



SECOND REPORT TO CREDITORS

ACN 610165823 PTY LTD
(ADMINISTRATORS APPOINTED)
(FORMERLY KNOWN AS "CALAN GROUP PTY LTD")
ACN: 610 165 823 ("THE COMPANY")

16 June 2025

JONATHON KEENAN
PETER KREJCI
Joint and Several Administrators



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GLOSSARY OF COMMON ACRONYMS & ABBREVIATIONS

| | |
|------------------|---|
| ABN | Australian Business Number |
| ACN | Australian Company Number |
| Act | Corporations Act 2001 (Cth) |
| Administrators | Jonathon Keenan and Peter Krejci |
| ARITA | Australian Restructuring Insolvency and Turnaround Association |
| ASIC | Australian Securities and Investments Commission |
| ATO | Australian Taxation Office |
| COI | Committee of Inspection |
| Company | ACN 610165823 Pty Ltd (Administrators Appointed) |
| CVL | Creditors Voluntary Liquidation |
| DOCA | Deed of Company Arrangement |
| Director | Craig Ironside |
| DIRRI | Declaration of Independence, Relevant Relationships & Indemnities |
| FEG | Fair Entitlements Guarantee scheme |
| Firm | BRI Ferrier NSW |
| GST | Goods and Services Tax |
| IPR | Insolvency Practice Rules (Corporations) 2016 |
| IPS | Insolvency Practice Schedule (Corporations) |
| NAB | National Australia Bank |
| O'Maras | O'Maras Auctioneers (in alliance with GraysOnline) |
| PILN | Payment in Lieu of Notice |
| POD | Proof of Debt |
| PPE | Plant and Equipment |
| PPSR | Personal Properties Securities Register |
| QVR Technologies | QVR Technologies Pty Ltd |
| RBP | Relation Back Period |
| Roswald | Roswald Pty Ltd |
| SOPA | Building and Construction Industry Security of Payment Act 1999 (NSW) |
| SGC | Superannuation Guarantee Charge |
| VA | Voluntary Administration |

1. INTRODUCTION

We refer to our First Report to Creditors dated 21 May 2025 in which our appointment as Joint and Several Administrators of the Company was advised along with an explanation of the Voluntary Administration process.

The objective of Part 5.3A of the Act is to provide for the business, property and affairs of an insolvent (or likely to become insolvent) company to be administered in a way that maximises the chances of the company, or as much as possible of its business, continuing in existence, or, if this is not possible, results in a better return for the company's creditors than would result from an immediate winding up of the company.

Section 438A of the Act requires that, as soon as practicable, the Administrators must investigate the business, property, affairs and financial circumstances of the Company and form an opinion about each of the following matters:

- ▲ Whether it would be in the Creditors' interests for the Company to execute a DOCA;
- ▲ Whether it would be in the Creditors' interests for the Administration to end; and
- ▲ Whether it would be in the Creditors' interests for the Company to be wound up.

This report should be read in conjunction with the First Report. If you have any questions relating to the administration in general, or specific questions relating to your position, please do not hesitate to contact this office.

| COMPANY DETAILS | | ADMINISTRATORS | |
|--------------------------|--|-----------------------|-------------------------------------|
| Name | ACN 610165823 Pty Ltd (Administrators Appointed) (Formerly known as "Calan Group Pty Ltd") | Name | Jonathon Keenan and Peter Krejci |
| | | Date Appointed | 19 May 2025 |
| Incorporated | 13 January 2016 | | |
| ACN | 610 165 823 | | |
| ABN | 81 610 165 823 | | |
| Registered Office | Level 3 87-95 Pitt Street Sydney NSW 2000 | | |
| Trading Address | Suite 304, 407 Pacific Hwy Artarmon NSW 2064 | | |
| ADMINISTRATION CONTACT | | | |
| Name | Nicole Feng | | |
| Email | Nfeng@brifnsw.com.au | | |
| Phone | 02 8263 2333 | | |

2. OVERVIEW

| KEY QUESTIONS | ANSWERS |
|--|--|
| Nature of the business? | Electrical contractor operating in NSW. |
| Is the business still trading? | No, trading ceased in May 2025. |
| When is the Second Meeting of Creditors? | The Second Meeting of Creditors will be held on Tuesday, 24 June 2025 at 3:00PM AEST . Held in person, with virtual facilities also available. |
| What assets are available? | The Company has cash at bank and potential recoveries from debtors. |
| What are the total liabilities? | Approximately \$9.8M in total creditor claims, including \$370K employees, \$575K secured creditors exposure, \$290K statutory creditors, \$1.3M trade creditors, \$5.2M Director and Related Party claims, plus \$1.9M of potential client & landlord damages claims. |
| What was the date of insolvency? | Preliminary investigations indicate the Company became insolvent on around 1 March 2025. |
| Are there any claims against the Director in a Liquidation scenario? | Yes, there is a potential insolvent trading and/or breach of duty claims against the Director. This will require litigation which the Director has advised he will defend. |
| Is a Deed of Company Arrangement proposed? | Yes, the Director has proposed a DOCA. |
| How is the DOCA being funded? | The Director will contribute \$400,000 to the Deed Fund from the sale of a personal property within 6 months, discharge the NAB secured debts and all Director and related party claims will be forgiven. |
| Will the creditors get paid? | Yes, the DOCA provides a partial return to creditors. Liquidation may provide a return, which is subject to outcome of litigation which is uncertain. |
| What is the Administrators' recommendation for how creditors should vote at the Second Meeting? | We recommend that creditors should vote in favour of the proposed DOCA. |

3. EXECUTIVE SUMMARY

As you are aware, we, Jonathon Keenan and Peter Krejci, were appointed Joint and Several Administrators of the Company on 19 May 2025 pursuant to Section 436A of the Act.

Pursuant to Section 439A of the Act, we have convened the Second Meeting of Creditors to be held on **Tuesday, 24 June 2025 at 3:00PM AEST**. Please find attached as **Annexure “1”** the Notice of Second Meeting of Creditors for your information. The meeting will be held in our offices with virtual meeting technology also made available should creditors wish to attend the meeting virtually. Further details on the meeting are disclosed in Section 23 of this report.

We summarise below our observations of the Company’s affairs, our preliminary investigations and the potential outcomes for creditors from this Administration process, including scenarios of a Liquidation or a DOCA as proposed.

The Company was incorporated in 2016 and provided electrical contracting services in commercial building projects in the education, retail, commercial and industrial sectors, in greater Sydney metro region. The Company’s office and warehouse were located in Artarmon NSW, and there were 23 staff remaining at our appointment.

The Company predominantly operated on fixed price contracts and has experienced financial difficulties in recent years, with increasing labour and material costs that the Company was unable to renegotiate. Combined with delays on projects, the Company accumulated substantial trading losses totalling around \$5M. Those losses and the working capital deficiencies were predominantly funded by way of unsecured loans of \$5.2M from the Director and related party, Roswald.

From April 2024, the Director attempted restructure the business, including reducing costs, seeking to renegotiate contracts, deferring payment terms with some creditors and receiving further loan support from Roswald. The Director asserts that the Company entered the protections of the Safe Harbour regime at that time and engaged RSM as its advisor. It appears that the trading performance did not improve sufficiently, with losses of \$1.4M incurred during FY2025, and ultimately Roswald’s funding supporting was withdrawn. The Company ceased construction works immediately prior to our appointment.

The Company’s primary assets are cash at bank totalling \$523K, plus debtor/retention claims on complete and incomplete projects totalling \$1.3M. Our enquiries indicate there may be substantial impairment in the debtors, and a recoverable value may be between \$70K to \$278K. Some builders on the incomplete projects have asserted damages and defect claims totalling around \$1.35M to date, and the true value of such claims will not be known for some time. The primary physical assets are a vehicle fleet which is predominantly leased, with no meaningful equity available. The residual assets, being sundry tools and materials, have little realisable value and we are seeking to realise same via auction where commercially viable to do so.

In terms of liabilities, the Company’s creditors may total circa \$9.8M based on current estimates, represented by employee (priority) creditors of potentially \$370K, secured creditors exposure of \$575K, statutory creditors of \$290K, trade and unsecured creditors of \$1.3M and claims from Director and Roswald of \$5.2M. We have also included an estimate of damages claims from clients for \$1.35M, landlords \$110K and a contingency of \$500K for additional unsecured claims.

We have conducted preliminary investigations into the Company's affairs and the conduct of its Director. We note that the Company has reported net asset deficiencies since FY2022. It appears that the Company continued to trade during its restructuring from April 2024, with the benefit of further unsecured loans from related parties totalling \$2.9M. Our preliminary view is that the Company likely became insolvent on a cashflow basis from around 1 March 2025. The Company continued to trade and incur debts thereafter, and accordingly, we have identified a potential insolvent trading and/or breach of duty claims against the Director for approximately \$1.2M. Our enquiries indicate that the Director may have financial capacity to discharge a claim, to some extent.

In terms of pursuing litigation against the Director, we anticipate that significant costs would be incurred for which a Liquidator would require funding, including protection from adverse costs. We have sought to model those costs and potential recovery in this report for creditors' consideration. We are advised that the Director would vigorously defend any claim brought by a Liquidator. In this regard, we note that the Director asserts that he has a Safe Harbour defence, however our enquiries indicate there may be deficiencies with that defence, which would need to be tested via a public examination. We estimate that litigation against the Director could take at least 1-2 years to complete. We have also identified some minor potential unfair preference claims totalling \$180K.

The Director has submitted a DOCA proposal, for creditors to consider as a commercial alternative to Liquidation. In summary, the Deed Proponent (Director) will provide a cash contribution of \$400K within 6 months, the Director will discharge the secured debts owed to NAB and all related party debts/claims will be extinguished, improving the return to other creditors. The Director intends to sell a property in Cremorne NSW to fund the DOCA contributions and will grant a caveat to secure the DOCA's interests. The Deed Fund will also include any recovery from debtors, where the Director will assist. It is anticipated that a dividend to priority (former employees) creditors could be declared within 9 months. However, noting that the projects need time to complete and/or finalise defect liability periods, thereby recover the debtors and/or quantify the damages claims from builders, the dividend to unsecured creditors may take 12-24 months.

We have prepared estimates of the potential returns to creditors under the proposed DOCA as compared to a Liquidation scenario, summarised as follows:

| Summary of Return to Creditors | DOCA Optimistic Cents/\$ | DOCA Pessimistic Cents/\$ | Liquidation Optimistic Cents/\$ | Liquidation Pessimistic Cents/\$ |
|--------------------------------|--------------------------------|---------------------------------|---------------------------------------|--|
| Secured Creditor - NAB | Not participating | Not participating | 33.59 | 0.00 |
| Priority Creditors | 100.00 | 100.00 | 100.00 | 62.86 |
| Unsecured Creditors | 16.45 | 4.34 | 4.15 | 0.00 |

We note that the above returns are estimates only, and are subject to various assumptions based on available information. As such, the actual returns to creditors may vary from those above. In particular, we note that the recoverable value of the debtors and/or the creditor claims from builders, will impact the return to the unsecured creditors. In a Liquidation, any return to creditors is contingent on successfully pursuing an insolvent trading or breach of duty claim via litigation against the Director, the outcome from which is unknown.

Having regard to the costs, risks and vagaries of litigation, the DOCA presents a reasonable commercial compromise. Furthermore, our estimates indicate that the proposed DOCA provides a more certain

and improved return to priority and participating unsecured creditors, as compared to a Liquidation scenario where any return is uncertain and subject to litigation.

As such, it is our recommendation that creditors should vote in favour of the proposed DOCA.

4. BASIS OF REPORT

This report has been prepared primarily from information received from the Company's Director and external advisors to the business/Director.

In order to complete this report and in conducting our investigations, we have also utilised information from:

- ▲ ASIC;
- ▲ The books and records of the Company;
- ▲ Discussions with the Director and advisors;
- ▲ The ROCAP and questionnaire forms completed by the Director;
- ▲ Extracts from public information databases;
- ▲ Correspondence with creditors; and
- ▲ Documents obtained from the ATO in relation to the Company.

5. DISCLAIMER

This Report and the statements made herein are based upon available books and records, information provided by the Company's Director, advisors, and from our own enquiries. Whilst we have no reason to doubt the accuracy of the information provided or contained herein, we reserve the right to alter our opinions or conclusions should the underlying data prove to be inaccurate or materially change after the date of this Report.

In considering the options available to Creditors and in formulating our recommendations, we have necessarily made forecasts and estimates of asset realisations and the ultimate quantum of Creditors' claims against the Company where appropriate. These forecasts and estimates may change as asset realisations progress and as Creditors' claims are made and adjudicated upon. Whilst the forecasts and estimates are the Administrators' best assessment in the circumstances, Creditors should note that the Company's ultimate deficiency, and therefore the outcome for Creditors could differ from the information provided in this Report.

Neither the Administrators nor any member or employee of BRI Ferrier accepts responsibility in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to us, or necessary forecasts, estimates and assessments made for the purposes of these Reports.

Should any Creditor have material information in relation to the Company's affairs which they consider may impact on our investigation or Reports, please forward the details to our office as soon as possible.

6. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

A DIRRI pursuant to Section 436DA of the Act was enclosed in the First Report. The DIRRI records that we undertook a proper assessment of the risks to our independence prior to accepting the appointment. There is no update required to the DIRRI.

