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18 December 2017

CIRCULAR TO CREDITORS

BBY Nominees Pty Ltd (In Liquidation) ACN 007 001 443 (“BBY Nominees”)

Dear Sir/ Madam

General update and remuneration approval

I refer to my previous correspondence regarding the liquidation of BBY Nominees. I am writing to provide you with an update on my progress in the liquidation and to seek approval of my remuneration.

Update on appointment

I have included a detailed report on the progress of the liquidation called the Liquidators second annual report. Please refer to this for information on the status of the liquidation.

Remuneration approval

I am seeking approval from creditors for the following:

- Additional actual remuneration of \$568,016 plus GST for the period 8 October 2015 to 30 November 2017; and
- Future remuneration of \$37,175 plus GST for the period 1 December 2017 to the completion of the liquidation.

Attached is a detailed report on my remuneration, called a Remuneration Approval Report. I am unable to pay my remuneration without the approval of creditors or the Court.

Second Annual meeting of creditors

A second annual meeting of creditors to consider this update and my remuneration will be held as follows:

Date: Friday, 5th January 2018

Time: 10:00am (AEDT)

Address: KPMG offices Sydney

Level 38, International Tower 3,
300 Barangaroo Avenue
Sydney, New South Wales, 2000

A notice of meeting is attached. To participate in this meeting, you may need to:

- *Submit a **proof of debt** and information to substantiate your claim.*
- *Appoint a person – a “proxy” or person authorised under a power of attorney – to vote on your behalf at the meeting. This may be necessary if you are unable to attend the meeting, or if the creditor is a company.*

You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish to vote to be cast. If you choose to do this, the chairperson must cast your vote as directed.

Proof of debt and proxy forms are included with the notice of meeting. To facilitate the conduct of the meeting, completed proof of debt and, if applicable, proxy forms must be returned to Olga Litosh at olitosh@kpmg.com.au by no later than 12:00pm AEDT on Thursday 4 January 2018.

What to do next

You should now:

- Read the attached second annual report and remuneration approval report;
- Decide whether you are going to attend the meeting, and
- Complete and return your proof of debt, and if required, proxy form by 12:00pm AEDT on 4 January 2018

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

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

Otherwise, please contact Olga Litosh of KPMG at olitosh@kpmg.com.au or telephone +61 2 9335 8416 should you require further information.

Yours faithfully



Stephen Vaughan
Joint and Several Liquidator

Attachments

Liquidators Second Annual report
Remuneration Approval report
Meeting notice and other meeting information
Proof of debt and proxy form

Form 529A

Regulation 5.6.12(6)

Corporations Act 2001

NOTICE OF ANNUAL MEETING OF CREDITORS CONVENED PURSUANT TO SECTION 508

BBY Nominees Pty Ltd (In Liquidation) ACN 007 001 443 (“BBY Nominees”)

Notice is given that the annual meeting of creditors of BBY Nominees, convened pursuant to Section 508 of the Corporations Act 2001, will be held on **5 January 2018 at 10.00am (AEDT)**, and to be held at:

KPMG offices Sydney
Level 38, International Tower 3,
300 Barangaroo Avenue
Sydney, New South Wales
Registration: 15 minutes prior to the meeting

Teleconference facilities are available for clients and creditors unable to attend in person. Should you wish to attend by telephone, please contact Olga Litosh of KPMG at olitosh@kpmg.com.au or telephone +61 2 9335 8416 no later than 12.00pm AEDT on 4 January 2018.

AGENDA

- 1 To receive and consider a report about the BBY Nominees liquidation.
- 2 To consider, and if thought fit, approve the remuneration of the Liquidators.
- 3 Any other business relevant to the meeting.

Dated this 18th day of December 2017



Stephen Vaughan
Joint and Several Liquidator

**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 (In Liquidation)
("BBY Nominees")**

To the Liquidators of *BBY Nominees*

1. This is to state that the Company was on **8 October 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)
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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 2017.

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			

FORM 532
CORPORATIONS ACT 2001

Regulation 5.6.29

APPOINTMENT OF PROXY
CREDITORS MEETING

BBY Nominees Pty Ltd (In Liquidation) ACN 007 001 443

*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 second annual meeting of creditors to be held on Friday, 5 January at 10:00am AEDT (Australia) at the offices of KPMG, Level 38, International Tower 3, 300 Barangaroo Avenue Sydney 2000, or at any adjournment of that meeting. (4)

Resolutions

	For	Against	Abstain*
1 That the remuneration of the Liquidators in respect of BBY Nominees Pty Ltd (In Liquidation) for the period 8 October 2015 to 30 November 2017 be approved in a sum equal to the cost of the time spent by the Liquidators and their staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates, of \$568,016 plus GST and disbursements, and that such fees are authorised for payment from the assets of the Company, or otherwise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 That the prospective remuneration of the Liquidators of BBY Nominees Pty Ltd (In Liquidation) for the period 1 December 2017 to the completion of the Liquidation be approved in a sum equal to the cost of the time spent by the Liquidators and their staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates, of an amount up to \$37,175 plus GST and disbursements, and that such fees are authorised for payment from the assets of the Company, or otherwise.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

*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 2017.

.....
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.



BBY Nominees Pty Ltd

(In Liquidation) ACN 007 001 443

Liquidators' second annual report

18 December 2017

Stephen Vaughan
and Ian Hall

Joint and Several
Liquidators

KPMG
Restructuring Services
Tower Three
International Towers Sydney
300 Barangaroo Avenue
Sydney NSW 2000

**BBY Nominee Client and
Creditor Enquiries**
E AU-FMBBY@kpmg.com.au
W www.kpmg.com/AU/bby

1. Executive summary

BBY Nominees was part of the BBY group, formerly the largest independent stock broker in Australia and New Zealand before its collapse in May 2015 when 10 group companies were placed into external administration.

BBY Nominees acted as a nominated custodian for clients of the BBY business providing nominee services in respect of securities and other financial products. BBY Nominees was placed into liquidation on 8 October 2015.

Purpose of this second annual report

This second annual report by the Liquidators to former clients and creditors of BBY Nominees provides an update on, and should be read in conjunction with, our previous report dated 25 November 2016, a copy of which can be found on the BBY website noted below.

