



DEM ASIA GROUP

**ACN 615 188 746 PTY LIMITED
(IN LIQUIDATION)**

ACN 615 188 746

**FORMERLY KNOWN AS FREESTYLE TRAVEL PTY
LIMITED**

**INSOLVENCY PRACTICE RULES
(CORPORATIONS) 70-40**

STATUTORY REPORT TO CREDITORS

7 JUNE 2018



REPORT TO CREDITORS

ACN 615 188 746 PTY LIMITED (IN LIQUIDATION)

("THE COMPANY")

On 9 March 2018, I was appointed Liquidator of the Company. I refer to my initial Information Notice to Creditors sent and published on our website on 20 March 2018, advising that you may be a creditor of the Company and your rights as a creditor in the Liquidation.

The purpose of this Statutory Report to Creditors is to advise you of the following:

- a) The estimated amounts of Assets and Liabilities of the Company;
- b) The progress of the Liquidation, including:
 - i) inquiries that have been undertaken to date;
 - ii) possible further inquiries and/or recovery actions (if any);
- c) My opinion as to what happened to the business of the Company; and
- d) The likelihood of a dividend being paid in the Liquidation once that affairs have been fully wound up.

At this point in time, there are insufficient funds available to permit the payment of a dividend to any class of creditor. Any return to creditors is dependent on the outcome of my investigations, which are ongoing, and the likely outcome of any related litigation.

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Annexure Reference	Document Title
Annexure 1	Summary of Receipts and Payments
Annexure 2	Statement of Financial Performance (Income Statement)
Annexure 3	Statement of Financial Position (Balance Sheet)

GLOSSARY

Abbreviation	Full Text
Act	<i>Corporations Act 2001</i>
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Company	A.C.N. 615 188 746 Pty Limited (In Liquidation) ACN 615 188 746, formerly known as Freestyle Travel Pty Limited, trading as Si Travel
CRA	Company Report on Affairs
D&O	Directors and Officers Liability
Director	Mr Tui Eruera
Disney	Disney Destinations LLC.
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
GST	Goods and Services Tax
Landlord	Beattie Street Property Investments Pty Limited
Liquidator	Damien Mark Hodgkinson
PAYGW	Pay As You Go Withholding
Pinpoint	Pinpoint Travel Group Pty Limited
PPSR	Personal Property Security Regulation
Premises	Level 2, 94 Beattie Street, Balmain NSW 2041
Si Ventures	Si Ventures Pty Limited

1. DISCLAIMER

Whilst every care has been taken in the preparation of this report, I am unable to warrant the accuracy, completeness or reliability of the information contained as it was compiled from the available books and records of the Company and information provided by relevant parties and no audit has been conducted. My conclusions as detailed herein are subject to change as future investigations are undertaken.

These forecasts and estimates may change as:

- my assessment of potential asset realisations progresses; and
- creditors' claims are made and adjudicated upon.

The forecasts and estimates in this report are my best assessment in the circumstances, and creditors should note that the Company's ultimate deficiency, and therefore the outcome for creditors, could differ substantially from the information provided in this report.

2. UPDATE ON THE PROCESS OF THE LIQUIDATION

The Company was formerly trading as Si Travel, a wholesale travel agency at Level 2, 94 Beattie Street, Balmain NSW 2041 ("**Premises**"). On 9 March 2018, the Company ceased trading and, on the 14 March 2018, vacated their Premises.

On 9 March 2018, I made the determination that the Company would cease accepting new bookings. I also took steps to ensure passengers in transit reached their next immediate destination to minimise financial exposure to the business and maximise an opportunity for a potential sale.

All employees were terminated on 9 March 2018. However, I retained 10 employees until the 14 March 2018, to assist in answering agent and booking enquiries and to assist travel agents in transferring their bookings with 'land' suppliers.

I have set out the information below to provide creditors with an update regarding the conduct of the Liquidation.

2.1 INCORPORATION

Detailed below is a summary of information relating to the Company as recorded by the Australian Securities and Investment Commission ("**ASIC**") as at the date of my appointment as Liquidator.

Company:	A.C.N. 615 188 746 Pty Limited (Formerly Freestyle Travel Pty Limited)
ACN:	615 188 746
Date of Incorporation:	5 October 2016
Registered Office:	Level 2, 94 Beattie Street, Balmain NSW 2041
Principal Place of Business:	Level 2, 94 Beattie Street, Balmain NSW 2041
Business / Trading Names:	Si Travel

2.2 FORMER AND CURRENT DIRECTORS AND SECRETARIES

A search of the records of ASIC shows the sole director of the Company since the Company's formation as follows:

Name of Director	Date Appointed	Date Ceased
Mr Tui James Eruera	5 October 2016	Current

A search of the records of ASIC shows that the secretary of the Company since the Company's formation as follows:

Name of Secretary	Date Appointed	Date Ceased
Mr Tui James Eruera	5 October 2016	Current

2.3 SHAREHOLDING

As at the date of my appointment, there were 1,000 ordinary class shares full paid.

Class	Description	Number Issued	Total Amount Paid	Total Unpaid Amount	Document Number
ORD	Ordinary Shares	10,000	10,000.00	0.00	2E4792551

The shareholder details follow:

Shareholder	Number Held	Beneficially Held	Paid	Document Number
Si Ventures Pty Limited	10,000 Ordinary Shares	Yes	Fully	7E8498349

Si Ventures Pty Limited ("**Si Ventures**") is a related entity controlled by Mr Tui Eruera.

2.4 REGISTERED SECURITY INTERESTS

A search of the Personal Property Securities Register ("PPSR"), which details all registered security interests against the Company and/or its property pursuant to the *Personal Property Securities Act 2009*, reveal **NO** registered security interest.

3. ESTIMATED AMOUNTS OF ASSETS AND LIABILITIES

3.1 SUMMARY OF RECEIPTS AND PAYMENTS

A summary of the receipts and payments in the Liquidation to date is attached as **Annexure 1**.

I note that the payments provided in the receipts and payments included in our Initial Notice to Creditors dated 20 March 2018, included payments made from the Company's pre-appointment bank account. This was done to facilitate urgent 'at risk' payments in respect to passengers in transit.

The receipt and payments annexed to this report were received and paid from the Company's post appointment Liquidation account.

The balance of funds at bank as at the date of my appointment was \$22,398.

3.2 ASSETS AND LIABILITIES OF THE COMPANY

Following is a table where I have estimated the deficiency using the balance sheet for the Company as at 9 March 2018, obtained from the Company's bookkeeping software. I have included my estimated realisable values ("**ERV**") as at the date of my appointment on a high and low scenario. I have also included asset realisations to the date of this report.

