



Actco-Pickering Metal Industries Pty Ltd

(Administrators Appointed)
ACN 090 585 434

Report by Administrators

14 January 2019

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1 Appointment of Administrators

1.1 Progress of Administration

We, Craig Shepard and Bryan Webster, were appointed as Administrators of Actco-Pickering Metal Industries Pty Ltd ('the Company') on 5 December 2018 pursuant to Section 436A of the Corporations Act 2001 (Commonwealth) ('the Act').

On appointment we assumed control of the Company's operations and assets, communicated with all key stakeholders including employees, creditors and major customers, implemented new controls for purchasing and banking and commenced a sale process for the Company's businesses and assets. Further information on the conduct of the administration since appointment is included in Section 1.6 of this report.

1.2 Object of Administration

Section 435A of the Act states that the objects of the Administration provisions of the Act are to provide for the business, property and affairs of an insolvent company to be administered in a way that:

1. Maximises the chance of the Company, or as much as possible of its business, continuing in existence, or
2. If it is not possible for the Company or its business to continue in existence, results in a better return for the Company's creditors and members than would result from an immediate winding up of the Company.

This report has been prepared in accordance with Section 75-225 of the Insolvency Practice Rules (Corporations) 2016 ('the Rules').

This report has been prepared from information obtained from the Company's records, the directors and management of the Company and from our own enquiries.

Our investigations into the Company's affairs have been limited due to the short time period provided under the Act within which we must issue a report about the Company's business, property, affairs and financial circumstances for the Second Meeting of Creditors.

We have no reason to doubt the information contained in this report. The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the date of the Second Meeting of Creditors.

Neither KordaMentha nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us.

1.3 Prior involvement with the Company

We advise creditors that we have had no prior involvement with the Company, its directors or any related party which would preclude us from accepting the appointment. Up to the date of our appointment, our involvement with the Company commenced on 27 November 2018 and had been to prepare for the orderly conduct of the Administration.

There has been no change to the position as stated in the Declaration of Independence, Relevant Relationships and Indemnities included with the First Report to Creditors.

1.4 First Meeting of Creditors

Section 436E of the Act requires us to conduct a meeting of the creditors of the Company in administration within eight business days of being appointed ('the First Meeting of Creditors').

The First Meeting of Creditors for the Company was held on Monday, 17 December 2018.

At the First Meeting of Creditors, we advised that a Committee of Inspection may be formed for the Company, but it was not necessary. There was no proposal from the creditors present at the meeting to appoint a Committee of Inspection for the Company.

1.5 Second Meeting of Creditors

We are required to convene a Second Meeting of Creditors of the Company in administration pursuant to Section 439A of the Act ('the Second Meeting of Creditors') to consider the future of the Company.

Before the Second Meeting of Creditors, we must prepare a report on the Company's business, property, affairs and financial circumstances and provide opinions on certain matters, which is the purpose of this report. This allows creditors to be in a position to vote at the Second Meeting of Creditors on the options available to them, as to whether it would be in the creditors' interests for:

- the Company to execute a Deed of Company Arrangement ('DOCA')
- the Administration to end, or
- the Company to be wound up.

A DOCA has not been proposed, so this option is not available to be considered.

1.5.1 Notice of Meeting

The Second Meeting of Creditors will be held at KordaMentha, Rialto Tower South, Level 31, 525 Collins Street, Melbourne VIC 3000, on 21 January 2019 at 2:30 pm. Registration for the meeting will commence at 2:00 pm. A Notice of Meeting is attached to this report.

For creditors who are unable to attend the meeting, conference call facilities have been arranged. Creditors intending to use the conference call facilities are required to notify us of their intention and collect conference call details at least two business days prior to the meeting. Details of the arrangements are in the enclosed notice.

Please note that due to the number of creditors who may dial into the meeting, it will not be possible to consider those creditors as attendees of the meeting and they will not be able to vote or participate in the meeting. If you wish to vote or participate, you must attend in person or by proxy.

1.5.2 Proxies and Proofs of Debt

To participate in the meeting, you will need to:

- Submit a proof of debt and information to substantiate your claim - those creditors who have already lodged a Proof of Debt are not required to lodge a further proof (unless they wish to amend their claim)
- Appoint a person – a 'proxy' or person authorised under a power of attorney – to vote on your behalf at a meeting. This will be necessary if you are unable to attend a meeting or if the creditor is a company.

An Appointment of Proxy Form ('Proxy Form') and a Proof of Debt or Claim Form ('Proof of Debt Form') has been sent via post to all known creditors. If you have not received these documents, you may use the enclosed Proxy Form and a Proof of Debt Form.

If you are representing a company, please ensure that your Proxy Form is executed pursuant to Section 127 of the Corporations Act or your representative is appointed pursuant to Section 250D of the Corporations Act, otherwise you will not be entitled to vote at the meeting.

You can appoint the chairperson of the meeting or another person as your proxy and direct the chairperson or that person as to how you wish your vote to be cast. If you choose to do this, the chairperson or that person must cast your vote as directed.

Creditors should note that Proof of Debt Forms lodged for this meeting are for voting purposes only but may be used for voting on resolution proposals without a meeting and distribution purposes.

Proxy Forms and Proof of Debt Forms must be received no later than 4.00 pm on the last business day prior to the meeting, being 18 January 2019, failing which creditors or their proxies may be excluded from voting at the meeting. They may be mailed to GPO Box 2985, Melbourne VIC 3001, faxed to (03) 8623 3399 or scanned and emailed to actcopickering@kordamentha.com.

Further information relating to this meeting, can be found on our website www.kordamentha.com in the [Creditors section](#), as can general information regarding the conduct of meetings of creditors and the completion of Proxy Forms and Proof of Debt Forms.

Section 600G of the Corporations 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.

1.6 Conduct of Administration

The Company was placed into voluntary administration on 5 December 2018 pursuant to a resolution of the directors under Section 436A of the Act and we, Craig Shepard and Bryan Webster, were appointed as Administrators of the Company.

On appointment, we assumed control of the Company's operations and assets and communicated with all key stakeholders including employees, secured creditors, customers, landlords, suppliers and other trade creditors.

The conduct of the administration to date has focused on the following key areas:

1. Determine a strategy for the Administration and assessment of ongoing trading
2. Preserving and securing the assets including inventory
3. Assessment of future costs and seeking sources of funding to potentially enable a level of continued trading
4. Collection of debtors and realisation of complete/predominantly complete inventory
5. Sale of business campaign
6. Communication with Employees
7. Review of PPSR issues relating to equipment and inventory
8. Insurance
9. Other matters.

1.6.1 Determine a strategy for the Administration and assessment of ongoing trading

Following our appointment, we undertook an immediate review of the Company's bank accounts and the cash available to the Administrators. The day prior to our appointment, payment of employee wages in arrears and superannuation was made which reduced the cash available to allow the Administrators to continue to trade the business. Upon our appointment we immediately formed the view that the Company had insufficient funds to continue operating in the short term, and the Administrators decided that it was in the best interests of Creditors to suspend trading immediately.

We suspended trading of both of the Company's divisions (i.e. the Ridgeback Service Bodies and Actco-Pickering Metal Industries businesses) and stood down 64 employees on 5 December 2018. The Company's CFO was retained to assist the Administrators, in particular to preserve and secure the assets of the Company and to assist the Administrators to process and reconcile employee, customer and creditor records.

In parallel, we immediately commenced a sale process seeking expressions of interest in acquiring part, or all, of the Company's businesses. Further information about the sale process is provided in section 4.

1.6.2 Preserving and securing the assets including inventory

The Company's head office and operations were located at the same premises at 28-30 Quality Drive, Dandenong South, Victoria.

Immediately upon our appointment, Bryan Webster and four of the Administrators' staff attended the Company's premises and discussed the appointment and suspension of operations with employees. The Administrators confirmed all assets on site were secure and implemented measures to ensure security of the site was maintained.

The KordaMentha Forensic team reviewed the Company's IT platforms and networks and secured system backups. These actions were taken to ensure the integrity of the Company's electronic data was maintained.

Willis Australia ('Willis') undertook an assessment of the adequacy of the insurance policies in place at the time of appointment and, as at the date of this report, continues to advise the best course of action in relation to the pre-appointment policies.

As part of our assessment of the ability to continue trading, an occupational health and safety review was conducted by Grays Asset Services. The report identified two recommendations, being the need to service the overhead cranes and complete the six-monthly review of the fire extinguishers. We ceased use of the cranes and approached suitably qualified suppliers for the fire extinguishers to be serviced.

1.6.3 Assessment of future costs, seeking sources of funding to potentially enable a level of continued trading

Following the suspension of operations, we firstly conducted a thorough analysis of forecast cashflows and costs to determine the level of funding required to continue trading for all or parts of the business.

Once we had a high-level understanding and estimation of these costs we approached a number of stakeholders seeking to secure funding to enable the restart of all or part of the Company's operations whilst the sale process was conducted.

Among the parties approached were:

- The directors and shareholders of the Company
- The Company's financiers
- The Federal Government's Department of Jobs and Small Business (FEG)
- The Company's customers

Each of these parties declined our request to provide funding with the exception of one of the Company's customers (of the Actco-Pickering Metal Industries division) who expressed an interest in providing the Administrators sufficient funding to restart operations on a limited basis to fulfil work in progress and other unfulfilled orders they had placed with the Company prior to our appointment and were due for delivery in December 2018.

After these discussions and negotiations to put in place a post appointment funding agreement, and following the assistance of 4 employees on an ad hoc basis to plan the project, funding was subsequently provided to the Company by the customer concerned on 12 December 2018. Operations on a reduced scale were commenced later on the same day with selected employees identified as being required to return to complete the necessary work.

Three other crucial parts of being able to recommence partial trading and to put the sale process in the best light were;

- a) The employees were given the option to be terminated (made redundant) immediately or stood down without pay while the sale process was conducted (refer below). Employees were advised that as there was no money held by the Company, if anyone elected to be terminated, their outstanding employee entitlements as at the date of appointment (including leave) would not be able to be paid until completion of the sale campaign or sufficient assets were realised or via FEG if the company was placed into liquidation at the second meeting of creditors.
- b) The post appointment support of certain suppliers (many of whom are creditors in the Voluntary Administration).
- c) The owners of the premises in Dandenong South and the Administrators came to an acceptable agreement for the Administrators to continue to utilise the premises until 31 March 2019.

1.6.4 Realisation of Inventory and the Collection of Debtors

As detailed above, at the time of appointment the Administrators had no option but to immediately suspend trading whilst seeking to secure a source of funding. With the assistance of the CFO and other employees on an ad-hoc basis, we performed an analysis of the work in progress and forward orders for both of the Company's businesses to determine the best realisation options.

Where it was possible and commercially sensible to complete works, these works were completed in order to achieve the best return for creditors as follows.

Ridgeback Service Bodies

On appointment, there were approximately 50 open orders which were at various stages of completion. After engaging with each of the major customers to secure commitments for funding the completion of works where required, we attended to the work in progress as follows:

- A small team of suitable employees to complete the necessary works were recalled
- Three orders were completed and paid for in full prior to their return to the customer.
- A further 21 vehicles were able to be returned to customers following receipt of an executed disclaimer agreement. Where work on the order was complete, funds were requested prior to release.
- 13 orders were partially complete, and we continue to work with these customers to return their vehicles. Customers who had paid a deposit or the invoice in full, but work was not completed were advised that these amounts would form an

unsecured claim against the Company, and have been provided with the Circular to Creditors and Suppliers to complete a proof of debt form to lodge their claim against the Company.

- 13 orders had not commenced, and therefore there was no vehicle on site to be returned. These customers were contacted and advised their order would not be completed.

During our management of these processes, it was brought to our attention that certain vehicles that have been the subject of a Ridgeback Service Body installation, had been installed with blade style fuses which in certain circumstances could create a risk to health and safety.

Upon being made aware of the issue and whilst this was further investigated, we immediately communicated with all current and prior customers of Ridgeback (circa 450) to notify them of the issue and recommend they seek to have the devices tested and, where necessary, the blade style fuses replaced.

We also disclosed the issue and its implications to interested parties in the sale process (see section 1.6.5 below).

Actco-Pickering Metal Industries

Following our appointment, we completed a review of the status of orders and contracts with the Company's major customers in order to assess whether it was commercially viable to fulfil these where funding could be secured.

As indicated above, following suspension of operations we contacted each of the major customers in an effort to secure funding to restart trading and fulfil customer orders. Whilst we were able to secure funding from one of the major customers to restart limited operations, we also worked with each of the remaining customers to:

- Determine the status of open orders
- Identify finished goods, work in progress and raw materials required for their packages of works
- Identify third party property that belonged to each
- Negotiate agreements to that resulted in acquisition of required work in progress, raw materials and payment of outstanding receivable balances

Collection of Debtors

On our appointment the Company's books and records indicated that circa 37 customers owed approximately \$1.1m to the Company.

While ordinarily these collections could have been a source of funding for the Administration it is noted that Scottish Pacific had financed the majority of these debtors prior to our appointment. Accordingly, Scottish Pacific were owed approximately \$0.75 million as at our appointment and any funded debtors received by the Administrators were required to be immediately repaid to Scottish Pacific. As at the date of this report, the majority of the debt owed to Scottish Pacific has been repaid however, we are awaiting a final reconciliation to be provided prior to making a final payment to them.

1.6.5 Sale of business campaign

Upon our appointment, we determined that it would be in the best interests of Creditors and the preservation of value to immediately commence a sale process for the Company's businesses in parallel to our engagement with customers and other stakeholders in relation to ongoing trading and the debtor collection/inventory realisation process.

