



A.C.N. 614 735 474 LTD (In Liquidation) **– Formerly known as Aerison Group Ltd**

(‘the Company’)
ACN 614 735 474

Statutory Report by Liquidators

12 January 2024

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1 Introduction

As you are aware, Richard Tucker, John Bumbak and Craig Shepard were appointed Voluntary Administrators of the Company on 6 June 2023 pursuant to Section 436A of the Corporations Act 2001 ('the Act'). At the resumed Second Meeting of Creditors of the Company on 13 October 2023, creditors of the Company resolved that the Company be wound up under Section 439C(c) of the Act and Richard Tucker, John Bumbak and Craig Shepard were appointed as Liquidators of the Company under Section 499 of the Act.

We refer to our initial report providing information for creditors dated 16 October 2023 in which we advised you of our appointment as Liquidators and your rights as a creditor in the liquidation.

This report is provided in accordance with Section 70-40 of the Insolvency Practice Rules (Corporations) 2016 and the Code of Professional Practice issued by the Australian Restructuring Insolvency and Turnaround Association ('ARITA'). The purpose of this report is to:

- provide you with an update on the progress of the liquidation; and
- advise you of the likelihood of a dividend being paid in the liquidation.

We have relied on information provided from numerous sources to prepare this report, including:

- The Company's books and records.
- The Report on Company Activities and Property as submitted by the directors of the Company as at 6 June 2023.
- Information from public sources, such as the Australian Securities and Investments Commission ('ASIC') and the Personal Property Securities Register ('PPSR').
- Discussions with the Company's directors, employees and key stakeholders.

Whilst we have no reason to doubt the accuracy of any information, we have not performed an audit and reserve the right to alter our conclusions, should the underlying data prove to be inaccurate or change materially from the date of this report.

If further information becomes available on the progress of the liquidation, we may distribute a further report to creditors.

2 Update on the progress of the liquidation

2.1 Company Information

Please refer to the Administrators' Report to Creditors ('the Report') dated 24 August 2023 for details about the Company's background, officers, events leading up to the administration and historical financial information. The report is available from the creditors' page on KordaMentha's website <https://kordamentha.com/Creditors>.

2.2 Update on open matters from the Report dated 24 August 2023

2.2.1 Sale of business

As discussed in the Report and at the Second Meeting of Creditors, following a public sale process in which we received approaches from approximately 45 interested parties, a pooled Deed of Company Arrangement ('DOCA') was proposed by Applied Pollution Control trading as APCINFRA ('APCINFRA'), which included the following entities:

- Aerison Holdings Pty Ltd
- Aerison Pty Ltd ('APL')
- Aerison Services Pty Ltd
- Aerison EPC Pty Ltd
- Aerison Mechanical and Electrical Technology Pty Ltd
- Aerison Energy Services Pty Ltd

('together 'the Pooled DOCA Companies').

The Pooled DOCA provided for the continuation of the Aerison Group's ('the Group') business by way of transfer of 100% of the shares in the wholly owned subsidiaries of the Pooled DOCA Companies to APCINFRA. A significant number of employees retained their employment with the Pooled DOCA Companies, with their entitlements being preserved and honoured in the ordinary course of business.

This pooled DOCA was accepted by creditors and executed on 26 September 2023 with effectuation occurring on 5 October 2023. A Pooled Creditors' Trust ('the Trust') was subsequently established to manage the distribution of funds to the Pooled DOCA Companies' pre-appointment creditors.

The Trust fund is primarily comprised of the initial DOCA contribution and cash held by the Administrators, plus any future proceeds realised from the Roy Hill Claim. In addition to the above, any debtors, receivables and retention recoveries that were captured under the DOCA, all pre-appointment and voluntary administration tax refunds, all proceeds from bank guarantees and interest received on funds held in the Trust will also form part of the Trust.

The Company was not a party to the pooled DOCA detailed above, as no DOCA proposal was received in respect of the Company, and the Administrators were not able to realise the ASX listing shell. The Company was placed into liquidation at the resumed Second Meeting of Creditors of the Company on 13 October 2023.

As at the date the Company entered into liquidation, all employees had either been made redundant or transferred to APL.

2.2.2 Trading outcomes

As detailed within the Report, the Aerison companies traded as a group with the Company acting as owner of shares in operating subsidiaries.

The Company was listed on the ASX. However, due to no interest received in respect of a sale of the ASX listing shell, the ASX listing fees ceased to be paid resulting in the Company being de-listed from the ASX on 29 August 2023.

