



Anatomics Pty Ltd (In liquidation)

ACN 085 542 356

Statutory Report by Liquidators

21 May 2024

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1 Introduction

We advise that the Company was placed into voluntary liquidation on 16 February 2024 pursuant to a special resolution of its members and that we, Andrew Knight and Sebastian Hams, were appointed as Liquidators.

We refer to our initial report providing information for creditors dated 1 March 2024 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 will also be requesting that you consider our detailed remuneration report to approve our remuneration by way of proposals.

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 director, Paul D'Urso ('the Director'), for the Company as at 16 February 2024.
- Information from public sources, such as the Australian Securities and Investments Commission ('ASIC') and the Personal Property Securities Register ('PPSR').
- Discussions with the Company director, former employees, former customers, creditors, and other 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 Background to appointment

As noted above, we were appointed Liquidators of the Company pursuant to a special resolution of its members on 16 February 2024. As per the information provided with our initial report to creditors dated 1 March 2024 which included our Declaration of Independence, Relevant Relationships and Indemnities ('DIRRI'), the appointment was referred to us by the Company's accountant, Shorts Chartered Accountants ('Shorts Accountants').

2.2 Company Information

The Company operated a long standing medical manufacturing business which produced a range of medical devices for surgical applications. From 2019, the Company operated from a manufacturing facility located in Bentleigh East, Melbourne, Victoria, Australia which also acted as the Company's head office.

Upon our appointment, the Company was continuing to trade and employ. However, having conducted an urgent review of the financial position of the Company and acting on what we consider to be in the best of interests of creditors, we immediately ceased trading the business on 16 February 2024 and terminated the employment of the Company's workforce.

The following details were extracted from an ASIC search conducted following our appointment:

Company Information	Detail
Incorporation	Registered in Queensland on 11 December 1998
Registered Office	Warehouse 1, 240-246 East Boundary Road, Bentleigh East Vic 3165



Company Information	Detail
Principal place of business	Warehouse 1, 240-246 East Boundary Road, Bentleigh East Vic 3165
Shareholders	D'Urso Nominees Pty Ltd (421 ordinary shares issued for \$719,145)

2.1 Directors and officers

Detailed below is information regarding the current and former directors and officers of the Company obtained from the ASIC company search.

Name	Position	Appointment date	Cessation date
Paul D'Urso	Director and Secretary	11 December 1998	Current
Salvatore D'Urso	Director and Secretary	11 December 1998	22 July 2013
Susan D'Urso	Director	11 December 1998	6 October 2012
George Stephenson Gilltrap	Director and Secretary	11 December 1998	11 December 1998

2.2 What happened to the business of the Company

Immediately upon our appointment, we met with the Company's director who advised that:

- The Company had operated a medical device manufacturing business since 1998. The Company's products are devices regulated by the Federal Government's Therapeutic Goods Administration (TGA) placing regulatory compliance obligations on the Company's operations which were site specific to its manufacturing facility.
- Since 2019 the Company had operated its business from a leasehold facility at Warehouse 1 at 246 East Boundary Road, Bentleigh East 3165. This leasehold was attractive to the Company in operating its business as it was provided under favourable terms including peppercorn rent arrangements and a contribution to the landlord's outgoings. The lease term was due to expire on 31 March 2029.
- On 26 September 2023, the Company received notice under the terms of the lease that the landlord intended to demolish the warehouse as part of redevelopment works and that it would consequently be exercising its right to terminate the lease, requiring the Company to deliver up vacant possession of the property by 31 March 2024.
- Due to regulatory compliance obligations, this created a significant capital barrier to the Company continuing to trade as a result of:
 - Estimated cost of relocating the business and achieving site specific compliance at an alternate premises was expected to exceed \$1 million; and
 - Relocation of the business' manufacturing facility would require the business to suspend trading for an estimated period of up to 6 months whilst compliance at a new location was achieved.
- The Company did not have the financial capability to meet either of these financial burdens requiring the introduction of significant further capital to allow the business to continue.
- Since receiving the demolition notice, the Company had explored alternatives seeking introduction of further capital to support relocation however these efforts had not resulted in attracting sufficient further capital.
- The Company had also recently been engaging with a number of former customers in relation to various claims of potential defects with some of the Company's 'StarPore' Implant products. The Company had been engaging with these customers to understand their claims and these had been notified to the Company's pre-appointment insurer.
 - Following the above discussions and conducting an urgent assessment of the Company's financial position, we determined the Company was not in a position to continue to trade and it to be in the best of interests of creditors to immediately cease the Company's trading activities. We then met with the Company's workforce to advise of our appointment, that the business had ceased to trade and that unfortunately the Company's workforce was immediately terminated as a consequence.
 - We subsequently re-hired four of the Company's former employees on casual arrangements to assist with safely decommissioning the Company's plant and equipment in readiness for sale, critical waste removal and securing the Company's books and records (including historical patient data requiring retention).

- Further details in relation to the above matters including efforts to realise Company's assets, the exit of the Company's leasehold facility and the position of creditors are provided in this report (below).

2.3 Matters dealt with by the Liquidators since appointment

2.2.1 Leased warehouse facility

As noted above, the Company operated from leased premises at Warehouse 1 at 246 East Boundary Road, Bentleigh East 3165 ('the Premises'). A review of the lease revealed that:

- The company was party to a lease agreement with Make 246 EBRB Pty Ltd ('Make Ventures')
- The lease commenced on 1 April 2019 and had an expiry dated of 31 March 2029
- This key terms of the lease included payment of peppercorn rate of rent (i.e. \$1 (excl. GST) per annum) along with contributing to the landlord's monthly outgoings related to the Premises.
- There was no surety (e.g. bond / bank guarantee) provided by the Company under the terms of the lease.

As previously noted, the Company received notice from Make Ventures on 26 September 2023 under the terms of the lease of its intention to undertake demolition works as part of an urban re-development plan to allow for remediation and redevelopment of the site. The notice provided the lease would be terminated effective from 31 March 2024 and required the Company to provide vacant possession on that date.

Following our appointment, we immediately engaged with the Company's landlord to advise of our appointment and that:

- The Company's business had ceased trading and we were in the process of winding down its affairs on an orderly basis
- As part of this we intended to conduct a realisation process for the Company's assets which was likely to include an on-site auction for the Company's plant and equipment
- Whilst we would seek to complete this process prior to the date requested for vacant possession (31 March 2024), we may need to seek the landlord's support should further time be required to complete these processes and exit the site.

Following completion of a public auction process for the Company's plant and equipment (further details provided in section 2.2.3 below) and with the support of the Company's landlord, the Company ultimately exited the leasehold on 23 April 2024 and we disclaimed the lease pursuant to sections 568 & 568A of the Act on the same day.

2.2.2 Secured creditors

A search of the Personal Property Securities Register ('PPSR') revealed the following securities were registered against the Company on the PPSR as at the date of our appointment.

PPS registrations	Date created	PPSR charge number	Collateral	PMSI
Fujifilm Leasing Australia Ltd Fujifilm Business Innovation Australia Pty Ltd	1 August 2018	201808010049963	Other Goods	Yes
Bank of Queensland Limited	28 March 2019	201903280082243	Other Goods	Yes
Bank of Queensland Limited	25 July 2019	201906250025370	Other Goods	Yes
TCL Australia Pty Limited	12 March 2020	202003120048207	Other Goods	Yes
Commonwealth Bank of Australia	25 November 2020	202011250015350	All PAP No Except	Yes
Qenos Pty Ltd	2 December 2020	202012020055881	Other Goods	Yes
Computers Now Pty Ltd	27 April 2021	202104270042153	Other Goods	Yes
Valbruna Australia Pty Ltd	7 March 2023	202303070012170	Other Goods	Yes

In accordance with section 275(1) of the Personal Property Securities Act 2009 (Cth) ('PPSA'), we wrote to the security holders on 20 February 2024 to request:

- A copy of the underlying documentation that gave rise to the PPSR registration to allow us to make an assessment of the validity of the claim.
- Confirmation of the property that is the subject of the security interest.

