



## Australian Discount Retail Group Report to Creditors

Pursuant to Section 508 of the Corporations Act 2001

<b>Company Name</b>	<b>ACN</b>
Angzol Pty Ltd	109 316 350
Armmate Pty Ltd	104 711 891
Arnnete Pty Ltd	104 727 924
Kirby Street (Holding) Pty Ltd formerly Australian Discount Retail Pty Limited	116 849 113
Kirby Street (Finance) Pty Ltd formerly Australian Discount Retail (Finance) Pty Limited	117 268 532
Kirby Street (Logistics) Pty Ltd formerly Australian Discount Retail (Logistics) Pty Ltd	103 305 700
Kirby Street (Trading) Pty Ltd formerly Australian Discount Retail (Trading) Pty Limited	117 238 945
Blue Spike Pty Ltd	092 192 204
Bluebend Pty Limited	098 726 526
Bluepeer Pty Limited	098 726 553
Caloundra Retail Co Pty Ltd	108 773 208
Cashbound Pty Ltd	095 230 407
Cashbuild Pty Ltd	095 241 875
Kirby Street – (Ipswich) Pty Ltd formerly Crazy Clark’s – Ipswich Pty Ltd	050 403 695
Kirby Street (Warwick) Pty Ltd formerly Crazy Clark’s – Warwick Pty Ltd	073 395 838
Kirby Street (Dalby) Pty Ltd formerly Crazy Clark’s (Dalby) Pty Ltd	074 910 946
Kirby Street (Nth Qld) Pty Ltd formerly Crazy Clark’s Nth. Qld. Pty Ltd	058 407 471
Kirby Street (CC Retail) Pty Ltd formerly Crazy Clark’s Retail Pty Ltd	092 197 914
DPCo Pty Limited	117 640 310
Fireright Pty Ltd	095 578 386
Freshfame Pty Ltd	102 337 164
Garden Pty Ltd	071 458 930
General Variety Pty Ltd	097 076 447
Goralin Pty Ltd	087 268 719
Group Variety Pty Ltd	097 076 401
GSCo Pty Limited	117 640 301
Imagewatch Pty Ltd	102 323 786
ITCo Pty Limited	117 640 338
Look Sharp Concepts Pty Ltd	003 116 621
Makro Cannon Park Pty Ltd	105 140 752
Makro Toowoomba Pty Ltd	107 491 618
Mallwalk Pty Ltd	102 324 569
Moneycure Pty Limited	098 727 596
O’Neills Property Company Pty Ltd	095 230 416
Queensland Discounters Pty Ltd	097 076 410
Shopping Variety Pty Ltd	097 076 367
State Group Pty Ltd	097 076 385
Sungate Pty Ltd	010 497 551
Youngdown Pty Ltd	003 393 548

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## 1 Introduction

As you would be aware, Simon John Cathro and I were appointed as Joint and Several Administrators of the ADR Group of companies on 20 January 2009 pursuant to Section 436A of the *Corporations Act 2001* (“the Act”).

On 3 March 2009 Justice Barrett granted a six month extension to the convening period. At the request of the Receivers and Managers a further 3 month extension to the convening period was sought on 4 August 2009. This application was heard by Justice White who granted a further 3 month extension to the convening period on 5 August 2009. I note that no objections were received from creditors regarding the extensions to the convening period other than an initial submission from ING Industrial Custodian Pty Ltd which was heard by the court.

Subsequently, on 25 November 2009 at concurrent meetings of creditors of all thirty-nine ADR Group entities, Mr Cathro and I were appointed liquidators by a resolution of the respective creditors of each of the ADR Group companies.

This report is a report to creditors of the Companies pursuant to Section 508(3) of the Act. This report should be read in conjunction with our report to creditors pursuant to Section 439A of the Act dated 17 November 2009.

An annual general meeting of the creditors of the ADR Group has been convened and is to be held on Friday 17 December 2010 at 10:30am, at Cliftons, 190-200 George Street, Sydney NSW 2000.

## 2 Interim payment of surplus from the Receivers and Managers

The Receivers and Managers have confirmed that a surplus will be made available to the Liquidators for the benefit of the unsecured creditors. Recently the Receivers and Managers have provided an update as to the value of the expected surplus. The low value of the estimated surplus is now \$10m, an increase of \$1m from the previously advised figure of \$9m. The high value of the estimated surplus remains unchanged at \$12.6m. After taking into account the estimated costs of the Liquidation and the value of creditors’ claims received to date the revised estimated dividend to unsecured creditors is between 6.55 and 8.77 cents in the dollar.

The Liquidators have received an interim payment of \$4 million from the Receivers and Managers.

The Receivers and Managers have proposed that a further interim payment of \$5.2M be paid in mid December 2010 with the balance of any surplus funds to be received in March 2011.

Creditors will be advised if there are any changes to the expected timing for the receipt of funds from the Receivers and Managers.

## 3 Pooling of the ADR Group Entities

As previously advised in our report to creditors dated 17 November 2009, we intend to pool the creditors of the 39 entities within the ADR Group for the purposes of the liquidation and dividend.