A.C.N. 615 188 746 Pty Limited (In Liquidation) Estimated Return to Creditors

	Book Value as at 9 March 18 (\$)	ERV (Low) as at 9 March 18 (\$)	ERV (High) as at 9 March 18 (\$)	Assets Realised to date of this Report (\$)	Ref
Assets					
Cash at Bank	55,000	33,305	33,305	33,305	
Security Deposits	75,316	50,000	54,475	50,000	3.2.1
Debtors	18,000	Nil	Nil	Nil	
Inventory - Prepaid Air & Land	318,111	Nil	Nil	Nil	
Plant and Equipment	88,900	22,748	22,748	22,748	3.2.3
Investments					
Calypso Licenses	214,000	Nil	Unknown	Nil	
Salesforce Development	225,000	Nil	Unknown	Nil	
Salesforce License	25,000	Nil	Nil	Nil	
Total Circulating Assets	1,019,327	106,053	110,528	106,053	
Less: Costs of External Administration					
Liquidator's Remuneration		120,000	120,000	68,588	
Liquidators' Disbursements		5,000	5,000	10,383	
Legal Costs		0	0	Nil	
Total Costs of Recovery		125,000	125,000	78,971	
Assets Available		(18,947)	(14,472)		
Add: Voidable Transactions					
Preference payments		Uncommercial	Uncommercial		5.2.1
Uncommercial Transactions		Nil	Nil		5.2.2
Insolvent Trading		284,750	429,500		5.2.7
Litigation - Pinpoint		Nil	350,000		6.
Total Voidable Transactions		284,750	779,500		
Assets Available to Priority Creditors		265,803	765,028		
Less: Employee Entitlements					
Priority Creditor - Superannuation	132,528	132,528	132,528		3.2.4
Priority Creditor - Other Entitlements	122,492	609,058	609,058		FEG Claim 3.2.5
Total Employee Entitlements	255,020	741,586	741,586		
Assets Available to Secured Creditor		(475,783)	23,442		
Less: Secured Creditor		N/A	N/A		
Assets Available to Unsecured Creditors		(475,783)	23,442		
Unsecured Creditors					
Suppliers	2,675,433	2,675,433	2,675,433		
Agents	831,349	831,349	831,349		
Other Creditors	529,293	931,218	931,218		
Director	34,681	34,681	Nil		
Si Venture	308,061	308,061	Nil		3.2.5
Total Unsecured Creditor Claims	4,378,817	4,780,742	4,438,000		
Estimated Deficiency		(5,256,525)	(4,414,558)		
Return to Unsecured Creditors		Nil	0.01		

	ERV Low Scenario	ERV High Scenario
Estimated Return to Creditors	cents/\$	cents/\$
Secured Creditors	N/A	N/A
Priority Creditors	0.36	100.00
Unsecured Creditors	Nil	0.01

3.2.1 Security Deposits

The Company provided a number of security deposits to secure their ticketing and hotel services as part of the transfer of the new business.

I have requested the refund of these deposits to be returned to the Company after offsetting any outstanding balance.

A \$50,000 trade deposit was paid to Air Tickets Pty Limited on 10 February 2017. I received the full \$50,000 deposit which had no outstanding liabilities, on 21 March 2018.

Two deposits of US\$60,000 and US\$12,000 were provided to Disney Destinations LLC ("Disney") on 23 June 2017 and 12 July 2017. According to the books and records, Disney had bookings of AUD\$39,182 which could be offset against the deposit.

On 26 May 2018, Disney advised that they were claiming US\$68,573.82 in offsets and only US\$3,426.18 was refundable to the Company. I am currently reviewing the offsets claimed by Disney.

Deposit Holder	Deposits		Less: Offsets	Remaining Balance	Recovered Funds to date	Less: Claimed Offsets	Expected Return
	(USD\$)	(AUD\$)	(AUD\$)	(AUD\$)	(AUD\$)	(AUD\$)	(AUD\$)
Air Tickets Pty Limited		50,000	-	50,000	50,000		
Disney Destinations LLC	60,000	78,785	(39,182)	39,603	-	(35,128)	4,475
Disney Destinations LLC	12,000	15,757	-	15,757	-	(15,757)	-

3.2.2 Sale of Business

An advertisement for the sale of the business was placed in the industry trade journals, Travel Daily and Travel Weekly. Expressions of interest closed on Thursday, 29 March 2018, at 4.00pm.

I issued seven confidentiality agreements to potential parties and subsequently received one expression of interest.

I reviewed the offer received for the business which was highly conditional and incapable of completion.

A subsequent sale of the Company's Salesforce platform integration with Calypso is currently being pursued with the group of wholesalers who use the same booking and management platforms.

These discussions are ongoing. Any recovery is subject to negotiations with Salesforce agreeing access and the transfer of related licences.

3.2.3 Sale of Plant and Equipment

Prior to vacating the premises, I negotiated a settlement with the landlord, Beattie Street Property Investments Pty Limited ("**Landlord**"), to acquire the fittings which were not affixed to the property for \$15,000. These assets had a book value of \$51,154 but had little to no realisable value outside the premises.

This does not include the \$480,479 identified in section 5.2.2.

Since my appointment, I have been able to realise plant and equipment assets as follows:

Date	Purchaser	Asset	Amount (\$ (Inc. GST))
12/03/2018	Beattie Street Property Investments Pty Limited	Various fixtures & fittings	15,000
02/05/2018	Employee	Laptop	200
02/05/2018	Employee	Laptop	255
09/05/2018	O'Maras (Grays Online)	Various plant & equipment	7,292
Total			22,747

3.2.4 Superannuation

The Company had unpaid superannuation of \$132,528 related to the 6 months prior to my appointment.

Pursuant to the *Superannuation Guarantee Act 2012*, directors become personally liable for unpaid superannuation guarantee on the 28th day of the second month after the end of the quarter. This date was 28 February 2018.

The director now has personal liability for unpaid superannuation of \$132,528, plus penalties and interest.

3.2.5 Employee FEG claim

At the date of appointment there were outstanding employee entitlements owing to 29 current and previous employees of the Company as at Liquidation. As there are no funds in the Company to cover this liability, eligible employees have claimed their outstanding entitlements through Fair Entitlements Guarantee (**FEG**).

The FEG claim of \$609,057.58 is significantly higher than the employee entitlements recorded in the books and records of \$122,492.

FEG has accepted claims from employees who resigned as a result of non-payment of wages on the basis that this was in effect constructive dismissal, and as such, these employees are now entitled to notice in lieu and redundancy.

3.3 RELATED PARTIES

According to the books and records of the Company, the holding company Si Ventures was owed \$308,061, as at the date of Liquidation.

The Company, however, loaned \$3.9M to Si Ventures between 5 December 2016 and 22 December 2016, just after the Company was acquired from Pinpoint Travel Group Pty Limited ("**Pinpoint**").

Si Ventures provided management services of \$126,555 per month for the management team, including the director, senior finance, sales and IT employees. Their management fees totalled \$1,870,720 over the period from commencement to the date of Liquidation.

From June 2017, the intercompany loan was reduced by credit card payments used to settle land suppliers totalling \$3,011,505, which were then offset against the outstanding balance as at 31 December 2017, and cash repayments of \$1,631,428.

	(\$)
Opening balance 1 December 2016	-
Loans to Si Venture	3,900,000
Reimbursement of expenses	817,892
Leasehold improvements	480,479
Loans to Si Venture – Management fees paid	1,418,094
Total receipts	6,616,465
Less:	
Management fees – Senior management team	1,870,720
Cash loan repayments	1,631,428
Credit card payments	3,011,505
Expenses chargebacks	410,873
Total payments	6,924,526
Closing balance 9 March 2018	(308,061)

I am conducting an investigation of the intercompany loan account to verify the management fees charged against actual payments.

There are two principal areas of dispute, the charging of lease fit out costs of \$480,479 and interest not paid on the loan balance of \$316,785.

An adjusted loan account is set out in the table below indicating Si Ventures would be a net debtor of the Company of \$489,293.

	(\$)
Balance of loan account	(308,061)
Less:	
Lease fit out costs	(480,479)
Interest on loan	(316,875)
Balance of loan	489,293

The director has advised that he intends to place the company into Liquidation.

4. PROGRESS OF THE LIQUIDATION

The Company's Liquidation process to date:

Task	Observations/Comments
A Company Report on Affairs ("CRA") was received from the Director on 28 March 2018.	The CRA provided information about the Company's Assets and Liabilities, and I have included in section 3.2 of this report a summary of the estimated Assets and Liabilities. The CRA was filed with the ASIC on 3 April 2018.
Investigations have commenced in the Company to reconcile the assets identified by the Liquidator compared with the assets reported on the CRA from the Director	The comparison has found the following observations: The cash at bank value realised of \$33,305 is the available funds in the Company's bank accounts as at 9 March 2018. There was no material difference in the security deposits stated in the CRA. Further information regarding recovery actions is at section 3.2.1. There was no material difference in plant and equipment. Further details of plant and equipment sold since my appointment is at section 3.2.2. Investments stated in the directors CRA include various software licences. I am currently looking to find potential purchasers interested in the software.
Investigations have commenced to identify the actual liabilities compared with the estimated creditors disclosed in the CRA from the Director.	The comparison has found the following observations: Creditor claims are higher than the Company records by \$401,925 which related to

	cancellation fees, recharges and other additional claims.
Further investigations into the Company:	Please refer to Section 5
Possible following inquiries / recovery actions:	Please refer to Section 6

5. INVESTIGATIONS UNDERTAKEN TO DATE

Since my appointment I have made the following enquiries to support my investigation of the Company's affairs:

- Company extract search;
- Personal Property and Securities Register searches;
- Land Title searches;
- Director personal name searches;
- Credit file searches; and
- Review of Company books and Records.