By way of update in respect of these securities:

- Commonwealth Bank of Australia's ALLPAP registration related to finance facilities provided to the Company prior to our appointment. Immediately upon our appointment, we separately wrote to CBA requesting these facilities be frozen and requesting outstanding balances. We understand these facilities were undrawn as at the date of our appointment and we have requested confirmation that CBA have released their security interests accordingly.
- Fujifilm's registration represented a PMSI in relation to the lease of two 3D printers and a photocopier. After seeking a response from Fujifilm in relation to our request, we received and reviewed the underlying documentation in relation to the leases and determined Fujifilm's security interest was likely valid. On 10 April 2024 We provided notice to Fujifilm disclaiming the leases pursuant to sections 568 & 568A of the Act and requested Fujifilm to collect their security. The relevant 3D printers and photocopier were subsequently collected on 19 April 2024 and 23 April 2024 respectively.
- Bank of Queensland's registrations were PMSI's to separately secure two chattel mortgage loan agreements in respect of certain items of the Company's plant and equipment (i.e. a CNC Milling Machine and a Sterilisation System). We assessed the underlying documentation in relation to the chattel mortgages and determined Bank of Queensland's registrations were likely valid. As part of our preparation for the auction, we requested Bank of Queensland provide payout figures in respect of the equipment which was advised as \$5,396.44. Given the auction value of the equipment concerned was expected to materially exceed this amount and in order to simplify the auction process, we agreed to make payment of \$5,396.44 to the Bank of Queensland in return for a release of their securities so the relevant equipment could be included in the auction. Payment and release of these two securities was completed on 25 March 2024.
- Qenos confirmed that it had last traded with the Company in December 2020 and no amounts were outstanding and it had discharged its PPSR registration on 21 February 2024.
- Valbruna confirmed that no amounts were outstanding and it had discharged its PPSR registration on 21 February 2024.
- We are yet to receive responses from TCL Australia and Computers Now regarding their security interests, however, our investigations indicate there are no amounts that remain outstanding from the Company to these secured parties.
- Our investigations also revealed a coffee machine had been leased to the Company from 7 Grams Coffee rented a coffee machine to the Company since August 2020 under a rental term that was neither formalised through a rental agreement nor registered on the PPSR. Whilst we determined that the arrangement may have required registration on the PPSR, it was deemed not commercial to pursue further action due to the minimal realisable value of the machine. We disclaimed the rental agreement and the machine was collected by 7 Grams Coffee on 3 April 2024.

2.2.3 Sale of plant and equipment

Following our appointment, we engaged Slattery Auctions ('Slattery') to undertake an urgent assessment of the suitability of the Company's unencumbered plant and equipment assets for sale and to prepare a market valuation and realisation plan. Slattery later provided a valuation and realisation plan which recommended that, given the specialised nature and market for the Company's plant and equipment, an on-site public auction should be conducted on an 'as is where is' basis to minimise decommissioning and removal costs and maximise the amount that could be realised from this plant and equipment for the benefit of creditors.

We subsequently instructed Slattery to proceed with a marketing campaign for the onsite auction which commenced on 14 March 2024 and was ultimately completed on 23 April 2024.

A summary of the results of the auction and proceeds received to date are provided as follows (values exclude GST):

Asset class	Book value (written down)	Market value existing use	Auction Realisable Value	Gross auction proceeds	Auction costs	Net auction proceeds
Medical Manufacturing Equipment	\$155,032	\$246,736	\$65,723	\$185,261	(\$24,543)	\$160,668

Following completion of the auction, Slattery collected a number of remaining residual assets that did not sell at auction (primarily residual IT equipment) and was capable of being removed and commercially realised. Slattery will include these items in further market auctions however these items are not expected to realise further material amounts.

All remaining items that was unable to be sold at auction or was not commercial to remove was disclaimed along with the Company's lease for the premises on 23 April 2024.

2.2.4 Debtor Realisations

A review of the Company's aged receivables ledger as at our appointment indicated that a total of \$429,156.31 was outstanding from debtors as at the date of our appointment date.

Following our appointment, we wrote to all remaining debtors requesting payment of outstanding accounts within normal trading terms.

To date we have recovered \$127,189.91 and have received a variety of disputes in relation to the balance of the amounts outstanding citing claims including faults with devices delivered and non-delivery of products. We are continuing to work through these disputes and pursue remaining amounts outstanding.

Upon further review with former management, we have also identified the Company also has a ledger of 27 'Private cases' where products have been dispatched to customers but were not necessarily used/invoiced as at the date of our appointment. Where realisable, these cases represent a total further debtor value of \$379,060.

We are continuing to review these Private cases and liaise with the relevant customers seeking early payment of these amounts where possible.

2.2.5 Research & Development (R&D) refundable tax offset

Former management have advised that the Company has previously been eligible for annual recovery of the R&D refundable tax offset as part of its income tax return. A review of this claim indicates the Company may be entitled to a claim in excess of \$100,000 for the period 1 July 2023 to 16 February 2024 (i.e. the date of liquidation).

We are currently engaging with relevant former employees and the Company's former accountant to understand the likely refund that may be pursued and a proposal for preparation of the Company's 2024 income tax return in July 2024 in order to seek to recover this value for the benefit of creditors.

2.2.6 Intellectual property

Our preliminary investigations into the Company's affairs revealed that the Company had previously held an interest in intellectual property which included, amongst other things, acting as sponsor for the following product registrations held with the Australian Register of Therapeutic Goods ('ARTGs') maintained by the TGA:

Date	ARTG No.	Product No.	Product Name	Category
21/02/2023	405188	879646	Prosthesis, internal, ear/nose/throat, synthetic	Class IIb
18/11/2020	348819	750795	Cranioplasty plate, non-alterable	Class 1
20/07/2020	339830	725937	Prosthesis, internal, ear/nose/throat, synthetic	Class 1
13/02/2020	329874	700777	Non-implantable needle guide, single-use	Class 1
13/02/2020	329875	700778	Training model, anatomical	Class 1
12/02/2020	329808	700636	Surgical drill guide, reusable	Class 1
18/12/2019	327889	694156	Retractor system, self-retaining	Class 1
22/08/2019	322171	676377	Postsurgical head/neck garment	Class 1
30/10/2017	295665	597710	Training model, anatomical	Class 1
04/05/2017	288564	579349	Craniofacial fixation plate kit, non-biodegradable	Class IIb

Our further investigations revealed that in early February 2024, the Company's sponsorship of these listings had been transferred from the Company to Anatomics Rx Pty Ltd ('Anatomics Rx'), a related entity controlled by the Company's director

Upon further discussions with Anatomics Rx, it was confirmed these transfers had occurred for no consideration to the Company on the understanding that these held little to no value in the circumstances. Notwithstanding, to ensure that the Company received appropriate value for the above intellectual property, we reached an interim agreement with Anatomics Rx that:

- Acknowledges that the ARTGs remained beneficially held on trust for the Company
- The Liquidators' would undertake a process of engagement with the market seeking commercial offers for the ARTG's

- To the extent that a commercial offer was received for the ARTGs, Anatomics Rx would agree to transfer these to a third party where the Liquidators are able to agree a sale of these for the benefit of the Company (with value to be paid to the Company for the benefit of creditors in the liquidation)

Since our appointment, we have approached (and been approached by) a number of parties expressing interest in acquiring the ARTGs. We are currently engaging with the preferred bidders for these assets in an effort to conclude an appropriate sale transaction for the benefit of creditors. However, as these discussions are at a commercially sensitive stage we are not currently in a position to comment further at this stage and will provide further details to creditors in due course.

2.2.7 Employees

As noted above, following our appointment we immediately ceased trading the Company's business at which time we terminated the employment of the Company's workforce (19 employees). Former employees owed outstanding entitlements as at the date of our appointment as Liquidators attract a statutory priority of payment in accordance with section 556 of the Act.

Employee Entitlements

During our appointment, we have conducted a detailed review of outstanding priority employee entitlements owed to former employees (priority creditors). Our estimate of these entitlements by category is provided below:

Entitlement category	(\$)
Wages	1,930.37
Superannuation	65,614.49
Annual leave	114,587.06
Annual leave loading	TBC
Long service leave	104,079.19
Pay in lieu of notice	106,896.81
Superannuation on pay in lieu of notice	11,758.65
Redundancy	263,146.97
Total	\$668,013.54

It is noted that the above estimate of entitlements are expressed based upon the Company's books and records. The Company does not appear to have calculated and accounted for any annual leave loading which may be an entitlement to certain former employees which is currently subject to review.