7. CORPORATE INFORMATION

The following information has been extracted from ASIC records as at the date of our appointment:

7.1 COMPANY DETAILS

| | |
|-----------------------------|---|
| Company Name | ACN 610165823 Pty Ltd |
| ABN | 81 610 165 823 |
| ACN | 610 165 823 |
| Incorporation Date | 13 January 2016 |
| Registered Address | Level 3 87-95 Pitt Street Sydney NSW 2000 |
| Principal Place of Business | Suite 304 407 Pacific Highway Artarmon NSW 2064 |

7.2 OFFICEHOLDERS

| Name | Position(s) | Start Date | Cease Date |
|----------------|-------------|------------|------------|
| Craig Ironside | Director | 13/01/2016 | Current |

7.3 SHARE STRUCTURE AND SHAREHOLDERS

| Shareholders | Class | No of Shares | Beneficially Owned | Share | Status |
|----------------|----------|--------------|--------------------|-------|---------|
| Craig Ironside | Ordinary | 10 | Yes | 100% | Current |

7.4 CURRENT REGISTERED SECURITY INTERESTS

A search of the PPSR indicates the following registered security interests:

| Registration Number | Secured Party | Start Date | Collateral |
|---------------------|--|------------|---------------|
| 201808080024709 | Metal Manufactures PTY Limited | 08/08/2018 | Other Goods |
| 201810080091621 | United Rentals Australia PTY LTD | 08/10/2018 | Other Goods |
| 201903070026429 | Complete Technology Integrations PTY LTD | 07/03/2019 | Other Goods |
| 201911070055112 | Lawrence & Hanson Group PTY LTD | 07/11/2019 | Other Goods |
| 202012100064377 | Capital Finance Australia Limited | 10/12/2020 | Motor Vehicle |
| 202103130005833 | National Australia Bank Limited | 13/3/2021 | All PAP |
| 202111230027226 | Pepper Asset Finance PTY LTD | 23/11/2021 | Motor Vehicle |
| 202202210021944 | Pepper Asset Finance PTY LTD | 21/02/2022 | Motor Vehicle |
| 202208110067467 | Secure Funding PTY LTD | 11/08/2022 | Motor Vehicle |
| 202208170060303 | HILTI (AUST.) PTY. LTD | 17/08/2022 | Other Goods |
| 202208300006855 | Pepper Asset Finance PTY LTD | 30/08/2022 | Motor Vehicle |
| 202210050028445 | Pepper Asset Finance PTY LTD | 05/10/2022 | Motor Vehicle |
| 202211180076022 | Resimac Asset Finance Pty Limited | 18/11/2022 | Motor Vehicle |
| 202211290063029 | Drillcut Pty Ltd | 29/11/2022 | Other Goods |
| 202301120035685 | The Trustee for Firesense Trust | 12/01/2023 | Other Goods |

| Registration Number | Secured Party | Start Date | Collateral |
|---------------------|---|------------|---------------|
| 202301170013715 | BOC LIMITED | 17/01/2023 | Other Goods |
| 202301300013932 | Mitsubishi Heavy Industries Air-Conditioners Australia, Pty. Ltd. | 30/01/2023 | Other Goods |
| 202302010019955 | Resimac Asset Finance Pty Limited | 01/02/2023 | Motor Vehicle |
| 202303170029777 | DKSH Australia Pty. Ltd | 17/03/2023 | Other Goods |
| 202304110056477 | Vision Lighting Supplies Pty Ltd | 11/04/2023 | Other Goods |
| 202304180009138 | Resimac Asset Finance Pty Limited | 18/04/2023 | Motor Vehicle |
| 202306200076271 | Pepper Asset Finance PTY LTD | 20/06/2023 | Motor Vehicle |
| 202306280021280 | Macquarie Leasing Pty Ltd | 28/06/2023 | Motor Vehicle |
| 202306290018976 | Macquarie Leasing Pty Ltd | 28/06/2023 | Motor Vehicle |
| 202307040005864 | Aggreko Generator Rentals Pty. Limited | 04/07/2023 | Other Goods |
| 202307050025604 | Titan Containers NZ Limited Titan Containers NZ Limited | 05/07/2023 | Other Goods |
| 202307140037506 | Polyaire Pty. Ltd | 14/07/2023 | Other Goods |
| 202307250060549 | Idealair Group Pty Ltd | 25/07/2023 | Other Goods |
| 202310100070659 | Thinkex Holdings Pty Ltd | 10/10/2023 | Other Goods |
| 202311160036905 | Secure Funding Pty Ltd | 16/11/2023 | Motor Vehicle |
| 202311230060929 | A.C.N. 603 303 126 Pty Ltd | 23/11/2023 | Motor Vehicle |
| 202402200046662 | Rapid Industrial Group Pty Ltd | 20/2/2024 | Other Goods |
| 202402200046662 | Rapid Industrial Group PTY LTD | 20/02/2024 | Other Goods |
| 202402270048583 | Daikin Australia Pty Ltd | 27/02/2024 | Other Goods |
| 202405130001806 | United Rentals Australia Pty Ltd | 13/05/2024 | Other Goods |
| 202411220067973 | Rexel Electrical Supplies Pty Ltd | 22/11/2024 | Other Goods |

Please refer to Section 12.2.2 of this report for further comments on the above.

7.5 LEGAL PROCEEDINGS AGAINST THE COMPANY

Pursuant to Section 440D of the Act, upon our appointment as Administrators, all proceedings against the Company are automatically stayed. Creditors cannot commence or continue proceedings against the Company without our written consent or without leave of the Court.

We are not aware of any legal proceedings on foot at the time of our appointment.

8. COMPANY HISTORY AND EVENTS LEADING UP TO ADMINISTRATION

The following information was obtained from the Company's books and records, enquiries with the Director and advisors and our own enquiries:

- ▶ The Company was incorporated on 13 January 2016 and provided electrical contracting services in commercial building projects in the education, retail, commercial and industrial sectors. The Company previously traded "Calan Electrical" and "Calan Group". The Company employed forty-five (45) staff at its peak, including licensed electricians, apprentices and

administrative staff. At the time of our appointment, the Company employed twenty-three (23) staff, including the Director.

- ▶ The Company predominantly operated on fixed price contracts and has experienced financial difficulties in recent years, with increasing labour and material costs that the Company was unable to renegotiate, leading to losses borne by the Company.
- ▶ There also appears to have been substantial delays across multiple projects that the Director has advised were outside of the Company's control, largely relating to works of other subcontractors, changes in scope of work and adverse weather conditions. We are advised that the delays on these projects show that practical completion was over fifteen (15) months behind schedule.
- ▶ This has resulted in additional labour costs substantially exceeding the budgeted estimates, adversely impacting the Company's financial position. Further, the Company incurred substantial variations from labour and cost overruns which the Director has advised were either not approved or not resolved, creating major cash flow difficulties.
- ▶ The Company's financial performance suffered substantially during FY2024, incurring trading losses of circa \$2.9M. Whilst the Company was still servicing its trade debts, there were payment plans established with ATO and Revenue NSW during this time to accommodate the Company's cash flow problems.
- ▶ The Director advised that around April 2024, the Director caused the Company to enter into a form of restructuring under the Safe Harbour provisions and engaged RSM as its advisor to provide advice on the Safe Harbour regime. While some documents have been provided, the usual documentation regarding a better outcomes analysis, Restructuring Plan and formal report has not been provided. It may be that the Company did not effectively enter or remain within the protections of the Safe Harbour regime.
- ▶ Regardless, it appears that the Director did embark on a form of restructuring from April 2024, whereby costs were reduced, attempts were made to renegotiate contracts and close monitoring of contract works were undertaken. Unfortunately, the Company could not renegotiate contracts and losses continued, with a further \$1.4M in trading losses incurred during FY2025.
- ▶ The Company has been heavily reliant on related parties contributing funding via unsecured loans to support its working capital requirements. The related party loan balances totalled approximately \$5.2M, of which \$2.9M was received from April 2024, indicative of the Company's cashflow problems.
- ▶ It appears that the contractual and cashflow issues could not be overcome. The related parties ceased providing funding by March 2025 and the Director sought professional advice regarding the Company's options, including a Voluntary Administration. The Director took steps to cease work on the six (6) remaining projects, changed the name of the Company and we were appointed Administrators of the Company shortly thereafter, on 19 May 2025.

9. REASONS FOR FAILURE

The Director has advised, in his view, the reasons for the failure of the Company was as follows:

- Reassessment of contracts following delays and issues with builders;
- Funders no longer willing to provide loans;
- Fixed price contracts with outdated costs/pricing and unable to renegotiate;
- Increased costs of goods and labour leading to unprofitable contracts; and
- Variations not being approved by clients.

We agree with the above and note the following additional causes of failure based on our preliminary investigations to date:-

- Failure of strategic management, by not negotiating rise and fall (escalation) provisions into contracts, to mitigate risks of cost fluctuations over time; and
- Unsustainable growth through loss making contracts.

10. CONDUCT OF THE ADMINISTRATION

In summary, during our appointment we have attended to the following major tasks:

- Secured funds held in the Company's pre-appointment bank account;
- Conducted an urgent assessment of the Company's financial position upon our appointment and determined the Company was unable to resume trading;
- Termination of staff via formal redundancy;
- Secured premises and essential services;
- Engaged with six (6) builders of the six (6) projects in relation to notification of our appointment, repudiation of contracts, submitting progress claims and assessed retention / bank guarantees;
- Liaised with the Director to secure assets located at leased premises;
- Inspected and secured the Company's physical assets, and arranged for an independent valuation of that property;
- Negotiating a licence arrangement with QVR Technologies for continued use of the Company's assets and leased premises;
- Reviewed existing insurance covers for the business and assets, and considered the adequacy of existing policies;
- Communicated with former employees, creditors and suppliers in relation to the Administration;
- Liaising with secured creditors, reviewing documentation to determine validity of security and issued notices regarding property rights;
- Obtained copies of the Company's financial accounts and extracts from management accounts;

- Reviewed numerous secured creditor claims and securities;
- Engaged with NAB, as first ranking secured creditor, in respect of strategy to deal with assets and claims;
- Assessed assets and implemented asset realisation plan, and provided notice to secured parties where insufficient equity;
- Reported to creditors and held the first meeting;
- Engaged with the Director and his lawyers to formulate a DOCA proposal, including various queries and requests for information;
- Conducted investigations of the affairs of the Company, in particular potential voidable transactions and other potential recoveries that may be available to a Liquidator;
- Liaised with the Director and accountant regarding various queries on the Company's financial accounts, and requested further information as needed for our investigations;
- Prepared this report and convened the second meeting of creditors; and
- Attended to various administrative matters.

11. HISTORICAL FINANCIAL INFORMATION

We have reviewed the Company's externally prepared unaudited financial statements for FY2022 and FY2023 and available management accounts for the period from FY2024 to the part-period ended 19 May 2025. We have prepared our historical financial analysis based on the available information, which is discussed below.

11.1 BALANCE SHEETS

Attached as **Annexure "4"** is a comparative analysis of the Balance Sheets for the abovementioned periods.

We make the following comments with respect to the Company's comparative Balance Sheets:

- The Company's assets are largely represented by trade debtors which includes progress claims and retentions withheld by clients for incomplete and completed projects. The trade debtors increased from \$786K to \$1.2M from 30 June 2022 to 30 June 2023, then increased to \$1.5M at 30 June 2024 and only slightly reduced to \$1.3M at appointment. The balance as at May 2025 includes a large portion of historical variation claims, which are predominantly disputed by the clients and likely impaired in terms of recovery.
- The Company recorded motor vehicles with book values of circa \$425K after depreciation at our appointment. Our assessment of the estimated market value in a forced sale environment was circa \$228K, being approximately half the book value. This is not unusual given the distressed circumstances and average age of these vehicles is over 8 years.
- The Company's trade payables were steadily decreasing from a peak of \$2.2M at 31 March 2024 to \$1.4M at appointment, which has been largely funded by the related party loans

which increased from \$2.3M at 31 March 2024 to \$5.2M at appointment. Whilst the Company was servicing its trade creditor debts (current liabilities), this was replaced by debts owed to related parties (non-current liabilities), which was somewhat deferring the Company's financial difficulties.

- ▶ The Company had only \$10 in paid-up share capital, and otherwise had no equity reserves. The Company has reported a deficiency in net assets since FY2022 of \$750K, which has continued to increase over time to circa \$5M at appointment. The deficiency is represented by trading losses, particularly incurred in FY2024 and FY2025. By replacing current liabilities with non-current liabilities, did not alleviate the Company's net asset deficiency, as opposed to those loan funds being contributed as equity.

11.2 PROFIT AND LOSS STATEMENTS

Attached as **Annexure "5"** is a comparative analysis of the Profit and Loss Statements for the abovementioned periods.

We make the following commentary with respect to the attached comparative Profit and Loss Statements:

- ▶ The Company's project revenue has increased from FY2022 to FY2024, being \$2.7M in FY2022, \$6.4M in FY2023 and \$12M in FY2024. However, the gross profit margins fell during that period. This was largely due to losses on fixed price contracts, where increases in job/construction costs which continued year-on-year were not met by margins. This reflects the Director's comments that material and labour costs have increased dramatically, and the Company was unable to renegotiate the escalation provisions into the existing contracts. Noting that the business was struggling of recent time, revenues significantly fell to \$7.6M for part-year ended May 2025.
- ▶ With respect to other operating expenses, the major expenses were payroll expenses. Payroll expenses compromised 43% to 52% of the total revenue from FY2022 to our appointment, being \$1.14M in FY2022, \$3.14M in FY2023, \$5.63M in FY2024 and \$3M in FY2025.
- ▶ The fees & charges expenses are largely comprised of various administrative costs, including accounting and bookkeeping expenses, legal fees, bank fees and interest expenses. These are fairly typical administrative costs expected in the business.
- ▶ The Company has consistently reported trading losses since FY2022 which escalated substantially from \$165K in FY2023, to \$2.9M in FY2024 and reporting \$1.4M loss for the part-year up to May 2025. The total accumulated losses are circa \$5M, and with no share capital, this illustrates that the Company has been reliant on creditor funding to continue trading, in particular the \$5.2M advanced by the director related parties.

12. CURRENT FINANCIAL POSITION

Contained in this section is our analysis of the current financial position of the Company, with regard to the Director's ROCAP, available financial records and our enquiries to date.