Aside from the Company, all of the trading entities within the Group were captured within the Pooled DOCA and therefore transferred to APCINFRA under the share sale detailed above. Upon effectuation of the Pooled DOCA, the Company ceased trading.

2.2.3 Asset realisations

According to the Report on Company Activities and Property ('ROCAP') completed by the directors of the Company shortly after the appointment of Administrators, the Company's assets consisted of the following:

Asset	Value in ROCAP \$000	Update on realisation
R&D tax refund for FY23	657	The Liquidators have engaged tax advisors to assess whether or not the R&D refund can be recovered. Creditors will be informed of any material outcome in this respect.
Deferred tax asset	4,300	The deferred tax asset is of no recoverable value.
Investments in subsidiaries	10,300	The Company no longer holds any interest in the subsidiaries as they formed part of the Pooled DOCA.

Aside from the above, we are not aware of any other assets of the Company.

A full copy of the ROCAP of the Company can be found at Appendix D of the Administrators' Report.

2.2.4 Employees

Retention of staff

At the date of this report there are no employees of the Company. All employees have been made redundant.

Employee Entitlements

Unpaid employee entitlements in relation to the Company are summarised below:

Category	Amount \$
Unpaid wages	538,446
Superannuation on unpaid wages	59,229
Outstanding superannuation inc.SGC	55,888
Annual leave	528,022
Long service leave	101,920
Pay in lieu of notice (inc. superannuation)	1,553,917
Redundancy	449,923
Total	3,287,346

Of the above total claim, \$2,254,878 is not considered a priority claim as it relates to entitlements of the directors of the Company that do not fall within the priority classification under the Act.

All employees have been notified of their individual, finalised entitlement amounts.

Fair Entitlements Guarantee ('FEG') scheme

As we have determined that there will be insufficient asset realisations available to satisfy outstanding priority employee entitlements, eligible employees may now lodge a claim for their outstanding entitlements through the FEG scheme.

Employees that we had identified as being eligible for FEG assistance were issued a letter on 24 October 2023 detailing the process for claiming their entitlements with FEG. At the date of this report, 7 employees have submitted a claim for their entitlements through the FEG scheme.

Our review of the Company's records identified two employees who will be ineligible to apply for FEG assistance in accordance with the FEG provisions as a result of being directors of the Company. We have advised those individuals accordingly.

We have been liaising with FEG since the Company entered into liquidation and have provided FEG with a verification schedule in respect of the employee claims.

Distribution of employee entitlements

At this stage, we do not anticipate that there will be a distribution in relation to any residual employee claims or to FEG in relation to payments made by them to the former employees.

2.2.5 Secured creditors

The Report by Administrators provided details in respect of securities registered against the Company on the PPSR as at the date of our appointment as Administrators. By way of update in respect of the final outstanding matters:

- The 'All Pap With Except' security registration of the Commonwealth Bank of Australia is valid.
- The 'All Pap With Except' security registration of Ranges Management Company Pty Ltd is considered invalid and in any event ranks after the Commonwealth Bank's All Pap registration as it was registered at a later date.
- The 'General Intangible' security registration of Swiss Re International SE is valid and remains in place.

2.2.6 Other matters

Further actions undertaken by us and our staff during the administration/liquidation since the Report by Administrators include:

- Attending to statutory lodgements including BAS returns and ASIC reporting
- Attending to final tax lodgements required for the period of the Voluntary Administration
- Reviewing and authorising payments in relation to the administration/liquidation periods
- Reviewing and processing final payroll payments for the Voluntary Administration period
- Confirming entitlement amounts with individual employees

- Liaising with FEG with regards to payment of employee claims
- Responding to any general enquiries received in relation to the liquidation
- Convening and holding of the Second Meeting of Creditors
- Assessing creditor claims, where necessary
- Preparing this report.

2.3 What happened to the business of the Company

As outlined in the Report, the Group's directors considered that the Group's financial difficulties prior to entering into voluntary administration could be primarily attributed to the protracted contractual dispute with Roy Hill.

The Administrators were and remain of the view that, in addition to the above, the Group's financial difficulties could also be attributed to:

- Resolution of a contractual dispute at a lower than expected sum (~\$15 million actual vs. ~\$28 million anticipated)
- Insufficient runway of time and cash to execute the Group's various restructuring and fundraising initiatives
- Macroeconomic factors including inflationary pressure, supply chain issues, escalating cost environment and tightening labour markets.

2.4 Assets and liabilities

A summary of the RoCAP as prepared by the directors and the Administrators' estimated realisable value of the assets and estimated liabilities, was provided at Appendix D of the Administrators' Report.

