

25 May 2018

ANNUAL REPORT TO CREDITORS

PLASTERBOARD & RENDER PTY LTD (IN LIQUIDATION) A.C.N. 604 400 642 ("THE COMPANY")

As you are aware, I was appointed replacement Liquidator of Plasterboard & Render Pty Ltd (In Liquidation), A.C.N. 604 400 642 ("the Company"), on 17 March 2017 pursuant to a resolution of the Company's creditors at the meeting held that day. Mr Danny Vrkic of DV Recovery Management was initially appointed Liquidator of the Company by a special resolution of its sole shareholder on 3 March 2017 pursuant to Section 491 of the Corporations Act 2001 ("the Act"). Mr Vrkic resigned as Liquidator on 17 March 2017.

I advise that this Report has been prepared and lodged with the Australian Securities and Investments Commission ("ASIC") in lieu of convening an Annual General Meeting of Creditors, in accordance with Sections 1603 and 508(4) of the Act. Enclosed as **Annexure "1"** is a copy of the Notice to Creditors.

I issued an Investigative Report to Creditors dated 7 December 2017 ("Previous Report"). The Previous Report provided an account of the Liquidator's acts and dealings and on the conduct of the winding up. As such, creditors should refer to the Previous Report for a more comprehensive account of the winding up since my appointment, a copy of which can be downloaded from my firm's website: <http://briferrier.com.au/about-us/current-matters/plasterboard-render-pty-ltd>

1 UPDATE ON PROGRESS OF THE LIQUIDATION

This report will only provide an update in matters that progressed since the Previous Report was issued, which largely relate to my further investigations, my attempts to obtain funding from ASIC and creditors and the potential public examinations of the current and former Directors, Mr Deeya Karam, Mr Genna Raber and Mrs Yael Raber.

I set out below a brief update under the following milestones:

Silvia | Krejci | Cummins | Karam | Ferrier (Chairman) | Green (Consultant)

BRI Ferrier (NSW) Pty Ltd Chartered Accountants ABN 97 128 947 848
Trading as BRI Ferrier ABN 59 212 882 443

Level 30, Australia Square, 264 George Street NSW 2000 GPO Box 7079, Sydney NSW 2001
T 02 8263 2300 F 02 8263 2399 info@brifnsw.com.au www.briferrier.com.au

BRI Ferrier...throughout Australia, New Zealand, and the United Kingdom

BRI Ferrier is an association of independent accounting firms. Each of the member firms is a separate and independent legal entity operating under the name "BRI Ferrier" or related names

Liability limited by
a scheme approved
under Professional
Standards Legislation

1.1 FURTHER INVESTIGATIONS

As discussed in the Previous Report, I have not been provided with the Company's complete books and records. In December 2017, I received certain further financial records from the Mr Raber's adviser, Mr Jerry Kekatos of Burwood Accounting Services Pty Ltd, following intervention by ASIC. My review of those records indicates that they appear to be incomplete, inaccurate and contradictory to the representations and Reports As To Affairs ("RATAs") prepared by Mr Karam and Mr Raber.

As such, I remain of the view that that the Company has failed to maintain sufficient books and records to meet the requirements of Section 286 of the Act.

However, on the basis of the available information, the Company appears to have had significant dealings with a related entity, Oregano Lane Pty Ltd ("Oregano"), of which Mr Karam is reported to be the sole Director and shareholder. I understand that Oregano was placed into Liquidation on 10 November 2017 and Mr Domenic Calabretta of Mackay Goodwin was appointed its Liquidator. Despite being listed as a creditor in Oregano's First Report to Creditors dated 16 November 2017, a copy of their report was not made available to me in the ordinary course of a liquidation. In December 2017, I notified Mackay Goodwin that the Company may have a potential creditor claim against Oregano and requested for a copy of their report. My enquiries indicate that Mr Calabretta has not been met with Mr Karam and they do not anticipate a return to creditors, albeit, they have not indicated what reasonable steps have been undertaken to conclude such a view. I note that I have also yet to receive a copy of their Statutory Report to Creditors. I am therefore of the opinion that Mr Calabretta has not properly carried out his duties as a Liquidator.