Clients

BBY Nominees held approximately \$25 million of listed and unlisted domestic and international shares and options in a nominee capacity on behalf of approximately 600 clients. The process of identifying and contacting former clients, verifying entitlements, terminating nominee arrangements and returning assets is largely complete. We are finalising some residual claims and have commenced realising unclaimed securities and cash to meet costs of the winding up.

Creditors

There were no trade or other external creditors besides possible intercompany debts or possible claims that former clients may have. There are not sufficient company asset realisations to meet all winding up costs and there will be no surplus funds available for creditors after completion of the process of returning assets held on behalf of clients.

Annual Meeting

An annual meeting of creditors will be held at **10am AEDT on 5 January 2018** at the offices of KPMG to receive a report from the Liquidators, discuss the status of the liquidation and approve outstanding remuneration of the Liquidators. Attached is a notice of the meeting, a proxy form and informal proof of debt form.

More information

A copy of this report, other BBY Nominees documents and further details of the wider BBY external administrations can be found on the creditor information website at www.kpmg.com/au/bby. The website is updated on a periodic basis for material developments of interest to clients and creditors. Clients and creditors can also email inquiries to AU-FMBBY@kpmg.com.au.

You can access more general information regarding insolvency and external administrations which may assist you on the following websites:

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

2. Glossary

ACN	Australian Company Number
Act	Corporations Act 2001 (Commonwealth)
Ashurst	Ashurst Australia, lawyers assisting the Liquidators
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
BBY	The business operated by BBYL and the wider BBY Group
BBYL	BBY Limited (Receivers and Managers Appointed) (In Liquidation)
BBY Nominees	BBY Nominees Pty Ltd (In Liquidation)
BSA	Broker Services Australia Pty Ltd (In Liquidation) (the employment company)
Commsec	Commsec Securities Limited
Court	Supreme Court of New South Wales
Firestone	Firestone Energy Ltd
GST	Goods and services tax
Jefferies	Jefferies International Limited
Linc Energy	Linc Energy Limited (In Liquidation)
Liquidators	Stephen Vaughan and Ian Hall of KPMG
Ord Minnett	Ord Minnett Pty Ltd
Pershing	Pershing LLC
Waterberg	Waterberg Coal Company Ltd

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4. Introduction

4.1 *This annual report*

This is the second annual report to creditors, including former clients, in the liquidation of BBY Nominees.

This report should be read in conjunction with our first annual report dated 25 November 2016. Further background details and related information can be found in previously published material on the BBY creditor information website at www.kpmg.com/au/bby including:

- BBY Nominees Section 439A Report to Creditors, 29 September 2015
- BBY Nominees circular to clients, 2 October 2015
- BBY Nominees second meeting of creditors presentation, 8 October 2015
- BBY Nominees circular to clients, 17 October 2016
- First annual creditors report, 25 November 2016
- Other notices and material on the BBY creditor information website.

4.2 *Meeting of creditors (including clients)*

A meeting of creditors will be held on 5 January 2018 to receive a report from the Liquidators, discuss the status of the liquidation and approve outstanding remuneration of the Liquidators.

Time: 10.00am AEDT on Monday, 5 January 2018

Venue: Level 38 Tower Three, International Towers Sydney
300 Barangaroo Avenue, Sydney

Attached is a notice of the meeting, a proxy form and informal proof of debt form.

Teleconference facilities are available for clients and creditors unable to attend in person. Should you wish to attend by telephone, please contact Olga Litosh of KPMG at olitosh@kpmg.com.au or telephone +61 2 9335 8416 no later than 12.00pm AEDT on 4 January 2018.

You can access more general information regarding insolvency and external administrations which may assist you on the following websites:

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

4.3 Role of the Liquidators

The purpose of liquidation of an insolvent company is to have an independent and qualified person (the 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. The liquidator's role is to: collect, protect and realise the company's assets; investigate and report to creditors about the company's affairs; enquire into the failure of the company and possible offences by people involved with the company and report to ASIC; after payment of the costs of the liquidation distribute any surplus proceeds of realisation, and apply for deregistration of the company on completion of the liquidation.

BBY Nominees did not actively trade. 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 possible unreconciled inter-company debts relating to goods and services made available to BBY Nominees by BBYL and BSA. The main focus of the Liquidators has therefore been to deal with claims to assets held in a custodial capacity by BBY Nominees and, where possible, return these to former clients of the BBY group.

4.4 Declaration of independence

Our previous annual report included a copy of our Declaration of Independence, Relevant Relationships and Indemnities (DIRRI). This can be found on the BBY creditor information website.

5. Assets and client positions

BBY Nominees acted as a nominated custodian for clients of the wider BBY business, providing nominee services in respect of securities and other financial products. On occasion, it was also used to hold securities on behalf of related parties including other members of the BBY Group.

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. We therefore obtained information from a variety of sources, including from counterparties and through forensic searches. The information obtained was still insufficient to fully document and reconcile assets, client entitlements and creditor claims.

Set out below is a summary of the various assets ultimately identified as held by BBY Nominees as at the date of the voluntary administration.

BBY Nominees Pty Ltd			
Assets	Holdings	Total clients	Approx Value \$AUD
Equity positions			
Domestic - Listed shares	33	34	20,977,305
Domestic - OTC Options	5	1	135,000
Domestic - convertible notes	1	2	NQ
International - Listed shares	172	565	3,380,720
International - Unlisted shares	1	5	NQ
Listed private placements	2	7	368,000
Unlisted private placements	3	15	NQ
Cash positions			
International custodian	NQ	NQ	394,724
Total	217	629	25,255,749

Notes:

NQ – Not quantified

Values of holdings have fluctuated during the administration and liquidation

Over the course of the 2½ years since BBY Nominees was placed into voluntary administration and then liquidation, custodian arrangements have been terminated and, where possible, trust holdings have been transferred or otherwise dealt with in accordance with instructions received from those former BBY clients beneficially entitled to assets.

Clients have been charged facilitation fees in order to contribute to the associated costs. The applicable fees varied according to the size and complexity of the holdings in question. These fees were not sufficient to meet all costs of the winding up process.

