

Circular to Creditors

Our World Winemaking Australia Pty Limited (In Liquidation) **A.C.N. 074 081 155**

We refer to our appointment as liquidators of the above company and to our previous circular to creditors.

In this circular we:

- Give notice of the final dividend to creditors;
- Provide an accounting of receipts and payments to date; and
- Give notice of a final meeting of creditors to be held.

1. Final Dividend

Attached in **Annexure A** to this report is notice of our intention to declare a final dividend to the unsecured creditors of the company.

As a result of the following three (3) matters, it will **not be possible to declare any further dividend to the unsecured creditors** as the remaining surplus in the bank account will be required to pay a make up dividend to the unsecured creditors who deferred their claims to dividend and the ATO whose final claim as a creditor was only established after the lodgement of the June 2009 income tax return.

In summary, this liquidation will be successful in paying a dividend of 95c/\$ to all unsecured creditors of the company which we consider is a significant achievement.

1.1. Realisation of Wine Stocks

As creditors will be aware, much of the company's bottled wine stock was being run out through an on line auction house. The wines achieved consistent prices throughout the 6 month auction campaign however were at a price that was less than we had expected at the commencement of the voluntary administration.

1.2. Additional Taxation Liabilities

Given that a substantial dividend to unsecured creditors was to be paid, it was necessary to cause the company to complete a final income tax return for the June 2009 financial year.

In the last year of trading the company recorded a taxable income and tax payable of \$18,115.50 was assessed as owing. This amount represents an additional liability to be paid rateably with all other unsecured company creditors and the Australian Taxation Office must be paid a make up dividend to ensure that they are paid rateably with all other unsecured/unpreferred creditors.

1.3. Asset Write Off

Throughout the course of the liquidation we have attempted to collect amounts owed to the company by two overseas customers. Despite assistance provided to me by former staff of the company, the following debts have proven to be uncollectable:

- Turner Wine Imports - \$10,241.56
- Rubicon Ventures - \$4,748.00

2. Receipts and Payments

2.1. Receipts and Payments

Attached in **Annexure B** to this report is a summary of our receipts and payments in the liquidation to date.

There is currently \$40,097 cash at bank.

2.2. Realisation Reconciliation

A reconciliation of asset realisations achieved compared to the high estimated realisable value ("ERV") set out in our Administrators' report to creditors dated 4 August 2009.

	Gross Realisations	Estimated High ERV	Note
Cash at Bank	2,803	2,083	
Pre Appointment Debtors	74,261	84,000	
Wine Stock	164,558	180,000	2.2.1
Plant, Equipment & Barrels	18,500	32,850	2.2.2
Sundry Receipts	3,712	3,000	
	263,834	301,933	

2.2.1. Wine Stock

The majority of the bottled wine stock was cleared through an on line auction house. Heard Phillips in conjunction with the director and former staff of the company completed the bulk wine sales.

Overall the gross realisations achieved for the wine was only \$10,000 less than the low ERV value set out in our report to creditors and we consider this to be a good result. However, commission charges and associated transport costs with respect to the wine sales have reduced our gross realisations shown above by almost \$25,000.

2.2.2. Plant Equipment and Barrels

The price achieved for these sales was commensurate with the low ERV value set out in our report to creditors.

With respect to the barrel stock, some of the barrels were sold with the bulk wine and others were worth very little due to them being at the end of their useful life when emptied.

3. Creditor Claims

Set out below is a reconciliation of creditor claims received in this liquidation:

Reconciliation of Creditors	Administrators'		Admitted	Owing	Paid	Note
	Low	High				
	\$	\$				
Priority Liabilities						
Employee Entitlements	7,000	7,000	7,000		7,000	
Non Priority						
Trade Creditors	62,000	59,200	58,497		48,921	
ATO	11,200	10,700	33,442	17,484	14,286	3.1
Related Parties – employee entitlements	93,769	91,769	96,610	20,960	70,820	3.2
	173,969	168,669	195,549	38,444	141,027	

We comment further below:

3.1. *ATO*

Given the significant distribution to unsecured creditors that was paid in this liquidation, it was necessary for a final income tax return to be prepared for the 30 June 2009 financial year.