The circumstances of both appointments are similar in that neither Mr Vrkic nor Mr Calabretta have met or interviewed Mr Karam. As such, it would appear that Mr Karam is a fabricated Director and Mr Raber was the controlling mind behind the Company's operations.

Further investigations including possible public examinations (discussed below) would likely be required to understand the true financial position of the Company and to uncover relevant records in support of same.

1.2 POTENTIAL CLAIMS

My preliminary investigations indicate that there may be a variety of claims that could be pursued, subject to substantial further investigations and evidence, as set out below:

- ▲ **Unfair Preference Claims:** The available records indicate that three (3) creditors had entered into separate Deeds of Settlement arrangements totalling \$530K, with the former and alleged shadow Director, Mr Raber, during the six (6) months prior to my appointment.
- ▲ **Uncommercial Transaction / Breach of Duty:** A search of the public registers reveal that Mr Raber is the common Director of multiple related entities. My enquiries indicate that the Company was set up as an intermediary to provide construction services to related entities on

development projects. The Company incurred substantial losses based on the estimated creditors claims, and now is reported to be devoid of assets to discharge those liabilities.

The available records also suggest that on 16 February 2017, Mr Raber sought to retrospectively remove himself as Director effective 25 February 2015 and appoint Mr Karam as sole Director of the Company effective 25 February 2015.

As such, it appears that Mr Raber controlled the affairs of the operation and caused the Company to incur substantial trading liabilities, for the benefit of himself and his related entities and there may be a claim against Mr Raber for same (amount yet to be determined).

- ▲ **Insolvent Trading Claim:** The failure to maintain books and records in accordance with Section 286 of the Act may allow the Liquidator to presume the Company was insolvent throughout the period the books were not maintained (Section 588E of the Act). In this regard, the insolvent trading claim against the Directors could be the extent of \$2.8M, representing the deficiency to creditors.

As discussed above, further investigations, evidence and funding are required to pursue any of the above claims. Please refer to Section 1.3 of this Report for further details on funding.

1.3 STATUTORY REPORTING AND FUNDING

I submitted a confidential report to ASIC pursuant to Section 533(1) of the Act, detailing my preliminary investigations into the affairs of the Company and the conduct of its Officers. In response to that confidential report, ASIC have requested a supplementary report pursuant to Section 533(2) of the Act.

In November 2017, I requested funding from ASIC and proposed further investigations by way of public examinations, given the limited books and records available to prepare a meaningful supplementary report. In this regard, ASIC have shown an interest in the banning of the Directors and I am currently still in negotiations with ASIC regarding the funding for same.

As the Liquidation is effectively unfunded, I previously sought funding from creditors to conduct further investigations and progress the matter. No offers for funding has been forthcoming to date. However, if creditors wish to provide funding for either public examinations or subsequent litigation, please contact this office with your funding proposal immediately.

Regardless of any forthcoming funding offers, I intend to engage a litigation funder to pursue this matter further for the benefit of creditors.

2 DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

I refer to the Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") enclosed in my Report to Creditors dated 7 December 2017 and note that there has been no changes.

As mentioned in my Previous Report, Mr Saba El-Hanania of Saba Lawyers and/or his clients, 2 Perfection Interior Pty Ltd and Total Construction Lining Pty Ltd, provided me with an indemnity for \$20,000. I have not received the indemnity funds to date and will continue to pursue same.

3 LIQUIDATOR'S RECEIPTS AND PAYMENTS

Attached as **Annexure "2"** is a summary of the Liquidator's receipts and payments for the period 17 March 2017 to the date of this report.

Furthermore, pursuant to Sections 1592 and 539(5) of the Act, I advise that the Liquidator's accounts have been made up to 16 March 2018 and lodged with the ASIC. The accounts are available for inspection at this office upon creditors' written request.

4 MEETING OF CREDITORS

I advise that a meeting of creditors was held on 22 December 2017, where my Liquidator's remuneration was approved by creditors. No committee of inspection was formed. Minutes of that meeting have been lodged with ASIC.

