



8 January 2010

To the Recipient as Addressed

Dear Sir/Madam

**FLO CONCEPT GROUP PTY LIMITED
(ADMINISTRATOR APPOINTED)
A.C.N. 117 893 008 ("the Company")**

I refer to previous correspondence regarding the above Company and the First Meeting of Creditors held on 18 December 2009 and advise that the Second Meeting of Creditors will be held on Friday, 15 January 2010 pursuant to Section 439A(1) of the Corporations Act 2001 ("the Act").

I enclose for your attention:

1. Notice of Meeting pursuant to Section 439A(3)(a) of the Act.
2. Administrator's Report to Creditors pursuant to Section 439A(4) of the Act.
3. Proof of Debt Form.
4. Proxy form.

Please note that persons are not entitled to vote as a creditor at the meeting unless they have lodged with the Chairman of the meeting particulars of the debt they claim to be due to them from the Company. Corporate creditors are required to appoint a natural person to vote on their behalf at the meeting of creditors.

Proof of debt and Proxy Forms should be lodged with this office prior to the meeting. These forms may be lodged via facsimile on (07) 3211 8640, however, in accordance with Corporations Regulation 5.6.36A, the original signed copy of the Proxy Form must be lodged with my office within 72 hours of lodging the faxed copy.

Should you have any queries in relation to the above, please do not hesitate to contact Abdul Chambal of my office.

For and on behalf of
Flo Concept Group Pty Ltd


W. Roland Robson for
Phillip Aggs
Administrator

FORM 529

Corporations Act 2001

Subregulation 5.6.12 (2)

**NOTICE OF SECOND MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION**

**Flo Concept Group Pty Limited (Administrator Appointed)
ACN: 117 893 008
("the Company")**

Notice is given that a second meeting of the creditors of the Company will be held at Bell Partners, Level 1, Corporate Centre One, Cnr of Slayter Ave & Bundall Road, Bundall, QLD 4217 at 10:30 AM on Friday, 15 January 2010.

1. To consider the Administrators' report in relation to the Company's affairs and any other matters raised relating to the Company's future and then to resolve either that:
 - (a) the Company execute a Deed of Company Arrangement; or
 - (b) the administration should end; or
 - (c) the Company be wound up; or
 - (d) the meeting be adjourned.
2. To consider and if thought fit approve the Administrators' remuneration per resolution as detailed in the enclosed Remuneration Report.
3. To consider and if thought fit approve the Deed Administrators' or Liquidator remuneration, if one is appointed per resolution as detailed in the enclosed Remuneration Report.
4. If the Company is wound up, to consider the appointment of a Committee of Inspection.
5. To discuss any other relevant business which may arise.

Dated Friday, 8 January 2010.

W. Roland Robson for
Phillip Aggs
Administrator

Note:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless:

- his/her claim has been admitted, wholly or in part, by the administrator; or
- he/she has lodged with the administrator particulars of the debt or claim (regulation 5.6.23).
Furthermore proxies must be made available to the administrator.

A secured creditor may vote for the whole of his debt without deduction for his/her security (reg 5.6.24(4)).

Level 17, 127 Creek Street, Brisbane QLD 4000
Telephone: (07) 3221 0963 Facsimile: (07) 3211 8640



ARCOY Pty Ltd ABN 71 131 855 108

**Chartered Accountants &
Business Consultants**

**Reconstruction and
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8 January 2010

SECOND REPORT TO CREDITORS

FLO CONCEPT GROUP PTY LTD
(ADMINISTRATOR APPOINTED)

ACN 117 893 008

PHILLIP K AGGS
ADMINISTRATOR

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1 INTRODUCTION

As you are aware, on Tuesday, 8 December 2009 I was appointed Administrator of the Company

The First Meeting of Creditors was held on 18 December 2009 at Bell Partners office and the appointment of the Administrator was confirmed by creditors. At this meeting the creditors voted not to appoint a Committee of Creditors in the Voluntary Administration.

The Second Meeting of Creditors has been called for Friday, 15 January 2010 and will be held at the offices of Aggs Robson, GPO Box 189, Brisbane QLD 4001, commencing at 11:00 AM.

The purpose of this report is to present creditors with information on the three possible directions the Company's future may take and the options available to you as a creditor, together with information about the Company's business, property, affairs and financial circumstances.

The options presented by the Corporations Act 2001 ("the Act") to be voted on by the creditors at the meeting are that:

- The Administration terminate; or
- The Company by wound up; or
- The Company execute a Deed of Company Arrangement

2 BACKGROUND

A search conducted at the Australian Securities & Investments Commission ("ASIC") database and discussions with the Company's Director have revealed the following details:

2.1 Date of Incorporation

The Company was incorporated on 16 January 2006

2.2 Trading Premises

Level 15 Corporate Centre One Cnr Slatyer Ave & Bundall Rd, Bundall, Qld 4217

2.3 Company Office Holders

According to the records of the ASIC, the Company's office holders at the date of my appointment are as follows:

Table 1 Company office holders

Name	Capacity	Appointment Date
Michael Flaherty	Director	16 January 2006

2.4 Company Shareholding

At the date of my appointment the Company's shareholding was made up of 1400 ordinary shares with a total par value of \$100. According to the ASIC records, this shareholding was as follows:

Table 2 Company shareholders

Name	Share Class	Par Value
Michael Flaherty	Ordinary	100

3 DEED OF COMPANY ARRANGEMENT PROPOSAL

In respect to the proposed Deed of Company Arrangement ('Deed'), the following terms pertaining to the Deed are being offered by the Director:

- Any secured creditors rights are not affected;
- The Director and/or any entity related to the director are to contribute funds of \$128,000 as follows:
 - \$18,000 by 28 February 2010; and
 - \$5,000 each month there after for a period of twenty-two (22) months.
- All creditors to provide a moratorium of twenty four (24) months;
- The dividend arising from the Deed Fund is in full and final settlement of creditors claims;
- The following parties are to stand aside for the purpose of a dividend under the Deed:
 - Michael Flaherty; and
 - OPM Global.
- The provisions of priority under section 556 are to be adhered too (employees super etc to be paid in priority to unsecured creditors);
- The assets of the Company are not be dealt with without the Deed Administrators consent;
- The recovery of antecedents transactions including insolvent trading shall not apply.

