

# Indigo Properties Australia Limited

ACN 108 019 263

*(Subject to Deed of Company Arrangement)*

Annual Financial Statements

30 June 2011

*(Subject to Deed of Company Arrangement)*

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## Deed Administrators' Report

The Company was established primarily to take advantage of investment opportunities arising from development projects being undertaken by a group of entities associated with former Directors, Mr Lawrence Truce and Mr Mitchell Neilsen, both of whom resigned as directors of the Company on 5 June 2009 ("Indigo Private Group" or "Borrower"). The Company has an interest bearing loan to the Borrower which is secured by charges over borrowing entities, registered second or third mortgages over certain properties or other securities deemed acceptable by the Directors.

During prior periods, certain entities associated with the Borrower were placed into voluntary administration and subsequently receivership, impacting the recoverability of the loan.

On 17 September 2010, the Company entered into a deed restructuring debts due from an entity associated with the Indigo Private Group and releasing certain security properties from charges and mortgages held by Indigo Properties. The Company received non-cash consideration of \$1.1 million in the form of a new loan receivable from Trinity Green Developments Pty Ltd, an entity associated with Indigo Private Group.

In October 2010, the Company received a letter of demand from a bank calling for payment of \$2.5 million under a guarantee that had been provided by the Company in 2006 to financiers of property developments of the Borrower based in Brisbane.

In November 2010, the Company received a conditional off-market takeover bid for all of the issued shares in the Company at a price of \$0.005 per share from DK Northern Investments Pty Ltd, a company related to a significant shareholder. The offer was open for acceptance until 14 January 2011 which was extended to 28 January 2011 and has subsequently lapsed.

On 14 February 2011, the Company announced that the takeover bid by DK Northern Investments Pty Ltd was only accepted by 87.3% of Shareholders which fell short of the 90% minimum acceptance condition. The takeover of the Company therefore did not proceed. The Company was very low on cash reserves and was unable to meet its payment obligations. Consequently, the Company was placed into voluntary administration on that date.

On 14 February 2011, the Company appointed Mr Terry John Rose and Mr Terry Grant van der Velde as joint and several administrators of the Company pursuant to Section 436A(1) of the Corporations Act.

The Administrators became joint and several deed administrators under a deed of company arrangement executed on 17 June 2011 and subsequently varied on 4 September 2012 (Original DOCA). The proponent to the Original DOCA was RAK Capital Pty Limited. Notwithstanding the Company's shareholders approval of the various resolutions required under the Original DOCA (on 24 May 2013), RAK Capital failed to proceed with the proposed recapitalisation.

As a result, the Administrators convened a meeting of the Company's creditors on 4 June 2015. At this meeting the Original DOCA was terminated and the Company was placed into liquidation. At this meeting, the Administrators were appointed as liquidators and as joint and several administrators of the Company.

*(Subject to Deed of Company Arrangement)*

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## Deed Administrators' Report (continued)

In June 2015, Arowana Partners Group Pty Ltd (Arowana) approached the Administrators of the Company with a proposal to recapitalize the Company and continue its property finance and development business operations using the structure of a deed of company arrangement and creditor's trust deed (Recapitalisation). The Recapitalisation proposal was accepted at a meeting of the Company's creditors convened on 10 July 2015.

On 31 July 2015, the deed of company arrangement (DOCA) required to implement the Recapitalisation was entered into by Arowana and the Administrators (as joint and several administrators of the Company and as joint and several administrators of the DOCA). An ASX announcement regarding this transaction was released on 31 July 2015.

As part of the DOCA process, the Administrators are seeking a permanent stay of liquidation in order to complete the DOCA and proceed with recapitalisation and re-quotation of the Company on the ASX. It is expected that an application seeking a permanent stay of liquidation will be filed shortly and heard by the Court immediately following the shareholders meeting contemplated by the DOCA.

The Deed Administrators present their report together with the financial report of the Indigo Properties Australia Limited ("Company") for the year ended 30 June 2011 and the review report thereon.

### Directors

The Directors of the Company at any time during or since the end of the year and until the date of this report unless otherwise stated are:

<b><i>Name</i></b>	<b><i>Period of directorship</i></b>
Selwyn Snell <i>Chairman and Independent Non-Executive Director</i>	Appointed 27 February 2006 (resigned 5 October 2012)
Ian Gillespie <i>Independent Non-Executive Director</i>	Appointed 27 February 2006 (resigned 5 October 2012)
Stephen Mackay <i>Managing Director, Chief Financial Officer and Company Secretary</i>	Appointed 17 February 2004 (resigned 5 October 2012) Appointed 9 January 2004 (resigned 5 October 2012)
John Kenny <i>Director</i>	Appointed 5 October 2012
Craig Anderson <i>Director</i>	Appointed 17 February 2014
Mark Clements <i>Director</i>	Appointed 5 October 2012
Scott Douglas <i>Director</i>	Appointed 5 October 2012 (resigned 4 February 2014)

## Deed Administrators' Report (continued)

### Information on Directors

#### John Kenny

Mr Kenny is a lawyer by profession. He holds a Bachelor of Commerce (Hons) and Bachelor of Laws from the University of Western Australia. Through his practise of corporate and mining law and investment banking, he has advised many ASX listed public companies in the areas of equity and debt finance. Mr Kenny has been a venture capital investor in several ASX mining floats. He also has experience in a number of sectors of Australian agribusiness with involvement both as a director and as an investor.

Directorships in the past 3 years: Gippsland Limited, Sun Resources NL, Indus Coal Limited.

#### Craig Anderson

Mr Anderson is a primary industry specialist with a diverse background in a significant number of commodities in Australia and Asia. Mr Anderson has tertiary qualifications in science and business management and more than 20 years' experience in developing, financing and managing large scale production enterprises. He has held a number of executive and board positions in both public and private companies in Australia and has strong experience of project management and trade in Asian jurisdictions. This has included various forestry, horticultural and viticultural commodities as well as carbon and environmental offset projects in Australia and Asia.

Directorships of listed entities in the past 3 years: TW Holdings Limited (resigned 18 November 2014).

#### Mark Clements

Mr Clements holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants of Australia. Mr Clements is also a member of the Australian Institute of Company Directors and an affiliated member of the Institute of Chartered Secretaries in Australia. He has over 18 years management, corporate administration, finance and accounting experience working for a number of listed and unlisted public companies, for which he has held the role of Company Secretary for over 10 years. Mr Clements has previously worked for an international accounting firm.

Directorships in the past 3 years: MOD Resources NL

### Principal Activities

The principal activity of the Company during the period was to act as an investment entity with investments in the following:

- Loans - the Company generally holds charges over borrowing entities and registered mortgages over certain development properties; and
- Property development – through equity investments in property development entities.

### Operating and Financial Review

The net loss after income tax of the Company for the year was \$3,281,844 (2010: \$5,166,739). The result for the year is largely a result of the ongoing global financial crisis and its impacts on Australian property markets.

*(Subject to Deed of Company Arrangement)*

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## Deed Administrators' Report (continued)

The Company was established primarily to take advantage of investment opportunities arising from development projects being undertaken by a group of entities associated with former Directors, Mr Lawrence Truce and Mr Mitchell Neilsen, both of whom resigned as directors of the Company on 5 June 2009 ("Indigo Private Group" or "Borrower"). The Company has an interest bearing loan to the Borrower which is secured by charges over borrowing entities, registered second or third mortgages over certain properties or other securities deemed acceptable by the Directors.

During prior periods, certain entities associated with the Borrower were placed into voluntary administration and subsequently receivership, impacting the recoverability of the loan (refer Note 2(a)).

On 17 September 2010, the Company entered into a deed restructuring debts due from an entity associated with the Indigo Private Group and releasing certain security properties from charges and mortgages held by Indigo Properties. The Company received non-cash consideration of \$1.1 million in the form of a new loan receivable from Trinity Green Developments Pty Ltd, an entity associated with Indigo Private Group.