We have included below the assets and liabilities of the Company as reported in the Management Accounts as at 19 May 2025, the Director's ROCAP and our projections as to estimated current position.

| ACN 610165823 Pty Ltd (Administrators Appointed) | | | | |
|--|---|---------------------------------------|--------------------------------|--------------------|
| | Book Value as at 19/05/2025 (\$) | Director's ERV (per ROCAP) (\$) | Administrators' ERV (\$) | Deficiency (\$) |
| Assets | | | | |
| Cash and Cash Equivalents | 530,570 | 583,000 | 523,000 | |
| Trade Debtors | 1,339,337 | 1,286,175 | 69,598 | |
| Bank Guarantee | 11,563 | - | - | |
| Motor Vehicles | 425,477 | 307,500 | 224,500 | |
| PPE | 26,482 | 56,000 | 10,100 | |
| Suspense Assets | 22,000 | - | - | |
| Total Assets | 2,355,429 | 2,232,675 | 827,198 | |
| Liabilities | | | | |
| Secured Creditors | | | | |
| NAB | - | 391,268 | 396,730 | |
| Other Secured Creditors | 355,413 | | 401,922 | |
| Priority Creditors | 150,314 | 497,472 | 497,472 | |
| Unsecured Creditors | - | | | |
| Statutory Creditors | 291,833 | - | 291,833 | |
| Related Party Creditors | 5,215,670 | 5,223,805 | 5,223,805 | |
| Other Unseucred Creditors | 1,367,644 | 1,268,080 | 1,268,080 | |
| Contract damages claims | - | - | 1,350,700 | |
| Landlords damages claims | - | - | 110,646 | |
| Total Liabilities | 7,380,874 | 7,380,625 | 9,541,187 | |
| Estimated Net Asset / (Deficiency) | (5,025,445) | (5,147,950) | (8,713,989) | 8,713,989 |

12.1 ASSETS

12.1.1 Cash and Cash Equivalents

The Company held two bank accounts with NAB, and the funds totalling \$523K were transferred to our trust account shortly prior to our appointment. These funds were since transferred to the Administration bank account. We understand circa \$7K remained in the Company's pre-appointment bank accounts at our appointment, and NAB is likely to apply a set-off in respect of the potential exposure for credit card and bank guarantees totalling circa \$397K.

Our enquiries have not located any other bank accounts held by the Company.

12.1.2 Trade Debtors

Our review of the Company's records and our enquiries with the Director indicate the "Trade Debtors" account was used to record progress claims and retentions owed to the Company from clients (primarily builders). Below is a summary table of the debtors based on project completion:

| Status | Amount Outstanding \$ | VA Optimistic ERV \$ | VA Pessimistic ERV \$ |
|---------------------|--------------------------|-------------------------|--------------------------|
| Incomplete Projects | 1,009,622.07 | 56,931.58 | 14,232.90 |
| Completed Projects | 266,050.37 | 221,462.01 | 55,365.50 |
| Total | 1,275,672.44 | 278,393.59 | 69,598.40 |

12.1.2.1 Incomplete Projects

As previously mentioned, the Company had been engaged on six (6) projects however the Company ceased all works on these projects shortly prior to our appointment. Following our appointment, with the assistance of the Director and remaining staff, the progress claims for all work completed on each project for the month of May 2025 (up to the date of our appointment) was submitted. Including all progress claims and the retentions held on each project, the total value of debtors for these incomplete projects is approximately \$1M.

A breakdown summary of each project and our comments is as follows:

| Project | Progress Claims \$ | Retentions \$ | Total \$ | VA Optimistic ERV \$ | VA Pessimistic ERV \$ | Status |
|---------------------------|-----------------------|-------------------|---------------------|-------------------------|--------------------------|---|
| Chisholm Road | 127,213.95 | 12,515.77 | 139,729.72 | - | - | Progress claim rejected, received estimated creditor claim of \$360K. |
| Willoughby Leisure Centre | 71,138.33 | 54,869.40 | 126,007.73 | - | - | Progress claim rejected, received estimated creditor claim of \$934K. |
| Chifley College | 30,501.90 | - | 30,501.90 | 29,533.90 | 7,383.48 | Agreed minor reduction for backcharge and anticipate recovery. |
| Waters Road | 415,954.45 | - | 415,954.45 | - | - | Progress claim rejected, received estimated creditor claim of \$56K. Further damages may follow. Bank guarantees are held by builder. |
| Ascham School | 170,101.05 | 99,929.54 | 270,030.59 | - | - | Progress claim rejected, further damages may follow. |
| Rose Bay RSL | 27,397.68 | - | 27,397.68 | 27,397.68 | 6,849.42 | No response on progress claim, may be potential recovery. |
| Total | 842,307.36 | 167,314.71 | 1,009,622.07 | 56,931.58 | 14,232.90 | |

As seen above, four (4) builders have rejected the progress claims submitted and three (3) have asserted a potential claim as a creditor instead. We have sought comments from the Director regarding the rejection of the progress claims and he disputes the reasons for the rejection provided by the builders. As such, subject to a commercial assessment of the individual contract circumstances, we are also exploring recovery options, including using the SOPA process or normal debtor demand (or creditor adjudication processes). We note that the SOPA adjudication process involves costs

including legal fees and adjudicator fees. At this stage, the recovery of the progress claims on incomplete projects are subject to counter-claims due to the Company's inability to complete the contract works, and as such, recovery is doubtful. Our estimates of recovery are put on a conservative basis, for illustrative purposes only.

The other two (2) claims on incomplete projects are for small works on purchase orders, and our enquiries indicate that there may be recovery from these debtors. For illustrative purposes, we have included full recovery in an optimistic scenario and 25% recovery in a pessimistic scenario, for illustrative purposes only.

12.1.2.2 Completed Projects

The Company's records indicate that there are retentions held by seven (7) builders in respect of fourteen (14) completed projects, totalling approximately \$266K. Generally, these retentions are held by the builders for twelve (12) months after practical completion of the project and the majority of these retentions are not yet due and payable. We have sought the Director's comments on the prospects of recovery including any alleged defects raised for each completed project and if so, an estimated value to rectify same. From these estimates, we have applied a reduction to the retention recovery value in an optimistic scenario and 25% recovery in a pessimistic scenario. For the completed projects with no known defects, we have included full recovery in an optimistic scenario and 25% recovery in a pessimistic scenario, for illustrative purposes only.

A summary of the retentions and our comments are below:

| Status | No. of Projects | Retentions \$ | Estimated Defects Value \$ | VA Optimistic ERV \$ | VA Pessimistic ERV \$ |
|------------------|-----------------|-------------------|----------------------------|----------------------|-----------------------|
| Alleged defects | 6 | 173,890.51 | 41,244.36 | 132,646.15 | 33,161.54 |
| No known defects | 8 | 92,159.86 | N/A | 88,815.86 | 22,203.97 |
| | 14 | 266,050.37 | 41,244.36 | 221,462.01 | 55,365.50 |

We note that the builder for one of the completed projects also has a currently incomplete project with the Company, which may impact the recovery of the retention of circa \$3K.

We have sought legal advice and may consider the SOPA adjudication process to expedite a recovery of these retentions in due course, if commercial to do so.

12.1.3 Bank Guarantees

NAB has issued Bank Guarantees on behalf of the Company totalling circa \$397K, comprised as \$321K as security held by builders on completed and incomplete projects, and \$76K as secured for premises leases. The Bank Guarantees are not cash backed, except for \$11K, and are not recorded on the balance sheet. NAB's exposure to the Bank Guarantees is secured by first ranking security over the Company and a mortgage over the Director's personal Cremorne Property. The secured creditor's position is discussed further below.

The Company's balance sheet records \$11K funds held with NAB in respect of a bank guarantee, issued to the landlord for the Company's leased warehouse premises located at Artarmon NSW. We anticipate that the bank guarantee will be called upon by the landlord, noting the Company's repudiation of the lease.

The landlord for the leased office premises in Artarmon NSW, holds a Bank Guarantee of \$65K. This is a new lease and we anticipate that the landlord will have damages on termination of the lease, and as such, will call on the bank guarantee. This bank guarantee is not cash backed, rather on presentation will cause NAB to have a secured creditor claim against the Company.

There are bank guarantees totalling \$321K held by a number of builders, securing the Company's obligations on complete and incomplete projects. We anticipate that a number of the bank guarantees may be called upon by builders, due to the Company's inability to complete the works. This will be reviewed contract-by-contract as we seek recovery of the debtors, and/or adjudicate the associated creditor claims from those builders. These bank guarantees are not cash backed, and to the extent they are called upon, will cause NAB to have a secured creditor claim against the Company.

12.1.4 Motor Vehicles

The Company operated its business with a fleet of seventeen (17) vehicles in its business. The majority of these vehicles are subject to finance with various financiers, with the exception of three (3) vehicles which are subject to NAB's first ranking security over the Company's assets. We engaged O'Maras to conduct an appraisal of the vehicles and determined that the respective payout figures would likely exceed the estimated realisable value of each vehicle, with the exception of one vehicle. We have instructed O'Maras to sell three (3) vehicles via public auction, subject to NAB's consent.

As previously discussed, during the Administration, the Company continued with a licence arrangement with QVR Technologies, for their continued use of six (6) vehicles. Of these vehicles, five (5) are subject to finance and as such, the Company has continued to incur finance charges for those assets, against which the Company received licence fees (as a margin). As part of the DOCA terms, the Director intends to novate the finance contracts from the Company to him or his nominee, effectively taking over the obligations of the finance contracts, which benefits the Company. Further, the Director has made an offer to acquire a vehicle of minor value, which we have determined is reasonable compared to the independent appraisal. Acceptance of the Director's offer, is subject to creditor approval of the DOCA, otherwise those financed assets will likely be disclaimed by a Liquidator and/or sold where applicable.

In respect of the remaining eight (8) vehicles, as the Company is no longer trading and there was no equity, we issued a notice to the respective financiers that we do not intend to exercise rights on those assets, and requested they collect their vehicles. Below is a summary of the status of the vehicles and the respective financiers:

| Financier | Total Vehicles | Total Payout Figure \$ | Licence Arrangement | To be sold | Returned to Financier |
|------------------------|----------------|------------------------|---------------------|------------|-----------------------|
| Angle Finance | 1 | 24,769.65 | 1 | - | - |
| Resimac Asset Finance | 3 | 100,770.23 | 1 | - | 2 |
| Pepper Money | 5 | 149,356.25 | 3 | - | 2 |
| Secure Funding | 2 | 54,304.77 | - | - | 2 |
| Macquarie Leasing | 2 | 70,150.39 | - | - | 2 |
| Capital Finance | 1 | 2,570.47 | - | 1 | - |
| Not subject to finance | 3 | - | 1 | 2 | - |
| Total | 17 | 401,921.76 | 6 | 3 | 8 |

** Note - some vehicles may not be sold or assigned in due course, depending on creditors resolution, values determined and/or the response from the respective financiers.*

12.1.5 PPE

The Company's management accounts reported PPE with a book value, after depreciation, of circa \$26K relating to various office equipment, furniture and machinery equipment. We engaged O'Maras to inspect the PPE located at the premises and provide a valuation. That valuation indicated that there was minimal realisable value, after costs.

Regardless, we provided instruction to O'Maras to collect the PPE of commercial value, and those assets will be sold via public auction, subject to NAB's consent. The remaining PPE, being primarily sundry office equipment, older tools and some broken packs of materials, were abandoned in their locations.

We continue to seek access to the project sites to recover the Company's equipment which remained onsite, being some containers and tools. The respective builders may assert an entitlement to hold the Company equipment and tools, as they complete the works. Handling and recovery costs may also be a factor.

Our enquiries are ongoing, however we do not anticipate there will be substantial recoveries from the PPE. Any realisations from PPE (after costs) would be subject to NAB's security interest.

12.1.6 Suspense Assets

The management accounts report a suspense balance of \$22K. Our enquiries and review of underlying ledgers indicates that a historical vehicle trade-in transaction had not been recorded correctly and has remained in the management accounts in error. As such, this is not a recoverable asset for the benefit of creditors.

12.2 LIABILITIES

12.2.1 Priority Creditors

As previously reported, upon our appointment, we determined that the Company could not resume trading and, as such, we terminated the majority of staff by way of formal redundancy. We retained a few key staff for a short term, to assist with the Administration activities, however those remaining staff have since been terminated by way of formal redundancy.

Below is summary of the potential priority claims:

| Entitlements | Priority Claims \$ | Excluded Claims \$ | Total \$ |
|---------------------------|-----------------------|-----------------------|-------------|
| Superannuation | 32,723 | - | 32,723 |
| Wages (RDO) | 35,062 | 37,122 | 72,185 |
| Annual Leave | 83,965 | 58,101 | 142,066 |
| Long Service Leave | - | - | - |
| Payment in Lieu of Notice | 78,434 | 12,800 | 91,234 |
| Redundancy | 114,465 | 44,800 | 159,265 |

| | | | |
|-------|---------|---------|---------|
| Total | 344,648 | 152,824 | 497,472 |
|-------|---------|---------|---------|

We note the following:

- Superannuation was paid up to the quarter ended 31 March 2025 and only the current quarter of superannuation accrual remains unpaid, totalling \$33K. This would be lodged with the ATO for a SGC claim and in the event a distribution is made, only the ATO can lodge a claim in the administration for SGC on behalf of the employees.
- The Company was a registered employer with the Long Service Corporation for the building and construction industry, which allows for workers to claim portable LSL entitlements after working for ten (10) years in the industry, even with different employers. We expect that the employees would be eligible to claim from the Long Service Corporation.
- The Director's employee entitlements total circa \$153K. However, as a Director, he is an excluded employee pursuant to section 556 of the Act, there are maximum caps applied to his entitlements ranking as a priority claim for a total of \$3,500. We note that the Director has not claimed a salary from the Company since March 2024.

Fair Entitlements Guarantee

If the Company is placed into Liquidation and there are insufficient funds available in the near term, then employees may be eligible to apply to the Federal Government, which has established a safety net scheme known as FEG, for payment of their outstanding entitlements (there than superannuation). FEG is administered by the Department for eligible employees who have been terminated as a result of their employer's insolvency and are owed entitlements. The FEG scheme is not available in a DOCA scenario.

In order for an employee to be eligible to claim outstanding entitlements under FEG:

- The employee must be an Australian citizen or permanent resident (contact FEG for further details); and
- The end of their employment must be due to the insolvency of the employer; or have occurred less than six (6) months before the appointment of an insolvency practitioner; or occurred on or after the appointment of an insolvency practitioner.

Employees may submit claims in respect of the following entitlements, provided they are entitled to claim under their respective industrial instrument, contract of employment or by any other means:

- Up to thirteen (13) weeks unpaid wages for the period ending at the earlier of the date on which employment ended or the appointment of an insolvency practitioner;
- Unpaid annual leave and long service leave;
- Up to a maximum of five (5) weeks unpaid payment in lieu of notice;

- Up to a maximum of four (4) weeks redundancy entitlement for each completed year of service.

In calculating employee entitlements payable under the scheme, the maximum annual wage applies.

FEG will not cover:

- Outstanding superannuation entitlements;
- Entitlements such as rostered days off unless the relevant legislation, award, statutory agreement or written contract of employment provides they are payable upon termination of employment; and
- Employee entitlements of the Director and related party Creditors.