A high-level summary of our sale of business process is provided below:

- Immediately following our appointment on 5 December 2018, we published an online advertisement seeking expressions of interest in the business and commenced contacting known and potential interested parties to invite them to participate in the sale process.
- On 7 December 2018, a further advertisement was placed in the Australian Financial Review seeking expressions of interest in the business and an online data room containing a suite of documentation including an Information Memorandum was opened.
- 45 expressions of interest were ultimately received with 26 parties executing confidentiality agreements, entering the online data room and completing due diligence including site tours and access to management.
- Final binding bids for the business were sought by 17 December 2018.

Further particulars in respect of the sale of business campaign are provided in section 4 of this report.

1.6.6 Communication with Employees

At the date of appointment, the Company employed 65 permanent staff. Bryan Webster and the Administrators' staff met with all employees across three shifts on the date of appointment.

As mentioned above, given the lack of funding available to the Administrators and the consequent requirement to immediately suspend operations, 64 of the Company's employees were stood down whilst the Administrators sought to secure funding to re-commence trading in parallel to commencing the sale process for the Company's businesses. As discussed above in Section 1.6.3, these circumstances necessitated that the Administrators undertook an expedited sale of business.

The decision to offer employees the choice of being stood down, rather than immediately terminate their employment effective from 5 December 2018, was made in an effort to preserve both their employment and value in the business and allow for the possible assumption of priority entitlements by a purchaser of the businesses.

The Administrators met with all employees on site and by teleconference on 12 December 2018 and 19 December 2018 to provide updates on the progress of the Administration.

While a robust sale campaign was conducted and there was genuine interest from a number of parties, ultimately the lack of available funding and Christmas/end of year time constraints meant the business was unable to be sold as a going concern. Accordingly, the majority of the Company's 65 employees were informed of the termination of their employment at the employee meeting held on 19 December 2018, with all remaining employees assisting with the limited ongoing trading being advised of the termination of their employment upon the ultimate cessation of trading on 21 December 2018.

All terminated employees were provided with a separation certificate and a summary of their entitlements based upon the records of the company for verification.

Employee Entitlements

At appointment, all pre-appointment wages had been paid with the exception of one employee (who had been on leave). Superannuation entitlements for the period 1 August 2018 to the date of appointment were unpaid at appointment.

Based on a preliminary review of the Company's records, our estimate of the priority entitlements by category is provided below.

Entitlement category	(\$)
Wages	622
Superannuation	139,035
Annual leave	186,869
Long service leave	87,981
Pay in lieu of notice	199,481
Superannuation on pay in lieu of notice	18,951
Redundancy	477,776
Total	1,110,715

As indicated above, we have provided employees with a statement of entitlements based on the Company's books and records for review and comment, however at this stage these are yet to be verified by the individual employees.

Employees of the Company other than directors or their related persons have a statutory priority of payment in respect of outstanding entitlements. Further, should the Company be placed into liquidation, employees will be eligible to make an application to the Federal Government's Fair Entitlement Guarantee Scheme ('FEG') for payment of their entitlements under the provisions of the scheme.

1.6.7 Review of PPSR issues relating to equipment and inventory

Following our appointment, we identified all parties with a Personal Property Securities Register ('PPSR') registration against the Company. We wrote to each registrant requiring they provide further detail of the agreements and assets underlying their registration(s).

We dealt with several parties to determine:

- If their items were leased, whether the lease constituted a Personal Properties Security ('PPS') lease as per the PPS Act
- Where other security interests were held (e.g. retention of title of supplies, etc) - the validity of those arrangements
- Whether there was a valid PPSR registration to secure the above security interests
- Where their PPSR registration was no longer required, the release of their registration from the PPSR

Following our review, we identified assets which held valid registrations. Where necessary we wrote to these parties confirming the ongoing use and lease of the assets. Where the equipment was no longer required, we liaised with the third parties to arrange collection of their goods.

1.6.8 Insurance

As mentioned above, we arranged cover for the administration period through Willis Australia.

In addition to the OpenCover facility provided by Willis, we provided an estimate of post appointment wages for the Company for the purposes of arranging an updated Workers Compensation policy for the Administrators. Willis have been retained to continue to advise the Administrator in respect of the Company's pre-appointment policy program in addition to the OpenCover facility to ensure adequate and cost-effective insurance cover is maintained for the administration period.

1.6.9 Other matters

Further actions undertaken by the Administrators and our staff during the Administration include the following:

- Freezing and sweeping pre-appointment bank account.
- Issuing statutory lodgements and notifications in relation to our appointment.
- Engaging legal advisors to advise on appropriate aspects of the Administration and assist with the sale of business process including preparation of a sale and purchase agreement with the preferred bidder.
- Undertaking searches for any other bank accounts.
- Securing, reviewing and storing the Company's books and records.
- Meeting with employees of the Company in relation to the conduct of the Administration.
- Calls and email correspondence with the directors of the Company in relation to the conduct of the administration.
- Reviewing asset valuations
- Reviewing and authorising payments relating to the administration period.
- Reviewing and approving payroll for employees.
- Convening and holding the First Meeting of Creditors.
- Preparation of this report to creditors and convening of the Second Meeting of Creditors.
- Discussions with the Company's secured creditor.
- Reviewing the historical financial affairs and records of the Company.
- Discussions with industry participants.
- Reviewing realisation alternatives.
- Identification and review of blade style fuse safety issue with respect to Ridgeback Service Bodies and communication with all historical Ridgeback customers (circa 450) to notify of issue and implications
- Completion of preliminary investigations into the Company's affairs and potential recoveries available to a liquidator if appointed.

1.7 Receipts and payments of Administration

Included as Appendix 8 of the enclosed Remuneration Report (Appendix 1 of this report) is a summary of the receipts and payments for the period from 5 December 2018 to 6 January 2019. Further details in relation to the receipts and payments are available on request, provided sufficient notice is given to comply with the request.



2 Company background

2.1 Overview of the Company

Actco-Pickering Metal Industries Pty Ltd ('APMI') was the product of a merger between two metal fabrication businesses in the late 1990's, which were each established in their own right during the 1970's. Actco Metal Industries and Pickering Precision Sheet Metal each identified an opportunity to grow and expand their businesses through the merger via an ability to expand its product, service and skill offering to a broader client base.

Actco Metal Industries had a specialisation in small runs of high-quality stainless-steel components, while Pickering Precision Sheet Metal had a strong reputation in the area of large run volume work. The combination of those skills proved valuable and brought a period of consistency and growth to APMI throughout the early 2000's. This type of 'to order' contract manufacturing work was the original core competency of APMI.

In 2006, APMI developed its own range of product by designing and manufacturing trade service bodies (Ridgeback) into the specialised vehicle and fleet markets. In doing so, APMI became less exposed to the changing appetites of its industry-based clientele (such as rail). Ridgeback remained one of APMI's two distinct business divisions. Ridgeback held a reputation in the market as a premium quality option based on the specialised skills which originated in the contract manufacturing core of APMI.

Following the receipt of a diagnostic report from Mawson Group in October 2018, and exploring other options that may have been available to them, the directors resolved to appoint administrators to the Company on 5 December 2018. As at the date of appointment, the Company was trading one site with approximately 65 staff.

The Administrators have undertaken a preliminary review of the Company's books and records, and they indicate the Company has been in prolonged financial distress with losses recorded in FY16, FY17 and FY18. While the Company's revenue stream grew over this period, gross profit margin declined to an unsustainable level. This indicated a mismatch between cost and pricing, and sales could no longer cover the Company's overheads.

Our preliminary investigations indicate that the Company's financial difficulties can predominantly be attributed to a mismatch between contract profitability and overhead costs; the business being under-capitalised coupled together with a delay by a major customer to commence works which resulted in a critical shortage of working capital; and poor pricing and contract negotiation for several larger contracts.

The Company would only have been able to continue operating with a substantial capital injection, renegotiation of one of the major contracts to operate at a profit, and a material decrease in overheads resulting from a restructure of the business.

The Administrators will continue their investigations into the causes of financial distress of the Company in due course.

2.2 Information about the Company

2.2.1 Company Details

Detailed below is information regarding the Company obtained from a company search from Australian Securities and Investments Commission ('ASIC') as at the date of appointment.

Company details

Commencement date	17 November 1999
Registered office	28-30 Quality Drive, Dandenong South VIC 3175
Trading premises	28-30 Quality Drive, Dandenong South VIC 3175

2.2.2 Shareholder Details

Shareholder name	Number of shares held	Class of share	Beneficially held	Fully paid up
Gust Contantine & Co. Pty Limited	40,000	Ordinary Shares	No	Yes
Andrew Robert Crank	40,000	Ordinary Shares	No	Yes
Garbootner Pty Ltd	40,000	Ordinary Shares	No	Yes
Lasim Holdings Pty Ltd	40,000	Ordinary Shares	Yes	Yes
Total	160,000			

2.2.3 Secured Creditors

Detailed below is information regarding the Company obtained from a search obtained from Personal Properties Securities Register ('PPSR') as at the date of appointment.

Security interests	Date created	PPSR registration number	Status
Commonwealth Bank of Australia	30-Jan-2012	201112141292116	All Pap No Except
Australia and New Zealand Banking Group Limited	30-Jan-2012	201112211804579	All Pap No Except
Macquarie Leasing Pty Ltd	30-Jan-2012	201112290303972	Motor Vehicle
Capral Limited	30-Jan-2012	201201120646556	Other Goods
Commonwealth Bank of Australia	30-Jan-2012	201201190053948	All Pap No Except
Sandvik Australia Pty Ltd	30-Jan-2012	201201300042302	Other Goods
Atlas Steels Pty Ltd	11-Feb-2012	201202110033862	Other Goods
AW Distribution Pty Ltd	01-Mar-2012	201203010003876	Other Goods
Commonwealth Bank of Australia	04-Apr-2012	201204040112639	All Pap No Except
Commonwealth Bank of Australia	05-Apr-2012	201204050096872	All Pap No Except
Al-Ko International Pty Ltd	29-May-2012	201205290084796	Other Goods
Ultimate Laser Pty Ltd	03-Oct-2012	201210030056253	Other Goods
The Trustee for the TWA Trust	21-Feb-2013	201302210051934	Other Goods
Ultimate Cutting Services Pty Ltd	08-May-2013	201305080030513	Other Goods
LMC Laser Services Pty Ltd	25-Jun-2013	201306250041533	Other Goods
Air Liquide Australia Limited	16-Sep-2013	201309160067320	Other Goods
Air Liquide W.A. Pty Ltd			
Air Liquide Australia Solutions Pty Ltd			
Shann Australia Pty Ltd	20-Dec-2013	201312200075789	Other Goods
Apex Steel Pty Ltd	28-Jan-2014	201401280126910	Other Goods
Apex Building Products Pty Ltd	28-Jan-2014	201401280136235	Other Goods
Apex Building Products (QLD) Pty Ltd			
Concept Latch, Lock & Hinge (Aust.) Pty Ltd	22-Jul-2014	201407220051489	Other Goods
Redarc Trust	20-Nov-2014	201411200034449	Other Goods
Camec Pty Ltd	10-Mar-2015	201503100035182	Other Goods
Vulcan Steel Pty Ltd	23-Jul-2015	201507230031034	Other Goods
Actco-Pickering Metal Industries Pty Ltd	07-Sep-2015	201509070062016	Motor Vehicle
Actco-Pickering Metal Industries Pty Ltd	07-Sep-2015	201509070062028	Motor Vehicle
Capral Limited	23-Nov-2015	201511230033909	Other Goods
Camec Pty Ltd	18-Jul-2016	201607180060399	Other Goods

Security interests	Date created	PPSR registration number	Status
Surdex Sheet & Coil Pty Limited Southern Steel Trading Pty Limited Ferrocut Australia Pty Limited	07-Dec-2016	201612070031048	Other Goods
Fagersta Steels Pty Ltd	15-Dec-2016	201612150024860	Other Goods
Elgas Limited	01-Apr-2017	201704010066292	Other Goods
Selectlok Australia	17-Aug-2017	201708170032735	Other Goods
BOC Limited	24-Aug-2017	201708240055135	Other Goods
Centurion Fire & Rescue Equipment Pty Ltd	11-Sep-2017	201709110049217	Other Goods
Centurion Fire & Rescue Equipment Pty Ltd	28-Sep-2017	201709280055926	Other Goods
Infastech (Australia) Pty Limited	13-Dec-2017	201712130060305	Other Goods
Dotmar EPP Pty Ltd	06-Mar-2018	201803060046808	Other Goods
Commonwealth Bank of Australia	28-Mar-2018	201803280092844	Other Goods
Commonwealth Bank of Australia	04-Apr-2018	201804040027709	Other Goods
Scottish Pacific Business Finance Pty Limited	28-Aug-2018	201808280059144	All Pap No Except

Based on our preliminary investigations, the “All Pap” security registrations held by:

- Australia and New Zealand Banking Group Limited which was no longer required has since been released
- Commonwealth Bank of Australia which relate to 2 equipment finance agreements have been released following repayment of the amounts outstanding
- Scottish Pacific Business Finance (‘Scottish Pacific’) which relate to a receivables finance facility provided to the Company prior to our appointment. We are continuing to work with the Company’s debtors to ensure amounts owing to Scottish Pacific under this facility are paid and we note the facility has largely been repaid.

With regard to security registrations over ‘Other Goods’, please refer to Section 1.6.7 above which provide commentary on the adjudication of such claims.

2.2.4 Winding up petitions

We are not aware of any winding up petitions having been made against the Company.

2.3 Directors and officers

Detailed below is information regarding the directors and secretary of the Company obtained from ASIC as at the date of appointment.