4 REASONS FOR FAILURE

The Company was established for the purpose of providing financial services specifically lending.

The Director has advised that financial demise of the Company was attributable to the Global Financial Crisis (GFC) and the subsequent effect of same within the financial markets.

Those financial institutions relied upon by the Company altered their lending criteria, lengthened the settling periods, and reduced the value of commissions. This in essence starved the Company of cash flow as commissions were reduced as where commission trails.

The Director also believes that adding to the pressure of the Company, the guarantee of major banking term deposits by the government caused investors to move their funds into these guaranteed term deposits rather than looking at real estate.

Under the circumstances the Director has acknowledged that he failed to reduce his overheads specifically his labour component given the Company's financial position. In saying this, the Director attempted to change the labour hours so as to protect his employees and ensure they were provided for.

I note all employees have now been terminated.

Preliminary investigations support that as provided above by the Director.

5 REPORT AS TO AFFAIRS

Under the Act, the director is required to provide me with a Report as to Affairs (“RATA”) of the Company as at the date of my appointment. A RATA represents a snap shot in time as to the assets and liabilities position of the Company as at the date of my appointment as Administrator.

The RATA does not take into account the Administrator’s/Deed Administrator’s/Liquidator’s fees and disbursements, which rank as a priority under Section 556 of the Act.

Table 3 RATA Summary

	Directors Valuation (\$)	Directors Estimated Realisable Value (\$)	Administrator Estimated Realisable Value (\$)	Notes
ASSETS				
Cash on Hand	100	100	100	5.1
Cash at Bank	3,100	3,100	3,100	5.2
Plant & Equipment	70,274	Nil	TBA	5.3
TOTAL	73,474	3,200	3,200	
LIABILITIES				
Employee Entitlements	90,775	90,775	90,775	5.4
Amounts Owing Under Charge	81,128	81,128	85,469	5.5
Unsecured Creditor	1,344,162	1,344,162	1,344,162	5.6
TOTAL	1,516,065	1,516,065	1,520,406	

5.1 Cash on Hand

The Director has disclosed \$100 as cash on hand. I note that investigations into the Company’s financials have revealed same.

5.2 Cash at Bank

The Director has disclosed that the amount of \$3,100 is held at an account with the Bank of Queensland Limited (“BOQ”). I advise I have written to BOQ seeking details of the accounts, and I am yet to receive confirmation of same.

I confirm I am holding funds in my trust account in the amount of \$2,000 derived from the bank account.

I note that correspondence has also been forwarded to a number of Financial Institutions requesting details of bank accounts (if any) held in the name of the Company. To-date, I have not received any information to suggest that the Company currently operates any accounts with any other Australian Financial Institution apart from the account held at BOQ. Any further information received in this regard will be made available to creditors at the scheduled meeting

5.3 Plant & Equipment

The disclosed amount for the Plant & Equipment specifically relates to motor vehicles and computer equipment. I note that the motor vehicles are subject to lease agreements with Bank of

Queensland Equipment Finance Limited ("BOQEF") as detailed in section 5.5 of this report. As a result of the security held with BOQEF, I envisage no recoveries would be available for distribution to creditors provided that these assets were realised. I detail below the expected auction value of the motor vehicles.

Table 4 Summary of outstanding employee entitlements

Charge Number	Goods Description	Estimated Realisable Value
1467271	Audi Coupe Turbo	42,300.00
1572062	Audi A3 Turbo	22,300.00
TOTAL		64,600.00

In respect to the minimal computer equipment, I envisage that no recoveries would be available for creditors should the computer equipment be realised due to their current market value and the cost associated in realising the assets.

5.4 Employee Entitlements

The Director has disclosed in the RATA that a total of \$90,774.61 is outstanding in relation to employee entitlements as at Tuesday, 8 December 2009.

Table 5 Summary of outstanding employee entitlements

Type	Amount (\$)
Wages	3,859.88
Superannuation – SGC	58,833.00
Holiday Pay	7,239.73
Redundancy	20,842.00
TOTAL	90,774.61

I have advised the Australia Taxation Office of the debt however as at the date of this Report I have yet to receive a breakdown of the expected debt owing under the Superannuation Guarantee Charge legislation. I expect the debt regarding the superannuation to increase once administration and interest charges are applied.

5.5 Secured Creditor

A Company search conducted at ASIC database have revealed the following secured creditor charges:

BOQ Equipment Finance Limited
 ASIC Charge Number: 1467271
 Date Registered: 14 June 2007
 Charge Type: Fixed
 Date Created: 31 May 2007

BOQ Equipment Finance Limited
 ASIC Charge Number: 1572062
 Date Registered: 10 January 2008
 Charge Type: Fixed
 Date Created: 03 January 2008

I note that I have received confirmation from BOQEF in regard to the above mentioned charges, and the following goods have been identified:

Table 6 Secured creditor claim

Charge Number	Goods Description	Monthly Rental (\$)	Payout Amount (\$)
1467271	Audi Coupe Turbo	1,360.03	49,970.41
1572062	Audi A3 Turbo	762.04	35,498.82
TOTAL			85,469.23

Referring to the estimated realisable values depicted at note 5.3 Table 4 it is clear there would be a shortfall on the sale of the motor vehicles in the event a Liquidator was appointed and the vehicles realised by way of auction. Such shortfall would be claimable as an unsecured claim in the Company.

5.6 Unsecured Creditors

The Director has indicated in the RATA that a total of \$1,344,162 is owed to unsecured creditors.

