointed)

Investigations and preliminary findings

At the time of the BBY Nominee Companies' administrations, the records available to the Administrators were inadequate to determine the identity of clients and creditors, the extent of assets held and whether assets were owned or held on trust for others. Therefore, on 12 June 2015, the Administrators obtained orders from the Supreme Court of New South Wales to extend the convening period for a statutory second meeting of creditors to allow time to carry out further investigations into the assets and liabilities and to assess a proposal received for a Deed of Company Arrangement which has now been removed. Company records were not well maintained and we had to obtain information from a variety of sources, including other counterparties and through searches of computer records. The information obtained is still insufficient to fully document and reconcile assets, client entitlements and any creditor claims.

The BBY Nominee Companies were reliant on and an integral part of the wider BBY Group and failed as a direct consequence of the collapse and insolvency of BBY Limited and the other BBY Companies. The BBY Nominee Companies were not otherwise actively trading, earning revenue or incurring liabilities, which were accounted for in other group companies. As such, the majority or all of creditor claims will likely relate to any losses incurred by former BBY clients in relation to dealings with BBY Nominees after recovery of any assets held on trust, as well as in respect of a number of unreconciled inter-company debts relating to goods and services made available to the BBY Nominee Companies by BBYL and BSA.

Trust assets

BBY Nominees apparently acted as a bare trustee and nominated custodian for clients of the BBY business providing nominee services in respect of securities and other financial products, both domestic and international. It also holds securities on behalf of other group companies and possibly in its own right. The other 3 nominee companies, BBYPN, OR and TN are apparently dormant, with no assets or liabilities.

We identified listed and unlisted domestic and international shares and options that appear to be held by BBY Nominees in a nominee capacity on behalf of approximately 600 clients. In many cases the available documentation is incomplete and a large amount of effort has been required to collate details in an orderly manner for processing. We have been progressively contacting former clients, in many cases seeking further documentation to support possible entitlements, in order to terminate nominee arrangements and deal with assets identified to be held on their behalf. We expect this process will take some months to complete.

We are neither funded nor intend to cause BBY Nominees to continue to provide clients with custodian services or any other financial products going forward. With no DOCA or other proposal in place to purchase the services offered by BBY Nominees to its clients, we consider that BBY Nominees has no future and that all existing custodian arrangements should be terminated and unwound as quickly as possible. In section 4.5 of our report, we set out a proposal to achieve this outcome.

In cases where we cannot achieve an orderly resolution directly with a client (for instance due to a lack of documentation) it may also be necessary to seek court directions, although this will be avoided if possible. A number of client entitlements have already been confirmed and the associated securities have been dealt with in accordance with client directions.

These processes are not intended to have any effect upon the client segregated accounts currently held by BBYL and the directions which have been sought by the liquidators of BBYL in the Supreme Court of New South Wales as to how the client monies in those accounts should be dealt with.

1.2 Clients and creditors

The position of clients of BBY Nominees (or any of the other 3 nominee companies) is different to that of general creditors. Clients of the BBY business, who owned financial products held in a nominee capacity by BBYN will have a direct entitlement in respect to those assets. They may also possibly have various claims as creditors in respect to losses suffered as a consequence of BBY ceasing to trade or open market positions being closed out by various counterparties.

To the extent any admissible client losses remain to be determined for voting purposes at the second meeting of creditors, BBY clients will be treated as contingent creditors pending confirmation of their claim and be permitted to vote at a nominal value of \$1.00.

1.3 Investigations

We have conducted a preliminary investigation in order to provide creditors with information to assist them in understanding the circumstances of the administrations and to make decisions regarding the future of the BBY Nominee Companies. The results of our investigations are set out in section 7 of this report.

In the event of liquidation of one or more of the BBY Nominee Companies further investigations will be conducted and where applicable any available courses of action may be pursued on behalf of clients and creditors in order to improve returns.

1.4 DOCA proposal

In accordance with section 439A(4) of the Act, the Administrators are required to give creditors an opinion as to whether it would be in their interest for any of the 4 BBY Nominee Companies to:

- execute a Deed of Company Arrangement (DOCA);
- end the administration and return control to the director of those companies; or
- be wound up (placed into liquidation).

We received a DOCA proposal from Asia Pacific Group Holdings Pty Ltd, part of the AIMS Financial Group, in respect of the BBY Nominee Companies in order to deal with client entitlements, in the context of the purchase of various business assets. The proposal was subsequently withdrawn by AIMS due to changed circumstances.

Given there have been no alternate DOCA proposals we consider it is in the best interests of creditors that the 4 companies, BBYN, BBYPN, OR and TN be placed into liquidation and wound up to facilitate an orderly winding up including dealing with client trust entitlements.

1.5 Estimated return

A process is underway to progressively contact former clients to complete investigations, confirm entitlements, terminate nominee arrangements and return assets identified to be held on their behalf. There are a large number of assets and many clients. We expect this process will take some months to complete.

We have not identified any trade or other creditors of the 4 BBY Nominee Companies although it may ultimately be determined that there are creditor claims. Given this uncertainty and ongoing investigation into a number of asset holdings, it is too soon to estimate whether there will be any distributions to creditors, other than the return of owned assets to former clients as discussed above.

1.6 Second meetings of creditors – 8 October 2015

Second meetings of creditors for the BBY Nominee Companies will be held concurrently at **11.30am AEDT on 8 October 2015** at the offices of KPMG Sydney, Level 15, 10 Shelley Street, Sydney NSW 2000.

Creditors will have the opportunity at the second meetings to resolve whether:

1. Each of the 4 BBY Nominee Companies, BBYN, BBYPN, OR and TN should execute a Deed of Company Arrangement; or
2. That the administration end (and therefore control reverts back to the directors); or
3. The BBY Nominee Companies should be wound up.

Details of the second meetings are enclosed within this report. Please direct any inquiries to Leah Diprose of this office via email to bby@kpmg.com.au.

2. Introduction

2.1 Appointment of Administrators

The BBY Group was an independent financial services group and stockbroking firm established in 1987 and majority owned by interests associated with non-executive director, Ken Rosewall and executive chairman, Glenn Rosewall.

On 17 May 2015 Stephen Vaughan and Ian Hall of KPMG were appointed, pursuant to section 436A of the Act, as Joint and Several Administrators of each of the following 4 BBY Nominee Companies:

- BBY Nominees Pty Ltd ACN 007 001 443 (the main nominee entity for the BBY business)
 - BBY Protection Nominees Pty Ltd ACN 007 001 710 (apparently a dormant company)
 - Options Research Pty Ltd ACN 606 770 627 (apparently a dormant company)
 - Tilbia Nominees Pty Ltd ACN 007 001 578 (apparently a dormant company)
- (All Administrators Appointed)

The Administrators were also appointed to 6 other BBY Companies including:

- BBY Holdings Pty Limited (In Liquidation) (Receivers and Managers Appointed) ACN 075 187 432
- BBY Limited (In Liquidation) (Receivers and Managers Appointed) ACN 006 707 777 (main trading entity)
- Broker Services Australia Pty Ltd ACN 074 976 364 (In Liquidation) (formerly Receivers and Managers Appointed) (employment company)
- BBY Advisory Services Pty Ltd (In Liquidation) (Receivers and Managers Appointed) ACN 102 761 008 (corporate finance entity)
- SmarTrader Limited (Subject to Deed of Company Arrangement) ACN 115 752 102
- BBY Hometrader Pty Ltd (Subject to Deed of Company Arrangement) ACN 134 838 207

Our appointment followed a review of the BBY Companies by their directors amid concerns expressed about the ability of the BBY Companies to meet their financial obligations going forward.

At the time of our appointment the BBY Group operated from 6 locations around Australia and offices in New York and London with approximately 180 staff and contractors.

On Monday, 18 May 2015 Stephen Parbery and Brett Lord of PPB Advisory were appointed Receivers & Managers over 4 of the BBY Companies including BBYH, BBYL, BBYAS and BSA and assumed control of the BBY business. The Receivers subsequently retired from BSA, the employment company, on 20 May 2015.

ASX Clear, the ASX clearing house for all shares, structured products, warrants and ASX Equity Derivatives, declared an event of default and BBY's participation in the ASX market, ASX Clear and Austraclear (the settlement facility used by BBY for cash settlements) was suspended. The Australian Securities and Investments Commission suspended the Australian financial services licences (AFSLs) held by BBY, BAS and STL. As a consequence, BBY effectively ceased trading shortly after the Receivers' appointment.

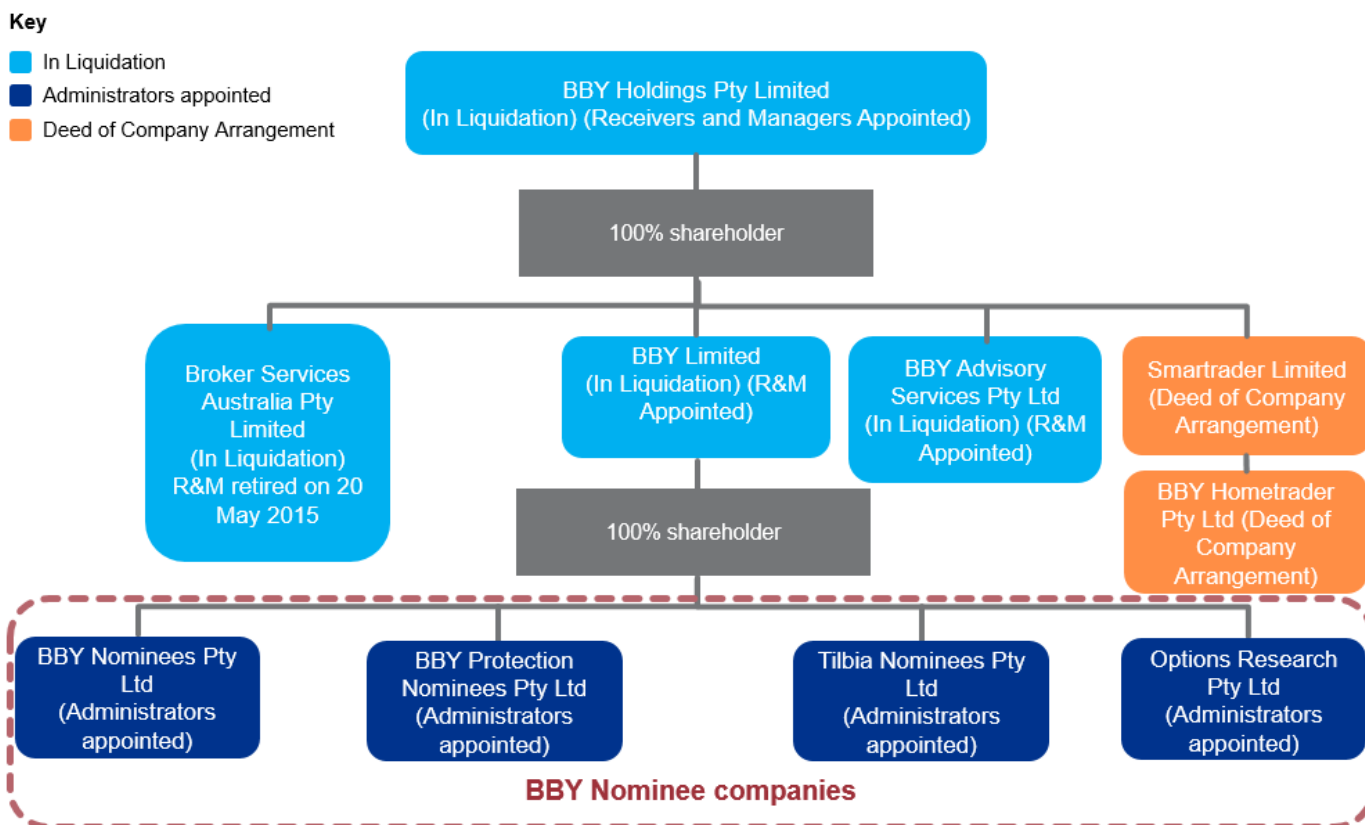
On 12 June 2015, the Administrators of the 4 BBY Nominee Companies obtained orders from the Supreme Court of New South Wales to extend the convening period for a statutory second meeting of creditors to allow time to carry out further investigations into the assets and liabilities and to assess a proposal received for a Deed of Company Arrangement.

On 22 June 2015 statutory second meetings of creditors were held for BBYH, BBYL, BBYAS, BSA, STL and BBYHT. Creditors resolved to place BBYH, BBYL, BBYAS and BSA into liquidation and approved a pooled Deed of Company Arrangement in respect of STL and BBYHT.

Further information regarding the BBY Nominee Companies and the wider BBY Companies can be found at KPMG's dedicated BBY web page at <http://www.kpmg.com/AU/bby>. This site includes a number of key documents including our report to creditors of the other companies dated 12 June 2015, slides utilised at the meetings of creditors held on 22 June 2015 and various court documents relating to separate proceedings commenced by the Liquidators of BBYL seeking court directions in relation to treatment of client monies accounts.

2.2 BBY Nominees companies

The BBY Companies corporate structure is set out below including the 4 BBY Nominee Companies. The corporate structure of the wider BBY Group is set out in Appendix A.



The BBY Nominee Companies were incorporated in the late 1980s.

BBY Nominees Pty Limited

BBY Nominees apparently acted as a bare trustee and nominated custodian for approximately 600 clients of the BBY business providing nominee services in respect of securities and other financial products, both domestic and international. Holdings included listed and unlisted shares and options in over 200 domestic and overseas companies. It also holds securities on behalf of other group companies and possibly in its own right. Refer to Section 4 of this report for more details on assets allegedly held by BBY Nominees on behalf of various clients of the BBY Companies.

BBY Protection Nominees Pty Ltd, Options Research Pty Ltd and Tibbia Nominees Pty Ltd

Each of BBYPN, OR and TN appear to have been dormant, with no assets, liabilities or client obligations.

2.3 Objective of the Administration

Part 5.3A of the Act, dealing with Voluntary Administrations provides that the affairs of an insolvent company be administered in a way that either:

- Maximises the chance of the company, or as much as possible of its business, continuing in existence, or
- If it is not possible for the company or its business to continue in existence, results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

Given the failure of the wider group of BBY Companies our focus has been on investigating the affairs and financial position of the BBY Nominee Companies, identifying asset holdings, establishing a process to deal with entitlements of clients and reporting to clients and creditors.

2.4 Purpose of this report

This report has been prepared pursuant to section 439A(4) of the Act, to assist creditors of BBYN, BBYPN, OR and TN in their decisions concerning the future of each of the BBY Nominees Companies.

This report has been prepared by drawing on a variety of sources including books and records of the BBY Nominee companies, publicly available information, Reports as to Affairs submitted by the director, Mr Glenn Rosewall, discussions with the Receivers, the director, former BSA staff, clients, and other parties. Many of the client holding records could not be located or were unreconciled at the time of our appointment. This has significantly hindered our work and puts in doubt the veracity of some of the information presented in this report.

Notwithstanding these circumstances, we have strived for factual accuracy and precise analysis wherever possible. The strict reporting timeframes prescribed under Part 5.3A of the Act, as well as the limited availability of funding mean that professional judgement must be exercised in relation to a balance between speed of reporting and the extent and nature of our investigations which are, in essence, only preliminary in nature.

We have not independently verified information presented in this report unless noted otherwise. Should creditors resolve to place the BBY Nominee Companies into liquidation, further investigations will be required into the conduct of the business, any possible breaches of the Corporations Act and any avenues for additional recovery for clients and creditors.

We reserve the right to alter any conclusions reached on the basis of any further information which may become available to us between the date of this report and the date of the Second Meetings.

We recommend that creditors seek independent advice as to options available and also review the information sheets provided by ASIC, attached to this report and available on the ASIC web site at <http://asic.gov.au/regulatory-resources/insolvency>.

2.5 First meeting of creditors

The Administrators held a first meeting of creditors, pursuant to Section 436E of the Act, within 8 business days of our appointment. Concurrent first meetings for the 10 BBY Companies including each of the 4 BBY Nominee Companies were convened for Wednesday, 27 May 2015 at the Sydney Masonic Centre at 66 Goulburn Street, Sydney.

The purpose of the first meetings was for creditors to determine whether to appoint a committee of creditors and if so, who would be the members.

We did not receive any proxies or proofs of debt in relation to the meetings of the BBY Nominee Companies and there were no quorums present. These meetings were therefore adjourned to the following week however, again, there were no quorums. Therefore the first meetings of these companies lapsed. This does not have a consequence for those administrations however if there are no quorums for the second meetings then the administrations come to an end, pursuant to s435C(3)(e) of the Act, and control reverts to the director and shareholders of those companies.

2.6 Extension of Convening period

On 12 June 2015, the Administrators applied to the Supreme Court of New South Wales seeking an extension of the convening period for the second meeting of creditors of the BBY Nominee Companies, to 30 September 2015. The extensions were sought because the information available to the Administrators was insufficient to determine the identity of most of the clients and creditors of the BBY Nominee Companies, the extent of the assets held by the BBY Nominee Companies and whether assets were owned or held on trust for others.

2.7 Second meetings of creditors

Section 439A of the Act requires that the Administrators report to creditors regarding the business, property, affairs and financial circumstances of the BBY Nominee Companies and provide our opinion on options available to creditors in relation to the future of each company. We are also required to convene second meetings of the BBY Nominee Companies' creditors. These are proposed to be held concurrently given the common affairs of the companies.