Domestic holdings

We returned approximately 96%, or \$20 million, in value of listed domestic shareholdings to 25 clients. There remain 9 claims to shares, valued at approximately \$0.8 million, which are being addressed.

We have also addressed options holdings in 5 ASX listed companies and private placements in 5 domestic listed and unlisted companies on behalf of 18 clients, which were transferred to clients following verification of entitlements.

International positions

BBYL and BBY Nominees used the services of international custodians to hold listed and unlisted shares on behalf of BBYL's clients in jurisdictions outside of Australia. BBY Nominees held, via international custodians, shares in 172 listed companies, valued at approximately \$3.4 million, on behalf of 565 clients. Approximately \$2.6 million or 76% of these positions by value have been returned to clients.

BBY Nominees acted in a nominee capacity for 350 clients holding shares in Linc Energy Ltd, including Linc Energy Ltd employees. These shares were held in a sub-custodian arrangement through ABN AMRO and Interactive Brokers in Singapore. Linc Energy Ltd was placed into voluntary administration in April 2016. It was subsequently placed into liquidation and the shares now have no value.

Other unclaimed holdings have been liquidated.

Ord Minnett

Approximately 70% in value of international equities were held via Ord Minnett, including 138 shareholdings traded on various overseas exchanges, such as the London and New York stock exchange. Ord Minnett used Pershing, based in the US, as clearing agent and custodian for international shares.

There have been significant legal, commercial and logistical issues dealing through Ord Minnett which has caused significant delays and added to processing costs. This included Ord Minnett giving notice, in July 2016, of termination of its relationship with BBY Nominees.

In October 2016 we provided a final notice to clients with possible international holdings to submit claims. Notice was also published in the Australian newspaper and on the BBY information website.

In December 2016 Ord Minnett liquidated the majority of the open positions it held through Pershing into its relevant foreign exchange cash accounts. There were also a number of insignificant and minimal value positions which were illiquid and could not be sold.

In May 2017 Ord Minnett transferred stock and cash to 20 clients, with verified claims, with an approximate value of \$1.6 million. The cash proceeds from liquidation of unclaimed positions was \$0.3 million. This was received in June 2017.

Jefferies

A number of international shareholdings, with a value of approximately \$1.1 million, were held with Jefferies, based in London, UK. Jefferies also used Citi, based in the US, as clearing agent and custodian for international shares.

We transferred 9 holdings to 6 former clients in 2017, representing 87% or \$1.0 million of this portfolio. We instructed Jefferies to liquidate unclaimed stock and, in October 2017, we received \$0.1 million proceeds. There is a minor amount of illiquid positions currently being processed by Jefferies which we expect will be liquidated shortly.

Unlisted foreign shares

BBY Nominees held shares in one unlisted foreign company on behalf of five clients. We completed the transfer of these shares to their beneficial owners in the prior reporting period.

Firestone Energy

BBY Nominees held interests in Firestone Energy Limited relating to an underwriting in 2009 and subsequent transactions. Firestone is a coal exploration company that was listed on the ASX and the Johannesburg Stock Exchange. Firestone's primary asset consists of its share in Waterberg Coal Company Ltd, a joint venture development referred to as the Waterberg Coal project, which consisted of a series of undeveloped mining tenements located in the Limpopo Province in the Republic of South Africa.

BBY Nominees held 9.6 million Firestone convertible notes and 561 million fully paid ordinary shares. These interests were of dubious value given the history of the project and competing creditor claims.

There were various claims in respect of these interests from former BBY clients and related parties Jaguar Funds Management Pty Ltd (a company related to Glenn Rosewall, a former BBY director).

The Waterberg Coal project was problematic and Waterberg underwent a number of restructurings over a number of years. The development never proceeded beyond a development phase despite a number of refinancing efforts and never generated any material revenue. Accumulated losses to the end of the 2016 financial year were apparently over \$100 million. In August 2016 both Firestone and Waterberg were delisted from the ASX.

In May 2017 we received a claim from 2 former BBY clients in relation to 3.1 million Firestone convertible notes. In August 2017 we completed verification of this claim and transferred the respective holdings.

In July 2017 we sought expressions of interest to purchase the balance of the Firestone holdings. This included an advertisement in the Australian newspaper. We also notified Jaguar Funds Management Pty Ltd of our intention to convey, distribute or otherwise realise all property still held by BBY Nominees if no claims on any property were made.

We negotiated with two shortlisted parties based in Europe and Australia and, in August 2017, we sold the remaining Firestone convertible notes and shares for \$355,000.

In August 2017 a creditor commenced winding up applications against Waterberg and Firestone.

In September 2017 we received a letter from legal representatives acting for Jaguar Funds Management Pty Ltd asserting ownership of 6.5 million of the Firestone convertible notes. We adjudicated and rejected this claim.

On 9 October 2017 Firestone and Waterberg were placed into voluntary administration. The voluntary administrators, from Pitcher Partners in Perth, recommended that creditors of both companies approve deeds of company arrangement designed to provide an opportunity for the administrators to work with financiers and other parties to further explore restructuring alternatives.

On 13 November 2017, creditors' meetings to consider the deed proposals were adjourned for up to 45 business days. On 6 December 2017 both companies were wound up by the court.

Related party positions

In addition to the claim by Jaguar Funds Management Pty Ltd discussed above, we received a claim on behalf of Glenn Rosewall's superannuation fund in respect of two ASX listed holdings with an estimated market value of approximately \$40,000. This claim is under review.

Unclaimed and residual assets

During the 2½ years since BBY Nominees was placed into voluntary administration and then liquidation we have worked through a process to attempt to identify assets held by BBY Nominees and to contact former BBY clients of that may potentially have claims in respect of assets held on their behalf.

We have published a large volume of material on the BBY creditor information website to assist former clients and creditors and there has been extensive media coverage of the group external administrations during this period. We published two reports in 2015 and 2016 as well as notices to possible claimants in October 2015 and again in October 2016. We also placed two advertisements in the Australian newspaper, in October 2016 and May 2017, requesting any remaining clients to contact us and to make any claims to assets that may be held on their behalf.

We have since largely completed realisation of unclaimed or residual assets although a few remaining holds are in the process of being liquidated. We intend to apply these proceeds to outstanding costs of the liquidation. This is discussed further below.

6. Creditors

Based on review of books and records and our investigations there were no trade or other external creditors besides possible intercompany debts or possible claims that former clients may have in respect of losses. In any case, there will be insufficient realisations to meet winding up costs and no surplus funds available for creditors after completion of the process of returning assets held on behalf of clients.

7. Liquidation expenses

As discussed in previous reports, the BBY Nominees Liquidators are entitled to reasonable fees, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and to be reimbursed for out-of-pocket costs incurred in performing their role. This includes fees in relation to some tasks that may not directly benefit creditors such as various statutory reporting to ASIC and the ATO.

Liquidator's remuneration may be calculated using one of a number of different methods. Charging on a time basis is the most common method using a scale of hourly rates, with different rates for each category and level of staff. The hourly rates incorporate costs such as business overheads including rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit. External administrators are professionals who are required to be registered with ASIC, have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services.

Set out below is a summary of the Liquidators' actual and estimated future time costs calculated at hourly rates for the periods of the voluntary administration and liquidation.

BBY Nominees remuneration summary			
(excluding GST)	From	To	Amount \$
Voluntary administration	17-May-17	08-Oct-15	209,265
Liquidation	08-Oct-15	18-Nov-16	615,952
Liquidation	19-Nov-16	30-Nov-17	249,364
Total actual fees			1,074,581
Estimated future	01-Dec-17	Conclusion	37,175
Total fees			1,111,756
Less approved 8-Oct-15			(506,565)
Remaining to be approved			605,191

On 8 October 2015 creditors approved remuneration of \$506,565 including \$209,265 in relation to the voluntary administration from 17 May to 8 October 2015 as well as future liquidation remuneration up to \$297,300.

Our annual report to creditors, dated 25 November 2016, included a remuneration report setting out details of our costs in the liquidation from 8 October 2015 to 18 November 2016 and a request for approval of estimated future costs. It was proposed that this be considered at a creditors' meeting convened for 15 December 2016. No creditors attended the meeting. This meeting therefore had no quorum and was consequently reconvened on 22 December 2016 as required under the Corporations Act. However there was again no quorum, meaning a resolution to approve our fees could not be addressed.

Included with this report is a Liquidators' remuneration report setting out updated details of our costs in the liquidation from 8 October 2015 to 30 November 2017 in the amount of \$865,316 (of which \$297,300 has been approved).

We seek approval by creditors of \$605,191 in total fees including estimated future costs as set out below.

BBY Nominees remuneration summary and approval sought from creditors				
\$ excl GST	VA	Liquidation		Total
	17 May to 8 October 2015	8 Oct 2015 to 30 November 2017	Estimated future	
Actual costs incurred	209,265	865,316	n/a	1,074,581
Estimated costs incurred	-	-	37,175	37,175
Total	209,265	865,316	37,175	1,111,756
Approved on 8 October 2015	(209,265)	(297,300)	-	(506,565)
Approval sought	Nil	568,016	37,175	605,191

We expect there will be insufficient residual asset realisations to meet these costs in full.

The Australian Restructuring Insolvency and Turnaround Association has published information sheets to assist creditors in external administrations, which can be found here www.arita.com.au/creditors. This includes 'Information sheet: Approving remuneration of an external administrator' which sets out general information to help you understand the process of approving an external administrator's remuneration and your rights in this process.

Further analysis of the Liquidators' time costs is set out in our remuneration report and also summarised below.

Set out in this table is a summary of fees by phase of work completed during the liquidation to 30 November 2017.

Liquidators' fees by phase for the period 8 October 2015 to 30 November 2017		
Phase	Hours	\$
Administration	475.4	166,264
Assets	1,694.9	638,177
Creditors	130.2	60,875
Total	2,300.5	865,316

The majority of time has been incurred in relation to dealing with assets and client claims including:

- Corresponding with domestic and overseas clients;
- Reviewing documentation and substantiation of entitlements;
- Obtaining legal advice in relation to claims;
- Completing transfers of domestic and international securities;
- Dealing with the holdings in Firestone;
- Liaising with legal advisors in relation to issues relating to dealings with counterparties and various disputes; and

- Issuing and advertising notices to clients seeking submission of claims in relation to international securities.
- Liaising with domestic and international counterparties, including inquiries, instructions, monitoring and dealing with a number of legal issues.

Administrative time incurred was in relation to the following high level tasks:

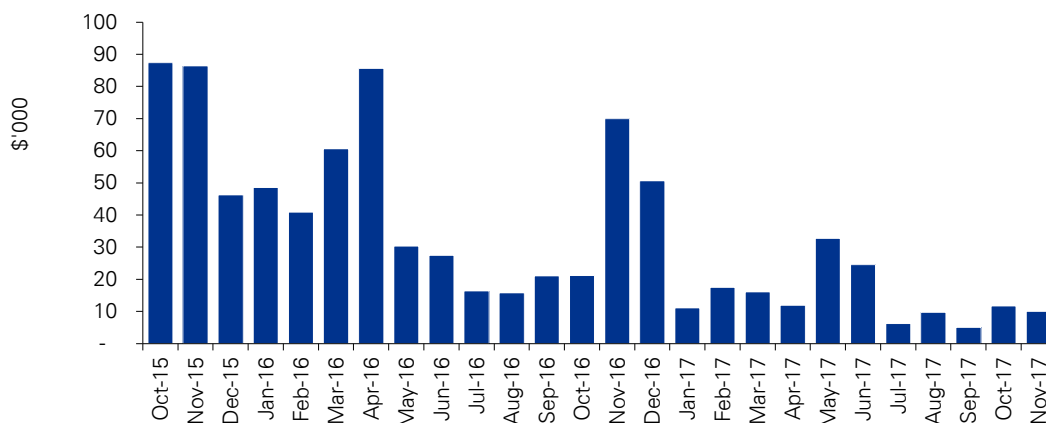
- Maintaining bank accounts, accounting records;
- Lodging business activity statements with the Australian Taxation Office;
- Various other statutory lodgement requirements including notices, advertisements, minutes of meetings, biannual accounts of receipts and payments; and
- Managing the winding up process and maintaining internal files.

An analysis of our time and costs by grade of staff member is set out below.