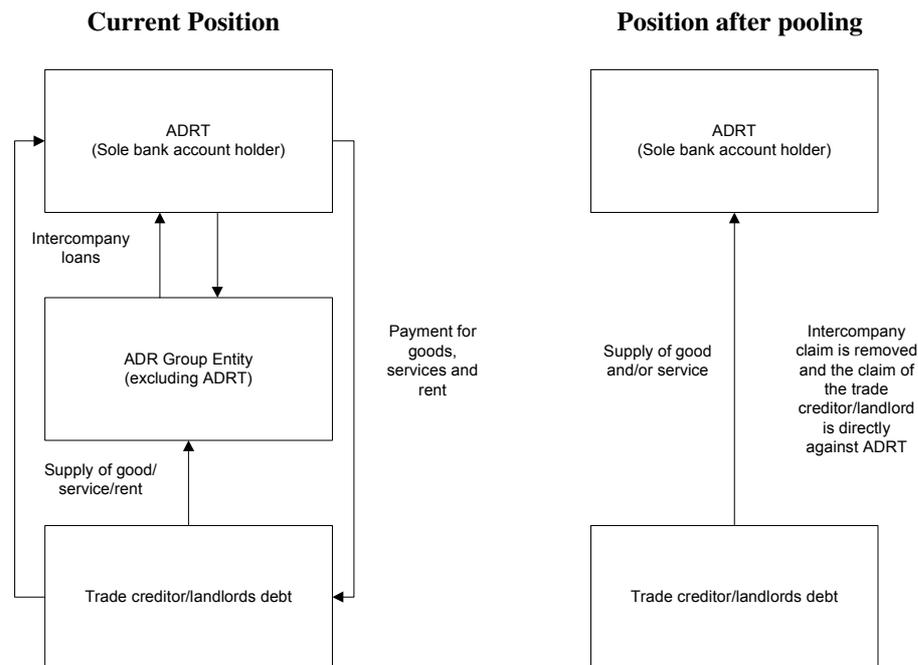
We are recommending pooling of creditor claims for a number of reasons including:

1. Australian Discount Retail (Trading) Pty Ltd (“ADRT”) is the main trading entity and accordingly has the majority of unsecured creditor claims;
2. The ADR Group only had one bank account with all creditor invoices being paid from this account regardless of who the invoice was addressed to;
3. Historically ADRT settled all liabilities, even if another group entity incurred the amount;
4. Seven of the entities within the ADR Group were subject to a Deed of Cross Guarantee dated 28 July 2006. The effect of this guarantee is that each entity has effectively guaranteed the debts for all other entities;



5. The surplus funds received to date from the Receivers and Managers (detailed above), from the sale of the business and assets of the ADR Group, has been provided as a lump sum that cannot be split between the respective ADR Group entities; and
6. Creditor claims against the ADR Group entities (other than ADRT) would result in a claim by that ADR Group company against ADRT. Pooling would mean that the creditor could claim directly against ADRT for their outstanding liability.

The effect of the above points can be shown diagrammatically as follows:



## 4 Method of Pooling

There are 2 methods of statutory pooling under Part 5.6 of the Act for companies in liquidation:

1. Voluntary pooling (by way of creditor approval); and
2. Court-ordered pooling.

The Liquidators have sought legal advice in relation to the two methods of pooling available and have determined that it will be more cost effective and efficient to make an application to the Court to have the ADR Group entities pooled.

This is based on the following reasons:

- The process of voluntary pooling is quite administrative and would involve convening separate meetings of the eligible unsecured creditors for each of the 39 entities in the ADR Group;
- Based on the requirements of the Act for voluntary pooling if a quorum is not achieved for one or more of the 39 ADR Group entities in the proposed pooled group then the pooling determination will not be passed and pooling cannot proceed. In addition, if the creditors of one or more of the entities do not approve the pooling resolutions, the pooling determination will fail for all entities party to the proposed pooling determination. i.e. if the pooling determination fails for one entity in the proposed pooled group, the meetings of the other companies which have not yet been held will be cancelled and the pooling determination will not come into force.
- To date the Liquidators have not called for formal proofs of debt, however aside from the secured creditors claims there are a number of entities within the ADR Group that are unlikely to have any other creditors claims lodged against them.



- Until formal proofs of debt have been called for and adjudicated on, the Liquidators cannot conclude with certainty that there are no unsecured creditor claims against these entities. However, based on the information provided in the directors Reports as to Affairs for each of the entities, and discussions with the Receivers and Managers, we do not expect any large claims to be made against these entities. As such, the inclusion of these entities in the proposed pooled group will have minimal impact, if any, on the outcome for the unsecured creditors of the ADR Group.

Based on the above factors, the Liquidators intend to apply to court for an order to pool the claims of the ADR Group creditors.

We take this opportunity to invite creditors to provide their comments on the proposed pooling. We request that creditors put their comments in writing, either in support or objection for the proposed pooling, to:

By Mail: David John Frank Lombe and Simon John Cathro  
The Liquidators  
Australian Discount Retail Group (Receivers and Managers Appointed) (In Liquidation)  
PO Box N250, Grosvenor Place  
SYDNEY NSW 1220

By Email: [adr@deloitte.com.au](mailto:adr@deloitte.com.au)

Any comments provided by creditors will be included as part of the application to the Court. The deadline for providing comments is 14 January 2011.