We would anticipate there would be a quorum for BBY Nominees, represented by clients with contingent claims, admitted for voting purposes. We anticipate there may be no quorums for each of BBYPN, OR and TN in which case these administrations will end (as noted in 2.5 above).

Purpose

At the second meetings the Administrators' report will be presented along with any further information relevant to the meetings. Creditors will be given the opportunity to consider and discuss alternatives available to them. Creditors may resolve one of the following in respect to each company:

- That the company execute a Deed of Company Arrangement (although no DOCA proposal has been received)
- That the administration end (and therefore control reverts back to the director)
- That the company be wound up (placed into liquidation).

How you vote at the meeting on the three possible options is a commercial decision for you based on your assessment of the company, the appropriate course of action and your personal circumstances. The information provided by the Administrators, including opinions expressed, will assist you. However, you are not obliged to accept our recommendation.

Creditors may also resolve to adjourn the second meetings for a period of up to 45 business days.

Further information on the meetings and voting is set out in the ASIC information sheet No 74, Voluntary administration: A guide for creditors.

Given the proposed DOCA for the Nominee Companies has been withdrawn by Asia Pacific Group Holdings Pty Ltd, in practice creditors and clients will only have to consider whether to vote to have the BBY Nominee Companies wound up or whether control of those companies should revert back to Glenn Rosewall the sole director of each of the BBY Nominee Companies.

Time and place

The second meetings have been convened to be held concurrently on **8 October 2015 at 11.30 am (AEDT)**, and are to be held at:

KPMG offices Sydney
Level 15, 10 Shelley Street
Sydney, New South Wales
Registration: open from 30 minutes prior to the meeting

Teleconference facilities

Teleconference facilities will also be available at KPMG offices at:

- Melbourne, 147 Collins Street
- Brisbane, 71 Eagle Street

If you plan to attend the teleconference in Melbourne or Brisbane, please register your interest in advance by emailing a request to Christel Wade at cwade@kpmg.com.au by no later than **12:00pm AEDT on Wednesday 7 October 2015**. To enable orderly registration for the teleconference please attend 30 minutes prior to the meeting time.

Documents for the meetings

The following documents are attached with this report in relation to the second meeting:

- Notice of Meeting of Creditors
- Appointment of a Proxy
- Informal Proof of Debt

To assist with registration, creditors who wish to attend and/or vote at the second meetings are required to lodge an informal proof of debt and proxy form by post, facsimile or email to ldiprose@kpmg.com.au by no later than **12.00 pm AEDT on Wednesday 7 October 2015**.

2.8 Statement of independence

Enclosed with our circular to creditors, dated 20 May 2015, was the Administrators' Declaration of Independence, Relevant Relationships and Indemnities pursuant to section 436DA of the Act and the ARITA Code of Professional Practice.

An updated DIRRI was provided to creditors at the first meetings of the other BBY Companies (there being no quorums for the BBY Nominee Companies) on 27 May 2015 which disclosed dealings with AIMS, which is an audit client of KPMG.

AIMS Group Financial Service Pty Ltd (AFG) made a limited recourse loan of \$500,000 to Stephen Vaughan in his capacity as Administrator of BBYL, in return for a period of exclusivity, for the specific purpose of funding wages and other costs and expenses that may be incurred during the week following the appointment of the Administrators and to allow time for a possible sale agreement to be agreed. The limited recourse loan also permitted a capped amount of remuneration to be funded up to \$100,000, with remuneration being subject to creditor approval in accordance with the Act. AIMS subsequently purchases various business assets of the BBY Companies including shares in the BBY Nominee Companies. We and the AIMS Group had independent legal advice throughout those discussions and have dealt at arms' length with each other. A subsidiary of AIMS also submitted a DOCA proposal on 4 June 2015 in relation to BBY Nominees Companies. This DOCA was subsequently withdrawn.

We have updated our DIRRI, now dated 29 September 2015, to reflect changed circumstances that have arisen during the external administrations of the BBY Companies in respect to Linc Energy Limited ("LE"). KPMG is the auditor of LE, which is an oil and gas company listed in Singapore and the USA. LE is a former client of BBY Nominees, which held shares in a nominee capacity on its behalf through a London based counterparty, Jeffries International (Nominees) Limited.

BBYN also acts in a nominee capacity for approximately 380 clients holding shares in LE, including LE employees. These shares are held in a sub-custodian arrangement through ABN AMRO Clearing Bank N.V. in Singapore. LE is not a party to these arrangements.

These matters are discussed in more detail in the DIRRI and this report.

No further information has come to our attention that should be included in our DIRRI. A copy of the DIRRI is included with this report at Appendix C.

3. Background

3.1 Statutory information

Incorporation details of each company are summarised below.

Company	ACN	Date of Incorporation	Registered Office/ Principal Place of Business
BBY Nominees Pty Ltd	007 001 443	15 June 1988	Level 17 60 Margaret Street
BBY Protection Nominees Pty Ltd	007 001 710	15 June 1988	Level 17 60 Margaret Street
Options Research Pty Ltd	006 770 627	28 May 1987	Level 17 60 Margaret Street
Tilbia Nominees Pty Ltd	007 001 578	15 June 1988	Level 17 60 Margaret Street

Source: ASIC Company Searches

3.2 Officers

At the date of administration, Mr Glenn Rosewall was the sole director for the BBY Nominees Companies. He was appointed in 2004. The secretary of each company was Mr David Perkins.

3.3 Shareholders

The sole shareholder of each of the companies was BBY Limited, the main trading entity. The shares in each of the BBY Nominee companies were sold to AIMS as part of a wider business asset sale during their administration of BBYL.

3.4 Registered charges

There were no security interests registered on the Personal Property Securities Register against any of the Nominee Companies prior to the Administrators' appointment.

3.5 Management team

The BBY Nominee Companies did not trade or conduct any business in their own name. Their affairs were managed in conjunction with the wider BBY Group by staff employed by BSA including members of the Melbourne settlement team and Sydney finance team. Mr Glenn Rosewall was the Managing Director, CEO and a major stakeholder in the wider BBY Group. He was also Head of Institutional Sales, Head of Research and Head of Corporate. As part of this role he controlled the BBY Nominee Companies and the purposes for which they were used.

3.6 Trading history

BBY was an independent Australian and New Zealand based financial services group and stockbroking firm that was established in 1987. The BBY Companies operated from 6 offices in Australia which were located in Sydney (head office), Melbourne, Brisbane, Gold Coast, Adelaide and Perth and four offices overseas in Auckland, Wellington, New York and London. At the time of the Administrators' appointment, there were approximately 180 staff and contractors.

BBY Nominees and the other BBY Nominees Companies were incorporated for, and merely existed to, act as a trustee/nominee company for BBYL and on request for clients of BBYL. As such, it appears that:

- no balance sheets or profit or loss statements were ever prepared for the BBY Nominee Companies;
- the BBY Nominee Companies did not operate their own businesses. Rather they were integrated into the wider BBY Group. Profits or losses made by the BBY Nominee Companies were recognised by BBYL;
- the BBY Nominee Companies did not generally have their own employees or service providers. Any work undertaken by BBY Nominees was via employees employed by BSA whose services were made available to the BBY Nominees Companies; and
- the BBY Nominees Companies were operated out of the offices of BBYL with all services being provided by and paid for by BBYL for the Nominee Companies.

Further background into the trading history of the BBY Group can be obtained from the Administrators' section 439A Report into BBYL and the other members of the BBY Companies dated 12 June 2015. This is available from the KPMG website at <http://www.kpmg.com/AU/en/services/advisory/transactions-restructuring/restructuring/bby/Pages/default.aspx>.

4. Assets

Our investigations to date, indicate that BBY Nominees commonly acted as a bare trustee and nominated custodian for clients of the wider BBY business, through providing nominee services in respect of securities and other financial products, both domestic and international. On occasion it was also used to hold securities on behalf of companies related to Glenn Rosewall and other members of the BBY Group.

The other 3 nominee companies, BBYPN, OR and TN appear to be dormant, with no assets or liabilities registered as being owned by any of those companies. The analysis and discussion below therefore relates only to BBY Nominees.

The table below summarises the results of preliminary investigations to date into the asset holdings of BBY Nominees:

BBY Nominees asset holdings							
Asset Category	Internal management	System	Product Type	Holdings	Clients (number)		
				Number of investee companies	Non-related party	Related party	Total clients
Domestic Custodian	Melbourne / Sydney	GBST	Listed shares	33	29	5	34
Domestic Custodian	Melbourne	Excel	OTC Options	25	NQ	1	NQ
International Custodian	Melbourne	Excel	Overseas listed shares (via c/parties)	160	538	-	538
International Custodian	Sydney	Excel	Overseas unlisted shares (via c/parties)	1	5	-	5
Private placements	Sydney	Excel	Listed shares (domestic & overseas)	2	5	2	7
Private placements	Sydney	Excel	Unlisted shares	3	13	2	15
Total				224	590	10	600

NQ: Not quantified

This information has been collated from a variety of sources. In many cases, the information relied on in preparing this report is incomplete and unreconciled. It should therefore be treated as indicative guide only which may be subject to further analysis should the BBY Nominee Companies enter into liquidation as recommended in this report.

4.1 Domestic custodian

BBY Nominees holds listed and unlisted shares on behalf of clients as a bare trustee and in a nominee capacity pursuant to the terms of a formal nominee agreement or similar document which had been executed by each client with BBY Nominees.

Whilst the nature of each trust relationship varies depending upon the legal documentation used, generally this category refers to instances in which financial products were held on the following basis:

- The client would be a client of both BBYL as well as BBY Nominees with relevant brokers operating under the letterhead of BBYL in arranging for BBY Nominees to hold the financial product on behalf of each client;
- BBY Nominees would be registered as the holder of the financial product sometimes (although often without) any notification that BBY Nominees held those financial products beneficially for a third party;
- Certificates and other documentation or evidence of title would be retained by BBY Nominees;
- In the case of ASX listed shares, multiple client shares may be held in a single CHESS holding;
- BBY Nominees would collect all principal, dividends, interest and other related amounts, deposit these to a trust account and account to the client. It appears that all transactions were channelled through an equities trust account in the name of BBYL and, at the time of our appointment, there were associated dividends that had not been reconciled to nominee client accounts. Treatment of some of those monies are currently subject to directions being sought by the liquidators of BBYL in the Supreme Court of New South Wales.

Listed domestic shares

Our investigations to date, indicate that as at the date of our appointment BBY Nominees held shares in 33 ASX listed companies on behalf of 29 clients, valued at approximately \$20 million (excluding related party and house positions). This includes, for example, shares in larger listed companies, smaller listed mining companies and other more 'speculative' stock.

The internal records relating to ASX listed holdings were reconciled on a regular basis and we have identified what we believe to be all relevant clients. As noted above, it appears that there were associated dividends that had not been reconciled to nominee client accounts.

The value of those shares since our appointment have, and will continue to fluctuate in accordance with movements in the ASX. The extent to which each shareholding has either increased or fallen since the date of our appointment is beyond our control and we accept no responsibility in this regard.

Over the counter options

Our investigations to date, indicate that as at the date of our appointment BBY Nominees held put and call options, at a cost price of \$3.6 million in relation to 25 unlisted securities on behalf of a number of clients.

Records were maintained in Sydney utilising spreadsheets maintained by officers and brokers of BBYL and much of the supporting documentation has not yet been located. The date on which each option will expire depends upon the terms of each individual option contract and the date on which those documents were entered into.

We have recently been approached by a client to exercise a put option in respect to a listed investment and are working with them regarding the consequences arising from the exercise of that option.

4.2 International custodian

Custodian arrangements

BBYL and BBY Nominees uses the services of an international custodian to hold listed and unlisted shares on behalf of BBYL's clients in jurisdictions outside of Australia.

This relationship has typically arisen in circumstances in which:

- BBYL or BBY Nominees were instructed to purchase or deal in financial products in jurisdiction where BBYL and BBY Nominees were not licensed (e.g the United Kingdom, the United States, Singapore or Hong Kong);
- BBY Nominees had a referral relationship and custodial agreements in place with stock brokers and other financial services counterparties who were licensed to place trades and deal in the jurisdictions in which BBYL was not licensed to trade; and
- each client had (usually at the initiative of a relevant officer/broker of BBYL) entered into a nominee agreement or similar document with BBY Nominees.

In this context, the financial products are dealt with on a "back to back" basis in which a client gives instructions to BBY Nominees, and then BBY Nominees gives instructions to the relevant international custodian. Given their contract is with BBY Nominees, the international custodians will not follow any instructions which are given to them by a client directly. The custodian will generally require instructions from BBY Nominees, the party to whom they have contracted with.

Under section 437D of the Act, only the Administrators can give instructions on behalf of BBY Nominees or any of the other BBY Nominee Companies.

International financial products

Our investigations to date, indicate that as at the date of our appointment BBY Nominees held (via international custodians such as Jefferies International, Ord Minnet, ABN AMRO and Interactive Brokers) shares in 160 listed companies on behalf of 538 clients. We have not valued all of these holdings. This includes:

- Large well known listed companies such as Google Inc, Apple Inc, AFC Energy PLC and Linc Energy Ltd; and
- a large number of less well known listed companies on exchanges in the USA, Canada, UK and Singapore.

Where clients required BBY Nominees to hold foreign listed securities, there were additional terms and conditions and BBY Nominees was authorised to appoint another nominee, an overseas counterparty, such as Ord Minnett, Pershing or Jefferies, to hold non Australian market quoted products. The custodians hold both equities and some associated cash dividends.

Records of international custodian holdings were not well maintained. The client ledger had not been reconciled since 31 January 2015, nearly 4 months prior to the administration. There were also instances where holdings of some clients had not been reconciled since January 2013. Clients formerly with Stonebridge, which was acquired in June 2011, had not been fully integrated into BBY systems causing issues in identification of clients. BBY Nominees did not appear to obtain regular and timely confirmations from counterparties regarding client holdings. The client ledger was maintained in a spreadsheet (rather a system) making it susceptible to error. There were material reconciliation issues and missing data requiring us to attempt to reconstruct ledger records. In many cases there are no contact details for clients and we are attempting to locate other business records that may assist to contact clients.

We have written to all known counterparty custodians seeking further information. We have had responses from some but not all counterparties and we are continuing these inquiries to confirm the nature and extent of holdings.

The value of these holdings since our appointment have, and will continue to fluctuate in accordance with movements in the relevant financial markets. The extent to which each shareholding has either increased or fallen since the date of our appointment is beyond our control and we accept no responsibility in this regard.

Unlisted foreign shares

BBY Nominees apparently holds shares in one unlisted foreign company on behalf of five clients.

The value of these holdings since our appointment have, and will continue to fluctuate in accordance with the success of this company. The extent to which each shareholding has either increased or fallen since the date of our appointment is beyond our control and we accept no responsibility in this regard.

4.3 Private placements

Our investigations to date, indicate that as at the date of our appointment BBY Nominees held shares relating to private placements in five domestic listed and unlisted companies on behalf of 18 clients (excluding related party and house positions). These placements and records were maintained by the Sydney corporate finance team on a spreadsheet, with the subscription value of the holdings being approximately \$2 million. We have been provided with some documentation which support the beneficial holders of these shares, however further investigation is required for a number of these holdings.

The value of these holdings since our appointment have, and will continue to fluctuate in accordance with the success of these companies. The extent to which each shareholding has either increased or fallen since the date of our appointment is beyond our control and we accept no responsibility in this regard.

4.4 Related party and house positions

There are a number of holdings that appear to have been acquired as a result of corporate finance business conducted by BBY Companies, for instance where shares were acquired in consideration of services provided and 'house' investments.

The records indicate that there are a number of related party and house position holdings relating to options and shares (both listed and private placements) in 22 companies with a market value of at least \$4 million.

BBY Nominees is holdings positions for three clients that may be related and three BBY Group Companies (including BBY Nominees in its own capacity). This is still under investigation.

Records were maintained by the Sydney finance team however when key staff members left the business in early 2015 this process broke down. The last reconciliation was conducted on 30 January 2015. As a result further investigations into these holdings is required.

The value of these holdings since our appointment have, and will continue to fluctuate in accordance with the success of these companies. The extent to which each shareholding has either increased or fallen since the date of our appointment is beyond our control and the administrators accept no responsibility in this regard.

4.5 Strategy for dealing with asset holdings

The Administrators are neither funded nor intend to cause BBY Nominees to continue to provide clients with custodian services or any other financial products going forward.

With no DOCA or other proposal on foot to purchase the services offered by BBY Nominees to its clients, we consider that BBY Nominees has no future and that all existing custodian arrangements should be terminated and unwound as quickly as possible.

Set out below is a summary of the approach being taken in relation to BBY Nominee assets, related party holdings and possible house positions owned by BBY Nominees. The intention is that all trust assets will be transferred or otherwise dealt with in accordance with any instructions received from those beneficially entitled to them as quickly as the circumstances allow.

This proposal is not intended to have any effect upon the treatment of the client segregated accounts currently held by BBYL and the directions which have been sought by the liquidators of BBYL in the Supreme Court of New South Wales.

Nominee assets held on behalf of clients

As outlined above, we have identified listed and unlisted domestic and international shares and options in relation to 224 investments that appear to be held in a nominee capacity on behalf of approximately 590 clients. The available documentation is incomplete and a large amount of effort has been required to collate details in an orderly manner for processing.

We have been progressively contacting former clients of BBY Nominees in order to confirm entitlements, terminate nominee arrangements and deal with assets identified to be held on their behalf.