Please note that FEG will only assess claims if the Company is placed into Liquidation.

Should you wish to obtain further information, FEG may be contacted reached on 1300 135 040. Alternatively, you may visit their website at: <https://www.dewr.gov.au/fair-entitlements-guarantee>.

12.2.2 Secured Creditors

Based on our searches, we have identified twenty-five (25) parties have registered security interests against the Company on the PPSR. The table below provides a summary of these registered security interests.

| PPSR Creditors | Estimated Unsecured Claims \$ | Comment |
|--|-------------------------------|--|
| Metal Manufactures Pty Limited | 430,153.31 (may reduce) | The secured party has indicated their outstanding debt is circa \$430K and provided a listing of materials supplied to the Company. The Director has reviewed and indicated the majority of the materials have been installed on projects. However, some materials have not been installed and the creditor may seek recovery, pursuant to their PMSI charge. We also note that the creditor holds some materials, which will need to be reduced from their unsecured claim, assuming that the goods can be resold. |
| United Rentals Australia Pty Ltd | - | No response from the secured party. The records indicate no debt owed to this party. |
| Complete Technology Integrations Pty Ltd | - | The creditor has advised there is no debt owed. |

| PPSR Creditors | Estimated Unsecured Claims \$ | Comment |
|-----------------------------------|-------------------------------|---|
| Lawrence & Hanson Group Pty Ltd | 47,465.93 | <p>No response from the secured party. The Director disclosed a debt owed to the creditor in his ROCAP.</p> <p>We understand that the creditor supplied materials for projects, the majority of which has been installed, defeating the security interest. As such, this is likely to be unsecured creditor claim against the Company, in circumstances where the materials cannot be recovered.</p> |
| Capital Finance Australia Limited | - | <p>The creditor provided vehicle finance to the Company. We have determined there may be a minor amount of equity in the finance contract and we may sell the vehicle and discharge the remaining minor debt owed to this financier. We are awaiting final payout figures from the financier, which may change this approach.</p> |
| National Australia Bank | 396,730.20 | <p>NAB is the first ranking ALLPAAP secured creditor over the Company's assets. We have yet to receive the security documentation to confirm the validity of their security.</p> <p>We understand that NAB provided a facility to the Company for bank guarantees for the rental bonds and performance bonds on various projects. The total bank guarantees issued are circa \$397K, which is NAB's potential exposure if all bank guarantees are claimed.</p> <p>The security held is primarily circulating assets, from which employee claims must first be discharged. As such, we anticipate that NAB will have a largely unsecured claim against the Company. We note that the NAB holds guarantee and mortgage over the Director's Cremorne Property, and will likely need to call upon that security to be paid. The DOCA proposal includes repayment of NAB's secured debts by the Director personally.</p> |
| Pepper Asset Finance Pty Ltd | Unknown | <p>The creditor provided vehicle finance to the Company and as discussed above, we have entered into a licence arrangement for three (3) vehicles and we are continuing with the finance contract.</p> <p>We have issued notices that we are not continuing with the remaining two (2) finance contracts. The estimated shortfall, based on the appraisal and payout values could be \$10K. However, the actual claim will be subject to the realisation of the assets.</p> |
| Secure Funding Pty Ltd | Unknown | <p>The creditor provided vehicle finance to the Company and as discussed above, we have issued notices that we are not continuing with the two (2) finance contracts. The estimated shortfall, based on the appraisal and payout values could be \$13K. However, the actual claim will be subject to the realisation of the assets. .</p> |

| PPSR Creditors | Estimated Unsecured Claims \$ | Comment |
|--|-------------------------------|--|
| Hilti (Aust) Pty Ltd | 45,411.99 | <p>The creditor provided various tools of trade on lease to the Company. Our review of the security documentation showed their security was invalid. As such, the debt owing to the creditor remains an unsecured creditor claim.</p> <p>The Director has reviewed the listing and indicated the Company is in possession of some of the tools but there is a substantial portion left at project sites. We intend to pursue recovery and sell the tools.</p> |
| Resimac Asset Finance Pty Limited | Unknown | <p>The creditor provided vehicle finance to the Company and as discussed above, we have entered into a licence arrangement for one (1) vehicle and we are continuing with the finance contract.</p> <p>We have issued notices that we are not continuing with the remaining two (2) finance contracts. The estimated shortfall, based on the appraisal and payout values could be \$43K. However, the actual claim will be subject to the realisation of the assets.</p> |
| Drillcut Pty Ltd | - | Security has been discharged following notification of our appointment. |
| The Trustee for Firesense Trust | - | <p>No response from the secured party.</p> <p>The records indicate no debt owed to this party.</p> |
| BOC Limited | - | The creditor has advised there is no outstanding debt owed by the Company. |
| Mitsubishi Heavy Industries Air-Conditioners Australia Pty Ltd | - | The creditor has advised there is no outstanding debt owed by the Company. |
| DKSH Australia Pty Ltd | - | <p>No response from the secured party.</p> <p>The records indicate no debt owed to this party.</p> |
| Vision Lighting Supplies Pty Ltd | - | The creditor has advised there is no outstanding debt owed by the Company. |

| PPSR Creditors | Estimated Unsecured Claims \$ | Comment |
|---|-------------------------------|--|
| Macquarie Leasing Pty Ltd | Unknown | The creditor provided vehicle finance to the Company and as discussed above, we have issued notices that we are not continuing with the two (2) finance contracts. The estimated shortfall, based on the appraisal and payout values could be \$43K. However, the actual claim will be subject to the realisation of the assets. |
| Aggreko Generator Rentals Pty Ltd | - | No response from the secured party. The records indicate no debt owed to this party. |
| Titan Containers NZ Limited | - | Security has been discharged following notification of our appointment. |
| Polyaire Pty Ltd | - | Security has been discharged following notification of our appointment. |
| Thinkex Holdings Pty Ltd | Unknown | The creditor is the lessor of a print/photocopier machine used at the Company's office premises. As the Company is not trading, we issued a notice that we are not continuing with the lease agreement. The estimated shortfall is unknown at this stage. |
| A.C.N. 603 303 126 Pty Ltd (trading as Angle Finance) | - | The creditor provided vehicle finance to the Company and as discussed above, we have entered into a licence arrangement for one (1) vehicle and we are continuing with the finance contract. |
| Rapid Industrial Group Pty Ltd | - | The creditor has advised there is no outstanding debt owed by the Company. |
| Daikin Australia Pty Ltd | - | Security has been discharged following notification of our appointment. |
| Rexel Electrical Supplies Pty Ltd | - | Security has been discharged following notification of our appointment. |
| Total | 919,761.43 | |

12.2.3 Unsecured Creditors

Unsecured Creditors may be owed approximately \$8.2M, subject to further enquiries and adjudication of claims. Below is a breakdown:

| Unsecured Creditors | Administrators' ERV \$ |
|-------------------------|---------------------------|
| ATO & OSR | 291,833 |
| Trade Creditors | 1,268,080 |
| Contract damages claims | 1,350,700 |
| Landlord damages claims | 110,646 |
| Related Party Creditors | 5,223,805 |
| Total | 8,245,063 |

We provide our commentary as follows:

- The ATO have lodged a POD for outstanding tax debts for the sum of \$32K. However, we note the current outstanding tax lodgements will likely increase this tax debt and could total circa \$267K based on the reporting in the Company's management accounts. OSR debts for payroll tax are estimated at approximately \$25K.
- Based on the Company's records, the estimated claims from trade creditors in relation to goods supplied, services provided and estimated shortfalls total approximately \$1.3M, from various subcontractors, suppliers, professionals and consultants incurred in the ordinary trade of the business. Further work will be required to adjudicate the claims in due course.
- The Company was unable to complete six (6) projects at the time of our appointment. To date, three (3) builders have asserted creditor claims for incomplete work totalling \$1.35M. The net creditor claim from clients or recovery on the retentions, will not be known until the projects are completed and the defect liability period expires.
- The landlords will likely have a damages claim from early termination of the lease including rental arrears, make good and lost rent. We have estimated such claims, assuming the premises can be re-leased in between 4 - 9 months and incorporated the bank guarantees held by the landlords in reducing the damages claim.
- The Director and Roswald (a related entity) advanced loans to the Company totalling \$5.22M, which we understand were used for working capital purposes. The financial records indicate that approximately \$2.9M was advanced to the Company between March 2024 and our appointment, evidencing the Company's challenged cashflow position. We are advised that there are no written loan agreements, rather the terms are verbal and unsecured. We note that under the DOCA proposal, the loans from the Director and related parties are to be extinguished in full, and they will not participate in any dividend.

13. EXPLANATION OF DEFICIENCY

Attached as **Annexure “6”** is the deficiency statement based on pessimistic scenario estimates. We note that the deficiency for the Company’s creditors is circa \$8.7M, before the costs of the Administration. Summarised below are the key aspects of the deficiency:

| Summary of deficiency | Amount \$ |
|-------------------------------|------------------|
| Accumulated Losses | 5,025,455 |
| Loss on Realisation of Assets | 1,528,230 |
| Understated Liabilities | 2,160,313 |
| | 8,713,999 |

We note that the deficiency is predominantly represented by the accumulated trading losses incurred by the Company, evidencing the trading difficulties with the various contracts. The loss on realisation of assets is largely reflected by impairment of the debtors. Whilst the majority of the understated liabilities relates to termination claims from the cessation of trading, from creditors such as landlords, builders, finance companies and staff redundancies.

14. PRELIMINARY INVESTIGATIONS

14.1 OVERVIEW

During the course of the Administration, we have conducted investigations into the affairs of the Company to ascertain whether there are any transactions that appear to be voidable, or other causes of action available whereby money, property or other benefits may be recoverable by a liquidator pursuant to Part 5.7B of the Act, in the event that creditors resolve to wind up the Company. Creditors should be aware that an Administrator does not have the power to recover voidable transactions or take action for insolvent trading.

14.2 INVESTIGATION CONSTRAINTS

The Act sets out a strict timeline for the reporting of an Administrator’s investigations of an insolvent company’s affairs prior to the second meeting of creditors.

As such, our investigations into the Company’s affairs are preliminary at this stage. The interim findings discussed below are based on the available records reviewed and under time constraints. A Liquidator would conduct more detailed investigations, provided that necessary funding is available.

14.3 BOOKS AND RECORDS

Section 286 of the Act provides that:

“A company, registered scheme or disclosing entity must keep written financial records that:

- (a) correctly record and explain its transactions and financial position and performance; and
- (b) would enable true and fair financial statements to be prepared and audited.”

The failure to maintain books and records in accordance with Section 286 of the Act may allow a Liquidator to presume the company was insolvent throughout the period the books were not maintained (Section 588E of the Act).

The books and records received to date comprise of the following:

- Extracts of the Company's management accounts maintained via Xero;
- Externally prepared financial statements;
- Correspondence issued by the ATO in relation to payment plan agreed with the Company;
- Client project documents; and
- Bank statements.

The management accounts appear to be reasonably complete and reliable in respect of the business transaction activity, including debtors and creditors.

Accordingly, our preliminary view is that the Company has maintained sufficient books and records to meet the requirements of Section 286 of the Act.

14.4 RISK OF LITIGATION ACTION GENERALLY

Part 5.7B of the Act gives liquidators (but not administrators) the right to commence certain legal proceedings to recover money, property or other benefits for the benefit of the Unsecured Creditors of a company.

Creditors should note that recovery actions:

- have the potential to increase the pool of funds available to Creditors;
- are usually expensive, lengthy and have unpredictable outcomes;
- should not be commenced unless defendants have the financial resources to satisfy any judgement; and
- must be funded out of the Company's existing assets or, where such assets do not exist, by Creditors or by external litigation funders (who are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation).

14.5 INSOLVENCY & INSOLVENT TRADING (SECTION 588G)

The *Corporations Act 2001* prohibits Insolvent Trading and provides that directors can be required to compensate Creditors for losses they suffer because of Insolvent Trading by making a payment to a Liquidator of the Company. We have considered the prospects of such a claim, as it is one that is only available if creditors decide that the Company should be placed into Liquidation, and so may be relevant to the decisions Creditors take at the forthcoming Second Meeting of Creditors.

14.5.1 What Is Insolvent Trading?

Insolvent Trading is the incurrance of a debt or liability at a time when the Company is insolvent and when the director(s) have reasonable grounds to suspect, or a person in their position would have suspected, that the Company was insolvent.

If such a debt or liability is incurred, a Court may require the director(s) to pay an amount of compensation to a Liquidator of the Company equal to the loss suffered by creditors. In determining that loss, it is necessary to have regard to any amount that may be recovered from the Company's assets or from the recovery of other claims such as Unfair Preferences.

Recovery for Insolvent Trading is only available in a Liquidation. A claim may be brought by a Liquidator, or, if, but only if, the Liquidator declines to pursue a claim, by one or more Creditors.

A Liquidator pursuing a claim against a company in liquidation must:

- demonstrate Insolvency
- show that the director(s) suspected, or should have suspected, insolvency;
- show that a debt or liability was incurred at a time that the company was insolvent; and
- show the debt or liability has not been paid, so that the creditor has suffered loss.

A director accused of Insolvent Trading can answer a claim by showing that:

- the director had reasonable grounds to believe the debt would be paid; and/or
- the director relied on information from a competent and reliable person to believe the debt would be paid; and/or
- the director did everything he or she could to avoid the incurring of the debt; and/or
- the director was not participating in the management of the Company for some good reason, such as illness; and/or
- the director was acting honestly and reasonably and, notwithstanding that a debt or liability was incurred that will be unpaid, he or she should be excused from liability; and/or
- the director may assert a defence that they have relief from insolvent trading by way of using the Safe Harbour regime contained in the Corporations Act; and/or
- the government provided legislative relief from insolvent trading from March to December 2020 in response to the COVID-19 pandemic.

Litigation in respect of Insolvent Trading is carried out in the ordinary civil courts. This means that the costs of pursuit of a claim are borne by the Liquidator, who uses the Company's assets and may enter into a form of borrowing called "litigation funding" to do so, or may ask creditors to make a voluntary contribution to the pursuit of a claim.

If a claim is successful, some of the costs, but not all of them, may also be ordered to be paid by the Director(s). If the Liquidator fails in some or all of the claim, he or she may be ordered to pay some,

or all of the costs incurred by the director(s) in defending the claim. Because of this, in practice Liquidators can only pursue claims where they have funds available to meet both their own and the Defendants' costs, or they have the benefit of "insurance" against costs provided either by creditors or a commercial litigation funder.