I will shortly prepare a report pursuant to section 533 of the Act and lodge it with ASIC that details my investigations into the affairs of the Company and possible offences committed by the Company's officers as set out herein. The ASIC will then advise whether the Commission proposes to conduct an investigation into the affairs of the Company.

A have set out below a summary of the investigations I have undertaken to date.

5.1 BOOKS AND RECORDS (SECTION 286)

There is a duty to ensure books and records are maintained in accordance with the *Corporations Act 2001* (Section 286) – a company must keep written financial records 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.

I advise creditors that I have taken possession of the Company's hard copy and electronic books and records. I note that the Company employed a Chief Financial Officer to maintain computerised accounting systems.

The Company maintained two financial accounting systems, one through the Calypso booking system and Xero which recorded overhead liabilities.

At the end of each month, the balances of the Calypso system are manually input into Xero. No one system provides a complete reconciliation of the accounts and management were unable to determine liabilities at any point in time without subsequent reconciliation.

Despite the above it is in my opinion, that the Company did maintain adequate books and records within the context of the Act.

5.2 INSOLVENT TRANSACTIONS (SECTION 588FC)

Insolvent transactions are unfair preferences or uncommercial transactions entered into when a company was insolvent or became insolvent because of entering into the transactions.

My investigation into this matter are set out below:

5.2.1 Unfair Preferences (Section 588FA)

These are transactions where a company transacts with a creditor resulting in that creditor receiving more than the creditor would receive if the transaction were set aside, and the creditor claimed the same amount in a Liquidation. Unfair preferences paid to a company within six months of the relation-back day (the day of the liquidator's appointment) are void against the liquidator. This timeframe is extended to four years should a related entity be a party to the transaction (s588FE (4)).

The majority of the Company's suppliers are overseas. The Company was under significant pressure to pay accommodation suppliers before guests arrived. The majority of these supplier relationships were in effect cash on delivery accounts and as such, not subject to preference recoveries. There were however a significant number of accommodation suppliers who refused to accept new guests until old guest's accommodation accounts had been settled. An assessment of these claims can only be conducted through the Calypso booking system.

While in total these claims are significant on an individual basis, they may be small and as such uncommercial and expensive to pursue given the overseas jurisdictions.

Accordingly, my preliminary investigations into the Company's affairs have identified only \$10,961 in payments made to creditors during the relation-back period which may be considered preferential.

The recovery cost estimates of \$5,000 per creditor are optimistic and may increase if the claims are defended, they have been used as a measure of materiality to determine if they are commercial to pursue.

The table below sets out a summary of the likely preferential payments recoveries.

	Amount Estimated (Low) (50%) (\$)	Amount Estimated (High) (75%) (\$)
Total Potential Preferential Payments made during Relation Back Period	5,480	8,221
Costs of Recovery including Estimated Liquidators Fees	(5,000)	(5,000)
Potential Recovery	480	3,221
Uncommercial to Pursue	Nil	Nil

The estimated recovery amount of \$480 is based on a low scenario of 50% and the estimated recovery amount of \$3,221 on a high scenario of 75%, of the total quantified claims being \$10,961 less costs of recovery.

As at the date of this report, I have not received access to the Company's Calypso booking system, which will provide me further details regarding creditor payments. Once access is provided, a further review will be conducted into unfair preference payments.

5.2.2 Uncommercial Transactions (Section 588FB)

These are transaction entered into that a reasonable person would not have entered, having regard to the benefits and detriment to the company and to the other parties involved in the transaction. Uncommercial transactions entered into by a company are voidable against the Liquidator if they were entered into within two years of the relation-back day.

My investigations have identified the following potential claims for uncommercial transactions against the holding company Si Ventures:

- **Lease Improvements**

Si Ventures charged \$480,479 in lease fit out costs to the Company, as well as the full value of the lease. The lease was terminated by the landlord in February 2018, prior to my appointment.

The majority of the lease fit out were considered fittings which became the property of the Landlord at the end of the lease.

The residual furnishings were sold for \$15,000, being the value of the fittings not affixed to the property, and based on an independent assessment conducted by valuers O'Maras.

There was no commercial benefit to the Company of the \$480,479 spent on the fit out.

- **Management Fees**

Si Ventures charged \$1,870,720 in management fees to the Company and received \$1,418,094 in repayments. These payments covered lease rental and management overheads for senior staff, as well as marketing rebates.

I am reviewing each of the costs to determine whether the claims are fair and reasonable. Any overstatement will be claimed as an offset against the intercompany loan account.

- **Interest Rate**

The monies advanced to Si Ventures were undocumented and no interest was charged. Assuming a base level of interest of 6.5% per annum, an amount of \$316,875 should be offset against the loan.

My assessment of these claims is indicated in the following table:

Estimated Proceeds from Litigation Claims if Successful	Low (\$)	High (\$)
Lease Improvements	480,479	480,479
Management Fees	452,626	452,626
Interest Rate	316,875	316,875
Total Claims	1,249,980	1,249,980
Estimated Percentage Recovery %	40%	60%
Estimated Recovery	499,992	749,988
Legal Costs	(184,500)	(212,175)
Counsel Costs	(60,000)	(152,000)
Litigation Support	(75,000)	(150,000)
Less: Total Litigation Costs	(319,500)	(514,175)
Costs Order Recovery	191,700	308,505
Net Proceeds to Creditors	372,192	544,318

Any possible litigation would first require an analysis of whether Si Ventures has potential assets/value to be pursued in litigation for claims for uncommercial transactions.

For the purpose of this report I have assessed the recovery value of these claims as nil but have reduced the value of the related Company proof of debt claims to nil.

5.2.3 Unfair Loans to a Company (Section 588FD)

These loans are made to a company where interest and other charges on the loan are extortionate. These transactions can be recovered regardless of when they were entered into as long as they were entered into on or before the winding up begun.

My investigations have not revealed any unfair loans.

5.2.4 Unreasonable Director-Related Transactions (Section 588FDA)

These transactions are entered into by a company and a director, close associate of a director, or person on behalf of a director, which a reasonable person would not have entered into. The transaction must be a payment by a company, the transfer of property by a company, or the incurrence of an obligation of a director by a company. These

transactions are voidable if they were entered into within four (4) years of the relation-back day.

My investigations have not revealed any unreasonable director-related transactions.

5.2.5 Transactions Entered into for the Purpose of Defrauding Creditors (Section 588FE (5))

These are insolvent transactions entered into for the purposes of defeating, delaying or interfering with the rights of the creditors and were entered into within a period of ten (10) years prior to the relation-back day.

My investigations have not revealed any such transactions.

5.2.6 Circulating Security Interest created within six months (Section 588FJ)

Where a circulating security interest is granted by a company within six months of the relation-back day, the security is void against the liquidator unless valuable consideration was given, or the company was solvent at the time of granting the circulating security interest.

My search of the PPSR has not revealed any circulating security interests registered against the Company, within six months of the relation-back day.

5.2.7 Directors' Duty to Prevent Insolvent Trading (Section 588G)

Insolvent trading occurs when a company incurs a debt at a time when there are reasonable grounds to suspect that the company will be unable to pay the debt as and when it falls due.