Aside from an update to the employee entitlements as set out at Section 2.2.4 above, there have been no material changes to the estimated realisable values previously provided.

3 Investigations and recovery actions

This section provides an update on actions and investigations undertaken by us since the Report.

In relation to any potential offences by the directors of the Company, as discussed in this section of this report, we will be reporting these to ASIC under Section 533 of the Act.

3.1 Limitation of Investigations

The opinions outlined below are based on investigations undertaken by our office into the Company's affairs, business and financial position. Our investigations have been based on the following information:

- representations of the directors of the Company
- the details of the Company's assets and liabilities as established by our office
- the books and records of the Company which have been written up to record transactions of the Company to 31 May 2023. Our investigations are limited to the books and records available to us.

If creditors are aware of any additional information that may assist our investigations, they should contact this office in writing as soon as possible.

3.2 Current status of Investigations

Books and records

We remain of the opinion that the Company maintained books and records in accordance with Section 286 of the Act.

General directors' duties

We have not identified any contraventions to the directors' fiduciary duties under the Act at this point in time.

Insolvent trading

We remain of the opinion that the Group became insolvent during May 2023, just prior to our appointment.

We remain of the view that it is likely that the directors will be able to rely on the protection of the safe harbour provisions for a period of time, given their engagement of KPMG as safe harbour advisors on 15 May 2023.

Voidable transactions

As detailed in the Report, the Administrators made the following findings in respect of potential voidable transactions in respect of the Group.

Unfair preferences

The Administrators identified potential preference payments of between \$0.5m - \$0.1m made by the Group during the month leading up to their appointment.

As liquidators, we will further investigate the above to ascertain whether or not there would be merit in pursuing payments specifically made by the Company. This would take into consideration an appropriate discount that would likely need to be applied to the potential claimable sum to reflect the risks of recovery, costs and potential defences by parties which would weigh on the merit of pursuing recoveries.

We will update creditors should we determine that a claim is viable in this respect.

Uncommercial transactions

An uncommercial transaction is a transaction that a reasonable person would not have entered into. We remain unaware of any uncommercial transactions entered into by the Company.

Unfair loans

Essentially an unfair loan is a loan agreement where the terms are considered onerous. We remain unaware of any unfair loans entered into by the Company.

4 Receipts and payments to date

A summary of the receipts and payments in the liquidation for the period from 13 October 2023 to 7 January 2024 is as below:

	(\$)
Pre-appointment cash sweep	216,164
Funding	347,479
GST refund	26,107
Other	2
Total Receipts	589,752
Wages and Salaries inc. superannuation	340,231
Appointee fees and disbursements - VA	97,938
Legal fees	200,004
Total Payments	638,174
Net Payments	48,422

Notes:

1. The funding of \$347,479 relates to transfers to the Company from the subsidiary accounts to enable payment of employee wages and Administrator fees.
2. Legal fees relate to costs incurred in trading the business and the sale of the subsidiaries.

5 Meeting of creditors/Proposals without meeting

To date, there have been no meetings of creditors held in the liquidation or any resolutions proposed by way of proposals without a meeting. If we receive a request for a meeting that complies with the guidelines set out in the initial information provided to you, we will hold a meeting of creditors. Otherwise, we do not intend to call a meeting of creditors at this time.

5.1 Proofs of debt

We have attached a formal proof of debt at Appendix A for completion and lodgement with my office, if you have not yet lodged a proof of debt during the voluntary administration or liquidation of the Company.

6 Cost of the liquidation

As previously advised in our initial information to creditors, we have estimated that our total remuneration for the liquidation will be \$50,000 (GST exclusive).

At the resumed Second Meeting of Creditors, creditors approved our remuneration for the duration and finalisation of the liquidation in the sum of \$50,000 (GST exclusive).

At this stage we do not anticipate having to seek approval of any further remuneration.

6.1 Disbursements

Attached as Appendix B is a summary of disbursements incurred to date which are yet to be paid to date. Disbursements have been categorised as follows:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional disbursements – these are recovered at cost. Examples of externally provided professional service disbursements are travel, accommodation, search fees and lodgement fees.
- Internal disbursements – these are recovered on a reasonable commercial basis. These disbursements are generally charged at cost, though some may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements include printing and postage costs, travel allowance and data room hosting. Internal disbursements will only be paid once approved.

Details of our disbursement policy are included in the schedule titled KordaMentha Rates – National – FY2023, previously provided to creditors.