A template for creditors to use in providing a response to the proposed pooling application is attached at **Annexure A** or available on the ADR Group webpage on the Deloitte website as follows:

[www.deloitte.com/view/en\\_AU/au/services/corporatereorganisation/businessesunderadministration/australiandiscountretailgroup/index.htm](http://www.deloitte.com/view/en_AU/au/services/corporatereorganisation/businessesunderadministration/australiandiscountretailgroup/index.htm)

In addition should any creditor wish to be advised on when the application to Court is being made please send any requests to the above address at Grosvenor Place. Also, if any creditor wishes for any other matters to be raised before the court please provide this information in writing so that it may be appropriately raised.

The pooling of the ADR Group entities will be discussed at the Annual General Meeting to be held on Friday 17 December 2010 including the appointment of a new Committee of Inspection for the pooled entities which will have the power to approve future remuneration.

## 5 Request for Formal Proofs of Debt to be Submitted

It is our intention to declare and pay a final dividend upon receipt of the total surplus funds from the Receivers and Managers.

Given the large number of creditors in the ADR Group and the time constraints imposed upon a liquidator once a dividend has been declared, prior to declaring the distribution, we request that creditors submit a formal proof of debt form (copy attached at **Annexure B**) together with supporting documentation to enable the majority of creditor claims to be adjudicated and admitted to rank for the dividend.

**All creditors are required to submit a formal proof of debt form in order to be eligible to participate in the dividend.**

Please note that creditors who have previously submitted an informal proof of debt are still required to submit a formal proof of debt form. Please contact this office if you have any questions regarding your claim that you have submitted to date.

Please provide the following supporting documents (if they have not already been provided) in relation to any creditor claim:



- the signed formal proof of debt form;
- summary of the claim if it relates to a large number of invoices;
- supporting invoices; and
- any other relevant documentation in relation to the claim

to:

By Mail:           The Liquidators  
                      Australian Discount Retail Group (Receivers and Managers Appointed) (In Liquidation)  
                      PO Box N250, Grosvenor Place  
                      SYDNEY NSW 1220

By Email:         [adr@deloitte.com.au](mailto:adr@deloitte.com.au)

## 6 Statutory reporting

The Liquidators have completed and lodged a Section 533 report with ASIC, as required under the Act, for each of the 39 entities within the ADR Group. I note ASIC have advised that on the basis of the information provided in the Section 533 report they do not intend to commence an investigation into any of the ADR Group entities at this time.

In addition, we have continued to comply with our other statutory obligations set out under the Act including lodging of six monthly receipts and payments for each company within the ADR Group. Whilst the Section 533 report is confidential, creditors or other interested parties can obtain our 6-monthly account of receipts and payments by application to ASIC.

## 7 Potential Asset Recoveries available to a Liquidator and Other Offences

As discussed in the Administrators 439A report to creditors there are a number voidable transactions that will continue to be reviewed and investigated further by the Liquidators. The voidable transactions available to a Liquidator for potential recovery must be “insolvent transactions”. They can only be set aside or recovered if the company was insolvent at the time they occurred. Setting aside these transactions can provide additional funds and increase the return to creditors overall, but the Liquidator needs to prove that the company was insolvent at the time the transaction occurred.

Based on our investigations to date a number of potential unfair preference payments have been identified.

The Liquidators are currently reviewing the books and records of the ADR Group in an attempt to finalise their investigation of these payments including compilation of all necessary supporting documentation in regard to the unfair preference payments. The results of these further investigations will determine whether the Liquidators issue letters of demand to any of the creditors who may have received unfair preference payments.



## 8 Receipts and Payments

Set out below is a summary of the receipts and payments for the ADR Group for the period 25 November 2009 to 25 November 2010.

Of the \$4M payment received to date from the Receivers and Managers, after the payment of outstanding liabilities detailed below the remaining balance has been invested as follows:

- \$3.5M has been placed in a term deposit maturing on 6 January 2011
- A further \$200k has been placed in a rolling term deposit with a 30 day maturity.

A breakdown of the Administrators and Liquidators remuneration paid to date is included below in Section 9.

### Receipts and payments for the period 25 November 2009 to 25 November 2010

<b>Receipts</b>	<b>Total (\$)</b>
Cash At Bank	114,037.84
Bank Interest	11,937.45
Term Deposit Interest	96,833.98
Surplus from Receiver and Manager	4,000,000.00
Interest on GST Refund	14.02
Refund Filing Fees & Subpoena Income	136.30
Refund of Trust Monies	120.50
GST Clearing Account	22,113.51
	4,245,193.60
<b>Payments</b>	
Bank Charges	87.00
Meeting Expenses	6,397.12
Legal Fees	47,876.91
Administrators Remuneration	119,375.00
Administrators Disbursements	6,113.45
Liquidators Remuneration	97,003.00
Liquidators Disbursements	11,804.95
GST Receivable	28,857.04
	317,514.47
 <b>Balance On Hand</b>	 <b>3,927,679.13</b>



## 9 Liquidator's remuneration

### 9.1 Remuneration to Date

Below is a table summarising the fees incurred and paid to date in the administration and liquidation of the ADR Group. I note that fees for the liquidation period have been calculated up until 31 October 2010.