Directors may be held personally liable for such debts incurred in the above circumstances. Recovery under insolvent trading actions is a remedy available to a Liquidator only.

Section 95A of the Act defines solvency as follows:

"95A(1) [when person is solvent] A person is solvent if, any only if, the person is able to pay all the person's debts, as and when they become due and payable.

95A(2) [insolvent person not solvent] A person who is not solvent is insolvent"

When considering insolvent trading, it must be determined at what point the director knew or ought to have suspected insolvency, or when a reasonable person in the director's position would have been aware of or suspected insolvency. It is ultimately the Court's role to determine the actual date of insolvency based on the evidence provided.

The Act imposes an obligation on directors to prevent insolvent trading by the Company. This section provides for a director to be held personally liable for debts incurred whilst the Company was trading whilst insolvent. Section 588G states that if:

- a) a person is a director of the Company at the time when the Company incurs a debt;
- b) the Company is insolvent at that time or becomes insolvent by incurring that debt, or by incurring at that time debts including that debt; and
- c) at that time, there are reasonable grounds for suspecting that the Company is insolvent, or would so become insolvent, as the case may be.

A director may be held personally liable for a contravention under Section 588G(2) if:

- a) the director was aware at the time there were such grounds for suspecting that the Company is insolvent, or would become insolvent by incurring that debt; or
- b) a reasonable person in a like position in a company in the Company's circumstances would have been aware.

If it can be established that the directors have contravened Section 588G then the director is personally liable under the Act. Section 588M of the Act entitles a Liquidator to recover as a debt due to the company, an amount equal to the amount of the loss or damage incurred by the company.

Directors Defences to an Insolvent Trading Claim

Pursuant to Section 588H of the Act, there are several defences available to a director for an insolvent trading claim which I list a few below:

- i) *The director had reasonable grounds to expect, and did expect, that the company was solvent and would remain so; or*
- ii) *The director had reasonable grounds to believe, and did believe, that a competent and reliable person was providing adequate information to the*

Director and based on that information the director expected the company to be solvent and to remain sol or

- iii) The director did not take part in the management of the company at the time due to illness or other good reason; or*
- iv) The director took reasonable steps to prevent the company from incurring the debt.*

It should be noted that pursuing a director for alleged breach of duty to prevent a company from trade whilst insolvent is complex and:

- in invariable involves litigation that is expensive with an uncertain outcome. Funding from creditors and/or a litigation funder may be necessary to pursue a claim;
- any action for insolvent trading would, in my experience, be defended by the director which necessarily involves the administration incurring significant costs and potentially long delays;
- there is a risk that a Court may dismiss any claim with a costs order against the Company, thus reducing the funds available to creditors;
- any return to ordinary unsecured creditors would be contingent upon not only a successful action but also there being property against which to recovery;
- insolvent trading claims are expensive to run, legal costs are generally high and it may be necessary to obtain expert reports in pursuit of a claim. Typically, not all costs, for running such an action, would be recovered; and
- creditors would need to fund this action as the current available assets are insufficient.

The question of potential defence to insolvent trading will ultimately turn upon the directors' reasonable belief that the Company was solvent, which includes the ability to realise assets or fund debts due from other sources of funding and the ability to raise additional capital. The director has advised that he was in negotiations with potential purchasers until the date of the liquidation.

Preliminary Findings

My investigations have revealed the following indicators of insolvency:

- Financial statements that disclose a history of serious shortage of working capital and unprofitable trading;
- Difficulties paying debts when they fell due; and
- Non-payment of statutory debts (e.g. PAYGW, Superannuation Guarantee Charge, GST).

Please find enclosed the Company's income statement and balance sheet for the last 12 months from April 2017 to March 2018 as **Annexure 2 and 3**.

The consolidated Company financial accounts were prepared on a management basis and were not fully reconciled by the finance team, and are therefore indicative only.

The Company operated at a loss of \$3.4M for the calendar year to 31 December 2017 and had negative working capital throughout the period.

Safe Harbour

The safe harbour provisions of the amendments to the Act hold that a director will not be held liable for an insolvent trading company's debt if they can prove their behaviour was 'reasonably likely' to lead to a better outcome than immediate Administration or Liquidation.

In order for a director to avail themselves of the 'safe harbour' protection they must have guaranteed the employee entitlements, all tax reporting obligations have been met and that proper books and records have been maintained.

In the circumstances, I am of the view that the director is not able to avail themselves of the specific 'safe harbour' protections but may be able to claim reasonable defence under common law principles.

Conclusion

I have formed the view that the Director did trade whilst insolvent because at the time transactions were entered, there were reasonable grounds to believe that the Company may not have been able to pay its debts as and when they fell due.

In my opinion, the Company required a further working capital injection of \$2.5M-3.0M from August 2017 but was insolvent from inception.

I am of the view that insolvent trading obligations amount to \$2.7M.

Accrued Travel Suppliers	\$1,056,820
Overhead Suppliers	\$764,009
Unfunded Booking Obligations	\$878,237
Insolvent Trading Claim	\$2,699,066

In order to determine the recovery in liquidation I have made a preliminary assessment of the costs of recovery based on a 6-10 day trial, including public examination of the director. I have assessed these costs at between \$496,000 and \$582,500.

If successful this would provide a recovery to the liquidation of between \$881,226 and \$1,386,440 subject to the director's ability to meet judgement.

Estimated Proceeds from Litigation Claims if Successful	Low (\$)	High (\$)
Value of Identified Claim	2,699,066	2,699,066
Total Claims	2,699,066	2,699,066
Estimated Percentage Recovery %	40%	60%
Estimated Recovery	1,079,626	1,619,440
Legal Costs	(242,000)	(302,500)
Counsel Costs	(104,000)	(130,000)
Litigation Support	(150,000)	(150,000)
Less: Total Litigation Costs	(496,000)	(582,500)
Costs Order Recovery	297,600	349,500
Net Proceeds to Creditors	881,226	1,386,440

I have therefore conducted a property and asset search in the director's name and identified a residential property held as joint tenants in common. The property is subject to a first mortgage to Westpac Banking Corporation and a secured mortgage to Platinum Tree Pty Limited (formerly Noble Hub Pty Limited) a secondary financial provider.

Any entitlement to the surplus is subject to claim by the joint tenant in common and would rank pari passu with the director's other personal creditors, including the superannuation guarantee charge.

I also note there is no Directors and Officers Liability insurance for insolvent trading.

I am now in negotiations with the director to reach a settlement of the claim before significant costs are incurred.

I will be reporting the matter to ASIC as part of my statutory reporting obligations.

6. OTHER POTENTIAL RECOVERIES

As previously stated, the business was acquired from Pinpoint in November 2016. The business was being split by Pinpoint into retail and wholesale operations, with the retail operations being retained by Pinpoint.

The due diligence information provided by Pinpoint was an extract from their accounting system. There are a number of key discrepancies between the business acquired and the due diligence information provided by the seller.

Pin Point Due Diligence Assessment	Due Diligence Pre-Acquisition (\$)	Key Metrics (%)	Post Acquisition (\$)	Key Metrics (%)
Revenue	40,251,054		23,463,054	
Less: COGS (including POS agent commission)	36,806,188		21,827,100	
Gross Profit	3,444,866	8.6%	1,635,954	7.0%
Other Income	1,584,904		252,623	
Total Income	5,029,770		1,888,577	
Less: Total Expenses	5,033,726		5,661,879	
Net Profit	(3,956)		(3,773,302)	

Sales

Sales recorded by Pinpoint for the 12 month period prior to acquisition were \$40.2M, in the 12 months after acquisition sales were \$23.5M, a discrepancy of \$16.7M of which \$2.4M occurred in the first four months of operations.

The first four months sales should represent departures under Pinpoint management and are 28% below the due diligence data. These reduced sales impacted profitability by \$1.4M over the first 12 months of operations.

