



Kleenmaid Group Report to Creditors

Pursuant to Section 508 of the Corporations Act 2001

Kleenmaid Corporate Pty Ltd

ACN 125 837 943

Lifestyle Appliance Corporation Pty Ltd

ACN 125 839 189

Lifestyle Appliance Sales Pty Ltd

ACN 125 842 131

Kleenmaid Property Pty Ltd

ACN 125 839 849

EDIS Service Logistics Pty Ltd

ACN 077 845 151

Kleenmaid Customer Solutions Pty Ltd

ACN 115 837 726

Bizco Retail Pty Ltd

ACN 123 492 811

Kleenmaid Holdings Pty Limited

ACN 051 042 749

KM Intellectual Reserve Pty Ltd

ACN 125 842 024

Orchard KM Pty Ltd

ACN 001 905 808

Kleenmaid Retail Pty Ltd

ACN 077 845 179

Manlyvale Pty Ltd

ACN 116 604 767

Kleenmaid Pty Limited

ACN 125 842 858

Kleenmaid Appliances Pty Limited

ACN 127 973 086

("the Kleenmaid Group")

(All in Liquidation)

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1 Introduction

I refer to the appointment of John Greig, David Lombe and I as Voluntary Administrators on 9 and 15 April 2009 to the Kleenmaid Group and subsequently as Liquidators on 25 May 2009 by a resolution of creditors.

This report is a report to creditors of the Companies pursuant to Section 508(3) of the Corporations Act 2001 (the “Act”). This report should be read in conjunction with our report to creditors pursuant to Section 439A of the Act dated 14 May 2009.

2 Liquidator’s actions to date

Since our appointment as Liquidators on 25 May 2009, we have realised all of the physical assets of the Kleenmaid Group whilst continuing to investigate the affairs and reporting to the Australian Securities & Investments Commission (“ASIC”) in accordance with the funding agreement entered into between ASIC and the Liquidators.

I set out below a short update on the status of the major areas of work that the Liquidators have focused on since our appointment as Liquidators.

2.1 Debtors

At the date of our appointment debtors of \$2.5M were owing to the Kleenmaid Group. Subsequent to our appointment we invoiced \$0.6M in respect to consignment stock that had been supplied and not invoiced. As such, total debtors with a book value of \$3.1M were outstanding at appointment. We subsequently realised that debtors of \$2.3M were uncollectible and were written off. The reasons for the write-offs include warranty claims, set-off claims, insolvency of a number of franchisees and cost/benefit grounds.

Debtor collections to date are \$0.77M. The remaining debtors that have not been written off have been referred to our solicitors who have been instructed to issue proceedings for their recovery. The quantum of the remaining debts to be recovered is estimated at \$75,000.

2.2 Stock

We have now realised all stock owned by the Kleenmaid Group. As previously advised the sale of the stock had been organised through Grays Online. The initial sale of stock was related to stock we retrieved from the company-owned stores that we collected shortly after our appointment. Set out in the table below is a summary of the stock that had been realised from the company-owned stores including the commission paid and other costs.

Schenker, the third party warehouse provider to Kleenmaid, exercised a warehouseman’s lien shortly after our appointment over all stock under its control. Schenker had the right to the lien as it was owed \$2.4M for unpaid warehousing fees when we were appointed. We were able to reach an agreement with Schenker to realise the stock under its control. In summary, the net proceeds less costs, were split equally between the Kleenmaid Group and Schenker. The stock was realised in a similar manner to which we have realised the company-owned stock. This stock has all now been sold.

Kleenmaid Group	Gross	Commission	Costs	Net
	\$	\$	\$	\$
Company owned stock including plant & equipment	629,989	(90,172)	(56,595)	483,222
Schenker	972,311	(124,665)	(39,232)	808,413
Total	1,602,300	(214,837)	(95,826)	1,291,636

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2.3 Employee entitlements

We submitted to General Employee Entitlements & Redundancy Scheme (GEERS) a schedule of all outstanding employee entitlements for each of the four employing entities in the Kleenmaid Group. At the same time we wrote to all employees advising of their employee entitlements and advised them to return a GEERS application form (which we provided).

GEERS confirmed it received the majority of claim forms from the employees. We have been in constant communication with GEERS since our appointment and have attempted to answer all questions that arose as a result of variances between claims submitted by employees and the figures provided to GEERS by the Liquidators.

All claims that have been submitted and agreed by GEERS were forwarded to the Liquidators for distribution during November and December 2009. All funds advanced by GEERS have been distributed to the employees. Set out in the table below is a summary of the funds received and distributed on behalf of the four employing entities in the Kleenmaid Group:

Company	Gross	PAYG	Net
	\$	\$	\$
Kleenmaid Retail	281,836	50,944	230,891
Orchard KM	802,317	135,210	667,107
EDIS Service Logistics	508,409	114,159	394,250
Kleenmaid Customer Solutions	190,086	28,996	161,090
Total	1,782,648	329,310	1,453,338

The Liquidators are continuing to work with GEERS on a few remaining claims that are still to be resolved so that payments are advanced to the relevant employees.