ADR Group (In Liquidation)	Voluntary Administration (20 January 2009 to 25 November 2009)				Liquidation (25 November 2009 to 31 October 2010)				
	Approved	Incurred	Paid	Balance Not Paid	Approved	Incurred	Paid	Balance Payable	Approval Remaining
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Angzol Pty Ltd	8,472.50	8,359.00	8,359.00	-	6,025.00	1,838.50	752.00	1,086.50	4,186.50
Ammate Pty Ltd	8,636.50	8,623.00	8,623.00	-	6,025.00	1,936.50	835.50	1,101.00	4,088.50
Amnete Pty Ltd	8,142.50	7,961.00	7,961.00	-	6,025.00	1,936.00	761.00	1,175.00	4,089.00
Australian Discount Retail (Finance) Pty Ltd	15,207.00	15,003.00	15,003.00	-	6,025.00	2,875.00	855.50	2,019.50	3,150.00
Australian Discount Retail (Logistics) Pty Ltd	12,720.50	12,535.00	12,535.00	-	6,025.00	1,865.50	757.00	1,108.50	4,159.50
Australian Discount Retail (Trading) Pty Ltd	586,916.00	597,631.00	586,916.00	10,715.00	230,060.00	127,179.50	50,450.00	76,729.50	102,880.50
Australian Discount Retail Pty Ltd	273,864.50	290,256.50	273,864.50	16,392.00	49,987.50	39,044.50	15,322.50	23,722.00	10,943.00
Blue Spike Pty Ltd	8,035.50	7,835.50	7,835.50	-	6,025.00	1,805.00	751.50	1,053.50	4,220.00
Bluebend Pty Ltd	8,196.00	8,014.50	8,014.50	-	6,025.00	1,834.00	733.00	1,101.00	4,191.00
Bluepeer Pty Ltd	7,358.50	7,195.00	7,195.00	-	6,025.00	1,956.50	809.00	1,147.50	4,068.50
Caloundra Retail Co Pty Ltd	7,113.50	6,960.00	6,960.00	-	6,025.00	1,736.00	694.50	1,041.50	4,289.00
Cashbound Pty Ltd	7,006.50	6,845.00	6,845.00	-	6,025.00	1,812.50	713.00	1,099.50	4,212.50
Cashbuild Pty Ltd	7,395.00	7,241.50	7,241.50	-	6,025.00	1,562.50	657.00	905.50	4,462.50
Crazy Clark's - Ipswich Pty Ltd	6,778.50	6,525.00	6,525.00	-	6,025.00	1,475.00	596.50	878.50	4,550.00
Crazy Clark's - Warwick Pty Ltd	6,983.50	6,730.00	6,730.00	-	6,025.00	1,484.00	609.50	874.50	4,541.00
Crazy Clark's (Dalby) Pty Ltd	6,810.50	6,557.00	6,557.00	-	6,025.00	1,488.00	633.50	854.50	4,537.00
Crazy Clark's Nth Qld Pty Ltd	7,384.50	7,103.00	7,103.00	-	6,025.00	1,484.00	633.50	850.50	4,541.00
Crazy Clark's Retail Pty Ltd	7,650.00	7,416.50	7,416.50	-	6,025.00	1,741.50	790.00	951.50	4,283.50
DPCo Pty Ltd	6,436.50	6,155.00	6,155.00	-	6,025.00	943.00	457.50	485.50	5,082.00
Firefight Pty Ltd	7,232.50	6,967.00	6,967.00	-	6,025.00	1,627.00	684.50	942.50	4,398.00
Freshfame Pty Ltd	6,823.50	6,558.00	6,558.00	-	6,025.00	1,590.00	712.50	877.50	4,435.00
Garden Pty Ltd	6,547.50	6,210.00	6,210.00	-	6,025.00	1,601.50	796.00	805.50	4,423.50
General Variety Pty Ltd	6,458.50	6,193.00	6,193.00	-	6,025.00	1,623.00	745.50	877.50	4,402.00
Goralin Pty Ltd	6,742.00	6,476.50	6,476.50	-	6,025.00	1,482.50	629.00	853.50	4,542.50
Group Variety Pty Ltd	6,439.50	6,174.00	6,174.00	-	6,025.00	1,513.50	590.00	923.50	4,511.50
GSCo Pty Ltd	5,793.50	5,456.00	5,456.00	-	6,025.00	914.50	355.00	559.50	5,110.50
Imagewatch Pty Ltd	6,601.00	6,363.50	6,363.50	-	6,025.00	1,525.00	619.50	905.50	4,500.00
ITCo Pty Ltd	6,069.50	5,732.00	5,732.00	-	6,025.00	896.00	355.00	541.00	5,129.00
Look Sharp Concepts Pty Ltd	6,438.00	6,196.50	6,196.50	-	6,025.00	1,509.00	682.00	827.00	4,516.00
Makro Cannon Park Pty Ltd	7,023.50	6,830.00	6,830.00	-	6,025.00	1,804.50	808.00	996.50	4,220.50
Makro Towoomba Pty Ltd	6,881.50	6,544.00	6,544.00	-	6,025.00	1,507.00	492.00	1,015.00	4,518.00
Mallwalk Pty Ltd	6,750.50	6,509.00	6,509.00	-	6,025.00	1,445.00	686.00	759.00	4,580.00
Moneycure Pty Ltd	6,913.00	6,671.50	6,671.50	-	6,025.00	1,613.50	754.50	859.00	4,411.50
O'Neills Property Co Pty Ltd	6,652.00	6,410.50	6,410.50	-	6,025.00	1,493.00	662.00	831.00	4,532.00
Queensland Discounters Pty Ltd	6,846.50	6,605.00	6,605.00	-	6,025.00	1,689.50	802.50	887.00	4,335.50
Shopping Variety Pty Ltd	6,698.50	6,457.00	6,457.00	-	6,025.00	1,570.50	710.00	860.50	4,454.50
State Group Pty Ltd	7,109.00	6,867.50	6,867.50	-	6,025.00	1,526.00	686.00	840.00	4,499.00
Sungate Pty Ltd	43,191.50	42,542.50	42,542.50	-	20,010.00	11,267.50	6,362.00	4,905.50	8,742.50
Youngdown Pty Ltd	35,333.50	33,378.00	33,378.00	-	20,010.00	2,846.50	1,059.00	1,787.50	17,163.50
<b>Total</b>	<b>1,199,653.00</b>	<b>1,216,088.00</b>	<b>1,188,981.00</b>	<b>27,107.00</b>	<b>530,942.50</b>	<b>237,042.50</b>	<b>97,003.00</b>	<b>140,039.50</b>	<b>293,900.00</b>



## 9.2 Additional Remuneration – Administration Period

With respect to ADRT and Australian Discount Retail Pty Ltd (“ADR”), additional work was carried out, during the administration period, in excess of the fees previously approved. As such, we will be seeking the approval of the additional fees at the upcoming annual meeting of creditors. A summary is provided below:

Company	Approved	Incurred	Fee Approval Requested
	\$	\$	\$
Australian Discount Retail (Trading) Pty Ltd	66,865.00	77,580.00	10,715.00
Australian Discount Retail Pty Ltd	32,830.00	49,222.00	16,392.00
<b>TOTAL</b>	<b>99,695.00</b>	<b>126,802.00</b>	<b>27,107.00</b>

Please refer to **Annexure E** for a detailed summary of the total work done to date for which we will be requesting approval. Please note however that we are only seeking approval for the additional amounts of \$10,715.00 and \$16,392.00 which we incurred during the period 1 November to 25 November 2009. However, the majority of the additional work relates to the convening of the second creditors meeting held on 25 November 2009.

## 9.3 Remuneration required to complete the Liquidation

We will also be seeking approval for our future remuneration as Liquidators, our partners and staff for ADR for the period 21 November 2010 onwards in the amount of \$50,070.00 plus GST and Disbursements.

We anticipate this amount will be sufficient to complete the work expected to be completed until the pooling application is determined. For all other entities the remuneration previously approved by creditors is expected to be sufficient to cover this period.

Future remuneration of the Liquidators can be approved by the Committee of Inspection of the pooled ADR Group subject to the granting of the pooling application by the Court.

Attached as **Annexure F** is a copy of a Remuneration Report containing further detail regarding the remuneration request for ADR.

## 10 Meeting of creditors

An annual general meeting of the creditors of the ADR Group has been convened and is to be held on Friday 17 December at 10:30am, at Cliftons, 190-200 George Street, Sydney NSW 2000. Attached is the following;

- (i) Notice of Meeting of Creditors (**Annexure C**);
- (ii) Form 532 – Proxy (**Annexure D**); and
- (iii) Form 535 – Proof of Debt (**Annexure B**)

At the meeting, creditors will be advised of any further developments in the liquidation and will also be asked to approve our fees and expenses in respect of additional work completed during the Administration period and our estimated fees for ADR. These resolutions will be passed pursuant to Section 499(3A) of the Act.



## 11 Timeline for Completion of the Liquidation

An indicative timeline for the completion of the liquidation including the payment of the dividend to creditors is outlined below.

<b>December 2010</b>	Annual General Meeting of creditors to be held on 17 December 2010  Liquidators call for formal proofs of debt to be lodged  Receipt of \$5.2M from Receivers and Managers
<b>January to April 2011</b>	Liquidators commence adjudication of formal proofs of debt received
<b>February 2011</b>	Liquidators consider any objections to the pooling application  Pooling application to be made to the Court
<b>March 2011</b>	Receipt of final funds from Receivers and Managers
<b>May 2011</b>	Liquidators advertise notice of intention to declare dividend
<b>June 2011</b>	Liquidators adjudicate on any further formal proofs of debt received
<b>July 2011</b>	Declaration and payment of dividend to unsecured creditors of the ADR Group
<b>August to December 2011</b>	Finalisation of Liquidation

Should you have any queries concerning the above matters, please contact Kathryn Lawrence of this office on (02) 9322 3390.

DATED this 30<sup>th</sup> day of November 2010

A handwritten signature in black ink, appearing to read "D J F Lombe".

**D J F Lombe**  
Joint Liquidator

**Australian Discount Retail Group  
("the ADR Group")  
(All Receivers and Managers Appointed)  
(All In Liquidation)**

**Response to the Liquidators proposed pooling of the 39 entities within the ADR Group**

\*I/\*We.....  
of.....  
a creditor of.....indebted for a total amount of \$.....

acknowledge the following:

The Liquidators of the ADR Group are proposing pooling for the following reasons:

1. Australian Discount Retail (Trading) Pty Ltd ("ADRT") is the main trading entity and accordingly has the majority of unsecured creditor claims;
2. The ADR Group only had one bank account with all creditor invoices being paid from this account regardless of who the invoice was addressed to;
3. Historically ADRT settled all liabilities, even if another group entity incurred the amount;
4. Seven of the entities within the ADR Group were subject to a Deed of Cross Guarantee dated 28 July 2006. The effect of this guarantee is that each entity has effectively guaranteed the debts for all other entities;
5. The surplus funds received to date from the Receivers and Managers, from the sale of the business and assets of the ADR Group, have been provided as a lump sum that is unable to be split between the respective entities; and
6. Creditor claims against the ADR Group entities (other than ADRT) would result in a claim by that ADR Group company against ADRT. Pooling would mean that the creditor could claim directly against ADRT for their outstanding liability.

\*I/\*We \*support/\*object to an application being made to the Court to have the ADR Group entities pooled.

Other Comments:

.....  
.....  
.....  
.....  
.....  
.....  
.....

DATED this                      day of                      2010.

\_\_\_\_\_  
Signature

Name.....

Contact Number.....

\*    Strike out if inapplicable



FORM 535  
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN:

To the Liquidator of ..... (In Liquidation)

1. This is to state that the company was, on 20 January 2009<sup>(1)</sup> and still is, justly and truly indebted to<sup>(2)</sup> ..... for .....dollars and ..... cents.

Particulars of the debt are:

Date	Consideration <sup>(3)</sup>	Amount \$	GST included \$	Remarks <sup>(4)</sup>

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:<sup>(5)</sup>

3.<sup>(6)\*</sup> I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

3.<sup>(6)\*</sup> I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this                      day of                      2010

Signature of Signatory .....

NAME IN BLOCK LETTERS .....

Occupation .....

Address.....

Phone.....

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		<b>TOTAL PROOF</b>	\$
DATE AUTHORISED	/ /		

## 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.

FORM 529  
CORPORATIONS ACT 2001

Subregulation 5.6.12(6)

**NOTICE OF MEETING OF  
CREDITORS OF COMPANY UNDER LIQUIDATION**

**Australian Discount Retail Group**  
**Individual entities as detailed on the cover page of the Report to Creditors**  
**("the ADR Group")**

**(All Receivers and Managers Appointed) (All in Liquidation)**

NOTICE IS GIVEN that a meeting of the creditors of the companies will be held on Friday 17 December at 10:30am, at Cliftons, 190-200 George Street, Sydney NSW 2000.

**A G E N D A**

1. To consider and if thought fit, pass a resolution to hold a meeting for all the entities of the ADR Group concurrently;
2. Receive a creditors report from the Liquidators being an account of the acts and dealings and of the conduct of each Liquidation during the period from my appointment as Liquidator on 25 November 2009;
3. To consider and if thought fit approve the Administrators remuneration from 1 November 2009 to 25 November 2009 as per the attached proxy form;
4. To consider and if thought fit approve the Liquidators remuneration from 21 November 2010 onwards as per the attached proxy form;
5. Consider the Liquidators proposal to seek Court approval to pool the creditor claims of the ADR Group entities;
6. Consider the Liquidators proposal to combine the current members of the individual entities Committee's of Inspection to one Committee of Inspection for the pooled ADR Group
7. Consider the Liquidators proposal to confirm the appointment of the abovementioned Committee of Inspection for the pooled ADR Group and to confirm the powers of the Committee of Inspection in regard to approval of Liquidators remuneration;
8. General business

Proxies to be used at the meeting should be lodged at the office of the Administrators by no later than 4.00pm on the day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to corporations Regulations 5.6.28 and 5.6.32 (inclusive) and if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have lodged particulars of their claim (formal proof of debt form) against the relevant company in accordance with the Corporations Regulations and that clause has been admitted for voting purposes wholly or in part by the liquidator.

**Arrangements have been made for creditors outside Sydney to attend the meetings via telephone conference facilities. Creditors intending to use the telephone attendance facility will be required to notify us of that intention and collect the appropriate details.**



FORM 532

Regulation 5.6.29

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY CREDITORS MEETING

COMPANY NAME:.....

(IN LIQUIDATION)

ACN:.....

\*I/\*We (1)..... of..... a creditor of (2)..... appoint (3)..... or in his or her absence ..... as \*my/our \*general/special proxy to vote at the meeting of creditors to be held On Friday 17 December at 10:30am, at Cliftons, 190-200 George Street, Sydney NSW 2000, or at any adjournment of that meeting.

