

31 October 2014

REPORT TO CREDITORS
OF
INVESTMENT INTELLIGENCE CORPORATION PTY LIMITED
(IN LIQUIDATION)
A.C.N. 101 616 371
("the Company")

I refer to my previous correspondence in respect to the Company.

The report is set out in the following headings for creditors' assistance:

- (i) Appointment of Official Liquidator
- (ii) Update regarding Liquidation/Investigation
- (iii) Dividend to Creditors
- (iv) Receipt and payments summary

(I) Appointment of Liquidator

I refer to my appointment as Official Liquidator of the above Company on Wednesday, 19 June 2013, pursuant to an Order of the Supreme Court of Queensland.

(II) Update regarding Liquidation/Investigation

Update on Court proceedings

As you would be aware, an Application was filed with the Supreme Court of Queensland which was due to be heard on 23 July 2014 to ask the Court to consider the following issues:

- Members Claims; and
- Proportionate Liability.

The proceedings were adjourned, and heard on 5 September 2014 before His Honour Justice Byrne.

The Court determined the following in relation to the matters above:

Members Claims

In my circular to creditors dated 21 July 2014, I advised creditors that for claims by persons who had membership to the websites operated by the Company, I would be asking the Court to determine that those persons (members) are to be admitted to proof for the proportion of a year for which the website was shut down.

Justice Byrne considered that unlike His Honour Justice Applegarth, he would not be prepared to make any decision about individual claims by either members or investors. His Honour considered that Section 554A of the *Corporations Act 2001* ("the Act") did not permit him to make a decision on the claims across the board, but only permitted him to make decisions on individual matters where that creditor was before the Court.

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

NEWCASTLE

Ph: (612) 4969 5521
Fx: (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 9263 2800

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 6557 6200
Fx: (618) 9218 8950

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

DARWIN

Ph: (618) 8943 0645
Fx: (618) 8943 0654

A member of AGN
International Ltd, a
worldwide association
of separate and
independent
accounting
and consulting firms

www.hallchadwick.com.au

SYDNEY • NEWCASTLE • PARRAMATTA • PENRITH • MELBOURNE • PERTH • BRISBANE • GOLD COAST • DARWIN

Liability limited by a scheme approved under Professional Standards Legislation.

Furthermore, His Honour considered that he would not be prepared to enter into any consideration of the issues of the rights of members. His Honour expressed the view that members probably have no claim given the suspension of the web site probably amounts to frustration and the worth of access to the site going forward was probably nil.

Notwithstanding the above, His Honour did advise that it was a matter for the Liquidator to decide.

As such, I consider it appropriate to admit members to claim for a proportion of the year which they did not receive the service which was to be provided as part of their membership.

Proportionate Liability

As you would be aware, I also asked the Court to determine whether proportionate liability applies in relation to investors claims and if so, to what extent.

His Honour considered it appropriate to review and provide advice on the law applicable to contribution and proportionate liability.

In my circular to creditors dated 21 July 2014, I referred to two conflicting decisions which relate to proportionate liability and were recently handed down by the Federal Court of Australia. Those decisions were likely to impact the assessment of any claims by investors against the Company.

Those decisions were considered by His Honour in his determination of the relevance of proportionate liability of the claims against the Company.

His Honour concluded that he found proportionate liability and contribution did not apply to claims available to investors under Section 1041E of the Act – investors are therefore entitled to prove for the full amount of their liquidated losses.

Given the above, I intend to admit provable claims in full without the application of any proportionate liability against investors claims in this distribution.

Liquidator's Investigations

I advise the Committee that I have concluded most of my investigations into the business, property and affairs of the Company and will lodge my confidential report with the Australian Securities and Investments Commission shortly.

(III) Dividend to Creditors

The realisation of the assets of the Company resulted in sufficient funds being available to pay a dividend to the unsecured creditors of the Company.

Please find enclosed the following;

- Form 548 - Notice to Creditor or Person Claiming to be a Creditor of Intention to Declare a Dividend.
- Form 535 - Formal Proof of Debt or Claim.

To participate in the dividend creditors whose debts or claims have not already been admitted are required to formally prove their debts or claims. In the event a creditor does not provide me with a Proof of Debt by the date recorded in the attached notice of dividend then they will be excluded from the benefit of the dividend.

Those creditors that have not lodged a Proof of Debt should complete the attached Form 535 and return it to my office so you can participate in the dividend to creditors.

When completing the Proof of Debt, please attach any evidence supporting your claim against the Company.

(IV) Receipts and Payments Summary

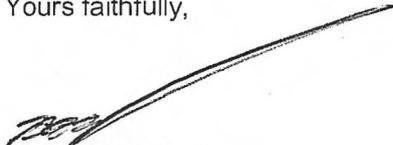
Attached for creditors attention is a receipts and payments summary for the period up to the date of this report.

ASIC Notices

Creditors should be aware that all advertisements in respect of insolvency matters are now located on the ASIC's website: <http://www.insolvencynotices.asic.gov.au>.

Should you have any queries regarding this report, please do not hesitate to contact Jennifer Huynh of this office.

Yours faithfully,



BLAIR PLEASH
OFFICIAL LIQUIDATOR

Form 548

Subregulation 5.6.65(1)

Corporations Act 2001

**NOTICE TO CREDITOR OR PERSON CLAIMING TO BE A
CREDITOR OF INTENTION TO DECLARE A DIVIDEND**

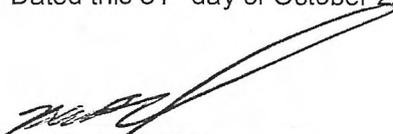
**INVESTMENT INTELLIGENCE CORPORATION PTY LIMITED
(IN LIQUIDATION)
A.C.N. 101 616 371
("the Company")**

A dividend is to be declared for the above named Company on 22 December 2014.

You are required formally to prove your debt or claim on or before 20 November 2014.

If you do not, I will exclude your claim from participation, and I will proceed to make a final dividend without having regard to it.

Dated this 31st day of October 2014.



BLAIR PLEASH
OFFICIAL LIQUIDATOR
Hall Chadwick
Level 40, 2 Park Street
Sydney NSW 2000

FORM 535

Subregulation 5.6.49(2)

Corporations Act (2001)

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

To the Official Liquidator of Investment Intelligence Corporation Pty Limited (In Liquidation)

1. This is to state that the company was on Wednesday, 19 June 2013, 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:

Investment Intelligence Coporation Pty Limited (In Liquidation)

A.C.N. 101 616 371

Receipts and Payments Summary

19 June 2013 to 31 October 2014

Type	Account	Amount (\$)
RECEIPTS		
	Funds from American Express Settlement	230,313.72
	Funds from Westpac Settlement	2,600,388.28
	Interest Income	35,444.61
	Pre Appointment Cash at Bank	1,410.45
	TOTAL RECEIPTS	\$2,867,557.06
PAYMENTS		
	Appointee Disbursements	14,056.10
	Appointee Fees	679,743.36
	Bank Charges	1,182.80
	Creditor's meeting - Hilton	11,712.35
	Legal Disbursements	12,132.27
	Legal fees	639,168.72
	Petitioning Creditor Costs	15,000.00
	Printing & Stationery	835.12
	Suncorp transaction traces	570.00
	TOTAL PAYMENTS	\$1,374,400.72
	NET RECEIPTS	\$1,493,156.34