Proof of Debts received and internal management account reports from trade creditors substantiate his claim. However I note I am yet to validate this amount until I have received all Proof of Debts from creditors. I refer creditors to the attached Proof of Debt form to be completed and returned to my office with all supporting documentation to validate their claim.

Known creditors to date include:

Table 6 Unsecured creditor claims

Creditor	Amount (\$)
ATO	198,418
OPM Global*	520,200
Bell Partners	5,500
Michael Flaherty*	602,294
Prosperity 7	7,000
Rochelle Heaslip	10,750
TOTAL	1,344,162

* denotes those creditors who are related party creditors

6 ADMINISTRATOR'S TRADING

As detailed in my report dated 11 December 2009, I have not traded the Company, nor did I license the operations of the Company to a third party.

7 VOIDABLE TRANSACTIONS

In circumstances where a Liquidator is appointed he may be able to recover certain payments or dispositions of property that appear to the Liquidator to be voidable transactions pursuant to Part 5.7B of the Act.

Voidable transactions include.

- Unfair preferences – being payment made to one or more creditors in preference to the wider body of creditors;
- Uncommercial transactions – being transactions that a reasonable person would not have entered into having regard to the benefit (if any) and detriment to the Company of entering into the transaction and the benefit to other parties of entering into the transaction; and
- Unfair loan - a loan is unfair if it is made to a Company at extortionist interest rates or the charges in relation to the loan are extortionate.

The assessment of voidable transactions is relevant to creditors in choosing between the three options available at the second meeting of creditors, as they are only recoverable in a liquidation scenario.

7.1 Unfair Preferences (Section 588 FA)

To be recoverable, the following circumstances must have existed at the time the unfair preference transaction was entered into:

- The Company is insolvent or becomes insolvent at the time of entering into the transaction;
- The transaction was entered into in the six months prior to the appointment of the Voluntary Administrators to the Company, being Tuesday, 8 December 2009;
- The transaction results in the creditor receiving from the Company more than the creditor would receive from the Company in respect to the debt in a winding up of the Company;
- A reasonable person in the creditors circumstances would have been reasonably aware the Company was insolvent;
- The creditor must not have an offset for goods or services provided after the payment which remain unpaid, for an amount greater than the payment.

Indications of a preferential payment having been made included creditors;

- Being paid outside of their documented or agreed trading terms;
- Receiving regular part payment of invoices;
- Receiving large rounded payments upon the suspension of the supply of goods and/or services; and
- In some cases receiving post dated cheques.

From the review conducted and investigations performed into the Company's payments to creditors in the six (6) months prior to the appointment of the Voluntary Administrator, I have identified one (1) creditor as receiving a preferential payment(s). The statutory creditor received \$49,120 in the preceding six (6) months prior to my appointment. It is evident from the supporting material the statutory creditor was aware of the financial position of the Company. So as to not prejudice any future legal action, I will refrain from dealing any further details pertaining to the evidence available to support the claim.

I note the preferential payment is only available in the event the Company is placed into Liquidation. Whilst the claim has been identified there are no assurances that the preferential payment can be recovered. I note in pursuing such payments there will generally be substantial costs from both the Liquidator and his legal advisors. Furthermore, the creditor has a number of defences available in defending a preferential transaction action brought them by a liquidator.

7.2 Uncommercial Transactions (Section 588FB)

From the review conducted and investigations performed into the Company's payments to related parties during the six months prior to the appointment of the Voluntary Administrator, I have not identified any transaction of that may be deemed as uncommercial.

7.3 Unfair Loan (Section 588FD)

From the review conducted and investigations performed into the Company's payments to related parties during the six months prior to the appointment of the Voluntary Administrator, I have not identified any transaction of this nature.

7.4 Discharging a Debt of a Related Entity (Section 588FH)

A review of the Company's books and records provides no evidence that the Company has given rise to discharging a debt to a related entity though investigations into this matter will continue providing the Company were to be placed into liquidation.

7.5 Transactions with the Purpose of Defeating Creditors (Section 588FE(5))

Such transactions are normally involved in the removal of assets such that they are not available to a Liquidator to meet creditors' claims in a winding up. Such action usually involves concealment and may amount to fraud. Through my investigations of books and records, I am of the opinion no transactions have occurred for the purpose of defeating creditors.

7.6 Conclusion

In the event the Company is placed in Liquidation, and I am appointed Liquidator of the Company, I will further investigate payments in order to assess whether there are any likely recoveries by means of voidable transactions.

Based on my preliminaries investigations to date there is only one (1) identified preferential payment that has the capacity to be recovered by a Liquidator, should the Company be placed in Liquidation.

Where voidable transactions are identified pursuing such payments may incur substantial costs from both the Liquidator and his legal advisors and there are a number of defences available to creditors in defending a preferential or uncommercial transaction action brought against it by a Liquidator.

An unsuccessful action can result in a negative return as the Liquidator would be required to settle both the Company's and the defendant's legal fees. Accordingly, a Liquidator is required to fully investigate the circumstances surrounding the payment before commencing legal action.

8 INSOLVENT TRADING

The Act provides that a Liquidator and under certain circumstances a creditor, may recover from the directors of an insolvent company damages in respect of losses suffered by creditors from transactions entered into at a time when a company is insolvent.

My current evaluation of the Company's assets and liabilities suggests it is insolvent and that the Director's appointment of the Voluntary Administrators was based on their opinion that the Company was insolvent as at Tuesday, 8 December 2009.

Other evidence which may be relied upon to support this is as follows:

- Trade creditors with debts outstanding past their trading terms and an increase in the ageing of the Company's payables;
- Statutory payments to the Australian Taxation Office unable to be met;
- The Company failing to register for payroll tax in any of the states or territories in which it operated;
- Several months of staff superannuation outstanding;
- A shortfall of assets to liabilities;
- The Company incurring substantial trading losses in the months prior to the appointment of the Voluntary Administrator;
- The Company's major financier failed to extend its line of credit to the Company.

