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DORE GROUP (AUSTRALASIA) LIMITED
(IN CREDITORS' VOLUNTARY LIQUIDATION)
A.C.N.: 098 975 243

REPORT OF LIQUIDATOR TO CREDITORS PURSUANT
TO SECTION 508(3) OF THE CORPORATIONS ACT

24 AUGUST 2009

1. INTRODUCTION

I refer to the report of Administrator to creditors dated 6 June 2008 and the circular to creditors dated 17 June 2008.

2. REALISATION OF ASSETS

Cash at bank

During the period from 29 May 2008 to 9 December 2008 the sum of \$69,530 was realised from the company's pre-appointment bank accounts. All merchant charge backs to the bank account have now been finalised. On 9 July 2009 the Commonwealth Bank of Australia transferred the remaining funds of \$16,237.

Dore Group NZ Ltd ("Dore NZ")

The company is the sole shareholder in Dore NZ. Dore NZ owes the company the sum of \$NZ278,868, after bringing to account Dore NZ's repayment on 23 May 2008 of \$A100,000.

On 23 March 2009 Messrs Timothy Wilson Downs and Gregory John Sheriff, of Grant Thornton Auckland Ltd, were appointed Joint Liquidators of Dore NZ, by resolution of the shareholder.

On 2 April 2009 I submitted a Proof of Debt in the winding up of Dore NZ in the sum of \$NZ278,868.

The Liquidators of Dore NZ claim the payment of \$A100,000 was an unfair preference. I dispute this claim.



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[bb ref: Dore Group 346]

ABN 60 241 413 498

The report of the New Zealand Liquidators dated 30 March 2009 recorded that Dore NZ had cash at bank of \$NZ85,505, preferred unsecured creditors of \$NZ59,520 and unsecured creditors of \$NZ466,762. The assets to be realised by the New Zealand Liquidators include plant, equipment and trade debts. If there is a dividend to ordinary unsecured creditors of Dore NZ, I expect the dividend to be modest.

Plant and equipment

On 19 May 2008 Grays Asset Services ("Grays"), auctioneers and valuers, valued the plant and equipment located at the Pymble head office, the Gordon clinic, and conducted sight unsecured valuations on the company's 13 other clinics. The auction value of the plant and equipment on an in-situ basis was estimated by Grays as at \$146,007, plus G.S.T. I note that the landlord of the Pymble premises would not consent to an on-site auction. Therefore, certain plant and equipment was removed to Grays' rooms, which significantly reduced the gross proceeds of realisation and increased the costs to sell.

During the period from 15 May 2008 to 30 June 2009 the company realised \$16,025, plus G.S.T., from the sale of plant and equipment, by way of private treaty. Further, \$96,016, plus G.S.T., was realised from the sale of plant and equipment, by way of public auction.

Terms deposits, security deposits and bonds

The company's books and records recorded term deposits, security deposits and bonds in the sum of \$262,779. Of that sum, \$231,393 related to term deposits which secured bank guarantees in favour of landlords or rental bonds. All of the bank guarantees have been called on.

On 9 June 2009 a rental deposit in the sum of \$10,595 was realised from Savills Australia, in relation to the company's former premises at 13 – 15 Colin Grove, West Perth, WA, which had been vacated prior to my appointment. I do not expect to realise any further funds from terms deposits, security deposits or bonds.

Unfair preferences

Following a review of the likely defences of the creditors and further evidence obtained following my appointment as Liquidator, I have determined not to pursue the recovery of unfair preferences.

3. GENERAL EMPLOYEE ENTITLEMENT REDUNDANCY SCHEME

During the period from 9 October 2008 to 28 April 2009 the Department of Education, Employment and Workplace Relations ("the Department") advanced the company the sum of \$1,193,803, pursuant to Section 560 of the Corporations Act to pay employees' entitlements. During the period from 15 October 2008 to 4 May 2009 those funds were paid to the preferred unsecured creditors in respect of their employee entitlements.

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In total, the following has been paid to former employees of the company, including PAYG withholding:

	\$
Wages	206,743
Annual leave (including leave loading)	192,363
Long service leave	37,393
Payment in lieu of notice	345,686
Redundancy	<u>411,618</u>
Total	<u>\$1,193,803</u>

I do not expect to receive any further advances from the Department in respect of employee entitlements.

4. AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

On 15 July 2008 I reported to the Australian Securities and Investments Commission ("ASIC") pursuant to Section 533 of the Corporations Act. On 24 August 2008 ASIC advised that it would not carry out any further investigation into the affairs of the company.

5. COMMITTEE OF INSPECTION

On 27 August 2008 the Committee of Inspection of the company met to discuss my strategy to realise the company's shares in Dore NZ.

On 30 July 2009 the Committee of Inspection approved additional Liquidator's remuneration in the sum of \$50,000, plus G.S.T.

6. GENERAL

I expect the winding up of the company to be completed within three to six months.

Attached is a summary of the Voluntary Administrator's/Liquidator's receipts and payments for the period from 15 May 2008 to 31 July 2009 (attachment 1).

If you have any queries in relation to this report, please telephone Mr Blake Baxter, of my office.



G G WOODGATE
LIQUIDATOR
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A.C.N.: 098 975 243

Summary of Voluntary Administrator's/Liquidator's receipts and payments for the period from 15 May 2008 to 31 July 2009

<u>Receipts</u>	<u>§</u>
Advance from GEERS	1,193,803
Cash on hand	1,114
Energy account refund	264
G.S.T received	29,601
Gross proceeds of sale of assets by way of private treaty	16,025
Gross proceeds of sale of assets by way of public auction	96,016
Interest	6,449
Negotiable instruments	13,410
Partial payment of debt owed by Dore Group (NZ) Limited	100,000
Pre-appointment debtor	100
Professional services rendered in relation to distribution of employee entitlements	39,725
Real estate refund of bond	13,237
Refund of guaranteed service	200
Refund of pre-appointment post office box	115
Worker's compensation insurance return premium	7,726
Transfer from company's bank account	85,767
	<u>1,603,552</u>

Payments

Dividend to preferred unsecured creditors being employee entitlements:	
Wages	206,743
Annual leave	192,363
Long service leave	37,393
Payment in lieu of notice	345,686
Redundancy	411,618
PAYG withholding	(1,072)
G.S.T. paid	36,544
Administrator's remuneration	155,731
Administrator's/Liquidator's out-of-pocket expenses	17,435
Auctioneer's expenses/charges	41,314
Bank charges	588
Cleaning	169
Consultancy fees	7,621
Dishonoured negotiable instruments	8,940
Electricity	698
FOI request	30
Insurance	500
Legal fees	569
Liquidator's remuneration	75,000
Locksmith	317
Meeting room hire	832
Annual leave and long service leave	2,474
Superannuation	1,914
Wages	21,770
Postage	444
Professional fees	16,489

ATTACHMENT 1

Rent	4,530
Security response fee	130
Storage and transport of books and records	4,302
Telephone equipment and voice message	4,519
Valuation fees	<u>7,807</u>
	<u>1,603,395</u>
Cash at bank as at 31 July 2009	<u><u>156</u></u>