BBYN Liquidators' fees by position from 8 October 2015 to 30 November 2017		
Position	Hours	\$'000
Partner or Appointee	136.6	88,790
Associate Director	144.0	79,035
Manager	271.2	135,150
Executive	1,507.9	519,785
Analyst	147.4	29,480
Administration	93.4	13,076
Total	2,300.5	865,316

Set out below is a summary of liquidation time costs by month.

BBYN Liquidators' monthly fees from 8 October 2015 to 30 November 2017



Fees charged from October 2015 to April 2016 related mostly to the adjudication and review of claims for domestic and international assets. We wrote to clients in October 2015 to explain the claims adjudication and transfer process, providing clients with a short questionnaire template and requesting substantiating documentation. As client claims were received, we reviewed these against Company and other records, took legal advice where necessary to confirm entitlements and facilitated transfers or sales in respect to agreed claims.

Significant time costs up to April 2016 were also incurred in relation to the employee holdings in Linc Energy Ltd, which could not be recovered after it was placed into liquidation.

The majority of time incurred in October and November 2016 related to international claims and dealings with Ord Minnett and Jefferies, as well as preparation of the first annual report dated 25 November 2016.

Fees incurred in May and June 2017 largely related to the transfer of international holdings and liquidated cash from Ord Minnett. It was also during this period in which the Firestone convertible notes claims and sale process commenced.

Costs incurred in October and November 2017 include dealings with Jefferies in liquidating remaining stock, transfer of any remaining holdings as well as preparation of this second annual report to creditors.

Resolutions to approve liquidators' remuneration

Creditors will be asked to consider two resolutions regarding liquidators' actual and prospective remuneration at the meeting of creditors on 5 January 2018.

We propose that the Liquidators' actual fees be approved to an amount of \$568,016 plus GST.

We also seek approval of estimated future costs to complete the liquidation over the next six months or so, in the amount of \$37,175 plus GST.

Liquidators' remuneration	
Remuneration approval sought	Amount (\$ exc GST)
Resolution 1	
Remuneration from 8 October 2015 to 30 November 2017	865,316
Less: Approved by creditors	(297,300)
Liquidators' remuneration approval sought	568,016
Resolution 2	
Prospective remuneration to finalise the liquidation	37,175
Total approval sought	605,191

Further particulars are set out in the Liquidators' Remuneration approval report attached at Appendix A.

Legal expenses

Ashurst have provided a variety of legal services in relation to the adjudication of client claims, dealing with a number of disputes and dealing with counterparties and their lawyers. Legal costs to 30 November 2017 are \$375,521 plus GST. Expected future legal costs to conclude the liquidation are estimated at \$20,000.

BBYN legal fees			
\$ excl. GST	30-Nov-17	Future	Total
Paid to date	375,521	-	375,521
Unpaid	-	20,000	20,000
Total fees	375,521	20,000	395,521

Unpaid legal costs will be paid subject to sufficient asset realisations being available.

8. Receipts and payments

Set out below is a summary of receipts and payments in the liquidation.

Receipts and Payments for the period 8 Oct 2015 to 30 Nov 2017	
\$	Total
Receipts	
Facilitation fees - Domestic	213,697
Facilitation fees - International	81,162
Facilitation fees - Linc Energy	50,471
Firestone Energy asset sale	355,000
ATO refund	31
Ord Minnett unclaimed cash	335,613
Jefferies unclaimed cash	123,315
Total Receipts	1,159,289
Payments	
Voluntary Administrators' remuneration	(99,361)
Liquidators remuneration	(180,000)
Legal fees – Ashurst (including GST)	(413,074)
GST paid	(2,370)
Administration costs	(3,719)
Total payments	(698,523)
Funds on hand at 30 November 2017	460,766

Note: This excludes nominee holdings that have been returned to former clients

There are insufficient funds available to meet liquidation expenses. Further funds may become available depending on the level and value of residual assets not claimed by clients.

9. Estimated outcome

As noted in our previous reports of 29 September 2015 and 25 November 2016, BBY Nominees acted only as custodian for clients of the BBY business and did not trade in its own right, and the key focus of the liquidation has been to deal with claims to assets held in a custodial capacity by BBY Nominees and, where possible, return these to former clients.

Over the past 2½ years we have undertaken a process to contact former clients to complete investigations, confirm entitlements, terminate nominee arrangements and return assets identified to be held on their behalf. We expect finalising this process and the winding up the company will take at least a further six months to complete.

10. Communications

Upon our appointment we established an information website www.kpmg.com/AU/bby to facilitate communications with former clients and creditors of the BBY companies subject to external administration. The website contains copies of notices and reports to creditors, our initial and supplementary client monies investigation reports, key court documents, answers to frequently asked questions and other material. The website is updated on a periodic basis for material developments of interest to clients and creditors.

The most convenient way to keep up to date with developments in the wider BBY group liquidations is to periodically check the BBY creditor information website where we publish significant news. This information can be obtained at www.kpmg.com/au/bby. We established and manage a dedicated email hotline AU-FMBBY@kpmg.com.au to assist in responding to inquiries.

11. Statutory matters

Lodgements

As part of our statutory obligations we are required to attend to various tasks during the period of appointment. In the 12 month reporting period from 8 October 2016 to 7 October 2017 we have completed the following:

- Completed our first annual report to creditors dated 25 November 2016
- Held and lodged returns of the first annual meeting convened for 15 December and reconvened on 22 December 2016 (both no quorums)
- Lodged Form 524, accounts of receipts and payments with ASIC for the six month period of the liquidation to 7 April 2017 and 7 October 2017
- Submitted BAS lodgements to the ATO

END OF REPORT



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Appendix A – Liquidators' Remuneration Approval Report

Remuneration Approval Report

BBY Nominees Pty Ltd ACN 007 001 443
(In Liquidation) (the 'Company')

This remuneration report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the external administration of the Company.

This report includes the following information:

Part 1: Declaration	2
Part 2: Executive Summary	2
Part 3: Remuneration	4
Part 4: Calculation of remuneration	5
Part 5: Description of work	6
Part 6: Likely impact on dividends	9
Part 7: Disbursements	9
Part 8: Report on progress of the Liquidation	10
Part 9: Summary of Receipt and Payments	10
Part 10: Queries	10

What do you need to do next?