Gross Margin

The due diligence provided by Pinpoint forecast a gross margin of 8.5%, compared to an average gross margin post acquisition of 7%. The gross margin in the first six months was 6.5%.

A review of the financial information concluded that this largely relates to Fiji sales, which represented a material portion of the Company's sales. This reduced profitability by \$0.37M over the past 12 months of operations .

Breakeven

According to the due diligence the Pinpoint business was operating at breakeven or a small loss of \$3,956. In the first four months of operations the business lost \$1.3M.

The table below reconciles the losses generated by the due diligence discrepancies. The business would still have operated at a loss but significantly lower than the \$3.77M suffered by the company.

Loss generated by the Company	(3,773,302)
Add back:	
Shortfall in breakage income due to lower volume	1,332,281
Shortfall in gross margin	372,120
Gross margin loss on sales shortfall	978,951
Loss generated by due diligence discrepancies	<u>2,683,352</u>
Loss generated as a result of management operations	<u>(1,089,950)</u>

Some of these claims will be contractual and subject to the conditions of the business sale agreement. Before pursuing any action, it will be necessary to investigate the supporting evidence and to determine if the Company is within the required notice periods. These principally relate to the shortfall in gross margin of \$372,120.

The balance of the claim of \$2.3M is subject to further review.

If a claim can be established, then I will seek funding for the claim from creditors and in the absence of funding from creditors, I will seek a litigation funder.

7. FURTHER INVESTIGATIONS TO BE UNDERTAKEN

I will file this report with the ASIC.

I will proceed with the Liquidation, including:

- Complete my reporting to ASIC and receive clearance;
- finalising any claims with FEG on behalf of employees;
- finalise my investigations into the conduct of the Company; and
- proceed with related litigations if found commercial.

I will then convene a final meeting of creditors and members of the Company.

I expect to complete the Liquidation within the next two years.

8. LIQUIDATOR'S OPINION

I provide the following reasons for failure of the Company, in addition to the Director's comments below:

- The business was losing over \$2.2M at the time of acquisition from Pinpoint, who previously under-wrote the losses;
- The Company was undercapitalised and didn't have sufficient working capital to fund the transition from a high volume low margin wholesaler to a high margin wholesaler;
- The decision to exit the Rosie Holidays relationship resulted in \$7.0M in turnover eliminated from the business; and
- The Company appears to have been underfunded by approximately \$3.0M to \$4.5M from September 2017.

The Director provided the following reasons for failure:

- Loss of possible investor in January 2018;
- Unable to receive further funding;
- Commencement of legal actions; and
- Media pressure.

9. LIKELYHOOD OF DIVIDEND

It appears unlikely that a dividend will be declared to unsecured creditors at this point due to insufficient asset realisations. For this reason, I do not at present intend to call for formal proofs of debt from creditors. Should circumstances pertaining to a dividend to unsecured creditors change, I shall advise creditors in writing.

If you have any queries with respect to this matter, please do not hesitate to contact Ms Elena Fiakos of this office on (02) 8004 4313 or elena.fiakos@demasiagroup.com.

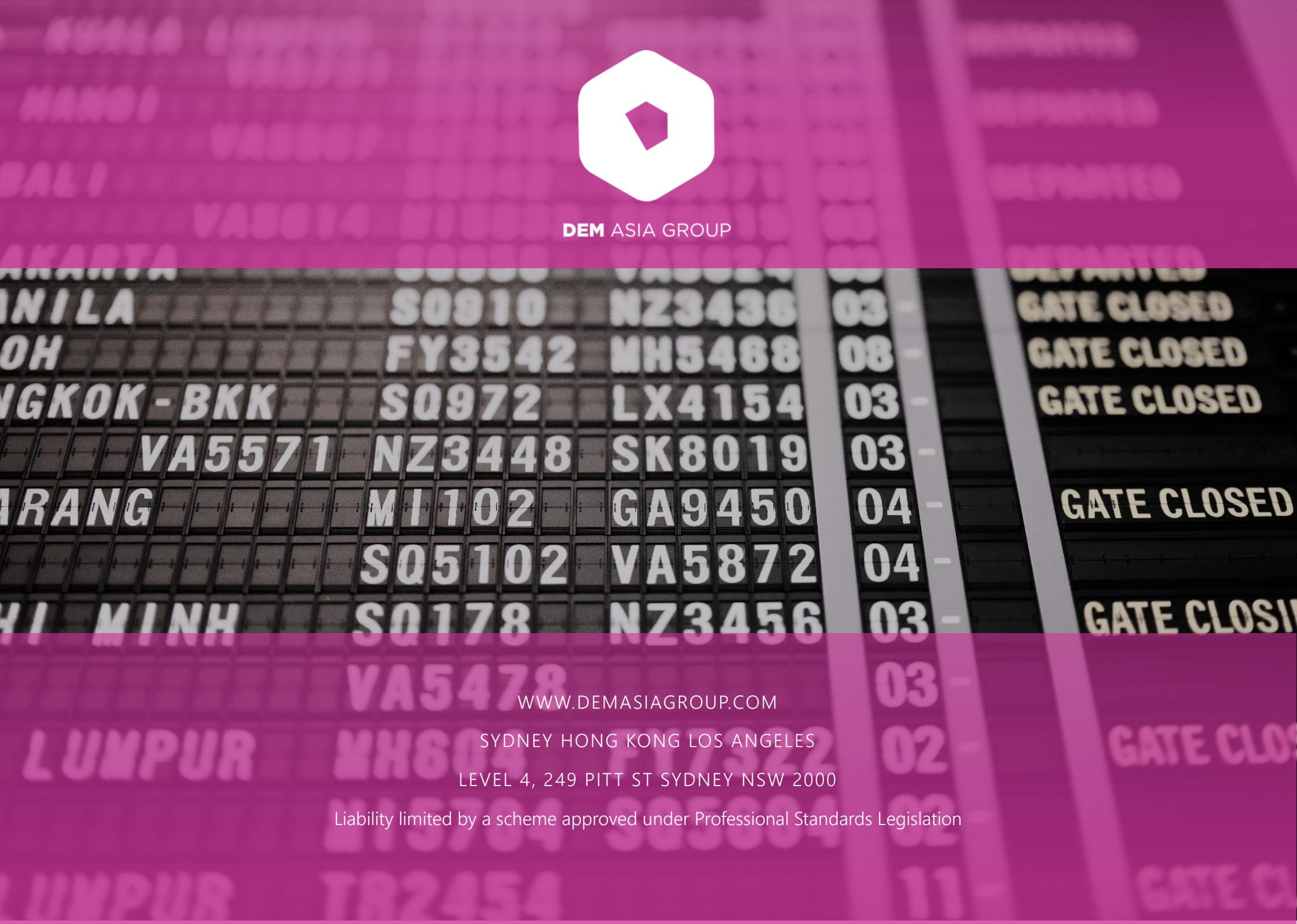
Dated this 7 June 2018.