The preparation and lodgement of a final income tax return resulted in a tax assessment

of \$18,404.63 being raised.

The ATO are owed a makeup dividend in this final distribution.

3.2. Shareholders deferred interim distribution

In an effort to ensure that unrelated creditors received the highest possible dividend as quick as possible in this matter, the company's shareholders deferred their entitlements to be paid in the interim distribution made earlier this year.

As a result Linda Domas and Steve Brunato have only received a dividend of 50 c/\$ on amounts owed to them and are therefore owed a makeup dividend in this final distribution.

4. Meeting of Creditors

Attached in **Annexure C** to this report is a notice of meeting of creditors together with a proof of debt and proxy form.

The creditors' meeting is to be held at our offices on 21 October 2010.

The purpose of this meeting is to enable resolutions to be passed approving the liquidators' final remuneration claim thus enabling the liquidation to move to the final phase of paying a dividend to creditors.

5. Liquidators' Remuneration

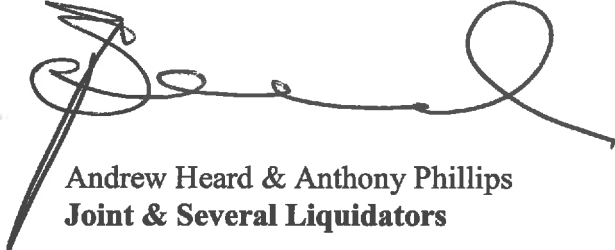
There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. As advised in our circular to creditors dated 4 August 2009, we proposed that our remuneration be calculated on time based/hourly rates basis.

Set out in **Annexure D** to this report is our remuneration report covering the period from November 2009 to completion of this matter.

At the forthcoming meeting of creditors we will seek approval for a single capped final remuneration claim of \$3,000.00 (GST and disbursements exclusive) for the period from November 2009 through to the completion of the liquidation. This discounted final remuneration claim is offered to assist the related parties who deferred their creditors claims and the ATO receive an equal share of the asset realisations achieved.

For any other queries, please contact the writer.

DATED this 11th day of October 2010



Andrew Heard & Anthony Phillips
Joint & Several Liquidators

Encl.

Contact: Andrew Heard
Email: andrew@heardphillips.com.au

Annexure A

FORM 546

Subregulation 5.6.65(1)

Corporations Act (2001)

NOTICE OF INTENTION TO DECLARE A DIVIDEND

**Our World Winemaking Australia Pty Limited
(In Liquidation)
A.C.N. 074 081 155**

A final dividend to unsecured creditors is to be declared on 5 November 2010 for the company.

Creditors whose debts or claims have not already been admitted are required on or before 2 November 2010 to formally prove their debts or claims. If they do not, they will be excluded from the benefit of the dividend.

Dated this 11th day of October 2010



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**Andrew Heard & Anthony Phillips
Joint & Several Liquidators**

Heard Phillips
Chartered Accountants
Level 5, 26 Flinders Street
Adelaide SA 5000
Ph: (08) 8212 3433
www.heardphillips.com.au

Annexure B

Our World Winemaking Australia Pty Limited

(In Liquidation)

Summary of Receipts and Payments from appointment to 23 September 2010

	Total (GST Inclusive)
Receipts	
<i>Asset Realisation</i>	
Cash at Bank	2,803
Pre Appointment Debtors	74,261
Wine Stock	164,558
Plant, Equipment & Barrels	18,500
	-
<i>Sundry Receipts</i>	
Commission earned	1,714
Refunds	97
GST Refunds	1,771
Interest Earned	130
<i>Other Receipts</i>	
Collections of client stock sales	23,104
Refund of client monies	(23,104)
	<u>263,834</u>
Payments	
Accounting fees	2,750
Appointee Disbursements	4,110
Appointees Fees - Administrator	15,805
Appointees Fees - Liquidator	12,683
Auctioneer Charges/Selling Costs	19,017
Bank Charges	451
Telephone/Internet Charges	286
Distribution to Priority Creditors	7,000
Distribution to Unsecured Creditors	134,027
GST Payable	3,969
Insurance	5,294
Valuation	2,475
Freight	5,660
Wine maintenance & storage costs	6,098
Wine Bottling & Packaging	4,113
	<u>223,737</u>
Cash at Bank	<u><u>\$ 40,097</u></u>