Should I be able to prove the Company traded whilst insolvent, as stated previously there is potentially a claim against the director of the Company either by the liquidator or in limited circumstances the creditors, for allowing the Company to continue to trade whilst insolvent. The likelihood of there being any monies available to creditors as a result of such recoveries is dependent upon the financial position of the director.

The Director may also have valid defences available to them in such circumstances. Prior to a legal action commencing any defence raised by the director would first need to be assessed.

Creditors should note that these actions may be very costly and accordingly, I would be likely to seek funding should it be decided to pursue this course.

I comment as follows on some indicators of insolvent trading:

8.1 Profit And Loss Summary

The following is the financial position of the Company from June 2007 to December 2009:

	2010	2009	Increase (Decrease)	2008	Increase (Decrease)	2007
	\$	\$	%	\$	%	\$
Gross Profit	84,039	751,399	872	77,308	(27)	106,159
Expenditure	542,104	1,140,998	119	520,044	151	206,976
Profit/(Loss)	(458,065)	(389,599)		(442,736)		(100,817)
Before Income Tax						
Income Tax Expense	-	-		-		-
Net Profit/(Loss)	(458,065)	(389,599)		(442,736)		(100,817)

I note that 2010 amounts correspond only to a half a yearly period being from July 2009 to December 2009. I further advise that the accounts for the year ended June 2007 and 2008 were extracted from Company's lodged Financial Statements, and the other years from the Company's management accounting system.

I note the following key points in relation to the performance of the Company as depicted from the Company's records:

- The Company has not been able to generate sufficient profit over the past three years to satisfy operating profit and expenditures.
- In light of the above observation it is deemed relevant to add that the business of the Company was a new venture and accordingly such losses may be attributable to same.
- It is evident from 2008 to 2009 the Gross Profit experienced substantial increase of 872% whilst on the same time expenditure only increased by 119%. Should the trend have continued without external forces such as GFC then the start up of the venture would have been profitable within a short period there after

8.2 Balance Sheet

The following is the financial position of the Company from June 2007 to December 2009:

Table 8 Balance Sheet summary

For the Year Ended	2010 \$	2009 \$	Increase (Decrease) %	2008 \$	Increase (Decrease) %	2007 \$
Total Current Assets	12,962	24,428	(79)	115,263	205	37,761
Total Non-Current Assets	71,383	70,274	(24)	92,581	-	-
Total Assets	84,344	94,702		207,844		37,761
Total Current Liabilities	259,282	244,497	(4)	255,454	24	206,336
Total Non-Current Liabilities	1,284,037	851,115	51	563,700		-
Total Liabilities	1,543,319	1,095,612		819,154		206,336
Net Assets	(1,458,975)	(1,000,910)		(611,311)		(168,575)
Issued Capital						
1400 Ordinary Shares	100	100	0	100	0	100
Accumulated Losses	(1,459,975)	(1,001,010)	(84)	(611,411)	262	(168,675)
Total Equity	(1,458,975)	(1,000,910)		(611,311)		(168,575)

I note that 2010 amounts correspond only to a half a yearly period being from July 2009 to December 2009. I further advise that the accounts for the year ended June 2007 to 2008 were

extracted from Company's lodged Financial Statements, and the other years from the Company's management accounting system.

I note the following key points in relation to the position of the Company as depicted from the Company's records:

- The company has always reported a negative net asset position
- My investigation have revealed that the increase in the total assets in the year 2008 of 450% was from acquisition of company's Property, Plant and Equipment being the computer equipment and two (2) motor vehicles. I refer creditors to section 5.3 and 5.5 of this report in regard to secured creditors.
- I note the indicated total current assets for the half year ended 2010 in the amount \$12,962 differs from the advised Director cash at bank in the RATA in the amount \$3,100 (see section 5 of this report) as the money was used to pay outstanding employees wages.
- Over the year ended 30 June 2007 to December 2009 the total liabilities have constantly increased. My investigations have revealed that most of this increase has been accounted to substantial funding from the Director.

8.2.1 Ratios

Current Ratio

The current ratio indicates the whether the Company has enough resources (assets) to pay its short term liabilities. In my opinion it is generally accepted that a company with a current ratio of lower that 1:1 and a net asset deficiency has a high probability of being insolvent. I would consider an acceptable current ratio to be in the order of 1.5:1 (i.e.: \$1.50 of current assets to meet every \$1.00 of current liabilities).

	<u>8 December 09</u>	<u>30 June 09</u>	<u>30 June 08</u>	<u>30 June 07</u>
Current Ratio	0.05	0.10	0.45	0.18

For the whole period, being financial year end 30 June 2006 to 8 December 2009, Company's current ratio of was lower than 1.5:1. This indicates that the Company had inadequate current assets available to meet the company's short term debts.

Debt Ratio

In line with the analysis of the current ratio it is practical to determine the Company's ability to pay its long term debts. In general a debt ratio of greater than 1 indicates that a company has more debt than assets, meanwhile, a debt ratio of less than 1 indicates that a company has more assets than debt

	<u>8 December 09</u>	<u>30 June 09</u>	<u>30 June 08</u>	<u>30 June 07</u>
Debt Ratio	18.30	11.57	3.94	5.5

This further confirms that the Company is clearly dependent on leverage, i.e., money borrowed from and/or owed to others to continue trade on.

8.3 Statutory Obligations

Based on the records available the Company has altered its trade terms with Deputy Commissioner of Taxation on two (2) occasions. Whilst the Company has in essence complied with it's obligations for lodgements, it has failed to satisfy the accumulating debt to the Commissioner.

In respect to superannuation, the Company records show it has not satisfied its obligations for superannuation in full since financial year ending 30 June 2007.

8.4 Books and Records

Pursuant to Section 286 of the Act a company has an obligation to maintain adequate books and records (for a period of seven years), that correctly explain transactions and enable financial statements to be prepared.

Failure by a company to maintain books and records in accordance with section 286 of the Act provides a rebuttable presumption of insolvency of the company. This presumption can be relied upon by a Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act from related entities.