2.4 Sale of businesses

Shortly after the second meeting of creditors we finalised the sale of the Spare Parts and Servicing businesses previously owned by EDIS. The sales of the businesses were the culmination of an intensive sale program which included the preparation of information for the prospective purchasers, national advertising of the sale, dealing with several bidders for the assets through the due diligence process and finally negotiating sale and effecting settlement.

Whilst the combined sale proceeds are recorded in our receipts and payments we are unable to disclose further detail of the sales due to confidentiality obligations contained in the contracts of sale. However, we are able to report that the businesses continue in operation and several staff were transferred as part of these sales.

2.5 Australian Securities & Investments Commission

We lodged an application for funding to continue with our investigations into the financial affairs of the Kleenmaid Group with ASIC on 26 June 2009.

On 9 September 2009 we were provided with the signed funding agreement from ASIC. Funding was provided to prepare a detailed report on the solvency of the Kleenmaid Group together with other matters requested by ASIC. On 25 January 2010 we delivered this supplementary report to ASIC pursuant to Section 533(2) of the Act.



We have continued working with ASIC to conduct further investigations and provide information as and when requested. As our report contains privileged information, we are unable to provide further detail.

Further to the above report, ASIC has since requested further work to be conducted on a number of specific areas. This work was completed and our findings reported in accordance with this separate agreement.

We will continue to work with ASIC as and when required to assist with their continuing enquiries.

2.6 DGH Holdings Pty Ltd

Intellectual Property

On 7 August 2009 GE Commercial Corporation (Australia) Pty Ltd (GE) assigned its first ranking fixed and floating charge over all of the assets and undertaking of Orchard KM Pty Ltd (In Liquidation) (Orchard) to DGH Holdings Pty Limited (DGH).

DGH paid GE \$520,000 for the assignment and subsequently attempted to take possession of all of the charged assets of Orchard. At that time, we had concerns about the assignment, the way the charge had been exercised, and the assets that had been acquired. We placed DGH on notice of our concerns shortly after the assignment and engaged solicitors.

As a result of the ongoing correspondence with DGH it became apparent that:

- DGH had sold the brand name (i.e. the trademark, logo and business name) of Kleenmaid to Compass Capital Partners Pty Ltd (Compass).
- DGH had acquired the database from the directors and commenced to contact former customers of Kleenmaid in order to supply them with stock.

We received advice from our solicitors which confirmed that the charge and assignment was valid, but that the exercise of that charge was questionable.

We were also subsequently contacted by concerned customers enquiring as to Compass' identity and querying generally Compass' right to the information. We immediately wrote to DGH and Compass advising that they were not permitted to use the Kleenmaid name or to contact any customers as the brand and customer database had not been sold. At that time, we reached an interim agreement with DGH not to use the brand or database, pending settlement of all matters in dispute.

Subsequently, we settled the above matters with DGH in December 2009. Whilst the settlement terms are confidential, we can confirm that the Kleenmaid database was returned to us.

Motor Vehicles

On the 25 August 2009 the Supreme Court of Queensland made orders requiring that the two motor vehicles in the possession of Andrew & Linda Young be delivered to the Liquidators within five days. The cars were delivered in accordance with the order; however, as they were assets of Orchard, they became part of the dispute with DGH. As part of the settlement, DGH has sold the cars, and the proceeds were paid to the Liquidators.

GE Stock



All GE branded fridge stock held by the Kleenmaid Group as at the date of our appointment was subject to an instalment bailment arrangement with GE resulting in title to that stock being with GE and not the Kleenmaid Group. DGH paid GE the debt owing in full consideration for an assignment of the bailment agreement.

Following the settlement with DGH, the GE stock attributable to the companies was sold.

3 Liquidator's investigations

Pursuant to the provisions of the Act, it is incumbent upon a Liquidator to investigate the company's business, property, affairs and financial circumstances. As Administrators we outlined in the section 439A Report to Creditors that if the entities were placed into Liquidation there would need to conduct further investigations beyond the preliminary investigations conducted for the section 439A Report. The purpose of these investigations is to determine whether there are any transactions where money, property or other benefits could be recoverable by the Liquidator, which could result in additional monies being available to pay creditor claims.

Since our initial investigations the majority of our investigation work has been conducted through the preparation of our report to ASIC. The purpose of the funding agreement is to provide Liquidator's with funds to conduct investigations where there are no assets to pay for the costs of these investigations.

4 Proposed future actions

The Liquidators are continuing to assist ASIC with its investigations, collect the remaining outstanding debtors and commencing proceedings against various parties for uncommercial and unfair preference transactions.

4.1 Potential asset recoveries available to a Liquidator and other offences

Set out below is a brief summary of the voidable transactions we have investigated and the conclusions we have reached to date:

Unfair preference payments (Section 588FA) – We have conducted significant investigations and believe there have been a number of unfair preference payments. Accordingly, we have sent letters of demand to approximately 20 creditors, totalling approximately \$12.3M, who we believe have received preference payments. Should we not receive the funds demanded, we intend to commence legal action to recover these funds. The quantum of any recovery is unable to be determined at this point in time and our investigations continue. We expect to make further demands in the near future.