Annexure C

FORM 529

Corporations Act
Subregulation 5.6.12(6)

NOTICE OF MEETING

Our World Winemaking Australia Pty Limited (In Liquidation)
A.C.N. 074 081 155

NOTICE IS GIVEN that a meeting of the creditors of Our World Winemaking Australia Limited will be held at the offices of Heard Phillips Chartered Accountants, Level 5, 26 Flinders Street, Adelaide on 21 October 2010 at 12 midday.

A G E N D A

1. To consider a report on the financial position of the company;
2. To fix the remuneration of the liquidator; and
3. Any other business that may be lawfully brought forward.

DATED this 11th day of October 2010



Andrew Heard and Anthony Phillips
Joint & Several Liquidators

Heard Phillips, Chartered Accountants
Phone (08) 8212 3433
www.heardphillips.com.au

Corporations Act 2001

Our World Winemaking Australia Pty Limited (In Liquidation)
A.C.N. 074 081 155

APPOINTMENT OF PROXY

I/We
of
a creditor of Our World Winemaking Australia Pty Limited appoint
or in his or her absence as my/our general/special proxy to vote
at the meeting of creditors to be held on 21 October 2010 or at any adjournment of that meeting .

Special Proxy Instructions

Should you desire to direct your proxy how to vote on any resolution please insert [x] in the appropriate box
below. In the absence of a direction the proxy may vote at the proxy's discretion.

"That the Liquidators' fees for the period from November 2009 to the end of the liquidation be calculated on the
basis of time spent and charged at the scale of fees circulated to creditors with notice of this meeting and
approved for payment, but capped to a maximum sum of \$3,000.00 (GST exclusive)."

For [] Against [] Abstain []

DATED this day of 2010

.....
Signature¹

CERTIFICATE OF WITNESS

(This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the
member must not be witnessed by the person nominated as proxy).

I of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person
appointing the proxy and read to him or her before he or she signed or marked the instrument.

DATED this day of 2010

Signature of Witness

Description

Place of Residence

¹ Individual to sign for a sole trader, a Partner for a partnership or a Director or an Attorney or person duly authorized to sign on behalf of a company.

Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidators of Our World Winemaking Australia Pty Limited

1. This is to state that the company was on 9 July 2009 and still is, justly and truly indebted to
2 _____ for _____
\$ (_____)

Particulars of the debt are:

DATE	CONSIDERATION	AMOUNT (include details of substantiating vouchers)	REMARKS
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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:

If any bills or other negotiable securities are held show them in the following schedule:

DATE	DRAWER	ACCEPTOR	AMOUNT \$	DUE
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*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.

OR

*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.

Dated:
Signature:
Occupation:
Address:

* Delete if this proof is made by the creditor personally.

² Insert name and address of creditor

Annexure D

Remuneration Report

Our World Winemaking Australia Pty Limited (In Liquidation)

A.C.N. 074 081 155

In compliance with the Insolvency Practitioners Association of Australia Code of Professional Practice and the requirements of the Corporations Act 2001, we set out below our remuneration report for the period from 1 November 2009 to finalization of the liquidation.