You should read this report and the other documentation that we have sent you and then, if you can, attend the second annual meeting of creditors in order to voice your opinion by casting your vote on the resolutions put to the second annual meeting. The second annual meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised. Information about the second annual meeting of creditors, including how to appoint a representative, is provided at Part 10 of this report.

If you have any questions or need any assistance, please contact Olga Litosh of our office via email at olitosh@kpmg.com.au.

Part 1: Declaration

This remuneration report is in respect of BBY Nominees Pty Ltd (In Liquidation).

We, Stephen Vaughan and Ian Hall, of KPMG, have undertaken a proper assessment of this remuneration claim for our appointment as joint and several liquidators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Liquidation.

Part 2: Executive Summary

The purpose of this report is to provide creditors with a report detailing the work completed for the period from 8 October 2015 to 30 November 2017, and associated fees. In addition, we have estimated our fees for the work to be performed from 1 December 2017 to the completion of the Liquidation. At the second annual meeting of creditors we will be asking creditors to consider the following resolutions:

- **Resolution 1** for the approval of additional actual remuneration for the period 8 October 2015 to 30 November 2017
- **Resolution 2** for the approval of prospective remuneration for the period 1 December 2017 to the completion of the liquidation

To date, creditors approved our remuneration in relation to the voluntary administration of the Company from 17 May to 8 October 2015 in the amount of \$209,265 and future remuneration in the liquidation up to \$297,300.

In our first annual report to creditors dated 25 November 2016, we included a Liquidator's remuneration report setting out details of our costs in the liquidation from 8 October 2015 to 18 November 2016 in the amount of \$615,952 and estimated future time costs of \$214,400. We sought fee approval from creditors for \$533,052 being the balance of fees incurred to that date and the estimated future time costs. Given there was no quorum at the meeting of creditors on 15 December 2016 or the reconvened date on 22 December 2016, these fees were not approved.

In this report we set out details of our costs in the liquidation from 8 October 2015 to 30 November 2017 in the amount of \$865,316 (of which \$297,300 has already been approved) as well as estimated future time costs of \$37,175. We will seek total fee approval from creditors of \$605,191.

The additional approval sought by creditors of \$72,139 from our previous remuneration report dated 25 November 2016 has been mainly due to:

- Realisation of the Firestone Energy asset; and
- Delays in the finalisation of client claims, which has resulted in the liquidation period being extended longer than previously estimated.

Remuneration currently claimed and previously approved is summarised below:

Remuneration	Report reference	Amount \$ (ex GST)
Past remuneration approved by creditors		
<i>Voluntary Administration</i>		209,265
<i>Liquidation</i>		297,300
Total remuneration approved to date		505,565
Further remuneration approval sought from creditors		
<i>Liquidation</i>		
Resolution 1: Additional actual remuneration incurred for the period 8 October 2015 to 30 November 2017	3.1/4.1	568,016
Total liquidation remuneration – actual		865,316*
Resolution 2: Prospective remuneration for the period 1 December 2017 to the completion of the liquidation**	3.2/4.2	37,175
Total additional remuneration – Liquidation		605,191
Total remuneration – Voluntary Administration and Liquidation***		1,111,756
* Actual total remuneration incurred for period 8 October 2015 to 30 November 2017. Of this, \$297,300 has been approved by creditors on 8 October 2015 ** Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the liquidation. *** We expect there will be insufficient residual assets to meet these costs in full and a significant shortfall to the Liquidators.		

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

Part 3: Remuneration

We will be seeking approval of the following resolutions at the second annual meeting. The statements of remuneration claims and proposed resolutions are set out below.

3.1 Resolution 1 (retrospective and additional remuneration)

Liquidators' remuneration for the period 8 October 2015 to 30 November 2017	
Company:	<i>BBY Nominees Pty Ltd (In Liquidation)</i>
Practitioner:	Stephen Vaughan and Ian Hall
Administration type:	Liquidation
Proposed resolution:	That the remuneration of the Liquidators in respect of BBY Nominees Pty Ltd (In Liquidation) for the period 8 October 2015 to 30 November 2017 be approved in a sum equal to the cost of the time spent by the Liquidators and their staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates, of \$568,016 plus GST and disbursements, and that such fees are authorised for payment from the assets of the Company, or otherwise.

3.2 Resolution 2 (prospective remuneration - Liquidation)

In preparing this remuneration approval report, we have made our best estimate at what we believe the liquidation will cost to complete from 1 December 2017 to the completion of the liquidation.

Liquidators' prospective remuneration for the period 1 December 2017 to the completion of the Liquidation	
Company:	<i>BBY Nominees Pty Ltd (In Liquidation)</i>
Practitioner:	Stephen Vaughan and Ian Hall
Administration type:	Liquidation
Proposed resolution:	That the prospective remuneration of the Liquidators of BBY Nominees Pty Ltd (In Liquidation) for the period 1 December 2017 to the completion of the Liquidation be approved in a sum equal to the cost of the time spent by the Liquidators and their staff, calculated at rates set under the KPMG Restructuring Services guide to hourly rates, of an amount up to \$37,175 plus GST and disbursements, and that such fees are authorised for payment from the assets of the Company, or otherwise.

Part 4: Calculation of remuneration

The below tables set out time charged to each major task area by staff members working on the Liquidation which is the basis of Resolutions 1 and 2. More detailed descriptions of the tasks performed within each task area and relevant periods, matching the amounts below, are contained in Part 5 of this report.