Staff of this office attended the offices of the Company accountant whereby copies of the accounts were collected along with source documents. Based on the books and records available, I am of the opinion the books and records have been adequately maintained in accordance with section 286 of the Act.

8.5 Financing Ability

Given the solvency test is based on a cash flow test rather than a balance sheet test consideration must be given regarding the ability of the company to raise capital from its assets and thus continue to trade. As long as the company is able to fund ongoing trading by raising capital and meet those funding commitments, the company may be considered solvent.

A review of the above detailed financial statements, bank accounts, and discussions with the Company's accountant has confirmed the director invest significant funds into the Company to fund the continued trade. The funds loaned by the director and related companies enabled ordinary trade obligations to be met.

8.6 Conclusion

Whilst the Director has funded the Company's trading, the Statutory Obligations have not been satisfied as and when they fell due even when trade terms were amended by mutual consent. In the absence of knowing the Director's personal financial circumstances I am unable to comment as to whether the limitation of funding was means of choice or capacity.

Given the Director and his related company are the largest creditors (83.5% of the unsecured creditors) any benefit derived from an insolvent trading claim would ultimately benefit these parties. Accordingly, irrespective of whether a claim existed if a Liquidator is appointed, consider would ultimately need to be made as to the commerciality and derived benefits of pursuing an action for insolvent trading against the director. Further, consideration would need to be given to the Director personal financial standing along with the statutory defences available to the director.

9 ESTIMATED RETURN TO CREDITORS

Please refer to Annexure A for the calculation of the estimated returns.

In brief the estimated returns are as follows:

Table 9 Estimated returns to creditor summary

Creditors	Liquidation	Deed of Company Arrangement
Priority Creditors	0%	100%
Unsecured Creditors	0%	5.29%

10 OPTIONS AVAILABLE TO CREDITORS

The following options are available to creditors at a meeting convened pursuant to Section 439A of the Act and I provide my comments concerning my opinion as to which is in the best interests of creditors as required by Section 439A(4)(b) of the Act:

10.1 The Administration Terminates

Creditors may resolve to terminate the Voluntary Administration and if this occurs the Company would be handed back to the directors to do with it as they deem fit. I do not see this as a viable option as the Company is insolvent and there is a need for creditors' claims to be dealt with under a formal administration.

10.2 The Company be Wound Up

Creditors may resolve to wind up the Company and in such circumstances I would be appointed Administrator of the Company. I would conduct a more detailed review of the Company's financial affairs and as a consequence prepare a report on its affairs and the conduct of its officers and convey those findings to the ASIC.

I would realise the assets pertaining to the Company and collect all realisable amounts. I would also further assess the likelihood of success for claims in relation to voidable transactions and insolvent trading and make a determination as to whether to proceed with such claims.

Upon the sale of assets and collection of funds I would distribute all monies to creditors in accordance with the provisions of Section 556 of the Act.

I do not see this is as a viable option whilst there is a DOCA proposal on foot providing for an estimated return to creditors which is greater than or more certain than the return in liquidation.

10.3 The Company Execute a Deed of Company Arrangement

The provisions of Part 5.3A of the Act allow the Company and its creditors to negotiate a proposal to deal with the Company's affairs and in such circumstances execute a DOCA.

The DOCA on foot provides for an estimated return which is greater than and more certain than in liquidation.

11 REMUNERATION

It is my usual practise in Voluntary Administrations to charge the Aggs Robson scale of rates for this type of work applied to the amount of time spent by the Administrator and his staff during the administration.

At the meeting on Friday 15 January 2010 creditors will be asked to approve payment of my remuneration incurred for the period 8 December 2009 to 8 January 2010 in the amount of \$11,741.80 (excl GST), and from 9 January 2010 to the conclusion of the Administration in the amount of \$3,350.00 plus GST. I refer creditors to the attached remuneration report for further details.

12 ADMINISTRATOR'S RECOMMENDATION

I confirm that pursuant to Section 439A(4)(b) of the Act I am required to make a recommendation to creditors as to which of the options available is in their best interests.

Given that the Company is clearly insolvent and the Director does not wish to trade an insolvent Company nor would it be practical to do so I do not consider it appropriate for the creditors to return the Company to the Director in its existing state.

This leaves the alternatives of liquidation or entering into a Deed of Company Arrangement ("DOCA").

Given the above and the requirements of the Sections 439A(4)(b) of the Act to make a recommendation, I must recommend at this time that creditors accept the proposed DOCA on the following basis:

- Priority creditors obtain a return of 100 cents in the dollar;
- Unsecured creditors receive an estimated return of 5.29 cents in the dollar;
- Related parties will forgo any claim of the Deed fund; and
- There is greater certainty as comparative to the recoveries available in liquidation.

13 SECOND MEETING OF CREDITORS


I advise that the complete Report as to Affairs will be available for the creditors to inspect one hour prior to commencement of the creditors meeting.

The meeting will be open to creditors for questions and general discussion. Should you wish to have me address any issue in detail please complete the attached question sheet and return it to me by facsimile prior to the meeting date. This allows me time to prepare a detailed response to your question.

This concludes my Section 439A(4) report to creditors.

Should you have any queries in relation to any matter raised in this report then please do not hesitate to contact Abdul Chambal of my office.