This report is set out as follows:-

- Description of Work
- Calculation of Remuneration
- Report on Progress of the Administration (*Refer to attached report to creditors*)
- General Supporting Information

Description of Work

The tasks which external administrators undertake can be broadly divided into seven (7) categories. These are:-

- Assets
- Creditors
- Employees
- Trade On
- Investigation
- Dividend
- Administration

Information on the seven categories is summarised below to enable creditors to understand the type and purpose of work being undertaken

Company	Our World Winemaking Australia Pty Ltd	Period From	1 November 2009	To	30 June 2010
Practitioner	Andrew Heard & Anthony Phillips	Firm	Heard Phillips		
Administration Type	Creditors' Voluntary Liquidation				
Task Area	General Description	Includes			
Assets [\$6,101]	Plant & Equipment	<ul style="list-style-type: none"> • Finalise sale of barrel stock 			
	Inventory	<ul style="list-style-type: none"> • Follow up and reconcile online wine sales • Correspondence with Grays online • Make arrangements to have the bottled and sold (Sauvignon Blanc stock) • Finalise sales of bulk red stock • Correspondence with company re sales progress 			
	Debtors	<ul style="list-style-type: none"> • Pursuing the recovery of final debtors • Reconciliation and payments to 3rd parties for stock whose proceeds were collected with our debtors • Correspondence with company regarding assistance with collection 			
Creditors [\$ 762]	Employees enquiry	<ul style="list-style-type: none"> • Correspondence with priority creditor • Discussion with employees regarding deferral of claim 			
	General creditor enquiries	<ul style="list-style-type: none"> • Receive and respond to calls and communications from creditors • Maintain a register of creditor claims and contact details • File all creditor claims and correspondence in alphabetic order • Write and issue detailed report to creditors 			
Dividend [\$1,044]	Proof of debt management	<ul style="list-style-type: none"> • Receive proof of debt claims from creditors • Maintain a register of claims by name and amount • Consider claims and adjudicate creditors required 			

	Dividend procedures	<ul style="list-style-type: none"> • Advertise for creditor claims • Notify creditors of intention to pay a dividend • Cross check proofs of debt received to creditor reports and report as to affairs • Admit and reject creditor claims based on adjudication • Disburse dividend cheques
Administration [§ 4,385]	ATO matters	<ul style="list-style-type: none"> • Maintain records of receipts and payments as required by the Act • Prepare and lodge returns with the ATO as and when required • Prepare and lodge final June 2009 income tax return
	Bank account maintenance	<ul style="list-style-type: none"> • Maintain a cashbook and receipt/voucher system that accurately and completely records all receipts and payments • Reconcile bank accounts on a monthly basis
	Document and file maintenance	<ul style="list-style-type: none"> • Maintain and store all files, records and documents in accordance with a structured methodology and system • Maintain file notes of all conversations and meetings with parties relating to the conduct of the liquidation
	Planning / Review	<ul style="list-style-type: none"> • Maintain checklists to guide the conduct of the liquidation • Sign off checklist when tasks are complete • Periodically review the progress of the liquidation and compare to desired liquidation outcomes
	Statutory	<ul style="list-style-type: none"> • Prepare and file accounts in the prescribed form with the ASIC

Company	Our World Winemaking Australia Pty Ltd	Period From	1 July 2010	To	30 September 2010
Practitioner	Andrew Heard & Anthony Phillips	Firm	Heard Phillips		
Administration Type	Creditors' Voluntary Liquidation				
Task Area	General Description	Includes			
Assets [\$270]	Inventory	<ul style="list-style-type: none"> • Follow up and reconcile online wine sales • Correspondence with Grays online 			
Creditors [\$1,828]	General creditor enquiries	<ul style="list-style-type: none"> • Receive and respond to calls and communications from creditors • File all creditor claims and correspondence in alphabetic order • Commence writing final report to creditors 			
Employees [\$143]	ATO enquiry	<ul style="list-style-type: none"> • Follow up with ATO the missing Superannuation Guarantee Change distribution • Communicate with employee regarding response 			
Administration [\$ 654]	ATO matters	<ul style="list-style-type: none"> • Maintain records of receipts and payments as required by the Act • Prepare and lodge returns with the ATO as and when required • Prepare and lodge final June 2009 income tax return 			
	Bank account maintenance	<ul style="list-style-type: none"> • Maintain a cashbook and receipt/voucher system that accurately and completely records all receipts and payments • Reconcile bank accounts on a monthly basis 			
	Document and file maintenance	<ul style="list-style-type: none"> • Maintain and store all files, records and documents in accordance with a structured methodology and system • Maintain file notes of all conversations and meetings with parties relating to the conduct of the liquidation 			

