

DYNAMIC DIGITAL DEPTH AUSTRALIA PTY LTD

(In Liquidation)
ACN 060 154 949

Report to Creditors

Section 70-40
Insolvency Practice Rules (Corporations) 2016

7 May 2018

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Enclosures

- (i) Proof of Debt or Claim form

1. Introduction

- 1.1 I refer to my appointment as Liquidator of the company on 9 February 2018 (AWST) and to my initial information for creditors dated 22 February 2018.
- 1.2 The purpose of this report is to provide creditors with an update on the progress of the liquidation in accordance with Section 70-40 of the Insolvency Practice Rules (Corporations) 2016, and to advise creditors of the likelihood that a dividend will be paid in the liquidation.

2. Receipts and payments

- 2.1 The following is a summary of receipts and payments in the liquidation to date:

	\$
Receipts	
Cash at bank	15,928.23
Contribution towards Liquidator's fees	26,104.84
Office and computer equipment	921.81
Lease deposit	4,220.73
	47,175.61
Payments	
Bank charges	22.05
Bookkeeping fees	337.90
Agent's fees	193.78
Legal fees	571.50
Liquidator's fees	15,228.50
Liquidator's disbursements:	
Advertisements	35.50
Facsimiles	34.00
Postage	36.00
Printing & photocopying	77.00
Searches	38.50
Stationery	3.34
Telephone	12.11
GST (net)	1,520.68
	18,110.86
Cash at bank as at 7 May 2018	29,064.75

3. Assets

- 3.1 The company's director gave an estimate in his Report as to Affairs ("RATA") of potential realisations. Set out below is a comparison of this estimate with the Liquidator's estimate and actual realisations to date.

	Ref	RATA estimate \$	Liquidator's estimate \$	Liquidator's realisations to date \$
Cash at bank	3.2	15,595.55	15,928.28	15,928.28
Lease deposit	3.3	5,321.05	5,320.73	4,220.73
Office and computer equipment	3.4	Nil	921.81	921.81
		20,916.60	22,170.82	21,070.82

3. Assets (cont.)

3.2 *Cash at bank*

3.2.1 The sum of \$15,928.28 was realised following the closure of the company's bank account with Bankwest.

3.3 *Lease deposit*

3.3.1 The company's former landlord held the sum of \$5,320.73 in respect of the lease for the company's former premises.

3.3.2 The sum of \$4,220.73 has been realised and the remaining \$1,100.00, less any deductions for outgoings calculated at year end, will be realised in due course.

3.4 *Office and computer equipment*

3.4.1 The company's nominal office and computer equipment was collected by my agent and realised \$728.03 (excluding GST, less agent's fees and disbursements) at auction.

4. Secured creditors

4.1 According to a search of the Personal Property Securities Register ("PPSR") on 17 January 2018, the following parties have registered security interests against the company's ACN:

Secured party	Details of charge
Bankwest	Bankwest advised that this registration was old and has now been removed from the PPSR. There is no debt owed to Bankwest.
Kiandra IT Pty Ltd	There is no debt owed to Kiandra IT Pty Ltd.
Arisawa Manufacturing Co., Ltd. ("Arisawa")	Arisawa registered a security interest over the funds held in the company's Bankwest account. Arisawa's security interest vested in me as Liquidator of the company pursuant to Section 588FL of the Corporations Act 2001.

5. Unsecured creditors

5.1 According to the director's RATA, the company had four unsecured creditors, whose claims totalled \$22,349,735.05.

5.2 To date, I have received one Proof of Debt totalling \$16,546.42. On the basis of current information, I estimate that the total amount owed to unsecured creditors is \$22,437,735.05 (including the secured creditor shortfall).

5. Unsecured creditors (cont.)

5.3 I have identified the following related party creditors:

Creditor	Amount owed \$
DDD Group plc	10,425,549
Dynamic Digital Depth USA Inc.	11,907,665

5.4 Please find enclosed a Proof of Debt or Claim form to enable any unsecured creditors who have not already done so to lodge their claim against the company.

6. Dividend

6.1 The likelihood that a dividend will be paid to creditors will be affected by a number of factors including:

- (i) The size and complexity of the administration.
- (ii) The amount of assets realisable and the costs of realising those assets.
- (iii) The statutory priority of certain claims and costs.
- (iv) The value of various classes of claims including secured, priority and unsecured creditor claims.
- (v) The volume of enquiries by creditors and other stakeholders.