It is noted that non-priority amounts owing to excluded employees have not been included in the above table. In accordance with the excluded employee provisions of the Act, non-priority amounts owing to the director and other excluded employees rank as an unsecured claim.

Individual letters with accompanying statements of our estimate of outstanding entitlements based upon our review of the Company's books and records will shortly be issued to former employees to confirm the amounts outstanding individually and to support claims submitted to FEG (see below).

Fair Entitlements Guarantee scheme ('FEG')

FEG is a legislative safety net scheme operated by the Commonwealth Government for employees of insolvent entities that have been placed in liquidation. Under the scheme, former employees may be able to claim for amounts owing in respect of wages, annual leave, long service leave, payment in lieu of notice and redundancy. Please note that FEG does not cover unpaid employer superannuation contributions under Superannuation Guarantee legislation. We are continuing to liaise with FEG to assist with verification and assessment of claims received from former employees.

Our comments on the likelihood of a dividend to employees, as priority creditors of the Company, are included under section 7.2 of this report.

2.2.8 Other matters

Further actions undertaken by us and our staff during the liquidation include:

- Recovering outstanding customer debts.
- Reviewing and recovering loans extended by the Company.
- Closing pre-appointment bank accounts.
- Attending to statutory lodgements including BAS returns and ASIC reporting.
- Reviewing and authorising payments.
- Reviewing and approving payroll for casual employees.
- Allocating costs between circulating and non-circulating assets.
- Discussions with the Company's secured creditors.
- Investigating the Company's affairs.
- Assessing creditor claims, where necessary.
- Preparing this report.

2.4 Assets and liabilities

A summary of the ROCAP as prepared by the director and our estimated realisable value of the assets and estimated liabilities are detailed below:



Report on Company Property and Activities (ROCAP)	Directors	Liquidators			Notes
	ROCAP \$	Number of creditors	Value recovered to date \$	Estimated future recoveries \$	Total (Excl GST) \$
Cash on hand	84		-	-	- 1
Cash at bank	56,770.61		56,390.00	-	56,390.00 2
Debtors: Trade Debtors	381,420.72		127,189.91	50,000.00	177,189.91 3
Debtors: Loans to related entities	197,327.76		-	-	- 4
Inventory	29,299.52		-	-	- 5
Plant and equipment	1,065,524.55		160,668.00	-	160,668.00 6
Property	-		-	-	- 7
Other assets	196,493.53		-	-50,000.00	50,000.00 8
Contingent assets	-		-	-	-
Total assets	2,122,320.20		344,247.91	100,000.00	444,247.91
Employee entitlements:					9
Wages and superannuation	67,544.86	20			67,544.86
Leave of absence	217,348.64	18			218,666.25
Retrenchment	361,195.90	18			381,802.43
Secured creditors	Unknown	-	-	-	-
Unsecured creditors (Including GST)	1,509,031.61	73			2,885,924.00 10
Contingent liabilities					-
Total liabilities	2,163,371.18				3,553,937.54
Estimated surplus/(deficiency) subject to the costs of the Liquidation	(41,050.98)				(3,109,689.63)

Notes:

1. The director's ROCAP noted \$84 in cash on hand at the Company's premises. We were unable to locate this amount in cash at the Company's premises and therefore do not estimate any future recovery amount in this respect.
2. The ROCAP estimated varies from our estimate due to amounts offset against the Company's former credit cards held with CBA .
3. The ROCAP estimates trade debtors to be \$381,420.72. As per section 2.2.4, we have written to all known debtors for payment of account and currently investigating the validity of disputes in relation to existing debtor accounts in addition to pursuing recovery of Private cases. At this stage, we are unable to provide a reliable estimate of future recoveries.
4. These loans were issued to Anatomics Asia Pte Ltd and Anatomics Inc, both related entities of the Company with common directorship. We understand based upon discussions with the director that there is no prospect of recovering these loans as these subsidiaries do not have assets and were wholly reliant upon the Company for financial support. We have since issued formal correspondence to the entities seeking confirmation of this position however are yet to receive a formal response.
5. Our view of the Company's records did not reveal material finished inventory, this amount appears to represent residual inventory to support manufacturing operations at the Company's facility which was not recoverable.
6. As per section 2.2.4 of the report, we have engaged with Slattery to carry out an auction to realise the Company's equipment. The auction concluded with net sales proceeds of \$160,668 realised to date.
7. We have not identified any real property owned by the Company. As noted above, the Company was leasing its principal place of business.
8. ROCAP shows that the Company holds shares in subsidiaries of the Company. We estimate that these shares are worthless with no future recovery value however have provided an estimate of the net amount that may be recoverable in respect of the

Company's R&D refundable tax offset which remains subject to review. We have not provided an estimate of any amounts potentially recoverable in respect of the Company's intellectual property at this stage due to the commercial sensitivity of these ongoing discussions with interested parties.

9. Employee entitlements are based upon current estimates as set out in section 2.2.7 of this report.

10. Our estimate of unsecured creditor exceeds the ROCAP estimate based upon Proofs of Debt ('POD') returned from creditors to date. This includes potential warranty claims from former customers which were not included in the ROCAP and have been notified to the Company's pre-appointment insurer.

3 Investigations and recovery actions

As Liquidators of the Company, we are required to investigate the affairs of the Company. To date, we have conducted preliminary investigations. The purpose of these preliminary investigations is to identify matters which require more detailed review, as well as determining any causes of action and other potential sources of recovery, such as loan accounts, that might be available for the benefit of creditors of the Company.

As our investigations are at a preliminary stage, we are not in a position to provide any definitive conclusions about potential inappropriate conduct, or breaches of legislation that may have been committed, or amounts of money that may be recoverable. Accordingly, this report contains our preliminary views.

In relation to any offences that may have been committed 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 Approach to preliminary investigations

Throughout our preliminary investigations, we:

- analysed and where required, maintained the integrity and security of the IT systems of the Company. We were required to take immediate steps to stop any intrusions into the Company's IT systems.
- undertook a computer forensic process that included securing devices including:
 - computer servers
 - desktop and laptop computers and their hard disk drives
 - staff mobile devices
 - backup tapes.
- acquired the images and then indexed a number of the above devices to allow us to undertake electronic analysis of data and electronic files.

Further to the computer forensic aspects outlined above, we also:

- held discussions with the directors of the Company.
- held discussions with key employees, including the Financial Controller.
- Held discussions with the Company's former accountants.
- identified, reviewed, reconstructed where required, and analysed financial information in both hard copy and electronic form.
- undertook searches of various publicly available databases, including ASIC records and the PPSR.
- spoke with various external parties, including suppliers of goods and services and customers of the Company.

3.2 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:

- discussion from the director of the Company.
- discussion with employees 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 16 February 2024. 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.

3.3 Offences under the Act by the director

Books and records

Failure to maintain books and records may be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

In our opinion, the Company has maintained books and records in accordance with Section 286 of the Act.

General directors' duties

We have investigated whether there have been any pre-appointment contraventions of the following directors' fiduciary duties under the Act:

- Section 180 Care and diligence – civil obligation only.
- Section 181 Good faith – civil obligations.
- Section 182 Use of position – civil obligations.
- Section 183 Use of information – civil obligations.
- Section 184 Good faith, use of position and use of information – criminal offences.

We have not identified any contraventions at this point in time.

3.4 Possible recovery actions available to the Liquidators

3.4.1 Insolvent trading

Safe Harbour

We are of the opinion that the director of the Company is likely to be able to rely upon the protections of the Safe Harbour provisions with respect to any insolvent trading claims in the period prior to our appointment.

Insolvent trading

Directors can be held personally liable for the Company debts. The Act provides that directors owe a duty of care not to incur debts at a time when the Company is insolvent or would become insolvent by incurring the debt (Section 588G). If there are reasonable grounds for suspecting that the Company would become insolvent, then directors can be held personally liable for any debts incurred after that time.

The Act provides that a liquidator may seek to recover compensation for such debts incurred from the directors of a company.

Further investigations in relation to a potential claim for insolvent trading will need to be undertaken and we advise creditors that such proceedings may often be drawn out and involve significant cost.

Timing of insolvency

The Act states the Company is considered to be solvent if, and only if, the Company is able to pay its debts as and when they become due and payable. A company that is not solvent is insolvent. Accordingly, the test for insolvency is not a balance sheet test but rather a cash flow test.