Uncommercial transactions (Section 588FB) – Based on our review of the companies' books and records we have identified two transactions that would constitute uncommercial transactions. These transactions involve the transfer of company property of \$179k prior to our appointment where no cash consideration was provided. We have instructed our solicitors to pursue these transactions.

Discharging a Debt of a Related Entity (Section 588FH) – A review of related party loan accounts indicated that a number of transactions undertaken prior to our appointment which had the effect of reducing loan accounts owing to the Kleenmaid Group by related Parties. If these transactions are reversed, the result is loan accounts payable to the value of \$1.8M by related parties. Further information regarding these transactions is included in section 9.7 of the 439A Report and we have instructed solicitors to commence action to recover these funds.

Unfair loans to a company (Section 588FD) – Whilst further investigation is required, at this stage investigations have not identified any loans of this nature.



Unreasonable director related transactions (Section 588FDA) – Based on our review of the companies' books and records we have identified a number of transactions which resulted in payments being made by the Group on behalf of Andrew Young totalling \$386k relating to personal boat expenses.

Transactions entered into during the administration period without the authority of the Administrator (Section 588FE(2A)) – Our investigations have not identified any transactions of this nature.

Floating charges created within 6 months before relation back day (Sections 588FJ) – A search of the company's register of charges required to be notified to the ASIC reveals that no floating charges were created over the companies assets in the six months leading up to my initial appointment as Administrator. No further investigation is required at this stage.

Agreements to avoid employee entitlements (Section 596AB) – Our investigations identified no transactions of this nature. No further investigation is required at this stage.

Insolvent trading (Section 588G) – Based on our investigations of the books and records provided to us, we are of the opinion that each of the companies traded whilst insolvent prior to our appointment as Administrators. We are of the opinion that each of the companies in the group has been insolvent since March 2008. It appears that the directors may have breached other duties; such as the duty to exercise their powers with care and diligence (Section 180), act in good faith (Section 181) or use their position (Section 182) or information of the companies (Section 183) for personal gain or advantage.

Andrew and Bradley Young are both now bankrupt and therefore any proposed action against either of them would need to be reviewed on cost/benefit grounds. We have had initial discussions with the trustees of each of their estates, however, we are unsure of the likely return, if any.

4.2 Litigation funding

Whilst the Liquidators have limited funds, these are not sufficient to conduct multiple legal actions. Accordingly, we have commenced discussions with a litigation funder to fund the various legal actions we are considering. We will provide creditors with the required information in order to make an informed decision about whether to accept the litigation funding agreement in due course.

If our application for litigation funding is successful we will need creditor approval prior to entering into the litigation funding agreement.

5 Receipts and payments

Set out below is a summary of the receipts and payments for the Kleenmaid Group for the period 25 May 2009 to 25 May 2010. The cash at bank amount of \$481,361 represents the closing cash at bank from the voluntary administration that ended on 25 May 2009 when the Kleenmaid Group was placed into Liquidation.

The total sales figure includes the sale of stock from the Kleenmaid company-owned stores, Schenker warehouse together with stock recovered pursuant to valid retention of title claims Kleenmaid had over franchisee stores for unpaid debts.



Receipts and payments for the period 25 May 2009 to 25 May 2010

Receipts	Total (\$)
Bank Interest	19,523
Cash at Bank	481,361
ASIC Assetless Funding	357,045
Sale of Stock	2,892,679
Debtors (Pre Appointment)	401,200
GEERS Advance	1,782,692
GST Payable	330,410
Loan Account	422
Refund	1,524
Sale of Business (Going Concern)	280,000
	<u>6,546,857</u>
 Payments	
Administrators & Liquidators Expenses	173,149
Administrators & Liquidators Remuneration	1,037,818
ASIC Assetless Funding paid	357,045
Advertising	10,500
Auction & Commission Expenses	462,796
Bank Charges	14,387
GEERS Advance - Employee Entitlements	1,453,338
PAYG Withholding Tax (GEERS)	329,054
GST Receivable	141,865
Hire Purchase	9,978
Legal Fees	389,507
Payment to Schenker for Stock Sales	731,713
Professional Fees	35,781
Purchases	64,855
Refunds	8,886
Rent	90,117
Repairs & Maintenance	791
Security	2,714
Storage & Destruction Fees	62,671
Sundry Expenses	55,299
Superannuation (Administrators Period)	28,073
Transport & Freight	45,905
Utilities	146,321
Wages & Sub Contractors	445,861
PAYG Withholding Tax (Liquidation)	99,644
WorkCover Queensland	1,267
	<u>6,199,336</u>
 Balance on Hand	 347,520



6 Statutory reporting

We have completed and lodged a Section 533 report with ASIC, as required under the Act, for each entity within the Kleenmaid Group. 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 Kleenmaid 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 Meeting of creditors

A meeting of the creditors of the Kleenmaid Group has been convened and is to be held on 13 September 2010 at 10:00am, at the Institute of Chartered Accountants (Central Plaza One, Level 32, 345 Queen Street, Brisbane QLD 4000). Attached is the following;

- (i) Notice of Meeting of Creditors (**Annexure A**);
- (ii) Form 532 – Proxy (**Annexure B**); and
- (iii) Form 535 – Proof of Debt (**Annexure C**)
- (iv) Nomination to elect to receive reports electronically (**Annexure D**)

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 work carried out during the period of the liquidation and our estimated fees to complete each Liquidation. These resolutions will be passed pursuant to Section 499(3A) of the Act.