4.1 Calculation of actual remuneration for the period 8 October 2015 to 30 November 2017

BBY Nominees Pty Ltd ACN 007 001 443																
CALCULATION OF REMUNERATION for the period 8 October 2015 to 30 November 2017																
Employee	Position	\$ /hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Assets		Creditors		Employees		Investigation		Dividend		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Vaughan Stephen	Appointee	650	133.6	86,840	72.0	46,800	40.9	26,585	-	-	-	-	-	-	20.7	13,455
Hall Ian	Appointee	650	3.0	1,950	-	-	3.0	1,950	-	-	-	-	-	-	-	-
Gower Luke	Associate Director	550	1.0	550	1.0	550	-	-	-	-	-	-	-	-	-	-
Lynch Patrick	Associate Director	550	59.5	32,725	37.5	20,625	14.0	7,700	-	-	-	-	-	-	8.0	4,400
Zhatsouris Michael	Associate Director	550	83.5	45,760	57.6	31,680	14.6	8,030	-	-	-	-	-	-	11.3	6,050
Hatsatouris Michael	Manager	500	265.9	132,500	225.5	112,300	3.4	1,700	-	-	-	-	-	-	37.0	18,500
Naran Darsun	Manager	500	5.3	2,650	4.3	2,150	-	-	-	-	-	-	-	-	1.0	500
Diprose Leah	Executive	350	366.9	128,415	327.0	114,450	2.5	875	-	-	-	-	-	-	37.4	13,090
Somerville John	Executive	350	4.5	1,575	-	-	3.3	1,155	-	-	-	-	-	-	1.2	420
Valentini Matteo	Executive	350	1,131.9	388,325	833.3	284,340	21.2	7,420	-	-	-	-	-	-	277.4	96,565
Grant Jacob	Executive	350	4.6	1,470	-	-	-	-	-	-	-	-	-	-	4.6	1,470
Parker Luke	Analyst	200	1.3	260	-	-	-	-	-	-	-	-	-	-	1.3	260
Rackemann Jack	Analyst	200	8.5	1,700	0.4	80	8.1	1,620	-	-	-	-	-	-	-	-
Warden Andrew	Analyst	200	15.3	3,060	-	-	12.7	2,540	-	-	-	-	-	-	2.6	520
Turner Matthew	Analyst	200	17.3	3,460	6.0	1,200	-	-	-	-	-	-	-	-	11.3	2,260
Horton James	Analyst	200	4.0	800	2.0	400	2.0	400	-	-	-	-	-	-	-	-
Chung Joe	Analyst	200	7.5	1,500	7.5	1,500	-	-	-	-	-	-	-	-	-	-
Cahill Michael	Analyst	200	93.5	18,700	86.5	17,300	4.5	900	-	-	-	-	-	-	2.5	500
Kekatos Barbara	Administration	140	17.6	2,464	-	-	-	-	-	-	-	-	-	-	17.6	2,464
O'Connor Casey	Administration	140	19.5	2,730	-	-	-	-	-	-	-	-	-	-	19.5	2,730
Vasilas John	Administration	140	28.0	3,920	6.0	840	-	-	-	-	-	-	-	-	22.0	3,080
Spence Morgan	Administration	140	28.3	3,962	28.3	3,962	-	-	-	-	-	-	-	-	-	-
Total excluding GST			2,300.5	865,316	1,694.9	638,177	130.2	60,875	-	-	-	-	-	-	475.4	166,264
GST				86,532		63,818		6,088								16,626
Total including GST				951,848		701,995		66,963								182,890
Average Hourly Rate				414		414		514								385

4.2 Calculation of prospective remuneration for the period 1 December 2017 to the completion of the Liquidation

BBY Nominees Pty Ltd ACN 007 001 443																
CALCULATION OF REMUNERATION for the period 1 December 2017 to the completion of the Liquidation																
Employee	Position	\$ /hour (ex GST)	Total Actual Hours	Total \$ (ex GST)	Assets		Creditors		Employees		Investigation		Dividend		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Hall Ian	Appointee	650	2.0	1,300	0.5	325	1.0	650	-	-	-	-	-	-	0.5	325
Vaughan Stephen	Appointee	650	12.5	8,125	3.0	1,950	7.5	4,875	-	-	-	-	-	-	2.0	1,300
Hatsatouris Michael	Associate Director	550	22.0	12,100	4.0	2,200	15.0	8,250	-	-	-	-	-	-	3.0	1,650
Olga Litosh	Executive	350	19.0	6,650	7.5	2,625	7.5	2,625	-	-	-	-	-	-	4.0	1,400
Konrad Brennan	Analyst	200	45.0	9,000	22.5	4,500	15.0	3,000	-	-	-	-	-	-	7.5	1,500
Total excluding GST			100.5	37,175	37.5	11,600	46.0	19,400	-	-	-	-	-	-	17.0	6,175
GST				3,718		1,160		1,940								618
Total including GST				40,893		12,760		21,340								6,793
Average Hourly Rate					370		309	422								363

Part 5. Description of work

The below tables provide a description of tasks performed or estimated to be performed in each major task area of the Resolutions claims for each relevant period.

5.1 Resolution 1: Liquidators' additional actual remuneration for the period 8 October 2015 to 30 November 2017

Liquidators' additional remuneration for the period 8 October 2015 to 30 November 2017		
Task area	General Description	Including, but not limited to:
<p>Assets</p> <p>1,694.9 hours \$638,177</p>	Trust assets	<ul style="list-style-type: none"> ● Reconciling and authenticate materials provided by clients against the books and records of BBY and BBY Nominees and the GBST system; ● In regular correspondence with Commsec, the ASX, APP Securities, Linc Energy, Ord Minnett, Interactive Brokers, ABN Amro Singapore, Pershing and Jefferies to verify holdings held by BBY Nominees by each of the counterparties, assisting with transfer of holdings, completion of transfers; ● Preparation of model to capture all holdings by BBY Nominees and to assist with reporting; ● Reviewed in detail documents provided by clients for domestic and international holdings, including regular correspondence in relation to client holdings; ● Reviewed and considered all relevant option and security documentation and background, where applicable; ● Liaised with legal advisors to confirm clients' assertions as to ownership; ● Preparation and finalisation of checklists to ensure all documentation and risk covered off for all client holdings reviewed; ● Liaising with clients and/or their advisors on facilitation fees required to verify and transfer claims to beneficial holders; ● Negotiation and preparation of Deed of Settlements; ● Execution of settlement, discharge and transfer documents on behalf of BBY Nominees; ● Liaised with legal advisors to prepare appropriate instruction and indemnity documents; ● Reviewed and signed transfer documents to complete transfers; ● Met with parties on commercial disputes, including preparing and responding to correspondence, ● Corresponding with relevant ASX listed and unlisted domestic companies to confirm options and ordinary share holdings by clients; ● Liaising with legal advisors on preparation of Notices of Assignment under section 12 of the Conveyancing Act 1919 (NSW); ● Obtaining clearance from the ASX in the respect to the escrow restrictions imposed in relation to certain options holdings; ● Performed technical valuations on options held; ● Meetings and correspondence with PPB Advisory to discuss options and asset realisation strategies;