In October 2010, the Company received a letter of demand from a bank calling for payment of \$2.5 million under a guarantee that had been provided by the Company in 2006 to financiers of property developments of the Borrower based in Brisbane.

In November 2010, the Company received a conditional off-market takeover bid for all of the issued shares in the Company at a price of \$0.005 per share from DK Northern Investments Pty Ltd, a company related to a significant shareholder. The offer was open for acceptance until 14 January 2011 which was extended to 28 January 2011 and has subsequently lapsed.

On 14 February 2011, the Company appointed Mr Terry John Rose and Mr Terry Grant van der Velde as joint and several administrators pursuant to Section 436A(1) of the Corporations Act.

At a meeting of Creditors held in accordance with Section 439A(1) of the Corporations Act on 21 March 2011, the Administrators recommended to Creditors that it was in their best interests to continue with the administration of the Company in order to explore options to reconstruct and recapitalise via a deed of company arrangement (DOCA).

At the reconvened second Creditors meeting held in accordance with Section 439A(1) of the Corporations Act on 26 May 2011, the Creditors resolved that the Company execute a DOCA.

The Company and the Administrators entered into a reconstruction proposal with RAK Capital Pty Ltd (RAK Capital) to facilitate the recapitalisation of the Company whereby the Administrators confirmed RAK Capital as the preferred proponent to recapitalise the Company. The Company subsequently entered into a deed of company arrangement on 17 June 2011. As a result of the failure to fulfil the terms of the deed of company arrangement the arrangement was terminated on 4 June 2015.

As part of the original DOCA the following changes were effected:

(a) **Board Changes:**

As part of the recapitalisation process the Board will change with Messrs' Kenny, Douglas and Clements being appointed as Directors (which occurred on 5 October 2012).

(b) **Auditor Changes:**

KPMG was removed as auditor of the Company and HLB Mann Judd was appointed.

## Deed Administrators' Report (continued)

Subsequently, the Company and the Administrators received a further reconstruction and recapitalisation proposal from Arowana Partners Group Pty Ltd (Arowana). The Company entered into a deed of company arrangement with Arowana on 31 July 2015.

### **Basis of Preparation of Financial Statements – Liquidation (Orderly Wind Down) Basis**

During the year, the Company recorded losses of \$3,281,844 and at 30 June 2011 had net liabilities of \$3,999,380, a deficiency in net current assets of \$3,999,380 and current liabilities of \$5,104,346.

In response to the ongoing global financial crisis and its impacts on Australian property markets, Indigo Properties reviewed the carrying value of its assets in order to identify whether they may be impaired. As a result, the Company recognised net impairment losses in respect of its assets totalling \$792,343 (2010: \$1,799,111) (Refer Note 8).

These conditions cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Deed Administrator's consider it appropriate to prepare the financial report for the year ended 30 June 2011 on a liquidation basis, which would be based on an orderly wind down of operations. The comparative disclosures were prepared on a liquidation (orderly wind down) basis.

The reason why the Company is not regarded as a going concern has been set out in Note 2(a) of the financial statements and above.

Given the uncertainties in valuing assets and liabilities on a liquidation basis, it is likely that the valuation of assets and liabilities included in these financial statements may differ from actual results.

### **Subsequent Events**

The Administrators became joint and several deed administrators under a deed of company arrangement executed on 17 June 2011 and subsequently varied on 4 September 2012 (Original DOCA). The proponent to the Original DOCA was RAK Capital Pty Limited. Notwithstanding the Company's shareholders approval of the various resolutions required under the Original DOCA (on 24 May 2013), RAK Capital failed to proceed with the proposed recapitalisation.

As a result, the Administrators convened a meeting of the Company's creditors on 4 June 2015. At this meeting the Original DOCA was terminated and the Company was placed into liquidation. At this meeting, the Administrators were appointed as liquidators and as joint and several administrators of the Company.

In June 2015, Arowana Partners Group Pty Ltd (Arowana) approached the Administrators of the Company with a proposal to recapitalize the Company and continue its property finance and development business operations using the structure of a deed of company arrangement and creditor's trust deed (Recapitalisation). The Recapitalisation proposal was accepted at a meeting of the Company's creditors convened on 10 July 2015.

On 31 July 2015, the deed of company arrangement (DOCA) required to implement the Recapitalisation was entered into by Arowana and the Administrators (as joint and several administrators of the Company and as joint and several administrators of the DOCA). An ASX announcement regarding this transaction was released on 31 July 2015.

*(Subject to Deed of Company Arrangement)*

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## Deed Administrators' Report (continued)

As part of the DOCA process, the Administrators are seeking a permanent stay of liquidation in order to complete the DOCA and proceed with recapitalisation and re-quotation of the Company on the ASX. It is expected that an application seeking a permanent stay of liquidation will be filed shortly and heard by the Court immediately following the shareholders meeting contemplated by the DOCA.

### Proposed Recapitalisation

#### *Key terms of the recapitalisation*

The proposed Recapitalisation will be implemented pursuant to the DOCA. The completion under the DOCA is subject to a number of conditions being satisfied or waived, including:

- (a) the Courts granting a permanent stay of or ordering the termination of the liquidation of the Company;
- (b) Arowana being satisfied in relation to the value of the Company's property;
- (c) Arowana subscribing for 300 million shares and 50 million options to raise a total of \$2 million as follows:
  - (i) 100 million shares at \$0.001 cents per share;
  - (ii) 100 million shares at \$0.005 cents per share;
  - (iii) 50 million shares at \$0.008 cents per share;
  - (iv) 50 million shares at \$0.010 cents per share and
  - (v) 50 million options to be issued to Arowana or nominees of Arowana at \$0.010 cents per option.
- (d) Arowana paying \$400,000 in cash to the Administrators and the creditors' trust and the Company issuing 20 million Shares to the Administrators, to be made available to creditors via the creditors' trust;
- (e) The Company obtaining shareholder approvals required to implement the Recapitalisation. These approvals will authorise (among other things) Arowana acquiring voting power in the Company in excess of 20% for the purposes of section 611 exception 7 of the Corporations Act; and
- (f) receipt of written confirmation from ASX that trading of the Company's shares can recommence without needing to re-comply with Chapters 1 and 2 of the Listing Rules following termination of the DOCA.

An independent expert's report will be presented to the Company's shareholders to assist them in assessing the Recapitalisation, specifically the issue of shares and options to Arowana.



## Deed Administrators' Report (continued)

At completion of the DOCA:

- (a) The Company will retain, on an unencumbered basis, all of the assets used in, necessary for, or otherwise relevant to, their current business operations and will be released from all claims against them;
- (b) The Company's capital structure will reflect the following:
  - (i) current shareholders and creditors will control approximately 12% of ordinary shares on issue (representing 10.4% on a fully diluted basis);
  - (ii) Arowana will control approximately 88% of ordinary shares on issue (or 89.6% on a fully diluted basis); and
- (c) The Company will have approximately \$1.5 million in cash.

The Recapitalisation will not result in an undertaking being injected into the Company. Throughout the Recapitalisation process the business operations of the Company will continue. The purpose of the Recapitalisation is to restructure the Company's issued capital and net asset base position and provide working capital.

As part of the Recapitalisation, the Company will apply to the ASX for its shares to be requoted.

As part of the original DOCA the following changes were effected:

- (c) **Board Changes:**  
As part of the recapitalisation process the Board will change with Messrs' Kenny, Douglas and Clements being appointed as Directors (which occurred on 5 October 2012).
- (d) **Auditor Changes:**  
KPMG was removed as auditor of the Company and HLB Mann Judd was appointed.

Other than the items outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in the future financial years.

### **Indemnification and Insurance of Officers and Auditors**

#### ***Indemnification***

Since incorporation, the Company has not indemnified or made a relevant agreement for indemnifying against a liability, any person who is or has been an officer of the Company, or an auditor of the Company.

#### ***Insurance Premiums***

During the financial period, the Company has paid premiums in respect of directors or executive officers for liability and legal expenses insurance contracts. Such insurance contracts insure against certain liability (subject to specific exclusions) for persons who are or have been the directors or executive officers of the Company.

Details of the nature of the liabilities covered or the amount of the premium paid has not been included as such disclosure is prohibited under the terms of the contracts.

*(Subject to Deed of Company Arrangement)*

## Deed Administrators' Report (continued)

### Non-audit Services

The Company's auditor during the year was HLB Mann Judd. HLB Mann Judd did not perform any other services in addition to their statutory duties. A copy of the auditors' independence declaration as required under Section 307C of the Corporations Act is included in the Deed Administrator's report.

No amounts were paid to the auditor of the Company and its related practices for audit and non-audit services provided during the year.

Details of the amounts paid to the previous auditor of the Company and its related practices for audit and non-audit services provided during the year are set out below:

	2011 \$	2010 \$
<b>Statutory audit</b>		
Previous auditors of the company		
- audit and review of financial reports	101,557	93,500
<b>Services other than statutory audit</b>		
Previous auditors of the company		
- accounting and tax advice	-	7,700

### Directors' Meetings

There were no meetings held during the financial period.

### Corporate Governance Statement

There were no corporate governance practices in place during the financial period.

### Dividends

No dividends were paid or declared by the Company since the end of the previous financial year.

### State of Affairs

There were significant changes in the state of affairs of the Company that occurred during the financial year under review as described in Note 2(a) of the financial statements.

### Likely Developments

Information about likely developments in the operations of the Company and the expected results of those operations in future financial periods has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Company.

### Environmental Regulation

The Company's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation.

### Proceedings on behalf of the Company

No person has applied to the Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

(Subject to Deed of Company Arrangement)

## Deed Administrators' Report (continued)

### Remuneration Report - Audited

The following table provides the details of all directors of the Company and the nature and amount of the elements of their remuneration for the year ended 30 June.

		Short-term salary & fees	Post- employment Benefits	Total
		\$	\$	\$
<b>Non-executive directors</b>				
Mr S Snell	2011	7,334	600	7,934
	2010	88,004	7,200	95,204
Mr I Gillespie	2011	4,167	375	4,542
	2010	50,000	4,500	54,500
<b>Executive directors</b>				
Mr S Mackay	2011	7,333	600	7,933
	2010	88,000	7,200	95,200
Total compensation	2011	18,834	1,575	20,409
	2010	226,004	18,900	244,904

Since their respective appointments, Messrs Kenny, Anderson, Douglas and Clements have not received or accrued any remuneration.

### Directors' Interests

The relevant interest of each director in the share capital of the Company, as notified by the directors to the Australian Securities Exchange in accordance with S205G(1) of the Corporations Act 2001, as at the date of this report is as follows:

Directors	Ordinary shares
S Snell	
- directly	-
- indirectly	-
I Gillespie	
- directly	-
- indirectly	-
S Mackay	
- directly	50,302
- indirectly	-

Messrs Kenny, Douglas and Clements were appointed directors on 5 October 2012 and each hold nil ordinary shares. Mr Anderson, who was appointed a director on 17 February 2014, does not hold any ordinary shares in the Company.

*(Subject to Deed of Company Arrangement)*

## Deed Administrators' Report (continued)

In considering the Company's performance and benefits for shareholders wealth, the Deed Administrators have regard to the following indices in respect of the current and previous financial years.

	2011	2010	2009	2008	2007
Net profit/(loss)	(\$3,281,844)	(\$5,166,739)	(\$31,646,555)	(\$8,596,926)	\$4,652,604
Dividends paid	-	-	-	\$2,288,571	\$7,676,819
Change in share price	(i)	(i)	(\$0.26)	(\$0.62)	\$0.00
Total employee expenses	\$95,454	\$118,005	-	\$131,492	\$80,625
Employee expenses as percentage of net profit	n/a	n/a	n/a	n/a	1.7%

(i) The Company's shares have been suspended from trading on the Australian Securities Exchange since 1 June 2009.

## End of Remuneration Report

### Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The auditor's independence declaration is set out on page 12 and forms part of the Deed Administrators' report for the year ended 30 June 2011.

Signed in accordance with the Deed of Company Arrangement:



**Terry John Rose**



**Terry Grant van der Velde**

of SV Partners as joint and several deed administrators of the Company.

Dated: 30 September 2015

**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the consolidated financial report of Indigo Properties Australia Limited for the year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Perth, Western Australia  
30 September 2015**

**N G Neill  
Partner**

*(Subject to Deed of Company Arrangement)*

## Statement of Comprehensive Income for the year ended 30 June 2011

	Note	2011 \$	2010 \$
Interest income – loans		453,837	992,233
Other income	7	1,730	22,625
<b>Total income</b>		<b>455,567</b>	<b>1,014,858</b>
Professional fees		(211,177)	(322,615)
Impairment losses	8	(792,343)	(1,799,111)
Financial guarantees	15,17	(2,443,164)	(3,309,580)
Depreciation expense		(743)	(217)
Employee expenses		(95,454)	(118,005)
Directors fees		(20,409)	(244,904)
Shareholder expenses		(25,377)	(29,783)
Interest expense		(43,274)	(6,233)
Other operating expenses		(105,470)	(351,149)
<b>Loss before income tax</b>		<b>(3,281,844)</b>	<b>(5,166,739)</b>
Income tax expense	10(a)	-	-
<b>Net loss for the year</b>		<b>(3,281,844)</b>	<b>(5,166,739)</b>
Other comprehensive income		-	-
<b>Total comprehensive loss for the period</b>		<b>(3,281,844)</b>	<b>(5,166,739)</b>
Basic/diluted loss per share attributable to ordinary equity holders	11	(3.96) cents	(6.24) cents

*The accompanying notes form part of these financial statements.*

*(Subject to Deed of Company Arrangement)*

## Statement of Changes in Equity for the year ended 30 June 2011

	Share Capital \$	Accumulated Losses \$	Total Equity \$
<b>2011</b>			
Balance at 1 July 2010	44,516,361	(45,233,897)	(717,536)
Loss for the year	-	(3,281,844)	(3,281,844)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	-	(3,281,844)	(3,281,844)
Transactions with owners recorded directly in equity	-	-	-
<b>Balance at 30 June 2011</b>	<b>44,516,361</b>	<b>(48,515,741)</b>	<b>(3,999,380)</b>
<b>2010</b>			
Balance at 1 July 2009	44,516,361	(40,067,158)	4,449,203
Loss for the year	-	(5,166,739)	(5,166,739)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	-	(5,166,739)	(5,166,739)
Transactions with owners recorded directly in equity	-	-	-
<b>Balance at 30 June 2010</b>	<b>44,516,361</b>	<b>(45,233,897)</b>	<b>(717,536)</b>

*The accompanying notes form part of these financial statements.*

*(Subject to Deed of Company Arrangement)*

## Statement of Financial Position as at 30 June 2011

	Note	2011 \$	2010 \$
<b>Current assets</b>			
Cash and cash equivalents	22(a)	28	660,455
Other assets	12	4,938	542,988
Current tax assets	10(b)	-	3,235
Loan	13	1,100,000	5,063,000
Investments	14	-	4,000
<b>Total current assets</b>		<u>1,104,966</u>	<u>6,273,678</u>
<b>Non-current assets</b>			
Plant and equipment		-	1,632
<b>Total non-current assets</b>		<u>-</u>	<u>1,632</u>
<b>Total assets</b>		<u>1,104,966</u>	<u>6,275,310</u>
<b>Current liabilities</b>			
Trade and other payables	15	4,454,346	3,833,842
Provisions	17	-	2,500,000
Current tax liabilities	10(b)	-	-
Employee benefits		-	9,004
Loans and borrowings	16	650,000	650,000
<b>Total current liabilities</b>		<u>5,104,346</u>	<u>6,992,846</u>
<b>Total liabilities</b>		<u>5,104,346</u>	<u>6,992,846</u>
<b>Net liabilities</b>		<u>(3,999,380)</u>	<u>(717,536)</u>
<b>Equity</b>			
Share capital	18	44,516,361	44,516,361
Accumulated losses		(48,515,741)	(45,233,897)
<b>Total deficiency</b>		<u>(3,999,380)</u>	<u>(717,536)</u>

*The accompanying notes form part of these financial statements.*



*(Subject to Deed of Company Arrangement)*

## Statement of Cash Flows for the year ended 30 June 2011

	Note	2011 \$	2010 \$
<b>Cash flows from operating activities</b>			
Cash paid in the course of operations		(613,754)	(1,148,124)
Cash generated from/(used in) operations		(613,754)	(1,148,124)
Interest and distributions received		1,730	22,625
Interest paid		(43,274)	(6,233)
Income tax (paid)/refunded		-	800,466
<b>Net cash from/(used in) operating activities</b>	22(b)	(655,298)	(331,266)
<b>Cash flows from investing activities</b>			
Payments for deposits		-	(536,172)
Proceeds from sale of property, plant and equipment		2,500	-
Payments for property, plant and equipment		(7,629)	(1,849)
<b>Net cash from/(used in) investing activities</b>		(5,129)	(538,021)
<b>Cash flows from financing activities</b>			
Loans from related parties		-	650,000
<b>Net cash from/(used in) financing activities</b>		-	650,000
Net increase/(decrease) in cash held		(660,427)	(219,287)
Cash and cash equivalents at 1 July		660,455	879,742
<b>Cash and cash equivalents at 30 June</b>	22(a)	28	660,455

*The accompanying notes form part of these financial statements.*

## Notes to the Financial Statements

### 1. Reporting Entity

Indigo Properties Australia Limited (the "Company") is a company domiciled in Australia.

### 2. Basis of Preparation

These financial statements are general purpose financial statements which have been prepared in accordance with the requirements of the Corporations Act 2001, Accounting Standards and Interpretations and comply with other requirements of the law.

#### (a) Liquidation (Orderly Wind Down) Basis of Preparation of the Financial Statements

The Company has a loan to the Indigo Private Group ("Borrower"), secured by mortgages on certain development properties behind existing first and second mortgages and fixed and floating charges over various entities within the Borrower. The loan was due for repayment on 29 November 2009, currently bears interest at 18% per annum and is payable in arrears on 31 December and 30 June each year. Interest receivable was fully impaired during the period. In the current and prior periods, certain entities within the Borrower were placed into voluntary administration and subsequently receivership.

In order to facilitate the recoverability of the loan, Indigo Properties and the Indigo Private Group entities entered into a Deed dated 30 October 2009 that entitles the company to receive loan repayments out of the proceeds of current and future development projects undertaken by the Indigo Private Group. Under the Deed the proceeds of these development projects will be distributed as follows:

- the first \$5 million paid to Indigo Properties;
- the next \$60 million paid as follows:
  - 50% to Indigo Properties;
  - 25% to Leybourne Assets Pty Ltd (a creditor of Indigo Private Group and an entity related to former director Lawrence Truce); and
  - 25% to Whynot Assets Pty Ltd (a creditor of Indigo Private Group and an entity related to former director Mitchell Nielsen).
- thereafter all proceeds are distributed to Indigo Properties.

Under the terms of the Deed, if Indigo Properties suffers an insolvency event then any other party may terminate the Deed by giving notice to all parties of their election to terminate. Under the terms of the Deed, an insolvency event includes any of the following events occurring in relation to Indigo Properties:

- appointment of a liquidator, receiver and manager, trustee or controlling trustee or an application or order is made for the liquidation of Indigo Properties, or
- Indigo Properties is, or becomes unable to pay its debts as and when they are due within the meaning of the Corporations Act 2001.

## Notes to the Financial Statements

### 2. Basis of Preparation (continued)

At year end:

- The Borrower was in default of certain loan covenants in relation to certain finance facilities provided by first and second mortgagees on development properties which form part of the security for the Company's loan;
- Certain entities within the Borrower were placed in voluntary administration and subsequently receivers were appointed by existing first and second mortgagees over certain entities within the Borrower;
- Interest receivable of \$992,233 due from the Borrower at 30 June 2010 in relation to the above loan was fully impaired in the financial statements (Note 8);
- In November 2009, a formal demand was made on the Company for payment of \$3.75 million in accordance with a bank guarantee of \$3.825 million provided by the company to the financier of a property development in New South Wales (Note 15);
- Provisions of \$2.5 million were recorded at 30 June 2010 in relation to financial guarantees provided by the Company to existing financiers of property developments located in Brisbane associated with the Borrower (Note 17). In October 2010, the Company received a letter of demand from the above financier requiring payment of \$2.5 million under the guarantee.

During the year, the Company recorded losses of \$3,281,844, and at 30 June 2011 had net liabilities of \$3,999,380, a deficiency in net current assets of \$3,999,380 and current liabilities of \$5,104,346.

These conditions cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Deed Administrators consider it appropriate to prepare the financial report for the year ended 30 June 2011 on a liquidation basis, which would be based on an orderly wind down of operations. The comparative disclosures were prepared on a liquidation (orderly wind down) basis.

Given the uncertainties in valuing assets and liabilities on a liquidation basis, it is likely that the valuation of assets and liabilities included in these financial statements may differ significantly from actual results.

In adopting the liquidation basis the Deed Administrators have continued to apply the requirements of Australian Accounting Standards. Accordingly, as non-current assets do not meet the requirements for held for sale or discontinued operations under AASB 5, they continue to be recognised as non-current assets at cost. They have been subject to impairment testing under AASB 136. Details of impairments are set out in Note 8. Additional provisions and/or liabilities have been recognised as a result of a possible orderly wind down scenario as the Deed Administrators have not incurred any additional legal or contractual obligations.

## Notes to the Financial Statements

### 2. Basis of Preparation (continued)

#### (b) Statement of Compliance

The financial report complies with Australia Accounting Standards which include the Australian equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards Board (IFRS).

The financial report was authorised for issue by the Deed Administrator's on 30 September 2015.

#### (c) Basis of Measurement

The financial statements have been prepared on the liquidation basis of accounting, measuring assets primarily at the amounts expected to be realised on sale or fair value.

#### (d) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the Company's functional currency.

#### (e) Critical Accounting Estimates and Judgements

The preparation of financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and the basis of preparation is included in the following notes:

- Note 2(a) – basis of preparation
- Note 11 – taxation
- Notes 8 and 13 – impairment
- Note 20 – credit risk exposures
- Notes 15, 17 and 21 – financial guarantees

Given the uncertainties in valuing assets and liabilities on a liquidation basis, it is likely that the valuation of assets and liabilities included in these financial statements may differ from actual results.

#### (f) Changes in Accounting Policies

Starting as of 1 July 2009, the Company has changed its accounting policies in the following areas:

- Determination and presentation of operating segments; and
- Presentation of financial statements.

## Notes to the Financial Statements

### 3. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently, except as explained in Note 2(f).

Certain comparative amounts have been reclassified to conform with the current year's presentation.

#### (a) Financial Instruments

##### **Non-derivative financial assets**

The Company initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial assets: loans and receivables and available-for-sale financial assets.

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise trade and other receivables.

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

##### *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. The Company's investments in equity securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### **Non-derivative financial liabilities**

The Company initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Company has the following non-derivative financial liabilities: trade and other payables.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest rate method.

#### **(b) Share Capital**

##### **Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

#### **(c) Impairment**

The Company assesses at each balance date whether a financial asset or group of financial assets is impaired.

##### **Financial assets including receivables**

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### **Available-for-sale financial assets**

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is removed from other comprehensive income and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment provisions attributable to time value are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

#### **Non-financial assets**

The carrying amounts of the Company's non-financial assets, including investments in associates, other than biological assets, investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### (d) Employee benefits

##### **Short-term benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

##### **Long-term employee benefits**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on AA credit-rated or government bonds that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the projected unit credit method. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

##### **Termination benefits**

Termination benefits are recognised as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting period, then they are discounted to their present value.

#### (e) Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the proven value or management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

#### (f) Revenue

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

##### **Interest income**

Interest income, including loan establishment fees and exit fees, from loans is recognised in the statement of comprehensive income as it accrues, using the effective interest method.



## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### **Rendering of services**

Revenue from the rendering of services, including facilitation fees, is recognised in the period in which the services are provided and where it is probable that the compensation will flow to the company, the amount to be received can be reliably measured and the state of completion of the contract can be reliably measured.

#### **(g) Income Tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

#### **(h) Goods and Services Tax**

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### (i) Earnings per Share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

#### (j) Segment reporting

##### **Determination and presentation of operating segments**

##### *Change in accounting policy*

As of 1 July 2009 the Company determines and presents operating segments based on the information that internally is provided to the Managing Director, who is the Company's chief operating decision maker. This change in accounting policy is due to the adoption of AASB 8 Operating Segments. Previously operating segments were determined and presented in accordance with AASB 114 Segment Reporting. The new accounting policy in respect of segment operating disclosures is presented as follows.

Comparative segment information has been re-presented in conformity with the transitional requirements of such standard. Since the change in accounting policy only impacts presentation and disclosure aspects, there is no impact on earnings per share.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's Managing Director to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

There is no change to operating segment disclosures as a result of this change in accounting policy.

#### (k) Adoption of New and Revised Standards

##### *Standards and Interpretations applicable to 30 June 2011*

The Deed Administrators have reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to the Company and effective for the current annual reporting period.

As a result of the review, the Deed Administrators have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no material change is necessary to the Company's accounting policies.

## Notes to the Financial Statements

### 3. Significant Accounting Policies (continued)

#### *Standards and Interpretations in issue not yet adopted*

The Deed Administrators have also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the year ended 30 June 2011.

As a result of this review, the Deed Administrators have determined that there is no material impact of the new and revised Standards and Interpretations on the Company and, therefore, no change is necessary to the Company's accounting policies.

### 4. Determination of Fair Values

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes on a liquidation (orderly wind down) basis as outlined below. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### **Investments in equity and debt securities**

The fair value of available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date.

#### **Mortgage loans, trade and other receivables**

The fair value of mortgage loans, trade and other receivables is estimated as the present value of future cash flows on a liquidation (orderly wind down) basis, discounted at the market rate of interest at the reporting date.

#### **Non-derivative financial liabilities**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows on a liquidation (orderly wind down) basis, discounted at the market rate of interest at the reporting date.

#### **Financial guarantees**

For financial guarantee contract liabilities, the fair value at initial recognition is determined using a probability weighted discounted cash flow approach. This method takes into account the probability of default by the guaranteed party over the term of the contract, the loss given default (being the proportion of the exposure that is not expected to be recovered in the event of default) and exposure at default (being the maximum loss at the time of default).

### 5. Capital Risk Management

On 14 February 2011, the Company appointed Mr Terry John Rose and Mr Terry Grant van der Velde as joint and several administrators of the Company pursuant to Section 436A(1) of the Corporations Act.

The Company and the Administrators entered into a reconstruction proposal with Arowana Partners Group Pty Ltd (Arowana) to facilitate the recapitalisation of the Company whereby the Administrators confirmed Arowana as the preferred proponent to recapitalise the Company. The Company subsequently entered into a deed of company arrangement on 13 August 2015.

## Notes to the Financial Statements

### 5. Capital Risk Management (continued)

Arowana intends to recapitalise the Company and continue its property finance and development business.

As at the date of this report, the recapitalisation of the Company has not yet completed.

### 6. Operating Segments

The Company does not report on different segments due to the simple nature of its operations. The Company operates predominantly in one business and geographical segment, being investment activities in Australia.

	Note	2011 \$	2010 \$
<b>7. Other Income</b>			
Interest income – cash and cash equivalents		1,730	22,625
		<u>1,730</u>	<u>22,625</u>
<b>8. Impairment Losses</b>			
Interest receivable	12	451,022	992,233
Loans	13	337,321	806,878
Investments	14	4,000	-
		<u>792,343</u>	<u>1,799,111</u>

#### Impairment – Interest Receivable

At 30 June 2011, the carrying value of assets was reviewed in order to identify whether any assets may be impaired.

In testing for impairment, the recoverable amount of receivables is calculated as the present value of the estimated future cash flows, discounted using the original effective interest rate related to the receivable.

As a result of a reduction in the present value of the estimated future cash flows expected to be received from interest receivable, an impairment loss of \$451,022 was recognised by the Company during the year (2010: \$992,233).

Interest receivable is disclosed net of the impairment losses.

These impairment losses represent estimated losses that may be incurred based on a number of assumptions. Actual results may differ from these estimates.

## Notes to the Financial Statements

### 8. Impairment Losses (continued)

#### Impairment - Loans

At 30 June 2011, the carrying value of assets was reviewed in order to identify whether any assets may be impaired. As a result of this review, an impairment loss of \$337,321 was recognised in relation to this loan (2010: \$806,878), as outlined below.

In testing for impairment, the recoverable amount of the loan was calculated as the present value of the estimated future cash flows, discounted using the original effective interest rate related to the loan. In addition, current market value assessments of assets securing the loan and the ability to, if needed, realise the underlying securities in the short term were considered by management in preparing the discounted cashflow. In addition, an independent valuation was obtained subsequent to year-end which supports the value of an asset securing the loan. As a result of a decrease in the present value of the estimated future cash flows expected to be received from the loan, an impairment loss of \$337,321 was recognised during the year (2010: \$806,878).

Loans are disclosed net of the impairment losses.

These impairment losses represent estimated losses that may be incurred based on a number of assumptions. Actual results may differ significantly from these estimates.

#### Impairment - Investments

At 30 June 2011, reviewed the carrying value of assets in order to identify whether any assets may be impaired. As a result of this review, further impairment losses of \$4,000 were recorded (2010: \$Nil) in respect of investments, as outlined below.

These impairment losses represent estimated provisions against the Company's assets and any impairment losses will not be crystallised until such time as the investments are sold.

### 9. Auditors' Remuneration

#### Audit services

Previous auditors of the Company  
Audit and review of financial reports

2011	2010
\$	\$

101,557	95,300
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#### Other services

Previous auditors of the Company  
Accounting and tax advice

-	7,700
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(Subject to Deed of Company Arrangement)

## Notes to the Financial Statements

	2011 \$	2010 \$
<b>10. Taxation</b>		
<b>(a) Income tax (expense)/benefit</b>		
Recognised in statement of comprehensive income		
Current income tax		
Current income tax charge	-	-
Adjustments in respect of current income tax of previous years	-	-
Deferred income tax		
Relating to origination and reversal of temporary differences	-	-
Total income tax (expense)/benefit	-	-
<b>Reconciliation between tax expense and pre-tax net profit</b>		
Prima facie income tax expense/(benefit) calculated at 30% on the profit from ordinary activities	(984,553)	(1,550,022)
<b><i>Increase/(decrease) in income tax due to non-deductible/(non-assessable):</i></b>		
Current year losses for which no deferred tax asset was recognised	13,901	725,171
Impairment loss	237,703	-
Deferred tax assets not recognised	732,949	824,851
Income tax expense/(benefit) attributable to operating profit	-	-
<b>(b) Current tax assets/(liabilities)</b>		
<b><i>Provision for current income tax</i></b>		
Movements during the year:		
Balance at the beginning of period	3,235	803,235
Income tax paid/(refunded)	(3,235)	(800,466)
Under/(over) provision of prior year	-	466
	-	3,235

## Notes to the Financial Statements

	2011	2010
	\$	\$
<b>10. Taxation (continued)</b>		
<b>(c) Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	13,901	725,171
Deductible temporary differences	11,778,549	10,082,726
	<u>11,792,450</u>	<u>10,807,897</u>

The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise the benefits.

## 11. Loss per Share

The following securities have been classified as ordinary shares and included in basic earnings per share:

- Ordinary shares

There are no securities classified as potential ordinary shares and included in diluted earnings per share.

	2011	2010
	\$	\$
<b>Loss for the year</b>	<u>(3,281,844)</u>	<u>(5,166,739)</u>
<b>Weighted average number of shares</b>	<u>82,816,902</u>	<u>82,816,902</u>
<b>Loss per share from continuing operations</b>		
Basic/diluted loss per share from continuing operations	<u>(3.96) cents</u>	<u>(6.24) cents</u>

## Notes to the Financial Statements

	Note	2011 \$	2010 \$
<b>12. Other Assets</b>			
Interest receivable	8	1,457	-
Deposits		3,481	536,172
Prepayments		-	4,542
Other receivables		-	2,274
		<u>4,938</u>	<u>542,988</u>

As at balance date, deposits are at call and bear variable interest at 4.25% per annum.

		2011 \$	2010 \$
<b>13. Loans</b>			
<b>Current</b> – loans to related parties – secured	8	<u>1,100,000</u>	<u>5,063,000</u>

The Company has a loan to the Indigo Private Group (“Borrower”). This loan is due for repayment on 29 November 2010 and bears variable interest at 18% per annum, payable in arrears on 31 December and 30 June each year. The balance of the loan as at 30 June 2011 is \$1,100,000 (2010: \$5,063,000) after total impairment losses of \$44,661,506 (2010: \$43,869,163).

Security for the loan consists of mortgages over certain development properties behind existing first and second mortgages. In addition the Company has fixed and floating charges over various entities in the Borrower and a Deed dated October 2009 (Note 24). All entities in the Borrower are related parties of former Directors, Mr Mitchell Neilsen and Mr Lawrence Truce, both of whom resigned as directors on 5 June 2009. Note 2(a) outlines other matters relating to the loan to the Borrower, including the Deed dated 30 October 2009 which also includes the ability to terminate the Deed dated 30 October 2009 under an insolvency event of the Company.

	Note	2011 \$	2010 \$
<b>14. Investments</b>			
<b>Current</b>			
Investments in managed investment schemes:			
Pacific First Mortgage Fund – available for sale	8	<u>-</u>	<u>4,000</u>

The investments in managed investment schemes are represented by investments in managed investment schemes for which City Pacific Limited was the responsible entity for part of the prior year.

The investments were fully impaired in the current year.



## Notes to the Financial Statements

	2011 \$	2010 \$
<b>15. Trade and Other Payables</b>		
Trade creditors	1,759	5,521
Other creditors and accruals	4,452,587	3,828,321
	<u>4,454,346</u>	<u>3,833,842</u>

The Company has provided guarantees in relation to borrowings by related entities of former directors, Mr Mitchell Nielsen and Mr Lawrence Truce, both of whom resigned as directors on 5 June 2009. In November 2009, a formal demand was made on the Company for the payment of \$3.75 million in accordance with a bank guarantee of \$3.825 million provided by the company to the financier of a property development in New South Wales.

On 17 September 2010, the Company entered into a deed restructuring debts due from an entity associated with the Indigo Private Group and releasing certain security properties from charges and mortgages held by Indigo Properties. The Company received non-cash consideration of \$1.1 million in the form of a new loan receivable from Trinity Green Developments Pty Ltd, an entity associated with Indigo Private Group.

In October 2010, the Company received a letter of demand from a bank calling for payment of \$2.5 million under a guarantee that had been provided by the Company in 2006 to financiers of property developments of the Borrower based in Brisbane.

Other creditors are subject to the DOCA the terms of which govern how these amounts are to be repaid.

	2011 \$	2010 \$
<b>16. Loans and Borrowings</b>		
Loan from shareholder – secured	<u>650,000</u>	<u>650,000</u>

The Company has a loan from Douglas Kefford Capital Pty Ltd, a company related to a significant shareholder. The loan was fully drawn at the end of the financial year and is due for repayment the earlier of 12 months from the date of the advance or the date on which the lender ceases to be a shareholder of the Company. The loan is secured by a fixed charge over the loan made by the Company to Trinity Green Developments Pty Ltd and interest is charged at 10% per annum, payable monthly in advance.

## Notes to the Financial Statements

	2011 \$	2010 \$
<b>17. Provisions</b>		
Provision for financial guarantees	-	2,500,000

The Company has provided guarantees in relation to borrowings by related entities of former directors, Mr Mitchell Nielsen and Mr Lawrence Truce, both of whom resigned as directors on 5 June 2009.

The provisions are based on estimates of the liabilities which may arise in respect of the guarantees.

In October 2010, the Company received a letter of demand from a bank calling for payment of \$2.5 million under the guarantee and as such this guarantee was reclassified as a liability (Note 15).

	2011 \$	2010 \$
<b>18. Issued Capital</b>		
<b>Share capital</b>		
82,816,902 (2010: 82,816,902) ordinary shares, fully paid	44,516,361	44,516,361

No shares were issued in the current or prior year.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the company ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

### 19. Dividends

No dividends were paid in the current or prior year.

### 20. Financial Instruments

#### (a) Credit risk

##### Exposure to credit risk

The carrying amount of the Company's financial assets represents the maximum credit exposure.

The Company's maximum exposure to credit risk at the reporting date was:

	Note	2011 \$	2010 \$
Cash and cash equivalents	22(a)	28	660,455
Current tax assets		-	3,235
Other assets	12	4,938	542,988
Loan	13	1,100,000	5,063,000
Investments	14	-	4,000
		<u>1,104,966</u>	<u>6,273,678</u>

(Subject to Deed of Company Arrangement)

## Notes to the Financial Statements

### 20. Financial Instruments (continued)

#### (b) Liquidity risk

The following are the contractual maturities of financial liabilities.

	Carrying amount \$	Contractual cashflows \$	6 mths or less \$	6-12 mths \$	1-2 yrs \$	2-5 yrs \$	More than 5 yrs \$
<b>2011</b>							
<b>Financial liabilities</b>							
Trade and other payables	4,454,346	4,454,346	5,711	4,448,635	-	-	-
Loans and borrowings	650,000	650,000	650,000	-	-	-	-
	<u>5,104,346</u>	<u>5,104,436</u>	<u>655,711</u>	<u>4,448,635</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>2010</b>							
<b>Financial liabilities</b>							
Trade and other payables	3,833,842	3,833,842	3,833,842	-	-	-	-
Loans and borrowings	650,000	715,000	32,500	682,500	-	-	-
	<u>4,483,842</u>	<u>4,548,842</u>	<u>3,866,342</u>	<u>682,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

Trade and other payables that would normally fall due for payment within 6-12 months are subject to the DOCA the terms of which govern how these amounts are to be repaid.

#### (c) Interest rate risk

At the reporting date the Company's variable rate financial instruments were:

	Carrying Amount	
	2011 \$	2010 \$
<b>Variable rate instruments</b>		
Financial assets	4,966	1,206,678
Financial liabilities	650,000	650,000

The majority of the Company's financial assets are non-interest bearing. Interest bearing financial assets and interest bearing financial liabilities are subject to variable interest rates. The Company is subject to limited exposure to fair value interest rate risk due to fluctuations in the prevailing levels of market interest rates.

#### *Interest rate sensitivity*

An increase of 100 basis points in interest rates during the year may result in an increase in the Company's loss of up to \$6,450 (2010: \$8,855). An decrease of 100 basis points in interest rates during the year may result in a decrease in the Company's loss of up to \$6,450 (2010: \$8,855).



## Notes to the Financial Statements

### 22. Notes to the Statement of Cash Flows

#### (a) Reconciliation of cash

For the purpose of the statements of cash flow, cash includes cash on hand and at bank and short term deposits at call. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled in the statement of financial position as follows:

	2011 \$	2010 \$
Cash and cash equivalents	28	660,455
<b>(b) Reconciliation of cash flow from operations with operating profit after income tax:</b>		
Operating profit/(loss) after income tax	(3,281,844)	(5,166,739)
Add/(less):		
Share of associates net (profit)/loss	-	-
Impairment losses	792,343	1,799,111
Financial guarantee expense	2,443,164	3,309,580
Loss on disposal of assets	6,019	-
Depreciation	743	217
Net cash provided by operating activities before changes in assets and liabilities	(39,575)	(57,831)
Increase/(decrease) in employee entitlements	(9,004)	9,004
(Increase)/decrease in income taxes receivable	7,187	(798,139)
(Increase)/decrease in receivables	1,269,543	4,955
Increase/(decrease) in creditors and accruals	(1,883,449)	510,745
Net cash from operating activities	(655,298)	(331,266)

### 23. Related Parties

#### Key management personnel compensation

The key management personnel compensation is as follows:

Short-term employee benefits	18,834	226,004
Post-employment benefits	1,575	18,900
	20,409	244,904

#### Individual directors and executives compensation disclosures

Information regarding individual directors and executives compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 are provided in the Remuneration Report section of the Deed Administrator's Report on page 9.

Apart from the details disclosed in this note, no director has entered into a material contract with the company or the Company since the end of the previous financial year and there were no material contracts involving directors' interests existing at year-end.

## Notes to the Financial Statements

### 23. Related Parties (continued)

#### **Other key management personnel transactions**

In the prior period, a number of key management persons, or their related parties, held positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the prior reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

#### ***Investments in related entities***

During the year, the Company had an investment in Pacific First Mortgage Fund for which City Pacific was responsible entity for part of the prior year. The investment carrying value at the end of the year was nil (2010: \$4,000) in Pacific First Mortgage Fund. This investment was on normal commercial terms and conditions.

During the financial year, distributions of \$Nil (2010: \$Nil) were received from Pacific First Mortgage Fund.

#### ***Other transactions***

The Company has a loan from Douglas Kefford Capital Pty Ltd, a company related to a significant shareholder. The loan was fully drawn at the end of the financial year and is due for repayment the earlier of 12 months from the date of the advance or the date on which the lender ceases to be a shareholder of the Company. The loan is secured by a fixed charge over the loan made by the Company to Trinity Green Developments Pty Ltd and interest is charged at 10% per annum, payable monthly in advance.

In prior periods, the Company provided guarantees in relation to borrowings made by a related party. An independent valuation of the security property indicates that the amount of the loan on the property exceeds the value of the property.

In prior periods, the Company provided a guarantee in relation to borrowings made by a related party. In addition, a performance guarantee has been provided to a landowner of this property development.

The Company has a loan to the Indigo Private Group. At 30 June 2010 the loan had a balance of \$1,100,000 (2010: \$5,063,000). The loan was due for repayment on 29 November, 2009. It currently bears variable interest at 18% per annum, payable in arrears on 31 December and 30 June each year.

Security for the loan consists of mortgages other than first mortgages over certain development properties and fixed and floating charges over various entities in the Indigo Private Group. All entities in the Indigo Private Group are related parties of former directors, Mitchell Neilsen and Lawrence Truce, both of whom resigned as directors on 5 June 2009. During the year interest of \$43,274 (2010: \$992,233) was charged in relation to the loan which was impaired in full.

## Notes to the Financial Statements

### 23. Related Parties (continued)

In current and prior periods, certain entities associated with the Borrower were placed into voluntary administration and subsequently receivers were appointed by existing mortgagees. A Deed dated October 2010 was entered into between the company and certain Indigo Private Group entities to facilitate the recoverability of the loan. A summary of the terms of the Deed is included in Note 2(a).

#### Movement in shares and options

The movement during the reporting period in the number of ordinary shares and options of the Company held directly, indirectly or beneficially by each key management person, including their personally related entities is as follows:

Shares 2011	Held at 1 July	Reinvestment of dividends	Purchases/ (Sales)	Held at 30 June
Mr S Snell	-	-	-	-
Mr I Gillespie	-	-	-	-
Mr S Mackay	50,302	-	-	50,302
2010				
Mr S Snell	-	-	-	-
Mr I Gillespie	-	-	-	-
Mr S Mackay	50,302	-	-	50,302

### 24. Contractual Commitments and Contingent Liabilities

	2011 \$	2010 \$
<b>Guarantees</b>	-	2,500,000

The Company has provided guarantees in relation to borrowings made by related parties of former directors Mr Mitchell Nielsen and Mr Lawrence Truce, both of whom resigned as directors on 5 June 2009.

The above guarantees were provided to financiers of property developments located in Brisbane and New South Wales. The directors are currently negotiating the termination of certain guarantees.

In November 2009, the Company received a letter of demand in relation to a \$3.825 million guarantee relating to a property development in New South Wales. A liability of \$3.75 million has been recorded at 30 June 2011 in relation to this guarantee (Note 15). In addition, a performance guarantee has been provided to a landowner of this property development. The directors are currently negotiating the termination of these guarantees.

In October 2010, a letter of demand was received for \$2.5 million in relation to a guarantee and as such a liability has been recorded as at 30 June 2011 (Note 15).

#### Contractual commitments

There were no contractual commitments for the acquisition of property, plant and equipment entered into by the parent entity at 30 June 2011 (2010: \$nil).

#### Contingent liabilities

Apart from the guarantees outlined above, the Company has no contingent liabilities.

## Notes to the Financial Statements

### 25. Subsequent Events

The Administrators became joint and several deed administrators under a deed of company arrangement executed on 17 June 2011 and subsequently varied on 4 September 2012 (Original DOCA). The proponent to the Original DOCA was RAK Capital Pty Limited. Notwithstanding the Company's shareholders approval of the various resolutions required under the Original DOCA (on 24 May 2013), RAK Capital failed to proceed with the proposed recapitalisation.

As a result, the Administrators convened a meeting of the Company's creditors on 4 June 2015. At this meeting the Original DOCA was terminated and the Company was placed into liquidation. At this meeting, the Administrators were appointed as liquidators and as joint and several administrators of the Company.

In June 2015, Arowana Partners Group Pty Ltd (Arowana) approached the Administrators of the Company with a proposal to recapitalize the Company and continue its property finance and development business operations using the structure of a deed of company arrangement and creditor's trust deed (Recapitalisation). The Recapitalisation proposal was accepted at a meeting of the Company's creditors convened on 10 July 2015.

On 31 July 2015, the deed of company arrangement (DOCA) required to implement the Recapitalisation was entered into by Arowana and the Administrators (as joint and several administrators of the Company and as joint and several administrators of the DOCA). An ASX announcement regarding this transaction was released on 31 July 2015.

As part of the DOCA process, the Administrators are seeking a permanent stay of liquidation in order to complete the DOCA and proceed with recapitalisation and re-quotation of the Company on the ASX. It is expected that an application seeking a permanent stay of liquidation will be filed shortly and heard by the Court immediately following the shareholders meeting contemplated by the DOCA.