For and on behalf of
Flo Concept Group Pty Ltd (Administrator Appointed)


W. Roland Robson for
Phillip Aggs
Administrator
Enc.

Annexure A

Flo Concept Group Pty Limited (Administrator Appointed)

	DOCA	Liquidation	Notes
Assets Available:			
Cash at Bank	2,000.00	3,000.00	1
Deed of Company Arrangement Provision - min payment	128,000.00	-	2
Plant and Equipment	-	-	3
Antecedent Transactions	-	49,120.00	4
/less Est. Legal costs associated with Antecedent Transactions	-	<u>12,280.00</u>	5
Estimated Total Realisable Assets	<u>130,000.00</u>	<u>39,840.00</u>	
<i>Less</i> Administrators/Liquidators Disbursements incl GST	3,300.00	3,300.00	6
<i>Less</i> Administrators Remuneration incl GST	16,500.00	16,500.00	6
<i>Less</i> Deed Administrator / Liquidator Remuneration incl GST	<u>7,700.00</u>	<u>22,000.00</u>	6
	27,500.00	41,800.00	
Total Available to Creditors	102,500.00	-	
<i>less</i> Priority Creditors Claims - Leave	90,774.61	90,774.61	7
Total Funds Available to Unsecured Creditors	11,725.39	-	
Related Party Unsecured Creditors	-	1,122,494.00	8
Ordinary Unsecured Creditors	221,668.00	221,668.00	9
Shortfall on Leased Assets on Realisation	-	20,869.23	10
Deed of Company Arrangement Expected Return			
<i>Expected Return to Priority Creditors</i>	100.00%		
<i>Expected Return to Unsecured Creditors</i>	5.29%		
Liquidation Expected Return			
<i>Expected Return to Priority Creditors</i>		0.00%	
<i>Expected Return to Unsecured Creditors</i>		0.00%	

Notes

1. Refer to section 5.1 of the Report to Creditors
2. Refer to section 3 of the Report to Creditors
3. Refer to section 5.3 & 5.5 of the Report to Creditors
4. Refer to section 7.1 of the Report to Creditors
5. Estimated legal costs to be incurred in the recovery of the antecedent transactions (25%)
6. Refer to the Remuneration Report
7. Refer to section 5.4 of the Report to Creditors
8. Refer to section 5.6 of the Report to Creditors.
9. Refer to section 5.6 of the Report to Creditors.
10. Refer to section 5.3 & 5.5 of the Report to Creditors



Remuneration Report

**FLO CONCEPT GROUP PTY LIMITED
(ADMINISTRATOR APPOINTED)
A.C.N. 117 893 008 ("the Company")**

In compliance with the Insolvency Practitioners Association Code of Professional Practice and the requirements of the Corporations Act 2001, I set out below details of remuneration for myself and staff of my firm in respect of the Voluntary Administration of Flo Concept Group Pty Ltd (Administrator Appointed).

REMUNERATION METHODS

There are four basic methods that can be used to calculate the remuneration charged by an insolvency Practitioner. They are:

a. Time based / hourly rates

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

b. Fixed Fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

c. Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

d. Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of this administration we propose that our remuneration be calculated on time based/ hourly rates. This is because:

- it ensures that creditors are only charged for work that is performed. Time is recorded and charged in six minute increments
- staff and I are required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to creditors, reporting to Australian Securities and Investment Commission; and
- I am unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this liquidation due to the complexity of the issues such as investigations between related entities.

At the meeting of creditors to be held on 15 January 2010, I will be requesting creditors approve my remuneration in the amount of \$11,741.80 (excl GST) for the period from 8 December 2009 up until 8 January 2010 and further remuneration from 8 January 2010 to the conclusion of the administration to an upper limit of \$3,350.00 (excl of GST) before further fee approval is required to be approved by a meeting of creditors, a Committee of Creditors or by the Court.

Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title ²	Description ³	Hourly Rate (excl GST)
Appointee	Registered Liquidator/Trustee. Partner bringing his/her specialist skills to insolvency appointments	\$436.00
Director/ Consultant	Qualified with 10 years experience. Specialist Industry knowledge or Registered Liquidator/Trustee who assists the appointee with all facets of the insolvency appointments.	\$305.00
Senior Manager	Qualified with 8+ year's experience. Well developed technical and commercial skills, brining additional specialist's skills to the insolvency appointments.	\$292.00
Manager	Typically qualified with 6-8 year's experience. Well developed technical and commercial skills. Planning and control of insolvency appointments.	\$222.00
Supervisor	Typically Qualified. 4-7 years experience. Co-ordinates planning and control of medium to larger insolvency appointments.	\$175.00
Senior 1	Typically qualified or near qualified with 1-4 years experience. Controls facets of the insolvency appointments under supervision.	\$165.00
Senior 2	Typically qualified or near qualified with up to 2 years experience. Controls facets of the insolvency appointments under supervision.	\$131.00
Intermediate 1	Typically an Under Graduate. May have some experience minor experience.	\$110.00
Intermediate 2	Typically an Under Graduate. Generally has little to no experience.	\$101.00
Word Processing		\$110.00

DESCRIPTION OF WORK UNDERTAKEN TO DATE AS ADMINISTRATOR

I refer creditors to the following report detailing work undertaken to date by employee and task.

Prebilling by Assignment Type Summarised

To 8/01/2010



Emp Name	Employee Category	Total Hours	Charge	Billed	Written Off	Unbilled
Flo Concept Group Pty Limited						
Administration						
Aggs Phillip	Appointee	0.20	87.20	0.00	0.00	87.20
Chambal Abdul	Manager	9.00	1,179.00	0.00	0.00	1,179.00
Cleaver Claudine	Manager	0.20	44.40	0.00	0.00	44.40
Disbursements Firm	Administrative Officer	0.00	70.46	0.00	0.00	70.46
Mecoles Meledi	Administrative Officer	0.80	88.00	0.00	0.00	88.00
Robson W. Roland	Director	2.30	701.50	0.00	0.00	701.50
Total Assignment Type		12.50	2,170.56	0.00	0.00	2,170.56
Assets						
Chambal Abdul	Manager	1.10	144.10	0.00	0.00	144.10
Total Assignment Type		1.10	144.10	0.00	0.00	144.10
Creditors						
Aggs Phillip	Appointee	2.10	915.60	0.00	0.00	915.60
Chambal Abdul	Manager	20.60	2,698.60	0.00	0.00	2,698.60
Robson W. Roland	Director	10.60	3,233.00	0.00	0.00	3,233.00
Total Assignment Type		33.30	6,847.20	0.00	0.00	6,847.20
Investigations						
Chambal Abdul	Manager	10.30	1,349.30	0.00	0.00	1,349.30
Disbursements Firm	Administrative Officer	0.00	36.09	0.00	0.00	36.09
Robson W. Roland	Director	4.30	1,301.10	0.00	0.00	1,301.10
Total Assignment Type		14.60	2,686.49	0.00	0.00	2,686.49
Total Client		61.50	11,848.35	0.00	0.00	11,848.35
Report Total		61.50	11,848.35	0.00	0.00	11,848.35