1. (i) to vote on all matters arising at the meeting (IF GENERAL PROXY) [ ]

OR

(ii) to vote for or against the following resolutions (IF SPECIAL PROXY) [ ]

FOR AGAINST

2. That the Creditors resolve that the Meeting of Creditors of the 39 entities within the ADR Group as detailed on the cover page of the Report to Creditors be held concurrently. [ ] [ ]

For creditors of Australian Discount Retail (Trading) Pty Ltd ONLY

3. That the additional remuneration of the Administrators, their partners and staff, as calculated on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu for the period 1 November 2009 to 25 November 2009 be fixed and approved in the sum of \$10,715.00 plus GST and disbursements [ ] [ ]

For creditors of Australian Discount Retail Pty Ltd ONLY

4. That the additional remuneration of the Administrators, their partners and staff, as calculated on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu for the period 1 November 2009 to 25 November 2009 be fixed and approved in the sum of \$16,392.00 plus GST and disbursements [ ] [ ]

5. That the remuneration of the Liquidators, their partners and staff, as calculated on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu for the period 21 November 2010 onwards be fixed and approved in the sum of \$50,070.00 plus GST and disbursements [ ] [ ]

**For creditors of all entities in the ADR Group**

- 6. That after considering the information provided in the Liquidators report to creditors dated 30 November 2010 the Liquidators seek approval from the Court for orders to pool the creditor claims of the 39 ADR Group entities under section 579E of the Corporation Act 2001. □                      □
  
- 7. That subject to the Court granting pooling and any ancillary orders, creditors resolve that the creditors currently serving on the Committees of Inspection of the individual entities of the ADR Group, as outlined below, are appointed as members of the Committee of Inspection of the pooled ADR Group other than Karen O’Flynn representing the banking syndicate whose claim is expected to be extinguished in the near future. □                      □

Committee Member (Creditor)	Representative	Member of Committee for
Bank Sydicate comprising of ANZ Bank Ltd, BOSI Australia and National Australia Bank	Karen O’Flynn	All 39 companies
Stalyce Holdings Australia Pty Ltd	Craig O’Sullivan	Australian Discount Retail (Trading) Pty Limited
Payless Entertainment Pty Ltd	Mark Hurdis	
Uncle Bills (Australia) Pty Ltd	Kathryn Tebbutt	
Consol Steel Products Pty Ltd	John Zuqaing	

- 8. That the Liquidators, as part of the application to the Court for pooling orders, seek orders confirming the appointment of the Committee of Inspection of the pooled ADR Group and that the Committee of Inspection have the power to approve future Liquidators remuneration of the pooled ADR Group. □                      □

IMPORTANT: PLEASE TICK “FOR” OR “AGAINST” AS APPROPRIATE

DATED this                                      day of                                      2010

\_\_\_\_\_  
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 full name of the firm.
- (2) Insert the name of the company which you are a creditor.
- (3) Insert the name, address and description of the person appointed.

## 1. Australian Discount Retail (Trading) Pty Ltd – Calculation of Remuneration from 1 November 2009 to 25 November 2009

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area					
					Assets		Creditors		Administration	
					Hours	\$	Hours	\$	Hours	\$
David Lombe	CRG Partner 1	600	35.2	21,120.00	1.20	720.00	34.00	20,400.00		-
Simon Cathro	CRG Partner 2	600	28.7	17,220.00		-	28.70	17,220.00		-
Todd Gammel	CRG Sr Manager 1	525	20.1	10,552.50		-	20.10	10,552.50		-
Sallie Muir	CRG Sr Manager 1	525	8	4,200.00		-	8.00	4,200.00		-
Jacqueline Hermann	CRG Sr Analyst 1	280	25	7,000.00		-	22.80	6,384.00	2.20	616.00
Ben Smith	CRG Sr Analyst 1	280	4.2	1,176.00	4.10	1,148.00	0.10	28.00		-
Naty Spowart	CRG Sr Analyst 3	240	0.2	48.00		-		-	0.20	48.00
Tanya George	CRG Sr Analyst 3	240	0.3	72.00		-		-	0.30	72.00
Michelle Gibson	CRG Analyst 1	240	3.1	744.00		-	3.10	744.00		-
Kathryn Lawrence	CRG Graduate	185	78.7	14,559.50		-	78.70	14,559.50		-
Johnny Rashidi	CRG Graduate	185	0.5	92.50		-	0.50	92.50		-
Teressa Cheung	CRG Graduate	185	3.4	629.00		-	3.40	629.00		-
Kerrie Purrington	CRG Support A	185	0.9	166.50		-		-	0.90	166.50
<b>TOTAL</b>			<b>208.3</b>	<b>77,580.00</b>	<b>5.30</b>	<b>1,868.00</b>	<b>199.40</b>	<b>74,809.50</b>	<b>3.60</b>	<b>902.50</b>
GST				<b>7,758.00</b>						
<b>TOTAL (including GST)</b>				<b>85,338.00</b>						
<i>Average hourly rate</i>						<i>352.45</i>		<i>375.17</i>		<i>250.69</i>

**AUSTRALIAN DISCOUNT RETAIL (TRADING) PTY LTD**  
**(Receivers and Managers Appointed)**  
**(In Liquidation)**  
**A.C.N. 117 238 945**

**REMUNERATION REPORT – ADMINISTRATORS’ REMUNERATION**

**2. Description of work completed from 1 November 2009 to 25 November 2009**

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Assets</b> <b>5.3 Hours</b> <b>\$1,868.00</b>	Lessor Enquiries	Receive and follow up lessor enquiries via telephone Maintaining lessor enquiry register Review and prepare correspondence to lessors and their representatives via facsimile, email and post
<b>Creditors</b> <b>199.4 Hours</b> <b>\$74,809.50</b>	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Creditor reports	Finalisation of section 439A Report including preparation of Remuneration Report
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend
	Meeting of Creditors	Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
<b>Administration</b> <b>3.6 Hours</b> <b>\$902.50</b>	Document maintenance	Filing of Documents
	ATO & other statutory reporting	Preparing BAS' for the relevant period
<b>Total</b> <b>208.3Hours</b> <b>\$77,580.00</b>		