Results of investigations

Based on our investigations, the Company appears to have had difficulty in paying its debts as and when they became due and payable from around 30 November 2023 as evidenced by:

- The emergence of some suppliers not receiving payment as and when their debts fell from this point
- Notices from the ATO seeking debt collection



- Increasing claims being received from former customers in respect of potential warranty claims.

Any claim for insolvent trading against the director of the Company, however, would need to be assessed on commercial grounds and be subject to any defences available to the director.

In addition, the director may have a significant unsecured claim against the Company, which would need to be assessed prior to taking any action.

3.4.2 Voidable transactions

We have undertaken investigations into possible recovery actions that may be available to us to pursue. The results of these investigations in respect of voidable transactions are detailed below:

Unfair preferences

Unfair preference payments are where the transaction results in a creditor receiving more than it would have received in the winding up of the Company. A liquidator can review transactions in the six months prior to the Relation Back Day (in this case being 16 August 2023) or four years prior to the Relation Back Day if the creditor is a related entity of the company.

A review of the Company's records indicates that certain payments may be preferential. These include:

- Payments made to the Australian Taxation Office (ATO) during the 6 months relation back period (16 August 2023 to 16 February 2024) totalling \$210,562.00.
- Repayment of \$125,000.00 to D'Urso Services Trust Loan account, an unsecured loan extended by a related entity to the Director to the Company.
- Further payments made to certain trade creditors during the relation back period totalling \$151,908.96

We are continuing to investigate the above transactions and collating the required evidence to pursue these claims where these are identified as realisable and commercial to pursue.

Uncommercial transactions

An uncommercial transaction is a transaction that a reasonable person would not have entered into.

Our investigations have revealed pre-appointment transactions in relation to adoption of employee entitlements that may represent uncommercial transactions. Prior to our appointment on 1 January 2024, three employees formerly employed by Anatomics Rx were transferred to the Company along with an adoption of their entitlements (including recognition of prior service. These entitlements were adopted by the Company for no apparent consideration and represent an estimated amount of \$122,357.40.

We are continuing to investigate the circumstances of these transfers and any benefit obtained by the Company as to whether there are any claims that may be pursued from Anatomics Rx or the director.

Unfair loans

Essentially an unfair loan is a loan agreement where the consideration is considered to be excessive. We are unaware of any unfair loans entered into by the Company.

3.5 Further inquiries

The following further inquiries need to be undertaken to finalise our investigations and determine whether any offences have occurred or any recovery actions should be taken:

- Discussions with employees of the Company
- Further review of the books and records
- Further investigations into voidable transactions including:
 - review of the Company's commercial trading history with its related entities.



4 Receipts and payments

A summary of the receipts and payments in the liquidation for the period from 16 February 2024 to 30 April 2024 .

Account	Amount (\$)
Receipts	
Accounts Receivable (pre-appointment debtors)	124,380.39
Pre-appointment Bank Account	55,586.17
Refunds – Trading Expense	394.75
Pre-appointment Bank Account	765.10
Pre-appointment Cheque Account	38.89
Bank Interest – Asset Realisations	3,107.14
<i>Total Receipts</i>	<i>184,272.44</i>
Payments	
Appointee Disbursements	(68.85)
IT Expenses	(17,950.38)
Total PAYG Control: PAYG Withheld	791
Appointee Fees	(63,542.60)
Secured Creditor Dividend	(5,396.44)
Super – Trading Expense	(463.47)
Super Control: Super Withheld	463.47
Wages & Salary Control Account – Payroll Expense	(4,213.36)
Bank charges	(67.3)
<i>Total Payments</i>	<i>(90,447.74)</i>
Net Receipts and Payments	93,824.68

5 Meeting of creditors/Proposals without meeting

5.1 Meeting of creditors

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.

5.2 Proposals without meeting

We are seeking approval of further remuneration by resolution by proposals without a meeting. These resolutions are listed in the remuneration report attached at Appendix A. Enclosed at Appendix E of the Remuneration Report are the proposal forms, which include the resolution for your approval, the reason for the proposal and the likely impact the resolution will have on creditors if it is passed. There is one form for each proposal and for your vote to count, you must send back the proposal form for the proposals you want to vote on by 12 June 2024. You must also have lodged a Proof of Debt or Claim Form ('Proof of Debt Form'). If you have not previously lodged one or you wish to amend your claim, you must lodge one with your proposal forms. A Proof of Debt Form is included at Appendix D of the Remuneration Report. ARITA has provided an information sheet on proposals without meetings, which is included at Appendix F of the Remuneration Report.

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 in a range of \$50,000 to \$100,000 (GST exclusive).

In this liquidation, we are seeking approval of our remuneration on a time basis in accordance with the schedule titled KordaMentha Rates – National – FY2024 contained in the remuneration report. Enclosed as Appendix A is our remuneration report. As outlined in the remuneration report, our estimated total remuneration for the liquidation is \$132,804.00. We will be seeking the approval of this further remuneration by way of proposals without meetings.

6.1 Disbursements

Attached as Appendix A is a summary of disbursements incurred 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 – FY 2024, 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 numerous factors, including:

- The size and complexity of the administration
- The amount ultimately realised for the Company's assets and the costs of realising those assets
- The statutory priority of certain claims and costs
- The value of various classes of claims including secured, priority and unsecured creditor claims
- The volume of enquiries by creditors and other stakeholders

7.1 Secured creditor

As at the date of this report, we have made a small distribution to Bank of Queensland to obtain the release of their valid PMSI registration, as mentioned in section 2.2.2. There are no further secured creditor claims received to date.

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. Per section 2.2.7, we have determined the total priority employee entitlements owing as at 16 February 2024 was \$668,013.54.

At this stage of the liquidation, we anticipate that a distribution to priority employee creditors may be possible subject to:

- successful recovery of the Company's remaining assets including debtors, refundable tax offsets and other assets including intellectual property
- further investigations in relation to voidable transactions and successful recovery of any identifiable recoverable claims.

7.3 Unsecured creditors

At this stage of the liquidation, we are unable to confirm whether a distribution to unsecured creditors may be possible. This will be subject to:

- successful recovery of the Company's remaining assets including debtors
- further investigations in relation to voidable transactions and successful recovery of any identifiable recoverable claims
- no emergence of further priority creditor claims in the liquidation.

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

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

- A delay collection Company's remaining assets including debtors, refundable tax offsets and other assets including intellectual property
- 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.

Creditors requiring further information regarding the liquidation can contact Nick O'Sullivan on (03) 8623 3313 or by email at nick.osullivan@kordamentha.com.

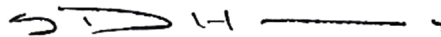
Dated: 21 May 2024



Andrew Knight
Liquidator

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Fax: (03) 8623 3399



Sebastian Hams
Liquidator



Appendix A Remuneration report





Anatomics Pty Ltd (In Liquidation)

ACN 085 542 356
(‘the Company’)

Remuneration approval report

21 May 2024

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Glossary

Term	Definition
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Act	Corporations Act 2001
DOCA	Deed of Company Arrangement
Proof of Debt Form	Proof of Debt or Claim Form
Proxy Form	Appointment of Proxy Form
the Company	Anatomics Pty Ltd (In Liquidation)
Liquidators	Andrew Knight and Sebastian Hams

1 Summary

This report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the liquidation of the Company.

1.1 Current approval request

We are asking creditors to approve the following remuneration:

	Remuneration Amount (Ex GST) \$
Liquidation – actual for the period 26 February 2024 to 12 May 2024	50,038.00
Liquidation – prospective for the period 13 May 2024 to finalisation	25,000.00
Total approval sought	75,038.00

Details of the remuneration can be found in section 4 of this report.