Given the large number of clients involved we have been drawing on experience of early client interactions to improve and streamline the review process. An example of this is Linc Energy Limited, an audit client of KPMG, which owned shares in a UK listed entity, AFC Energy PLC ("AFC") via BBYN and held by a sub-custodian in London, Jeffries International (Nominees) Limited ("Jeffries"). We reviewed the AFC asset holding, client records and supporting documentation before confirming entitlements to the shares and instructing Jeffries to take direct instruction from Linc Energy Limited. As part of these arrangements we negotiated a fee of \$30,000, to cover our associated costs including legal fees, and obtained an indemnity in respect of the transaction. Another example involved the review and exercise of options held on behalf of a number of clients.

We are writing to the wider client base at the time of this report to explain next steps in the process. In many cases we are seeking that clients provide responses to a short questionnaire and further substantiating documentation where this is not available in the company records.

Given the large number of holdings and clients with individual circumstances that need to be addressed we expect this process will take some months to complete.

As there are currently no funds in the administrations to cover our costs we are offering clients the choice of:

- Working through a resolution process with us and paying a facilitation fee to cover our associated costs. The applicable fees will vary according to the size and complexity of the holdings in question. Clients nominating to transfer their holdings to another nominee will be asked to pay a fee as a condition of the transfer. Clients who nominate to have their holdings sold will have the fee, as well as third party brokerage, deducted from the sale proceeds. The fee covers costs in reviewing company records and supporting documentation, taking legal advice where necessary, confirming entitlements and facilitating transfers or sales as required.
- Participating in a court directions process to resolve and deal with claims. Where client holdings cannot be sufficiently substantiated or where clients choose not to pay a facilitation fee, we anticipate that we may ultimately need to make an application to court under the Trustee Act 1925 (NSW) or the Corporations Act to deal with client holdings. A court process is likely to involve significant delay and uncertainty and be more time consuming and expensive.

We expect that, in any case, there will be a portion of holdings where court directions will be necessary due to an inability to identify and contact the client, substantiate an entitlement or resolve any disputes. Those however, will only be dealt with after priority has been given holdings that can be resolved directly with clients and upon sufficient monies being collected in the estate to cover our remuneration, fees and expenses of making this application.

A number of client entitlements have already been examined and confirmed and the associated securities have been dealt with in accordance with client directions.

Holdings on behalf of related parties and house positions

We do not propose to deal with any of the related party holdings or house positions until we have more information from the outcome of investigations into the affairs of the wider group of BBY Companies and more certainty surrounding the nature of these holdings and beneficial interests.

Any realisations would be first applied against costs of the administration / liquidation. Any surplus would be available for distributions to creditors to the extent there are claims, then to shareholders.

5. Statement by directors

5.1 Report as to affairs

In accordance with the Act, directors are required to submit a Report as to Affairs in relation to each company providing details of the business, property, affairs and financial circumstances.

On 5 June 2015 Glenn Rosewall, as the sole director, provided RATAs for each of the 4 BBY Nominee Companies and he also provided a completed director's questionnaire in relation to BBYL and various other companies that we have utilised as part of our investigations. The RATAs are summarised in the table below.

BBY Nominees Companies

Glenn Rosewall	BBY Nominees		BBY Protection		Tilbia Nominees		Options Research	
	Book value	ERV	Book value	ERV	Book value	ERV	Book value	ERV
\$'000								
Interests in land	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Debtors	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Cash at bank	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Stock	10,627	Unknown	N/A	Nil	N/A	Nil	N/A	Nil
Property, plant & equipment	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Other assets - Deposits (bonds)	N/A	Nil	N/A	Nil	N/A	Nil	N/A	Nil
Total Current Assets	10,627	0	0	0	0	0	0	0
Amounts owing to secured creditor	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Amounts owing for employees	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Preferential creditors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Partly secured creditors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Creditors	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Contingent liabilities	Unknown	Nil	0	Unknown	0	Unknown	100	Unknown
Total Liabilities	0	0	0	0	0	0	100	0
Estimated surplus/ (deficiency)	10,627	0	0	0	0	0	(100)	0

Many sections of the RATAs were either left blank or provided little or no useful information. Mr Rosewall included a comment that he had requested assistance of staff to identify assets but this had not been provided at the time of preparation of the RATAs.

The only assets disclosed, in relation to BBY Nominees, were Firestone Energy Limited convertible notes with a book value of \$10.6 million. Firestone is an exploration and development company listed on the ASX and the Johannesburg Stock Exchange (JSE). Its shares are currently suspended pending a proposed restructure.

The Firestone convertible notes are apparently held on behalf of the following:

Firestone Energy Ltd Convertible Notes	Book Value \$
BBY Holdings Pty Ltd	504,458
Mr Adam Blumenthal (a former staff member)	1,500,000
Jaguar Asset Management (an entity related to Mr Rosewall)	1,500,000
Jaguar Australian Leader Long Short Unit Trust (presumably a related entity)	6,500,000
Premar Pty Ltd	103,544
GARF Pty Ltd (a related entity)	519,198
Total	10,627,200

The BBY Nominees RATA also noted that Mr Adam Blumenthal owes between \$666,674 and \$1,066,674 to BBY Nominees and inquiries are continuing in this regard.

The BBY Nominees RATA did not disclose any of the other asset holdings or client entitlements set out in this report.

5.2 Reasons for financial difficulties – directors explanation

Mr Rosewall provided reasons for the financial difficulties and insolvency in his director's questionnaire for BBY Limited, the parent of the BBY Nominee Companies and main trading entity. He listed the following items as the major causes of failure for the BBY Group:

St George Bank's "mix up" on 14 May 2015 in connection with an ASX margin call

Mr Rosewall stated on 14 May 2015, STG agreed to meet an ASX margin call, then reversed this payment and finally met the payment. During this "mix up" Mr Rosewall was forced to notify two groups of potential investors (the first group in Melbourne were allegedly contributing \$2.5 million and the second group from the Gold Coast who were allegedly contributing \$2.0 million), that STG would not be meeting the margin call. The Melbourne investors subsequently decided not to invest in BBY. The Gold Coast investors attended BBY's Sydney offices on 15 May 2015 along with investors from AIMS in an attempt to reach a new deal. In the opinion of Mr Rosewall, STG's conduct resulted in BBY losing the Melbourne investment of \$2.5 million and created serious concern amongst the Gold Coast investors and AIMS. Mr Rosewall stated his view that this was the reason investors retracted their offer on 17 May 2015.

ASX new conditions

The ASX called additional Capital Based Position Limit Cover from BBY when its ratio went above 3. Mr Rosewall commented that despite the ratio being restored to 2.5, the ASX chose not to return BBY's capital until certain conditions were met, including BBY exiting the ASX options clearing business. By exiting the options clearing business, BBY would be forfeiting an average of \$1.2 million in revenue per month that would require the business to find alternative sources of revenue or make significant cost reductions. The ASX conditions required BBY's board to consider other finances or to draw further on its STG credit facility, which had already exceeded its limit due to additional margin calls by the ASX.

The conduct of the CEO, Arun Maharaj

Mr Maharaj had been with BBY since April 2002 and had been CFO for seven years. In 2012 he became the CEO and held this role until the date of his resignation in March 2015. In his questionnaire, Mr Rosewall stated that from at least December 2014 the following conduct was displayed by Mr Maharaj:

- Consistently failed to complete key financial management and operational tasks; and
- BBY identified inconsistencies in Mr Maharaj's reports to the Board and other financial reports, including under reporting BBY's creditor position.

When Mr Rosewall confronted Mr Maharaj on these issues, Mr Rosewall states the CEO gave his resignation. Key members of Mr Maharaj's financial team also left on or around March 2015.

5.3 Reasons for financial difficulties – Administrators opinion

The issues relating to the failure of the BBY Nominees Companies stem from their parent company and main trading entity of the BBY Group, BBY Limited. In particular, we considered the following factors attributed to the failure of the BBY Companies:

- Competition and pressure on margins
- Lack of adequate corporate governance
- Lack of independent directors on the Board
- Inadequate risk management framework which exposed the business to large losses
- Trading activity in excess of funding capacity (overtrading beyond available working capital)
- Poor management, management information systems and inadequate financial records
- Possible short comings in audit processes
- The financial impact of the BBYL Aquila Resources transaction in June 2014
- Saxo terminating the BBYL relationship in Dec 2014
- Closure of the ASX Options clearing business in May 2015

These issues are also discussed in detail in our report to creditors of the other BBY Companies, dated 12 June 2015, which can be found on the KPMG BBY web site at <http://www.kpmg.com/AU/bby>.

6. Conduct of the Administration

6.1 Tasks undertaken

During the administration period our focus has been on determining the identity of clients and creditors, the extent of assets held and whether assets were owned or held on trust for others as well as considering the proposal for a Deed of Company Arrangement, communicating with clients, completing our statutory investigation into the affairs of the BBY Companies and reporting to creditors.

Major tasks attended to during the Administrations are discussed below:

Clients and creditors

- Obtained a Supreme Court order allowing clients to be emailed notification creditors meetings.
- Prepared a first circular to clients and creditors of the BBY Companies including the BBY Nominee Companies emailing approximately 33,000 former clients of the BBY Companies.
- Received and responded to numerous telephone and email inquiries from clients and maintained a client enquiry register.
- Convened a first meeting of creditors for each of the BBY Companies including the BBY Nominee Companies at the Masonic Centre in Sydney. Also attended a reconvened first meeting of creditors of the Nominee Companies.
- On 12 June 2015, obtained orders from the Supreme Court of New South Wales to extend the convening period for a statutory second meeting of creditors of the BBY Nominee Companies to allow time to carry out further investigations into the assets and liabilities and to assess a proposal received for a Deed of Company Arrangement.
- Prepared this section 439A report for creditors.

Investigation

- Completed and reviewed ASIC company and PPSR register searches.
- Took possession of company books and records and took backups of computer records.
- Wrote to all known counterparties seeking information.
- Received and reviewed the Director RATAs and completed questionnaire from Glenn Rosewall.
- Conducted inquiries to determine the identity of clients and creditors, the extent of assets held and whether assets were owned or held on trust for others, including obtaining information from computer records, interviews with former BSA staff, BBY Nominees clients and other parties and reviewing supporting documentation.
- Worked with former BSA staff to update and collate asset and client information.
- Carried out a statutory investigation into the affairs of the BBY Nominee Companies to identify any possible breaches of the Act or other legislation and possible causes of action on behalf of clients and creditors.
- Liaised with ASIC in relation to the status of investigations for both the BBY Companies including the BBY Nominee Companies.

Client holding resolution process

- Corresponded with clients and custodians requesting information.
- Obtained legal advice regarding numerous client holding issues and possible strategies for resolution.
- Collated record necessary to prepare and issue correspondence to clients based on individual circumstances.
- In instances where client entitlements were confirmed, facilitated client dealings with nominee assets.

Other

- Arranged standard insurance coverage.
- Attended to statutory lodgements and notices.

As detailed in section 4 of this report, a process is underway to contact former clients of BBY Nominees in order to confirm entitlements, terminate nominee arrangements and deal with assets identified to be held on their behalf. If BBY Nominees is placed into liquidation this process will continue.

6.2 Receipts and payments

During the administration of BBY Nominees there have been the following receipts:

- Sale of foreign shares pending payment to a client – \$639,055
- Facilitation fees – shares \$30,000
- Facilitation fees - options \$10,000

Each of these payments are held on trust and are subject to agreement between the Administrators and each of these relevant clients as to how this money can be dealt with. It is likely that some of this money will be released to us as a facilitation fee in effecting the relevant transactions. Some of it will be released to the relevant clients who are beneficially entitled to these amounts.

There have been no other receipts or payments in relation to the other BBY Nominee Companies.

The Administrators accrued time costs are discussed later in this report. We have not drawn any fees to date. We have also incurred various accrued but unpaid expenses including legal fees in the order of \$70,000.

7. Statutory investigations

7.1 Scope

Pursuant to section 438A of the Act, the Administrators are required to conduct investigations into the business, property, affairs and financial circumstances of the BBY Nominees Companies. The Administrators are required to form an opinion about whether it would be in the best interest of the creditors of each of the BBY Nominees Companies to execute a DOCA if one is proposed, for the administration to end, or for the BBY companies to be wound up. Given the comparison required with a winding up, the Administrators investigations include the consideration of whether there are any potential actions available to a liquidator in the event that creditors resolve to place individual companies into liquidation.

We are required to report to ASIC if we consider that past or present officers or shareholders of the BBY Nominees Companies may have committed an offence under the Act. Reports to ASIC are confidential and we are unable to disclose details to creditors.

The strict time frame associated with the Administration process limits the extent of investigations that that can be performed prior to the second meeting. Should creditors consider they have further information that may be useful in our inquiries, please do not hesitate to contact this office.

In considering the merits of proceeding with any recovery action, a liquidator must have regard to the relative costs and benefits together with the prospects of success and the financial ability of defendants to meet claims. Recovery actions are often expensive and can involve lengthy delays if court proceedings are required.

7.2 Information reviewed

The investigations performed by the Administrators were predominantly based on the following sources of information:

- Meetings and discussions with Mr Glenn Rosewall, management, BSA staff, clients and other parties.
- Review of the Director RATAs and questionnaire.
- Company records and information provided by clients.
- Publicly available information including ASIC records and other public databases.

7.3 Limitations

Our investigations were limited in a number of respects included incomplete and unreconciled management accounting information. However, we are satisfied with the conclusions we have reached and opinions expressed in this report.

7.4 Books and records

Pursuant to section 286 (1) and (2) of the Act, a company is required to keep written financial records for a period of 7 years that correctly record and explain its transactions, and financial position and performance and would enable true and fair financial statements to be prepared and audited.

In some circumstances, the failure to maintain adequate books and records in accordance with the Act may be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act. In particular, under section 588E(4) of the Act, if a liquidator can establish that the company has failed to keep financial records as required under section 286(1) or (2) of the Act in relation to a period of time, the company is determined to have been insolvent throughout the period.

In section 4 we discuss inadequacies in the quality of records maintained in relation to asset holdings and client accounts.

The information we have reviewed leads us to reach a preliminary conclusion that records may not have been maintained in compliance with the requirements of Section 286 (1) or (2) of the Act.

7.5 Offences and director duties

Section 438D (1) of the Act requires an administrator to report to ASIC if it appears that:

- A past or present officer, or member, of the company may have been guilty of an offence in relation to the company; or
- A person who has taken part in the formation, promotion, administration, management or winding up of the company may have misapplied money or property of the company or may have been guilty of negligence, default, breach of duty or trust in relation to the company.

The Administrators have submitted a preliminary report ASIC in respect of BBYL, the main trading entity, and are finalising our views and conclusions in relation to the BBY Nominee Companies.

7.6 Related party transactions

We have not identified any related party transactions giving rise to possible offences or avenues for asset recovery or claims in the event of a winding up of the BBY Nominee Companies. This however is subject to further investigations, including in relation to the wider BBY Group. Given the findings in our previous report, we consider it is possible that there may be a number of related party transactions involving the BBY Nominee Companies which may require further investigation.

As noted earlier, We do not propose to deal with any of the BBYN related party holdings until we have more information from the outcome of investigations into the affairs of the wider group of BBY Companies and more certainty surrounding the nature of these holdings and beneficial interests.

7.7 Insolvent trading

Insolvent trading explained in more detail

A company is considered to be insolvent if it is unable to pay all of its debts as and when they become due and payable. Case law suggests that, in certain circumstances, directors, when discharging their duties to a company, must take into account the interests of creditors, such as when a company is potentially about to become insolvent. Directors who allow a company to continue trading when there are reasonable grounds for suspecting that the company is or may become insolvent, may be held personally liable for debts incurred.

It is necessary to establish insolvency in order for a liquidator to be able to set aside a transaction or obtain compensation from a director for insolvent trading (with the exception of unfair loans and unreasonable director related transactions).

There are a number of tests that have been established by the Courts as indicators of insolvency although there is no single test that provides an authoritative answer on whether or not a company was insolvent.

Section 588G(1) of the Act provides the circumstances in which a director contravenes the Act by failing to prevent a company from incurring a debt. Section 588J(1) empowers the Court to order that the director pay to the company compensation for loss or damage caused by the contravention. Section 588G(3) provides an offence if the contravention is found to have been dishonest. Section 588H of the Act provides a number of defences to directors in relation to an insolvent trading claim in liquidation. In summary, if the director can establish any of the following defences, the director will not incur civil liability under section 588G (these do not apply to the criminal offence provision in section 588G(3) of the Act):

- At the time the debt was incurred the director had reasonable grounds to expect, and did expect, that the company was solvent and would remain solvent if it incurred that debt, and any other debts, that it had incurred at that time;
- At the time the debt was incurred the director had reasonable grounds to believe, and did believe, that a competent and reliable person was responsible for providing information about the company's solvency, and that person was fulfilling that responsibility;
- The director through illness, or some other good reason, was not taking part in the management of the company at the time the debt was incurred; and
- The director took all reasonable steps to avoid the company from incurring the debt.

Preliminary assessment

The BBY Nominee Companies were reliant on and an integral part of the wider BBY business and failed as a direct consequence of the collapse and insolvency of BBY Limited and the other BBY Companies. The BBY Nominee Companies were not otherwise actively trading, earning revenue or incurring liabilities, which were accounted for in other group companies.

In the event that creditors resolve to place any of the BBY Nominee Companies into liquidation further investigation will be conducted.

