

5 June 2009

To the member or creditor as addressed

Dear Sir/Madam,

**HERITAGE FINE WINES PTY LTD (IN LIQUIDATION)**  
**ACN 093 310 715**

**ANNUAL REPORT**

I refer to my appointment as liquidator of the abovenamed company on 4 May 2005 made pursuant to an Order of the Supreme Court of New South Wales.

**ANNUAL MEETING OF MEMBERS AND CREDITORS**

A formal notice of an annual meeting of members and creditors is enclosed. The meeting has been convened as follows:

Time and Date: 3 July 2009 at 11.00am  
Venue: Crouch Amirbeaggi  
Level 28, 31 Market Street  
Sydney, NSW 2000

This meeting is being called pursuant to my statutory requirement as liquidator to convene annual meetings of creditors and members. The purpose of the meeting is to discuss the administration generally. There are no formal agenda items at this time.

**PROXY FORMS AND PROOF OF DEBT FORMS TO BE LODGED PRIOR TO MEETING**

If you wish to attend and vote at the meeting you must lodge a Proof of Debt form with my office prior to the meeting. If you have already lodged a Proof of Debt form with my office there is no need to lodge another form for this meeting.

Corporate creditors and/or individual creditors wishing to appoint a person as proxy to attend the meeting on their behalf must lodge a Proxy form with my office prior to the meeting.

A Proxy form and Proof of Debt form is enclosed.

**EXCEPTION REGARDING LODGEMENT OF PROOFS OF DEBT FOR WINE INVESTORS**

Pursuant to Orders of the Supreme Court of New South Wales, it is not necessary for wine investors to lodge a formal Proof of Debt form for the value of bottles lost and levies paid (unless specifically requested to do so). For the purposes of this meeting, these claims shall be admitted for the amount paid for the lost wine and levies paid on wine assigned to investors by the receiver and manager.

## **REPORT ON THE PROGRESS OF THE LIQUIDATION**

As you are aware, I have retired as receiver and manager. Together with Shabnam Amirbeaggi my continuing role in this matter remains as joint and several liquidator.

### **PAYMENTS RECEIVED FROM DIRECTORS**

As advised in previous reports, a confidential agreement was reached with the company's directors to settle various claims I made against the directors relating to their conduct and obligations. Under the terms of this agreement, the directors were required to pay a final instalment in June of this year. The directors have requested the final amount payable be paid by 10 monthly instalments commencing June 2009. I have on an interim basis agreed to this request. The total amount to be paid by the directors remains the same. It is timing of the payment that the directors wish to vary.

It is my view that it is in the interests of creditors to extend the period for collection of the final amount payable by the directors. I will shortly invite the Committee of Inspection's view on the proposed variation. I reserve my rights to commence various actions against the directors in the event of a default of the settlement deed that I do not consent or agree to. I will invite creditors' views of the variation of terms at the forthcoming meeting.

### **DIVIDENDS**

I have previously estimated that a dividend payment of 100 cents in the dollar for employee claims of or about \$350,000 and a dividend of up to 6 cents in the dollar to unsecured creditors is likely to be paid. Unfortunately due to the amount of work involved in calculating the final reconciliation of bottles and the incurring of material legal costs in dealing with ongoing investigations into the auditors' conduct (see below), I now estimate that in a worst case scenario the dividend may be limited to payment in full of priority employee claims only. Until my investigations and potential recoveries are finalised the actual dividend to unsecured creditors will remain uncertain. It is anticipated that a first and final dividend in the range of \$250,000 - \$400,000 will be paid in late 2010.

### **SALE OF LIEN AND HOUSE WINE**

In late 2007 all wine that was subject to a lien by me, was sold at auction through Grays online. The results of this auction, as well as the results of the house wine auction, have been uploaded to my website at [www.bankruptcy.net.au](http://www.bankruptcy.net.au).