1.2 Previous approval

Creditors have previously approved our remuneration and internal disbursements as follows:

	Remuneration Amount (Ex GST) \$	Internal Disbursements Amount (Ex GST) \$
Liquidation for period 16 February 2024 to 25 February 2024	57,766.00	62.59
Liquidation for period 26 February 2024 to finalisation of liquidation	-	3,000.00
Total amount approved	57,766.00	3,062.59

1.3 Commentary on previous estimate

Remuneration

In our last remuneration approval report, we provided an estimate of total remuneration to be in a range of \$50,000 to \$100,000 (excluding GST), funds permitting. We now estimate total remuneration to be approximately \$132,804 (excluding GST), funds permitting. The estimate now varies from our previous estimate for the following reasons:

- Prospective remuneration proposal put forward to creditors on 1 March 2024 failed to pass. Further work has been carried out to have our remuneration approved.
- Delays in collection of assets following realisation of assets through online auction.
- Further negotiations regarding the sale of the Company's Intellectual Property.
- Detailed review of transfer of employees' entitlements from Anatomics RX.
- Further investigations into potential voidable transactions and pursuit of any recoverable claims identified will be required.

This remuneration request and previously approved remuneration is within the revised estimate.

Internal disbursements

We also provided an estimate of internal disbursements to be approximately \$3,062.59 (excluding GST). At this stage, the estimate does not need to be revised. The internal disbursements request is within that estimate.

Our remuneration request is within these estimates.

1.4 Future approvals

Approval for the future remuneration sought is based on our best estimate of the work necessary to be completed and we do not anticipate that we will have to ask for approval of any further remuneration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors or a committee of inspection. If that is the case, we will provide a further remuneration report on the time spent and tasks undertaken, along with a general report on the progress of the liquidation. Matters that may affect the progress of the Liquidation and increase the remuneration incurred include:

- Realisation of the remaining assets
- Payment of the expenses incurred during the liquidation
- Calculation and verification of employee entitlements
- Approval and payment of the Liquidators' remuneration and internal disbursements
- Finalise investigations and report to ASIC
- Pursue any recovery actions that have reasonable prospects of success if there are funds available or funding is received
- Distributions to creditors (funds permitting)
- Other administrative requirements.

2 Proposals without a meeting

We are seeking approval of remuneration by resolution by way of proposals without a meeting.

These resolutions are listed in Appendix B.

Enclosed at Appendix E are the proposal forms, which include the resolution for your approval, the reason for the proposal and the likely impact the resolution will have on creditors if it is passed. There is one form for each proposal and for your vote to count, you must send back the proposal form for the proposals you want to vote on by 12 June 2024.

You must have also lodged a Proof of Debt Form. If you have not previously lodged one or you wish to amend your claim, you must lodge one with your proposal forms.

A Proof of Debt Form is included at Appendix D. Creditors should note that Proof of Debt Forms lodged are for voting purposes only but may be used for voting on resolution proposals without a meeting and distribution purposes.

ARITA has provided an information sheet on proposals without meetings, which is included at Appendix F.

General information, regarding the conduct of meetings of creditors and committees, the completion of proxy forms and proof of debt forms and how to provide or update your details, can be found on the KordaMentha website <http://www.kordamentha.com/creditors> in the [Creditors section](#).

Section 110D of the Act permits electronic notification to creditors of notices and documents. If you do not have access to the internet, you can request that a copy of the report be mailed to you.

2.1 Proofs of debt

A Proof of Debt Form have been sent via post to all known creditors. If you have not received these documents, you may use the enclosed and a Proof of Debt Form, found at Appendix D.

Creditors should note that Proof of Debt Forms lodged are not only for voting purposes but may be used for voting on resolution proposals without a meeting and distribution purposes. If you have previously lodged a Proof of Debt Form, you do not need to provide an additional Proof of Debt Form unless you wish to alter the Proof of Debt Form previously lodged.

General information, regarding the conduct of meetings of creditors and committees, the completion of proxy forms and proof of debt forms and how to provide or update your details, can be found on the KordaMentha website <http://www.kordamentha.com/creditors> in the [Creditors section](#).

Section 600G of the Act permits electronic notification to creditors of certain notices or documents. If you would like to nominate to receive electronic notification, please complete the relevant section on the Proof of Debt Form.

3 Declaration

We have undertaken an assessment of these remuneration and internal disbursement claims in accordance with the law and applicable professional standards. We are satisfied that the remuneration and internal disbursements claimed are necessary and proper.

We have reviewed the work in progress report for the Liquidation to ensure that remuneration is only being claimed for necessary and proper work performed and no adjustment was necessary.

4 Remuneration

The remuneration we are asking creditors to approve is as follows:

Remuneration type	Period of remuneration	Amount (ex GST) \$ (ex GST)	Applicable rates (ex GST)	When it will be drawn
Work that already been done	26 February 2024 to 12 May 2024	50,038.00	KordaMentha Rates – National – FY2024 – Appendix A	Immediately after approval or as required
Future work to the finalisation of the liquidation	13 May 2024 to finalisation of the liquidation	25,000.00	KordaMentha Rates – National – FY2024 – Appendix A	On a monthly basis in arrears or as required
Total remuneration claimed		75,038.00		

Appendix B provides details of the work already done as well as a breakdown of time spent by staff members on each major task. It also includes details of future work to be completed.

Actual resolutions to be put to the Liquidation are also included in Appendix B of this report. These resolutions also appear in the proposal forms provided to you.

5 Disbursements

5.1 External disbursements

We are not required to seek approval for costs paid to third parties or for disbursements where we are recovering a cost incurred by KordaMentha on behalf of the Liquidation, but we must provide details to creditors.

Please refer to Appendix C for disbursements incurred, which may or may not have been yet reimbursed to KordaMentha.

5.2 Internal disbursements

We are required to obtain creditors' consent for the payment of a disbursement where we, or a related entity of ourselves, may directly or indirectly obtain a profit.

Details of the KordaMentha disbursement policy are included in Appendix A. The internal disbursements claims have been, and the future internal disbursements being claimed will be calculated at the rates as set out in this schedule.

We expect the disbursements proposals put forward to creditors on 1 March 2024 will be sufficient for the process of the liquidation. Both proposals have passed. We are not seeking further approval.

For internal disbursements we have already incurred, they will be drawn immediately after approval or as required. Internal disbursements will be drawn on a monthly basis in arrears or as required.

Details of internal disbursements already incurred and future internal disbursements likely to be incurred are included in Appendix B of this report.

Actual resolutions to be put to the creditors are also included in Appendix B of this report. These resolutions also appear in the proposal forms provided to you.

6 Likely impact on creditors

The Act specifies the order for payment of claims against a company and it provides for the remuneration and disbursements of an external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the external administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve an external administrator's remuneration, this does not guarantee the external administrator will be paid, as they are only paid if sufficient assets are recovered.

Any dividend payable to creditors will ultimately be impacted by the realisations from assets achieved in the external administration and the value of creditor claims admitted to participate in any dividend, including any claims by priority creditors such as employees.

We are unable to provide a dividend estimate of any certainty at this stage of the Liquidation. If a dividend is to be declared, any creditor whose claim has not yet been admitted will be asked to submit a proof of debt.

7 Contact details and further information

7.1 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.

7.2 Information sources

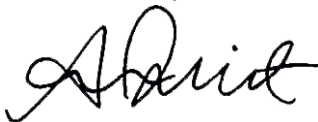
You can access information which may assist you on the following websites:

- ARTIA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for 'INFO 85').

Supporting documentation for our remuneration claims may be viewed if requested, provided sufficient notice is given.

If you have any queries or need any assistance with understanding the information in this report, please contact Nick O'Sullivan on (03) 8623 3313 or by email at Nick.OSullivan@kordamentha.com.

Dated: 21 May 2024



Andrew Knight
Liquidator

KordaMentha
Rialto South Tower
Level 31, 525 Collins Street
Melbourne VIC 3000



Appendix A Schedule of KordaMentha rates



KordaMentha rates

National

Applicable from 3 July 2023

FY 2024

Classification	\$ per hour*
Principal Appointee/Partner/Executive Director	850
Director	795
Associate Director 1	750
Associate Director 2	695
Manager	650
Senior Executive Analyst	550
Executive Analyst	495
Senior Business Analyst	450
Business Analyst	395
Administration	200

**Exclusive of GST*

KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced except for ASIC charges when only an estimated amount is known or the future storage and destruction of books and records, which is charged at the actual rate at the time of the resolution. KordaMentha does not add any margin to disbursements incurred through third parties. There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will be based on the duration and size of the data room. Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.

KordaMentha disbursement internal rates and allowances applicable from 3 July 2023

Description	Charge*
Envelopes	\$0.10 to \$0.62 per envelope (varies due to size)
Printing (internal print runs)	\$0.06 per page
ASIC charges for appointments and notifiable events	These amounts will be charged at the amount disclosed in the schedule at the time of the resolution was passed. The current estimated levy amount is: \$100.00 per appointee or notifiable event
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
Storage and destruction of books and records of the entity and the external administration	Storage - \$3.24 per box per annum Cost of box establishment - \$7.16 per box Destruction - \$6.12 per box
RelativityOne fee	Data hosting \$20.00 per GB per month
	Repository workspace \$10.00 per GB per month
	Cold storage \$5.00 per GB per month
	Data processing \$10.00 per GB
	<i>Note: only one of Data hosting, Repository workspace, Cold storage or Data processing cost will be charged at any one time</i>
Data Room Plan and Fee	Refer to attached table

*Exclusive of GST, reviewed annually on 1 July. Postage is based on standard weight – amounts above that will be at cost.

Data Room Plan and Fee

250 MB Data Plan				1 GB Data Plan				2 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 50 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 100 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 200 MB, per Month
Monthly	\$499.00	\$499.00	\$179.00	Monthly	\$1,299.00	\$1,299.00	\$179.00	Monthly	\$1,799.00	\$1,799.00	\$179.00
3 months	\$424.00	\$1,272.00	\$152.00	3 months	\$1,104.00	\$3,312.00	\$152.00	3 months	\$1,529.00	\$4,587.00	\$152.00
6 months	\$374.00	\$2,244.00	\$134.00	6 months	\$974.00	\$5,844.00	\$134.00	6 months	\$1,349.00	\$8,094.00	\$134.00
12 months	\$299.00	\$3,588.00	\$107.00	12 months	\$779.00	\$9,348.00	\$107.00	12 months	\$1,079.00	\$12,948.00	\$107.00
4 GB Data Plan				5 GB Data Plan				6 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$2,499.00	\$2,499.00	\$179.00	Monthly	\$2,799.00	\$2,799.00	\$179.00	Monthly	\$3,099.00	\$3,099.00	\$179.00
3 months	\$2,124.00	\$6,372.00	\$152.00	3 months	\$2,379.00	\$7,137.00	\$152.00	3 months	\$2,634.00	\$7,902.00	\$152.00
6 months	\$1,874.00	\$11,244.00	\$134.00	6 months	\$2,099.00	\$12,594.00	\$134.00	6 months	\$2,324.00	\$13,944.00	\$134.00
12 months	\$1,499.00	\$17,988.00	\$107.00	12 months	\$1,679.00	\$20,148.00	\$107.00	12 months	\$1,859.00	\$22,308.00	\$107.00
7 GB Data Plan				8 GB Data Plan				9 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$3,349.00	\$3,349.00	\$179.00	Monthly	\$3,449.00	\$3,449.00	\$179.00	Monthly	\$3,549.00	\$3,549.00	\$179.00
3 months	\$2,847.00	\$8,541.00	\$152.00	3 months	\$2,932.00	\$8,796.00	\$152.00	3 months	\$3,017.00	\$9,051.00	\$152.00
6 months	\$2,512.00	\$15,072.00	\$134.00	6 months	\$2,587.00	\$15,522.00	\$134.00	6 months	\$2,662.00	\$15,972.00	\$134.00
12 months	\$2,009.00	\$24,108.00	\$107.00	12 months	\$2,069.00	\$24,828.00	\$107.00	12 months	\$2,129.00	\$25,548.00	\$107.00
10 GB Data Plan				11 GB Data Plan				12 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$3,899.00	\$3,899.00	\$179.00	Monthly	\$4,299.00	\$4,299.00	\$179.00	Monthly	\$4,699.00	\$4,699.00	\$179.00
3 months	\$3,314.00	\$9,942.00	\$152.00	3 months	\$3,654.00	\$10,962.00	\$152.00	3 months	\$3,994.00	\$11,982.00	\$152.00
6 months	\$2,924.00	\$17,544.00	\$134.00	6 months	\$3,224.00	\$19,344.00	\$134.00	6 months	\$3,524.00	\$21,144.00	\$134.00
12 months	\$2,339.00	\$28,068.00	\$107.00	12 months	\$2,579.00	\$30,948.00	\$107.00	12 months	\$2,819.00	\$33,828.00	\$107.00
13 GB Data Plan				14 GB Data Plan				15 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$5,099.00	\$5,099.00	\$179.00	Monthly	\$5,499.00	\$5,499.00	\$179.00	Monthly	\$5,849.00	\$5,849.00	\$179.00
3 months	\$4,334.00	\$13,002.00	\$152.00	3 months	\$4,674.00	\$14,022.00	\$152.00	3 months	\$4,972.00	\$14,916.00	\$152.00
6 months	\$3,824.00	\$22,944.00	\$134.00	6 months	\$4,124.00	\$24,744.00	\$134.00	6 months	\$4,387.00	\$26,322.00	\$134.00
12 months	\$3,059.00	\$36,708.00	\$107.00	12 months	\$3,299.00	\$39,588.00	\$107.00	12 months	\$3,509.00	\$42,108.00	\$107.00

16 GB Data Plan				17 GB Data Plan				18 GB Data Plan			
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month
Monthly	\$6,249.00	\$6,249.00	\$179.00	Monthly	\$6,649.00	\$6,649.00	\$179.00	Monthly	\$7,049.00	\$7,049.00	\$179.00
3 months	\$5,312.00	\$15,936.00	\$152.00	3 months	\$5,652.00	\$16,956.00	\$152.00	3 months	\$5,992.00	\$17,976.00	\$152.00
6 months	\$4,687.00	\$28,122.00	\$134.00	6 months	\$4,987.00	\$29,922.00	\$134.00	6 months	\$5,287.00	\$31,722.00	\$134.00
12 months	\$3,749.00	\$44,988.00	\$107.00	12 months	\$3,989.00	\$47,868.00	\$107.00	12 months	\$4,229.00	\$50,748.00	\$107.00
19 GB Data Plan				20 GB Data Plan							
	Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month		Price per Month (excl GST)	Total Cost (excl GST)	Extra 400 MB, per Month				
Monthly	\$7,449.00	\$7,449.00	\$179.00	Monthly	\$7,849.00	\$7,849.00	\$179.00				
3 months	\$6,332.00	\$18,996.00	\$152.00	3 months	\$6,672.00	\$20,016.00	\$152.00				
6 months	\$5,587.00	\$33,522.00	\$134.00	6 months	\$5,887.00	\$35,322.00	\$134.00				
12 months	\$4,469.00	\$53,628.00	\$107.00	12 months	\$4,709.00	\$56,508.00	\$107.00				



KordaMentha classifications

Classification	Guide to level of experience
Principal Appointee/Partner/ Executive Director	Registered/Official Liquidator/Trustee, his or her Partners. Specialist skills brought to the administration. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the appointee, but otherwise responsible for all aspects of an administration. Controls staffing and their training.
Associate Director 1	Six to eight years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Associate Director 2	Five to seven years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Manager	Four to six years' experience. Will have had conduct of minor administrations and experience in control of one to three staff. Assists with the planning control of medium to large administrations.
Senior Executive Analyst	Three to four years' experience. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Executive Analyst	Two to three years' experience. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Business Analyst	Graduate with one to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.

Appendix B Resolutions and supporting information

Resolutions

Resolution 1 – Work we have already done

‘That the remuneration of the Liquidators for the period 26 February 2024 to 12 May 2024 in the amount of \$50,038.00, excluding GST, calculated on the basis of time spent by the Liquidators and KordaMentha staff as detailed in the Remuneration Approval Report to creditors dated 21 May 2024, is approved for payment immediately or as required.’

Resolution 2 – Future work to be done

‘That the estimated future remuneration of the Liquidators for the period 13 May 2024 to the finalisation of the liquidation is determined at a sum equal to the cost of time spent by the Liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Report to creditors dated 21 May 2024, up to a maximum of \$25,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then the Liquidators reserve the right to seek further approval of fees from creditors.’

Remuneration by task area

The basis of calculating the remuneration claims is summarised below. The following pages include a table setting out the time charged to each major task area by staff members working on the liquidation for the period 26 February 2024 to 12 May 2024 and the remuneration associated with that time, which is the basis of Resolution 1.