DAMIEN M HODGKINSON
LIQUIDATOR
A.C.N. 615 188 746 PTY LIMITED (IN LIQUIDATION)



DEM ASIA GROUP



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DEM ASIA GROUP

7 JUNE 2018

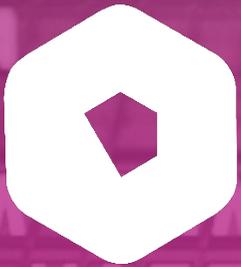
ANNEXURE 1: SUMMARY OF RECEIPTS AND PAYMENTS

KUALA LUMPUR	VA5701	NZ3436	03	DEPARTED
HANOI	VA5507	NZ3436	03	DEPARTED
BALI	VA5614	NZ3436	03	DEPARTED
JAKARTA	VA5624	NZ3436	03	DEPARTED
MANILA	SQ910	NZ3436	03	GATE CLOSED
PHOENIX	FY3542	MH5488	08	GATE CLOSED
SINGAPORE	SQ972	LX4154	03	GATE CLOSED
HONG KONG	VA5571	NZ3448	03	
HO CHI MINH	MI102	GA9450	04	GATE CLOSED
	SQ5102	VA5872	04	
	SQ178	NZ3456	03	GATE CLOSING
	VA5478		03	
LUMPUR	MH604	FY7322	02	GATE CLOSING
	MI5704	SQ5604	02	
LUMPUR	TR2454		11	GATE CLOSING

ACN 615 188 746 Pty Limited (In Liquidation)
Receipts and Payments to 7 June 2018

Receipts				
Date	From	Description	Currency	AUD Amount (Inc. GST)
12/03/2018	Beattie Street Property Investment P/L	Sale of plant and equipment	AUD	16,500.00
21/03/2018	Air Tickets Pty Limited	Prepaid deposit	AUD	50,000.00
29/03/2018	Macquarie Bank	Interest	AUD	0.65
10/04/2018	Westpac	Pre-appointment funds	AUD	22,398.88
26/04/2018	Westpac	Pre-appointment funds	AUD	10,906.09
30/04/2018	Macquarie Bank	Interest	AUD	1.02
3/05/2018	K Roth	Sale of plant and equipment	AUD	220.00
4/05/2018	J Harding	Sale of plant and equipment	AUD	330.00
31/05/2018	Macquarie Bank	Interest	AUD	0.20
1/06/2018	O'Maras (Grays Online)	Sale of plant and equipment	AUD	8,022.19
Total Receipts				108,379.03

Payments				
Date	To	Description	Currency	AUD Amount (Inc. GST)
16/03/2018	Employees	Wages	AUD	9,770.62
20/03/2018	Macquarie Bank	Bank fees	AUD	15.00
22/03/2018	T Eruera	Reimbursement of Company expenses	AUD	9,200.41
22/03/2018	DEM Asia Group	Liquidator disbursements	AUD	10,838.49
29/03/2018	Macquarie Bank	Bank fees	AUD	3.20
13/04/2018	DEM Asia Group	Liquidator fees	AUD	38,500.00
24/04/2018	T Mekler	Consulting fees	AUD	5,500.00
30/04/2018	DEM Asia Group	Liquidator disbursements	AUD	19,250.00
30/04/2018	Macquarie Bank	Bank fees	AUD	1.75
4/05/2015	J Harding	Sale of plant and equipment (refund)	AUD	50.00
17/05/2018	DEM Asia Group	Liquidator fees	AUD	5,000.00
31/05/2018	Macquarie Bank	Bank fees	AUD	0.80
Total Payments				98,130.27



DEM ASIA GROUP

7 JUNE 2018

ANNEXURE 2: STATEMENT OF FINANCIAL
PERFORMANCE (INCOME STATEMENT)

Freestyle Travel
Statement of Financial Performance (Income Statement)