Company	Our World Winemaking Australia Pty Ltd	Period From	1 October 2010	To	End
Practitioner	Andrew Heard & Anthony Phillips	Firm	Heard Phillips		
Administration Type	Creditors' Voluntary Liquidation				
Task Area	General Description	Includes			
Creditors [\$1,125]	General creditor enquiries	<ul style="list-style-type: none"> • Receive and respond to calls and communications from creditors • Maintain a register of creditor claims and contact details • File all creditor claims and correspondence in alphabetic order • Finalise final report to creditors 			
Dividend [\$690]	Proof of debt management	<ul style="list-style-type: none"> • Receive proof of debt claims from creditors • Maintain a register of claims by name and amount • Consider claims and adjudicate if and when required 			
	Dividend procedures	<ul style="list-style-type: none"> • Advertise final dividend • Disburse dividend cheques 			
Administration [\$1,505]	Appointment	<ul style="list-style-type: none"> • Lodge final forms to retire from job 			
	ATO matters	<ul style="list-style-type: none"> • Register for GST • Maintain records of receipts and payments as required by the Act • Prepare and lodge returns with the ATO as and when required 			
	Bank account maintenance	<ul style="list-style-type: none"> • Maintain a cashbook and receipt/voucher system that accurately and completely records all receipts and payments • Reconcile bank accounts on a monthly basis 			
	Books & Records	<ul style="list-style-type: none"> • Store records securely and maintain and update the firm register of books and records • Arrange for the destruction of books and records as and when appropriate 			
	Creditors meeting	<ul style="list-style-type: none"> • Advertise meetings of creditors • Issue notices of meeting to all creditors or committee members as appropriate • Receive proof of debts and proxies and record in attendance register • Prepare meeting agendas and draft minutes • Chair the meetings of creditors • Prepare minutes of meeting • File copies of minutes of meeting with the ASIC 			
	Document and file maintenance	<ul style="list-style-type: none"> • Maintain and store all files, records and documents in accordance with a structured methodology and system • Maintain signed file notes of all conversations and meetings with parties relating to the conduct of the liquidation 			
	Planning / Review	<ul style="list-style-type: none"> • Maintain checklists to guide the conduct of the liquidation • Sign off checklist when tasks are complete • Periodically review the progress of the liquidation and compare to desired liquidation outcomes • Periodically peer review conduct of the liquidation to ensure Quality Control is maintained 			
Statutory	<ul style="list-style-type: none"> • Prepare and file accounts in the prescribed form with the ASIC 				

Calculation of Remuneration

Professional fees

For the Period from 1 November 2009 to 30 June 2010

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Hours	Assets (\$)	Hours	Creditors (\$)	Hours	Employees (\$)	Hours	Investigation (\$)	Hours	Dividend (\$)	Hours	Administration (\$)
Andrew Heard	Appointee	275	20.9	5,748	12.6	3,465	1.3	358		-		-	3	825	4	1,100
Anthony Phillips	Co-appointee	275	3.8	1,045	2.4	660	0.4	110		-		-	0.7	193	0.3	83
Danielle Penny	Senior	170	0.3	51		-	0.2	34		-		-		-	0.1	17
Tina King	Intermediate 2	130	18.4	2,392	11.9	1,547		-		-		-		-	6.5	845
Carla Carbone	Intermediate 2	130	23.5	3,055	3.3	429	2.0	260		-		-	0.2	26	18	2,340
Amelia Merchant	Junior	90	0	-		-		-		-		-		-		-
TOTAL				\$ 12,291	30.2	\$ 6,101	3.9	\$ 762	-	\$ -	-	\$ -	4	\$ 1,044	28.9	\$ 4,385
TOTAL (including GST)				1,229												
Average hourly rate (GST Exclusive)				\$ 184		\$ 202		\$ 195						\$ 268		\$ 152