Director name	Appointment date	Cessation date
Mr Andrew Pickering	17 November 1999	Not Applicable
Mr Gregory Pickering	17 November 1999	Not Applicable
Mr Owen Walsh	17 November 1999	Not Applicable

(collectively referred to as ‘the directors’)

Secretary name	Appointment date	Cessation date
Mr Andrew Pickering	17 November 1999	Not Applicable

2.4 Related entities

There is one related entity of the Company being the APMI Partnership.

The Directors or this Company are Owen Graham Walsh, Andrew Robert Pickering, Andrew Robert Crank and Gregory George Pickering.

2.5 Events leading up to Administration

The directors of the Company have advised us that the Company's financial position can be attributed to:

- Trading losses of the Company in the lead up to appointment
- Mismanagement

Our investigations indicate that the Company's financial difficulties can be attributed to:

- The growth in head office and associated costs exceeding the revenue increases which resulted in reduced margins
- The available margins on one of the Company's major customer contracts were so thin it often resulted in goods being produced at a loss
- Cost of Sales were increasing at a greater rate than the revenue generated, indicating an issue with contract pricing. Gross Profit margins above 31% were sustainable to generate a net profit, however, in FY16, FY17 and FY18 the gross margin produced by the Company was below this level.
- Failure to maintain internal controls and records of work. Prior to our appointment, there was no clear documentation outlining work in progress or a single person/monitoring sheet which was up to date and tracking all orders. Further, some works had been commenced without an order number.
- In addition to the above, there appears to have been a disconnect between those completing the work, and the subsequent invoicing of this work.
- There are indicators of poor management, with several third party customers advising there was an ongoing lack of communication.
- The business was under-capitalised, and a major customer had delayed the commencement of its contract which resulted in a critical shortage of working capital.
- In May 2018, the Company entered into a payment arrangement with the Australian Taxation Office ('ATO') and other customers to the point that at least 30 suppliers were payment plans at the time of our appointment.
- Prior to the appointment of Administrators, the Company moved from invoicing once works were complete, to requesting deposits and invoicing in advance for larger customers.
- In August 2018, the Company entered into a receivables financing arrangement with Scottish Pacific in an attempt to improve its cash flows.
- In October 2018, the Company engaged Mawson Group to undertake a diagnostic review of the business, and provide recommendations of steps forward. One of these recommendations was to place the Company into Voluntary Administration. This report indicated there was likely to be a cash deficit by 27 November 2018.

2.6 Report as to Affairs

The directors have provided a Report on Company Activities and Property ('ROCAP') to us. A ROCAP provides information on the financial position of the Company as at the date of our appointment.

A summary of the ROCAP is detailed below:

Report on Company Activities and Property	Notes	Book or cost valuation	Estimated realisable value
Interest in Land		-	-
Sundry Debtors	1	1,136,161	Unknown
Cash on Hand		-	-
Cash at Bank	2	8,000	8,000

Report on Company Activities and Property	Notes	Book or cost valuation	Estimated realisable value
Stock		-	-
Work in Progress	3	Unknown	Unknown
Plant and Equipment	4	658,393	375,595
Other Assets	5	10,651	10,500
Total Assets			
Less Employee Entitlements	6	(399,698)	Unknown
Less Secured Creditors	7	(719,807)	Unknown
Less Partly Secured Creditors		-	-
Less Unsecured Creditors	8	(980,104)	Unknown
Add Contingent assets	9	-	Unknown
Less Contingent liabilities	9	-	Unknown
Estimated surplus/(deficiency) subject to the costs of the Administration			Unknown

Notes

1. Sundry debtors include \$0.72 million of debtors who are included in the debtor financing arrangement with Scottish Pacific. These amounts are subject to a security interest held by Scottish Pacific to secure the amount outstanding to them (see below).
2. The \$8,000 available on appointment was swept by the secured creditor and was not all available for the Administrators to utilise.
3. The Directors provided no information in relation to work in progress. Our preliminary review of the Company's management systems indicates that limited records in respect of inventory and work in progress were available. Given the status of the Company's trading, it is unlikely significant recoveries will be made from work in progress and inventory.
4. Plant and equipment realisations are subject to security interests (not available to employees or unsecured creditors). An amount of \$0.66 million was included for plant and equipment in the ROCAP.
5. Other assets consist of five vehicles included in the ROCAP. The estimated realisation is similar however, relates to two of these vehicles only. We would expect to be able to recover this amount at auction.
6. Employee entitlements in the ROCAP do not include outstanding pre-appointment wages, an estimate for redundancy or PILN. Our revised estimate for outstanding employee entitlements is \$1.08 million which incorporates a value for the outstanding wages, associated superannuation, annual leave, long service leave, PILN, superannuation on PILN and redundancy. This is outlined further in this report at Section 1.6.6.
7. The secured debt is owing in respect of the receivables financed by Scottish Pacific. Scottish Pacific retain security to the Company's pre-appointment receivables they have financed to secure their debt.
8. The value for unsecured creditors provided in the ROCAP includes trade creditors only and does not include amounts outstanding to statutory creditors (e.g. \$1.38 million to the Australian Taxation Office) or \$0.05m owing to the Company's credit card provider.
9. No contingent assets or liabilities were disclosed in the ROCAP or have been disclosed from discussions with the Directors.

2.7 Historical financial performance

The Company's last financial statements were prepared as at 30 June 2017, however preliminary financial accounts have been prepared to 30 June 2018 and 31 October 2018. The Company's financial accounts have not been audited. We note that monthly management accounts were prepared by the Company and the latest such accounts were prepared to 31 October 2018.

Detailed in Appendix 2 is a summary of the comparative balance sheets and profit and loss statements of the Company, extracted from the Company's books and records, for the previous three financial years and year to date.

The Company's financial statements disclose the following:

- the Company's working capital decreased considerably over the period from FY16 to FY18, from \$0.8m to a deficiency of \$1.0m. This was mostly due to a significant decline in trade and other receivables
- As a result of the reduced receivables balance, the net asset position of the Company deteriorated significantly over the same period, from a net asset position of \$2.2m in FY16 to a net asset deficiency of \$0.4m in FY18
- As indicated in the table below, there was a notable decline in gross profit margin from 35.7% in FY15 to 21.3% in FY18. Historically, a gross profit margin which exceeds 31% has correlated with a favourable EBITDA.

APMI – historical high-level financial overview

	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Sales	\$7.8m	\$8.4m	\$10.5m	\$10.9m	\$9.7m	\$10.9m	\$11.2m	\$12.7m	\$10.8m
Gross Profit	\$2.9m	\$2.8m	\$3.3m	\$3.6m	\$3.8m	\$3.9m	\$3.4m	\$3.2m	\$2.3m
GP%	36.92%	33.61%	31.17%	33.35%	34.96%	35.72%	30.59%	25.47%	21.30%
EBITDA	\$1.1m	\$1.1m	\$0.8m	\$1.3m	\$1.0m	\$0.9m	(\$0.04m)	(\$0.2m)	(\$1.6m)

- Management have indicated that a contributing factor to the decline in margin was the acquisition of the Pioneer camper trailer business by the Company in or around FY15 (subsequently divested in FY18). Further investigations into the impact of this acquisition and divestment are required by a liquidator (if appointed).

It is apparent from the Company's financial statements that only a substantial capital injection, review of pricing and restructure of the business would have enabled the Company to continue in operation.

2.8 Searches

A property search in the state of Victoria has been carried out with a view to determine if the Company is the registered owner of any property. The property search revealed the Company owns no property in Victoria.

The Directors of the Company have indicated it is the registered owner of the following motor vehicles:

Motor vehicle model	Registration state
Isuzu Truck - PPSM	Victoria
Holden Rodeo – TSB 02	Victoria
Ford Ranger – TSB 07	Victoria
Triton GLX – YMS 347	Victoria
Holden Rodeo – TSB 03	Victoria

We are continuing to review whether further vehicles may belong to the Company.

3 Investigations

3.1 Administrators' investigations

Under the Act, we are required to investigate the Company's business, property, affairs and financial circumstances.

Pursuant to Section 75-225(3) of the Rules, we are also required to investigate and report to creditors on any possible recovery actions that would be available to a liquidator, if creditors resolve to place the Company into liquidation. However, we note that currently we have limited funds available to us, which would not extend to pursuing any such actions in the capacity as liquidator and have incurred costs in acting as Administrators which would rank in priority to any creditors' claims in a liquidation.

Our investigations are at a preliminary stage and we are not in a position to provide any final comments about potential offences that may have been committed or amounts of money that may be recoverable in the event of the Company being placed into liquidation. It should be noted that further detailed investigations will need to be undertaken by a liquidator (if appointed), and independent legal advice sought in order to determine the likely success of any actions contemplated in respect to the matters detailed below.

3.2 Overview of Administrators' investigations

Our investigations to date have focused on the following matters:

- Breaches of duty and other offences under the Act by the directors
- Potential actions by a liquidator (if appointed).

3.3 Approach to preliminary investigations

Throughout our preliminary investigation, we:

- Analysed and, where required, maintained the integrity and security of the IT/accounting systems of the Company. We took immediate steps to secure and prevent any interference with the Company's IT environment
- Undertook a computer forensic process that included securing devices and the data of the Company including:
 - computer servers
 - desktop and laptop computers and their hard disk drives
- 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 Chief Financial Officer.
- Identified, reviewed, reconstructed where required, and analysed financial information.
- Undertook searches of various publicly available databases, including ASIC and Office of State Revenue records.
- Spoke with various external parties, including suppliers of goods and services and customers of the Company.
- Identified, reviewed and retrieved archived books and records held at both the Company's offices and off-site storage, primarily comprising invoices received and paid, bank statements and information on payment plans with creditors.

3.4 Offences under the Act by the directors

Section 438D of the Act requires an Administrator to lodge a report with ASIC if it appears that:

- A past or present officer, or member, of the Company may have been guilty of an offence in relation to the Company, or
- A person who has taken part in the formation promotion, Administration, management or winding up of the Company may have misapplied money or property of the Company or may have been guilty of negligence, default, breach of duty or trust in relation to the Company.

We set out below our comments as to whether investigations are warranted in relation to particular offences.

3.4.1 Books and records

Failure to maintain adequate 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.

From our investigations to date, we consider that the Company has maintained books and records in accordance with the requirements of the Act.

3.4.2 Care and diligence and duty to act in good faith

The duty to act in good faith includes the following:

- To act honestly
- To exercise powers in the interests of the Company
- To avoid conflicts of interest
- To use their position properly

- To use information only for its proper purpose.

From our investigations to date, there is evidence to indicate that the Company may have traded whilst insolvent for a period of time and entered into certain transactions that may be voidable against a liquidator if appointed (these are discussed further in Sections 3.5.1 and 3.5.2 below). This may lead to further investigations into whether the provisions of Sections 180, 181 and 182 of the Act may have also been breached. A liquidator will have the ability to further investigate these matters.

3.5 Potential recovery actions available to a liquidator

3.5.1 Voidable transactions

Unfair preferences

If the Company is placed into liquidation, various provisions of the Act enable the liquidator to recover certain payments that were made by the Company to a creditor prior to the Company being placed into Voluntary Administration, referred to as unfair preferences. These are transactions where the payment results in a creditor receiving more than it would have received in the winding up of the Company. A liquidator is able review transactions between 6 June 2018 (and earlier in certain circumstances) and the relation back day, being 5 December 2018.

In order to prove a creditor received an unfair preference payment, the liquidator must first show that the Company was insolvent at the time of the payment.

The creditor has a defence to an unfair preference claim by a liquidator if it proves that it entered into the transaction in good faith and, at the time the benefit was received, the creditor had no reasonable grounds for suspecting that the Company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given, nor would a reasonable person in the creditor's position have suspected that the Company was insolvent or would become insolvent.

A preliminary review of the Company's records indicates that during the period 6 June 2018 and 5 December 2018 the Company entered into a variety of payment arrangements with statutory, trade and other creditors and it is possible that many of these payments could be classified as unfair preference payments. Amongst the payments made during this period that warrant further scrutiny are a total \$358,000 paid to the Australian Taxation Office under a payment plan commenced in early June 2018, and a total of \$284,873.86 paid to trade and other creditors.

A liquidator would need to further investigate the conditions under which these transactions occurred and corroborate whether the creditors concerned had no reasonable grounds for suspecting the Company was insolvent at the time of the transaction. The date of insolvency would also need to be established given, inter alia, the transaction must have occurred when the Company was insolvent for a payment to constitute an unfair preference.

Uncommercial transactions

A transaction of a company is an uncommercial transaction if the following elements are established by a liquidator:

- The transaction was entered into or given effect to within two (2) years of the date of appointment of the Administrator.
- At the time the transaction was entered into, or when given effect to, the Company was insolvent or became insolvent as a result of the transaction.
- A reasonable person in the Company's circumstances would not have entered into the transaction having regard to the benefits and detriments to the Company in entering into the transaction and the respective benefits to other parties.

The defences available to a party involved in an uncommercial transaction claim are, in effect, the same as those for an unfair preference.

Based upon our preliminary investigations to date, we are not aware of any uncommercial transactions entered into by the Company, however a liquidator would carry out further investigations in this regard.

Unfair loans

Essentially an unfair loan is a loan agreement where the interest or charges are considered to be extortionate. Unfair loans made to the Company any time prior to the appointment of the Administrators may potentially be overturned by a subsequently appointed liquidator, whether the Company was insolvent at any time after the loan was entered into.

Our investigations to date have not revealed any unfair loans entered into by the Company.