DESCRIPTION OF WORK TO BE UNDERTAKEN AS ADMINISTRATOR

Task Area	General Description	Includes
Asset \$800	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
Creditors \$1,800	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
	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 meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
	Deed of Company Arrangement	Over viewing the draft of a Deed of Company Arrangement

Task Area	General Description	Includes
Investigation \$500	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
Administration \$250	Correspondence	
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	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

Task Area	General Description	Includes
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

DESCRIPTION OF WORK TO BE UNDERTAKEN AS DEED ADMINISTRATOR

Task Area	General Description	Includes
Asset \$1,500	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors (if applicable)
	Other Assets	Collection of Deed Contribution
Creditors \$3,500	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 if applicable
	Secured creditor reporting	Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	Investigation, meeting and general reports to creditors
	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 of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
	Dividend	Adjudicating on POD's Facilitating the distribution to creditors

Task Area	General Description	Includes
Employees \$1,500	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	GEERS (if applicable)	Correspondence with GEERS Preparing notification spreadsheet Preparing GEERS quotations Preparing GEERS distributions
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting POD's Adjudicating POD's Ensuring PAYG is remitted to ATO
	Workers compensation claims	Review insurance policies Receipt of claim Liaising with claimant Liaising with insurers and solicitors regarding claims Identification of potential issues requiring attention of insurance specialists Correspondence with Workcover regarding initial and ongoing workers compensation insurance requirements Correspondence with previous brokers
Administration \$500	DOCA	Execution and lodgement
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists

Task Area	General Description	Includes
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	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	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

DESCRIPTION OF WORK TO BE UNDERTAKEN AS LIQUIDATOR

Task Area	General Description	Includes
Asset \$1,000	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings Realisation by way of auction or private treaty
	Onerous Contracts	Analytical review of the commerciality of retaining contracts Liaising with owners of the sites Preparing disclaimers
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Stock	Conducting stock takes Reviewing stock values Liaising with purchasers
	Other Assets	Tasks associated with realising other assets

Task Area	General Description	Includes
	Leasing	<ul style="list-style-type: none"> Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
Creditors \$3,000	Creditor Enquiries	<ul style="list-style-type: none"> 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 if applicable
	Retention of Title Claims (if applicable)	<ul style="list-style-type: none"> Receive initial notification of creditor's intention to claim Provision of retention of title claim form to creditor Receive completed retention of title claim form Maintain retention of title file Meeting claimant on site to identify goods Adjudicate retention of title claim Forward correspondence to claimant notifying outcome of adjudication Preparation of payment vouchers to satisfy valid claim Preparation of correspondence to claimant to accompany payment of claim (if valid)
	Secured creditor reporting	<ul style="list-style-type: none"> Preparing reports to secured creditor Responding to secured creditor's queries
	Creditor reports	<ul style="list-style-type: none"> Investigation, meeting and general reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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 meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
	Shareholder enquires	<ul style="list-style-type: none"> Initial day one letters

Task Area	General Description	Includes
Employees \$2,000	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	GEERS (if applicable)	Correspondence with GEERS Preparing notification spreadsheet Preparing GEERS quotations Preparing GEERS distributions
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting POD's Adjudicating POD's Ensuring PAYG is remitted to ATO
	Workers compensation claims	Review insurance policies Receipt of claim Liaising with claimant Liaising with insurers and solicitors regarding claims Identification of potential issues requiring attention of insurance specialists Correspondence with Workcover regarding initial and ongoing workers compensation insurance requirements Correspondence with previous brokers

Task Area	General Description	Includes
Investigation \$13,000	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Examinations (if applicable)	Preparing brief to solicitor Liaising with solicitor(s) regarding examinations Attendance at examination Reviewing examination transcripts Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / Recoveries (if applicable)	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
Administration \$1,000	Correspondence	
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers

Task Area	General Description	Includes
	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	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

REMUNERATION

Prospective Fees & Capping

When creditors meet on 15 January 2010, I will ask for approval for my remuneration to approved and set at a capped amount.

As previously mentioned, remuneration will be calculated on an hourly basis. The capped amount is not a fixed fee; therefore I am not entitled to draw remuneration until the services have actually been provided and I am only entitled to be paid for work necessarily and properly performed on the liquidation. If I am able to complete the liquidation for less than the capped amount, I will only be paid for the hours actually worked.

I am also entitled to draw remuneration to the capped amount. Should remuneration exceed the capped amount, I will need to obtain creditors approval before being entitled to draw any further remuneration.

Statement of Remuneration Claim

At the forthcoming meeting of creditors, creditors will be requested to pass the following resolutions relating to my fees:

“That the remuneration of the Administrator and his staff be hereby fixed on a time basis in accordance with the hourly rates adopted by his firm which are calculated by an indexation of the Insolvency Practitioners' Association of Australia former scale for the period commencing 8 December 2009 until and including 8 January 2010 in the amount of \$11,741.80 (excl of GST) and for the period of 9 January 2010 to the conclusion of the administration to an upper limited of \$3,350.00 (excluding GST) beyond which the Administrator must seek further permission of

creditors or of the Committee of Creditors, and the Administrator be authorised to make periodic payments on account of such accruing remuneration”

“That the remuneration of the Deed Administrator and his staff be hereby fixed on a time basis in accordance with the hourly rates adopted by his firm which are calculated by an indexation of the Insolvency Practitioners’ Association of Australia former scale be fixed to an upper limited of \$7,000 (excluding GST) beyond which the Deed Administrator must seek further permission of creditors or of the Committee of Creditors, and the Deed Administrator be authorised to make periodic payments on account of such accruing remuneration”

Or in the alternative

“That the remuneration of the Liquidator and his staff be hereby fixed on a time basis in accordance with the hourly rates adopted by his firm which are calculated by an indexation of the Insolvency Practitioners’ Association of Australia former scale be fixed to an upper limited of \$20,000 (excluding GST) beyond which the Administrator must seek further permission of creditors or of the Committee of Inspection, and the Administrator be authorised to make periodic payments on account of such accruing remuneration”

DISBURSEMENTS

Disbursements are divided into three types: **A**, **B1**, **B2**.