		<ul style="list-style-type: none"> • Liaised with additional brokers to discuss transferring bulk holdings of international shares into a new account to facilitate the final transfer of holdings to clients; • Finalisation and sign off various legal documentation
	Asset sale	<ul style="list-style-type: none"> • Sale of Firestone Energy convertible notes and fully paid ordinary shares, including correspondence with legal advisors, interested parties, Firestone management, advertising and finalising asset realisation
Creditors 130.2 hours \$60,875	Creditors report	<ul style="list-style-type: none"> • Receive and follow up creditor enquiries via email and telephone • Review and prepare correspondence to creditors and their representatives via facsimile, email and post
Administration 475.4 hours \$166,264	Correspondence	<ul style="list-style-type: none"> • Prepare stakeholder correspondence as required
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> • Maintain records including files and checklists
	Bank account administration	<ul style="list-style-type: none"> • Maintain receipts and payments bookkeeping in MYOB Insolvency • Received, convert and filed bank statements
	Statutory	<ul style="list-style-type: none"> • Preparation and lodgement of ASIC lodgements • Preparation of statutory forms • Prepare and lodge quarterly BAS lodgements for BBY Nominees
	Ongoing planning and project management	<ul style="list-style-type: none"> • Determine liquidation strategy and ongoing general review and oversight of the status and conduct of the liquidation, team planning meetings as required
Total hours: 2,300.5 Total \$ excl GST: 865,316		

5.2 Resolution 2: Liquidators prospective remuneration for the period 1 December 2017 to the completion of the Liquidation

Liquidators' remuneration for the period 1 December 2017 to the completion of the Liquidation		
Task area	General Description	Including, but not limited to:
Assets 37.5 hours \$11,600	Trust Assets	<ul style="list-style-type: none"> • Ongoing reconciliation of cash and communications with the bank • Assisting clients with the transfer of shares where formal instructions had been received and appropriate documentation provided • Reviewing additional documentation received by clients for domestic and international custodians • Discussions with our legal advisors on asset resolutions • Dealing with agent to execute the transfer of shares for domestic and overseas publicly listed shareholdings • Finalising realisations of unclaimed domestic and international equity positions
Creditors 46.0 hours \$19,400	Annual meeting of creditors	<ul style="list-style-type: none"> • Prepare meeting notices, proxies and advertisements • 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 annual meeting of creditors • Hold second annual meeting of creditors at KPMG Sydney offices
	Creditors report/ circulars	<ul style="list-style-type: none"> • Issued a creditors annual report and remuneration report via the KPMG website and via post and email • Updates on the progress of the Liquidation via post and email, including finalisation
Administration 17.0 hours \$6,175	Correspondence	<ul style="list-style-type: none"> • Prepare stakeholder correspondence as required
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> • Maintain records including files and checklists
	Bank account administration	<ul style="list-style-type: none"> • Maintain receipts and payments bookkeeping in MYOB Insolvency • Received, convert and filed bank statements
	Statutory	<ul style="list-style-type: none"> • Preparation and lodgement of ASIC lodgements • Preparation of statutory forms • Prepare and lodge quarterly BAS lodgements for BBY Nominees
	Finalisation	<ul style="list-style-type: none"> • Notifying ATO of finalisation • Cancelling ABN/ GST/ PAYG • Completing checklists • Finalising WIP • Convene final meeting of creditors (if applicable)
Total hours: 100.5 Total \$ excl GST: 37,175		

Part 6: Likely impact on dividends

An external administrator is entitled to claim remuneration and disbursements, in respect of necessary work, properly performed in an administration. An external administrator's right to be paid is recognised under the legislation and at general law and is given a high priority of payment from the insolvent's funds. Remuneration of external administrators is drawn from the insolvent estate in priority to the claims of other creditors and therefore has the effect of reducing the funds that may be available for distributions to participating creditors in respect of admitted claims. Not all work is associated with directly seeking a return for creditors. Many of the general statutory tasks of a practitioner – for example in reporting to creditors, lodging documents with ASIC, and maintaining accounts – are properly performed and charged even though the remuneration charged will not produce a financial return and will reduce the funds available for distribution.

This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- realisations to date,
- estimated future realisations,
- our estimated remuneration and disbursements to complete the liquidation; and
- the estimated total of creditor claims based on the company's records and claims received.

It is likely there will be insufficient funds available to meet liquidation expenses. Further funds may become available depending on the level and value of residual assets not claimed by clients, however we expect there will be insufficient residual asset realisations to meet these costs in full. This means any creditor claims are unlikely to receive a dividend.

Part 7: Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These 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. The recovery of these costs must be on a reasonable commercial basis.

We have undertaken a proper assessment of disbursements claimed for each company, in accordance with the law and applicable professional standards. We will not be requesting creditors to approve any internal disbursements incurred by the liquidators.

Part 8: Report on progress of the Liquidation

We refer creditors to our second annual report dated 18 December 2017 for details of progress of the liquidation of the Company.

Part 9: Summary of Receipt and Payments

Set out below is a summary of receipts and payments in the liquidation for the period from 8 October 2015 to 30 November 2017.

Receipts and Payments for the period 8 Oct 2015 to 30 Nov 2017	
\$	Total
Receipts	
Facilitation fees - Domestic	213,697
Facilitation fees - International	81,162
Facilitation fees - Linc Energy	50,471
Firestone Energy asset sale	355,000
ATO refund	31
Ord Minnett unclaimed cash	335,613
Jefferies unclaimed cash	123,315
Total Receipts	1,159,289
Payments	
Voluntary Administrators' remuneration	(99,361)
Liquidators remuneration	(180,000)
Legal fees - Ashurst	(413,074)
GST paid	(2,370)
Administration costs	(3,719)
Total payments	(698,523)
Funds on hand at 30 November 2017	460,766

Part 10: Queries

Should creditors have any queries in respect to the matters discussed in this report, please contact Olga Litosh of our office via email at olitosh@kpmg.com.au. You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "fees of insolvency practitioners")