3.5.2 Insolvent trading

Under the Act, a director is personally liable to the Company if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the Company is insolvent, or becomes insolvent by incurring the debt, and there existed reasonable grounds to suspect that the Company was or would become insolvent. This claim must be proven by the liquidator against each individual director. Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and would generally require legal action. Further, we would point out to creditors that such proceedings may often be drawn out and involve significant cost. Creditors should also be aware that any successful claim may be set-off by the directors against amounts due to that individual by way of unsecured advances or loan account. In this regard, we note that the Company's directors have not lodged proofs of debt in the Administration.

The Act provides a number of possible defences to directors to a claim for insolvent trading. These defences are:

- At the time the debt was incurred the directors had reasonable grounds to expect and did expect that the Company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time.
- At the time the debt was incurred the directors had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the Company's solvency and that person was fulfilling that responsibility.
- The directors through illness or some other good reason were not taking part in the management of the Company at the time the debt was incurred.
- The directors took all reasonable steps to prevent the Company from incurring the debt.

It is crucial to note that, with the exception of unfair loans, in order for a liquidator to be able to set aside a transaction or obtain compensation from a director for insolvent trading, the liquidator must first be able to show that at a relevant point in time the Company was insolvent.

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 preliminary investigations

Date of insolvency

Based upon our preliminary investigations to date, a precise date of insolvency has not been determined, however, the earliest indicator of insolvency identified to date is 4 June 2018 which is the date the Company defaulted upon a payment arrangement with the Australian Taxation Office entered into in late May 2018. Whilst further investigations are required, it is likely at this stage that the date of insolvency will be proximate to this date as the earliest indicator of insolvency we have identified so far.

Other indicators of insolvency

A list of common features in insolvent situations has been established by case law precedent. These are included in the below table together with an indication as to whether each feature was present in the Company's circumstances:

Feature	Present in the Company?
Continuing losses.	Y
Liquidity Ratios below one.	Y
Overdue Commonwealth and State taxes.	Y
Employee superannuation payments not up-to-date.	Y
Poor relationship with financiers.	N
No access to alternative financing.	N
Inability to raise further equity capital.	N
Suppliers placing company on Cash on Delivery ('COD'), or otherwise demanding payments before resuming supply.	Y
Deterioration in creditors unpaid outside trading terms.	Y
Special arrangements with selected creditors.	Y

Feature	Present in the Company?
Solicitors' letters, summonses, judgements or warrants issued against the company.	Y
Payments to creditors of rounded sums not reconcilable to specific invoices.	Y
Inability to produce timely and accurate financial information to display the company's trading performance and financial position and make reliable forecasts.	N

As can be seen from the above table, there are a number of other indicators of insolvency present in the case of the Company.

We note that tax and employee superannuation obligations being up to date is a pre-requisite for Safe Harbour protection (refer to Section 3.5.3 of this report). As the Company has failed to pay both outstanding BAS obligations with the Australian Taxation Office and employee superannuation entitlements as and when they fell due, this is likely to limit the directors' ability to rely on Safe Harbour protection.

Any claim for insolvent trading against the directors of the Company, however, would need to be assessed on commercial grounds, including:

- Likelihood that pursuing a claim of insolvent trading would be successful, taking into account any defences available to directors.
- Cost of litigation if necessary.
- Likelihood of recovery against the directors of the Company.

From our preliminary investigations, it appears that the directors may have assets of substance that may be recovered if an insolvent trading claim was successfully pursued. However, the directors may have an unsecured claim against the Company, which would need to be assessed prior to taking any action. See details of the directors' position in Section 4.8 below.

As stated earlier, the Act provides directors with a number of defences to a claim for insolvent trading. We are unable to comment, at this stage, as to whether they would have any defences.

3.5.3 Safe Harbour

In September 2017, Australia introduced new laws relating to insolvent trading liability for company directors. The new Safe Harbour laws offer protection from liability for debts, by providing a carve out if the directors can show that the debts were incurred as part of them pursuing a course of action that was reasonably likely to result in a better outcome than the appointment of an administrator or liquidator of a company. The Safe Harbour regime is aimed at encouraging directors and officers to pursue rescue plans likely to result in better outcomes, rather than placing an insolvent company immediately into external administration.

In mid-October 2018, the directors of the Group engaged advisors to complete a diagnostic review and recommend options available to the Company. The Company's legal advisors were subsequently instructed to provide advice on the options available to the Company.

Our investigations are at a preliminary stage and it is currently unclear whether the directors of the Company will be able to rely upon the protections of the Safe Harbour provisions for any period of time with respect to any insolvent trading claims in the period prior to our appointment. As noted earlier, as tax and employee superannuation obligations being up to date is a pre-requisite for directors to be able to rely upon Safe Harbour protection, it is likely that the directors' ability to rely on Safe Harbour protection (if at all) will be limited.

Creditors should note that in seeking to rely upon the provisions, directors of a company do not have a burden of proof but bear an evidential burden to establish that Safe Harbour applies. It is up to a liquidator to show on the balance of probabilities that the course of action taken was one not reasonably likely to lead to a better outcome.

A liquidator if appointed will have the ability to further investigate these matters.

3.5.4 Funding of further investigations

In relation to pursuing voidable transactions and insolvent trading, money for the recovery of such actions would come from the assets of the Company. If there were insufficient funds from the assets of the Company, alternative options are:

- Funding from creditors of the Company. If funding was received from creditors, section 564 of the Act provides the Court with the power to make orders in favour of creditors who have provided an indemnity for costs of litigation or costs of the

liquidator, where those creditors may be given an advantage over other creditors in consideration of the risk assumed by creditors. An advantage may include the distribution of some or all of the net proceeds from that action that was funded to the creditor that provided the funding or indemnity in priority to creditors with whom that creditor would normally be ranked.

- Funding from a litigation funder. A litigation funder is an organisation that provides funds for the pursuit of legal actions. The funding typically covers the costs of lawyers, barristers and the external administrator and provides an indemnity for any adverse cost order if the legal action is unsuccessful. A litigation funder only takes on actions that it considers have a high probability of success and are likely to result in a substantial return. The agreement with the litigation funder usually provides for a substantial amount of any return to be paid to them. We do not consider it likely that a litigation funder would provide funding to this liquidation.
- ASIC's Assetless Administration Fund – this Fund finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears that enforcement action may result from the investigation and report. A particular focus of the fund is to curb fraudulent phoenix activity. Based on the potential recoveries outlined above, it is unlikely that an application for funding from the Assetless Administration Fund would be successful and accordingly, we do not intend to make an application.
- Fair Entitlements Guarantee Recovery Program – this program provides funding for pursuing recovery proceedings, including litigation, to increase assets available to creditors in the winding up where there have been amounts advanced under FEG. We have reviewed the criteria and do not consider that an application for funding would be successful and accordingly, we do not intend to make an application.

It would be appreciated if any creditor would advise us if they would be willing to fund any recovery actions.

3.6 Offences

Our investigations to date have revealed potential pre-appointment contraventions of the following directors' fiduciary duties under the Corporations 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

If a breach is proved to have been committed by a director, then a civil or a criminal penalty could be imposed.

From our preliminary investigations we are not in a position to finalise our view on any pre-appointment offences, however the arrangement of specific payment plans and possible preference payments would certainly be an area for a potential liquidator to investigate further.

3.7 Company directors' personal financial position

In determining the likely recoveries from a Company's director, we must establish the director's capacity to pay any judgement claim. We wrote to all directors of the Company on 5 December 2018, requesting details of the directors' assets and liabilities. To date we have yet to receive a response from the directors providing this information. Based upon public our preliminary investigations we have identified the following:

3.7.1 ASIC searches

A search of ASIC's database for the directors indicates that they hold the following positions:

Director	Entity	ACN	Position
Andrew Pickering	Gust Constantine & Co. Pty Limited	005 839 798	Current Director and Current Secretary
	Millsea Pty Ltd	079 080 130	Current Director
	Lanvan Pty Ltd	005 836 073	Current Director and Current Secretary
Gregory Pickering	Garbootner Pty Ltd	006 143 326	Current Director and Current Secretary
	Millsea Pty Ltd	079 080 130	Current Director and Current Secretary

Director	Entity	ACN	Position
Owen Walsh	Bluelark Pty Ltd	010 545 721	Current Director
	Lasim Holdings Pty Ltd	007 385 560	Current Director and Current Secretary

3.7.2 Motor vehicle searches

We have requested details of any motor vehicles owned by the directors. This information has yet to be provided in whole however certain directors have indicated that the following vehicles used in the Company's operations are owned by them:

Motor vehicle model	Registration state
2010 Ford Ranger – TSB 01 (Andrew Pickering)	Victoria
2008 Nissan Navara – 1JN 2KL (Greg Pickering)	Victoria

We are reviewing these claims to substantiate whether these vehicles belong to the directors concerned or are property of the Company.

3.7.3 Real property searches

Property searches were undertaken for each director with the results summarised in the table below. Searches were conducted solely in respect of the directors of the Company and any property held in a partner's name would be excluded from the results.

Director name	Search results
Andrew Robert Pickering	No results
Gregory George Pickering	No results
Owen Graham Walsh	Joint proprietor of a property in Yarrawonga. This property is mortgaged to a major bank and has a caveat registered by another financier. Further investigation is required if litigation is commenced.

Our investigations have also revealed that the directors are each members (with other individuals) of the APMI Partnership which owns the premises at 28-30 Quality Drive, Dandenong South from which the Company operated under a lease. We understand that the property has recently been sold with settlement due to occur in mid-2019. Further investigation is required if litigation is commenced.

3.7.4 Personal guarantee claims

We are aware of the following personal guarantee claims.

Name	Nature	Amount
Scottish Pacific Business Finance	Receivables finance facility provided to the Company	\$719,807.16
Commonwealth Bank of Australia	Equipment finance provided to the Company	\$39,567.00
Commonwealth Bank of Australia	Equipment finance provided to the Company	\$14,135.00

We requested details of any other personal guarantee claims made by the directors and were advised there were none.

3.8 Limitation of investigations

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

- Representations of directors of the Company
- Discussion with Company employees where possible
- 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 5 December 2018, that have been made available to us.

3.9 Offences in relation to the Company – Section 438D

We are not aware of any serious offences in relation to the Company that may have been committed by the directors of the Company. We are not aware of any persons, who have taken part in the formation or management of the Company, misapplying or retaining money or property of the Company. We are not aware of any persons who have been guilty of negligence, breach of duty or trust of the Company. Accordingly, we have not reported to the ASIC under Section 438D of the Act.

4 Sale process for the Company's businesses

4.1 Summary of sale process

After conducting a review of the options available to us, the Company, its businesses and assets were formally offered for sale as going concerns by way of an Expression of Interest Campaign. As mentioned earlier, the lack of funding sources available to us necessitated an expedited process to be conducted seeking a buyer that could introduce immediate working capital to the businesses to preserve these as a going concern.

The following processes were adopted by us in order to conduct a sale of the Company and its businesses

4.1.1 Marketing

The marketing campaign was commenced immediately upon our appointment with an advertisement appearing on the Resolve website (platform for advertising the sale of private or distressed businesses) on 5 December 2018 calling for expressions of interest in the business.

In addition to being listed on the website, the advertisement was also forwarded directly to a number of industry participants and other parties that we considered may be interested based on our discussions with the directors, staff, customers and suppliers of the Company.

An advertisement was also placed in the Australian Financial Review on 7 December 2018.

4.1.2 Interested parties

All parties who contacted us expressing interest in the business were placed in an 'Interested Parties Database' and we contacted to discuss the requirements of the sale process. Interested parties were then provided with confidentiality agreements for completion and return before being granted access to an online data room which opened on 7 December 2018.

During the sale process, we received expressions of interest from 47 parties, of which 26 returned signed confidentiality agreements and were granted access to an online data room which included an Information Memorandum.

4.1.3 Process and timetable

The process was conducted in one stage only, being a final offer stage. Interested parties were requested to complete their due diligence and submit binding offers specifying the basis of their offer (i.e. for both the Company's businesses and assets in one line or otherwise) together with marked up transaction documentation for the purchase of the Company's business and assets as a going concern including assumption of employee entitlements. Final binding offers were due by 5.00 pm on 17 December 2018 and the intention that the sale would be completed by no later than 31 December 2018.

The key events and relevant dates in the Sale Process timetable are set out in **Error! Reference source not found..**

Timetable

Date	Event
6 December 2018	Final Binding Bid Stage opens
7 December 2018 to 14 December 2018	Data room opens, limited Q&A and ability to complete a site tour
12 December 2018	Transaction Documentation provided to bidders
17 December 2018	Submission of Final Binding Bids with Transaction Documentation in executable form

Date	Event
17-18 December 2018	Negotiations with shortlisted parties
December 2018	Completion (flow of funds)

4.1.4 Transaction structure

Interested parties were advised of the preferred transaction structure being a sale of all the Company's business and assets 'in one line' and on the following basis:

Transaction structure

Area	Assumption
Sale Interests	Business and assets of APMI on an 'as is, where is' basis as a going concern
Balance sheet	- APMI will be free from liabilities and encumbrances other than leases identified by the potential purchaser as being required to be continued and the assumption of employee entitlements. - Cash free/debt free. - Accounts receivable excluded
Other	- APMI inventories/stock/WIP (excluding third party property) included - APMI's operations capable of being re-commissioned at short notice - APMI's lease comes to an end on 31 March 2019
Effective economic date	The Sale Interests are to be acquired by the Potential Purchaser with an effective economic date of no later than 31 December 2018.
Stamp duty	Stamp duty, GST and all registration and other costs associated with a transaction are payable by the Potential Purchaser.
Warranties	The Sale Interests are to be acquired on an 'as is where is' basis. Any warranties will be limited to title and right to sell the Sale Interests.