- A** disbursements are all externally provided professional services and are recovered at cost. An example of an A disbursement is legal fees.
- B1** disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost.
- B2** disbursements are internally provided non-professional costs such as photocopying and document storage. B2 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs.

Whilst **A** and **B1** are self explanatory I note the following is applicable to charges at **B2**:

Office telephone will be charged at \$100.00 (excl GST) on appointment and \$100 (excl GST) on July each consecutive year thereafter until the conclusion of the administration. Any charges incurred by staff on mobiles will be charged as per the flag fall rate detailed in their account.

Storage will be charged at \$25.00 (excl GST) per box or part there of stored. A recall charge of \$20.00 (excl GST) will also be applicable.

Creditor approval for payment of disbursements is not required, however I must account to creditors. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court. Any disbursements to date have been included in the Receipts & Payments as titled in this report. I will account to creditors on disbursements incurred and paid in any future reports to creditors.

RECEIPTS AND PAYMENTS

Receipts and Payments by Account
Flo Concept Group Pty Ltd (Administrator Appointed)
for the period 8 December 2009 to 8 January 2010

	\$
Receipts	
Cash at Bank	2,000
	nil
Payments	
Cash at Bank	2,000

INFORMATION SHEETS

For an explanation of terms used in this information sheet, see ASIC's 'Insolvency: a glossary of terms'.

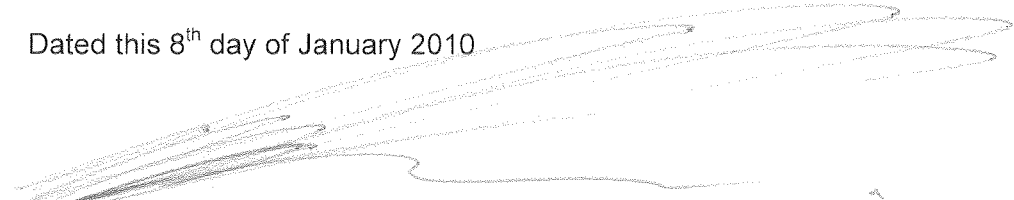
For more on insolvency administration, see ASIC's related information sheets at www.asic.gov.au/insolvencyinfosheets:

- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors

These are also available from the Insolvency Practitioners Association (IPA) website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice that is applicable to its members.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Dated this 8th day of January 2010


W. Roland Robson for
Phillip K. Aggs
Administrator

FORM 535

Subregulation 5.6.49(2)

Corporations Act (2001)

**FORMAL PROOF OF DEBT OR CLAIM
(GENERAL FORM)**

To the Administrator of Flo Concept Group Pty Limited (Administrator Appointed)

1. This is to state that the company was on Tuesday, 8 December 2009 *(date of court order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up)*, and still is, justly and truly indebted to:

(full name and address 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) for \$ _____ and _____ cents.

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

- *3. 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, remains unpaid and unsatisfied.
- *3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

.....
Signature
Occupation:
Address

Dated

Proof of Debt Reference:

*Do not complete if this proof is made by the creditor personally.

FORM 532

Regulation 5.6.29

Corporations Act 2001

A.C.N.: 117 893 008

APPOINTEMENT OF PROXY
FLO CONCEPT GROUP PTY LIMITED
(ADMINISTRATOR APPOINTED)

I/We (Note

1) _____

(name of creditor)

Of _____

(address of creditor)

A creditor of Flo Concept Group Pty Limited (Administrator Appointed) hereby appoint .

(name of proxy)(Note 2)

Of _____

(address of proxy)

Or in his

absence, _____

(name of alternative proxy)

Of _____

(address of alternative proxy)

Or (please tick if you wish to appointment the Administrator as the proxy holder)

Administrator

As my/our special/general (Note 3) proxy to vote at the concurrent meeting of creditors to be held in the above matter on Friday, 15 January 2010 or at any adjournment thereof.

If special proxy please select ONE of the following:

1 To vote on all matters arising from the meeting

AND/OR ALTERNATIVELY

2	To vote specifically in the following manner:	FOR	AGAINST	ABSTAIN
	(a) That the Company execute a Deed of Company Arrangement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(b) That the Voluntary Administration should end	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(c) That the Company be would up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(d) That the Administrator's and Deed Administrators/Liquidator's remuneration be approved	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this day of 20

Signature _____(Note 4)

CERTIFICATE OF WITNESS (NOTE 5)

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 before he attached his signature or mark to the instrument.

DATED this _____ day of _____ 20_____

Signature of Witness _____

Description _____

Place of Residence _____

NOTE:

1. If a firm, strike our "I" and set out the full name of the firm.
2. Insert the name, address and description of the person appointed.
3. If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.
4. The signature of the creditor, contributory, debenture holder or member must not be attested by the person nominated as proxy.
5. This certificate is to be completed only where the person giving the proxy is blind or incapable of writing.

Proxy forms should have been completed and returned by no later than 4:00 PM on Thursday, 14 January 2010.

RETURN TO: Flo Concept Group Pty Limited (Administrator Appointed)

of care of Aggs Robson
Address: GPO Box 189, Brisbane QLD 4001
Phone: (07) 3221 0963
Fax: (07) 3211 8640