In order to complete our Liquidation and the tasks outlined under the Proposed Future Actions, Creditor's approval will also be sought for additional fees set out under section Liquidator's Remuneration.

The liquidations have several thousand creditors. It is cost prohibitive to send hard copy reports to all creditors. As such, in order to more efficiently communicate with creditors, and reduce the costs of the liquidation it would be appreciated if all creditors could fill out and return Annexure D, the Nomination to elect to receive reports electronically.

8 Liquidator's remuneration

8.1 Remuneration to date

Set out in the table below is a summary of the Administrators' and Liquidators' remuneration that was approved by creditors at the second meeting of creditors together with what has been incurred to 25 May 2010 for each of the companies we also set out the fees that have been drawn excluding GST in respect to each of these companies.



Kleenmaid Group (In Liquidation)	Voluntary Administration				Liquidation				Total Available
	Approved	Incurred	Paid	Balance Available	Approved	Incurred	Paid	Balance Available	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Kleenmaid Corporate	38,817	29,638	-	29,638	50,000	33,621	-	33,621	63,258
Lifestyle Appliance Corporation	22,854	20,279	-	20,279	50,000	9,365	-	9,365	29,644
Lifestyle Appliance Sales	20,661	17,491	-	17,491	50,000	7,284	-	7,284	24,775
Kleenmaid Property	23,189	19,218	-	19,218	50,000	8,966	-	8,966	28,184
EDIS Service Logistics	510,711	464,602	464,254	348	600,000	871,569	578,110	21,891	22,238
Kleenmaid Customer Solutions	64,652	59,077	-	59,077	50,000	77,379	-	77,379	136,456
Bizco Retail	22,848	19,195	-	19,195	50,000	11,374	-	11,374	30,569
Kleenmaid Holdings Limited	31,321	26,079	-	26,079	50,000	12,807	-	12,807	38,886
KM Intellectual Reserve	-	-	-	-	50,000	6,119	-	6,119	6,119
Orchard KM	224,435	211,365	50,000	161,365	400,000	349,445	-	349,445	510,810
Kleenmaid Retail	30,689	27,263	-	27,263	50,000	16,361	-	16,361	43,624
Manlyvale	-	-	-	-	50,000	7,475	-	7,475	7,475
Kleenmaid Pty Ltd	120,814	110,666	-	110,666	50,000	117,466	-	117,466	228,132
Kleenmaid Appliances	88,814	23,637	-	23,637	15,000	49,493	-	49,493	73,130
TOTAL	1,199,802	1,028,508	514,254	514,254	1,565,000	1,578,723	578,110	729,044	1,243,298

As you will see from the above:

- \$1,028,508 has been incurred in respect to Voluntary Administration fees with \$514,254 being paid to date
- \$1,578,723 has been incurred in respect to Liquidator fees to date with \$578,110 being paid to date as such, a total of \$1,243,298 has been incurred and unpaid to 25 May 2010 due to insufficient funds available in the Kleenmaid Group.

The above does not include our time in relation to the supplementary Section 533 report recently provided to the ASIC.

8.2 Remuneration work to date

With respect to EDIS, additional work has been carried out in excess of the fees previously approved. As such, we will be seeking the approval of the additional fees at the upcoming meeting of creditors.

Please refer to **Appendix E** for a detailed summary of the work done to date for which we will be requesting approval. However, the majority of the additional work relates to investigations conducted to date and also the preparation of claims, particularly preference claims, which have now been issued on various parties.

8.3 Remuneration required to complete the Liquidation

We will also be seeking approval for our future remuneration as Liquidators, our partners and staff for the period 13 September 2010 to the finalisation of each Liquidation. The table below highlights the fees approved and incurred for both the voluntary administration and liquidation to 25 May 2010. Set out below in the column titled "Fee Approval Required" are the amounts we estimate will be required to finalise each Liquidation.

Company	Approved	Incurred	Fee Approval Required
	\$	\$	\$
Edis Service Logistics	1,110,711	1,335,823	600,000
Orchard KM	624,435	560,810	300,000
TOTAL	1,735,146	1,896,633	900,000



Attached as **Appendix F** is a copy of a Remuneration Report containing further detail regarding my remuneration.

9 Distribution

At this stage, it is difficult to determine the return to creditors, as it is dependent upon the success or otherwise of the various legal actions we are considering relating to voidable transactions. Should sufficient funds become available to enable such a distribution be made, we will advise creditors accordingly.

Should you have any queries concerning the above matters, please contact Mr David Orr of this office on (02) 9322 7767.