7.8 Voidable transactions

Unfair preferences

Assuming the BBY Group, which includes the BBY Nominee Companies was insolvent, claims are potentially available under the Act to a liquidator to overturn transactions where a creditor of an insolvent company received preferential payments during six months prior to the date of the Administration that resulted in them receiving more than they would have received if the payment were set aside and they ranked for a dividend in the winding up. The period is extended to four years for related entities.

We have not identified any possible unfair preferences specifically involving the BBY Nominee Companies. This however is subject to further investigations, including in relation to the wider BBY Group. Given the findings in our previous report, we consider it is possible that there may be a number of preferential transactions involving the BBY Nominee Companies which may require further investigation.

Uncommercial transactions

A transaction of a company is an uncommercial transaction if the following elements are established by a liquidator:

- The transaction was entered into or given effect to within two years of the date of appointment of the Administrators; and
- At the time the transaction was entered into, or when given effect to, the company was insolvent or became insolvent as a result of the transaction; and
- A reasonable person in the company's circumstances would not have entered into the transaction having regard to the benefits and detriments to the company in entering into the transaction and the respective benefits to other parties.

We have not identified any possible uncommercial transactions specifically involving the BBY Nominee Companies. This however is subject to further investigations, including in relation to the wider BBY Group. Given the findings in our previous report, we consider it is possible that there may be a number of uncommercial transactions involving the BBY Nominee Companies which may require further investigation.

Unreasonable payments to directors

Section 588FDA provides that a transaction of a company may be determined to be an unreasonable director related transaction of the company if the transaction was with a director or their associate and that it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction, having regard to the respective benefits (or detriment) to the BBY Nominee Companies and other parties.

We have not identified any unreasonable payments to the director specifically involving the BBY Nominee Companies. This however is subject to further investigations, including in relation to the wider BBY Group. Given the findings in our previous report, we consider it is possible that there may be a number of unreasonable payments to Mr Rosewall involving the BBY Nominee Companies which may require further investigation..

Transactions to defeat creditors

Section 588FE of the Act provides for transactions to be voidable if the transaction was designed to defeat, delay or interfere with the rights of creditors. We have not identified any transactions that meet this criteria. This however is subject to further investigations, including in relation to the wider BBY Group.

8. Estimated return from a winding up (liquidation)

The purpose of a liquidation of an insolvent company is to have a Liquidator take control of the company so that its affairs can be wound up in an orderly and fair way for the benefit of all creditors.

8.1 Funding available for liquidation costs

There is very limited funding available for the costs of the administrations or liquidation. The only funding received to date is in relation to BBY Nominees, as discussed in section 7.3, being from the sale of assets on behalf of clients and facilitation fees.

8.2 Estimated returns from winding up

As noted earlier, BBY Nominees apparently acted as a bare trustee and nominated custodian for clients of the BBY business but neither it, nor the other 3 companies BBYPN, OR or TN actively traded in their own right and they did not earn revenue or incur liabilities, which were accounted for in other group companies.

There appear to be no trade creditors or statutory liabilities and the only possible creditor claims will likely relate to any losses suffered by former BBY clients in relation to dealings with BBY Nominees after recovery of any assets held on trust.

Given the uncertainty over asset holdings and client entitlements it is too soon to estimate whether there will be creditor claims and assets available to fund distributions to creditors, other than the return of assets beneficially owned by clients.

9. Proposal for a Deed of Company Arrangement

On 4 June 2015 Asia Pacific Group Holdings Pty Ltd, part of the AIMS Financial Group, submitted a proposal for a Deed of Company Arrangement in respect of the BBY Nominee Companies in order to deal with client entitlements, in the context of the purchase of various business assets.

The proposal was unable to be progressed due to the lack of available information regarding the financial affairs of the BBY Nominee Companies.

On 12 June 2015, the Administrators obtained orders from the Supreme Court of New South Wales to extend the convening period for a statutory second meeting of creditors to allow time to carry out further investigations into the assets and liabilities and then to assess the DOCA proposal.

After further discussions and examination of subsequent information that became available the DOCA proposal was withdrawn by Asia Pacific Group Holdings Pty Ltd.

10. Options available to creditors

Pursuant to Section 439A(4)(b) of the Act, we provide creditors with a statement setting out our opinion for each of the BBY companies as to whether or not it is in creditors' interests for:

- The company to execute a Deed of Company Arrangement, or
- The Administration to end, or
- The company to be placed into Liquidation.

11. Administrators' Opinion

Our opinion and recommendation in relation to each of the BBY Nominee Companies is set out below.

BBY Nominees Pty Ltd

- We recommend creditors resolve that the company be **placed into liquidation and wound up**.

There is no proposal for a Deed of Company Arrangement. Nor do we think that management of BBY Nominees should return to Glenn Rosewall. Mr Rosewall is under investigation by the liquidators as well from ASIC due to the failure of BBYL and the BBY Group generally. Those investigations are likely to distract Mr Rosewall and render him unsuitable to exercise control over any assets held on behalf of BBY Nominees clients.

As outlined, above a liquidation would facilitate an orderly winding up of BBY Nominees including dealing with client trust entitlements.

BBY Protection Nominees Pty Ltd

- We recommend creditors resolve that the company be **placed into liquidation and wound up**.

There is no proposal for a Deed of Company Arrangement. Liquidation would facilitate an orderly winding up including dealing with any client trust entitlements.

Options Research Pty Ltd

- We recommend creditors resolve that the company be **placed into liquidation and wound up**.

There is no proposal for a Deed of Company Arrangement. Liquidation would facilitate an orderly winding up including dealing with any client trust entitlements.

Tilbia Nominees Pty Ltd

- We recommend creditors resolve that the company be **placed into liquidation and wound up**.

There is no proposal for a Deed of Company Arrangement. Liquidation would facilitate an orderly winding up including dealing with any client trust entitlements.

Note:

Creditors do not necessarily have to pass one of these resolutions if instead they resolve to adjourn the meetings. The Act permits the meetings to be adjourned for up to 45 business days however this would incur additional cost.

12. Remuneration

This section of our report summarises key aspects of the Administrators' claim for remuneration as well as the expected prospective remuneration of a Liquidator or Deed Administrator if appointed.

Creditors may approve fees of an administrator by passing a resolution at a creditors' meeting and we will seek various resolutions in approval of the Administrators' fees at the Second Meetings.

Further details of remuneration together with the resolutions that will be proposed at the Second Meetings, are set out in the Administrator's Remuneration Report attached as Appendix B.

In our first circular to creditors dated 20 May 2015, we provided creditors with a Remuneration Advice that noted that we proposed to charge fees on time based / hourly rates basis. We attached a guide to hourly rates which included the following:

KPMG Restructuring Services guide to hourly rates

Grade	Hourly rate (excl GST)
Partner or Appointee	\$650
Director	\$600
Associate Director	\$550
Manager	\$500
Executive	\$350
Senior Analyst	\$250
Analyst	\$200
Administration	\$140

The proposed hourly rates are based on our costs of running an insolvency business, including KPMG's professional staff and other overheads, and are generally similar to many other insolvency professionals.

Administrators' remuneration to 25 September 2015

The attached remuneration report sets out detail of the Administrators remuneration claim in respect to each company.

The work undertaken by administrators depends on the type of administration concerned and the issues that need to be resolved. Some issues are straightforward, while others are more complex. However, what is common amongst all administration types is that an administrator is, by law, required to undertake a number of tasks which may not directly benefit creditors (for example, the preparation of reports to ASIC or the preparation and lodgement of accounts of receipts and payments). An administrator is entitled to reasonable remuneration for work performed including statutory tasks. Creditors have an interest in the level of fees and costs, as the administrator will, generally, be paid from the company's available assets before any payments to creditors are made.

The Administrators have not received any remuneration to date for work performed in the Administration.

We will seek approval of the following remuneration by creditors at the second meetings, via formal resolutions, as set out in the attached Agenda of the meeting:

Based on the hourly rates set out in our Remuneration Advice, total proposed remuneration of the Administrators for the period from 17 May 2015 to 25 September 2015 is \$132,270 (excluding GST), broken down as follows;

- BBY Nominees Pty Ltd \$121,365
- BBY Protection Nominees Pty Ltd \$5,845
- Options Research Pty Ltd \$2,685
- Tilbia Nominees Pty Ltd \$2,375

We estimate that further costs from 26 September 2015 to the date of the second meetings on 8 October 2015 may be up to \$97,275 (excluding GST), broken down as follows;

- BBY Nominees Pty Ltd \$87,900
- BBY Protection Nominees Pty Ltd \$3,125
- Options Research Pty Ltd \$3,125
- Tilbia Nominees Pty Ltd \$3,125

Liquidators' remuneration

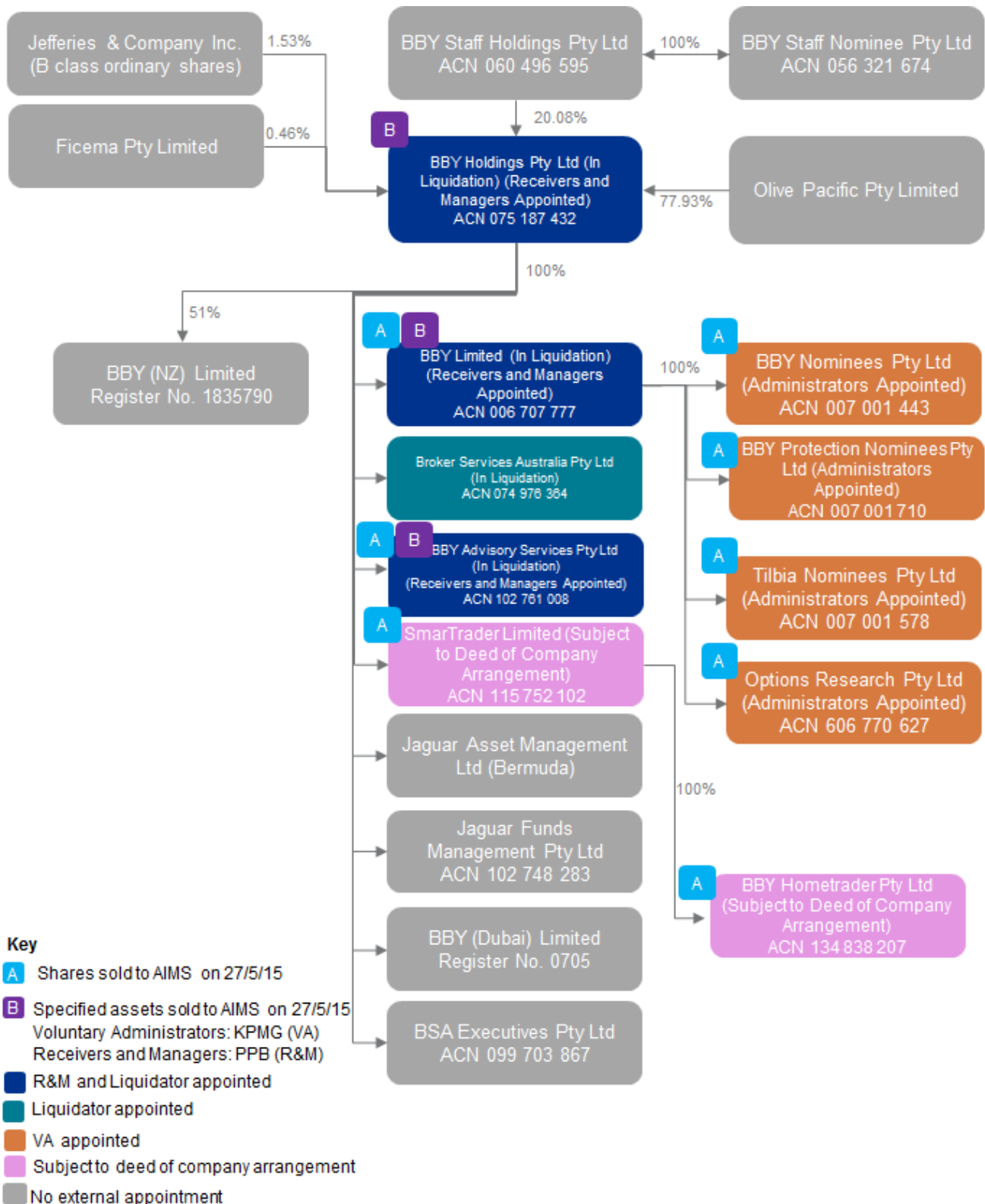
If creditors resolve that each company in the BBY Nominees Companies be placed into liquidation and that the Administrators be appointed as liquidators, then we propose that the Liquidators' remuneration be calculated on the basis of time spent by us, and our staff, based upon the KPMG Restructuring Services guide to hourly rates (the same basis as the Administrators' remuneration).

In the event the BBY Nominee Companies are placed into liquidation and the Administrators are appointed liquidators, we propose that the Liquidators' future fees be approved up to an amount of \$360,000 plus GST and disbursements, based on the time spent by the Liquidators and their staff in respect of the liquidation based upon the KPMG Restructuring Services guide to hourly rates.

Prospective remuneration approval will be sought from creditors at the second meeting. Further particulars are set out in the Administrators' remuneration Report attached as Appendix B.

A liquidation may run for a lengthy period if various claims are pursued. The Liquidators' total fees in conducting a liquidation and pursuing any recovery actions may exceed the above proposed approval. Any remuneration sought over and above the approved amount will be subject to further approval from creditors.

A. BBY Group structure



Asset sales to AIMS excluded receivables and any Directors and Officers insurance policies

Share sales excluded Dubai, New Zealand, Jaguar Asset Management, Jaguar Funds Management, Broker Services Aust. and BSA Executives

B. Remuneration Report

29 September 2015

BBY Nominees Pty Ltd ACN 007 001 443
BBY Protection Nominees Pty Ltd ACN 007 001 710
Options Research Pty Ltd ACN 006 770 627
Tilbia Nominees Pty Ltd ACN 007 001 578
(all Administrators Appointed)
("the BBY Nominee Companies")

**Administrators' Remuneration Report
and approval request**

29 September 2015
Stephen Vaughan & Ian Hall
Joint and Several Administrators

29 September 2015

1. Declaration

We, Stephen Vaughan and Ian Hall, of KPMG have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of the BBY Nominee Companies in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed in the conduct of the Administration.

2. Executive Summary

This remuneration report sets out details of the Administrators' claim for remuneration in respect of the Administration of the BBY Nominee Companies and details of the prospective remuneration of the proposed Liquidators, should any of the BBY Nominee Companies be placed into liquidation at the forthcoming meetings of creditors.

To date, no remuneration has been approved or paid in respect of the Administration of the BBY Nominee Companies. This remuneration report details and seeks approval for the following fees:

	Report Reference	Amount (ex GST)
Total past remuneration approved		Nil
Current remuneration approval sought:		
VOLUNTARY ADMINISTRATION		
<i>Actual time incurred 17 May 2015 – 25 September 2015</i>	3.1/4.1	
Resolution 1: BBY Nominees Pty Ltd 17 May 2015 - 25 September 2015		\$121,365
Resolution 1: BBY Protection Nominees Pty Ltd 17 May 2015 - 25 September 2015		\$5,845
Resolution 1: Options Research Pty Ltd 17 May 2015 - 25 September 2015		\$2,685
Resolution 1: Tilbia Nominees Pty Ltd 17 May 2015 - 25 September 2015		\$2,375
<i>Actual time incurred to 25 September 2015</i>		\$132,270
<i>Prospective time incurred from 26 September 2015 – 8 October 2015</i>	3.2/4.2	
Resolution 2: BBY Nominees Pty Ltd 26 September 2015 – 8 October 2015		\$87,900
Resolution 2: BBY Protection Nominees Pty Ltd 26 September 2015 – 8 October 2015		\$3,125
Resolution 2: Options Research Pty Ltd 26 September 2015 – 8 October 2015		\$3,125
Resolution 2: Tilbia Nominees Pty Ltd 26 September 2015 – 8 October 2015		\$3,125
<i>Prospective time incurred to 8 October 2015</i>		\$97,275
Total – Voluntary Administration		\$229,545

BBY Nominee Companies
(Administrators Appointed)
Administrators' remuneration report and approval request

29 September 2015

	Report Reference	Amount (ex GST)
LIQUIDATION (if applicable)*	3.3/4.3	
Resolution 3: BBY Nominees Pty Ltd		\$297,300
Resolution 3: BBY Protection Nominees Pty Ltd		\$20,800
Resolution 3: Options Research Pty Ltd		\$20,800
Resolution 3: Tilbia Nominees Pty Ltd		\$20,800
Total – Liquidation (if applicable)		\$359,700

* It is difficult to provide an estimate for the future cost of the liquidation in the event the BBY Nominee Companies are placed into Liquidation. There are a number of complex matters such as uncertainty surrounding the identification and transfer of asset holdings for both domestic and international custodians, the limited amount of information available for various asset categories and the large number of clients with holdings. However, for the purposes of providing creditors with an estimate we anticipate initial costs for all BBY Nominee Companies will be \$0.35 million or above. Should a Committee of Inspection be formed at the Second Meeting then it would be for the committee to approve future liquidators' fees in respect of BBY Nominees.

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

Total remuneration in relation to the voluntary administrations per the table above is \$229,545 (excluding GST).