### **POTENTIAL CLAIM AGAINST FORMER AUDITORS**

I have held discussions with the auditor of HFW. I sought, and the auditor declined to provide, the details and work papers that relate to the 2003 and 2004 audit of the company's accounts. I require this information for the purposes of determining if a claim against the auditor may be prosecuted for the benefit of creditors. I recently held public examinations of the auditor. As part of this process the auditor was required to produce the information that he had previously declined to make available. Lawyers acting on behalf of the auditor have vigorously objected to the disclosure of various information I have sought; and generally attempted to frustrate my investigations into the auditor's conduct resulting in various attendances to court. I will advise creditors of the result of the public examinations and potential litigation against the auditor in due course.

### **SUMMARY OF RECEIPTS AND PAYMENTS ATTACHED**

Attached as Annexure A, is a summary of the liquidation receipts and payments for the period 5 March 2005 to 3 June 2009. Six monthly accounts of my receipts and payments have been lodged with ASIC.

**COMMITTEE OF INSPECTION TO CONSIDER LIQUIDATOR'S REMUNERATION**

I intend to convene a further meeting of the Committee of Inspection shortly to consider, amongst other things, the approval of the liquidators' remuneration for the period from 1 August 2008 to 21 May 2009. My professional fees incurred for this period are estimated to be \$280,000 (excluding GST). I will seek creditors' view of this issue at the forthcoming meeting.

Please contact Tarnya Tkachenko of my office should you require any further information.

Yours faithfully,

**HERITAGE FINE WINES PTY LIMITED**



**NICHOLAS CROUCH  
JOINT & SEVERAL LIQUIDATOR**

Encl:     Annexure A - Receipts and payments summary  
          Form 529 - Notice of meeting of members and creditors  
          Form 535 - Formal proof of debt  
          Form 532 - Appointment of proxy

**FORM 529**

**NOTICE OF MEETING OF MEMBERS AND CREDITORS**

**HERITAGE FINE WINES PTY LIMITED (IN LIQUIDATION)  
ACN 093 310 715**

Notice is given that an annual meeting of the members and creditors will be held at the offices of Crouch Amirbeaggi, Level 28, 31 Market Street, Sydney NSW on 3 July 2009 at 11:00am.

AGENDA

1. Statutory meeting requirements.
2. Consideration of the report from liquidators.
3. Any other business.

Attendance at this meeting is not compulsory.

Dated 5 June 2009



**NICHOLAS CROUCH  
JOINT & SEVERAL LIQUIDATOR**



**HERITAGE FINE WINES PTY LTD (IN LIQUIDATION)**  
**ACN 093 310 715**

To the Liquidator of the abovenamed company: -

1. This is to state that the company was at 5 April 2005 and still is justly and truly indebted to

(Name) \_\_\_\_\_

Of (Address) \_\_\_\_\_

in the sum of (Amount) \$ \_\_\_\_\_ dollars.

Particulars of the debt are:

Date	Consideration <small>Detail goods delivered/services rendered/outstanding employee entitlements</small>	Amount	GST	Total Amount

**(Attach invoices/statements, or details of goods delivered/services rendered/employee entitlements)**

DATED            /   /

Signature: \_\_\_\_\_

Occupation: \_\_\_\_\_

Telephone: \_\_\_\_\_

Email: \_\_\_\_\_

ABN: \_\_\_\_\_

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. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them).*

\*3. I am employed by the creditor 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 duly 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, still remains unpaid and unsatisfied.

\*Strike out whichever is not applicable

Please return completed form by fax 02 8262 9300 or mail to Crouch Amirbeaggi, Level 28, 31 Market Street, Sydney, NSW 2000. Contact Tarnya Tkachenko on 02 8262 9333 with any issues.