DATED this 25th day of August 2010

A handwritten signature in black ink, appearing to read "R. J. Hughes".

Richard J Hughes
Joint Liquidator
Deloitte Touche Tohmatsu
Level 25, Riverside Centre
123 Eagle Street, Brisbane

Appendix A - Declaration of Independence, Relevant Relationships & Indemnities

We, John Greig, Richard Hughes and David Lombe have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrators of the Kleenmaid Group of companies. This assessment identified no real or potential risks to our independence. We have continued to consider our independence as the liquidations have progressed. We are not aware of any reasons that would prevent us from continuing with this appointment.

Relevant Relationships

Neither we, nor our firm, have, or have had within the preceding 24 months, any relationships with the companies comprising the Kleenmaid Group, an associate of the companies of the Kleenmaid Group, a former insolvency practitioner appointed to any entities within the Kleenmaid Group or any person or entity that has a charge on the whole or substantially whole of the property of the Kleenmaid Group.

Our firm has a professional relationship with Westpac Banking Corporation, and it is entitled to enforce a charge on the whole or substantially whole of a number of the Kleenmaid Group companies' business and property.

Our firm also has a professional relationship with Commonwealth Bank of Australia ("CBA") and ANZ who provided merchant facilities to certain companies in the Kleenmaid Group prior to our appointment.

We have been approached by the ANZ and CBA who have requested our assistance in assessing customer claims for refunds relating to purchases and deposits made by customers where the customers have not received their goods. The ANZ and CBA provided merchant facilities to certain companies in the Kleenmaid Group.

These professional relationships do not preclude us from acting as administrators of the Kleenmaid Group and neither we, nor a member of our firm, have, provided any advice to Westpac, GE, ANZ or CBA with respect to the Kleenmaid Group.

There are no other prior professional or personal relationships that should be disclosed.

There are no other prior professional relationships or engagements that should be disclosed.

Indemnities

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute.

Dated: 25th August 2010



Richard J Hughes

For and on behalf of

J L Greig, R J Hughes and D J F Lombe

Voluntary Administrators

NOTE: If circumstances change, or new information is identified, we are required under the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the company's creditors.

Appendix B – Notice of meeting of creditors

FORM 529
Paragraph 5.6.12(6)
CORPORATIONS ACT 2001

NOTICE OF MEETING OF
CREDITORS OF COMPANY UNDER LIQUIDATION

Kleenmaid Corporate Pty Ltd
ACN 125 837 943

Lifestyle Appliance Corporation Pty Ltd
ACN 125 839 189

Lifestyle Appliance Sales Pty Ltd
ACN 125 842 131

Kleenmaid Property Pty Ltd
ACN 125 839 849

EDIS Service Logistics Pty Ltd
ACN 077 845 151

Kleenmaid Customer Solutions Pty Ltd
ACN 115 837 726

Bizco Retail Pty Ltd
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Kleenmaid Holdings Pty Limited
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Orchard KM Pty Ltd
ACN 001 905 808

Kleenmaid Retail Pty Ltd
ACN 077 845 179

Manlyvale Pty Ltd
ACN 116 604 767

Kleenmaid Pty Limited
ACN 125 842 858

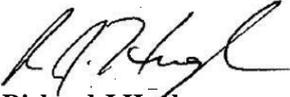
Kleenmaid Appliances Pty Limited
ACN 127 973 086

(“the Kleenmaid Group”)
(All in Liquidation)

- (a) On 25 May 2009 the Creditors of the Companies under section 439C of the Corporations Act 2001 appointed, Richard Hughes and John Greig of Deloitte Touche Tohmatsu, Riverside Centre, 123 Eagle Street< Brisbane QLD 4000 and David John Frank Lombe of Deloitte Touche Tohmatsu, Grosvenor Place, 225 George Street, Sydney NSW 2000 as Joint Liquidators of the Companies.
- (b) Notice is now given that a meeting of the creditors of the Companies will be held at the Institute of Chartered Accountants, Central Plaza One, Level 32, 345 Queen Street, Brisbane QLD 4000 on Monday 13 September 2010 at 10.00 am.
- (c) The purpose of the meeting is to determine:
- a. To consider and if thought fit, pass a resolution to hold a Meeting for all the entities, listed above, concurrently;
 - b. 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 May 2009;

- c. To consider and if thought fit approve the Liquidators fees; and
 - d. General Business.
- (d) The purpose of the meeting is also to approve the Liquidators remuneration as per the resolutions listed on the attached proxy form.

DATED this 25th day of August 2010



Richard J Hughes
Joint Liquidator
Deloitte Touche Tohmatsu
Level 25, Riverside Centre
123 Eagle Street, Brisbane

Appendix C – Form 532 Proxy

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 Monday 13 September 2010 at 10.00am, or at any adjournment of that meeting.(4)

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
<input type="checkbox"/>	<input type="checkbox"/>

2. That the Creditors resolve that the Meeting of Creditors of Kleenmaid Corporate Pty Ltd, Lifestyle Appliance Corporation Pty Ltd, Lifestyle Appliance Sales Pty Ltd, Kleenmaid Property Pty Ltd, EDIS Service Logistics Pty Ltd, Kleenmaid Customer Solutions Pty Ltd, Bizco Retail Pty Ltd, Kleenmaid Holdings Pty Ltd, KM Intellectual Reserve Pty Ltd, Orchard KM Pty Ltd, Kleenmaid Retail Pty Ltd, Manlyvale Pty Ltd, Kleenmaid Pty Limited, and Kleenmaid Appliances Pty Ltd be held concurrently.