If the Company has no assets and neither a litigation funder nor creditors are willing to fund the litigation, no claim can be pursued. Litigation in respect of Insolvent Trading can be expensive, slow and risky. The Liquidator, funder and creditors are exposed to the risk that if the Director(s) are found liable, they may be unable to meet the judgment against them.

Where a Company is a subsidiary of another Company, a claim can also be brought against the holding Company.

14.5.2 Insolvency

One important element of liability for Insolvent Trading is if, and when, the Company became insolvent.

Section 95A of the *Corporations Act* defines solvency as follows:

"95A(1) [when person is solvent] A person is solvent if, and only if, the person is able to pay all the person's debts, as and when they become due and payable.

95A(2) [insolvent person not solvent] A person who is not solvent is insolvent".

Under Australian law, the test of insolvency is a "cashflow" test: it is focused on whether, in commercial reality, a company is able to meet its liabilities as and when they fall due for payment. The forensic assessment of insolvency, and preparation of a case on insolvency, involves a thorough, and costly, examination of the Company's business, its market, its relationships with its customers, lenders, suppliers, owners and with regulators. Where a Company has had expectations of support from related parties, that support is a factor that has to be considered in the context of insolvency.

In elaborating on the cashflow test of insolvency, the Courts have provided extensive commentary on the subject to determining insolvency. One of the leading authorities is the judgment of the Victorian Supreme Court in *ASIC -v- Plymin*, in which Justice Mandie, relying on Expert Evidence, identified the following 14 indicators of insolvency:

- Continuing Losses;
- Liquidity ratios below 1;
- Overdue Commonwealth and State taxes;
- Poor relationship with present Bank, including inability to borrow further funds;
- No access to alternative finance;
- Inability to raise further equity capital;
- Suppliers placing company on COD, or otherwise demanding special payments before resuming supply;

- Creditors unpaid outside trading terms;
- Issuing of post-dated cheques;
- Dishonoured cheques;
- Special arrangements with selected creditors;
- Solicitors' letters, summons(es), judgements or warrants issued against the company;
- Payments to creditors of rounded sums which are not reconcilable to specific invoices;
- Inability to produce timely and accurate financial information to display the company's trading performance and financial position and make reliable forecasts.

Comprehensive forensic insolvency assessment requires the review of each of these indicators, as well as the Company's business, to answer the question "was it able to pay its debts as and when they fell due".

As part of reporting to you about Insolvent Trading we are required to form a preliminary view about when the Company became insolvent. Our opinion is necessarily formed summarily: a forensic analysis of insolvency would be more thorough, more expensive and slower than the Voluntary Administration process ordinarily permits. We have set out our views below.

14.5.3 Director's Knowledge

As well as insolvency, a Liquidator must also show when the director suspected, or ought to have suspected, that the Company was insolvent. If a claim is brought, this will normally involve the comprehensive review of company records to show when the director(s) first learnt of circumstances that could indicate insolvency. That review is typically thorough and expensive. Again, for the purpose of reporting to you we are required to make a summary assessment of when suspicions were or should have been formed. We have set out our views in this respect below as well.

14.5.4 Loss

Only losses *incurred* at or after the time of insolvency can form the basis of a claim, although all unpaid unsecured creditors are entitled to share in any recovery after costs. A debt or liability is "incurred" when the last event that could have avoided the liability arising occurs. For example, taking delivery will normally be the time at which a debt for the supply of goods is incurred.

Liabilities that have fallen due, but which were not freshly incurred during the period of insolvency cannot form the basis for a claim. Such liabilities commonly include ongoing contracts of employment, long term leases and hire-purchase arrangements, guarantees, loans and long-term supply and construction contracts.

14.5.5 Litigation and Funding

As noted above, if a Company does not have significant assets, a Liquidator contemplating bringing a claim for Insolvent Trading will only be able to pursue a claim if either Creditors or a commercial Litigation Funder is willing to fund the Liquidator's Legal and Accounting Costs and meet any costs the Liquidator may be liable to pay if the claim is unsuccessful.

Funding of this sort can be arranged as follows:

- ▶ A creditor or creditors may contribute funds for additional investigations and litigation. Such creditors need to indemnify the Liquidator against any adverse cost orders should the litigation prove unsuccessful. However, should the litigation be ultimately successful, creditors who have funded the litigation may apply to the court to have their claim met in priority to other creditors not participating in the funding arrangement; and/or
- ▶ The Liquidator may request funding from an independent, specialist litigation funding firm. Generally, the litigation funder is compensated for its risk by receiving a share of up to 40% from any recoveries arising out of the litigation, where there is usually a minimal return (being a multiple of the risk) also required by the funder. Litigation funding is expensive in this regard, and therefore only feasible where the possible recoveries are significant. Many factors will impact the decision of funding from prospective litigation funders. Some litigation funders may require further information about recoveries from claims against directors and/or the strength of any defence by directors. Accordingly, litigation funders could provide funding conditional on a public examination first being conducted on persons of interest in the affairs of the Company. A public examination is a formal process conducted by a Liquidator in an open court in which the liquidator can make enquires about and obtain information about a company's affairs, history and management. If the Liquidator decides to conduct a public examination, the Liquidator will likely seek legal assistance which can also impact the total sum available to creditors if recoveries are made.

14.5.6 Legal controversy

There are two (2) controversial areas of insolvency law that bear on the Company. These are:

- ▶ Set-off. Traditionally courts have not allowed set-off of claims such as those for Insolvent Trading. However, in modern cases the Courts have been more generous to parties owing money to an insolvent Company. They have said they would allow the setting off of claims by parties liable to make payments to Liquidators of amounts owed to them by the insolvent Company. This matter remains an unresolved issue at law.
- ▶ Financial Support. Until 1993, the test of insolvency in Australia required that a Company be able to meet its liabilities *from its own monies*. This requirement was removed in 1993. Subsequently, the Courts have held that the provision of "financial support" by a related party can be a basis on which a Company is solvent when, without that support, it would clearly be insolvent. Where solvency is disputed, the Court's inquiry needs to extend to the nature and extent of that support. This remains a controversial issue in insolvency law.

14.6 ASSESSMENT OF INSOLVENCY

Our assessment has been based on the information available to us from the Company's records, from information provided by the Director and the Company's accountant, and Creditors and our investigations into the Company's affairs. As noted above, this assessment has been undertaken on a preliminary basis. If the Company is placed into Liquidation and litigation were contemplated, we would need to undertake a more thorough and rigorous assessment. We would also need to obtain legal advice and gather substantial further evidence, including potentially holding public examinations of the relevant parties.

Based on our investigations, it appears that the Company has been insolvent on a balance sheet basis since 2024 (or earlier), however had sufficient working capital to continue trading until recently, primarily funded by substantial unsecured loans from the Director and related parties. Therefore, it is our preliminary view that the Company did not become insolvent on a cashflow basis until shortly before appointment, on or around 1 March 2025, when the funding support was withdrawn and creditors were not paid as and when due.

Our assessment of the Company's solvency is detailed below.

14.6.1 Working Capital Analysis

A working capital analysis is generally based on a review of the Company's financial records and management accounts to determine whether there were sufficient current assets to meet current liabilities, including any adjustments to the reported current assets and current liabilities.

The current ratio compares current assets to current liabilities. A current ratio over 1 indicates that there are sufficient current assets to meet current liabilities.

The working capital analysis has been prepared based on the Company's available financial statements and management accounts.

However, the Company's management accounts need to be adjusted to reflect certain matters, as follows:

- ▲ As builders have asserted significant creditor claims, Trade Debtors has been adjusted by \$667K for impairment when the Company ceased trading and those claims crystallised.
- ▲ The retentions values have been reduced by a rolling estimate of \$392K against the debtors not yet due for recovery (some of which do not mature for extended periods).
- ▲ Bank guarantees are held by the landlord and are not available cash reserves.
- ▲ The Company had established payment plans with several creditors including ATO and OSR. We have made adjustments to reflect the deferred creditors' liability based on the payment plan terms.

The adjusted working capital analysis is summarised below:

| Adjusted Working Capital Analysis | Month Ended 30-Mar-24 (\$) | Year Ended 30-Jun-24 (\$) | Month Ended 30-Sep-24 (\$) | Month Ended 30-Dec-24 (\$) | Month Ended 30-Mar-25 (\$) | Period Ended 19-May-25 (\$) |
|-------------------------------------|----------------------------------|---------------------------------|----------------------------------|----------------------------------|----------------------------------|-----------------------------------|
| Current Assets | 2,168,815 | 1,899,023 | 2,424,252 | 1,629,279 | 1,874,031 | 1,903,470 |
| Adjustments: | | | | | | |
| Less: Trade debtors | - | - | - | - | - | (667,337) |
| Less: Retentions not due | (392,000) | (392,000) | (392,000) | (392,000) | (392,000) | (392,000) |
| Less: Bank Guarantees | (11,563) | (11,563) | (11,563) | (11,563) | (11,563) | (11,563) |
| Adjusted Current Assets | 1,765,253 | 1,495,461 | 2,020,689 | 1,225,716 | 1,470,468 | 832,570 |
| Current Liabilities | 2,708,020 | 2,489,329 | 2,618,345 | 2,272,626 | 2,043,759 | 1,851,148 |
| Adjustments: | | | | | | |
| Add: Deferred Creditors | | | (187,370) | (606,785) | (230,394) | - |
| Adjusted Current Liabilities | 2,708,020 | 2,489,329 | 2,430,975 | 1,665,840 | 1,813,365 | 1,851,148 |
| Adjusted Net Working Capital | (942,768) | (993,868) | (410,286) | (440,124) | (342,896) | (1,018,578) |
| Current Asset Ratio | 0.65 | 0.60 | 0.83 | 0.74 | 0.81 | 0.45 |

Based on the above, the Company appears to have a working capital deficiency since March 2024. This aligns with the Company allegedly entering into Safe Harbour regime in March 2024, due to solvency concerns at that time (discussed further later). However, that working capital deficiency has been partially mitigated since March 2024 with \$2.9M being injected into the business by the Director and related party Roswald as unsecured (non-current) loans. With the further funding, the current liabilities marginally reduced, being replaced by the non-current unsecured related party loans. The Company continued to trade and appears to have been largely servicing its debts, until around March 2025 when funding was withdrawn and debts were not paid as and when required.

14.6.2 Balance Sheet Analysis

A summary of the net asset position is provided in the table below:

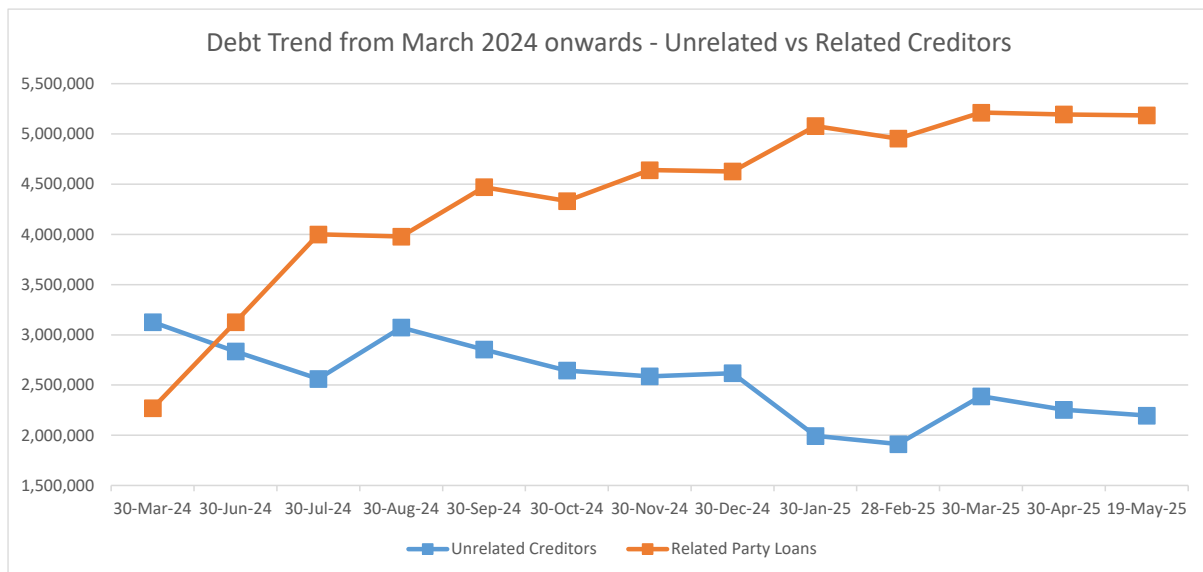
| Net Asset Analysis | External Year Ended 30-Jun-22 (\$) | External Year Ended 30-Jun-23 (\$) | Management Year Ended 30-Jun-24 (\$) | Management Period Ended 19-May-25 (\$) |
|---------------------------|---|---|---|---|
| Total Assets | 942,077 | 2,178,672 | 2,363,920 | 2,355,429 |
| Total Liabilities | (1,694,343) | (3,096,379) | (5,962,062) | (7,380,874) |
| Net Asset Position | (752,266) | (917,707) | (3,598,142) | (5,025,445) |

The Company has reported a net asset deficiency since 2022, and the deficiency continues to deteriorate over time as the trading losses progressively increased. We note that the deficiency largely equates to the balance of the loans from the Director and Roswald which were not called upon. However, the above deficiency, does not account for the impairment of assets or damages claims not recorded in the accounts.

14.6.3 Aged Payables Analysis

The accounts indicate that creditors were maintained within 2 months, as a payment cycle, with the exception of certain creditors where extended payments arrangements were agreed. We have tracked the trend of debts owed to related versus unrelated creditors since March 2024. This demonstrates that the funding from the Director and Roswald was essential to the continued working capital requirements, which appear to be decreasing until around March 2025.

Below is a graph of the trend from March 2024 to May 2025.