7 Likelihood of a dividend

The likelihood of a dividend being paid to creditors and the amount of any dividend will be affected by a number of factors, including:

- The value of various classes of claims including secured, priority and unsecured creditor claims
- The volume of enquiries by creditors and other stakeholders which may impact costs
- Recoveries of voidable transactions, if any,

7.1 Secured creditor(s)

We do not anticipate any distributions will be paid to secured creditors.

7.2 Priority creditors

Employees of the Company, other than directors or their related persons, have a statutory priority of payment in respect of outstanding entitlements such as wages, superannuation, annual leave, long service leave and retrenchment. As per Section 4.2.2 above, the total priority employee entitlements owing as at the 6 June 2023 was \$1.03 million.

At this stage of the liquidation, we do not expect a dividend to be paid to priority creditors. As we have determined that there will be insufficient asset realisations available to satisfy outstanding priority employee entitlements, eligible employees have been advised to lodge a claim for their outstanding employee entitlements through the FEG scheme. We understand that FEG are yet to make payments to the former employees of the Company to date.

7.3 Unsecured creditors

Due to the anticipated shortfall to the secured creditors/priority creditors, we do not expect there to be a dividend to unsecured creditors.

8 What happens next

The following matters still need to be completed and further inquiries made prior to the finalisation of the liquidation:

- Realisation of any remaining assets
- Payment of the expenses incurred during the liquidation
- Payment of the Liquidators' remuneration and internal disbursements
- Finalise investigations and report to ASIC, if necessary
- Pursue any recovery actions that have reasonable prospects of success if there are funds available or funding is received
- Other administrative requirements.

It is expected that the liquidation will be completed within 9 months. However, completion may be delayed if any of the following occur:

- Recovery actions are pursued
- ASIC commences litigation against an officer of the Company
- Litigation is commenced against the Company
- There are unclaimed monies from the distribution.

9 Further information available to creditors

9.1 The privacy of your Information

We may collect personal information either from you, the Company or otherwise in connection with the amount owed to you by the Company. KordaMentha takes all reasonable steps to protect the personal information we hold about you from misuse and loss and from unauthorised access, modification or disclosure. From time to time, we may need to disclose personal information regarding you to a third party, such as a regulatory body. Except for certain disclosures required by the Act, such disclosures will be made on a confidential basis and, where possible, will require the third party to comply with appropriate privacy obligations.

If you would like to access or change the personal information KordaMentha holds about you, you can contact the contact person detailed in this letter at KordaMentha and request the relevant change or access. To action any change or access request, we will need to verify your identity and comply with our other procedures which are in place to prevent unauthorised access to personal information. If you have a complaint in relation to the privacy of your information, please contact privacy@kordamentha.com. Our privacy policy can be found on the KordaMentha website at www.kordamentha.com/governance/privacy-policy.

9.2 Sources of Information

ARITA provides information to assist creditors with understanding liquidations and insolvency. This information is available from ARITA's website at www.arita.com.au.

ASIC provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at www.asic.gov.au/insolvencyinfosheets.

If you need to update your contact details or bank account details, you will find a form on KordaMentha's website www.kordamentha.com in the [Creditor section](#).

Creditors requiring further information regarding the liquidation can contact us by email at aerison@kordamentha.com.

Dated: 12 January 2024



John Bumbak
Liquidator



Richard Tucker
Liquidator

KordaMentha
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Perth WA 6000

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Appendix A Proof of Debt



Form 535 – Formal proof of debt or claim (General form)**A.C.N. 614 735 474 LTD – Formerly known as Aerison Group Ltd
(In Liquidation) ('the Company')**

To: The Liquidators of A.C.N. 614 735 474 LTD (In Liquidation) ('the Company')

1. This is to state that the Company was on 13 October 2023, and still is, justly and truly indebted:

To _____
(name of creditor)

Of _____
(address of creditor)

ABN _____

For \$ _____ GST Amount: \$ _____
(amount owed to creditor, include cents, GST inclusive)

Particulars of the debt are:

Date	Consideration	Amount (\$)	Remarks
(insert date when debt arose)	(state how the debt arose and attach supporting invoices and statements of account)	(GST inclusive amount)	(include details of voucher substantiating payment)

(If debt is held due to an assignment of debt, provide evidence of the transfer and the consideration paid for assignment of the debt.)

2. To my knowledge or belief, the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:
(Insert particulars of all securities held. If the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form.)

Date	Drawer	Acceptor	Amount (\$)	Due date
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3. This proof of debt may be used for the purposes of voting at any meeting, a proposal without a meeting or for distribution to creditors unless a further proof of debt is submitted by me.