<b>Office Use Only</b>			
<b>File No.</b>		<b>Accepted</b>	<b>\$</b>
<b>Processed By:</b>		<b>Rejected</b>	<b>\$</b> <b>Date Sent :</b>
<b>Date Processed</b>		<b>Under Consideration</b>	<b>\$</b>

**HERITAGE FINE WINES PTY LTD (IN LIQUIDATION)**  
**ACN 093 310 715**

(Name) \_\_\_\_\_

Of (Address) \_\_\_\_\_

a creditor of the abovenamed company appoint (name of person attending or chairperson) \_\_\_\_\_

or in their absence (name of alternative person attending or chairperson) \_\_\_\_\_ as general /\***special**  
(\*Circle **general** to permit proxy to vote as they choose or circle **special** to direct proxy to vote per instructions as circled below.)  
proxy to vote at the meeting of creditors to be held on or about 3 July 2009 at 11.00am, or at any  
adjournment of that meeting.

\_\_\_\_\_  
Signature and/or Company Seal

Dated \_\_\_\_/\_\_\_\_/\_\_\_\_

\_\_\_\_\_  
Print Name

I/we authorise (name) \_\_\_\_\_ to represent me/us on the committee of  
inspection if elected.

**COMPLETE BELOW ONLY IF CREDITOR IS A BANK OR SECURED CREDITOR**

I am a secured creditor and the total amount owed to me after deducting the value of my security is \$\_\_\_\_\_

**COMPLETE BELOW ONLY IF CREDITOR IS BLIND - Certificate of Witness**

This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor 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 before he  
attached his signature or mark to the instrument.

Dated \_\_\_\_/\_\_\_\_/\_\_\_\_

Signature of witness: \_\_\_\_\_

Please return by fax 02 8262 9300 or mail to Crouch Amirbeaggi, Level 28, 31 Market Street, Sydney,  
NSW 2000. Proxies must be received at least 24 hours prior to the meeting. Contact Tarnya  
Tkachenko on 02 8262 9333 for assistance.

Heritage Fine Wines Pty Ltd  
(In Liquidation)

A.C.N. 093 310 715

Receipts and Payments for period between 5 March 2005 and 3 June 2009

ANNEXURE A

Receipt Type	Received to Date \$	Estimated Future Receipts \$	Total Estimated Receipts \$	Payment Type	Paid to Date \$	Estimated Future Payments \$	Total Estimated Payments \$
Debtors	600.00		600.00	Accounting & Legal Fees	295,775.14		295,775.14
Sale of Business	715,000.00		715,000.00	Computer Exp, Searches & Printing	43,188.37		43,188.37
Plant & Equipment(Gross)	3,693.05		3,693.05	Pallet Hire	1,992.61		1,992.61
Simon Farid Loan Repayments	131,282.37		131,282.37	Travel & Accom	2,589.75		2,589.75
Refunds & Rebates	324,771.39		324,771.39	Consulting Fees & Room Hire	776.00		776.00
Interest Received	79,194.26		79,194.26	Bank fees	420.05		420.05
Director's Settlement	1,333,333.33	666,667.00	2,000,000.33	Insurance & Storage	79,758.16		79,758.16
GEERS Receipts	254,105.48		254,105.48	Liquidators Fees	2,127,974.25	284,098.53	2,412,072.78
Sale of wine	1,274,399.75		1,274,399.75	Liquidators Disbursements	33,472.95		33,472.95
			0.00	Commission & Exp re: sale of wine	82,957.24		82,957.24
Other			0.00	Investor refunds & Transfers	15,227.79		15,227.79
			0.00	Payment to Greg Parker	278,174.24		278,174.24
			0.00	Reimb HFW R&M for expenses incurred by Liq	590,739.18		590,739.18
			0.00	BAS Payments	156,981.00		156,981.00
			0.00	GEERS Payments	254,380.48		254,380.48
	<u>4,116,379.63</u>	<u>666,667.00</u>	<u>4,783,046.63</u>		<u>3,964,407.21</u>	<u>284,098.53</u>	<u>4,248,505.74</u>

Note: All figures are inclusive of GST where applicable

Funds Available to Distribute  
Less Dividends Paid  
Funds Available for Distribution

534,540.89  
0.00  
534,540.89