14.6.4 Indicators of Insolvency

In addition, we have observed the following facts relevant to the solvency of the Company:

- The Company has reported net trading losses since FY2022, escalating to \$2.9M in FY2024 and \$1.4M in the current financial year. The losses are reflective of the unprofitable position with the fixed price contracts which could not be varied.
- The Director has advised the Company entered into a restructuring under the Safe Harbour provisions in around March 2024, presumably on the basis that he believed the Company was or could become insolvent. The documentation we have been provided indicates is not complete, and it may be that the defence is deficient, as the documentation does not support a clear Restructuring Plan, better outcomes test and other requirements.
- The related parties have been contributing funding to the Company via unsecured loans, to support its working capital requirements since 2018. The balance of those loans was circa \$5.3M, with \$2.9M being advanced to the Company progressively since March 2024.
- The majority of trade creditors have been managed over the past year, indicating the Company was largely servicing its debts until then.
- The Company entered into payment arrangements with several creditors, as follows:
 - From July 2024, the Company established a payment plan with OSR for payroll tax debt, paying \$12K/month from July 2024 to June 2025;
 - From August 2024, the Company established a payment plan with ATO, paying \$8K/month from August 2024 to September 2025.
 - From December 2024, the Company established a payment plan with a trade creditor, paying circa \$525K prior to our appointment.

- The current incomplete contracts are unprofitable and have been so for an extended period of time. Those losses if not funded by continued related party unsecured loans (with assumed forbearance) had the capacity to crystallise significant debts for the Company.
- The Company entered into a new premises lease in April 2025, and it is unclear how it had the capacity to do so, in the circumstances.
- Roswald provided the majority of the recent funding, and it was not contractually obligated fund the losses indefinitely, and it eventually withdrew that support.

Whilst the Company appears to have been insolvent on a balance sheet basis for an extended period, based on the progression of events, it is our preliminary view that the Company became insolvent on a cashflow basis from around 1 March 2025.

14.6.5 Potential Amount of Claim

Determining the value of an insolvent trading or breach of duty claim will generally involve a forensic review of the debts incurred after the date on which it can be maintained that the Company was insolvent.

Based on the creditor claims reported in the Company's management accounts, we estimate that the debts incurred with external parties after 1 March 2025 totals approximately \$1.2M, largely represented by trade creditor claims and statutory debts (taxes).

If the Company is placed into Liquidation, a Liquidator may conduct further enquiries on the solvency and claims.

14.6.6 Defences Available

In respect of pursuing insolvent trading claims, we note that a defence may be available under the Act where a director can establish:

- There were reasonable grounds to expect that the company was solvent, and they actually did so expect;
- They did not take part in management for illness or some other good reason;
- They took all reasonable steps to prevent the company incurring the debt; or
- If the Director availed himself of the protections under the Safe Harbour regime.

We are advised that the Director caused the Company to enter into a restructuring under the Safe Harbour provisions on 11 April 2024, engaging RSM as its advisor to provide advice on the Safe Harbour regime. We have received some documents regarding this restructure from RSM, which appeared to involve an orderly winding down of trading. However, a threshold assessment, better outcomes analysis, Restructuring Plan and formal report, that we would normally see, was not furnished to us.

There was evidence of various analysis of the Company's and the Director's financial positions in April 2024. Ongoing assessments may have been prepared by RSM after April 2024, however they have not

been provided to us, despite request. The Company is alleged to have continued to trade within the Safe Harbour protections until 19 May 2025 (or thereabouts) when the Company was placed into Voluntary Administration.

Based on the information provided, we consider that there may be deficiencies with a Safe Harbour defence for the Director. In particular, what was the Restructuring Plan and outcome for the Company, as the contracts continued to be unprofitable and losses continued to be incurred. During this time, fresh debts continued to be incurred and there was no guarantee that the funding would continue, and that financial support was withdrawn, at or around the time significant trade debts were incurred and new premises lease was entered into (April 2025).

We expect that the Director would argue the defence if an insolvent trading claim was pursued. This will add some complexity and cost to a litigated recovery. As such, a Liquidator would likely test the Safe Harbour defence via a public examination, before pursuing any recovery action.

14.6.7 Recovery of Claim

In respect of considering whether an insolvent trading or breach of duty claim could be pursued, a Liquidator would need to have regard to the financial positions of the potential defendant, being the Director, Mr Craig Alan Ironside. We have also confirmed that the Company and the Director did not maintain a D&O insurance policy that could respond to any claims.

We have requested a statutory declaration with respect to the Director's personal financial position. The Director has declined to provide same.

Our investigations indicate that the Director is the registered proprietor of two (2) properties in NSW:

- ▲ The first property is a residential property in which the Director is an owner as a joint tenant and publicly available information suggests that it may have a value of around \$1.5M to \$2M. However, we note that there is a registered mortgage and two (2) caveats over its title, and the equity position (if any) is unknown.
- ▲ The second property is a residential property in which the Director is the sole owner and publicly available information suggests that it may have a value of around \$1.4M. However, we note that there is a registered mortgage with NAB and a caveat over its title from Roswald. We are advised that the NAB mortgage relates to the Company's debt exposure, understood to be circa \$400K based on the bank guarantees issued. Further, we are advised that the caveat lodged by Roswald relates to funds advanced to the Director, which were on-lent to the Company via the Director's loan account. As such, we are advised that there is no equity available in the property. We do not have any view as to the validity of the caveat.

Further, we have observed that the Director has provided a number personal guarantees for Company debts, which will impact his financial capacity. As such, at this stage, it is unknown whether the Director would have the sufficient financial means to satisfy an insolvent trading claim should one be brought against him.

Whilst a Liquidator may form the view that an insolvent trading claim is available, any successful application for Insolvent Trading will result in all creditors that have been admitted to proof receiving

a return (subject to sufficient funds being available after the Liquidator's remuneration and fees and any sum payable to a litigation funder). The Company's records show that director's loan is recorded in its balance sheets totalling a sum of \$2.3M. If a Liquidator admits the POD lodged by the Director for the director loans, the Director would seek to 'notionally' receive an amount.

In the event an insolvent trading claim is pursued, we anticipate that significant costs would be incurred, for which a Liquidator would require funding, including protection from adverse costs. We are also advised that should an insolvent trading claim be commenced, the Director would vigorously defend same, including arguing the Safe Harbour defence. Given the unpredictable nature of litigation, it is difficult to accurately estimate the costs that may be incurred. Furthermore, insolvent trading claims are to some extent speculative and are subject to the risks of litigation and the pursuit of enforcement of any successful judgement.

Regardless, we have sought preliminary advice on the potential legal costs for such a claim. We have also considered funding requirements to pursue such a claim, on the basis that priority creditor claims would be discharged, and external litigation funding sought to pursue the litigation. We have modelled those costs in the estimated outcome statement, for creditors consideration in a Liquidation scenario.

We note that a Liquidator (if appointed) can consider selling the causes of action on a commercial basis, to obtain a return in a quicker timeframe, usually at a substantial discount given the removal of risk. It would be open to any creditor or any other party to submit an offer to the Liquidators, should they have such an interest.

However, in this regard, we note that the Director has proposed a DOCA, for creditors to consider as a commercial alternate to pursuing liquidation claims, such as the potential insolvent trading and breach of duties claim discussed herein.

15. VOIDABLE TRANSACTIONS

Voidable transactions include transactions such as unfair preferences, uncommercial transactions, unfair loans, unreasonable director related transactions and circulating security interests created within six months before the relation-back day, which is the date of the appointment of the Administrators.

These transactions usually relate to the period six (6) months prior to the date of our appointment; however, in certain circumstances, this period can be extended to four (4) years in relation to transactions with related entities and up to ten (10) years if the transactions were entered into with related parties with the intention of fraud.

ARITA has issued a creditor information sheet "Offences, Recoverable Transactions and Insolvent Trading" providing further information about voidable transactions. This information sheet is attached as **Annexure "13"**.

The transactions identified, if determined to be voidable, may be recoverable under the following provisions:

15.1 VOIDABLE TRANSACTION PROVISIONS

15.1.1 Unfair Preferences

An unfair preference results when the Company and a Creditor are parties to a transaction(s) and the Creditor receives more than it would receive if the transaction(s) are set aside, and the Creditor proved for the debt in the winding up. If it is ultimately determined that certain payments are potentially recoverable as unfair preferences, it would be necessary to establish:

- ▶ that the Company was insolvent at the time the payments were made; and
- ▶ that the recipient had reasonable grounds to suspect that the Company was insolvent at that time or would become insolvent as a result of the payment.

The clawback provisions available to the Liquidator relate only to payments to unrelated parties made within six (6) months from the date of our appointment, if the Company is insolvent at that time, known as the RBP.

We refer to our previous discussion in relation to our preliminary investigations on the Company's solvency position. It is our preliminary view that the Company became insolvent on or around 1 March 2025. Accordingly, the RBP is 1 March 2025 to 19 May 2025.

Our preliminary investigations have identified payments totalling \$236K were paid to three (3) creditors which might be of preferential nature and thus voidable against the Liquidator, should one be appointed. A summary of these payments is provided in the table below:

| Party | Amount \$ |
|--------------|----------------|
| ATO | 27,000 |
| Revenue NSW | 24,996 |
| Party A | 184,264 |
| Total | 236,260 |

We provide our comments in relation to the recoverability of the above potential preference payments as follows:

- ▶ In order to prove an unfair preference payment, the onus is on the Liquidator to prove the payment was outside the ordinary course of the business, the party had suspicion of the Company's solvency difficulties and cannot rely on a defence where the payment was received in good faith;
- ▶ Pursuant to Section 588FA(3) of the Act, a creditor could rely on a running account defence to an unfair preference claim, where there are multiple transactions between the debtor and the creditor over the relevant period; and
- ▶ Recovery costs to pursue an unfair preference claim could outweigh the potential recovery amount, in which the claim may become uncommercial to pursue.

We have doubts regarding the recoverable value of the payments, due to concerns that defences are available, and the claims being insufficient to justify the costs and risks involved. Overall, we do not consider these claims to be commercially viable to pursue, other than the possible claim against the

trade creditor Party A. Further investigation work would be required to consider the merits, if a Liquidator is appointed.

15.1.2 Unreasonable Director Related Transactions (S588FDA)

A transaction is an unreasonable Director-related transaction of the Company if:

- ▶ The transaction is a payment, a conveyance, transfer or disposition of property, the issue of securities, or incurring of an obligation to make a payment, disposition or issue by the Company.
- ▶ The transaction is to a Director or close associate of the Director or for their benefit.
- ▶ A reasonable person in the Company's circumstances would not have entered into the transaction having regard to the benefit or detriment to the Company or other parties involved in the transaction.
- ▶ The transaction was entered into during the four (4) years leading to our appointment.

As previously discussed, the Director provided funding to the Company over the last four (4) years totalling \$2.95M. During this time, the Director was repaid a total of \$867K from the Company. The Director is a net creditor for circa \$2.1M. Of note, since March 2024, the Director advanced net \$50K to the Company and has not drawn a salary. In those circumstances we do not consider that there would be commercial claims for unreasonable director related transactions or preferential payments to pursue against the Director.

We also note that Roswald provided funding to the Company over the last four (4) years totalling \$3.75M, and was repaid \$900K, with a net loan advanced of 2.85M. In those circumstances we do not consider that there would be any commercial claims for unreasonable director related transactions or preferential payments to pursue against Roswald.

We note that QVR Technologies provided various services to the Company, and also used the Company's facilities. The management accounts record those dealings, and value appears to have been paid/received for such services. QVR Technologies is reported as a net creditor of circa \$11K as at our appointment. In those circumstances, we do not consider that there would be any commercial claims for unreasonable director related transactions or preferential payments to pursue against QVR Technologies.

Our preliminary investigations have not identified any other unreasonable director-related transactions.

15.1.3 Unfair Loans (S588FD)

A loan is unfair if it is made to a Company at extortionate interest rates or the charges in relation to the loan are extortionate. In considering whether interest and charges are extortionate, regard must be had to the following:

- ▶ Risk the lender is exposed to;

- Value of the security;
- Term;
- Repayment schedule; and
- Amount of loan.

Our preliminary investigations have not identified any unfair loans.

15.1.4 Uncommercial Transactions

A transaction is considered uncommercial if it is made at a time when the Company is insolvent, and it may be expected that a reasonable person in the Company's circumstances would not have entered into the transaction having regard to:

- The benefits or detriment to the Company of entering into the transaction; and
- The prospective benefits to other parties to the transaction.

Our preliminary investigations have not identified any uncommercial transactions.

15.1.5 Discharge of Related Party Debts (S588FH)

A transaction is considered to have discharged a related party's debt if funds from the Company are used to pay that Creditor which has had the effect of discharging, to the extent of a particular amount, a liability (whether under a guarantee or otherwise) of a related entity the Company.

We have not identified any other claim for discharge of related party debts.

15.1.6 Circulating Security Interests Created Within Six Months before the Relation-Back Day (S588FJ)

A circulating security interest in property of the Company created within six (6) months before the relation-back day may be void against a Liquidator. However, circulating security interests that are created within this period for consideration paid at or after the date of creation remains valid.

We have not identified any securities registered within six (6) months before the relation-back day.

16. BREACH OF DUTY CLAIMS

We have considered whether there are any potential breach of duty claims to be pursued against the Director or other parties.

As discussed above, the Company was likely insolvent on a cashflow basis since 1 March 2025, which the Director knew or ought to have known. By continuing to incur debts after this time, he arguably caused loss to those unsecured creditors. Those debts included trade liabilities for materials and sub-contractors, statutory debts and new premises lease.

Accordingly, as an alternative course of action to an insolvent trading claim, by allowing the Company to continue incurring debts after it was arguably insolvent, the Director may have breached his duties,

where he may have failed to act with reasonable care and diligence. The loss suffered by creditors is reflected in the earlier discussed insolvent trading claim.

The Director, through his solicitors, has advised that any claim brought against him, would be vigorously defended. The potential recovery, and risks, are discussed elsewhere herein.

17. SUMMARY OF POTENTIAL OFFENCES

In summary, we consider there are various potential contraventions of Act to consider in a Liquidation scenario:

| Section | Potential Offence Identified | Summary of Offence |
|---------|---|--------------------|
| 180 | Failure to exercise reasonable care and diligence in discharge of Director's duties | Insolvent Trading |
| 588G | Director's duty to prevent insolvent trading | Insolvent Trading |

17.1 REPORT TO ASIC

We intend to lodge a confidential report to ASIC pursuant to Section 438D of the Act, in respect of our preliminary investigations and any potential offences identified. This report will be lodged shortly.