Bidders seeking to transact by way of a Deed of Company Arrangement (DOCA) were requested to contact the Administrators as early as possible in the process to discuss approach and implications with the second meeting of creditors due to be held in January 2019. Ultimately, we did not receive any requests from bidders to consider a transaction by way of a DOCA proposal.

4.1.5 Due diligence

Interested parties were offered the opportunity to complete due diligence on the Company and its businesses as follows:

Access to Online Data Room

An online data room was populated and opened on 7 December 2018. The data room was essential due to the large number of interested parties and allowed a secure hub for parties to confidentially access and complete due diligence on a suite of documentation relevant to the Company and its businesses including but not limited to:

1. An information memorandum
2. Financial information
3. Asset listings and details
4. Employee data
5. Customer information
6. Other operational data
7. A draft business sale deed for mark up and submission with final bids

Site tours

Interested parties were offered the opportunity to complete a tour of the site limited to one hour to inspect the assets and operations.

A total of 9 parties completed site tours during the sale process.

Access to management and Q&A

Interested parties were also offered limited access to management to ask questions under the supervision of the Administrators.

4.1.6 Bids received

We received three indicative non-binding bids from interested parties by the due date for offers, being 17 December 2018. Of these:

- Two offers were received from industry participants and/or competitors
- One offer was received from a group of related parties of the Company
- None of these offers were received with marked up transaction documentation and capable of acceptance as required

After considering each of the offers received, we engaged with each of the bidders to further understand their offer, including the conditions to be met in order to convert the offer to a binding bid and potential scope for improvement.

Following this consultation, a sole preferred bidder was identified whose bid provided the best outcome for creditors and was capable of completion prior to 21 December 2018. The preferred bidder was allowed to conduct limited further confirmatory due diligence (including further site inspections, access to management and additional data and interviewing selected employees) whilst documentation was negotiated in anticipation of concluding a prompt transaction. Whilst this occurred, we also continued discussions with two under-bidders about the potential to improve their offers and complete a transaction promptly.

Following the further confirmatory due diligence, the sole preferred bidder unfortunately decided to withdraw from the proposed transaction on 21 December 2018 and as a result (due to the lack of funding available) we were forced to immediately cease trading and terminate the employment of all remaining employees.

Since 21 December 2018 we have continued to engage with several interested parties from the sale process about concluding a transaction for the Company's business assets however to date, we have yet to conclude a transaction. Further information about the outcome of these discussions will be provided at the meeting of creditors on 21 January 2019.

5 Alternatives available to creditors

5.1 Explanation of alternatives available to creditors

It is our obligation to make a recommendation to creditors on which alternative is in the best interests of creditors. Our recommendation is based on what is in the best interests of creditors with regard to repaying their existing debts and must also ensure that those creditors who have an ongoing relationship with the Company are comfortable in their dealings with the Company.

We make the following general comments in respect to each option:

5.1.1 Deed of company arrangement

We have not received a proposal for a DOCA.

5.1.2 Bringing the Administration to an end

It is possible that creditors may consider ending the Administration and returning the Company to the existing directors. This is not a commercial proposition at this stage given the financial position of the Company and the professional assistance it would require to trade out of its difficulties. The Company's directors would resume control of the assets and be able to deal with them as they deem appropriate. This will not prevent creditors from initiating legal proceedings for the recovery of their debts or petitioning to the Court to have the Company wound up at their own expense.

Should creditors resolve that the Administration be terminated, the Company will be placed in a similar position to that existing prior to our appointment as Administrators.

5.1.3 Winding up the Company

At the Second Meeting of Creditors, creditors may resolve that the Company be wound up. Should they do so, the Company will be placed into liquidation and the Company is taken to have nominated us as the Administrators to be the liquidators. The liquidators are required to realise and distribute the assets in accordance with Section 556 of the Act (subject to Section 545 of the Act) and will also be required to complete a thorough investigation into the Company's past dealings and affairs, and the past actions of the directors.

The effects of the liquidation of the Company include:

1. the moratorium available under the Voluntary Administration process will cease
2. the liquidators will be empowered to recover potential voidable transactions, as outlined in Section 3.5.1 of this report
3. the liquidators will be required to conduct an investigation into the affairs of the Company pursuant to Section 533 of the Act and lodge a report with the ASIC in respect of the same.

It is clear at this stage that the Company has a deficiency of assets to liabilities and further that it is insolvent, in that it cannot meet its debts as and when they fall due. In our view, the winding up of the Company appears to be the most viable option for creditors in that the liquidators will be in a position to wind up the affairs of the Company and realise the Company's remaining assets for the benefit of creditors.

This option allows the following areas to be investigated more thoroughly:

Investigation of voidable transactions and insolvent trading

If the Company is placed into liquidation, further investigation of the matters referred to earlier in this report would be undertaken to determine the potential of any recoveries.

Directors' guarantees

If the Company is wound up, creditors with guarantees from the Company's directors could pursue the directors for those debts immediately.

5.2 Recommendation

It is our opinion that it would be in creditors interests for the Company to be wound up.

5.3 Reasons for recommendation

The reasons for our recommendation are as follows:

- We have not received a DOCA proposal for the Company.
- The Liquidators will be empowered to recover potential voidable transactions, as outlined in Section 3.5.1 of this report.
- A sale of the Company's assets can continue in liquidation without any impact on the likelihood of success.
- The liquidation of the Company will allow the Employees to claim their outstanding entitlements from FEG.

6 Estimated return to creditors

6.1 Amount and timing

We anticipate that a dividend to priority employee creditors may be distributed in liquidation however at this stage, we are unable to quantify the amount of such a dividend. The estimated amount and timing of any dividend to creditors under the winding up of the Company is contingent on:

1. the outcome of asset realisations
2. the outcome of potential recoveries relating to preference payments and voidable transactions

We consider it unlikely there will be a return to unsecured creditors.

7 Further matters for consideration at the meeting

7.1 Remuneration and disbursements

In accordance with Section 60-10 of Schedule 2 of the Act and Section 70-45 of the Rules, the remuneration report is attached as Appendix 1. We are seeking approval of our remuneration on a time basis in accordance with the schedule, KordaMentha Rates – National – FY19, which is included in the remuneration report. Also included in the remuneration report are details in relation to disbursements.

7.2 Committee of Inspection

At this meeting if the Company is placed into liquidation, creditors may consider whether a Committee of Inspection should be appointed.

The role of a Committee of Inspection is to consult with the liquidators and receive reports on the conduct of the administration. A Committee of Inspection can also approve the liquidators' fees.

As advised at the first meeting of creditors, it is our opinion that a Committee of Inspection is not required for the liquidation given the nature and scope of the investigations and potential actions required of a liquidator (if appointed) however further consideration of the whether a committee should be formed can occur at this meeting.

7.3 Early destruction of books and records

The Administrators must retain the books and records for a period of five years after the date of dissolution but if the Company is placed into liquidation, a resolution of creditors can reduce the period the Administrators must retain the records. As the storage of the books and records adds costs to the liquidation, the Administrators may make an application to the Australian Securities and Investments Commission for the early destruction at the end of the liquidation. This matter will be considered at the meeting of creditors.

7.4 Authority to enter into agreements

If the Company is placed into liquidation, as Administrators, we may also need to enter into agreements lasting longer than three months, such as the services of other professionals. The proposed authority may not be required, however, providing the authority at this meeting will minimise costs in the future as the alternative is to call a meeting of creditors to seek approval. This matter will be considered at the meeting of creditors.

8 Further information

Creditors requiring further information regarding the Administration can contact Paula Joseph on (03) 8623 3349 or by email at pjoseph@kordamentha.com.

Dated: 14 January 2019



Bryan Webster
Administrator



Craig Shepard
Administrator

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

Appendix 1 – Remuneration report





Actco-Pickering Metal Industries Pty Ltd

(Administrators Appointed)

ACN 090 585 434

Report by Voluntary Administrators Remuneration Approval Request

14 January 2019

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1 Purpose of report

The purpose of this report is to provide you with the information you need to be able to make an informed decision regarding the approval of our remuneration, along with disbursements, for undertaking the voluntary administration of Actco-Pickering Metal Industries Pty Ltd (Administrators Appointed) ('the Company') and for prospective remuneration should the Company be placed into Liquidation. At the time of writing the report we had not received a proposal for a Deed of Company Arrangement therefore the remuneration for a Deed Administrator has not been considered.

A Meeting of Creditors has been convened to consider, among other things, the approval of the remuneration and internal disbursements incurred during the voluntary administration, the prospective Administrators remuneration and the prospective Liquidator's remuneration for the Company if it is placed in Liquidation at the meeting.

Creditors should read this report, the Voluntary Administrators' Report about the Company's business, property, affairs and financial circumstances and the other documentation that we have sent you. You may then attend the meeting of creditors to cast your vote on the resolutions put to the meeting, including the remuneration and internal disbursement resolutions. Attending the meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your representative must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

2 Progress of Voluntary Administration

Actco-Pickering Metal Industries Pty Ltd ('the Company') was placed into voluntary administration on 5 December 2018 pursuant to a special resolution of its directors and Craig Shepard and Bryan Webster were appointed as Administrators.

We refer you to the Voluntary Administrators' Report about the Company's business, property, affairs and financial circumstances dated 14 January 2019 for an update on the progress of the administration.

A summary of the receipts and payments of the voluntary administration from 5 December 2018 to 6 January 2019 is included as Appendix 8.

3 Meeting of creditors

We advise that a meeting of creditors convened pursuant to Section 75-10 of Schedule 2 of the Corporations Act will be held at KordaMentha, Rialto Tower South, Level 31, 525 Collins Street, Melbourne VIC 3000, on 21 January 2019 at 2:30 pm. Registration for the meeting will commence at 2:00 pm.

At this meeting, the Company's creditors will have an opportunity to consider the progress of the voluntary administration and vote on the resolutions put to the meeting, including resolutions on remuneration and internal disbursements.

For creditors who are unable to attend the meeting, conference call facilities have been arranged. Creditors intending to use the conference call facilities are required to notify us of their intention to do so and collect conference call details at least two business days prior to the meeting.

3.1 Proxies and proofs of debt

Information in relation to proxies and proofs of debt is contained in the Voluntary Administrators' Report referred to above.

4 Remuneration and internal disbursements

In accordance with Section 60-10 of Schedule 2 of the Act and the Australian Restructuring Insolvency and Turnaround Association's Code of Professional Practice, we provide the following information in respect of the Voluntary Administrators' remuneration and internal disbursements for the period from 5 December 2018 to the date of the Second Meeting of Creditors being 21 January 2019 and for future remuneration from this date.

In this voluntary administration, we are seeking approval of our remuneration on a time basis and internal disbursements in accordance with the schedule titled KordaMentha Rates – National – FY19 as outlined in our Initial Remuneration Notice.

The following information is provided to assist creditors in considering the appropriateness of the remuneration and internal disbursements claims that are being made. Your approval of this remuneration and internal disbursements will be sought at the meeting of creditors to be held on 21 January 2019.

Remuneration currently claimed is summarised below:

Period of remuneration	Amount (ex GST)	Appendix reference
Current remuneration claim:		
<u>Voluntary Administration Period</u>		
Resolution 1: 5 December 2018 to 6 January 2019	\$299,455.00	2
Resolution 2: 7 January 2019 to 21 January 2019	\$50,000.00	3
<u>If the Company is wound up</u>		
Resolution 3: 21 January 2019 to finalisation of the Liquidation	\$125,000.00	4
Total remuneration claimed and approved	\$474,455.00	

Internal disbursements currently claimed are summarised below:

Period of internal disbursements	Amount (ex GST)	Appendix reference
Current remuneration claim:		
<u>Voluntary Administration Period</u>		
Resolution 4: 5 December 2018 to 6 January 2019	\$1,804.78	5
Resolution 5: 7 January 2019 to 21 January 2019	\$5,000.00	6
<u>If the Company is wound up</u>		
Resolution 6: 21 January 2019 to finalisation of the Liquidation	\$2,500.00	7
Total internal disbursements claimed and approved	\$9,304.78	

5 Remuneration

5.1 Declaration

We, Craig Shepard and Bryan Webster of KordaMentha, have undertaken a proper assessment of this remuneration claim for our appointment as Voluntary Administrators and our potential appointment as Liquidators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administration.

5.2 Remuneration summary

5.2.1 Remuneration claim resolutions

The remuneration resolutions being sought are:

Resolution 1

'That the remuneration of the Administrators for the period 5 December 2018 to 6 January 2019 in the amount of \$299,455.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019, is approved for payment immediately or as required.'

Resolution 2

'That the estimated remuneration of the Administrators for the period 7 January 2019 to 21 January 2019 is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019, up to a maximum of \$50,000.00, 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 we reserve the right to seek further approval of fees from creditors.'

Resolution 3

'That the estimated future remuneration of the Liquidators for the period 21 January 2019 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 Request report to creditors dated 14 January 2019, up to a maximum of \$125,000.00, 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 we reserve the right to seek further approval of fees from creditors.'

Please refer to the appendices for full details of the remuneration approval sought.

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. 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:

- Disputes as to admitted amounts for dividend purposes
- Complexities associated with the removal of plant and equipment from the previous trading premises of the Company
- Any resultant litigation relating to admitted amounts
- Delays or difficulties in obtaining tax clearance to distribute any assets of the Company
- Delays in employees signing off on their entitlements
- The requirement for detailed investigations and potential litigation against directors for breach of duties
- Potential litigation in relation to preference claims.