29 September 2015

3. Description of work completed / to be completed

3.1. Administrators' remuneration for the period 17 May 2015 to 25 September 2015

BBY Nominees Pty Limited (Administrators Appointed)

Task Area	General Description	Including, but not limited to:
Assets 88.0 hours \$47,845	Deed of Company Arrangement	<p>Liaising with AIMS Financial Group and their representatives DEM Australasia concerning their intention to propose a DOCA</p> <p>Reviewing DOCA received from AIMS on 4 June 2015</p> <p>Discussions with AIMS on their subsequent withdrawal of the DOCA</p>
	Bank Accounts	Attempt to identify bank accounts through individual bank correspondence
	Other Assets	Identify and investigate other assets where applicable Arranging relevant insurance
	Trust Assets	<p>Meetings with former management to discuss the nature of various client share holdings held on trust by BBY Nominees</p> <p>Reviewing reports provided by management to verify the extent of share holdings and shares on hand</p> <p>Reviewing spreadsheets provided by management and understanding the various categories of trust assets</p> <p>Reviewing available documentation for domestic and international custodians, unlisted options and private placements</p> <p>Assisting clients with the transfer of shares where formal instructions had been received and appropriate documentation provided</p> <p>Discussions with our legal advisors on trust asset issues</p> <p>Dealing with overseas client and their legal advisors on the treatment of shareholdings</p> <p>Assisting domestic clients on the exercise of options where letter of instructions received</p> <p>Preparing a trust asset resolution strategy to deal with all the various categories of shareholdings</p>
	Document collection	Liaising with BBY Group finance team and other employees regarding collection of asset listings
Creditors 84.6 hours \$36,625	First Meeting of Creditors	<p>Preparing of meeting notices, proxies and advertisements</p> <p>Court application to allow clients to be notified by email</p> <p>Forward notice of meeting to all known creditors and clients</p> <p>Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisements of meeting and draft minutes of meeting</p> <p>Liaise and instruct webcast traffic and questions</p> <p>Correspond with Sydney Masonic centre regarding meeting logistics</p> <p>Reviewing quotes and signing agreement with Masonic centre</p> <p>Prepare meeting presentation</p> <p>Planning meeting for first meeting of creditors</p> <p>Hold first meeting at Sydney Masonic centre in the Grand Lodge Room at 10:00am on the 27th of May 2015</p> <p>Sign in clients, creditors and observers through Link Insolvency</p>

**BBY Nominee Companies
(Administrators Appointed)**

Administrators' remuneration report and approval request

29 September 2015

Task Area	General Description	Including, but not limited to:
		Respond to stakeholder's queries and questions immediately following the meeting Prepare minutes of meeting
	Dealing with proofs of debt and proxies	Liaising with Link Insolvency on the approval and preparation of proof of debt and proxy forms
	Creditor Enquiries	Maintaining client details and register Prepare and upload to Link Insolvency database a frequently asked questions document for creditors Distribution of first creditors and clients meeting circular Review of letters received from counter parties for international holdings held on trust Discussions with clients on the treatment of shareholdings Preparation of client circular including questionnaire to assist with quantifying client shareholdings with the available books and records
	Creditor reports	Prepare section 439A report
Trust reconciliation 56.1 hours \$26,705	Reconciling client accounts	Review and reconciliation of holdings data for domestic and international custodians Preparation of file notes for tasks completed Discussions with management on spreadsheets and unreconciled holdings Detailed reconciliations for domestic and international custodians
	Client positions	Legal advice from Ashurst Review of trust documentation available Preparation of summary draft positions <u>Internal meetings to discuss status and next steps</u>
Investigation 6.2 hours \$2,140	Interviews and inquiries	Multiple meetings with Finance team in respect of the events prior to Administration Interviews with multiple staff of the BBY Group Interview with director
	Conducting investigation	Request and review RATA from the director Investigation into the conduct of director Forensic imaging of key personnel computers and company servers Collection of appropriate hard-copy documents for investigations Review and preparation of company nature and history Preparation of file notes for tasks completed
	Recoveries / Litigation	Identify potential recoveries, if any Internal meetings to discuss lack of recovery actions from preliminary findings <u>Reviewing potential voidable transactions, if any</u>
	ASIC reporting	Meetings and update to ASIC regarding position and conduct of the Administration
Administration 18.1 hours \$8,050	Document maintenance/file review/checklist	Create and maintain administration records including administration files and checklists Creation of file registry File reviews Updating checklist and work plans Information request completion from BBY Miscellaneous correspondence with stakeholders in the administration and the Company's' affairs
	Director dealings	Preparation and distribution of director pack Correspondence with director regarding duties and obligations Discussion of general affairs of the business Create and maintain administration records including administration files and checklists

**BBY Nominee Companies
(Administrators Appointed)**

Administrators' remuneration report and approval request

29 September 2015

Task Area	General Description	Including, but not limited to:
	ATO and other statutory reporting	Notification of appointment
	ASIC forms/ planning / review	Preparing and lodging ASIC Forms 505, 507, 911, 529 Lodging of ASIC insolvency notice advertisements Correspondence with ASIC regarding statutory forms Internal planning meetings on status of Administration
	Storage	Compiling of listings for documentation filing
	Company Searches	Director, PPSR and company search

BBY Protection Nominees Pty Ltd (Administrators Appointed)

Task Area	General Description	Including, but not limited to:
Assets 3.3 hours \$1,895	Deed of Company Arrangement	Liaising with AIMS Financial Group and their representatives DEM Australasia concerning their intention to propose a DOCA Reviewing DOCA received from AIMS on 4 June 2015 Discussions with AIMS on their subsequent withdrawal of the DOCA
	Bank Accounts	Attempt to identify bank accounts through individual bank correspondence
	Other Assets	Attempt to identify any other assets
Creditors 4.0 hours \$2,300	First Meeting of Creditors	Preparing of meeting notices, proxies and advertisements Court application to allow clients to be notified by email Forward notice of meeting to all known creditors and clients Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisements of meeting and draft minutes of meeting Liaise and instruct webcast traffic and questions Correspond with Sydney Masonic centre regarding meeting logistics Prepare meeting presentation Planning meeting for first meeting of creditors Hold first meeting at Sydney Masonic centre in the Grand Lodge Room at 10:00am on the 27 th of May 2015 Prepare minutes of meeting
	Dealing with proofs of debt and proxies	Approval and preparation of proof of debt form and proxy form through Link Insolvency
	Creditor Enquiries	Prepare and upload to Link Insolvency database a frequently asked questions document for creditors Daily internal meetings to discuss frequently asked questions document and appropriateness Distribution of first creditors and clients meeting circular
	Creditor reports	Prepare section 439A report
Investigation 1.8 hours \$965	Interviews and inquiries	Interview with director
	Conducting investigation	Request and review RATA from the director Preliminary investigation into solvency Investigation into the conduct of director
	Recoveries / Litigation	Identify any potential recoveries
Administration 1.8 hours \$685	Document maintenance/file review/checklist	Create and maintain administration records including administration files and checklists Creation of file registry File reviews

**BBY Nominee Companies
(Administrators Appointed)**

Administrators' remuneration report and approval request

29 September 2015

Task Area	General Description	Including, but not limited to:
		Updating checklist and work plans Information request completion from BBY
	Director dealings	Preparation and distribution of director pack Correspondence with director regarding duties and obligations Discussion of general affairs of the business Create and maintain administration records including administration files and checklists
	ATO and other statutory reporting	Notification of appointment
	ASIC forms/ planning / review	Preparing and lodging ASIC Forms 505, 507, 911, 529 Lodging of ASIC insolvency notice advertisements Internal planning meetings on status of Administration
	Company Searches	Director, PPSR and company search

Options Research Pty Ltd (Administrators Appointed)

Task Area	General Description	Including, but not limited to:
Assets 0.8 hours \$520	Deed of Company Arrangement	Liaising with AIMS Financial Group and their representatives DEM Australasia concerning their intention to propose a DOCA Reviewing DOCA received from AIMS on 4 June 2015 Discussions with AIMS on their subsequent withdrawal of the DOCA
	Bank Accounts	Attempt to identify bank accounts through individual bank correspondence
	Other Assets	Attempt to identify any other assets
Creditors 3.0 hours \$1,505	First Meeting of Creditors	Preparing of meeting notices, proxies and advertisements Court application to allow clients to be notified by email Forward notice of meeting to all known creditors and clients Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisements of meeting and draft minutes of meeting Liaise and instruct webcast traffic and questions Correspond with Sydney Masonic centre regarding meeting logistics Prepare meeting presentation Planning meeting for first meeting of creditors Hold first meeting at Sydney Masonic centre in the Grand Lodge Room at 10:00am on the 27 th of May 2015 Prepare minutes of meeting
	Dealing with proofs of debt and proxies	Approval and preparation of proof of debt form and proxy form through Link Insolvency
	Creditor Enquiries	Prepare and upload to Link Insolvency database a frequently asked questions document for creditors Daily internal meetings to discuss frequently asked questions document and appropriateness Distribution of first creditors and clients meeting circular
	Creditor reports	Prepare section 439A report
Investigation 0.5 hours \$250	Interviews and inquiries	Interview with director
	Conducting investigation	Request and review RATA from the director Preliminary investigation into solvency Investigation into the conduct of director

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Task Area	General Description	Including, but not limited to:
	Recoveries / Litigation	Identify any potential recoveries
Administration 1.3 hours \$410	Document maintenance/file review/checklist	Create and maintain administration records including administration files and checklists Creation of file registry File reviews Updating checklist and work plans Information request completion from BBY
	Director dealings	Preparation and distribution of director pack Correspondence with director regarding duties and obligations Discussion of general affairs of the business Create and maintain administration records including administration files and checklists
	ATO and other statutory reporting	Notification of appointment
	ASIC forms/ planning / review	Preparing and lodging ASIC Forms 505, 507, 911, 529 Lodging of ASIC insolvency notice advertisements Internal planning meetings on status of Administration
	Company Searches	Director, PPSR and company search

Tilbia Nominees Pty Ltd (Administrators Appointed)

Task Area	General Description	Including, but not limited to:
Assets 1.0 hours \$610	Deed of Company Arrangement	Liaising with AIMS Financial Group and their representatives DEM Australasia concerning their intention to propose a DOCA Reviewing DOCA received from AIMS on 4 June 2015 Discussions with AIMS on their subsequent withdrawal of the DOCA
	Bank Accounts	Attempt to identify bank accounts through individual bank correspondence
	Other Assets	Attempt to identify any other assets
Creditors 2.2 hours \$1,055	First Meeting of Creditors	Preparing of meeting notices, proxies and advertisements Court application to allow clients to be notified by email Forward notice of meeting to all known creditors and clients Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisements of meeting and draft minutes of meeting Liaise and instruct webcast traffic and questions Correspond with Sydney Masonic centre regarding meeting logistics Prepare meeting presentation Planning meeting for first meeting of creditors Hold first meeting at Sydney Masonic centre in the Grand Lodge Room at 10:00am on the 27 th of May 2015 Prepare minutes of meeting
	Dealing with proofs of debt and proxies	Approval and preparation of proof of debt form and proxy form through Link Insolvency
	Creditor Enquiries	Prepare and upload to Link Insolvency database a frequently asked questions document for creditors Daily internal meetings to discuss frequently asked questions document and appropriateness Distribution of first creditors and clients meeting circular
	Creditor reports	Prepare section 439A report
Investigation	Interviews and inquiries	Interview with director

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Task Area	General Description	Including, but not limited to:
0.5 hours \$295	Conducting investigation	Request and review RATA from the director Preliminary investigation into solvency Investigation into the conduct of director
	Recoveries / Litigation	Identify any potential recoveries
Administration 1.1 hours \$415	Document maintenance/file review/checklist	Create and maintain administration records including administration files and checklists Creation of file registry File reviews Updating checklist and work plans Information request completion from BBY
	Director dealings	Preparation and distribution of director pack Correspondence with director regarding duties and obligations Discussion of general affairs of the business Create and maintain administration records including administration files and checklists
	ATO and other statutory reporting	Notification of appointment
	ASIC forms/ planning / review	Preparing and lodging ASIC Forms 505, 507, 911, 529 Lodging of ASIC insolvency notice advertisements Internal planning meetings on status of Administration
	Company Searches	Director, PPSR and company search

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3.2. Administrators' prospective remuneration for the period 26 September 2015 to 8 October 2015

BBY Nominees Pty Limited (Administrators Appointed)

Task Area	General Description	Including, but not limited to:
Assets 100.0 hours \$41,000	Trust Assets	Dealing with domestic and overseas clients and their legal advisors on the treatment of shareholdings Assisting domestic clients on the exercise of options where letter of instructions received Reviewing additional documentation received by clients for domestic and international custodians, unlisted options and private placements Assisting clients with the transfer of shares where formal instructions had been received and appropriate documentation provided Discussions with our legal advisors on asset resolution status and progress Dealing with agent to execute the transfer of shares for domestic and overseas publicly listed shareholdings
Creditors 89.0 hours \$41,725	Second meeting of creditors	Preparing of meeting notices, proxies and advertisements Court application to allow clients to be notified by email Forward notice of meeting to all known creditors and clients Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisements of meeting and draft minutes of meeting Liaise and instruct webcast traffic and questions Prepare meeting presentation Planning meeting for second meeting of creditors Hold second meeting at Level 15, KPMG Sydney offices at 11:30am on the 8 th of October 2015
	Creditor Enquiries	Finalisation and mail out of client circular including questionnaire to assist with quantifying client shareholdings with the available books and records Maintaining client details and register Discussions with clients on the treatment of shareholdings
	S439A Report	Finalisation of 439A report to creditors Analysis and comparison of directors RATAs to company accounts, if applicable Statutory reporting obligations Assessment and recommendation of the future course of the Administration of the Company Prepare and distribute a circular to creditors notifying of second meeting
	Dealing with proofs of debt	Review and admit formal proofs of debt received from creditors for the second meeting Adjudicating on proof of debts received
Administration 13.5 hours \$5,175	Correspondence	Miscellaneous correspondence with stakeholders in the administration and the Company's affairs
	ASIC forms/ planning / review	Preparing and lodging ASIC Forms Lodging of ASIC insolvency notice advertisements Internal planning meetings on status of Administration
	Document maintenance/file review/checklist	Create and maintain administration records including administration files and checklists

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(Administrators Appointed)**

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BBY Protection Nominees Pty Ltd (Administrators Appointed)

Task Area	General Description	Including, but not limited to:
Creditors 7.5 hours \$2,775	Second meeting of creditors	Preparing of meeting notices, proxies and advertisements Court application to allow clients to be notified by email Forward notice of meeting to all known creditors and clients Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisements of meeting and draft minutes of meeting Liaise and instruct webcast traffic and questions Prepare meeting presentation Planning meeting for second meeting of creditors Hold second meeting at Level 15, KPMG Sydney offices at 11:30am on the 8 th of October 2015 Prepare minutes of meeting
	S439A Report	Finalisation of 439A report to creditors Analysis and comparison of directors RATAs to Company accounts Statutory reporting obligations Assessment and recommendation of the future course of the Administration of the Company
	Dealing with proofs of debt	Review and admit formal proofs of debt received from creditors for the second meeting Adjudicating on proof of debts received
	Meeting of Creditors	Convene and prepare for the second meeting of creditors Lodge minutes of meeting with ASIC
Administration 1.0 hours \$350	ASIC forms/ planning / review	Preparing and lodging ASIC Forms Lodging of ASIC insolvency notice advertisements Internal planning meetings on status of Administration
	Document maintenance/file review/checklist	Create and maintain administration records including administration files and checklists

Options Research Pty Ltd (Administrators Appointed)

Task Area	General Description	Including, but not limited to:
Creditors 7.5 hours \$2,775	Second meeting of creditors	Preparing of meeting notices, proxies and advertisements Court application to allow clients to be notified by email Forward notice of meeting to all known creditors and clients Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisements of meeting and draft minutes of meeting Liaise and instruct webcast traffic and questions Prepare meeting presentation Planning meeting for second meeting of creditors Hold second meeting at Level 15, KPMG Sydney offices at 11:30am on the 8 th of October 2015 Prepare minutes of meeting
	S439A Report	Finalisation of 439A report to creditors Analysis and comparison of directors RATAs to Company accounts Statutory reporting obligations Assessment and recommendation of the future course of the Administration of the Company

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Task Area	General Description	Including, but not limited to:
	Dealing with proofs of debt	Review and admit formal proofs of debt received from creditors for the second meeting Adjudicating on proof of debts received
	Meeting of Creditors	Convene and prepare for the second meeting of creditors Lodge minutes of meeting with ASIC
Administration 1.0 hours \$350	ASIC forms/ planning / review	Preparing and lodging ASIC Forms Lodging of ASIC insolvency notice advertisements Internal planning meetings on status of Administration
	Document maintenance/file review/checklist	Create and maintain administration records including administration files and checklists

Tilbia Nominees Pty Ltd (Administrators Appointed)

Task Area	General Description	Including, but not limited to:
Creditors 7.5 hours \$2,775	Second meeting of creditors	Preparing of meeting notices, proxies and advertisements Court application to allow clients to be notified by email Forward notice of meeting to all known creditors and clients Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisements of meeting and draft minutes of meeting Liaise and instruct webcast traffic and questions Prepare meeting presentation Planning meeting for second meeting of creditors Hold second meeting at Level 15, KPMG Sydney offices at 11:30am on the 8 th of October 2015 Prepare minutes of meeting
	S439A Report	Finalisation of 439A report to creditors Analysis and comparison of directors RATAs to Company accounts Statutory reporting obligations Assessment and recommendation of the future course of the Administration of the Company
	Dealing with proofs of debt	Review and admit formal proofs of debt received from creditors for the second meeting Adjudicating on proof of debts received
	Meeting of Creditors	Convene and prepare for the second meeting of creditors Lodge minutes of meeting with ASIC
Administration 1.0 hours \$350	ASIC forms/ planning / review	Preparing and lodging ASIC Forms Lodging of ASIC insolvency notice advertisements Internal planning meetings on status of Administration
	Document maintenance/file review/checklist	Create and maintain administration records including administration files and checklists

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3.3. Liquidators' prospective remuneration

It is difficult to provide an estimate for the future cost of the liquidation in the event the BBY Nominee Companies are placed into Liquidation. There are a number of complex matters such as uncertainty surrounding the identification and transfer of asset holdings for both domestic and international custodians, the limited amount of information available for various asset categories and the large number of clients with holdings. However, for the purposes of providing creditors with an estimate we anticipate initial costs for all BBY Nominee Companies will be \$0.35 million or above. Should a Committee of Inspection be formed at the Second Meeting then it would be for the committee to approve future liquidators' fees in respect of BBY Nominees.