3. That the additional and future 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 12 December 2009 to the completion of the liquidation be fixed and approved for each entity as follows:

- | | | |
|--|--------------------------|--------------------------|
| (a) EDIS Service Logistics Pty Ltd additional remuneration in the sum of \$271,568.90 plus GST | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) EDIS Service Logistics Pty Ltd future remuneration in the sum of \$600,000.00 plus GST | <input type="checkbox"/> | <input type="checkbox"/> |
| (c) Orchard KM Pty Ltd future remuneration in the sum of \$300,000.00 plus GST | <input type="checkbox"/> | <input type="checkbox"/> |

Appendix D – Formal Proof of Debt

**FORM 535
CORPORATIONS ACT 2001**

Regulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

COMPANY NAME:.....

(IN LIQUIDATION)

ACN:.....

1. This is to state that the company was, on 25 May 2009 ⁽¹⁾ and still is, justly and truly indebted to ⁽²⁾

 for
 dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾ \$	Amount included \$	GST	Remarks ⁽⁴⁾

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:⁽⁵⁾
- 3.^{(6)*} 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.^{(6)*} 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.....

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		TOTAL PROOF	\$
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.
-

Appendix E – Nomination to Receive Communications Electronically

Nomination to Receive Communications Electronically

Kleenmaid Corporate Pty Ltd
ACN 125 837 943

Lifestyle Appliance Corporation Pty Ltd
ACN 125 839 189

Lifestyle Appliance Sales Pty Ltd
ACN 125 842 131

Kleenmaid Property Pty Ltd
ACN 125 839 849

EDIS Service Logistics Pty Ltd
ACN 077 845 151

Kleenmaid Customer Solutions Pty Ltd
ACN 115 837 726

Bizco Retail Pty Ltd
ACN 123 492 811

Kleenmaid Holdings Pty Limited
ACN 051 042 749

KM Intellectual Reserve Pty Ltd
ACN 125 842 024

Orchard KM Pty Ltd
ACN 001 905 808

Kleenmaid Retail Pty Ltd
ACN 077 845 179

Manlyvale Pty Ltd
ACN 116 604 767

Kleenmaid Pty Limited
ACN 125 842 858

Kleenmaid Appliances Pty Limited
ACN 127 973 086

(“the Kleenmaid Group”)
(All in Liquidation)

Section 600G of the Corporations Act provides for communications with creditors to be by electronic means, to an electronic address nominated by the creditor.

The Section also allows for information to be stored electronically (such as a web site) and for the location of this information, and the means to access it, to be communicated to the nominated address.

Electronic communication provides a much more timely and cost effective means of communication compared to traditional post.

Should you wish to receive communications electronically please complete the details below.

Creditor of Please tick

Creditor of	Please tick
Kleenmaid Corporate Pty Ltd (In Liquidation)	<input type="checkbox"/>
Lifestyle Appliance Corporation Pty Ltd (In Liquidation)	<input type="checkbox"/>
Lifestyle Appliance Sales Pty Ltd (In Liquidation)	<input type="checkbox"/>
Kleenmaid Property Pty Ltd (In Liquidation)	<input type="checkbox"/>
EDIS Service Logistics Pty Ltd (In Liquidation)	<input type="checkbox"/>
Kleenmaid Customer Solutions Pty Ltd (In Liquidation)	<input type="checkbox"/>
Bizco Retail Pty Ltd (In Liquidation)	<input type="checkbox"/>
Kleenmaid Holdings Pty Limited (In Liquidation)	<input type="checkbox"/>
KM Intellectual Reserve Pty Ltd (In Liquidation)	<input type="checkbox"/>
Orchard KM Pty Ltd (In Liquidation)	<input type="checkbox"/>
Kleenmaid Retail Pty Ltd (In Liquidation)	<input type="checkbox"/>
Manlyvale Pty Ltd (In Liquidation)	<input type="checkbox"/>
Kleenmaid Pty Limited (In Liquidation)	<input type="checkbox"/>
Kleenmaid Appliances Pty Limited (In Liquidation)	<input type="checkbox"/>

Name of creditor

Address of creditor

Email address for receipt of information or notification of information availability

We hereby agree to receive information pertaining to the external administration of the above company via:

- The above email address and/or
- Placement on an electronic site with notification of availability and access details notified using the above email address.

Name:

Position:

Please return the completed form to one of the following:

Fax: (02) 9322 7261

Email: kleenmaid@deloitte.com.au

Post PO Box N250 Grosvenor Place
Sydney NSW 1220

Marked to the attention of: David Orr

Appendix F – Remuneration work to date

Calculation set out in the table below of actual remuneration from 30 October 2009 to 25 May 2010 for EDIS Service Logistics Pty Ltd.

