



DEM ASIA GROUP

INITIAL REMUNERATION NOTICE

Insolvency Practice Schedule (Corporations) 70-50
Insolvency Practice Rules (Corporations) 70-35

ACN 615 188 504 Pty Limited (In Liquidation)
ACN 615 188 504 ("the Company")
(Formerly Si Ventures Pty Limited)

The purpose of the Initial Remuneration Notice is to provide you with information about how my remuneration for undertaking the Liquidation will be set.

Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

Time based / hourly rates

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

Fixed Fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method proposed

Given the nature of this administration I propose that my remuneration will be calculated on hourly rates. This is because the complexity of the administration is not known at this time.

Details of the hourly rates are included below.

Creditors will be advised of the proposed basis of remuneration in my initial remuneration advice to them.

Estimate of the cost of the administration

I estimate that this administration will cost approximately \$20,000 to complete, subject to the following variables which may have a significant effect on this estimate provided, and that I am unable to determine until I have commenced the administration:

- Any litigation and/or legal costs;
- Asset realisations; and



- Employee claims

Explanation of Hourly Rates

Use the following guidance for time based remuneration:

The rates for my remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff that will be engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly Rate (excl. GST)
Appointee / Director	Official or Registered Liquidator or Managing Director of DEM Australasia Pty Limited.	\$595
Associate / Director	More than 10 years experience. Qualified and capable of controlling all aspects of an appointment. May be appropriate to take appointments in their own right.	\$525
Manager 1	Typically, CA or CPA qualified. 7 + years insolvency experience, likely more than 3 years as manager, tertiary qualified. Answerable to the appointee but otherwise responsible for all aspects of administration. Capable of controlling all aspects of an insolvency appointment.	\$465
Manager 2	Typically, CA or CPA qualified. 6 - 7 years + insolvency experience. Controls all allocated insolvency tasks. Well-developed technical and commercial skills.	\$400
Supervisor	Typically, CA or CPA qualified. 4 to 6 years' experience. Will have had conduct or minor administrations and experience in control of staff. Assists planning and controls medium to larger appointments. Reports to manager.	\$360
Senior 1	Typically, 2 to 4 years' experience. CA or CPA program commenced or completed. Required to control and or assist on the fieldwork on insolvency appointments. Reports to supervisor / manager.	\$305
Senior 2	Typically, 1 to 2 years' experience. Likely tertiary course underway or near complete. Required to control and or assist on the fieldwork on insolvency appointments. Reports to supervisor / manager.	\$270
Intermediate 1	Typically, up to 2 years' experience. Required to assist on fieldwork for insolvency appointments. Reports to more senior staff.	\$230
Intermediate 2	Typically, less 1 year insolvency experience. Trainee likely undertaking a degree with an accountancy major. Required to assist on fieldwork for insolvency appointments. Reports to more senior staff.	\$150
IT Administrator	Appropriate skills.	\$220
Secretary / WPO	Appropriate skills including machine usage.	\$180
Clerk	Non-qualified but passed HSC. Classification would depend on experience, salary and complexity of work to be conducted.	\$140



Title	Description	Hourly Rate (excl. GST)
Junior	HSC. Plans to undertake at least part-time degree/diploma. Required to assist in administration and day-to-day fieldwork under supervision of more senior staff.	\$140

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 Liquidation, 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.

I am not required to seek creditor approval for disbursements paid to third parties but must account to creditors. However, I must be satisfied that these disbursements are appropriate, justified and reasonable.

I am required to obtain creditor's consent for the payment of internal disbursements. Creditors will be asked to approve my internal disbursements prior to these disbursements being paid from the liquidation.

Details of the basis of recovering disbursements in this liquidation are provided below.

Basis of disbursement claim

Internal disbursements	Rate (Excl GST)
Postage	At cost
Photocopying	At cost
Printing and stationery	At cost
Books and Records Storage	At cost
Books and Records Transport	At cost
Staff Vehicle Use	ATO Standard Rate per Km

Scale applicable for financial year ending 2019.

DATED 18 July 2018

DAMIEN M HODGKINSON
LIQUIDATOR