6.2 At this stage of the liquidation, I consider that there will be insufficient funds available to pay a dividend to unsecured creditors of the company.

6.3 However, the likelihood of a dividend is largely dependent on the outcome of my investigations into possible recovery actions, if any (see Section 10).

6.4 If a dividend is payable, creditors will be contacted prior to payment of the dividend and will be asked to lodge a Proof of Debt. This will formalise creditors' claims against the company.

7. Reasons for the company's failure

7.1 I note that company's business ceased to trade on or around 9 February 2018.

7.2 From my preliminary inquiries to date (see Section 8, below), I consider that the reasons for the company's failure are likely to be as follows:

- (i) A decline in the stereoscopic 3D consumer market, being the company's main area of expertise; and
- (ii) The insolvency of the parent company, DDD Group plc.

8. Inquiries undertaken to date

8.1 The following inquiries have been made to date:

- (i) Undertaking searches including a company search, PPSR search, vehicle search, director search and property search.
- (ii) Contacting the Sheriff's Office to determine whether any recovery action has been undertaken on behalf of creditors.
- (iii) Contacting the Child Support Agency and Workcover WA to determine the company's outstanding liabilities.
- (iv) Contacting the Office of State Revenue and the Australian Taxation Office ("ATO") to determine the company's outstanding tax-related liabilities.
- (v) Requesting that the ATO provide me with access to the company's taxation records via the Business Portal.
- (vi) Attending the company's storage unit.
- (vii) Collecting and preparing a listing of the company's books and records and office and computer equipment obtained from the company's storage unit.
- (viii) Reviewing the company's financial statements and draft accounts to determine whether there are any unaccounted for assets and/or liabilities.
- (ix) Reviewing the director's Report as to Affairs.
- (x) Reviewing the Questionnaire for Directors & Officers completed by each of the current director and the former director.
- (xi) General inquiries of the company's director and former director regarding assets and liabilities.
- (xii) Sending an initial notice to creditors, encouraging creditors to submit their claim against the company.
- (xiii) Inquiries regarding the lease deposit held.

9. Further inquiries that may need to be undertaken

9.1 I note the following further inquiries may need to be undertaken:

- (i) Extensive review of the company's books and records.
- (ii) Conducting an investigation into the company's affairs and the conduct of its officers.
- (iii) Determining whether there are any possible recovery actions (see Section 10, below).
- (iv) Lodging a report with the Australian Securities and Investments Commission ("ASIC") detailing my investigation findings.
- (v) General inquiries of the company's director(s) regarding assets and liabilities.

9.2 If creditors are aware of a particular matter that requires further investigation, please contact this office immediately.

10. Possible recovery actions

10.1 I am yet to determine any possible recovery actions but note that the most common recovery actions available to a liquidator are as follows:

- (i) Insolvent trading.
- (ii) Unfair preferences.
- (iii) Uncommercial transactions.
- (iv) Unfair loans.
- (v) Unreasonable director-related transactions.

11. What happens next?

11.1 I will proceed with the liquidation, including:

- (i) Realising the remaining assets.
- (ii) Recovering any further available property.
- (iii) Completing my investigations into the company's affairs.
- (iv) Completing my reporting to the corporate insolvency regulator, ASIC.

11.2 I may write to creditors again with further information on the progress of the liquidation.

12. More information

12.1 Creditors can access information which may be of assistance on the following websites:

- (i) Sheridans at www.sheridansac.com.au/downloads/
- (ii) ARITA at www.arita.com.au/creditors
- (iii) ASIC at www.asic.gov.au (search for "insolvency information sheets")

If you wish to discuss the above matters, please contact David Blanchett or Melissa Ledger of this office.

Yours faithfully



JENNIFER E. LOW
Liquidator of
Dynamic Digital Depth Australia Pty Ltd

DYNAMIC DIGITAL DEPTH AUSTRALIA PTY LTD
ACN 060 154 949
(In Liquidation) ("the company")

PROOF OF DEBT OR CLAIM

This is to state that the company was on 9 February 2018 and still is justly and truly indebted to _____ for:

\$ _____ and _____ cents

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

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 \$	Due date

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. ①

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. ①

① *Delete both if this proof is made by the creditor personally. Otherwise, strike out or leave, as appropriate.*

Please ensure this proof is signed for completion, before lodgement.

Date: _____

Signature: _____

Name: _____

Occupation: _____

Creditor's address: _____

☐ I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act 2001 at the following email address:
