

14 February 2025

**TO THE CREDITOR AS ADDRESSED**

Dear Sir/Madam

**Redflow Limited (In Liquidation)**  
**ACN 130 227 271**  
**Redflow R&D Pty Ltd (In Liquidation)**  
**ACN 116 992 253**  
**Zcell Australia Pty Ltd (In Liquidation)**  
**ACN 613 792 420**  
**Redflow International Pty Ltd (In Liquidation)**  
**ACN 128 888 997**  
**(Collectively, the Companies)**

Richard Hughes and I were appointed Joint and Several Administrators (Administrators) of the Companies on 23 August 2024, pursuant to Section 436A of the Corporations Act 2001 (Cth) (the Act). We were subsequently appointed as Joint and Liquidators of the Companies on 15 November 2024 at the meeting of creditors.

We have published the Liquidators' Statutory Report pursuant to s70-40 of the Insolvency Practice Rules (Corporation) and it is available to download from the following website:  
<https://aurestructuring.deloitte-halo.com/service/website/Redflow>.

This report provides information regarding the progress of the liquidations and the likelihood of any returns to creditors.

Should you have any queries please contact us at [redflow@deloitte.com.au](mailto:redflow@deloitte.com.au).

Yours faithfully



**David Orr**  
Joint and Several Liquidator

Encl.



## Statutory Report to Creditors

Pursuant to Section 70-40 of the Insolvency Practice Rules (Corporations)

Redflow Limited (In Liquidation) ACN 130 227 271  
Redflow International Pty Ltd (In Liquidation) ACN 128 888 997  
Redflow R&D Pty Ltd (In Liquidation) ACN 116 992 253  
Zcell Australia Pty Ltd (In Liquidation) ACN 613 792 420

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# Glossary

Administrators	David Orr and Richard Hughes
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASIC	The Australian Securities & Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Court	Federal Court of Australia or any of the state Supreme Courts
Companies or Redflow Group	Redflow Limited (In Liquidation) ACN 130 227 271 Redflow R&D Pty Ltd (In Liquidation) ACN 116 992 253 Zcell Australia Pty Ltd (In Liquidation) ACN 613 792 420 Redflow International Pty Ltd (In Liquidation) ACN 128 888 997
Deloitte	Deloitte SRT Pty Ltd
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
FY	Financial Year
IPR	Insolvency Practice Rules of the Corporations Act 2001
IPS	Insolvency Practice Schedule of the Corporations Act 2001
Liquidators	David Orr and Richard Hughes
m	Millions
Management	Management of the Companies
Pooling order	Orders from the Court to combine the Companies' assets and liabilities together
R&D refund	Research and Development Tax Incentive Refund
Redflow Europe	Redflow Europe GmbH
Redflow International	Redflow International Pty Ltd (In Liquidation) (ACN 128 888 997)
Redflow Limited	Redflow Limited (In Liquidation) (ACN 130 227 271)
Redflow USA	Redflow LLC
Redflow Thailand	Redflow (Thailand) Limited
Redflow R&D	Redflow R&D Pty Ltd (In Liquidation) (ACN 116 992 253)
ROCAP	Report on company activities and property
The Act	Corporations Act 2001 (Cth)
Zcell	Zcell Australia Pty Ltd (In Liquidation) (ACN 613 792 420)

# 1 Executive summary

## 1.1 Appointment of Administrators and Liquidators

On 23 August 2024 we, were appointed Joint and Several Administrators of Redflow Limited, Redflow International Pty Ltd, Redflow R&D Pty Ltd and Zcell Australia Pty Ltd (**the Companies**) pursuant to Section 436A of the *Corporations Act 2001* (Cth) (**Act**).

At the second meeting of creditors on 15 November 2024, creditors resolved to place the Companies into liquidation with we were appointed Joint and Several Liquidators (**Liquidators**) of the Companies.

There have been no changes to our Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) dated 3 September 2024 which was provided to creditors in the circular to creditors in the Voluntary Administration dated 7 November 2024.

## 1.2 Purpose of this report

The purpose of this report to creditors is to provide details of the progress of the winding up, specifically on the matters listed below in accordance with Section 70-40 of the *Insolvency Practice Rules (Corporations) 2016* (**IPR**):

- the estimated assets and liabilities of the Companies,
- inquiries undertaken to date relating to the liquidation of the Companies,
- further inquiries to be undertaken relating to the liquidation of the Companies,
- what happened to the businesses of the Companies,
- possible recovery actions, and
- the likelihood creditors receiving a dividend

This report should be read in conjunction with the Administrators' Report to Creditors pursuant to Section 75-225 of the IPR dated 7 November 2024 (**VA Report**).

We will refer to the VA Report throughout this report. Creditors who wish to obtain another copy of the Voluntary Administrators' reports may download a copy from the Deloitte Halo platform (**Halo**) at <https://aurestructuring.deloitte-halo.com/service/website/Redflow>.

Creditors who have already lodged a proof of debt via Halo are not required to take any further action in respect to the debt(s), unless you wish to amend your claim, in which case please amend your claim in Halo. Please contact us at [redflow@deloitte.com.au](mailto:redflow@deloitte.com.au) if you have any issues in amending your claim.

## 1.3 Company information

The companies covered in this report are as follows (together **Redflow Group** or **the Companies**):

### Information on the Redflow Group

Entity	ACN	Abbreviation
Redflow Limited	130 227 271	RFL
Redflow International Pty Ltd	128 888 997	RFI / Redflow International
Redflow R&D Pty Ltd	116 992 253	RFRD / Redflow R&D
Zcell Australia Pty Ltd	613 792 420	Zcell

The background to the Companies and the function of each entity is discussed at **Section 4** of this report.

## 1.4 What happened to the business of the Companies

We refer to **Section 4 and 5** of the VA Report for a detailed assessment of the Redflow Group's historical financial performance and causes of failure.

In **Section 5.2** of the VA Report we provided our detailed assessment of the causes of failure of the Redflow Group. We refer creditors to that section for our detailed commentary.

## 1.5 Next steps

The key further actions that will be undertaken by the Liquidators in the liquidation are as follows:

- finalisation of our investigations, including reporting to the Australian Securities and Investment Commission (ASIC),
- further consideration and analysis of a potential application to Court in respect of a pooling determination,
- realisation of the remaining Companies' assets, including sale of intellectual property and potential realisation of foreign subsidiaries,
- distribution of available funds to ordinary unsecured creditors. Any declaration of dividend will depend on the sale of the Companies' assets,
- ongoing creditor correspondence, as required, and
- attending to all required statutory requirements and lodgements to finalise the liquidations.

## 1.6 Estimated return to creditors in the Liquidation

All pre-appointment employee entitlements have been paid in full. The final payment was made on 20 November 2024. Details of the priority employee entitlements paid are:

### Employee entitlements paid

Employee entitlement	Redflow Limited Paid \$	Redflow International Paid \$	Redflow R&D Paid \$	Total Paid \$
Annual Leave	92,685	239,257	15,192	347,134
Long Service Leave	-	153,912	81,809	235,721
PILN	205,750	258,482	32,200	496,432
Super on PILN	22,154	29,725	3,703	55,582
Redundancy	99,115	451,309	83,336	633,761
Capped director claims	1,500	-	-	1,500
<b>Total priority claims</b>	<b>421,205</b>	<b>1,132,686</b>	<b>216,239</b>	<b>1,770,130</b>

As discussed in the VA Report, all pre-appointment employee entitlements were paid from the bank account held by Redflow International.

Several factors will affect the likelihood of a dividend being distributed to unsecured creditors, including:

- the value of assets realised, including the FY25 R&D claim and sale of intellectual property of the Companies,
- the costs of realising those assets, including legal costs and advisory costs, and
- the legal costs incurred to consider the appropriateness of seeking a pooling order..

Given the above, we are unable to provide any estimated rate of dividend to be declared to unsecured creditors at this stage. Creditors will be notified should this position change. Creditors are welcome to lodge a Proof of Debt for their debt owed via the Halo platform.

We refer creditors to **Section 5** of the VA Report which provides a summary of unsecured creditors and related creditors of the Companies. There has been no material update to the expected return to creditors since the issue of the VA Report. Creditors will be notified should there be a material update to the figures outlined in the table above.

## 2 Introduction

### 2.1 Details of appointment

Richard Hughes and I were appointed as Joint and Several Administrators (**Administrators**) to the Companies on 23 August 2024 pursuant to Section 436A of the Act.

Our appointment as Administrators was ratified by creditors at the first meeting of creditors on 4 September 2024. The effect of our appointment was that we took control of the business operated by the Companies on our appointment.

At the second meeting of creditors on 15 November 2024, creditors resolved to place the Companies into liquidation. Richard Hughes and I were appointed liquidators (**Liquidators**) of the Companies at that meeting.

Minutes of the meeting of creditors have been lodged with ASIC. A copy of the minutes from these meetings may be downloaded from the following website: <https://aurestructuring.deloitte-halo.com/service/website/Redflow>.

### 2.2 Purpose of this report

Section 70-40 of the IPR requires the liquidator to report to creditors within three (3) months after the commencement of the winding up. This report provides details of the progress of the winding up, information about the Companies' assets and liabilities and whether creditors will receive a distribution from the liquidation.

This Report should be read in conjunction with the VA Report. A copy of these reports may be downloaded from the following website: <https://aurestructuring.deloitte-halo.com/service/website/Redflow>.

## 3 Conduct of the winding-up

### 3.1 Administrators' actions

We refer creditors to **Section 6** of the VA Report which provides detail of the actions undertaken by the Voluntary Administrators.

### 3.2 Liquidators' actions to date

The Liquidators have attended to the following matters since our appointment.

#### 3.2.1 Communications with customers, suppliers/creditors and other key stakeholders

- Drafting initial notices to creditors following our appointment as liquidators of the Companies,
- Attending to enquiries from impacted stakeholders including subcontractors and suppliers, and customers, and
- Preparing and issuing this report.

#### 3.2.2 Employees

- Final distribution of outstanding employee entitlements ensuring that all employees had been paid in full,



- Attending to STP lodgements with the Australian Taxation Office (ATO) with the former financial controller of the Companies. Rectifying issues with STP lodgements for pre-appointment and post-appointment and liaising with the ATO.,Notifying Office of State Revenue regarding payroll tax in Queensland and South Australia, and
- Corresponding with the former employees in relation to their income statement and other termination payment queries.

### 3.2.3 Asset recoveries

- Attending to the ongoing sale of intellectual property, specific assets and shares in international entities held by Redflow Ltd,
- Liaising with BDO, former employees, AusIndustry and the ATO regarding the finalisation of the FY24 R&D claim. The R&D claim was received in January 2025,
- Liaising with former staff and BDO to complete the cost workings for a potential R&D claim for FY25,
- Inquiring as to the recoverability of shareholdings in international entities including but limited to physical assets also held by the Australian entities, however located abroad, and
- Finalising auction of assets (machinery and inventory) in QLD and SA.

### 3.2.4 Investigations

- Further investigations into the failure of the Companies, including potential:
  - offences committed by the Directors of the Companies,
  - recoverable voidable transactions,
  - recovery of related party loans, and
  - insolvent trading claims.

### 3.2.5 Statutory

- Attending to statutory and regulatory lodgements and requests.

## 3.3 Outstanding matters in the liquidations

### 3.3.1 Communications with creditors and other key stakeholders

- Continued correspondence with creditors.

### 3.3.2 Asset recoveries

- Pursuing the sale of the Companies assets' including the intellectual property and shares in international entities,.
- Liaising with former staff and BDO to complete the cost workings for a potential R&D claim for FY25 and submitting the R&D claim to AusIndustry and the ATO, and
- Inquiring as to the recoverability of shareholdings in international entities including but not limited to physical Assets also held by the Australian entities, however located abroad.

### 3.3.3 Creditor distributions

- We are considering our position regarding pooling the Companies. It appears Redflow Limited was the head of a tax consolidated group and was lodging income tax returns for the consolidated group of Companies prior to our appointment. It also received R&D tax incentives from the ATO, even though Redlow International and Redflow R&D incurred majority of the costs. Until the pooling position is clear, we are unable to declare any dividend to the creditors.
- Adjudication of all remaining claim in the Companies and distribution of available funds to unsecured creditors after sale of the Companies' assets.

### 3.3.4 Statutory

- Attending to all required statutory requirements and lodgements to finalise the liquidations.

### 3.4 Receipts and payments to date

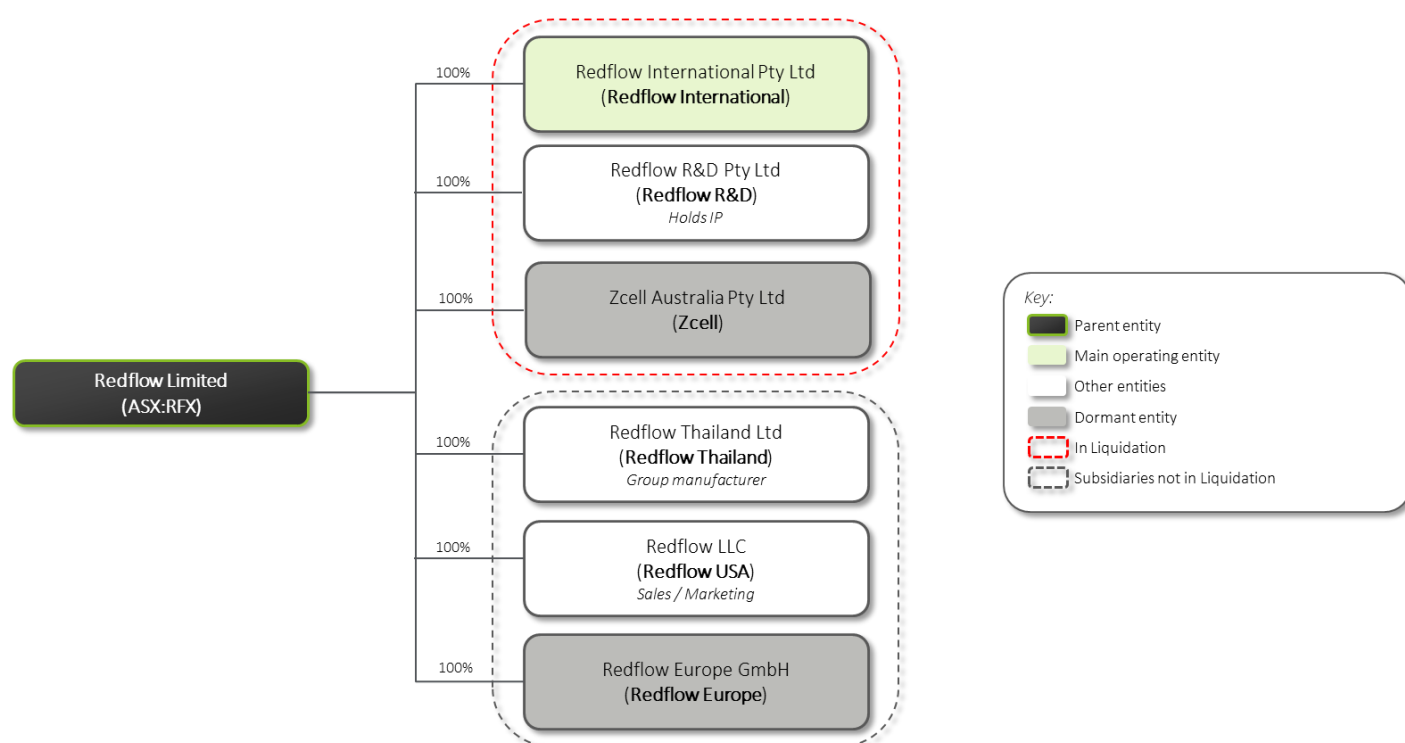
Enclosed at **Appendix B** are summaries on an entity-by-entity basis of the receipts and payments in the liquidations to date. These summary statements do not include accruals for liabilities incurred but not paid.

## 4 Background

### 4.1 History of the Redflow Group

The detailed history of the Redflow Group and its structure can be found in **Section 3.3** in our VA Report.

Redflow Limited was incorporated in 2005 and listed on the Australian Stock Exchange (**ASX**) in December 2010. It is the holding company of six companies locally and overseas. The below table outline the group structure:



### 4.2 Statutory information

The following statutory information in respect of each of the Companies is contained in **Section 3.2** of the VA report:

- date of incorporation
- registered office
- principal place of business
- current and former officeholders
- shareholders
- security interests.

## 5 Estimated assets and liabilities

### 5.1 Report on Company Affairs and Property

Pursuant to Section 438B of the Act, the Directors of the Companies are required to provide a Report on Company Affairs and Property (**ROCAP**) within five (5) business days of the initial appointment of the Administrators or such longer period as the Administrators allow.

On 9 September 2024, the Directors submitted a ROCAP for each of the entities in the Redflow Group. These ROCAPs were lodged with ASIC on 9 September 2024.

We refer creditors to **Section 5** of the VA Report for details of the financial position of the Companies as reported by the Directors in their ROCAPs.

The ROCAPs, together with the respective accompanying schedules were lodged with, and copies may be obtained from, ASIC. Alternatively, those ROCAPs may be inspected by contacting our team by email at [redflow@deloitte.com.au](mailto:redflow@deloitte.com.au).

### 5.2 Financial position of the Companies

In conducting our review of the financial position of the Companies, we have relied on the following key source of information, together with discussions with the Directors, key staff members and other stakeholders:

**Key sources in determining financial position**

Period	Information Source
FY23	Audited consolidated financial statements lodged with ASIC
Pre-VA	Up to date MYOB management accounts maintained for Redflow Limited, Redflow International and Redflow R&D
Pre-VA	Directors ROCAP

We refer creditors to **Sections 4 and 5** of the VA Report which discussed the book value and realisable value of assets of the Companies based on the records available and investigations undertaken at that time. The intellectual property remains unsold as at the date of this report, we are therefore not able to reveal this information.

### 5.3 Assets

The Liquidators' estimated realisable value of assets owned by the Companies is detailed in **Section 5.1** of our VA Report and summarised below:

#### Estimated realisable value of assets

\$'000	Note	RFL	RFI	RFRD	Zcell	Aggregated Amounts Realised to Date
Cash at bank	5.3.1	1,255	2,354	-	-	3,609
Debtors	5.3.2	-	969	-	-	969
Plant, equipment and motor vehicle	5.3.3	-	196	-	-	196
Other assets - R&D refund	5.3.4	2,604				2,604
Other assets - Patents and trademarks	5.3.4	Redacted due to commercial sensitivity				TBD
Asset subject to specific charge	5.3.5	-	-	-	-	-
<b>Total</b>		<b>TBD</b>	<b>TBD</b>	<b>-</b>	<b>-</b>	<b>TBD</b>

Source: The Companies' books and records and the Liquidators' analysis

#### 5.3.1 Cash at bank

The Companies held pre-appointment bank accounts with the Commonwealth Bank of Australia. During our appointment as Voluntary Administrators, the bank balances were transferred to the Companies' voluntary administration accounts.

We have collected \$3.61m from the bank accounts held by Redflow Limited and Redflow International collectively:

Account name	Collected by Administrators upon appointment	
	\$'000	Currency
Redflow International Pty Ltd	57	AUD
Redflow International Pty Ltd	2,297*	AUD
		*(converted from USD to AUD)
Redflow Limited	0.9	AUD
Redflow Limited	1,254	AUD
<b>Total</b>	<b>3,609</b>	<b>AUD</b>

#### 5.3.2 Debtors

We refer creditors to **Section 5.12** of the VA Report which disclosed the debtors of the Companies at the date of VA was \$1,511k. We have collected \$969k. Further recoveries are unlikely.

#### Debtor collected

Debtor days	Balance	Collected	Collected
	\$'000	\$'000	%
Current	971	969	99
30 days	Nil	Nil	Nil
60 days	Nil	Nil	Nil
90 days plus	540	< 1	< 1
<b>Total</b>	<b>1,511</b>	<b>969</b>	<b>64</b>

### 5.3.3 Plant, equipment, and motor vehicle

We arranged a formal valuation of the plant, equipment, and motor vehicles owned by Redflow International and Redflow R&D. We sold this plant with inventory for \$196k after costs of sale at auction.

There is no further plant, equipment, and motor vehicle for realisation in Australia.

### 5.3.4 Other assets

Section 5.1 of the VA Report discussed the other assets owned by the Companies which are available to be realised for the benefits of creditors.

Below table discloses the other assets realised to date:

Other assets	Amount \$'000
R&D refund FY24	2,604
Patents and trademarks	Redacted due to commercial sensitivity
<b>Total</b>	<b>Redacted due to commercial sensitivity</b>

#### R&D refund

We have engaged the services of BDO to continue with preparing and lodging the R&D claim for FY24 and FY25, and received a payment of \$2.604m from the ATO in January 2025 for FY24 period.

We will be in the process of considering the lodgement of the FY25 R&D Claim in July 2025 when the current financial year ends.

### 5.3.5 Assets subject to specific charges

Section 3.2 in the VA Report disclosed two secured creditors who hold valid security interests against the assets of the Companies.

#### Ricoh Australia Pty Ltd

The charge was in relation to a printer equipment hired to Redflow Limited. We organised for Ricoh Australia to collect the equipment during our appointment to save costs. We are yet to receive a Proof of Debt from Ricoh Australia.

#### Duomer Products Pty Ltd

Duomer Products was owed approximately \$47k for products which have been delivered to Redflow Thailand. Duomer Products are an ordinary unsecured creditor of Redflow International, but we are yet to see a Proof of Debt from the company.

## 5.4 Liabilities

The Liquidators' estimate of the value of the liabilities of the Companies remains in line with the estimate provided at Section 5.1 of the VA Report.

#### Estimated value of liabilities

\$'000	Note	RFL	RFI	RFRD	Zcell	Potential value of liabilities
<b>Unsecured creditors</b>						
Ordinary unsecured creditors	5.4.1	(771)	(1,744)	(26)	-	(2,541)
Other unsecured creditors	5.4.2	TBC	TBC	TBC	TBC	TBC
Intercompany loans (Total related party creditor claims)	5.4.3	-	(6,006)	(6,712)	0	(3,928)

\$'000	Note	RFL	RFI	RFRD	Zcell	Potential value of liabilities
Total		(771)	(7,750)	(6,738)	0	(15,259)

Source: The Companies' books and records and the Liquidators' analysis

With respect to the potential liabilities of the Companies:

- we have not adjudicated any claims during our appointment and as such, the above amounts are estimated only based on the Companies' books and records and information that has been provided to us over the course of the voluntary administration and liquidation
- all priority creditors have been paid in full. We are not aware of any other secured creditors of the Companies apart from Ricoh Australia and Duromer Products. Their debts will rank as unsecured debts.

#### 5.4.1 Ordinary unsecured creditors

Our estimate of ordinary unsecured creditors is \$2.5m. This may increase if creditors submit new claims or edit current claims. We have not adjudicated on any claims over the course of our appointment and as such, this amount is an estimate only based on the Companies' books and records and information that has been provided to us over the course of the voluntary administration and liquidation.

#### 5.4.2 Other unsecured creditors

As mentioned in **Section 5.1.12** in the VA report, there are contingent liabilities of the Companies which are yet to be crystallised.

The contingent unsecured liability amount relates to potential shortfalls on equipment leases, premises leases, intercompany loans by the overseas entities, as well as potential warranty claims made by the customers for batteries sold prior to our appointment.

#### 5.4.3 Intercompany loans (Total related party creditor claims)

The Companies have a number of inter-entity loans that arose during the trading of the business prior to our appointment. In section **5.1.10** in the VA Report, we provided a table of the intercompany loans. Please refer to the table for details.

### 5.5 Employee entitlements

The claims of the employees are a priority claim pursuant to Section 556 of the Act. This means employees have the right to be paid their outstanding entitlements in priority to other unsecured creditors. They also have a priority over secured creditors in respect to any realisations of certain types of assets known as circulating assets. Circulating assets are assets that a company can use, dispose of and deal with, in the ordinary course of business, such as debtors and inventory.

All priority employee entitlements have been paid in full during our appointments and the last payment was made on 20 November 2024, shortly after the liquidation of the Companies commenced.

## 6 What happened to the business of the Companies?

### 6.1 Causes of failure

Details of the reasons for failure of the Redflow Group's business including the Directors' explanation and the Voluntary Administrators' opinion were provided in our VA Report (available at: <https://aurestructuring.deloitte-halo.com/service/website/Redflow>). As such, creditors should review our VA Report for information pertaining to the reasons for failure of the Redflow Group.

This report does not provide any further information with respect to the reasons for failure of the Redflow Group. If creditors have any queries with respect to the reasons for failure of the Redflow Group, they may contact us at [redflow@deloitte.com.au](mailto:redflow@deloitte.com.au).

## 7 Possible recovery actions

### 7.1 Investigations

#### 7.1.1 Introduction

The general duty of a liquidator is to investigate the company's business, property, affairs and financial circumstances. There are several possible recovery actions that may be brought by a liquidator under Part 5.7B of the Act which may result in more funds available for distribution to the creditors.

The liquidator also has an obligation to report possible director breaches of duties or likely misconduct that comes to our attention to ASIC. ASIC may, because of such a report, prosecute the directors and a successful prosecution may result in the director(s) being fined or imprisoned. However, any action undertaken in this regard will have no impact on likely dividends to creditors.

An explanation of the possible recoveries that may arise as a consequence of offences by a director and insolvent and voidable transactions is attached at **Appendix C**. This information sheet has been prepared by the Australian Restructuring Insolvency & Turnaround Association (**ARITA**) and is intended to reduce the amount of generic information included as part of the body of this report. Creditors who are not familiar with the nature of offences and liquidator actions should refer to the appendix for explanations. If further explanation is required of the material contained in **Appendix C** or of our investigations, creditors should contact our office at [redflow@deloitte.com.au](mailto:redflow@deloitte.com.au).

#### 7.1.2 Overview of investigation

In the time available to us, we have undertaken the following investigations to prepare this Report and formulate our opinions:

- ASIC and real property searches
- searches of the Personal Property Securities Register
- review of books and records of the Companies
- review previous investigations conducted in preparation for the VA Report
- review of the board minutes of the Companies
- review of the ROCAPs completed by the Directors of the Companies
- discussions and questionnaires completed by the Directors
- discussions and correspondence with key Management and staff
- discussions with suppliers, subcontractors, customers (project principals) and other creditors
- desktop analysis of the Directors of the Companies
- review of the intercompany loan matrix

- prepare an investigation file with the aim of quantifying the potential recoveries available under the Act
- liaising with solicitors regarding potential recovery action(s).

Liquidators are required to complete and lodge a report pursuant to Section 533 of the Act with ASIC where it appears:

- a past or present officer of the Company may have been guilty of an offence or misconduct in relation to the Company and/or
- the Company may be unable to pay more than 50 cents in the dollar to unsecured creditors.

Creditors are advised that the Liquidators are required to submit a report to ASIC pursuant to Section 533 of the Act as our investigations as at the date of this Report suggest there will be insufficient realisable assets to enable payment of a dividend to unsecured creditors of the Companies of more than 50 cents in the dollar to unsecured creditors. Reports lodged pursuant to Section 533 of the Act with ASIC are not available to the public.

Whilst we have no reason to doubt any information contained in this report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially change from the date of this report.

### 7.1.3 Offences by the Directors

#### 7.1.3.1 Overview

Sections 180 to 184 of the Act, impose duties on directors to exercise care and diligence, act in good faith in the best interests of the company and not misuse their position.

From our investigations to date we have not found the Directors to have acted dishonestly and/or fraudulently in the exercise of their powers and discharge of their duties. To date, there has been no evidence that the Directors have used their powers other than in the Company's interest. Therefore, no amount has been attributed in our estimated statement of position presented at **Section 8** of this report to recovery actions available to the Liquidators at this time.

In **Section 7** of the VA Report, we set out in detail the investigations undertaken by the Administrators at that date and this should be read in conjunction with this section of this report.

#### 7.1.3.2 Books and records

Pursuant to Section 286 of the Act, a company must keep written financial records that correctly record and explain its transactions, financial position and performance and would enable true and fair financial statements to be prepared and presented in accordance with the accounting standards.

Failure by the Company to maintain books and records in accordance with Section 286 of the Act provides a rebuttable presumption of insolvency of the Company which may be relied on in a liquidator's application for compensation for insolvent trading and other actions for recoveries pursuant to Part 5.7B of the Act from related entities.

In our opinion, it appears as though the books and records have been maintained in accordance with Section 286 of the Act.

### 7.1.4 Assessment of solvency in accordance with Section 588G of the Act

We refer creditors to the relevant test of insolvency and our preliminary assessment of insolvency set out in **Section 7.4** of the VA Report. The further investigations undertaken by the Liquidators have not given rise to any basis on which to change the preliminary conclusions reached and presented to Creditors in the VA Report.

We are of the view that the Companies became insolvent on or around the date of our appointment when the immediate cash requirements of the overseas entities are considered.



### 7.1.5 Voidable transactions

We refer creditors to our preliminary assessment of potentially voidable transactions set out in **Section 7.4** of the VA Report.

Such transactions are only voidable if they are considered insolvent transactions of the Company. For a liquidator to recover any amount it would first be necessary to establish that the Company was in fact insolvent at the time of the transaction.

Generally, such actions are expensive and are likely to require a Court application. Should there be inadequate funds available, or the liquidators consider it uncommercial or not in the creditors' best interests, such recovery actions may not be commenced by the liquidators. Alternatives that can be considered include:

- some or all of the creditors may wish to fund an action and in doing so can be entitled to receive their contribution in priority to other creditors,
- litigation funding may be available to fund an action, however it is usually a requirement that legal advice indicates there is a strong potential for success, or
- Section 100-5 of the IPS entitles a liquidator to assign any right to sue. This may enable us to quickly convert what might otherwise be a lengthy and time-consuming legal action into an upfront payment in cash. Creditors must be notified in advance if we were to consider such an option.

Since the Companies were placed into liquidation, further investigations have been undertaken by us as Liquidators to assess whether there are any potential voidable transactions. A summary of our findings is outlined below:

#### Summary of voidable transaction investigations

Type of voidable transaction	Section of the Act	Investigation findings to date
Unfair preference payments	588FA	We have not identified any payments that may be unfair preferences within the six (6) months prior to our appointment.
Uncommercial transactions	588FB	Our review of the Companies records to expose evidence of uncommercial transactions entered into by the Companies has not identified any transactions that would constitute an uncommercial transaction.
Unfair loans to a Company	588FD	Our investigations of the books and records of the Companies have not identified any loans made to or received from parties that commit the Companies to extortionate terms.
Arrangements to avoid employee entitlements	596AB	We have not to date identified any transactions of this nature.
Unreasonable director-related transactions	588FDA	Our investigations have not to date identified any unreasonable director-related transactions.
Creditor-defeating dispositions	588FDB	Our investigations have not identified any potential creditor-defeating dispositions.
Transactions with the purpose of defeating creditors	588FE(5)	Our investigations have not to date identified any transactions undertaken for the purposes of defeating creditors.
Circulating security interests created within six months prior to the relation back day	588FJ	Our investigations have not to date identified any voidable security interests.
Related party transactions	588FE(4)	At this stage we have not identified any related party transactions that constitute recoverable voidable transactions.

### 7.1.6 Directors' duties

We refer creditors to the Voluntary Administrators' preliminary comments regarding potential offences by the Directors set out in 7.3 of the VA Report.

The VA Report outlined our investigations with respect to our investigations into the Directors' duties and the safe harbour advice obtained with a plan implemented in Aug 2024.

Further investigations have been undertaken during the liquidation and we do not anticipate any further action is to be taken against the Directors.

#### 7.1.7 Further enquiries that need to be undertaken

We are not aware of any further transactions which warrant investigation. Creditors are encouraged to come forward and provide details and evidence should they believe there are specific transactions which may be required to be investigated further.

## 8 The likelihood of a distribution to creditors

### 8.1 Estimated return to creditors

We refer creditors to **Section 8** of the VA Report which provides a detailed analysis of the estimated return to creditors for each of the Companies. Due to a few factors outlined in **Section 1.6** of this report, we are currently unable to provide an expected return to creditors.

### 8.2 Pooling orders

Given there have been assets owned by different entities in the Redflow Group and expenses have been paid by Redflow International, there will be difficulty in allocating the asset pool amongst the Companies (and given they essentially operated together), we are currently seeking legal advice on the necessity and practicality of an application to Court to pool the assets and creditors together for a uniform treatment.

### 8.3 Conclusion

Any potential dividend declaration and distribution will depend on the outcome of:

- Pooling considerations and the successful seeking a court order,
- Realising the balance of Companies' assets, including intellectual property, and
- Lodgement of the FY25 R&D claim (the R&D claim can only be submitted after 30 June 2025)

We trust creditors find this report informative and useful. In the event you have any queries regarding the contents of this report, or the liquidation in general, please do not hesitate to contact our team at [redflow@deloitte.com.au](mailto:redflow@deloitte.com.au).

Dated 14 February 2025



David Orr  
Joint and Several Liquidator

Deloitte SRT Pty Ltd  
Riverside Centre  
Level 23, 123 Eagle Street  
BRISBANE QLD 4000

## Appendix A – Declaration of Independence Relevant Relationships and Indemnities

## Appendix B – Receipts and payments

### Redflow Limited – Liquidation Receipts and Payments Summary

Item	\$
<b>Receipts</b>	
Transfer from VA accounts	476,225
R&D Tax Incentive	2,598,341
Interest income	13,519
BAS refunds	9,690
<b>Total receipts</b>	<b>3,097,775</b>
<b>Payments</b>	
Administrators' fees	251,675
Administrators' disbursements	1,655
Legal fees	154,261
Other professional fees	35,888
Sale and marketing costs	2,971
<b>Total expenses</b>	<b>456,450</b>
<b>Net Receipts / (Payments)</b>	<b>2,641,325</b>

**Redflow International Pty Ltd – Liquidation Receipts and Payments Summary**

<b>Item</b>	<b>\$</b>
<b>Receipts</b>	
Transfer from VA accounts	1,029,210
Cash on hand	693
Plant & equipment	229,512
Interest income	13,519
<b>Total receipts</b>	<b>1,272,934</b>
<b>Payments</b>	
Administrators' fees	330,000
Cleaning & waste removal	14,334
Intercompany – Redflow LLC	1,345
IT services	41,767
Employee wages	21,211
Employee entitlements	52,157
Legal fees	23,725
Payroll Tax	33,000
Other professional fees	715
Rent & occupancy costs	2,322
Superannuation	90,093
Utilities	4,436
Workers Compensation Insurance	2,217
FX Gain / Loss	2,594.01
<b>Total expenses</b>	<b>616,916</b>
<b>Net Receipts / (Payments)</b>	<b>653,018</b>

**Redflow R&D Pty Ltd – Liquidation Receipts and Payments Summary**

<b>Item</b>	<b>\$</b>
<b>Receipts</b>	
BAS refunds	374
<b>Total receipts</b>	<b>374</b>
<b>Payments</b>	
<b>Total payments</b>	<b>-</b>
<b>Net Receipts / (Payments)</b>	<b>374</b>

**ZCell Australia Pty Ltd – Liquidation Receipts and Payments Summary**

*There have been no receipts and payments in the liquidation of ZCell Australia Pty Ltd to date.*

## Appendix C – ARITA Information Sheet on Offences, Recoverables and Insolvent Trading



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