More detailed descriptions of the major tasks performed or to be performed for Resolution 2 and the costs associated with each of those major task areas, matching the amounts in this table, are also included in this appendix.

Resolution	Period	Task areas						
		Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	Administration and risk mitigation \$
1	26 February 2024 to 12 May 2024	50,038.00	9,791.50	11,572.50	6,171.00	13,309.00	-	9,194.00
2	13 May 2024 to the finalisation of the liquidation	25,000.00	4,500.00	5,000.00	2,500.00	8,000.00	-	5,000.00
Total		75,038.00	14,291.50	16,572.50	8,671.00	21,309.00	-	14,194.00

Details of work

		Resolution 1	Resolution 2
		Work already done	Future work to be done
Period		26 February 2024 to 12 May 2024	13 May 2024 to the finalisation of the liquidation
Total Amount (ex GST)			
Task area	Assets	19.30 hours \$9,791.50	\$4,500.00
Plant and equipment	• Liaising with valuers, auctioneers and interested parties	✓	✓
	• Review of asset listing	✓	✓
	• Asset identification	✓	✓
Real property	• Liaising with Landlord	✓	✓
Assets subject to specific charges	• Liaising with security interest holders	✓	✓
	• Assessment of equity	✓	✓
	• Sale of asset		✓

		Resolution 1	Resolution 2
		Work already done	Future work to be done
Period		26 February 2024 to 12 May 2024	13 May 2024 to the finalisation of the liquidation
Debtors (pre and post appointment) and warranty claims	• Correspondence with debtors, warranty claims	✓	✓
	• Review and assessment of debtors' ledgers	✓	✓
	• Liaising with debt collectors and solicitors	✓	✓
Stock	• Conduct of stock takes	✓	✓
	• Valuation of stock	✓	✓
	• Liaising with purchasers	✓	✓
Intangible assets	• Review of intangible assets	✓	✓
	• Sale of intangible assets	✓	✓
Leased assets	• Review of security documents	✓	✓
	• Liaising with owners/lessors	✓	✓
	• Assessment of equity	✓	✓
	• Assignment of leases		✓
	• Disclaim leases		✓
Other Assets	• Identification of other assets	✓	✓
	• Sale of other assets		✓
Task area	Creditors	26.00 hours \$11,572.50	\$5,000.00
Creditor enquiries	• Receive and respond to creditor enquiries via mail and email	✓	✓
	• Maintaining creditor request log	✓	✓
	• Consideration of reasonableness of and responding to creditor requests	✓	✓
	• Obtaining legal advice on requests	✓	✓
	• Compiling information requested by creditors	✓	✓
	• Documentation of reasons for not complying with requests or directions	✓	✓
	• Correspondence with committee of inspection	✓	✓
Security interest claims	• Conduct PPRS search and review of results	✓	✓
	• Correspondence with creditors re PMSI claim	✓	✓
	• Correspondence with creditors re retention of title claim	✓	✓
	• Review information supporting retention of title claim	✓	✓
	• Meeting with creditor to identify goods	✓	✓
	• Correspondence with solicitor	✓	✓
	• Adjudicate retention of title claim	✓	✓
	• Return of retention of title stock	✓	✓
Secured creditor	• Payment of valid claim/settlement agreement	✓	✓
	• Correspondence with secured creditor, including notification of appointment and update reports	✓	✓
	• Meetings with secured creditor	✓	✓
Other preferential creditors	• Distributions to secured creditor		✓
	• Correspondence and discussions with creditors holding liens, pledges and other encumbrances	✓	✓
Reports to creditors	• Preparation of initial correspondence to creditors	✓	✓

		Resolution 1	Resolution 2
		Work already done	Future work to be done
Period		26 February 2024 to 12 May 2024	13 May 2024 to the finalisation of the liquidation
	Preparation of reports to creditors	✓	✓
Proposals to creditors	Preparation of proposal notices and voting forms	✓	✓
	Distribution of proposals to all known creditors	✓	✓
	Review votes and determine outcome of proposal	✓	✓
	Preparation and lodgement of proposal outcome with ASIC	✓	✓
Proofs of debts	Receipt of proofs of debt	✓	✓
	Maintenance of proof of debt register	✓	✓
	Correspondence with ATO re proofs of debt	✓	✓
	Adjudication of proofs of debt	✓	✓
	Request further substantiation	✓	✓
	Correspondence re outcome of adjudication	✓	✓
Dividend distribution	Correspondence re intention to declare dividend		✓
	Compliance with regulations re distributions		✓
	Obtain clearance from ATO for distribution		✓
	Preparation of dividend, including calculation and payment		✓
	Correspondence re dividend declaration		✓
Task area	Employees	13.80 hours	
		\$6,171.00	\$2,500.00
Employee enquiries	Prepare initial correspondence to employees	✓	✓
	Receive and respond to employee enquiries via telephone, mail email and in person	✓	✓
	Correspondence to employees via mail, email and facsimile	✓	✓
Fair Entitlement Guarantee	Correspondence re FEG	✓	✓
	Preparation of notification spreadsheet	✓	✓
	Preparation of FEG quotations		✓
	Completion of FEG questionnaires		✓
Entitlements	Calculation of employee entitlements	✓	✓
	Review of employee records, employee agreements and awards	✓	✓
	Reconciliation of superannuation accounts	✓	✓
	Legal advice re entitlements	✓	✓
	Correspondence with employees re entitlements and any queries	✓	✓
Employee dividend distribution	Correspondence with employees re dividend	✓	✓
	Correspondence with ATO re SGC proof of debt		✓
	Correspondence with any other eligible employee creditor	✓	✓
	Compliance with regulations re distributions	✓	✓
	Adjudication of proofs of debt	✓	✓
	Preparation of dividend, including calculation and payment		✓
	Correspondence re dividend declaration		✓

		Resolution 1	Resolution 2
		Work already done	Future work to be done
Period		26 February 2024 to 12 May 2024	13 May 2024 to the finalisation of the liquidation
Workers compensation	• Review insurance policies	✓	✓
	• Receipt of claim and liaising with claimant	✓	✓
	• Liaising with insurers and solicitors re-claims	✓	✓
	• Identification of potential issues requiring attention of workers compensation insurance specialists	✓	✓
	• Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements	✓	✓
Other employee issues	• Discussions and meetings with unions	✓	✓
	• General employee meetings		✓
	• Correspondence with superannuation funds, ATO and state revenue offices		✓
	• Completion of STP reporting	✓	✓
Task area	Statutory compliance	35.70 \$13,309.00	\$8,000.00
Books and records	• Receipt of books and records	✓	✓
	• Retrieval of books and records from storage	✓	✓
	• Administration in relation to storage	✓	✓
ASIC	• Notifications to ASIC	✓	✓
	• Preparation and lodgement of ASIC forms, including administration returns	✓	✓
	• Correspondence with ASIC regarding statutory forms	✓	✓
ATO and other statutory reporting	• Notification of appointment	✓	✓
	• Correspondence with ATO	✓	✓
	• Preparation of BAS returns		✓
	• Reconciliation of payments to employees and completion of annual STP reporting requirements		✓
Directors	• Correspondence and meetings with directors	✓	✓
	• Requests for ROCAP and books and records	✓	✓
Committee of inspection	• Preparation for committee meetings		
	• Conduct of committee meeting		
	• Preparation and lodgement of minutes of meeting with ASIC		
Investigation	• Collection and review of books and records	✓	✓
	• Review and preparation of company nature and history	✓	✓
	• Conduct and summarise statutory searches	✓	✓
	• Preparation of comparative financial statements and deficiency statements	✓	✓
	• Review of specific transactions and liaising with directors re transactions	✓	✓
	• Preparation of investigation file	✓	✓
	• Preparation of statutory investigation report and lodgement with ASIC		✓
	• Preparation and lodgement of any supplementary report		✓
	• Liaising with ASIC		✓
Examinations	• Preparation of brief for solicitor		✓