5.2.2 Remuneration reconciliation

In our initial remuneration notice, we provided an estimate of total remuneration to be in a range of \$250,000 (excluding GST) and this was later revised at the First Meeting of Creditors to be between \$300,000 to \$350,000 (excluding GST) for the Voluntary Administration period. At this stage of the voluntary administration, the estimate does not need to be revised. This remuneration request is within that estimate.

5.3 Remuneration recoverable from external sources

We advise that we have not received any indemnity, guarantee or contribution from a member, director or any other party related to the Company for our fees and expenses.

We advise that we have not received funding from any other source.

6 Disbursements

6.1 Declaration

We, Craig Shepard and Bryan Webster of KordaMentha, have undertaken a proper assessment of disbursements claimed for our appointment as Voluntary Administrators of Actco-Pickering Metal Industries Pty Ltd (Administrators Appointed) in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

6.2 Disbursements summary

Disbursements are divided into three categories:

- 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 a 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, staff travel allowance, staff per diems and data room hosting.

Details of the KordaMentha disbursement policy are included with the enclosed schedule titled KordaMentha Rates – National – FY19. The internal disbursements claim has been, and future internal disbursements will be calculated at the rates as set out in this schedule. We will be seeking creditor approval to pay our internal disbursements.

6.2.1 Internal disbursements claim resolutions

The internal disbursements resolutions being sought are:

Resolution 4

‘That the internal disbursements of the Administrators, including those paid to staff, for the period 5 December 2018 to 6 January 2019 in the amount of \$1,804.78, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019 are approved for payment immediately or as required.’

Resolution 5

‘That the estimated future internal disbursements of the Administrators, including those paid to staff, for the period 7 January 2019 to 21 January 2019 up to a maximum amount of \$5,000.00, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019 are approved for payment to be made on a monthly basis in arrears or as required. However, if the amount of internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.’

Resolution 6

‘That the estimated future internal disbursements of the Liquidators, including those paid to staff, for the period 21 January 2019 to the finalisation of the liquidation up to a maximum amount of \$2,500.00, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019 are approved for payment to be made on a monthly basis in arrears or as required. However, if the amount of internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.’

Approval for the future internal disbursements sought is based on our best estimate of the internal disbursements necessary to be incurred. Should additional internal disbursements be necessary beyond what is contemplated, further approval may be sought from creditors.

Please refer to the appendices for full details of the calculation and composition of the internal disbursements approval sought.

6.2.2 External disbursements

We are not required to seek creditor approval for externally provided disbursements, but must account to creditors disbursements that have been paid or incurred. Where amounts have been paid to KordaMentha from funds in the administration of the Company for externally provided goods or services, these are reimbursements to KordaMentha for amounts paid by KordaMentha either because KordaMentha was invoiced directly or because funds were not available at the time in the administration. Where payments to third parties have been paid directly by the Company, these are only included in the receipts and payments at Appendix 8 of this report.

To date there have been no external disbursements of the type outlined above incurred.

7 Likely impact on creditors

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 and internal disbursements are paid prior to any dividend distribution to creditors. Any dividend payable to creditors will ultimately be impacted by the realisations achieved in the voluntary administration and the value of creditor claims admitted to participate in any dividend.

8 Contact details and further information

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

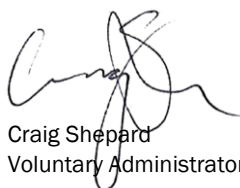
- ARTIA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for 'insolvency information sheets')

If you have any queries or need any assistance with understanding the materials we have sent you, please contact Paula Joseph on (03) 8623 3349 or by email at pjoseph@kordamentha.com.

Dated: 14 January 2019



Bryan Webster
Voluntary Administrator



Craig Shepard
Voluntary Administrator

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



Appendix 1 – Schedule of KordaMentha rates

KordaMentha Rates – National – FY19 and a guide to staff experience



KordaMentha rates

National

Applicable from 1 July 2018

FY 2019

Classification	\$ per hour*
Principal Appointee/Partner/Executive Director	725
Director	675
Associate Director 1	625
Associate Director 2	575
Manager	525
Senior Executive Analyst	475
Executive Analyst	425
Senior Business Analyst	375
Business Analyst	325
Administration	150

*Exclusive of GST

KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced. 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 comprise an initial setup fee and then a fee 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

Description	Charge*
Photocopying, printing (general)	\$0.06 per page
Envelopes and postage (varies due to size and weight)	\$1.45 to \$2.40 per envelope
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$92.70 per day per staff member (unless other arrangements made)
Dataroom fee (varies based on MB size)	See detail below

*Exclusive of GST, reviewed annually on 1 July

Dataroom fee – Size (MB)	Charge per month*
0–300	\$1,000
300–1000	\$1,000 + \$2.50/MB
1000–5000	\$2,750 + \$1.25/MB
5000+	\$7,750 + \$0.60/MB

*Exclusive of GST, reviewed annually on 1 July

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 2 – Resolution 1

Resolution

At the Meeting of Creditors to be held on 21 January 2019, creditors of the Company will be asked to consider the following resolution for the period 5 December 2018 to 6 January 2019:

‘That the remuneration of the Administrators for the period 5 December 2018 to 6 January 2019 in the amount of \$299,455.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019, is approved for payment immediately or as required.’

Calculation of actual fees

The basis of calculating the remuneration claim is summarised in the table in this appendix. This table sets out the time charged to each major task area by staff members working on the voluntary administration for the period 5 December 2018 to 6 January 2019 and the remuneration associated with that time, which is the basis of Resolution 1. More detailed descriptions of the major tasks performed and the costs associated with each of those major tasks areas, matching the amounts in this table, are also included in the Appendix.

Summary of work completed

Detailed below is a summary of work completed by task area for the voluntary administration period from 5 December 2018 to 6 January 2019.

Task area	General description	Details of tasks
Assets 170.5 hours \$101,392.50	Sale of business as a going concern	• Preparation of information memorandum • Establishment of data room • Liaising with purchasers • Assessment of offers • Negotiation with purchasers Sale agreement
	Plant and equipment	• Liaising with valuers, auctioneers and interested parties • Review of asset listing • Asset identification
	Real property	• Liaising with valuers, agents and strata agents • Property review • Environmental investigation • Liaising with purchasers • Market research and site investigation • Property development • Liaising with interested parties/purchaser • Attendance at auction
	Assets subject to specific charges	• Liaising with charge holder • Assessment of equity • Sale of asset • Return of asset
	Debtors (pre-appointment)	• Correspondence with debtors • Review and assessment of debtor's ledgers • Return of vehicles • Collection of debtors
	Stock	• Conduct of stock takes • Valuation of stock • Liaising with purchasers
	Intangible assets	• Review of intangible assets

Task area	General description	Details of tasks
Creditors 50 hours \$23,695.00	Leased assets	• Review of leasing documents • Liaising with owners/lessors • Negotiations with owners • Disclaim leases
	Other assets	• Review and assess other assets
	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail, email and facsimile • Maintaining creditor request log • Consideration of reasonableness of and responding to creditor requests • Obtaining legal advice on requests • Compiling information requested by creditors
	Security interest claims	• Conduct PPRS search and review of results • Correspondence with creditors re PMSI claim • Correspondence with creditor re retention of title claim • Review information supporting retention of title claim • Meeting with creditor to identify goods • Obtaining legal advice on claims • Adjudicate retention of title claim • Return of retention of title stock
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports • Distributions to secured creditor • Email correspondence with secured creditor to collate and confirm security information
	Other preferential creditors	• Correspondence and discussions with creditors holding liens, pledges and other encumbrances
	Shareholders	• Correspondence and discussions with shareholders • Declaration of share value • Response to any legal claims
	Reports to creditors	• Preparation of initial correspondence to creditors • Collation of financial and employee data for inclusion in reports • Preparation of reports to creditors
	Meeting of creditors	• Preparation of meeting notices, proxies and advertisements • Distribution of notice of meeting to all known creditors • Preparation for meeting, including agenda and other required documentation • Conduct of meeting • Preparation and lodgement of minutes of meeting • Responding to stakeholder queries and questions re the meeting
	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



Task area	General description	Details of tasks
Employees 66.3 hours \$36,767.50		• Adjudication of proofs of debt
	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
	Employee enquiries	• Prepare initial correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail, email and facsimile
	Fair Entitlement Guarantee	• Correspondence with FEG
	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
	Workers compensation	• Review insurance policies • Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements
Statutory compliance 74.6 hours \$28,915.00	Other employee issues	• Discussions and meetings with employees • Correspondence with ATO and state revenue offices • Payment of wages
	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 • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	• Notification of appointment • Correspondence with ATO
	Directors	• Correspondence and meetings with directors • Requests for Report as to Affairs and books and records
	Meeting of creditors	• Preparation of First Meeting of Creditors notices, proxies and advertisements • Correspondence to creditors, including mail distribution • Preparation of First Meeting of Creditors documents, including agenda, attendance register, list of creditors etc.

Task area	General description	Details of tasks
		Preparation and lodgement of minutes of First Meeting of Creditors 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
	Litigation/recoveries	- Review of potential recoveries - Internal meetings to discuss status of litigation
Trading 109.3 hours \$66,580.00	Trade on management	- Liaising with suppliers, management and employees - Attendance on site - Authorisation of purchase orders - Maintenance of purchase order register - 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.
	Budgeting and financial reporting	- Review of company's budgets, management reports and financial statements - Planning of trading strategy - Review of trading strategy - Meetings to discuss trading position
Administration and risk mitigation 86.1 hours \$42,105	Planning/review	- Engagement planning - Discussions re status of administration, strategy and outstanding issues
	Document maintenance, file review, checklist	- 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
	Bank account administration	- Opening and closing accounts - Correspondence re transfers - Preparation of transactions - Correspondence with bank re specific transactions, arrangements and bank statements
	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



Task area	General description	Details of tasks
		• 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

Actco-Pickering Metal Industries Pty Ltd (Administrators Appointed)

For the period 5 December 2018 to 6 January 2019

Name	Title	Standard rate	ADMINISTRATION & RISK MITIGATION		STATUTORY COMPLIANCE		ASSETS		TRADING		CREDITORS		EMPLOYEES		TOTAL	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Bryan Webster	PARTNER	725.00	11.1	8,047.50	4.4	3,190.00	34.3	24,867.50	22.7	16,457.50	0.8	580.00	17.5	12,687.50	90.8	65,830.00
Craig Shepard	PARTNER	725.00	-	-	0.5	362.50	0.6	435.00	-	-	0.6	435.00	-	-	1.7	1,232.50
Leanne Chesser	PARTNER	725.00	0.3	217.50	0.6	435.00	0.1	72.50	0.1	72.50	1.0	725.00	0.4	290.00	2.5	1,812.50
Andrew Ryan	EXECUTIVE DIRECTOR	725.00	18.1	13,122.50	-	-	-	-	33.6	24,360.00	-	-	-	-	51.7	37,482.50
Paul Jones	ASSOCIATE DIRECTOR 1	625.00	15.9	9,937.50	5.0	3,125.00	49.7	31,062.50	8.4	5,250.00	18.3	11,437.50	7.9	4,937.50	105.2	65,750.00
James Bowes	ASSOCIATE DIRECTOR 2	575.00	-	-	3.0	1,725.00	56.6	32,545.00	26.4	15,180.00	3.6	2,070.00	12.0	6,900.00	101.6	58,420.00
Rachael Vogel	MANAGER	525.00	0.2	105.00	-	-	-	-	-	-	-	-	-	-	0.2	105.00
Andrew Cracknell	SENIOR EXECUTIVE ANALYST	475.00	0.3	142.50	-	-	-	-	-	-	-	-	-	-	0.3	142.50
Paula Joseph	EXECUTIVE ANALYST	425.00	8.8	3,740.00	28.8	12,240.00	29.2	12,410.00	8.3	3,527.50	14.6	6,205.00	27.6	11,730.00	117.3	49,852.50
Damien Rosario	SENIOR BUSINESS ANALYST	375.00	0.7	262.50	-	-	-	-	-	-	-	-	-	-	0.7	262.50
Alice Zhu	BUSINESS ANALYST	325.00	-	-	0.4	130.00	-	-	-	-	-	-	-	-	0.4	130.00
Clarisse Lemos	BUSINESS ANALYST	325.00	0.3	97.50	2.3	747.50	-	-	-	-	-	-	-	-	2.6	845.00
Joanie Zhang	BUSINESS ANALYST	325.00	-	-	0.2	65.00	-	-	-	-	-	-	-	-	0.2	65.00
Sarah Hill	BUSINESS ANALYST	325.00	-	-	12.7	4,127.50	-	-	1.5	487.50	3.3	1,072.50	0.5	162.50	18.0	5,850.00
Suriyati Mansor	BUSINESS ANALYST	325.00	-	-	1.5	487.50	-	-	-	-	-	-	-	-	1.5	487.50
Zack van Zyl	BUSINESS ANALYST	325.00	10.7	3,477.50	-	-	-	-	-	-	-	-	-	-	10.7	3,477.50
David Leahey	UNDERGRADUATE	150.00	2.8	420.00	1.0	150.00	-	-	-	-	6.6	990.00	-	-	10.4	1,560.00
Jody Richards	UNDERGRADUATE	150.00	-	-	3.5	525.00	-	-	8.0	1,200.00	1.2	180.00	0.4	60.00	13.1	1,965.00
Sophia Paikopoulos	UNDERGRADUATE	150.00	1.0	150.00	-	-	-	-	0.3	45.00	-	-	-	-	1.3	195.00
Bill Wind	ADMIN	150.00	-	-	8.5	1,275.00	-	-	-	-	-	-	-	-	8.5	1,275.00
Diana D'Amato	ADMIN	150.00	5.7	855.00	-	-	-	-	-	-	-	-	-	-	5.7	855.00
Janine Morice	ADMIN	150.00	1.7	255.00	-	-	-	-	-	-	-	-	-	-	1.7	255.00
Marsha Garrison	ADMIN	150.00	0.4	60.00	-	-	-	-	-	-	-	-	-	-	0.4	60.00
Michelle Hembury	ADMIN	150.00	0.3	45.00	-	-	-	-	-	-	-	-	-	-	0.3	45.00
Naomi Abela	ADMIN	150.00	2.0	300.00	-	-	-	-	-	-	-	-	-	-	2.0	300.00
Samuel Randell	ADMIN	150.00	-	-	0.7	105.00	-	-	-	-	-	-	-	-	0.7	105.00
Theresa Mohr	ADMIN	150.00	2.6	390.00	-	-	-	-	-	-	-	-	-	-	2.6	390.00
Tiffany Bremmell	ADMIN	150.00	3.2	480.00	-	-	-	-	-	-	-	-	-	-	3.2	480.00
Zendie De Guzman	ADMIN	150.00	-	-	1.5	225.00	-	-	-	-	-	-	-	-	1.5	225.00
Total remuneration			86.1	42,105.00	74.6	28,915.00	170.5	101,392.50	109.3	66,580.00	50.0	23,695.00	66.3	36,767.50	556.8	299,455.00

Appendix 3 – Resolution 2

Resolution

At the Meeting of Creditors to be held on 21 January 2019, creditors of the Company will be asked to consider the following resolution for the period 7 January 2019 to 21 January 2019:

‘That the estimated remuneration of the Administrators for the period 7 January 2019 to 21 January 2019 is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019, up to a maximum of \$50,000.00, 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 we reserve the right to seek further approval of fees from creditors.’