Employee	Position	\$/hour (ex GST)	Total actual hours	Total	Task Area	
				(\$)	Investigation	
					Hours	\$
Allen, Jacqui	CRG Graduate	135	5.2	702.00	5.2	702.00
Bradley, Carolyn	FOR Manager	280	22.8	6,384.00	22.8	6,384.00
Bye, Alexander	CRG Graduate	135	0.7	94.50	0.7	94.50
Edwards, Brett	CRG Analyst 1	165	0.5	82.50	0.5	82.50
Fitton, Andrew	CRG Manager 1	280	33.3	9,324.00	33.3	9,324.00
Folb, Daniel	CRG Graduate	135	0.5	67.50	0.5	67.50
Fullerton, Simon	FOR Sr Analyst	175	4.5	787.50	4.5	787.50
Hughes, Richard	CRG Partner 2	560	150.5	84,280.00	150.5	84,280.00
Kellman, Jaryd	CRG Sr Analyst 3	175	0.9	157.50	0.9	157.50
Kilbride, Robert	FOR Manager	280	6.0	1,680.00	6.0	1,680.00
Lawrence, Kathryn	CRG Graduate	135	139.1	18,778.50	139.1	18,778.50
Lui, Amanda	FOR Analyst	165	33.8	5,577.00	33.8	5,577.00
Lyons, Nickolas	FOR Analyst	165	1.0	165.00	1.0	165.00
Muir, Andrew	FOR Acct Director 3	390	39.5	15,405.00	39.5	15,405.00
Orr, David	CRG Manager 1	280	153.2	42,896.00	153.2	42,896.00
Parr, Luke	FOR Analyst	165	12.5	2,062.50	12.5	2,062.50
Pulvirenti, Mark	FOR Acct Director 3	390	28.8	11,232.00	28.8	11,232.00
Purrington, Kerrie	CRG Support A	150	0.1	15.00	0.1	15.00
Sandoval, Brendon	FOR Analyst	165	68.0	11,220.00	68.0	11,220.00
Tartaglia, Nicole	CRG Manager 1	280	207.5	58,100.00	207.5	58,100.00
Wong, Cherry	FOR Graduate	135	2.5	337.50	2.5	337.50
Wood, Christopher	FOR Analyst	165	13.5	2,220.90	13.5	2,220.90
TOTAL			924.4	271,568.90	924.4	271,568.90
GST				27,156.89		
TOTAL (including GST)				298,725.79		
<i>Average hourly rate</i>						293.79

Appendix G – Remuneration work to complete Liquidation

1. Estimate of work to be completed for EDIS Service Logistics Pty Ltd from 25 May 2010 to the conclusion of the Liquidation:

Task Area	General Description	Includes
Assets \$10,000.00	Debtors	Correspondence with debtors Liaising with debt collectors and solicitors
	Other assets	Tasks associated with realising other assets
Creditors \$60,000.00	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
	Secured creditor reporting	Responding to secured creditor's queries
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding 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 and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
	Shareholder enquiries	Responding to any shareholder inquiries
Investigation \$360,000.00	Conducting investigation	Review of specific transactions and liaising with management regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Considering litigation with regard to insolvent transactions Liaising with solicitors and litigation funders Attending to litigation matters as required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC and providing ongoing information
Dividend \$50,000.00	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of PODs Maintain POD register Adjudicating PODs
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of correspondence to creditors enclosing payment of dividend
Administration \$120,000.00	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding ongoing insurance requirements
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS' Completing group certificates
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review Books and records / storage	Discussions regarding status of administration Dealing with records in storage Sending job files to storage
Total \$600,000.00		

An estimate of the hours by task by employee for EDIS Service Logistics Pty Ltd from 25 May 2010 to the conclusion of the Liquidation is set out in the table below:

EDIS Service Logistics Pty Ltd

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Investigation		Dividend		Administration	
					Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Bye, Alexander	CRG Graduate	135	444.4	60,000.00	7.41	1,000.00	44.44	6,000.00	266.67	36,000.00	37.04	5,000.00	88.9	12,000.00
Hughes, Richard	CRG Partner	560	96.4	54,000.00	1.61	900.00	9.64	5,400.00	57.86	32,400.00	8.04	4,500.00	19.3	10,800.00
Greig, John	CRG Partner	560	10.7	6,000.00	0.18	100.00	1.07	600.00	6.43	3,600.00	0.89	500.00	2.1	1,200.00
Lawrence, Kathryn	CRG Graduate	135	444.4	60,000.00	7.41	1,000.00	44.44	6,000.00	266.67	36,000.00	37.04	5,000.00	88.9	12,000.00
Muir, Andrew	FOR Acct Director	390	123.1	48,000.00	2.05	800.00	12.31	4,800.00	73.85	28,800.00	10.26	4,000.00	24.6	9,600.00
Orr, David	CRG Acct Director	390	184.6	72,000.00	3.08	1,200.00	18.46	7,200.00	110.77	43,200.00	15.38	6,000.00	36.9	14,400.00
Pulvirenti, Mark	FOR Acct Director	390	123.1	48,000.00	2.05	800.00	12.31	4,800.00	73.85	28,800.00	10.26	4,000.00	24.6	9,600.00
Purrington, Kerrie	CRG Support	150	80.0	12,000.00	1.33	200.00	8.00	1,200.00	48.00	7,200.00	6.67	1,000.00	16.0	2,400.00
Sandoval, Brendon	FOR Snr Analyst	165	509.1	84,000.00	8.48	1,400.00	50.91	8,400.00	305.45	50,400.00	42.42	7,000.00	101.8	16,800.00
Stapleton, Toby	CRG Sr Analyst	165	509.1	84,000.00	8.48	1,400.00	50.91	8,400.00	305.45	50,400.00	42.42	7,000.00	101.8	16,800.00
Tartaglia, Nicole	CRG Acct Director	390	184.6	72,000.00	3.08	1,200.00	18.46	7,200.00	110.77	43,200.00	15.38	6,000.00	36.9	14,400.00
TOTAL			2709.6	600,000.00	45.2	10,000.00	271.0	60,000.00	1625.8	360,000.00	225.8	50,000.00	541.9	120,000.00
				60,000.00										
				660,000.00										
					221.44									

2. Estimate of work to be completed for Orchard KM Pty Ltd from 25 May 2010 to the conclusion of the Liquidation:

Task Area	General Description	Includes
Assets \$10,000.00	Debtors	Correspondence with debtors Liaising with debt collectors and solicitors
	Other assets	Tasks associated with realising other assets
Creditors \$30,000.00	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
	Secured creditor reporting	Responding to secured creditor's queries
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding 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 and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
	Shareholder enquiries	Responding to any shareholder inquiries
Investigation \$180,000.00	Conducting investigation	Review of specific transactions and liaising with management regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Considering litigation with regard to insolvent transactions Liaising with solicitors and litigation funders Attending to litigation matters as required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC and providing ongoing information
Dividend \$40,000.00	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of PODs Maintain POD register Adjudicating PODs
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of correspondence to creditors enclosing payment of dividend
Administration \$40,000.00	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding ongoing insurance requirements
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS Completing group certificates
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review Books and records / storage	Discussions regarding status of administration Dealing with records in storage Sending job files to storage
Total \$300,000.00		

An estimate of the hours by task by employee for Orchard KM Pty Ltd from 25 May 2010 to the conclusion of the Liquidation is set out in the table below:

Orchard KM Pty Ltd

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area									
					Assets		Creditors		Investigation		Dividend		Administration	
					Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Bye, Alexander	CRG Graduate	135	222.2	30,000.00	3.70	500.00	22.22	3,000.00	133.33	18,000.00	18.52	2,500.00	44.4	6,000.00
Hughes, Richard	CRG Partner	560	48.2	27,000.00	0.80	450.00	4.82	2,700.00	28.93	16,200.00	4.02	2,250.00	9.6	5,400.00
Greig, John	CRG Partner	560	5.4	3,000.00	0.09	50.00	0.54	300.00	3.21	1,800.00	0.45	250.00	1.1	600.00
Lawrence, Kathryn	CRG Graduate	135	222.2	30,000.00	3.70	500.00	22.22	3,000.00	133.33	18,000.00	18.52	2,500.00	44.4	6,000.00
Muir, Andrew	FOR Acct Director	390	61.5	24,000.00	1.03	400.00	6.15	2,400.00	36.92	14,400.00	5.13	2,000.00	12.3	4,800.00
Orr, David	CRG Acct Director	390	92.3	36,000.00	1.54	600.00	9.23	3,600.00	55.38	21,600.00	7.69	3,000.00	18.5	7,200.00
Pulvirenti, Mark	FOR Acct Director	390	61.5	24,000.00	1.03	400.00	6.15	2,400.00	36.92	14,400.00	5.13	2,000.00	12.3	4,800.00
Purrington, Kerrie	CRG Support	150	40.0	6,000.00	0.67	100.00	4.00	600.00	24.00	3,600.00	3.33	500.00	8.0	1,200.00
Sandoval, Brendon	FOR Snr Analyst	165	254.5	42,000.00	4.24	700.00	25.45	4,200.00	152.73	25,200.00	21.21	3,500.00	50.9	8,400.00
Stapleton, Toby	CRG Sr Analyst	165	254.5	42,000.00	4.24	700.00	25.45	4,200.00	152.73	25,200.00	21.21	3,500.00	50.9	8,400.00
Tartaglia, Nicole	CRG Acct Director	390	92.3	36,000.00	1.54	600.00	9.23	3,600.00	55.38	21,600.00	7.69	3,000.00	18.5	7,200.00
TOTAL			1354.8	300,000.00	22.6	5,000.00	135.5	30,000.00	812.9	180,000.00	112.9	25,000.00	271.0	60,000.00
GST				30,000.00										
TOTAL (including GST)				330,000.00										
Average hourly rate				221.44										