	As at Mar-18 (\$)	As at Feb-18 (\$)	As at Jan-18 (\$)	As at Dec-17 (\$)	As at Nov-17 (\$)	As at Oct-17 (\$)	As at Sep-17 (\$)	As at Aug-17 (\$)	As at Jul-17 (\$)	As at Jun-17 (\$)	As at May-17 (\$)	As at Apr-17 (\$)	Total (\$)
Income	-	631,221.99	1,330,035.90	2,109,838.22	963,395.70	1,429,987.33	2,293,152.72	1,646,612.97	2,189,692.19	2,700,822.08	1,599,787.31	2,352,999.94	19,247,546.35
Less: Cost of Sales	1,250.00	473,901.68	1,225,579.65	1,996,651.84	896,017.21	1,309,923.61	2,065,954.33	1,549,045.72	2,074,821.04	2,523,040.58	1,526,284.18	2,141,120.33	17,783,590.17
Gross Profit	(1,250.00)	157,320.31	104,456.25	113,186.38	67,378.49	120,063.72	227,198.39	97,567.25	114,871.15	177,781.50	73,503.13	211,879.61	1,463,956.18
Gross Profit Margin	0.0%	24.9%	7.9%	5.4%	7.0%	8.4%	9.9%	5.9%	5.2%	6.6%	4.6%	9.0%	94.8%
Plus Other Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Breakage	-	(6,421.24)	-	145,536.95	-	4,500.00	-	2,586.10	-	-	-	-	146,201.81
Link Rebate	-	-	(100,000.00)	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	-	-	-	-	-
Total Other Income	-	(6,421.24)	(100,000.00)	165,536.95	20,000.00	24,500.00	20,000.00	22,586.10	-	-	-	-	146,201.81
Less Operating Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
1300 Number Hosting & Mgmt	-	(2,400.00)	-	-	1,230.31	-	2,427.60	-	4,166.84	22,781.57	-	-	28,206.32
Accounting Fees - External	-	(2,527.55)	-	-	497.81	-	-	-	-	2,712.02	-	-	682.28
Advertising	-	-	-	-	11,600.25	535.00	-	425.00	-	632.50	-	405.00	13,597.75
Auto Allowance	-	4,270.00	4,270.00	4,270.00	4,270.00	4,270.00	4,270.00	5,760.00	5,760.00	5,760.00	6,415.00	4,750.00	54,065.00
Bank Fees	340.00	369.06	(3,045.99)	900.03	4,074.11	4,259.27	12,506.83	2,418.12	185.00	348.15	(3,992.64)	40.00	18,401.94
Bonus	-	(6,000.00)	9,652.34	-	(6,482.45)	7,761.53	9,484.35	7,357.60	6,700.00	22,435.49	3,118.63	13,591.26	67,618.75
Brochure	5,251.88	9,407.48	7,490.23	6,251.88	5,251.88	5,000.00	-	15,851.88	-	29,915.96	35,730.76	17,414.15	133,066.10
Cleaning	-	-	-	900.00	-	515.30	2,582.39	-	1,320.00	1,828.00	1,040.00	794.00	8,979.69
Consortia Marketing Expense	-	5,000.00	-	-	-	-	-	-	400.00	-	-	-	5,400.00
Consulting	-	-	-	-	-	-	1,760.00	-	-	47,020.00	18,140.00	1,320.00	68,240.00
Creative Agency Retainer	-	(62,479.59)	-	11,500.00	13,663.00	12,480.00	12,480.00	26,695.00	6,650.00	-	80,161.25	9,360.00	110,509.66
Depreciation	-	-	-	5,172.24	-	5,172.24	-	-	-	-	-	-	10,344.48
Employee Benefits (Annual and LSL)	-	7,369.83	(17,941.49)	(34,592.69)	-	(35,000.00)	51,686.92	(31,498.14)	-	35,393.56	-	-	(24,582.01)
Employee Welfare	-	181.82	109.09	290.45	290.45	592.92	1,187.93	272.73	963.39	907.42	363.64	-	4,869.39
Entertaining	-	326.00	2,630.94	-	-	-	43.20	369.55	317.28	11,266.25	-	-	14,953.22
Executive Team Expenses	50.05	-	5,635.50	1,825.22	(6,326.81)	4.41	910.08	1,758.73	110.88	14,754.53	9,391.02	604.51	28,718.12
Foreign Currency Gains and Losses	(19.87)	18.51	12.94	1.37	16.40	0.33	0.30	-	-	-	-	-	29.98
Freight & Courier	-	-	1,159.18	-	78.13	-	506.87	33.87	73.41	536.28	408.93	534.37	3,331.04
General Expenses - Other	-	-	-	-	749.98	-	109.09	127.97	1,514.00	3,000.00	-	-	5,501.04
Hosting Fees - Calypso	-	-	-	-	-	-	-	-	-	-	155.00	-	155.00
Insurance	-	(13,200.00)	27.27	2,400.00	3,538.51	3,600.00	3,600.00	3,069.36	3,300.28	3,130.86	3,069.37	3,069.37	15,605.02
Internet (TPG)	-	-	-	-	1,413.71	-	(60.66)	1,399.00	-	1,399.00	1,412.85	4,271.51	9,835.41
Legal Fees	-	(1,000.00)	-	500.00	-	-	500.00	-	-	2,422.00	1,497.00	-	3,919.00
Light, Power, Heating, Plant Rental, Waste	-	777.27	-	-	574.54	-	76.36	20.00	117.00	(4,634.14)	1,582.39	294.54	(1,192.04)
Management Fee	-	-	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	100,000.00	1,000,000.00
Marketing Material	-	-	-	415.00	-	-	181.00	-	-	2,992.27	-	-	3,588.27
Merchandise	-	-	-	-	-	-	-	-	-	320.90	-	-	320.90
Office Expenses	8.18	763.64	21,335.23	776.06	139.95	98.23	1,137.50	972.17	2,253.35	4,728.34	2,404.49	897.26	35,514.40
Other Team Expenses	(612.18)	19.85	(65.95)	-	478.61	43.28	26.00	331.14	580.04	1,081.93	63.36	-	1,946.08
Payroll Taxes	-	(10,013.30)	-	3,890.37	8,939.93	28,319.74	8,970.36	-	-	10,914.70	8,234.02	8,943.19	68,199.01
Printing & Stationery	-	-	-	233.81	18.82	166.58	-	95.01	818.99	2,031.94	-	172.32	3,537.47
Product Team Expenses	-	1,860.17	(887.39)	5,101.52	3,183.38	402.78	1,824.15	1,672.68	6,361.63	13,210.03	9,142.42	90.91	41,962.28
Public Relations Retainer	-	-	-	-	(10,930.00)	(10,930.00)	-	10,930.00	9,900.00	9,900.00	9,900.00	9,900.00	29,700.00
Recruitment	-	-	-	-	1,322.18	791.97	16,780.55	480.90	4,136.62	2,633.19	540.00	810.00	27,495.41
Redundancy	-	-	-	-	-	-	140,893.38	0.04	4,120.00	56,076.24	-	-	201,089.66
Rent	15,600.00	15,600.00	15,050.00	15,000.00	15,000.00	15,000.00	15,050.00	15,340.00	15,050.00	17,656.36	17,100.00	17,100.00	188,546.36
Repairs and Maintenance	-	-	-	-	-	-	145.37	193.60	-	429.00	-	-	767.97
Royalty Expense	-	-	-	-	-	-	-	-	-	9,300.00	3,341.05	9,368.60	22,009.65
Sales Team Expenses	-	8,621.12	2,354.12	-	19,605.51	1,136.87	7,388.61	27,553.01	6,308.55	3,394.60	990.91	2,427.24	79,780.54
Small Office Equipment	-	-	-	-	37.98	-	-	-	-	355.57	-	-	6,024.46
Software Licences	1,043.74	(32,878.81)	14,720.67	24,384.52	17,114.32	19,061.29	18,580.43	25,446.74	37,369.82	22,705.65	22,418.70	54,002.71	223,969.78
Special Events	-	-	3,615.46	-	6,647.27	-	(3,113.64)	5,163.67	46,786.13	2,266.40	-	-	61,365.29
Subscriptions	-	-	-	-	277.41	38.64	-	59.73	530.32	267.98	100.00	-	1,274.08
Superannuation	-	14,180.47	19,375.06	13,783.25	13,910.54	13,122.44	17,173.33	15,561.73	16,698.79	20,272.80	17,871.38	19,050.20	180,999.99
Telephone - Mobile Services	-	9,170.91	4,636.84	-	3,058.48	2,331.89	375.86	8,467.20	85.95	6,036.82	1,323.27	1,943.64	37,430.86
Temp/Contract Labour	-	-	-	-	-	-	-	-	1,282.50	-	4,930.50	-	6,213.00
Trade Campaign Advertising	-	(3,500.00)	-	3,500.00	(10,584.55)	4,700.00	6,100.00	-	-	-	-	-	215.45
Training & Support	-	-	-	-	-	-	389.22	288.00	88.29	118.18	-	-	883.69
Training Retainer	-	-	-	-	-	-	-	-	3,211.72	3,000.00	-	-	6,211.72
Wages/Salary	-	157,116.74	190,449.73	145,086.84	145,626.66	133,258.50	174,093.40	186,175.40	175,429.94	190,331.22	187,376.52	188,347.66	1,873,292.61
Website Expense	87.45	24.67	72.48	-	114.53	285.41	418.64	116.21	193.82	458.65	139.85	86.75	1,998.46
Workers Comp Insurance	-	-	2,074.13	-	1,244.22	1,244.22	1,306.05	1,244.22	2,016.31	1,244.22	1,244.22	1,244.34	12,861.93
Total Operating Expenses	21,749.25	100,896.47	382,803.12	311,174.70	349,860.05	308,442.84	619,854.71	425,976.03	421,196.38	728,038.00	550,998.47	476,464.44	4,697,454.46
Net Profit	(22,999.25)	50,002.60	(378,346.87)	(32,451.37)	(262,481.56)	(163,879.12)	(372,656.32)	(305,822.68)	(306,325.23)	(550,256.50)	(477,495.34)	(264,584.83)	(3,087,296.47)



DEM ASIA GROUP

7 JUNE 2018

ANNEXURE 3: STATEMENT OF FINANCIAL POSITION
(BALANCE SHEET)



A.C.N. 615 188 746 Pty Limited (In Liquidation)
Statement of Financial Position (Balance Sheet)