Calculation of estimated fees

The basis of calculating the remuneration claim is summarised in the table below. This table sets out the expected remuneration for each major task area likely to be performed by the Administrators and KordaMentha staff in the voluntary administration for the period 7 January 2019 to 21 January 2019, which is the basis of Resolution 2. More detailed descriptions of the major tasks likely to be performed, matching the amounts in this table, are included in this appendix.

	Task areas						
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	Administration and risk mitigation \$
Estimated total	50,000.00	11,000.00	7,000.00	10,000.00	11,000.00	5,000.00	6,000.00

Summary of future tasks to be undertaken

Detailed below is a summary of work expected to be undertaken by task area for the voluntary administration period from 7 January 2019 to 21 January 2019.

Task area	General description	Details of tasks
Assets \$11,000.00	Sale of business as a going concern	• Liaising with purchasers • Assessment of offers • Negotiation with purchasers • Completion • Post completion issues
	Plant and equipment	• Liaising with valuers, auctioneers and interested parties • Review of asset listing • Asset identification
	Assets subject to specific charges	• Liaising with charge holder • Assessment of equity • Sale of asset • Return of asset
	Debtors (pre-appointment)	• Correspondence with debtors • Review and assessment of debtor's ledgers • Return of vehicles • Collection of debtors
	Stock	• Conduct of stock takes • Valuation of stock • Liaising with purchasers
	Intangible assets	• Review of intangible assets • Sale of intangible assets

Task area	General description	Details of tasks
	Leased assets	• Review of leasing documents • Liaising with owners/lessors • Assessment of equity • Assignment of leases • Disclaim leases
	Creditor enquiries, requests and directions	• Receive and follow up creditor enquiries • Correspondence to creditors via mail, email and facsimile • Maintaining creditor request log • Consideration of reasonableness of and responding to creditor requests • Obtaining legal advice on requests • Compiling information requested by creditors
Creditors \$7,000	Security interest claims	• Correspondence with creditor re retention of title claim • Review information supporting retention of title claim • Meeting with creditor to identify goods • Obtaining legal advice on claims • Adjudicate retention of title claim • Return of retention of title stock
	Secured creditor	• Correspondence and discussions with secured creditor, including notification of appointment and update reports • Distributions to secured creditor • Email correspondence with secured creditor to collate and confirm security information
	Other preferential creditors	• Correspondence and discussions with creditors holding liens, pledges and other encumbrances
	Shareholders	• Correspondence and discussions with shareholders • Declaration of share value • Response to any legal claims
	Reports to creditors	• Preparation of second correspondence to creditors • Preparation of Administrators report to creditors • Preparation of Remuneration report
	Meeting of creditors	• Preparation of Second Meeting of Creditors notices, proxies and advertisements • Distribution of Second Meeting of Creditors notice of meeting to all known creditors • Preparation for Second Meeting of Creditors, including agenda and other required documentation • Conduct of meeting • Responding to stakeholder queries and questions re the meeting
	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

Task area	General description	Details of tasks
	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
	Employee enquiries	• Prepare further correspondence to employees • Receive and follow up employee enquiries via telephone, mail email and in person • Correspondence to employees via mail, email and facsimile
Employees \$10,000	Fair Entitlement Guarantee	• Correspondence with FEG
	Entitlements	• Continued calculation of employee entitlements following updated information • Review of employee records, employee agreements and awards • 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
	Workers compensation	• Ongoing review of insurance policies • Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements
	Other employee issues	• Discussions and meetings with unions where required • General employee meetings • Correspondence with Centrelink, Child Support and other bodies • Correspondence with superannuation funds, ATO and state revenue offices • Completion of PAYG Summaries
	Books and records	• Receipt of books and records • Retrieval of books and records from storage • Administration in relation to storage
Statutory compliance \$11,000.00	ASIC	• Notifications to ASIC • Preparation and lodgement of ASIC forms • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	• Correspondence with ATO • Preparation of BAS returns • Completion of payment summaries and reconciliation
	Directors	• Correspondence and meetings with directors • Requests for Report as to Affairs and books and records • Preparation of affidavits seeking assistance from ASIC



Task area	General description	Details of tasks
	Meeting of creditors	• Preparation of Second Meeting of Creditors notices, proxies and advertisements • Correspondence to creditors, including mail distribution • Preparation of Second Meeting of Creditors documents, including agenda, attendance register, list of creditors etc.
	Committee of inspection	• Preparation for committee meetings • 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 • Liaising with solicitor re examinations • Attendance at examination • Review of examination transcripts • Liaising with solicitor re 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
	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.
	Budgeting and financial reporting	• Review of company's budgets, management reports and financial statements • Review of trading strategy
Trading \$5,000.00	Planning/review	• Discussions re status of administration, strategy and outstanding issues

Task area	General description	Details of tasks
Administration and risk mitigation \$6,000.00	Document maintenance, file review, checklist	• Review of administration on a weekly basis • Filing of documents • Update of work programs • File review
	Insurance	• Identification of potential issues requiring attention of • Correspondence with insurance brokers re ongoing insurance requirements • Review of insurance policies • Correspondence with previous brokers
	Bank account administration	• Preparation of transactions • Bank account reconciliations • Correspondence with bank re specific transactions, arrangements and bank statements • Banking of deposits
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Risk assessment • 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

Appendix 4 – Resolution 3

Resolution

At the Meeting of Creditors to be held on 21 January 2019, creditors of the Company will be asked to consider the following resolution for the period 21 January 2019 to the finalisation of the liquidation:

‘That the estimated future remuneration of the Liquidators for the period 21 January 2019 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 Request report to creditors dated 14 January 2019, up to a maximum of \$100,000.00, 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 we reserve the right to seek further approval of fees from creditors.’

Calculation of estimated fees

The basis of calculating the remuneration claim is summarised in the table below. This table sets out the expected remuneration for each major task area likely to be performed by the Administrators and KordaMentha staff in the voluntary administration for the period 21 January 2019 to the finalisation of voluntary administration, which is the basis of Resolution 3. More detailed descriptions of the major tasks likely to be performed, matching the amounts in this table, are included in this appendix.

	Task areas						
	Total \$	Assets \$	Creditors \$	Employees \$	Statutory compliance \$	Trading \$	Administration and risk mitigation \$
Estimated total	125,000.00	25,000.00	15,000.00	20,000.00	45,000.00	10,00.00	10,00.00

Summary of future tasks to be undertaken

Detailed below is a summary of work expected to be undertaken by task area for the voluntary administration period from 21 January 2019 to completion.

Task area	General description	Details of tasks
Assets \$25,000.00	Sale of business as a going concern	• Completion • Post completion issues
	Plant and equipment	• Liaising with valuers, auctioneers and interested parties • Overseeing sale of assets
	Assets subject to specific charges	• Liaising with charge holder • Assessment of equity • Sale of asset • Return of asset
	Debtors (pre-appointment)	• Correspondence with debtors regarding collection of goods • Correspondence with debtors regarding repayment of pre-appointment debt • 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	• Liaising with owners/lessors • Disclaim leases

Task area	General description	Details of tasks
Creditors \$15,000.00	Other assets	Review and assess other assets
	Creditor enquiries, requests and directions	- Receive and follow up creditor enquiries - Correspondence to creditors via mail, email and facsimile - Maintaining creditor request log - Consideration of reasonableness of and responding to creditor requests - Compiling information requested by creditors - Documentation of reasons for not complying with requests or directions - Correspondence with committee of inspection
	Security interest claims	- Correspondence with creditors re PMSI claim - Correspondence with creditor re retention of title claim - Review information supporting retention of title claim - Meeting with creditor to identify goods - Adjudicate retention of title claim - Return of retention of title stock - Payment of valid claim/settlement agreement
	Secured creditor	- Correspondence and discussions with secured creditor, including notification of appointment and update reports - Meetings with secured creditor - Distributions to secured creditor
	Other preferential creditors	Correspondence and discussions with creditors holding liens, pledges and other encumbrances
	Shareholders	- Correspondence and discussions with shareholders - Declaration of share value - Response to any legal claims
	Reports to creditors	- Preparation of ongoing correspondence to creditors - Preparation of reports to creditors
	Meeting of creditors	- Preparation of meeting notices, proxies and advertisements - Distribution of notice of meeting to all known creditors - Preparation for meeting, including agenda and other required documentation - Conduct of meeting - Preparation and lodgement of minutes of meeting - Responding to stakeholder queries and questions re the meeting
	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

Task area	General description	Details of tasks
Employees \$20,000.00	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
	Employee enquiries	• Prepare initial correspondence to employees • Receive and follow up 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	• Verification of 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
	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	• Correspondence with Centrelink, Child Support and other bodies • Correspondence with superannuation funds, ATO and state revenue offices • Completion of PAYG Summaries
Statutory compliance \$45,000.00	Books and records	• Receipt of books and records • Retrieval of books and records from storage • Administration in relation to storage

Task area	General description	Details of tasks
	ASIC	• Notifications to ASIC • Correspondence with ASIC, including re assistance for non-provision of books and records and RATA • Preparation and lodgement of ASIC forms • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	• Correspondence with ATO • Preparation of BAS returns • Completion of payment summaries and reconciliation
	Directors	• Correspondence and meetings with directors • Preparation of affidavits seeking assistance from ASIC
	Meeting of creditors	• Preparation of meeting notices, proxies and advertisements • Correspondence to creditors, including mail distribution • Preparation of meeting documents, including agenda, attendance register, list of creditors etc. • Preparation and lodgement of minutes of meeting with ASIC
	Committee of inspection	• Preparation for committee meetings • 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 • Liaising with solicitor re examinations • Attendance at examination • Review of examination transcripts • Liaising with solicitor re 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	General description	Details of tasks
Trading \$10,000.00	Trade on management	• 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.
	Budgeting and financial reporting	• Preparation of budgets • Preparation of regular financial reports • Review of trading strategy • Meetings to discuss trading position
Administration and risk mitigation \$10,000.00	Correspondence	• General trading correspondence
	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	• Correspondence with insurance brokers re ongoing insurance requirements • Review of insurance policies • Correspondence with previous brokers
	Bank account administration	• Preparation of transactions • Bank account reconciliations • Correspondence with bank re specific transactions, arrangements and bank statements • Banking of deposits
	Process of receipts and payments	• Process of receipts, payments and journal entries into accounting system
	General administration	• Risk assessment • 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
	Litigation	• General correspondence in relation to litigation
	Finalisation	• Notification to creditors of finalisation • Completion of checklists

Appendix 5 – Resolution 4

Resolution

At the Meeting of Creditors to be held on 21 January 2019, creditors of the Company will be asked to consider the following resolution for the period 5 December 2018 to 6 January 2019:

‘That the internal disbursements of the Administrators, including those paid to staff, for the period 5 December 2018 to 6 January 2019 in the amount of \$1,804.78, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019 are approved for payment immediately or as required.’

Calculation of internal disbursements

The basis of calculating the internal disbursements claim is summarised in the table below. This table sets out the basis of the amount charged for each type of internal disbursement for the period 5 December 2018 to 6 January 2019, which is the basis of Resolution 4.

Resolution 4: Disbursements incurred during the period 5 December 2018 to 6 January 2019		Basis	Actual \$ (excluding GST)
Internal disbursements			
Kilometre allowance	1,117.30 kilometres at \$0.60 per kilometre		670.38
Taxi	At Cost		134.40
Advertising	At Cost		1,000.00
Total – Internal disbursements for Resolution 4			1,804.78

Appendix 6 – Resolution 5

Resolution

At the Meeting of Creditors to be held on 21 January 2019, creditors of the Company will be asked to consider the following resolution for the period 7 January 2019 to 21 January 2019:

‘That the estimated future internal disbursements of the Administrators, including those paid to staff, for the period 7 January 2019 to 21 January 2019 up to a maximum amount of \$5,000 excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019 are approved for payment to be made on a monthly basis in arrears or as required. However, if the amount of internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.’