For the Period from 1 July 2010 to 30 September 2010

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Hours	Assets (\$)	Hours	Creditors (\$)	Hours	Employees (\$)	Hours	Investigation (\$)	Hours	Dividend (\$)	Hours	Administration (\$)
Andrew Heard	Appointee	285	8	2,280		-	6.2	1,767	0.5	143		-		-	1.3	371
Anthony Phillips	Co-appointee	285	0	-		-		-		-		-		-		-
Danielle Penny	Senior	170	0.2	34		-	0.2	34		-		-		-		-
Tina King	Intermediate 2	135	3.7	500	2	270	0.2	27		-		-		-	1.5	203
Carla Carbone	Intermediate 2	135	0.6	81		-		-		-		-		-	0.6	81
Amelia Merchant	Junior	95	0	-		-		-		-		-		-		-
TOTAL				\$ 2,895	2.0	\$ 270	6.6	\$ 1,828	0.5	\$ 143	-	\$ -	-	\$ -	3.4	\$ 654
GST				289												
TOTAL (including GST)																
Average hourly rate (GST Exclusive)				\$ 232		\$ 135		\$ 277		\$ 285						\$ 192

For the Period from 1 October 2010 to end of liquidation

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Hours	Assets (\$)	Hours	Creditors (\$)	Hours	Employees (\$)	Hours	Investigation (\$)	Hours	Dividend (\$)	Hours	Administration (\$)
Andrew Heard	Appointee	285	7	1,995		-	3.0	855		-		-	1	285	3.0	855
Anthony Phillips	Co-appointee	285	1	285		-		-		-		-		-	1.0	285
Danielle Penny	Senior	170	0	-		-		-		-		-		-		-
Tina King	Intermediate 2	135	2	270		-	1.0	135		-		-		-	1.0	135
Carla Carbone	Intermediate 2	135	5	675		-	1.0	135		-		-	3	405	1.0	135
Amelia Merchant	Junior	95	1	95		-		-		-		-		-	1.0	95
TOTAL				\$ 3,320		\$ -	5.0	\$ 1,125		\$ -		\$ -	4	\$ 690	7.0	\$ 1,505
TOTAL (including GST)				332												
Average hourly rate (GST Exclusive)				\$ 208				\$ 225						\$ 173		\$ 215

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.

Full details of disbursements on this appointment are provided in the attached statement of receipts and payments. Creditor approval for the payment of disbursements is not required, however we must account to creditors. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in court.

General Supporting Information

Summary of Receipts and Payments

A summary of the liquidators' receipts and payments is attached as **Annexure "B"**.

Statement of Remuneration Claim

At the forthcoming meeting of creditors, creditors will be asked to pass the following resolution:-

Liquidators' Prospective Fees

"That the Liquidators' fees for the period from 1 July 2010 to finalization be calculated on the basis of time spent and charged at the scale of fees circulated to creditors with notice of this meeting and approved for payment, but capped to a maximum sum of \$3,000.00 (GST exclusive)."

It is expected that this remuneration claim will be to a point where the asset sales have concluded and investigations conducted in order to determine the extent (if any) of any legal actions that may be necessary to recover assets or monies for the company. Should legal recoveries be identified, further work will be required resulting in further costs and additional approvals from creditors will be required.

The previous remuneration claims have been as follows:

Creditors meeting dated 12 August 2009:

- "That the Administrators' remuneration calculated from appointment to 31 July 2009 be fixed in the sum of \$9,535 plus GST."
- "That the Administrators' remuneration calculated from 1 August 2009 to 12 August 2009 be fixed to a capped figure of \$4,833 plus GST."
- "That the Liquidators' future remuneration from 13 August 2009 be approved for payment up to a fixed sum of \$11,530 plus GST"

Queries/Information Sheets

The above information is provided to assist creditors consider the appropriateness of the remuneration claim that is being made.

Creditors should feel free to contact the Liquidators' office to seek further information concerning the remuneration claim if they so need.

The ASIC have produced a document entitled "*Information Sheet 85, Approving Fees: a guide for creditors*" that can be downloaded from the ASIC web site www.asic.gov.au or alternatively a copy can be obtained if you contact this office.