Should the Company be wound up, a Liquidator is required to complete an investigation into the Company's affairs and, if offences are identified, or if the Company is unable to pay its Creditors more than 50 cents in the dollar, lodge a report with ASIC pursuant to Section 533 of the Act.

18. DEED OF COMPANY ARRANGEMENT PROPOSAL

As discussed earlier, we have been working with the Director to explore whether a DOCA could be proposed as a commercial alternative, which may provide a better return to creditors than a Liquidation scenario. We engaged in negotiations with the Director and his advisors, and on 16 June 2025, we received the DOCA proposal attached at **Annexure “7”**.

We summarise the key terms of the proposal below:

- Deed Proponent is Craig Ironside.
- Deed Administrators will be Jonathon Keenan and Peter Krejci.
- A Deed Fund will be established consisting of:
 - the Company’s cash at bank held by the Administrators at the end of the voluntary administration period;
 - all proceeds from Debtors (meaning all amounts owed to the Company, including but not limited to the current retentions held by clients) at the date of execution of the DOCA;
 - all realisable plant and equipment of the Company which is yet to be sold at the end of the voluntary administration period;
 - five (5) financed Motor Vehicles and one unencumbered vehicle, which are to be sold to the Director or his nominee;
 - all proceeds from GST recoveries that are available to the Company at the end of the voluntary administration period; and
 - cash contribution from the Deed Proponent in the sum of \$400,000 paid within six (6) months of execution of the DOCA (Deed Fund Contributions).
- The Deed Fund will be distributed as follows:
 - Firstly, the Administrators’ unpaid costs, including expenses, remuneration and disbursements;
 - Secondly, the Deed Administrators’ unpaid costs, including expenses, costs, remuneration and disbursements;
 - To discharge all priority creditor claims (former employees); and
 - The balance of funds to be distributed to the Participating Unsecured Creditors on a pari passu basis.
- The Director and related party creditors will execute Deeds of Forgiveness to forgive all claims against the Company, including but not limited to their loans reported at circa

\$5.2M. The Director and related party creditors will not participate in any distribution from the DOCA.

- All Participating Creditor claims will be extinguished as against the Company and the Director upon effectuation of the DOCA.
- The Deed Administrators will have powers to pursue recovery of debtor/retention amounts, where we note that completion of the respective projects and quantification of any resulting claims may take 12 months or more.
- Control of the Company will revert to the Director upon execution of the DOCA, with the intention that the Company will cease trading permanently and after the effectuation of the DOCA, the Company will, in due course, be de-registered.
- As a Condition subsequent to the entry into the DOCA, the Deed Proponent agrees to:
 - provide the Deed Administrators with any information reasonably requested by him;
 - provide a written update of the recovery of Trade Debtors on a monthly basis;
 - provide a signed written undertaking confirming that he will discharge the Company's debt owed to NAB with within a reasonable time, if the debt is called upon by NAB.
 - The Deed Proponent will not assert any right of subrogation to the rights of the NAB in respect of any payments he makes in satisfaction of the Company's outstanding Loan;
 - Deed Proponent will remain an "Excluded Creditor" and will not receive any distribution from the Deed Fund;
 - Grant a charge in favour of the Deed Administrators all of his rights and title to and interest in the Cremorne Property, and agrees that the Deed Administrators may lodge a caveat in respect of the Deed Administrators' interest in the Cremorne Property and maintain that caveat until all of the Deed Fund Contributions, and any other monies owing by the Proponent to the Deed Administrators pursuant to the DOCA, have been satisfied and paid in full.
- Funds to be distributed and claims to be adjudicated, as if the Company was in Liquidation.
- Relevant provisions of Schedule 8A of the Corporations Act to be adopted.
- The DOCA will terminate upon satisfaction of its terms, or if it is determined unable to achieve its objectives, including resolution of creditor or order of the Court.
- Upon completion of the DOCA, the Director intends to have the Company deregistered.

Our observations of the DOCA proposal are as follows:

- The DOCA proposal is viable, providing a more certain and likely improved return for participating creditors, as compared to Liquidation.
- The \$400K cash contribution is to be sourced by the Deed Proponent, from the sale of the Cremorne Property, which appears to have sufficient value. The Deed Proponent will grant a caveatable interest in favour of the Deed Administrators over the Cremorne Property until all monies owing pursuant to the DOCA are satisfied.
- Roswald has lodged a caveat over the Cremorne Property to secure the loans made to the Director and on lent to the Company, which exceed the value of the Cremorne Property. We are advised that the caveat in favour of the Deed Administrators will sit behind NAB's mortgage security, however Roswald and the Director have agreed that the Deed Administrator's caveat will rank ahead of Roswald's caveat interest.
- If the Deed Proponent fails to pay the Deed Fund Contributions within 6 months, this will be a material contravention and a meeting of creditors can be convened to consider termination of the DOCA.
- There is projected to be sufficient funds available to satisfy the costs and priority claims in full, with a partial return to the participating unsecured creditors.
- The Director is required to assist the Deed Administrators during the DOCA period, including to provide reasonable assistance with the recovery of the Debtors, at no cost to the DOCA.
- The relevant provisions of the Corporations Act are included, such that a variation or termination of the DOCA could be pursued if the circumstances change.

In conclusion, the proposed DOCA achieves the object of part 5.3A of the Act, in that our projections indicate that the DOCA may provide a more certain and improved return for the participating creditors, as compared to Liquidation. As such, it is our recommendation that creditors accept the proposed DOCA.

19. ESTIMATED RETURN TO CREDITORS

The likelihood of a dividend being paid to creditors will be affected by a number of factors including:

- the size and complexity of the administration.
- the amount of voidable transactions recovered and the costs of these recoveries;
- the statutory priority of certain claims and costs;
- the value of various classes of claims including secured, priority and unsecured creditor claims; and
- the volume of enquiries by creditors and other stakeholders.

Set out in **Annexure "8"** is an analysis of the estimated returns that may be available to creditors under the proposed DOCA as compared to a Liquidation scenario. Please note these figures are estimates only, and the actual results may vary materially.

In summary, the estimated return are as follows:

| | DOCA Optimistic Cents/\$ | DOCA Pessimistic Cents/\$ | Liquidation Optimistic Cents/\$ | Liquidation Pessimistic Cents/\$ |
|---------------------------------------|--------------------------------|---------------------------------|---------------------------------------|--|
| Summary of Return to Creditors | | | | |
| Secured Creditor - NAB | Not participating | Not participating | 33.59 | 0.00 |
| Priority Creditors | 100.00 | 100.00 | 100.00 | 62.86 |
| Unsecured Creditors | 16.45 | 4.34 | 4.15 | 0.00 |

We note that the above returns are estimates only, and are subject to various assumptions based on available information, which may ultimately prove to be inaccurate. As such, the returns to creditors may vary from those above. In particular, we note that the recoverable value of the debtors, and/or creditor claims from builders, will impact the return to the unsecured creditors.

In respect of the DOCA, it is anticipated that a dividend to priority (employees) could be declared within 9 months. However, noting that the projects need time to complete and/or finalise defect liability periods, thereby recover the debtors and/or quantify the damages claims from builders, the dividend to unsecured creditors may take 12-24 months.

Otherwise, in a Liquidation, any return to creditors is contingent on successfully pursuing an insolvent trading or breach of duties claim via litigation against the Director, the outcome from which is uncertain. We anticipate that such litigation may take at least 12-24 months to run, assuming funding is available.

Overall, having regard to the costs, risks and vagaries of litigation, the DOCA presents a reasonable commercial compromise. Furthermore, our estimates indicate that the proposed DOCA provides a more certain and improved return to priority and participating unsecured creditors, as compared to a Liquidation scenario where any return is uncertain and subject to litigation.

As such, it is our recommendation that the creditors support the DOCA.

20. RECOMMENDATION OF ADMINISTRATORS

Pursuant to Rule 75-225(3) of the IPR, the Administrators are required to make a statement setting out the Administrators' opinion about each of the following matters and provide their reasons for those opinions:

- Whether it would be in the Creditors' interests for the Company to execute a DOCA;
- Whether it would be in the Creditors' interests for the administration to end;
- Whether it would be in the Creditors' interests for the Company to be wound up.

We set out below our opinions as to each of these options:

20.1 DEED OF COMPANY ARRANGEMENT

Creditors may resolve that the Company should execute a DOCA.

Under the proposal, the Deed Proponent is required to contribute \$400K within six (6) months of execution of the DOCA. Furthermore, the Director and Related Party Creditors will forgive their significant loans to the Company, and not participate in any dividend from the DOCA. The DOCA proposal also provides for orderly accounting and potential recovery of any client debtor/retention amounts, which may add value to the Deed Fund for creditors.

We note that the Company has ceased to trade, and the DOCA proposal effectively represents a commercial compromise of any and all potential claims against the Director in a Liquidation scenario. The Director disputes that he has any exposure for insolvent trading or breach of duty (or other) claims, and has advised that he would defend any litigation brought by a Liquidator vigorously. In this regard, we note that pursuing litigation in a Liquidation is inherently risky and expensive. We have sought preliminary views on litigation costs, and provided creditors those herein and the range of recoveries, which may be nothing on a pessimistic basis.

Consistent with the object of Part 5.3A of the Act, our estimates indicate that the proposed DOCA provide a more certain and improved return to priority and participating unsecured creditors, as compared to a Liquidation scenario where any return is uncertain and subject to litigation.

Based on the above factors, we recommend that the creditors resolve in favour of the proposed DOCA.

20.2 ADMINISTRATION TO END

Creditors may resolve that the Administration of the Company should end and that control of the Company should be handed back to its Director.

The Company is insolvent and not expected to return to solvency without a DOCA being implemented.

We do not recommend that creditors resolve the Administration end on the basis that the Company is insolvent.

20.3 LIQUIDATION

Should creditors decide to wind up the Company, the Administration would convert to a Creditors Voluntary Liquidation and we would become the Liquidators, unless creditors resolved to appoint an alternative Liquidator.

One of the roles of the Liquidators would be to complete investigations into the reasons for the Company's failure and to identify any causes of action or voidable transaction recoveries against any entity or individual. The Liquidators are also required to report their findings to ASIC in the event that offences are identified.

Any return to unsecured creditors is dependent on the successfully pursuing recoveries from the potential insolvent trading and/or breach of duty claim(s) against the Director. As mentioned above, the Director disputes the claim and has advised that he will defend any action brought. The Director also asserts that he has a Safe Harbour defence to any insolvent trading claim, however there may be deficiencies based on the documentation we have observed. Our preliminary view is that there are prima facie claims to pursue in a Liquidation scenario, which will require litigation which is risky and will require funding to pursue. We have modelled the potential returns to creditors from that litigation, based on the available information, advice and our experience pursuing such claims.

We note that the Director has refused to provide information about his personal financial capacity, however based on our enquiries, he appears to hold assets personally. It is likely that a Liquidator may run a public examination to test potential defences and capacity to pay, before commencing proceedings. The Liquidator would also require funding, the costs for which we have included in the estimated returns. Overall, we anticipate that a Liquidator pursuing a recovery via litigation may take at least two (2) years, and there is no certainty of a return given the inherent risks in such claims, including capacity to recover once judgment is handed down.

In comparison, the DOCA proposal provides a more certain and likely improved return to priority and participating unsecured creditors.

We do not recommend that creditors resolve to wind up the Company.

21. RECEIPTS AND PAYMENTS

The receipts and payments up to date of this report are attached as "Annexure 9".

22. REMUNERATION OF ADMINISTRATORS / DEED ADMINISTRATORS / LIQUIDATORS

In compliance with the ARITA Code of Professional Practice and the requirements of the Act, we are required to provide detailed information in respect of our remuneration. We attach our Remuneration Approval Report as **Annexure “10”** which details the major tasks that have been and will be conducted in this administration. Our remuneration is calculated on the time spent by staff at hourly rates used by BRI Ferrier, as detailed in our Remuneration Matrix. This document is contained within the Remuneration Report. In addition, a schedule of hourly rates are attached as **Annexure “11”**.

To date, our remuneration has been calculated on this “Time-Cost” basis, and we propose that it continue to be calculated on this basis. The Time-Cost method for calculating remuneration reflects the cost to our firm of the work undertaken, rather than a measure of the assets realised. In our view, the Time-Cost method is the preferable basis for calculating remuneration in an engagement such as this.

For Creditors’ information, ASIC information sheets (**Annexure “12”**) that relate to specific circumstances once an insolvency practitioner is appointed to a Company and approval of remuneration can be found at the following websites:

- ▲ <http://www.asic.gov.au/insolvencyinfosheets>
- ▲ <http://www.arita.com.au/insolvency-you/insolvency-explained/insolvency-fact-sheet>

22.1 VOLUNTARY ADMINISTRATION PERIOD

Creditors will be asked to approve the Administrators’ remuneration at the Second Meeting of Creditors for the costs incurred.

Please refer to the Remuneration Approval Report, attached as **Annexure “10”** for further details.

22.2 DEED OF COMPANY ARRANGEMENT PERIOD

If creditors approve the DOCA Proposal, the Deed Proponent has fifteen (15) business days to execute the DOCA. If executed, we, Jonathon Keenan and Peter Krejci, will be appointed Deed Administrators. In those circumstances, at the forthcoming meeting, we will also seek approval for our estimated remuneration to conduct the DOCA. The attached remuneration report details an estimate of the costs likely to be incurred in the DOCA. It is an estimate only and may change depending on matters which occur during the course of the DOCA.

Please refer to the Remuneration Approval Report, attached as **Annexure “10”** for further details.

22.3 LIQUIDATION PERIOD

If the Company is placed into liquidation at the forthcoming Second Meeting of Creditors, we will be appointed Liquidators of the Company, unless creditors resolve to appoint an alternate Liquidator. We note that we have not received an alternate consent to act as Liquidator.

If we are to be appointed Liquidators, we will also seek approval for our estimated remuneration in conducting the Liquidation. The attached remuneration report details an estimate of the initial costs

likely to be incurred in a liquidation scenario. It is an interim estimate only and actual costs may be quite different, depending on the work required and/or if litigation is pursued, which may be significant. Therefore, the estimate may change depending on matters which occur during the course of the liquidation.

Please refer to the Remuneration Approval Report, attached as **Annexure “10”** for further details.