#### **Proposed Recapitalisation**

##### *Key terms of the recapitalisation*

The proposed Recapitalisation will be implemented pursuant to the DOCA. The completion under the DOCA is subject to a number of conditions being satisfied or waived, including:

- (a) the Courts granting a permanent stay of or ordering the termination of the liquidation of the Company;
- (b) Arowana being satisfied in relation to the value of the Company's property;



## Notes to the Financial Statements

### 25. Subsequent Events (continued)

- (c) Arowana subscribing for 300 million shares and 50 million options to raise a total of \$2 million as follows:
  - (i) 100 million shares at \$0.001 cents per share;
  - (ii) 100 million shares at \$0.005 cents per share;
  - (iii) 50 million shares at \$0.008 cents per share;
  - (iv) 50 million shares at \$0.010 cents per share and
  - (v) 50 million options to be issued to Arowana or nominees of Arowana at \$0.010 cents per option.
- (d) Arowana paying \$400,000 in cash to the Administrators and the creditors' trust and the Company issuing 20 million Shares to the Administrators, to be made available to creditors via the creditors' trust;
- (e) The Company obtaining shareholder approvals required to implement the Recapitalisation. These approvals will authorise (among other things) Arowana acquiring voting power in the Company in excess of 20% for the purposes of section 611 exception 7 of the Corporations Act; and
- (f) receipt of written confirmation from ASX that trading of the Company's shares can recommence without needing to re-comply with Chapters 1 and 2 of the Listing Rules following termination of the DOCA.

An independent expert's report will be presented to the Company's shareholders to assist them in assessing the Recapitalisation, specifically the issue of shares and options to Arowana.

At completion of the DOCA:

- (a) The Company will retain, on an unencumbered basis, all of the assets used in, necessary for, or otherwise relevant to, their current business operations and will be released from all claims against them;
- (b) The Company's capital structure will reflect the following:
  - (i) current shareholders and creditors will control approximately 12% of ordinary shares on issue (representing 10.4% on a fully diluted basis);
  - (ii) Arowana will control approximately 88% of ordinary shares on issue (or 89.6% on a fully diluted basis); and
- (c) The Company will have approximately \$1.5 million in cash.

## Notes to the Financial Statements

The Recapitalisation will not result in an undertaking being injected into the Company. Throughout the Recapitalisation process the business operations of the Company will continue. The purpose of the Recapitalisation is to restructure the Company's issued capital and net asset base position and provide working capital.

As part of the Recapitalisation, the Company will apply to the ASX for its shares to be quoted.

Other than the items outlined above, there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in the future financial years.

*(Subject to Deed of Company Arrangement)*

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## Deed Administrator's Declaration

We have been unable to satisfy ourselves as to the accuracy of all of the transactions recorded in the Company's accounting records that occurred prior to our appointment as Deed Administrators on 14 February 2011.

In the opinion of the Deed Administrators of Indigo Properties Australia Limited ("the Company"), except for the effects of such adjustments, if any, that might have been determined to be necessary had we been able to verify all of the transactions which took place during the reporting period and prior to the date of our appointment:

- (a) the financial statements and notes, set out on pages 13 to 41, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Company's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001, professional reporting requirements and other mandatory requirements.
- (b) the Deed Administrators are unable, based on the information available as the present time and the significant uncertainty outlined in note 2(a), to conclude whether the Company will be able to pay its debts as and when they become due and payable and therefore the Deed Administrators have prepared these financial statements on a liquidation (orderly wind down) basis.
- (c) the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board.

Signed in accordance with the Deed of Company Arrangement:



**Terry John Rose**



**Terry Grant van der Velde**

of SV Partners as joint and several deed administrators of the Company.

Dated: 30 September 2015

**INDEPENDENT AUDITOR'S REPORT**

To the members of Indigo Properties Australia Limited

**Report on the Financial Report**

We were engaged to audit the accompanying financial report of Indigo Properties Australia Limited ("the company"), which comprises the statement of financial position as at 30 June 2011 the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration for Indigo Properties Australia Limited

***Directors' responsibility for the financial report***

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101: *Presentation of Financial Statements*, that the financial report complies with International Financial Reporting Standards.

***Auditor's responsibility***

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

***Basis for Disclaimer of Opinion***

Administrators were appointed to the Company on 14 February 2011 and the company has remained in administration. The Company's administrators entered into a deed of company agreement with the intention to recapitalise and reinstate its quotation on the Australian Securities Exchange. As a new board of directors was appointed and has not been involved with its affairs during the period being audited, the records maintained were not adequate to permit the application of necessary audit procedures. As a result, we are unable to obtain all the information and explanations we require in order to form an opinion on the financial report.

***Disclaimer of Opinion***

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion. Accordingly, we do not express an opinion on the financial report.

**Report on the Remuneration Report**

We were engaged to audit the remuneration report included in the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

***Disclaimer of Opinion***

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph above, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion. Accordingly, we do not express an opinion on whether the remuneration report of Indigo Properties Australia Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.



**HLB Mann Judd**  
**Chartered Accountants**



**N G Neill**  
**Partner**

**Perth, Western Australia**  
**30 September 2015**

*(Subject to Deed of Company Arrangement)*

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## ASX Additional Information

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report.

### Shareholdings as at 30 September 2015

#### *Substantial shareholders*

#### *Ordinary*

The number of shares held by substantial shareholders

Indigo Capital Pty Ltd	11,024,965
Truce Capital Pty Ltd <Truce Capital A/C>	11,024,964
Douglas Kefford Capital Pty Ltd <The Douglas Kefford Capital>	10,994,320
S & J Stone Pty Ltd <Stone Family Super Fund A/C>	10,994,320

#### *Class of shares and voting rights*

At 30 September 2015, there were 2,055 holders of the ordinary shares of the company. Refer Note 18 for details of classes of shares and voting rights.

Options carry no voting rights.

*(Subject to Deed of Company Arrangement)*

## ASX Additional Information

### Distribution of shareholders as at 30 September 2015

Category	<i>Number of holders</i>
	Ordinary
0-1,000	62
1,001 - 5,000	820
5,001 - 10,000	522
10,001 - 100,000	604
100,001 and over	47
	<u>2,055</u>

The number of shareholders holding less than a marketable parcel of ordinary shares is 1,171.

### *Twenty largest shareholders as at 30 September 2015*

Name	Number of shares held	Percentage of capital held %
1) Indigo Capital Pty Ltd	11,024,965	13.31
2) Truce Capital Pty Ltd <Truce Capital A/C>	11,024,964	13.31
3) Douglas Kefford Capital Pty Ltd <The Douglas Kefford Capital>	10,994,320	13.28
4) S & J Stone Pty Ltd <Stone Family Super Fund A/C>	10,994,320	13.28
5) Wright Investment Group Pty Ltd	2,710,771	3.27
6) Badcock Rivers Pty Ltd	2,232,500	2.70
7) Sandkent Pty Ltd	1,154,500	1.39
8) Mr Anthony John Holley	743,249	0.90
9) Mr Bruce Siemon	655,957	0.79
10) Mr Richard George Doughty Arnold	508,609	0.61
11) Mr John Maxwell Inglis	500,000	0.60
12) Mr Kamil Kuzmicki <Life Time Super A/C>	411,126	0.50
13) Gecko Investments Pty Limited	401,179	0.48
14) Deepcliffe Pty Ltd <Carkazis Family A/C>	370,000	0.45
15) Windermere Nominees Pty Ltd <Stafford Family S/F A/C>	330,000	0.40
16) Mr Anthony Victor Bryant	328,447	0.40
17) Mr Ewan Gordon Blair	266,954	0.32
18) Dovedale Management Pty Ltd <William Dove-Mew Super A/C>	250,000	0.30
19) Mr Anthony Peter Johnstone	225,500	0.27
20) Albert Menzel & Betty Menzel & Stephen Menzel <Menzel Family Super Fund A/C>	214,000	0.26
	<u>55,341,361</u>	<u>66.82%</u>

There are no current on-market buy backs or other unlisted securities.

*(Subject to Deed of Company Arrangement)*

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## ASX Additional Information

### **Principal Registered Office**

Level 3, 18 Richardson St  
West Perth WA 6005

### **Share Registry**

Security Transfer Registrars Pty Ltd  
Canning Hwy, Applecross WA 6153

### **Stock Exchange**

The Company is listed on the Australian Securities Exchange. The Home Exchange is Perth.

### **Other information**

Indigo Properties Australia Limited, incorporated and domiciled in Australia, is a public company limited by shares.