BBY Nominees Pty Limited (in Liquidation)

Task Area	General Description	Including, but not limited to:
Assets 477.5 hours \$193,375	Trust Assets	Dealing with domestic and overseas clients and their legal advisors on the treatment of shareholdings Assisting domestic clients on the exercise of options where letter of instructions received Reviewing additional documentation received by clients for domestic and international custodians, unlisted options and private placements Assisting clients with the transfer of shares where formal instructions had been received and appropriate documentation provided Discussions with our legal advisors on asset resolution status and progress Dealing with agent to execute the transfer of shares for domestic and overseas publicly listed shareholdings Transferring all holdings back to clients for domestic, international custodians and unlisted options and placements where documents are received Verifying all holdings to Registrar, CHES, HINs and GBST where available Obtaining directions of the Court to deal with shareholdings where no documents are available regarding the beneficial owner Preparing affidavit to the Court in order to deal with trust assets Maintaining trust asset register for each of the various categories Meeting with clients and their advisors to deal with the trust assets and final transfer where appropriate documents have been provided and reviewed

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Creditors 209.0 hours \$68,475	Client Enquiries	Receive and follow up client enquiries via email and telephone Maintaining client enquiry register Review and prepare correspondence to clients and their representatives via email and telephone Correspondence with committee of inspection members and their representatives Circulars to clients detailing status of the Liquidation and steps to progress finalisation of trust assets
	Meetings of creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meetings to all known creditors Preparation of meeting files, including agenda, certificate of postage, attendance register, lists of creditors, reports to creditors, advertisement of meeting and draft minutes of meetings Preparation and lodgement of minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meetings
	Creditor reports/circulars	General reporting to creditors
	Dealing with Proofs of Debt	Receipting and filing PODs when not related to a dividend Corresponding with OSR and ATO regarding PODs when not related to dividend
	Meeting of Committee of Inspection	Preparation of meetings notice and forward to all committee members, if applicable Organising Teleconference facilities for Committee meetings and distributing to members Preparation of confidentiality agreements for committee members Attend committee meetings Prepare minutes of committee meetings Respond to committee member enquiries following committee meetings Preparation of updates to committee members and circulation of same to committee members
Investigation 14.5 hours \$4,550	Conducting Investigation	Review of specific related party transactions and liaising with the director regarding these transactions Preparation of investigation file Lodgement of report with ASIC pursuant to section 533 of the Act, if applicable Preparation and lodgement of supplementary report if required
	ASIC reporting	Preparing statutory investigation report, where applicable Liaising with ASIC
Administration 96.0 hours \$30,900	Correspondence	Miscellaneous correspondence with stakeholders
	Document maintenance/file review /checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	ASIC Lodgements / other forms	Preparation and lodgement of all statutory requirements with ASIC Correspondence with ASIC regarding statutory forms

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	Finalisation	Notifying ATO of finalisation Cancelling ABN/GST/PAYG registration Completing checklists Finalising WIP
	ATO and other statutory reporting	Preparing the BAS Completing Group Certificates
	Planning / Review	Discussions regarding status of liquidation
	Books and records / storage	Sending job files to storage

BBY Protection Nominees Pty Ltd (in Liquidation)

Task Area	General Description	Including, but not limited to:
Creditors 22.5 hours \$9,000	Creditor Enquiries	Receive and follow up creditor enquiries via email and telephone, if applicable Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via email and telephone
	Meetings of creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meetings to all known creditors Preparation and lodgement of minutes of meetings with ASIC
	Creditor reports/circulars	General reporting to creditors, if applicable
	Dealing with Proofs of Debt	Receipting and filing PODs when not related to a dividend, if applicable Corresponding with OSR and ATO regarding PODs when not related to dividend, if applicable
Investigation 6.5 hours \$2,125	Conducting Investigation	Preparation of investigation file Lodgement of report with ASIC pursuant to section 533 of the Act, if applicable Preparation and lodgement of supplementary report if required
	ASIC reporting	Preparing statutory investigation report, where applicable Liaising with ASIC
Administration 27.0 hours \$9,675	Document maintenance/file review /checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	ASIC Lodgements / other forms	Preparation and lodgement of all statutory requirements with ASIC Correspondence with ASIC regarding statutory forms
	Finalisation	Notifying ATO of finalisation Cancelling ABN/GST/PAYG registration Completing checklists Finalising WIP
	ATO and other statutory reporting	Preparing the BAS
	Planning / Review	Discussions regarding status of liquidation

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Options Research Pty Ltd (in Liquidation)

Task Area	General Description	Including, but not limited to:
Creditors 22.5 hours \$9,000	Creditor Enquiries	Receive and follow up creditor enquiries via email and telephone, if applicable Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via email and telephone
	Meetings of creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meetings to all known creditors Preparation and lodgement of minutes of meetings with ASIC
	Creditor reports/circulars	General reporting to creditors, if applicable
	Dealing with Proofs of Debt	Receipting and filing PODs when not related to a dividend, if applicable Corresponding with OSR and ATO regarding PODs when not related to dividend, if applicable
Investigation 6.5 hours \$2,125	Conducting Investigation	Preparation of investigation file Lodgement of report with ASIC pursuant to section 533 of the Act, if applicable Preparation and lodgement of supplementary report if required
	ASIC reporting	Preparing statutory investigation report, where applicable Liaising with ASIC
Administration 27.0 hours \$9,675	Document maintenance/file review /checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	ASIC Lodgements / other forms	Preparation and lodgement of all statutory requirements with ASIC Correspondence with ASIC regarding statutory forms
	Finalisation	Notifying ATO of finalisation Cancelling ABN/GST/PAYG registration Completing checklists Finalising WIP
	ATO and other statutory reporting	Preparing the BAS
	Planning / Review	Discussions regarding status of liquidation

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Tilbia Nominees Pty Ltd (in Liquidation)

Task Area	General Description	Including, but not limited to:
Creditors 22.5 hours \$9,000	Creditor Enquiries	Receive and follow up creditor enquiries via email and telephone, if applicable Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via email and telephone
	Meetings of creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meetings to all known creditors Preparation and lodgement of minutes of meetings with ASIC
	Creditor reports/circulars	General reporting to creditors, if applicable
	Dealing with Proofs of Debt	Receipting and filing PODs when not related to a dividend, if applicable Corresponding with OSR and ATO regarding PODs when not related to dividend, if applicable
Investigation 6.5 hours \$2,125	Conducting Investigation	Preparation of investigation file Lodgement of report with ASIC pursuant to section 533 of the Act, if applicable Preparation and lodgement of supplementary report if required
	ASIC reporting	Preparing statutory investigation report, where applicable Liaising with ASIC
Administration 27.0 hours \$9,675	Document maintenance/file review /checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	ASIC Lodgements / other forms	Preparation and lodgement of all statutory requirements with ASIC Correspondence with ASIC regarding statutory forms
	Finalisation	Notifying ATO of finalisation Cancelling ABN/GST/PAYG registration Completing checklists Finalising WIP
	ATO and other statutory reporting	Preparing the BAS
	Planning / Review	Discussions regarding status of liquidation

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4.1 Calculation of actual remuneration for the period 17 May 2015 to 25 September 2015

Set out below are further details of the calculation of remuneration, including grade and hours of staff.

BBY Nominees Pty Ltd ACN 007 001 443														
CALCULATION OF REMUNERATION Period 17 May 2015 to 25 September 2015														
Employee	Position	\$ /hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Task Area									
					Assets		Creditors		Investigation		Administration		Trust Reconciliation	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	2.0	1,300	2.0	1,300	-	-	-	-	-	-	-	-
Vaughan Stephen	Appointee	650	36.5	23,725	16.8	10,920	18.1	11,765	0.6	390	-	-	1.0	650
Lynch Patrick	Associate Director	550	77.5	42,625	32.5	17,875	8.5	4,675	-	-	10.0	5,500	26.5	14,575
MacFarlane Andrew	Associate Director	550	1.3	715	-	-	1.3	715	-	-	-	-	-	-
Hatsouris Michael	Manager	500	44.4	22,200	22.1	11,050	19.3	9,650	2.1	1,050	0.9	450	-	-
Lay Raymond	Manager	500	0.5	250	-	-	-	-	-	-	0.5	250	-	-
Naran Darsun	Manager	500	39.1	19,550	10.6	5,300	7.8	3,900	-	-	1.5	750	19.2	9,600
Helbig Alexandra	Executive	350	0.4	140	-	-	-	-	-	-	0.4	140	-	-
Somerville John	Executive	350	4.0	1,400	4.0	1,400	-	-	-	-	-	-	-	-
Warden Andrew	Analyst	200	0.7	140	-	-	0.7	140	-	-	-	-	-	-
Valentini Matteo	Analyst	200	36.4	7,280	-	-	28.9	5,780	3.5	700	4.0	800	-	-
Taylor Stephanie	Analyst	200	0.7	140	-	-	-	-	-	-	0.7	140	-	-
Rhodes Karyn	Analyst	200	0.1	20	-	-	-	-	-	-	0.1	20	-	-
Evans Harry	Analyst	200	9.4	1,880	-	-	-	-	-	-	-	-	9.4	1,880
Total excluding GST			253.0	121,365	88.0	47,845	84.6	36,625	6.2	2,140	18.1	8,050	56.1	26,705
GST				12,137		4,785		3,663		214		805		2,671
Total including GST				133,502		52,630		40,288		2,354		8,855		29,376
Average Hourly Rate					480		544		433		345		445	476

BBY Protection Nominees Pty Ltd ACN 007 001 443														
CALCULATION OF REMUNERATION Period 17 May 2015 to 25 September 2015														
Employee	Position	\$ /hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Task Area									
					Assets		Creditors		Investigation		Administration			
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	2.0	1,300	0.8	520	1.0	650	-	-	-	-	0.2	130
Vaughan Stephen	Appointee	650	-	-	-	-	-	-	-	-	-	-	-	-
Lynch Patrick	Associate Director	550	6.0	3,300	2.5	1,375	3.0	1,650	-	-	-	-	0.5	275
MacFarlane Andrew	Associate Director	550	1.3	715	-	-	-	-	-	1.3	715	-	-	-
Hatsouris Michael	Manager	500	-	-	-	-	-	-	-	-	-	-	-	-
Lay Raymond	Manager	500	0.5	250	-	-	-	-	-	0.5	250	-	-	-
Helbig Alexandra	Executive	350	0.4	140	-	-	-	-	-	-	-	-	0.4	140
Taylor Stephanie	Analyst	200	0.7	140	-	-	-	-	-	-	-	-	0.7	140
Total excluding GST			10.9	5,845	3.3	1,895	4.0	2,300	1.8	965	1.8	685	1.8	685
GST				585		190		230		97		69		69
Total including GST				6,430		2,085		2,530		1,062		754		754
Average Hourly Rate					536		574		575		536		381	381

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Options Research Pty Ltd ACN 006 770 627												
CALCULATION OF REMUNERATION Period 17 May 2015 to 25 September 2015												
Employee	Position	\$/hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Assets		Creditors		Task Area Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	2.0	1,300	0.8	520	1.0	650	-	-	0.2	130
MacFarlane Andrew	Associate Director	550	1.3	715	-	-	1.3	715	-	-	-	-
Lay Raymond	Manager	500	0.5	250	-	-	-	-	0.5	250	-	-
Helbig Alexandra	Executive	350	0.4	140	-	-	-	-	-	-	0.4	140
Warden Andrew	Analyst	200	0.7	140	-	-	0.7	140	-	-	-	-
Taylor Stephanie	Analyst	200	0.7	140	-	-	-	-	-	-	0.7	140
Total excluding GST			5.6	2,685	0.8	520	3.0	1,505	0.5	250	1.3	410
GST				269		52		151		25		41
Total including GST				2,954		572		1,656		275		451
Average Hourly Rate				479		650		502		500		315

Tilbia Nominees Pty Ltd ACN 007 001 578												
CALCULATION OF REMUNERATION Period 17 May 2015 to 25 September 2015												
Employee	Position	\$/hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Assets		Creditors		Task Area Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	2.0	1,300	0.6	390	0.9	585	0.2	130	0.3	195
MacFarlane Andrew	Associate Director	550	1.3	715	0.4	220	0.6	330	0.3	165	-	-
Helbig Alexandra	Executive	350	0.4	140	-	-	-	-	-	-	0.4	140
Warden Andrew	Analyst	200	0.7	140	-	-	0.7	140	-	-	-	-
Taylor Stephanie	Analyst	200	0.4	80	-	-	-	-	-	-	0.4	80
Total excluding GST			4.8	2,375	1.0	610	2.2	1,055	0.5	295	1.1	415
GST				238		61		106		30		42
Total including GST				2,613		671		1,161		325		457
Average Hourly Rate				495		610		480		-		377

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4.2 Calculation of prospective remuneration for the period 26 September 2015 to 8 October 2015

Set out below are further details of the calculation of remuneration, including grade and hours of staff.

BBY Nominees Pty Ltd ACN 007 001 443										
CALCULATION OF REMUNERATION Period 26 September 2015 to 8 October 2015										
Employee	Position	\$ /hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Assets		Task Area Creditors		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	4.5	2,925	-	-	4.0	2,600	0.5	325
Vaughan Stephen	Appointee	650	31.0	20,150	7.5	4,875	22.5	14,625	1.0	650
Hatsatouris Michael	Manager	500	62.0	31,000	37.5	18,750	22.5	11,250	2.0	1,000
Naran Darsun	Manager	500	22.0	11,000	10.0	5,000	10.0	5,000	2.0	1,000
Somerville John	Executive	350	41.5	14,525	22.5	7,875	15.0	5,250	4.0	1,400
Valentini Matteo	Analyst	200	41.5	8,300	22.5	4,500	15.0	3,000	4.0	800
Total excluding GST			202.5	87,900	100.0	41,000	89.0	41,725	13.5	5,175
GST				8,790		4,100		4,173		518
Total including GST				96,690		45,100		45,898		5,693
Average Hourly Rate				434		410		469		383

BBY Protection Nominees Pty Ltd ACN 007 001 443												
CALCULATION OF REMUNERATION Period 26 September 2015 to 8 October 2015												
Employee	Position	\$ /hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Assets		Creditors		Task Area Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	0.5	325	-	-	0.5	325	-	-	-	-
Vaughan Stephen	Appointee	650	1.0	650	-	-	1.0	650	-	-	-	-
Hatsatouris Michael	Manager	500	2.5	1,250	-	-	2.0	1,000	-	-	0.5	250
Valentini Matteo	Analyst	200	4.5	900	-	-	4.0	800	-	-	0.5	100
Total excluding GST			8.5	3,125	-	-	7.5	2,775	-	-	1.0	350
GST				313		-		278		-		35
Total including GST				3,438		-		3,053		-		385
Average Hourly Rate				368		-		370		-		350

BBY Nominee Companies
(Administrators Appointed)
Administrators' remuneration report and approval request

29 September 2015

Options Research Pty Ltd ACN 006 770 627												
CALCULATION OF REMUNERATION Period 26 September 2015 to 8 October 2015												
Employee	Position	\$/hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Assets		Creditors		Task Area Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	0.5	325	-	-	0.5	325	-	-	-	-
Vaughan Stephen	Appointee	650	1.0	650	-	-	1.0	650	-	-	-	-
Hatsatouris Michael	Manager	500	2.5	1,250	-	-	2.0	1,000	-	-	0.5	250
Valentini Matteo	Analyst	200	4.5	900	-	-	4.0	800	-	-	0.5	100
Total excluding GST			8.5	3,125	-	-	7.5	2,775	-	-	1.0	350
GST				313	-	-		278	-	-		35
Total including GST				3,438	-	-		3,053	-	-		385
Average Hourly Rate				368	-	-		370	-	-		350

Tilbia Nominees Pty Ltd ACN 007 001 578												
CALCULATION OF REMUNERATION Period 26 September 2015 to 8 October 2015												
Employee	Position	\$/hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Assets		Creditors		Task Area Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	0.5	325	-	-	0.5	325	-	-	-	-
Vaughan Stephen	Appointee	650	1.0	650	-	-	1.0	650	-	-	-	-
Hatsatouris Michael	Manager	500	2.5	1,250	-	-	2.0	1,000	-	-	0.5	250
Valentini Matteo	Analyst	200	4.5	900	-	-	4.0	800	-	-	0.5	100
Total excluding GST			8.5	3,125	-	-	7.5	2,775	-	-	1.0	350
GST				313	-	-		278	-	-		35
Total including GST				3,438	-	-		3,053	-	-		385
Average Hourly Rate				368	-	-		370	-	-		350

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4.3 Calculation of Liquidation remuneration for the period of the Liquidation

Set out below are further details of the calculation of remuneration, including grade and hours of staff.

BBY Nominees Pty Ltd ACN 007 001 443													
CALCULATION OF REMUNERATION for the period of the Liquidation													
Employee	Position	\$/hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Assets		Creditors		Task Area Investigation		Administration		
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	
Hall Ian	Appointee	650	13.5	8,775	7.5	4,875	4.0	2,600	-	-	2.0	1,300	
Vaughan Stephen	Appointee	650	50.0	32,500	37.5	24,375	7.5	4,875	1.0	650	4.0	2,600	
Lynch Patrick	Associate Director	550	55.0	30,250	45.0	24,750	10.0	5,500	-	-	-	-	
Hatsatouris Michael	Manager	500	152.0	76,000	112.5	56,250	22.5	11,250	2.0	1,000	15.0	7,500	
Naran Darsun	Manager	500	37.5	18,750	37.5	18,750	-	-	-	-	-	-	
Diprose Leah	Executive	350	221.5	77,525	112.5	39,375	75.0	26,250	4.0	1,400	30.0	10,500	
Ngo Ann	Analyst	200	267.5	53,500	125.0	25,000	90.0	18,000	7.5	1,500	45.0	9,000	
Total excluding GST			797.0	297,300	477.5	193,375	209.0	68,475	14.5	4,550	96.0	30,900	
GST				29,730		19,338		6,848		455		3,090	
Total including GST				327,030		212,713		75,323		5,005		33,990	
Average Hourly Rate					373		405		328		314		322

BBY Protection Nominees Pty Ltd ACN 007 001 710												
CALCULATION OF REMUNERATION for the period of the Liquidation												
Employee	Position	\$/hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Creditors		Task Area Investigation		Administration			
					Hrs	\$	Hrs	\$	Hrs	\$		
Hall Ian	Appointee	650	1.5	975	1.0	650	-	-	-	0.5	325	
Vaughan Stephen	Appointee	650	8.5	5,525	4.0	2,600	0.5	325	-	4.0	2,600	
Hatsatouris Michael	Manager	500	17.0	8,500	7.5	3,750	2.0	1,000	-	7.5	3,750	
Ngo Ann	Analyst	200	29.0	5,800	10.0	2,000	4.0	800	-	15.0	3,000	
Total excluding GST			56.0	20,800	22.5	9,000	6.5	2,125		27.0	9,675	
GST				2,080		900		213			968	
Total including GST				22,880		9,900		2,338			10,643	
Average Hourly Rate					371		400		327		358	

**BBY Nominee Companies
(Administrators Appointed)**

Administrators' remuneration report and approval request

29 September 2015

Options Research Pty Ltd ACN 006 770 627										
CALCULATION OF REMUNERATION for the period of the Liquidation										
Employee	Position	\$/hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Creditors		Task Area Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	1.5	975	1.0	650	-	-	0.5	325
Vaughan Stephen	Appointee	650	8.5	5,525	4.0	2,600	0.5	325	4.0	2,600
Hatsatouris Michael	Manager	500	17.0	8,500	7.5	3,750	2.0	1,000	7.5	3,750
Ngo Ann	Analyst	200	29.0	5,800	10.0	2,000	4.0	800	15.0	3,000
Total excluding GST			56.0	20,800	22.5	9,000	6.5	2,125	27.0	9,675
GST				2,080		900		213		968
Total including GST				22,880		9,900		2,338		10,643
Average Hourly Rate				371		400		327		358

Tilbia Nominees Pty Ltd ACN 007 001 578										
CALCULATION OF REMUNERATION for the period of the Liquidation										
Employee	Position	\$/hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Creditors		Task Area Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	1.5	975	1.0	650	-	-	0.5	325
Vaughan Stephen	Appointee	650	8.5	5,525	4.0	2,600	0.5	325	4.0	2,600
Hatsatouris Michael	Manager	500	17.0	8,500	7.5	3,750	2.0	1,000	7.5	3,750
Ngo Ann	Analyst	200	29.0	5,800	10.0	2,000	4.0	800	15.0	3,000
Total excluding GST			56.0	20,800	22.5	9,000	6.5	2,125	27.0	9,675
GST				2,080		900		213		968
Total including GST				22,880		9,900		2,338		10,643
Average Hourly Rate				371		400		327		358

29 September 2015

5. Statement of remuneration claim

This section details the resolutions that creditors will be asked to consider at the forthcoming meeting of creditors.

5.1. Administrators' actual remuneration for the period 17 May 2015 to 25 September 2015

Resolution 1			
Company:	BBY Nominees Pty Ltd (Administrators Appointed)	Period:	17 May 2015 to 25 September 2015
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	<i>“That the Administrators’ remuneration for the period 17 May 2015 to 25 September 2015 in respect of the voluntary administration of BBY Nominees Pty Ltd (Administrators Appointed) be approved in the sum of \$121,365 plus GST and disbursements and that such fees are authorised for payment from the assets of the Company, or otherwise”</i>		

Resolution 1			
Company:	BBY Protection Nominees Pty Ltd (Administrators Appointed)	Period:	17 May 2015 to 25 September 2015
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	<i>“That the Administrators’ remuneration for the period 17 May 2015 to 25 September 2015 in respect of the voluntary administration of BBY Protection Nominees Pty Ltd (Administrators Appointed) be approved in the sum of \$5,845 plus GST and disbursements and that such fees are authorised for payment from the assets of the Company, or otherwise”</i>		

Resolution 1			
Company:	Options Research Pty Ltd (Administrators Appointed)	Period:	17 May 2015 to 25 September 2015
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	<i>“That the Administrators’ remuneration for the period 17 May 2015 to 25 September 2015 in respect of the voluntary administration of Options Research Pty Ltd (Administrators Appointed) be approved in the sum of \$2,685 plus GST and disbursements and that such fees are authorised for payment from the assets of the Company, or otherwise”</i>		

**BBY Nominee Companies
(Administrators Appointed)**

Administrators' remuneration report and approval request

29 September 2015

Resolution 1			
Company:	Tilbia Nominees Pty Ltd (Administrators Appointed)	Period:	17 May 2015 to 25 September 2015
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	<i>"That the Administrators' remuneration for the period 17 May 2015 to 25 September 2015 in respect of the voluntary administration of Tilbia Nominees Pty Ltd (Administrators Appointed) be approved in the sum of \$2,375 plus GST and disbursements and that such fees are authorised for payment from the assets of the Company, or otherwise"</i>		

5.2. Administrators' prospective remuneration for the period 26 September 2015 to 8 October 2015

Resolution 2			
Company:	BBY Nominees Pty Ltd (Administrators Appointed)	Period:	26 September 2015 to 8 October 2015
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	<i>"That the Administrators' remuneration for the period 26 September 2015 to 8 October 2015 in respect of the voluntary administration of BBY Nominees Pty Ltd (Administrators Appointed) be approved in the sum of \$87,900 plus GST and disbursements and that such fees are authorised for payment from the assets of the Company, or otherwise"</i>		

Resolution 2			
Company:	BBY Protection Nominees Pty Ltd (Administrators Appointed)	Period:	26 September 2015 to 8 October 2015
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	<i>"That the Administrators' remuneration for the period 26 September 2015 to 8 October 2015 in respect of the voluntary administration of BBY Protection Nominees Pty Ltd (Administrators Appointed) be approved in the sum of \$3,125 plus GST and disbursements and that such fees are authorised for payment from the assets of the Company, or otherwise"</i>		

Resolution 2			
Company:	Options Research Pty Ltd (Administrators Appointed)	Period:	26 September 2015 to 8 October 2015
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	<i>"That the Administrators' remuneration for the period 26 September 2015 to 8 October 2015 in respect of the voluntary administration of Options Research Pty Ltd (Administrators Appointed) be approved in the sum of \$3,125 plus GST and disbursements and that such fees are authorised for payment from the assets of the Company, or otherwise"</i>		

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Resolution 2			
Company:	Tilbia Nominees Pty Ltd (Administrators Appointed)	Period:	26 September 2015 to 8 October 2015
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	<i>"That the Administrators' remuneration for the period 26 September 2015 to 8 October 2015 in respect of the voluntary administration of Tilbia Nominees Pty Ltd (Administrators Appointed) be approved in the sum of \$3,125 plus GST and disbursements and that such fees are authorised for payment from the assets of the Company, or otherwise"</i>		

5.3 Liquidators' prospective remuneration

Resolution 3			
Company:	BBY Nominees Pty Ltd (in Liquidation)	Period:	For the period of the Liquidation
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Creditors' Voluntary Liquidation		
Proposed resolution:*	<i>"That the Liquidators' remuneration in respect of BBY Nominees Pty Ltd (in Liquidation) be approved in a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates, of an amount up to \$297,300 plus GST and disbursements, and that such fees are authorised for payment from the assets of the Company, or otherwise"</i>		

Resolution 3			
Company:	BBY Protection Nominees Pty Ltd (in Liquidation)	Period:	For the period of the Liquidation
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Creditors' Voluntary Liquidation		
Proposed resolution:*	<i>"That the Liquidators' remuneration in respect of BBY Protection Nominees Pty Ltd (in Liquidation) be approved in a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates, of an amount up to \$20,800 plus GST and disbursements, and that such fees are authorised for payment from the assets of the Company, or otherwise"</i>		

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Resolution 3			
Company:	Options Research Pty Ltd (in Liquidation)	Period:	For the period of the Liquidation
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Creditors' Voluntary Liquidation		
Proposed resolution:*	<i>"That the Liquidators' remuneration in respect of Options Research Pty Ltd (in Liquidation) be approved in a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates, of an amount up to \$20,800 plus GST and disbursements, and that such fees are authorised for payment from the assets of the Company, or otherwise"</i>		

Resolution 3			
Company:	Tilbia Nominees Pty Ltd (in Liquidation)	Period:	For the period of the Liquidation
Practitioner:	Stephen Vaughan and Ian Hall	Firm:	KPMG
Administration type:	Creditors' Voluntary Liquidation		
Proposed resolution:*	<i>"That the Liquidators' remuneration in respect of Tilbia Nominees Pty Ltd (in Liquidation) be approved in a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates, of an amount up to \$20,800 plus GST and disbursements, and that such fees are authorised for payment from the assets of the Company, or otherwise"</i>		

*Should the Liquidators' actual remuneration exceed the amount approved by creditors, then a further claim for remuneration may be proposed to creditors at a later date.

6. Disbursements

Disbursements are divided into three types as follows:

- A** disbursements are all externally provided professional services. These are recovered at cost. An example of an 'A' disbursement is legal fees.
- B1** disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost.
- B2** disbursements are internally provided non-professional costs such as photocopying, printing and postage. B2 disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs.

Disbursements incurred by the Administrators for the period 17 May 2015 to 25 September 2015 in the amount of \$912.62 (exclusive of GST) are detailed below.

29 September 2015

Disbursement Type	Charges (Excl GST)
Postage & Stationary	65.82
Printing	750.00
Travel Costs	-
Searches	96.80
Total	912.62

Generally disbursements do not require creditor approval prior to payment, but must be accounted for to creditors once paid. At the date of this report the Administrators have not paid any disbursements in respect of the administration. Full details of disbursements paid will be provided in the Administrators' statement of receipts and payments which will be filed with ASIC on completion of the Administration and in future reports to creditors as appropriate.

Future disbursements provided by KPMG will be charged to the Administration on the same basis as tabled in B1 and B2 above.

Prior to paying any disbursements, the Administrators will undertake a proper assessment of disbursements claimed, in accordance with the law and applicable professional standards, and satisfy themselves that the disbursements claimed are necessary and proper.

7. Report on progress of the administration

The Administrators refer creditors to our 439A Report for a comprehensive account of the conduct, status and likely outcome of the Administration.

8. Summary of receipts and payments

The Administrators refer creditors to "Section 6 – Conduct of the Administration" of our 439A Report for a summary of receipts and payments.

9. Information sheet

The ASIC Creditors Information Sheet (INFO 85) that outlines further information regarding the remuneration approval and payment process can be obtained from the following web address:
www.asic.gov.au/insolvencyinfosheets

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10. KPMG Restructuring Services Guide to hourly rates

In our First Creditors' circular dated 20 May 2015, we provided creditors with a Remuneration Advice that noted that we proposed to charge fees on time based / hourly rates basis. We attached a guide to hourly rates which included the following:

Grade	Hourly rate (excl GST)
Partner or Appointee	\$650
Director	\$600
Associate Director	\$550
Manager	\$500
Executive	\$350
Senior Analyst	\$250
Analyst	\$200
Administration	\$140

Note: The above rates are exclusive of GST

11. Queries and further information

Should creditors have any queries or require any further information in respect of this remuneration report, they should contact Michael Hatsatouris of this office at mhatsatouris@kpmg.com.au in the first instance.

C. Declaration of Independence, Relevant Relations & Indemnities



**Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”)
Replacement DIRRI
Pursuant to Section 436DA(5) of the Corporations Act 2001 (the “Act”)**

29 September 2015

**BBY Holdings Pty Limited (Receivers and Managers Appointed) ACN 075 187 432 (“BBYH”)
BBY Limited (Receivers and Managers Appointed) ACN 006 707 777 (“BBYL”)
BBY Advisory Services Pty Ltd (Receivers and Managers Appointed) ACN 102 761 008 (“AS”)
Broker Services Australia Pty Ltd ACN 074 976 364 (“BSA”)
(All in Liquidation)**

**BBY Nominees Pty Ltd ACN 007 001 443 (“BBYN”)
BBY Protection Nominees Pty Ltd ACN 007 001 710
Options Research Pty Ltd ACN 006 770 627
Tilbia Nominees Pty Ltd ACN 007 001 578
(All Administrators Appointed)**

**SmarTrader Limited ACN 115 752 102
BBY HomeTrader Pty Ltd ACN 134 838 207
(Both subject to a pooled Deed of Company Arrangement)**

(the “Companies”)

We previously provided creditors with a DIRRI dated 20 May 2015 and a replacement DIRRI on 27 May 2015. Pursuant to Section 436DA(5) of the Act we have updated our DIRRI to reflect changed circumstances that have arisen during the external administrations of the Companies.

This Declaration, or any subsequently updated DIRRI, will be included in future reporting to former clients and creditors of the Companies and will be posted on KPMG’s dedicated BBY web page relating to the Companies at <http://www.kpmg.com/AU/bby>.

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - i the circumstances of the appointment;
 - ii any relationships with the Insolvent and others within the previous 24 months;
 - iii any prior professional services for the Insolvent within the previous 24 months;
 - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners, KPMG Australia partnership and related parties covered by the extended definition of firm.

A. Independence

We, Stephen Vaughan and Ian Hall, of the KPMG Australia partnership (“KPMG Australia”), care of KPMG, 10 Shelley Street, Sydney, NSW 2000, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the Companies in accordance with the law and applicable professional standards, in particular the Code of Professional Practice for Insolvency Practitioners published by the Australian Restructuring Insolvency and Turnaround Association, 3rd edition, effective 1 January 2014 (“the Code”).



This assessment identified no real or potential risks to our independence or any matter which results in our having a conflict of interest of duty. We are not aware of any reasons that would prevent us from accepting the appointments.

B. Declaration of Relationships

i) Circumstances of the Appointment

The above Companies are part of a wider corporate group (the “BBY Group”) including other entities that are not subject to external administration.

We and KPMG Australia had not had any prior involvement in this matter other than the following:

- In the week of 27 April 2015 members of KPMG’s audit practice met with BBYH Director, David Perkins and Managing Director, David Smith to discuss a forthcoming tender for the statutory audit of the BBY Group for the financial year of 2015.
- BBYH and BBYL issued a request, dated 4 May 2015, to a number of accounting firms for a proposal for provision of various audit and compliance services. On Thursday 7 May 2015 members of KPMG’s audit division met with Mr Perkins and discussed a possible secondment of an accounting resource to provide assistance in relation to certain internal accounting functions of the BBY Group for a period of one month. On Friday 8 May 2015, Mr Perkins emailed KPMG to confirm the secondment and it was agreed this should commence on 11 May 2015. As discussed further below, this secondment did not proceed and KPMG were not engaged as auditors.
- On Sunday 10 May 2015, a partner in KPMG’s audit division was contacted by Mr Smith advising that the business was in financial distress as a consequence of certain events in the preceding days, including a requirement to exit its Options clearing business, and that it may be placed into voluntary administration. The KPMG audit partner referred the matter to Carl Gunther a partner in KPMG’s Restructuring Services team.
- On Monday 11 May Carl Gunther and Stephen Vaughan of KPMG attended the BBY Group offices to ascertain further details and discussed the proposed scope of a solvency review. KPMG was engaged by BBYL, pursuant to an engagement letter dated 11 May 2015, to carry out the following scope of work:
 - A rapid high level assessment of the current and forecast financial position based on the records of the Companies and management’s short term cash flow forecast and assumptions;
 - An assessment of solvency of the Companies;
 - Providing commentary on the consequences of any possible insolvency and courses of action that may be available to the Companies in that event; and
 - Liaising with key stakeholders as necessary to gather information or confirm our role, including, among others, the Australian Stock Exchange, ASIC, the secured creditor, St. George Bank and its advisors, PPB Advisory.
- Our fee for this work was \$40,000 (plus GST), with funds paid into trust with Ashurst, on account of our future costs and expenses under our engagement with BBYL during the period to Friday 15 May 2015. Those funds have since been drawn in satisfaction of our fees and expenses. No issue arises under section 448C(1)(a) of the Act given that we are not and never have been a creditor of any of the Companies.

- During 5 days from Tuesday 12 May to Friday 15 May 2015 we worked to understand the nature and extent of issues facing the business and the financial implications. During our work we attended various meetings each day with staff, management and the external stakeholders mentioned above. We were also introduced to representatives of two parties who were understood to be interested in investing in the business, AIMS Financial Group (“AIMS”) and Bridge Global Capital Management Limited (HK) (“Bridge”) although we were not involved in negotiations.
- On the evening of Friday 15 May 2015, we understand that a memorandum of understanding was executed between BBYH and the two parties, AIMS and Bridge to take a controlling shareholding in BBYH and recapitalise the business with a planned initial contribution of \$3 million. This effectively brought our engagement to a conclusion.
- On the afternoon of Sunday, 17 May 2015 Stephen Vaughan received a call from Mr Smith advising that, following completion of some further due diligence during the weekend, AIMS and Bridge had requested amendments to the terms of the proposed investment and that negotiations were continuing. Mr Smith called Stephen Vaughan again on Sunday evening and advised that AIMS and Bridge had withdrawn from the proposed recapitalisation. Mr Smith advised that the Directors of the Companies planned to meet that evening to review solvency and consider the future of the Companies. He requested that Mr Vaughan attend the meeting.
- Concurrent meetings of the Companies were held at 11pm on 17 May 2015 at which time resolutions were passed appointing Stephen Vaughan and Ian Hall of KPMG as voluntary administrators of the Companies (**Administrators**).

These meetings and correspondence do not affect our independence for the following reasons:

- The need for potentially insolvent companies to seek prompt and appropriate advice about their financial position is emphasised by the law and by the Regulators. It is common for Practitioners to provide such advice or other information about the insolvency process and options available to a company prior to taking an Appointment. The work we carried out was over a relatively short period of 5 days and was confined to a specific scope of work which remained consistent with the preservation of our independence as prospective Administrators.
- The discussions were at all times factual in nature, focused on the historical and forecast financial position and performance of the Companies, the consequences of any possible insolvency and courses of action that may be available to the Companies in that event.
- The work undertaken during the solvency review engagement assisted us in developing an understanding of the business and its activities. Much of the investigatory work undertaken was work that we would have needed to undertake in order to be able to report to creditors under s439A of the Act. As such, this information will be made available to creditors when we report to them in due course.
- We did not provide any report to the Companies. We do not consider the nature of the work performed is such that it would be subject to review and challenge during the course of the Administrations. The engagement will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the Administrations of the Companies in an objective and impartial manner.
- Neither KPMG nor the Administrators provided advice to directors of the Companies in their personal capacity. We understand the directors have sought their own legal advice.

ii) Relevant Relationships (excluding Professional Services to the Insolvent)

We, or a member of our Firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why no conflict of interest or duty
Westpac Banking Corporation and St George Bank Australia (“Westpac”)	<p>Westpac has a registered security interest over the whole, or substantially whole, of the property of the following four entities in the group of Companies.</p> <ol style="list-style-type: none"> 1. BBY Holdings Pty Limited 2. Broker Services Australia Pty Ltd 3. BBY Limited 4. BBY Advisory Pty Limited <p>KPMG Australia has an ongoing business relationship with Westpac. KPMG has provided Tax, Advisory and other non-audit services to Westpac and/or their international affiliates.</p>	<p>There are no matters of which we are aware which give rise to a conflict in this appointment.</p> <p>Each professional engagement undertaken for Westpac is conducted on an entirely separate basis and has no bearing on this appointment.</p> <p>Neither KPMG nor the administrators have been, or will be, engaged by Westpac in relation to the affairs of the Companies. Westpac has appointed receivers and managers to three of the Companies, who represent Westpac’s interests.¹ Westpac will be treated as a secured creditor during the Administrations and we will continue to liaise with them during the Administrations.</p> <p>This relationship is not one that will have any impact on the performance of our statutory and fiduciary duties associated with the Administrations in an objective and impartial manner.</p>
ABN Amro Clearing Sydney Pty Limited (“ABN”)	<p>ABN has a registered security interest over the assets in the following two entities in the group of Companies:</p> <ol style="list-style-type: none"> 1. BBY Limited 2. Jaguar Funds Management PL <p>KPMG Australia has an ongoing business relationship with ABN. KPMG has provided external financial audit services to ABN and/or their international affiliates.</p>	<p>There are no matters of which we are aware which give rise to a conflict in this appointment.</p> <p>Each professional engagement undertaken for ABN is conducted on an entirely separate basis and has no bearing on this appointment.</p> <p>Neither KPMG nor the Administrators have been, or will be, engaged by ABN in relation to the affairs of the Companies. ABN will be treated as a secured creditor during the Administrations.</p> <p>This relationship is not one that will have any impact on the performance of our statutory and fiduciary duties associated with the Administrations in an objective and impartial manner.</p>

¹ Mr Stephen Parbery and Mr Brett Lord of PPB Advisory were appointed as receivers and managers to BBYH, BBYL, AS and BSA on 18 May 2015. They retired from BSA on 20 May 2015 and remain appointed to the other three Companies as receivers and managers.

Name	Nature of relationship	Reasons why no conflict of interest or duty
<p>Konica Minolta Business Solutions Australia Pty Ltd (“Konica”)</p>	<p>Konica has a registered security interest over the assets of BBY Limited.</p> <p>KPMG Australia has an ongoing business relationship with Konica. KPMG has provided external financial audit services to Konica and/or their international affiliates.</p>	<p>There are no matters of which we are aware which give rise to a conflict in this appointment.</p> <p>Each professional engagement undertaken for Konica is conducted on an entirely separate basis and has no bearing on this appointment.</p> <p>Neither KPMG nor the Administrators have been, or will be, engaged by Konica in relation to the affairs of the Companies. Konica will be treated as a secured creditor during the Administrations.</p> <p>This relationship is not one that will have any impact on the performance of our statutory and fiduciary duties associated with the Administrations in an objective and impartial manner.</p>
<p>Credit Suisse Holdings (Australia) Limited (“Credit Suisse”)</p>	<p>Credit Suisse has a registered security interest over the assets of BBY Limited.</p> <p>KPMG Australia has an ongoing business relationship with Credit Suisse. KPMG has provided external financial audit services to Credit Suisse and/or their international affiliates.</p>	<p>There are no matters of which we are aware which give rise to a conflict in this appointment.</p> <p>Each professional engagement undertaken for Credit Suisse is conducted on an entirely separate basis and has no bearing on this appointment.</p> <p>Neither KPMG nor the Administrators have been, or will be, engaged by Credit Suisse in relation to the affairs of the Companies. Credit Suisse will be treated as a secured creditor during the Administrations.</p> <p>This relationship is not one that will have any impact on the performance of our statutory and fiduciary duties associated with the Administrations in an objective and impartial manner.</p>
<p>Macquarie Leasing Pty Ltd</p>	<p>Macquarie Leasing Pty Ltd has a registered security interest over the assets of BBY Limited.</p> <p>KPMG Australia has not directly performed services for Macquarie Leasing Pty Ltd. However KPMG has an ongoing business relationship with the wider Macquarie banking group through the provision of Tax, Advisory and other non-audit services.</p>	<p>There are no matters of which we are aware which give rise to a conflict in this appointment.</p> <p>Each professional engagement undertaken for the Macquarie banking group is conducted on an entirely separate basis and has no bearing on this appointment.</p> <p>Neither KPMG nor the Administrators have been, or will be, engaged by Macquarie Leasing Pty Ltd in relation to the affairs of the Companies. Macquarie Leasing Pty Ltd will be treated as a secured creditor during the Administrations.</p> <p>This relationship is not one that will have any impact on the performance of our statutory and fiduciary duties associated with the Administrations in an objective and impartial manner.</p>

Name	Nature of relationship	Reasons why no conflict of interest or duty									
<p>AIMS Group Financial Holding Pty Ltd (“AIMS Group”)</p>	<p>KPMG Australia has provided external financial audit services to the following companies in the AIMS Group:</p> <ul style="list-style-type: none"> AIMS Fund Management Limited AIMS Real Estate Funds Limited Asia Pacific Exchange Limited Asia Pacific Exchange Limited Fidelity Fund AIMS Home Loans Pty Limited AIMS Securitisation Pty Limited AIMS Warehouse Trust No.1, AIMS 2004-1 Trust, AIMS 2005-1 Trust, AIMS 2007-1 Trust AIMS Property Securities Fund AIMS Commercial Mortgage Fund MacarthurCook Diversified Property Income Fund MacarthurCook Property Securities Fund MacarthurCook Mortgage Fund MacarthurCook Office Property Trust CWH Australia Trust <p>There are other companies in the AIMS Group which KPMG does not audit. Total fees received in the last 2 years by KPMG from AIMS Group entities has been \$371,000.</p>	<p>Commentary in relation to AIMS has been updated and discussed further below.</p> <p>Each professional engagement undertaken for the AIMS Group is conducted on an entirely separate basis and has no bearing on this appointment.</p> <p>Neither KPMG nor the Administrators have been, or will be, engaged by AIMS Group in relation to the affairs of the Companies.</p> <p>This relationship is not one that will have any impact on the performance of our statutory and fiduciary duties associated with the Administrations in an objective and impartial manner.</p>									
<p>Linc Energy Limited</p>	<p>KPMG Australia and overseas KPMG firms have provided external financial audit and other services to Linc Energy Limited in Australia and overseas.</p> <p>Total fees received in the last 2 years by KPMG from Linc Energy Limited entities has been:</p> <table border="1" data-bbox="352 1294 793 1420"> <thead> <tr> <th></th> <th>2014</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Australia</td> <td>\$978,911</td> <td>\$520,150</td> </tr> <tr> <td>Overseas</td> <td>\$838,947</td> <td>\$726,776</td> </tr> </tbody> </table>		2014	2015	Australia	\$978,911	\$520,150	Overseas	\$838,947	\$726,776	<p>Linc Energy Limited was a former client of BBYN which held in trust securities on its behalf in a nominee capacity. Commentary in relation to the BBYN Administrators dealings with Linc Energy Limited is set out in more detail below.</p> <p>Each professional engagement undertaken by KPMG for Linc Energy Limited is conducted on an entirely separate basis and has no bearing on this appointment.</p> <p>This relationship is not one that will have any impact on the performance of our statutory and fiduciary duties associated with the Administrations in an objective and impartial manner.</p>
	2014	2015									
Australia	\$978,911	\$520,150									
Overseas	\$838,947	\$726,776									

Updated Circumstances – AIMS Group

(Included in DIRRI 27 May 2015)

Since our appointment, we have liaised with representatives of the AIMS Group in respect of a prospective sale and recapitalisation of the Companies via the voluntary administration process. We and the AIMS Group have had independent legal advice throughout those discussions and have dealt at arms' length with each other.

In the course of our discussions with AIMS Group, AIMS Group Financial Service Pty Ltd (AFG) made a limited recourse loan of \$500,000 to Stephen Vaughan in his capacity as Administrator for the specific purpose of funding wages and other costs and expenses that may be incurred during the week following the appointment of the Administrators and to allow time for a possible sale agreement to be agreed. The limited recourse loan also permitted a capped amount of remuneration to be funded up to \$100,000, with remuneration being subject to approval in accordance with the Act.



Updated Circumstances – Linc Energy Limited (“LE”)

(Comments included as part of this updated DIRRI dated 29 September 2015)

KPMG is the auditor of LE, which is an oil and gas company listed in Singapore and the USA.

In May 2012 LE engaged BBYL as its broker in relation to a parcel of shares owned by LE in AFC Energy PLC (“AFC”), a publicly traded company listed in the UK. LE utilised the nominee services of BBYN to hold the shares through a London based counterparty, Jeffries International (Nominees) Limited (“Jeffries”) to be held as sub-custodian for BBY Nominees on behalf of LE pursuant to a nominee agreement.

At the request of LE, the BBYN Administrators reviewed the AFC asset holding and client records relating to LE and confirmed its entitlements to the shares. We subsequently instructed Jeffries to take direct instruction from LE in relation to the AFC shares as part of a wider process that is being carried out with other former clients, of BBYN to confirm entitlements, terminate nominee arrangements and deal with assets identified to be held clients’ behalf.

As part of these arrangements we negotiated a fee of \$30,000 to cover our associated costs including legal fees, which was paid into a trust account with our lawyers, Ashurst, as well as an indemnity from LE against any possible claims made against us in connection with the directions given by LE.

We also instructed Jeffries to pay to the Ashurst trust account \$639,055 in proceeds held by Jeffries from a previous sale of AFC shares to be held against any obligations of LE under the indemnity as well as any other costs. We expect that sum will ultimately be released to LE after deduction of any costs in accordance with the agreement reached with LE.

BBYN also acts in a nominee capacity for approximately 380 clients holding shares in LE, including LE employees. These shares are held in a sub-custodian arrangement through ABN AMRO Clearing Bank N.V. in Singapore. LE is not a party to these arrangements. We are progressively contacting former clients of BBY Nominees, including these LE shareholders in order to confirm entitlements, terminate nominee arrangements and deal with assets identified to be held on their behalf.

We do not believe these relationships give rise to us having a conflict of interest or being unable to act as Administrators of the Companies. If information should come to light at a future point during the course of the Administrations, which has the potential to affect our independence as administrators of the Companies, whether in relation to KPMG’s relationship with the AIMS Group or another matter, we would undertake a full analysis of the circumstances to determine whether the relationship or threat is one that could have precluded the acceptance by us of our appointment.

If following that analysis we concluded that the circumstances at issue would not have precluded our acceptance of the appointment, we would continue with the Administrations subject to amending this DIRRI and disclosing the full circumstances to the Companies’ creditors.

If we were to conclude that the circumstances could have precluded our acceptance of the appointment, then as soon as practicable after the circumstances or facts were identified we would prepare and deliver a report to creditors (disclosed also to ASIC and ARITA) setting out:

- the nature of the circumstances, including the key facts and origin, the reasons why the issue was not detected prior to acceptance of the Appointment, and the potential impact on our independence or our perceived independence;
- the status of the Administrations – work done, work in progress and work to complete the Administrations;
- our estimated costs of stepping down and transferring the Appointment; and
- remuneration drawn and accrued subject to the approval of creditors.

In such circumstances, and where the Administrations were substantially complete or we consider that our replacement as administrators was not in the interests of the Companies’ creditors, we would apply to the Court for leave to continue and complete the Administrations.



If the Administrations were not substantially complete at that time, or our replacement would be in the interests of the Companies' creditors, we would seek a consent from suitable replacement administrators and seek our replacement as administrators by Court order, disclosing the full particulars to creditors by a circular or report.

iii) Prior professional services to the Insolvent

Neither Stephen Vaughan or Ian Hall, or KPMG Australia, or a related party covered by the extended definition of firm, have provided any professional services to the Companies in the previous 24 months or prior period with the exception of the solvency review conducted over 5 days between 11 May and 15 May 2015.

iv) Group Company Appointments

We were originally appointed as Administrators to 10 entities (the Companies) within the BBY Group. BBYH was the holding company and BBYL was the main trading entity. It appears the majority of business activity was conducted through BBYL. The other entities over which we have been appointed are subsidiaries of either BBYH or BBYL.

It is not uncommon for a practitioner to be appointed to a group of related companies and there are sound commercial and practical reasons for an appointment of this nature. However there can be circumstances where possible conflicts could arise as a result of group appointments, such as preference payments between the Companies, other voidable or contestable transactions, insolvent trading liabilities of the parent company and contentious proofs of debt. The financial information available to us at the time of appointment was very limited due to the state of available records. At the time of our appointment, we were not aware of any conflicts of interest between the Companies.

We believe that the multiple appointments do not result in a conflict of interest or duty because we have obtained and reviewed further information since our appointment and have not identified any issues that may present a conflict. We believe that the Administrations should be conducted by one practitioner and that this will lead to efficiencies in the orderly resolution of the Companies' estates and as such is in the interests of creditors. Should such a conflict arise, we will keep creditors informed and take appropriate action to resolve the conflict.

v) No other relevant relationships to disclose

There are no other known relevant relationships of the Administrators, including personal, business and professional relationships, from the previous 24 months with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any person or entity that has a charge on the whole or substantially whole of the Companies' property that should be disclosed.

C. Indemnities and up-front payments

We received an indemnity from Linc Energy Limited in relation to the release of AFC shares, as discussed earlier. We consider this was a normal and prudent step for an Administrator to take in these circumstances. We also received limited funding during the Administrations from AIMS as discussed earlier.

We have not otherwise been indemnified in relation to the Administrations, other than any indemnities that we may be entitled to under statute or received any up-front payments in respect of our remuneration or disbursements.

Dated: 29 September 2015

.....
Stephen Vaughan
Joint and Several Administrator

.....
Ian Hall
Joint and Several Administrator

Note:

1. If circumstances change, or new information is identified, I am/we are required under the Corporations Act 2001 and ARITA's Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.

2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

D. ASIC information sheet - Insolvency information for directors, employees, creditors and shareholders



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

E. ARITA Creditor information sheet - offences, recoverable transactions and insolvent trading

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

A summary of offences that may be identified by the administrator:

180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.



The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction **must** have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges are voidable by a liquidator:

- Floating charge created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.