## 3. Australian Discount Retail Pty Ltd – Calculation of Remuneration from 1 November 2009 to 25 November 2009

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area			
					Creditors		Administration	
					Hours	\$	Hours	\$
Todd Gammel	CRG Sr Manager 1	525	40.5	21,262.50	40.50	21,262.50		-
Jacqueline Hermann	CRG Sr Analyst 1	280	90.9	25,452.00	89.20	24,976.00	1.70	476.00
Naty Spowart	CRG Sr Analyst 3	240	1.7	408.00		-	1.70	408.00
Tanya George	CRG Sr Analyst 3	240	0.5	120.00		-	0.50	120.00
Kathryn Lawrence	CRG Graduate	185	5.7	1,054.50	5.70	1,054.50		-
Teressa Cheung	CRG Graduate	185	3.9	721.50		-	3.90	721.50
Carol Clark	CRG Support A	185	1	185.00		-	1.00	185.00
Kerrie Purrington	CRG Support A	185	0.1	18.50		-	0.10	18.50
TOTAL			144.3	<b>49,222.00</b>	<b>135.40</b>	<b>47,293.00</b>	<b>8.90</b>	<b>1,929.00</b>
GST				<b>4,922.20</b>				
TOTAL (including GST)				<b>54,144.20</b>				
<i>Average hourly rate</i>						<i>349.28</i>		<i>216.74</i>

**AUSTRALIAN DISCOUNT RETAIL PTY LTD**  
**(Receivers and Managers Appointed)**  
**(In Liquidation)**  
**A.C.N. 116 849 113**

**REMUNERATION REPORT – ADMINISTRATORS’ REMUNERATION**

**4. Description of work completed from 1 November 2009 to 25 November 2009**

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Creditors</b> <b>135.4 Hours</b> <b>\$47,293.00</b>	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Creditor reports	Finalisation of section 439A Report including preparation of Remuneration Report
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend
	Meeting of Creditors	Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
<b>Administration</b> <b>8.9 Hours</b> <b>\$1,929.00</b>	Document maintenance	Filing of Documents
	ATO & other statutory reporting	Preparing BAS' for the relevant period
<b>Total</b> <b>144.3 Hours</b> <b>\$49,222.00</b>		

## 1. Australian Discount Retail Pty Ltd – Calculation of Future Remuneration from 21 November 2010 onwards

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area			
					Creditors		Administration	
					Hours	\$	Hours	\$
David Lombe	CRG Partner 1	600	7.00	4,200.00	6.50	3,900.00	0.50	300.00
Simon Cathro	CRG Partner 1	600	4.00	2,400.00	3.80	2,280.00	0.20	120.00
Ingrid Oey	CRG Sr Manager 1	525	20.00	10,500.00	19.00	9,975.00	1.00	525.00
Jacqueline Hermann	CRG Manager 2	370	40.00	14,800.00	38.00	14,060.00	2.00	740.00
Naty Spowart	CRG Sr Analyst 3	240	1.50	360.00	-	-	1.50	360.00
Tanya George	CRG Sr Analyst 3	240	1.50	360.00	-	-	1.50	360.00
Kathryn Lawrence	CRG Analyst 3	240	60.00	14,400.00	58.00	13,920.00	2.00	480.00
Jacqui Allen	CRG Analyst 3	240	5.00	1,200.00	4.50	1,080.00	0.50	120.00
Craig Given	CRG Graduate	185	5.00	925.00	4.50	832.50	0.50	92.50
Sean O'Rourke	CRG Graduate	185	5.00	925.00	4.50	832.50	0.50	92.50
TOTAL			<b>149.00</b>	<b>50,070.00</b>	<b>138.80</b>	<b>46,880.00</b>	<b>10.20</b>	<b>3,190.00</b>
GST				<b>5,007.00</b>				
TOTAL (including GST)				<b>55,077.00</b>				
<i>Average hourly rate</i>						<i>337.75</i>		<i>312.75</i>

**AUSTRALIAN DISCOUNT RETAIL PTY LTD**  
**(Receivers and Managers Appointed)**  
**(In Liquidation)**  
**A.C.N. 116 849 113**

**REMUNERATION REPORT – LIQUIDATOR’S FUTURE REMUNERATION**

**Description of work to be completed from 21 November 2010 onwards**

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Creditors</b> <b>138.8 Hours</b> <b>\$46,880.00</b>	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Creditor reports	Finalisation of report to creditors regarding annual general meeting including preparation of Remuneration Report
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend
	Meeting of Creditors	Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
	Pooling application	Liaising with creditors regarding pooling procedures Meeting with solicitors regarding pooling application Preparation of affidavit regarding pooling application Preparation of notice to creditors regarding pooling procedures and application
<b>Administration</b> <b>10.2 Hours</b> <b>\$3,190.00</b>	Document maintenance	Filing of Documents
	ATO & other statutory reporting	Preparing BAS' for the relevant period
<b>Total</b> <b>149.0 Hours</b> <b>\$50,070.00</b>		