		Resolution 1	Resolution 2
		Work already done	Future work to be done
Period		26 February 2024 to 12 May 2024	13 May 2024 to the finalisation of the liquidation
	• Liaising with solicitor regarding examinations • Attendance at examination • Reviewing examination transcripts • Liaising with solicitor regarding outcome of examinations and further actions available		✓ ✓ ✓ ✓
Litigation/recoveries	• Review of potential recoveries • Internal meetings to discuss status of litigation • Preparation of brief for solicitor • Liaising with solicitor re recovery actions • Attendance to negotiations • Attendance to settlement matters		✓ ✓ ✓ ✓ ✓ ✓
Ceasing to act	• Notification to ASIC • Notification to ATO, including cancellation of registrations		✓ ✓
Task area	Trading	-	-
Trade on management	• Liaising with suppliers, management and employees • Attendance on site • Preparation and authorisations of receipt and payment forms • Payroll issues • Liaising with other parties, such as superannuation funds, ATO, state revenue offices, insurance brokers etc.	✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓
Task area	Administration and risk mitigation	18.30 hours	
		\$9,194.00	\$5,000.00
Planning/review	• Engagement planning • Discussions re status of administration, strategy and outstanding issues	✓ ✓	✓ ✓
Document maintenance, file review, checklist	• Review of administration – during first month, then 6 monthly • Filing of documents • Update of work programs • File review	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓
Insurance	• Identification of potential issues requiring attention of insurance specialists • Correspondence with insurance brokers re initial and ongoing insurance requirements • Review of insurance policies • Correspondence with previous brokers	✓ ✓ ✓ ✓	✓ ✓ ✓ ✓
Bank account administration	• Opening and closing accounts • Correspondence re term deposits • Preparation of transactions • Bank account reconciliations • Correspondence with bank re specific transactions • Banking of deposits	✓ ✓ ✓ ✓ ✓ ✓	✓ ✓ ✓ ✓ ✓ ✓

		Resolution 1	Resolution 2
		Work already done	Future work to be done
Period		26 February 2024 to 12 May 2024	13 May 2024 to the finalisation of the liquidation
Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system	✓	✓
General administration	• Risk assessment	✓	
	• Set up of client	✓	
	• Processing in relation to client accounting	✓	
	• Word processing	✓	
Remuneration	• Recording of time, including details	✓	✓
	• Preparation of remuneration schedules	✓	✓
	• Invoice preparation	✓	✓
Security	• Review of security adequacy	✓	✓
	• Implement security measures	✓	✓
Media	• Preparation of media releases	✓	✓
	• Respond to media requests	✓	✓
Litigation	• General correspondence in relation to litigation	✓	✓
Finalisation	• Notification to creditors and statutory authorities of finalisation		✓
	• Completion of checklists		✓

Appendix C Liquidators’ external disbursements

Anatomics Pty Ltd (In Liquidation)

Externally provided disbursements paid or incurred during the period 26 February 2024 to 12 May 2024.	Basis	Actual \$ (excluding GST)
Externally provided professional services	At cost	
Slattery Auctions and Valuations		32,066.40
Total – Externally provided professional services		32,066.40

Appendix D Proof of debt



Form 535 – Formal proof of debt or claim (General form)**Anatomics Pty Ltd (In Liquidation)
ACN 085 542 356 ('the Company')**

To: The Liquidators of Anatomics Pty Ltd (In Liquidation) ('the Company')

1. This is to state that the Company was on 16 February 2024, 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
------	--------	----------	-------------	----------

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 E Proposals



21 May 2024

NOTICE OF PROPOSAL TO CREDITORS

Anatomics Pty Ltd (In Liquidation)
ACN 085 542 356 ('the Company')

Proposal for Creditor approval

'That the remuneration of the Liquidators for the period 26 February 2024 to 12 May 2024 in the amount of \$50,038.00, excluding GST, calculated on the basis of time spent by the Liquidators and KordaMentha staff as detailed in the Remuneration Approval Report to creditors dated 21 May 2024, is approved for payment immediately or as required.'

Reasons for the proposal and the likely impact it will have on creditors if it is passed

Section 60-10 of Schedule 2 of the Corporations Act entitles an external administrator of a company to receive remuneration for necessary work properly performed by the external administrator in relation to the external administration in accordance with a remuneration determination. A remuneration determination may be made by a resolution of creditors, as well as by a committee of inspection (if one is established) or by the Court.

Please refer to the remuneration report available on KordaMentha's website at <http://www.kordamentha.com/Creditors> for information as to how the remuneration has been incurred and calculated.

Section 556 of the Corporations Act specifies the order of priority that debts are to be paid from the realised assets of a company. An external administrator's remuneration is paid prior to any dividend distribution to creditors. Any dividend payable to creditors will ultimately be impacted by the realisations achieved in the liquidation and the value of creditor claims admitted to participate in any dividend.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

Yes ☐ I approve the proposal

No ☐ I do not approve the proposal

Object ☐ I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting in the liquidation for your vote to count. Please select the option that applies:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I enclose a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor: _____

ACN/ABN (if applicable): _____

- ☐ I am not a related creditor of the Company.
- ☐ I am a related creditor of the Company

Details of the
relationship:

Address: _____

Phone: _____ Email: _____

Name of creditor/authorised person: _____

Signature: _____ Date: _____

Return of documents by 12 June 2024

Please complete this document and return with any supporting documents by no later than 12 June 2024 for your vote to be counted, by email to Nick O'Sullivan at nick.osullivan@kordamentha.com. If you have any questions, please call Nick O'Sullivan on (03) 8623 3313.

Completed forms may also be sent by post attention to Nick O'Sullivan at KordaMentha, GPO Box 2985, Melbourne VIC 3001, although you should ensure this is sent with sufficient time to arrive by the date the vote closes, which we cannot guarantee.

21 May 2024

NOTICE OF PROPOSAL TO CREDITORS

Anatomics Pty Ltd (In Liquidation)
ACN 085 542 356 ('the Company')

Proposal for Creditor approval

'That the estimated future remuneration of the Liquidators for the period 13 May 2024 to the finalisation of the liquidation is determined at a sum equal to the cost of time spent by the Liquidators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Report to creditors dated 21 May 2024, up to a maximum of \$25,000.00, excluding GST, and approved for payment on a monthly basis in arrears or as required. However, if the value of the work performed exceeds the capped amount, then the Liquidators reserve the right to seek further approval of fees from creditors.'

Reasons for the proposal and the likely impact it will have on Creditors if it is passed

Section 60-10 of Schedule 2 of the Corporations Act entitles an external administrator of a company to receive remuneration for necessary work properly performed by the external administrator in relation to the external administration in accordance with a remuneration determination. A remuneration determination may be made by a resolution of creditors, as well as by a committee of inspection (if one is established) or by the Court.

Please refer to the remuneration report available on KordaMentha's website at <http://www.kordamentha.com/Creditors> for information as to how the remuneration has been estimated.

Section 556 of the Corporations Act specifies the order of priority that debts are to be paid from the realised assets of a company. An external administrator's remuneration is paid prior to any dividend distribution to creditors. Any dividend payable to creditors will ultimately be impacted by the realisations achieved in the liquidation and the value of creditor claims admitted to participate in any dividend.

Vote on proposal

Creditors have the option of approving, not approving or objecting to the proposal being resolved without a meeting of creditors. Please select the appropriate Yes, No or Object box referred to below:

Yes ☐ I approve the proposal

No ☐ I do not approve the proposal

Object ☐ I object to the proposal being resolved without a meeting of creditors

Your claim against the Company must be admitted for the purposes of voting in the liquidation for your vote to count. Please select the option that applies:

- ☐ I have previously submitted a proof of debt form and supporting documents
- ☐ I enclose a proof of debt form and supporting documents with this proposal form

Creditor details

Name of creditor: _____

ACN/ABN (if applicable): _____

- ☐ I am not a related creditor of the Company.
- ☐ I am a related creditor of the Company

Details of the relationship: _____

Address: _____

Phone: _____ Email: _____

Name of creditor/authorised person: _____

Signature: _____ Date: _____

Return of documents by 12 June 2024

Please complete this document and return with any supporting documents by no later than 12 June 2024 for your vote to be counted, by email to Nick O'Sullivan at nick.osullivan@kordamentha.com. If you have any questions, please call Nick O'Sullivan on (03) 8623 3313.

Completed forms may also be sent by post attention to Nick O'Sullivan at KordaMentha, GPO Box 2985, Melbourne VIC 3001, although you should ensure this is sent with sufficient time to arrive by the date the vote closes, which we cannot guarantee.

Appendix F ARITA information sheet



Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").

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