Calculation of internal disbursements

The basis of calculating the internal disbursements claim is summarised in the table below. This table sets out the basis of the amount charged for each type of internal disbursement for the period 7 January 2019 to 21 January 2019, which is the basis of Resolution 5.

Resolution 5: Disbursements incurred during the period 7 January 2019 to 21 January 2019	Basis	Actual \$ (excluding GST)
Internal disbursements		
IT Expenditure		435.00
Kilometre allowance		3,445.00
Tolls		200.00
Parking		400.00
Taxi		300.00
Meals		100.00
Dataroom hosting		120.00
Total – Internal disbursements for Resolution 5		5,000.00

Appendix 7 – Resolution 6

Resolution

At the Meeting of Creditors to be held on 21 January 2019, creditors of the Company will be asked to consider the following resolution for the period to the finalisation of the voluntary administration:

‘That the estimated future internal disbursements of the Liquidators, including those paid to staff, for the period 21 January 2019 to the finalisation of the liquidation up to a maximum amount of \$2,500, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019 are approved for payment to be made on a monthly basis in arrears or as required. However, if the amount of internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.’

Calculation of internal disbursements

The basis of calculating the estimated internal disbursements claim is summarised in the table below. This table sets out the basis of the amount charged for each type of internal disbursement for the period 21 January 2019 to the finalisation of the liquidation, which is the basis of Resolution 6.

Resolution 6: Internal disbursements estimated for the period 21 January 2019 to the finalisation of the Liquidation	Basis	Actual \$ (excluding GST)
Internal disbursements	At Cost	
Kilometre allowance		1,800.00
Parking		400.00
Taxi		200.00
Meals		100.00
Total – Internal disbursements for Resolution 6		2,500.00

Appendix 8 – Summary of receipts and payments

A summary of the receipts and payments for the period from 5 December 2018 to 6 January 2019.



Appendix 8 - Receipts and payments from 5 December 2018 to 6 January 2019

Account	Amount (\$)
Receipts	
Sales	311,949.62
Accounts Receivable (Pre-Appointment Debtors)	1,157,549.34
<i>Total Receipts</i>	<i>1,469,498.96</i>
Payments	
Merchant fees	152.38
Freight inwards	(22.00)
Hire and leasing	(484.00)
Ransom payments – Project B	(4,576.55)
Ransom payments – Project D	(22,000.00)
Subcontractors	(1,305.00)
Superannuation	(3,323.34)
Suppliers – Project B	(3,602.17)
Wages and salaries	(34,982.55)
Accounts Receivable (Pre-Appointment Debtors)	(406,314.83)
Loan Book Collections	(282,737.77)
<i>Total payments</i>	<i>(759,195.83)</i>
Net Receipts and payments	710,303.13

Appendix 2 – Historical financial performance



Appendix 2 – Historical financial performance

Detailed below is a summary of the comparative balance sheets and profit and loss statements of the Company, extracted from the Company's books and records, for FY16 and FY17 as well as the unaudited FY18 and year to date FY19.

Profit and Loss Statement

Profit and loss statement for the years ending 30 June	FY16 \$000	FY17 \$000	FY18 \$000	YTD Oct-18 \$000
Sales	11,244	12,718	10,755	1,455
Other income	7	60	1	0
Less: Cost of Goods Sold	(7,809)	(9,610)	(8,440)	(1,114)
Gross Profit	3,443	3,167	2,317	341
Expenditure				
Other employee costs	(2,076)	(2,230)	(2,667)	(476)
Office costs	(172)	(170)		
Rent	(406)	(406)		
Sales and marketing	(254)	(226)		
Consultant fees	(97)	(153)		
Depreciation and amortisation	(125)	(118)	(118)	(17)
Other expenses	(354)	(345)	(1,326)	(191)
Total Expenses	(3,484)	(3,647)	(4,111)	(684)
Profit/(loss) before income tax	(41)	(480)	(1,794)	(343)
Income tax	12	141		
Profit/(loss) after income tax	(29)	(339)		

Balance Sheet

Balance sheet as at 30 June	FY16 \$000	FY17 \$000	FY18 \$000*	YTD Oct-18 \$000*
Current assets				
Cash	376	422	148	65
Trade and other receivables	1,326	1,983	977	1,104
Stock on hand	665	627	111	185
Work in progress	276	177	190	254
Prepayments	22	55	3	3
Deferred Tax Benefit	114	255	257	257
Other			5	5
Non Current assets				
Unsecured loans	1	-	-	-
Plant and equipment	1,807	1,809	1,812	1,812
Motor vehicles	184	184	184	184
Less: Accumulated depreciation	(1,200)	(1,317)	(1,435)	(1,469)
Intangible assets	989	987	984	984
Total assets	4,560	5,180	3,236	3,384

	FY16 \$000	FY17 \$000	FY18 \$000*	YTD Oct-18 \$000*
Balance sheet as at 30 June				
Current liabilities				
Trade creditors	(961)	(1,553)	(1,045)	(1,121)
Other creditors	(981)	(1,479)	(1,557)	(2,051)
Employee Benefits	(57)	(73)	(93)	(64)
Other			(1)	(423)
Non-current liabilities				
Line of Credit	(250)	(250)	(150)	-
Loans	(147)	-	-	-
Total liabilities	(2,396)	(3,355)	(2,846)	(3,659)
Net assets/(liabilities)	1,825	2,164	390	(275)

* These are summarised management accounts and have not been audited or verified.

Appendix 3 – Proof of Debt Form



Form 535

Corporations Act 2001

Actco-Pickering Metal Industries Pty Ltd (Administrators Appointed)
ACN 090 585 434 ('the Company')

Formal proof of debt or claim (General form)

To: The Administrators of Actco-Pickering Metal Industries Pty Ltd (Administrators Appointed) ('the Company')

1. This is to state that the Company was on 5 December 2018, and still is, justly and truly indebted:

To _____
(name of creditor)

Of _____
(address of creditor)

For _____
(amount owed to creditor)

And _____ cents (GST inclusive) GST Amount _____

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 amount)	(include details of voucher substantiating payment)

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

Date	Drawer	Acceptor	Amount (\$ ¢)	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.

- ☐ 4. 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)
- ☐ 5. 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)

Dated _____

Signature _____

Name _____

Address _____

Phone _____

- ☐ I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act at the following email address or fax number:

Email address _____

Fax number _____

Appendix 4 – Appointment of Proxy Form



Appointment of proxy

Actco-Pickering Metal Industries Pty Ltd (Administrators Appointed)
ACN 090 585 434 ('the Company')

1. Insert full name and contact details (please print)

Given name

Surname

Company name

Telephone number

Address

2. Appointment of a Proxy (please complete)

I/We, a creditor of the Company, appoint:

..... of

as my/our proxy, or in his/her absence _____, to vote at the meeting of creditors to be held on 21 January 2019 at KordaMentha, Rialto Tower South, Level 31, 525 Collins Street, Melbourne VIC 3000 at 2:30 pm or at any adjournment of that meeting.

3. Voting by your Proxy

Option 1: If appointed as a **general proxy**, as he/she determines on my/our behalf. ☐

and/or

Option 2: If appointed as a **special proxy** for some or all resolutions, specifically in the manner set out below (please tick). ☐

Resolution (please specify the particular resolution)	For	Against	Abstain	General proxy to vote
'That the remuneration of the Administrators for the period 5 December 2018 to 6 January 2019 in the amount of \$299,455.00, excluding GST, calculated on the basis of time as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019, is approved for payment immediately or as required.'	☐	☐	☐	☐
'That the estimated remuneration of the Administrators for the period 7 January 2019 to 21 January 2019 is determined at a sum equal to the cost of time spent by the Administrators and KordaMentha staff, calculated at the hourly rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019, up to a maximum of \$50,000.00, 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 we reserve the right to seek further approval of fees from creditors.'	☐	☐	☐	☐
'That the internal disbursements of the Administrators, including those paid to staff, for the period 5 December 2018 to 6 January 2019 in the amount of \$1,804.78, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019 are approved for payment immediately or as required.'	☐	☐	☐	☐

Resolution (please specify the particular resolution)	For	Against	Abstain	General proxy to vote
'That the estimated future internal disbursements of the Administrators, including those paid to staff, for the period 7 January 2019 to 21 January 2019 up to a maximum amount of \$5,000.00 excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019 are approved for payment to be made on a monthly basis in arrears or as required. However, if the amount of internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.'	☐	☐	☐	☐
<i>Only mark your intention for one of the three resolution options below:</i>				
Option 1: That pursuant to Section 439C of the Corporations Act, the Company execute a deed of company arrangement	☐	☐	☐	☐
Option 2: That the administration should end	☐	☐	☐	☐
Option 3: That pursuant to Section 439C of the Corporations Act, the Company be wound up	☐	☐	☐	☐
If the Company is wound up:				
'That the estimated future remuneration of the Liquidators for the period 21 January 2019 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 Request report to creditors dated 14 January 2019, up to a maximum of \$125,000.00, 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 we reserve the right to seek further approval of fees from creditors.'	☐	☐	☐	☐
'That the estimated future internal disbursements of the Liquidators, including those paid to staff, for the period 21 January 2019 to the finalisation of the liquidation up to a maximum amount of \$2,500.00, excluding GST, calculated at the rates as detailed in the Remuneration Approval Request report to creditors dated 14 January 2019 are approved for payment to be made on a monthly basis in arrears or as required. However, if the amount of internal disbursements incurred exceeds the capped amount, then we reserve the right to seek further approval of internal disbursements from creditors.'	☐	☐	☐	☐
That a committee of inspection be appointed in the Liquidation of the Company	☐	☐	☐	☐
That in accordance with Section 80-55(3) of Schedule 2 of the Corporations Act, the members of the committee of inspection (or a related entity of those members) are permitted to continue dealing with the Company and its creditors on a business as usual basis during the period of the external administration	☐	☐	☐	☐
That the Liquidators be authorised to compromise debts of the Company under Section 477(2A) of the Corporations Act	☐	☐	☐	☐
That the Liquidators be authorised to enter into agreements that may take longer than three months to complete under Section 477(2B) of the Corporations Act	☐	☐	☐	☐
That, subject to obtaining ASIC approval pursuant to Section 70-35(3) of Schedule 2 of the Corporations Act, the books and records of the Company and of the Liquidators be disposed of by the Liquidators six months after dissolution of the Company	☐	☐	☐	☐

4. Signature section (in accordance with Sections 127 or 250D of the Corporations Act 2001)

Signature of individual or person authorised by corporate resolution to represent corporation

Print name

Dated

The common seal was affixed hereto in the presence of:

Director

Director/Company Secretary

Certificate of witness

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested by the person nominated as proxy.

I _____ of _____

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Signature of witness:

Appendix 5 – Notice of Meeting



Corporations Act 2001

Notice of second meeting of creditors of company under administration

Actco-Pickering Metal Industries Pty Ltd (Administrators Appointed) ACN 090 585 434 ('the Company')

Notice is hereby given that the second meeting of creditors of the Company will be held pursuant to Section 439A of the Corporations Act 2001 ('the Act') on 21 January 2019 at KordaMentha, Rialto Tower South, Level 31, 525 Collins Street, Melbourne VIC 3000. Registration for all creditors and employees will open at 2:00 pm with the meeting commencing at 2:30 pm.

Agenda

The purpose of the meeting is to:

1. Review the report of the Administrators in connection with the business, property, affairs and financial circumstances of the Company
2. Consider the remuneration of the Administrators for the period of the voluntary administration
3. Consider the Administrators' internal disbursements for the period of the voluntary administration
4. For the creditors of the Company to resolve:
 - i. that the Company execute a deed of company arrangement, or
 - ii. that the administration should end, or
 - iii. that the Company be wound up.

If the Company is wound up:

1. Consider the Liquidators' future remuneration and internal disbursements
2. Consider the appointment of a committee of inspection and if appointed, who are to be the committee members
3. Consider permitting any committee members to continue dealing with the Company and their creditors on a business as usual basis during the external administration
4. Consider authorising the Liquidators to compromise debts under section 477(2A) of the Act
5. Consider authorising the Liquidators to enter into agreements that may take longer than 3 months to complete under section 477(2B) of the Act
6. Consider the early destruction of the Company books and records
7. Consider any other business properly brought before the meeting.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 4.00 pm on the last business day prior to the meeting, by email to actcopickering@kordamentha.com, by post to KordaMentha GPO Box 2985, Melbourne VIC 3001 or by facsimile on (03) 8623 3399. A Proxy Form is enclosed.

For creditors who are unable to attend the meeting, a dial in facility will also be available to observe the meeting. Please note that creditors observing the meeting will not be considered as attendees of the meeting and will not be able to vote or participate in the meeting. If you wish to vote or participate, you must attend in person or by proxy. Please contact KordaMentha by email at actcopickering@kordamentha.com or by phone + 61 3 8623 3349 at least one business day prior to the meeting to advise that you will be using the conference call facilities and to be provided the conference call code.

Section 75-85 of the Insolvency Practice Rules (Corporations) 2016 ('the Rules') sets out the entitlement to vote at meetings of creditors – see Appendix 1 for Section 75-85 of the Rules. To comply with this, a Proof of Debt Form must be lodged. Accordingly, one is enclosed.

Dated: 14 January 2019

A handwritten signature in black ink, appearing to read 'Bryan Webster', with a stylized, cursive script.

Bryan Webster
Administrator

KordaMentha
GPO Box 2985
Melbourne VIC 3001

Enc.

Appendix 1

Section 75-85 of the Insolvency Practice Rules (Corporations) 2016

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established;unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.