	As at 31 Mar 2018 (\$)	As at 28 Feb 2018 (\$)	As at 31 Jan 2018 (\$)	As at 31 Dec 2017 (\$)	As at 30 Nov 2017 (\$)	As at 31 Oct 2017 (\$)	As at 30 Sep 2017 (\$)	As at 31 Aug 2017 (\$)	As at 31 Jul 2017 (\$)	As at 30 Jun 2017 (\$)	As at 31 May 2017 (\$)	As at 30 Apr 2017 (\$)
Assets												
Current Assets												
Bank A - Operating Account 684	9,064.28	8,612.09	(665.68)	(16.13)	1,444.04	24.09	0.69	70,024.36	549.55	8,384.94	(6,436.34)	(8,056.91)
Bank C - Acct 721	12,850.99	12,850.99	12,851.39	12,850.98	12,845.31	1.87	741.87	279.25	10.75	20.75	30.75	40.75
Accounts Receivable	42,860.17	49,076.71	47,245.75	34,861.63	32,564.60	10,435.85	5,886.02	5,886.02	16,478.97	19,583.59	345,904.70	268,189.74
Calypso Customer Deposits 748	26,007.28	26,007.28	54,841.25	17,614.68	59,051.91	188,658.13	115,429.98	156,067.25	213,710.68	165,578.15	329,506.60	210,957.77
Calypso Supplier Payments 705	1,364.33	1,364.33	0.34	-	104.25	156.66	156.66	156.66	166.66	166.66	736.66	38,231.73
Cash Clearing Calypso/Xero Accounts	650,810.97	579,185.37	479,047.37	358,935.98	376,115.19	392,540.35	325,042.63	192,139.25	100,825.14	(196,178.86)	(200,266.16)	472,795.49
Deposit	152,353.80	152,353.80	152,353.80	152,353.80	191,535.99	191,535.99	178,754.81	178,754.81	178,754.81	149,797.85	50,000.00	50,000.00
Intercompany - Si Ventures	(308,061.42)	(262,666.63)	(285,204.57)	(96,220.24)	2,657,105.36	2,241,799.04	2,166,075.69	2,377,314.02	2,775,555.01	3,199,395.99	2,959,856.90	2,955,233.51
Intercompany - TJE Investment Group	-	-	-	-	-	-	-	-	2,964.50	2,964.50	2,964.50	2,964.50
Prepayments	(6,501.88)	-	34,007.48	40,509.36	48,261.24	44,763.12	39,263.12	39,263.12	2,500.00	12,209.57	-	-
Stripe Cash Account (42500 Calypso)	(30,311.21)	(29,946.81)	(35,707.13)	-	-	-	-	-	-	-	-	-
Total Current Assets	550,437.31	536,837.13	458,770.00	520,890.06	3,379,027.89	3,069,915.10	2,831,351.47	3,019,884.74	3,291,516.07	3,361,923.14	3,482,297.61	3,990,356.58
Fixed Assets												
Computer Equipment	62,066.90	62,066.90	62,066.90	62,066.90	62,066.90	62,066.90	62,066.90	62,066.90	62,066.90	60,580.84	39,971.32	29,343.32
Less Acc Depreciation on Computer Equipment	(10,344.48)	(10,344.48)	(10,344.48)	(10,344.48)	(5,172.24)	(5,172.24)	(5,172.24)	-	-	-	-	-
Office Equipment	-	-	-	-	-	-	-	-	-	-	1,277.52	1,277.52
Office Furniture	-	-	-	1,317.30	1,317.30	1,317.30	1,317.30	1,317.30	1,317.30	-	-	-
Total Fixed Assets	51,722.42	51,722.42	51,722.42	53,039.72	58,211.96	58,211.96	58,211.96	63,384.20	62,066.90	60,580.84	41,248.84	30,620.84
Non-current Assets												
Intangibles	1,418,671.41	1,418,671.41	1,418,671.41	1,418,671.41	1,418,671.41	1,418,671.41	1,418,671.41	1,418,671.41	1,418,671.41	1,418,671.41	1,418,671.41	1,418,671.41
Total Non-current Assets	1,418,671.41											
Total Assets	2,020,831.14	2,007,230.96	1,929,163.83	1,992,601.19	4,855,911.26	4,546,798.47	4,308,234.84	4,501,940.35	4,772,254.38	4,841,175.39	4,942,217.86	5,439,648.83
Liabilities												
Current Liabilities												
Accounts Payable	529,293.07	526,611.57	518,431.21	472,834.42	491,566.00	469,322.93	517,258.26	596,489.29	545,786.98	641,672.28	429,725.98	438,305.74
Accrued Expenses	-	-	259,272.30	155,272.30	80,272.30	178,327.90	173,898.49	142,296.00	209,127.05	159,279.25	254,414.86	222,914.86
Calypso Creditors Clearing	37,375.52	37,375.52	108,085.67	158,176.87	100,896.28	37,778.96	(15,868.51)	(45,281.78)	86,976.32	(244,500.98)	(625,965.12)	170,351.47
Calypso Creditors Payable	4,811,884.08	4,811,884.08	4,750,245.88	3,836,408.54	6,647,573.28	6,458,861.98	5,964,470.75	4,726,198.40	4,066,366.87	4,166,871.46	3,475,321.77	3,685,778.56
Calypso Unallocated Deposits	23,076.89	23,076.89	19,384.66	16,700.44	12,632.74	27,465.51	23,508.47	1,554.49	1,544.49	3,258.30	-	2,443.30
Calypso Unavailed Revenue	225,102.92	225,102.92	45,716.69	858,618.51	1,202,525.11	807,547.67	937,228.99	2,080,161.06	2,152,407.07	2,457,215.24	2,958,454.38	1,980,701.08
Customer Refund Clearing Account	2,264.80	2,264.80	2,264.80	2,264.80	2,264.80	2,264.80	2,264.80	2,264.80	2,264.80	2,374.80	-	3,081.36
Deferred Revenue Other	-	-	30,000.00	30,000.00	30,000.00	30,000.00	-	-	-	-	102,064.75	102,064.75
Rounding	0.11	0.11	0.11	0.11	0.11	0.11	0.10	0.10	0.08	0.08	0.08	0.08
Superannuation Payable	181,474.99	181,474.99	167,294.52	147,919.46	134,136.21	120,225.67	107,103.23	89,929.90	74,368.17	57,669.38	37,396.58	85,301.60
Suspense	60,095.90	58,950.64	52,858.92	48,629.56	(145,338.18)	(129,571.47)	(141,270.27)	(137,899.61)	(4,584.54)	(24,720.37)	117,983.93	(24,050.55)
Tax - BAS Clearing Account	(195,353.23)	(195,353.23)	(195,353.23)	(195,353.23)	(195,353.23)	(195,353.23)	(195,353.23)	(195,353.23)	(195,353.23)	(195,353.23)	(140,139.33)	(40,104.00)
Tax - GST (NET)	(348,502.20)	(346,893.23)	(347,350.29)	(329,035.53)	(317,148.59)	(292,579.68)	(274,386.84)	(255,503.09)	(225,544.71)	(203,595.92)	(212,160.95)	(168,692.69)
Tax - PAYG Withholdings Payable	741,260.13	741,260.13	702,420.13	652,954.13	620,329.13	588,869.13	559,848.13	483,789.13	431,586.13	392,853.13	341,759.00	300,696.00
TE Credit Card	34,681.65	-	-	-	-	-	-	-	-	-	-	-
Unpaid Expense Claims	-	-	-	-	-	-	-	-	-	-	22,149.23	22,149.23
Wages Payable - Payroll	178,359.98	178,659.98	103,079.27	28,163.75	15,464.18	5,065.51	12,080.67	3,186.77	-	26,592.26	(1,694.31)	(1,694.31)
Total Current Liabilities	6,281,014.61	6,244,415.17	6,216,350.64	5,883,554.13	8,679,820.14	8,108,225.79	7,670,783.04	7,491,832.23	7,144,945.48	7,239,615.68	6,759,310.85	6,779,246.48
Non-Current Liabilities												
Employee Benefit Provision	111,046.92	111,046.92	111,046.92	128,933.92	163,526.61	163,526.61	198,526.61	198,526.61	198,526.61	198,526.61	229,617.41	229,617.41
Total Non-Current Liabilities	111,046.92	111,046.92	111,046.92	128,933.92	163,526.61	163,526.61	198,526.61	198,526.61	198,526.61	198,526.61	229,617.41	229,617.41
Total Liabilities	6,392,061.53	6,355,462.09	6,327,397.56	6,012,488.05	8,843,346.75	8,271,752.40	7,869,309.65	7,690,358.84	7,343,472.09	7,438,142.29	6,988,928.26	7,008,863.89
Net Assets	(4,371,230.39)	(4,348,231.13)	(4,398,233.73)	(4,019,886.86)	(3,987,435.49)	(3,724,953.93)	(3,561,074.81)	(3,188,418.49)	(2,571,217.71)	(2,596,966.90)	(2,046,710.40)	(1,569,215.06)
Equity												
Current Year Earnings	(1,794,959.81)	(1,771,960.55)	(1,821,963.15)	(1,443,616.28)	(1,411,164.91)	(1,148,683.35)	(984,804.23)	(612,147.91)	(306,325.23)	(2,596,966.90)	(2,046,710.40)	(1,569,215.06)
Retained Earnings	(2,576,270.58)	(2,576,270.58)	(2,576,270.58)	(2,576,270.58)	(2,576,270.58)	(2,576,270.58)	(2,576,270.58)	(2,576,270.58)	(2,264,892.48)	-	-	-
Total Equity	(4,371,230.39)	(4,348,231.13)	(4,398,233.73)	(4,019,886.86)	(3,987,435.49)	(3,724,953.93)	(3,561,074.81)	(3,188,418.49)	(2,571,217.71)	(2,596,966.90)	(2,046,710.40)	(1,569,215.06)

Note: 1

Notes:

- Figures converted into Australian Dollar using the following rate: 1.56687 FJD Fijian Dollar per AUD. Rate provided by XE.com on 31 Mar 2018.
- Figures converted into Australian Dollar using the following rate: 1.58387 FJD Fijian Dollar per AUD. Rate provided by XE.com on 28 Feb 2018.