Execution:

- ☐ I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. (select if applicable)
- ☐ I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied. (select if applicable)
- ☐ I am a related creditor of the Company. (select if applicable)

Signature _____

Name _____ Date _____

Address _____

Email _____

Phone

Fax

Our privacy policy can be found on the KordaMentha website at www.kordamentha.com/governance/privacy-policy.

**Appendix B Summary of disbursements for the period
13 October 2023 to 7 January 2024**

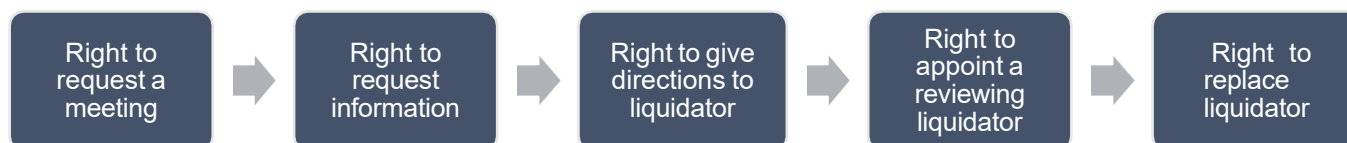
Externally provided disbursements incurred during the period 13 October 2023 to 7 January 2024	Basis	Actual/estimate \$ (excluding GST)	Paid (Y/N)
Externally provided non-professional disbursements	At cost		
Travel (taxis, etc.)		18.36	N
Total disbursements incurred		18.36	

Appendix C ARITA Information Sheet



Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Specific queries about the liquidation should be directed to the liquidator's office.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

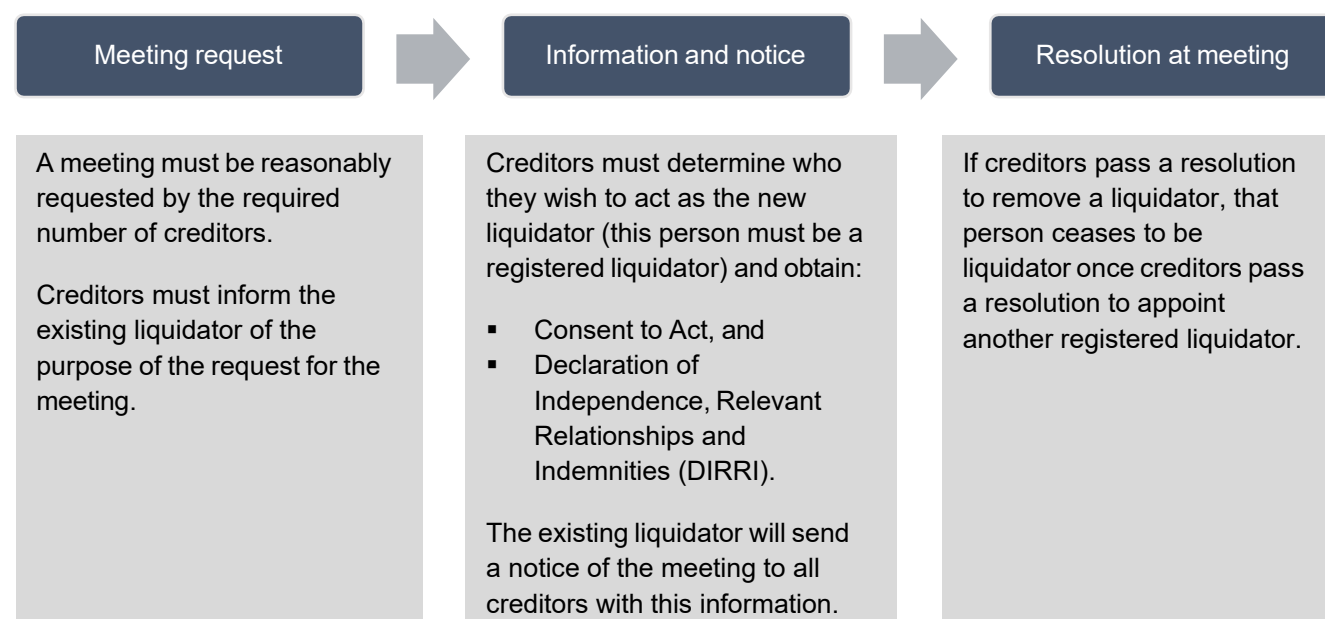
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



**For more information, go to www.arita.com.au/creditors.
Specific queries about the liquidation should be directed to the liquidator's office.**