5 ESTIMATED RETURN TO CREDITORS

As previously reported, any return to creditors is contingent upon successfully pursuing recovery actions and obtaining funding for same. As I have not received any offers for funding and/or litigation, I am unable to determine the timing and quantum of any return to creditors in this Liquidation.

In the interim, I encourage any creditors who have not already done so, to lodge a Formal Proof of Debt ("POD") together with relevant supporting documentation. A copy of the POD is attached as **Annexure "3"** in this regard.

6 TASKS TO COMPLETION

The following tasks must be attended to prior to the finalisation of this matter:-

- ▲ Pursue indemnity funds from Saba Lawyers;
- ▲ Further negotiation with ASIC regarding funding;
- ▲ Consider and pursue preference claims against creditors, if available;
- ▲ Consider and pursue voidable recoveries and/or insolvent trading claim against Mr Karam and Mr Raber, if available;
- ▲ Pay dividend to creditors, if any;

- ▲ Deal with and response to various correspondence;
- ▲ Preparation of statutory lodgements;
- ▲ General filing and administrative tasks to finalise matter.

As this liquidation is likely to involve public examinations and subsequent litigation, it is unknown when this liquidation will be completed.

7 CONTACT DETAILS

The BRI Ferrier staff member responsible for this matter is as follows:

- ▲ BRI Contact: Ms Kira Yu
- ▲ Phone: (02) 8263 2300
- ▲ Email: kyu@brifnsw.com.au (preferred)
- ▲ Mailing: GPO Box 7079, Sydney NSW 2001
- ▲ Facsimile: (02) 8263 2399

Yours faithfully

PLASTERBOARD & RENDER PTY LTD (IN LIQUIDATION)



PETER KREJCI
Liquidator

The logo for BRI Ferrier features the company name in white, bold, sans-serif font on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the dark grey rectangle, pointing towards the top right.

BRI Ferrier

**Plasterboard & Render Pty Ltd
(In Liquidation)
ACN 604 400 642**

**Annexure "1"
Notice to Creditors of Annual Report**

25 May 2018

Notice to Creditors of Annual Report
Pursuant to Sections 1603 and 508(4) of the Corporations Act 2001

Dear Sir/ Madam

PLASTERBOARD & RENDER PTY LTD (IN LIQUIDATION)
A.C.N. 604 400 642 ("THE COMPANY")

NOTICE IS GIVEN pursuant to Sections 1603 and 508(4) of the *Corporations Act 2001* ("the Act") that I will not be convening an Annual General Meeting pursuant to Section 508(1)(b)(i) of the Act. Instead, I have prepared and lodged an annual report on the liquidation with the Australian Securities and Investments Commission pursuant to Section 508(1)(b)(ii) of the Act.

Should creditors have any queries, please contact Ms Kira Yu of this office on (02) 8263 2300.

Yours faithfully,

PLASTERBOARD & RENDER PTY LTD (IN LIQUIDATION)



PETER KREJCI
Liquidator

The logo for BRI Ferrier features the company name in white, bold, sans-serif font on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the dark grey rectangle, pointing towards the top right.

BRI Ferrier

**Plasterboard & Render Pty Ltd
(In Liquidation)
ACN 604 400 642**

**Annexure "2"
Summary of Receipts and Payments**

Summarised Receipts & Payments

Plasterboard & Render Pty Ltd

(In Liquidation)

Transactions From 17 March 2017 To 25 May 2018

A/C	Account	Net	GST	Gross
	Total Receipts (inc GST)	\$0.00	\$0.00	\$0.00
	Total Payments (inc GST)	\$0.00	\$0.00	\$0.00
	Balance in Hand - By Bank Account			\$0.00

The logo for BRI Ferrier features the company name in white, bold, sans-serif font on a dark grey rectangular background. The right side of the background is a dark grey triangle pointing to the right, which overlaps a light green triangle pointing to the left, creating a diagonal split effect.

BRI Ferrier

**Plasterboard & Render Pty Ltd
(In Liquidation)
ACN 604 400 642**

**Annexure "3"
Formal Proof of Debt**

Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
	\$	¢		

-
- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
-

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:

"This is the annexure of (insert number of pages) pages marked (insert an identifying mark) referred to in the (insert description of form) signed by me/us and dated (insert date of signing); and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.