23. SECOND MEETING OF CREDITORS

The Second Meeting of Creditors will be held on **Tuesday, 24 June 2025 at 3:00PM AEST**. The formal Notice of Meeting is attached as **Annexure “1”** for your reference.

The purpose of the Second Meeting of Creditors is to enable Creditors to consider the Administrators' Report pursuant to Rule 75-225 of the IPR and to determine the Company's future.

To participate as a Creditor, you should:

- Provide us with a Proof of Debt detailing your claim to be a Creditor. Proofs of Debt are enclosed as **Annexure “2”**. If you have previously provided a proof of debt and wish to supplement it, you may do so. **Otherwise, Creditors whose proofs were accepted for voting at the First Meeting are not required to be re-lodged for the Second Meeting of Creditors.**
- Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy, copies of which is attached as **Annexure “3”**, must be in accordance with Form 532. Persons attending on behalf of a corporate entity are required to have a proxy signed on behalf of that entity. **Proxies from the First Meeting cannot be used at the Second Meeting and it is necessary for Creditors attending to submit new proxies for the Second Meeting of Creditors.**
- A specific proxy can be lodged showing approval or rejection of each proposal. Creditors, in lodging specific proxies, need to be mindful that their intended voting patterns can become academic or “contradictory” where the outcome of an earlier vote (in the order of proceedings) is determined in a way which could influence or change their intended voting. Proxy forms or facsimiles thereof must be lodged at my office by 4:00 PM one (1) business day prior to the meeting.

Virtual meeting facilities will be available, however please note that you must register at the following link: https://us06web.zoom.us/meeting/register/115lg9TEQTKVOvbZqta_kA

Upon receipt of a valid Formal Proof of Debt Form and Proxy, a different link to access the virtual meeting will be emailed to you. This link will be unique for each attendee and should not be shared with other parties.

24. QUERIES

It would be appreciated if you would consider the matters detailed in this report and please write to this office setting out full particulars if you are:

- Aware of any errors in the information contained within this report including the non-disclosure of any divisible assets; and

- ▲ Have any information that you consider is relevant for creditors' decision making or relevant information that may help assist the Administrator's investigations into the affairs of the Company.

Creditors should maintain their records in relation to the affairs of the Company and advise this office of any change of address.

Should you have any queries, the BRI Ferrier staff member responsible for this matter is as follows:

- ▲ BRI Contact: Nicole Feng
- ▲ Phone: (02) 8263 2333
- ▲ Email: Nfeng@brifnsw.com.au (preferred)
- ▲ Mailing: GPO Box 7079, Sydney NSW 2001

Yours faithfully,

ACN 610165823 PTY LTD
(ADMINISTRATORS APPOINTED)



JONATHON KEENAN
Joint and Several Administrator



**ACN 610165823 Pty Ltd
(Administrators Appointed)
ACN 610 165 823
ABN 81 610 165 823**

**Annexure "1"
Notice of Second Meeting of Creditors**

CORPORATIONS ACT 2001
Section 439A

Insolvency Practice Rules (Corporations)
75-10, 75-15 & 75-20

NOTICE OF SECOND MEETING OF CREDITORS

**ACN 610165823 PTY LTD
(ADMINISTRATORS APPOINTED)
(FORMERLY KNOWN AS "CALAN GROUP PTY LTD")
ACN 610 165 823 / ABN 81 610 165 823
("THE COMPANY")**

NOTICE is given that a Second Meeting of the Creditors of the Company will be held at the offices of BRI Ferrier, Level 26, 25 Bligh Street, Sydney NSW 2000 on **Tuesday, 24 June 2025 at 3:00 PM AEST**.

Virtual meeting facilities will be available, however please note that you must register at the following link: https://us06web.zoom.us/meeting/register/115lg9TEQTKVOvbZqta_kA

Upon receipt of a valid Formal Proof of Debt Form and Proxy, a different link to access the virtual meeting will be emailed to you. This link will be unique for each attendee and should not be shared with other parties.

A G E N D A

1. To receive the Report of the Administrators and receive questions from creditors.
2. To determine the current remuneration of the Administrators.
3. To determine the future remuneration of the Administrators.
4. For Creditors to resolve:
 - a. That the Company execute a Deed of Company Arrangement; or
 - b. That the administration should end; or
 - c. That the Company be wound up.
5. To consider the internal disbursements of the Administrators.
6. If Creditors resolve to enter into a Deed of Company Arrangement;
 - a. To consider approving the remuneration of the Deed Administrator(s); and
 - b. To consider approving the internal disbursements of the Deed Administrator(s).
7. If Creditors resolve to wind up the Company:
 - a. To consider approving the remuneration of the Liquidator(s);
 - b. To consider approving the internal disbursements of the Liquidator(s); and
 - c. To consider the early destruction of the Company books and records.

8. To consider the appointment of a Committee of Inspection.
9. To consider any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Administrators by 4:00 PM AEST on the business day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Insolvency Practice Rules (Corporations) (IPR) 75-150 & 75-155 or, if a body corporate, by a representative appointed pursuant to Section 250D of the Corporations Act 2001.

Special Instructions for Meeting

Attendees who wish to attend the meeting virtually are required to register to attend the meeting at the above link. Those wishing to attend via telephone will also be required to complete the above registration process.

You will also need to provide a Formal Proof of Debt Form (including documentation to support your claim) and proxy form, if you are a corporate creditor or wish to be represented by another person.

In accordance with IPR 75-85, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company with the Administrators and their claim has been admitted for voting purposes wholly or in part by the Administrators.

In accordance with IPR 5-5, a vote taken on a "show of hands" includes a vote taken using any electronic mechanism that indicates the intentions of a person in respect of a vote. This may include an attendee clicking a "raise a hand", or similar button, on a virtual meeting computer program, as well as verbally indicating their vote if dialling in to the meeting.

This definition is necessary to ensure that a show of hands may be used at a virtual meeting as an alternative to a poll.

DATED this 16th day of June 2025



JONATHON KEENAN
JOINT AND SEVERAL ADMINISTRATOR

BRI FERRIER
Level 26
25 Bligh Street
Sydney NSW 2000



**ACN 610165823 Pty Ltd
(Administrators Appointed)**

**ACN 610 165 823
ABN 81 610 165 823**

**Annexure "2"
Formal Proof of Debt or Claim Form**

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Joint and Several Administrators of ACN 610165823 Pty Ltd (Administrators Appointed) ACN 610 165 823

1. This is to state that the company was, on 19 May 2025 ⁽¹⁾ and still is, justly and truly indebted to⁽²⁾ (full name):

.....
(‘Creditor’)

.....
of (full address)

for \$.....dollars and.....cents.

Particulars of the debt are:

| Date | Consideration ⁽³⁾ state how the debt arose | Amount \$ | GST included \$ | Remarks ⁽⁴⁾ 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 manner of satisfaction or security for the sum or any part of it except for the following:

Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

| Date | Drawer | Acceptor | Amount \$ c | Due Date |
|------|--------|----------|-------------|----------|
| | | | | |

☐ I am **not** a related creditor of the Company ⁽⁵⁾

☐ I am a related creditor of the Company ⁽⁵⁾
relationship:

3A.^{(6)*} 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, still remains unpaid and unsatisfied.

3B.^{(6)*} I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

The External Administrators' (whether as Voluntary Administrators/Deed Administrators/Liquidators) will send and give electronic notification of documents. Please provide your email address below:

Contact Name:

Email Address:

DATED this.....day of.....2025.....

Signature of Signatory

NAME IN BLOCK LETTERS

Occupation.....

Address.....

OFFICE USE ONLY

| | | | |
|----------------------------------|-----|--|----|
| POD No: | | ADMIT (Voting / Dividend) - Ordinary | \$ |
| Date Received: | / / | ADMIT (Voting / Dividend) – Preferential | \$ |
| Entered into CORE IPS: | | Reject (Voting / Dividend) | \$ |
| Amount per CRA/RATA | \$ | Object or H/Over for Consideration | \$ |
| Reason for Admitting / Rejection | | | |
| PREP BY/AUTHORISED | | TOTAL PROOF | \$ |
| DATE AUTHORISED / / | | | |

Proof of Debt Form Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
 - (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
 - (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
 - (4) Under "Remarks" include details of vouchers substantiating payment.
 - (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
 - (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:
 - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the grey rectangle.

BRI Ferrier

**ACN 610165823 Pty Ltd
(Administrators Appointed)**

**ACN 610 165 823
ABN 81 610 165 823**

**Annexure "3"
Appointment of Proxy Form**

APPOINTMENT OF PROXY

ACN 610165823 Pty Ltd
(ADMINISTRATORS APPOINTED)
(FORMERLY KNOWN AS "CALAN GROUP PTY LTD")
ACN 610 165 823/ ABN 81 610 165 823
("THE COMPANY")

*I/*We⁽¹⁾of.....

a creditor of **ACN 610165823 Pty Ltd (Administrators Appointed)**, appoint⁽²⁾

..... or in his or her absence

as *my/our general/special proxy to vote at the Second Meeting of Creditors of the Company to be held on Tuesday, 24 June 2025 at 3:00 PM AEST, or at any adjournment of that meeting.

Please mark any boxes with an

X

Proxy Type:

☐

General

☐

Special

| | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| <u>Resolution 1:</u> <i>"That the remuneration of the Joint and Several Voluntary Administrators, their partners and staff for the period 19 May 2025 to 13 June 2025, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 16 June 2025, be fixed and approved at \$141,687.00 (plus GST), and that the Joint and Several Voluntary Administrators be authorised to draw that amount."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Resolution 2:</u> <i>"That the remuneration of the Joint and Several Voluntary Administrators, their partners and staff for the period 14 June 2025 to 24 June 2025 be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 16 June 2025 and approved to an interim cap of \$30,313.00 (plus GST), and that the Joint and Several Voluntary Administrators be authorised to draw that amount as and when incurred."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Resolution 3:</u> <i>"That the Joint and Several Voluntary Administrators be allowed internal disbursements from 19 May 2025 to the conclusion of the Voluntary Administration at the rates of charge in the Voluntary Administrators' Remuneration Approval Report dated 16 June 2025, up to an amount of \$2,000.00 (plus GST) and that the Joint and Several Voluntary Administrators be authorised to draw that amount as accrued."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | |
|--|--------------------------|--------------------------|--------------------------|
| <u>Resolution 4⁽³⁾:</u> <i>"That the Company execute a Deed of Company Arrangement."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Resolution 5⁽³⁾:</u> <i>"That the Voluntary Administration should end."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Resolution 6⁽³⁾:</u> <i>"That the Company be wound up."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>If creditors resolve that the Company execute a Deed of Company Arrangement:</u> | | | |
| <u>Resolution 7:</u> <i>"That the remuneration of the Joint and Several Voluntary Administrators, their partners and staff for the period 25 June 2025 to execution of the DOCA, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 16 June 2025, and approved to an interim cap of \$23,000.00 (plus GST), and that the Joint and Several Voluntary Administrators be authorised to draw that amount as and when incurred."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Resolution 8:</u> <i>"That the remuneration of the Joint and Several Deed Administrators, their partners and staff from the execution of the DOCA to the finalisation of DOCA, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 16 June 2025, and approved to an interim cap of \$90,000.00 (plus GST), and that the Joint and Several Deed Administrators be authorised to draw that amount as and when incurred."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Resolution 9:</u> <i>"That the Joint and Several Deed Administrators be allowed internal disbursements from the date of the execution of the Deed of Company Arrangement to the conclusion of the Deed of Company Arrangement at the rates of charge annexed to the Voluntary Administrators' Remuneration Approval Report dated 16 June 2025, up to an amount of \$2,000.00 (plus GST) and that the Joint and Several Deed Administrators be authorised to draw that amount as accrued."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>If creditors resolve that the Company be wound up:</u> | | | |
| <u>Resolution 10:</u> <i>"That the remuneration of the Joint and Several Liquidators, their partners and staff for the period 24 June 2025 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators' Second Report to Creditors dated 16 June 2025, and approved to an interim cap of</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

| | | | |
|---|--------------------------|--------------------------|--------------------------|
| <i>\$200,000.00 (plus GST), and that the Joint and Several Liquidators be authorised to draw that amount as and when incurred."</i> | | | |
| <u>Resolution 11:</u> <i>"That the Joint and Several Liquidators be allowed internal disbursements for the period 24 June 2025 to the conclusion of the Liquidation at the rates of charge annexed to the Voluntary Administrators' Remuneration Approval Report dated 16 June 2025, up to an amount of \$2,000.00 (plus GST) and that the Joint and Several Liquidators be authorised to draw that amount as accrued."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| <u>Resolution 12:</u> <i>"That subject to the consent of the Australian Securities & Investments Commission, the Liquidators be approved to destroy the books and records of the Company at any time after the dissolution of the Company."</i> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

INSTRUCTIONS FOR COMPLETING:

- * Strike out if inapplicable.
- (1) Insert name and address. If a firm, strike out "I" and set out the full name of the firm.
 - (2) Insert the name, address and description of the person appointed.
 - (3) You may only vote in "favour" for one of these 2 resolutions relating to the future of the Company. You must vote "against" the other 1 resolution.
-

DATED thisday of 2025

Signature: _____

Print Name: _____

Capacity/Role: _____

Contact Telephone: _____

Proxies should be returned to the offices of BRI Ferrier by 4.00 PM AEST one (1) business day prior to the meeting by email to: nfeng@brifnsw.com.au

CERTIFICATE OF WITNESS – (This certificate is to be completed only if the person giving the proxy is blind or incapable of writing)

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.

DATED thisday of 2025

Signature of Witness:

Description:

Place of Residence:

The logo for BRI Ferrier, featuring the text "BRI Ferrier" in white on a dark grey rectangular background. A green triangle is positioned at the bottom right corner of the grey rectangle.

BRI Ferrier

**ACN 610165823 Pty Ltd
(Administrators Appointed)**

**ACN 610 165 823
ABN 81 610 165 823**

**Annexure "4"
Comparative Balance Sheets**

| ACN 610165823 Pty Ltd | | | | |
|--|---|---|---|---|
| A.C.N. 610 165 823 | | | | |
| Balance Sheet | | | | |
| For the Financial Years Ended 30 June 2022 to 30 June 2024 and Part-Year Ended 19 May 2025 | | | | |
| | External Year Ended 30-Jun-22 (\$) | External Year Ended 30-Jun-23 (\$) | Management Year Ended 30-Jun-24 (\$) | Management Period Ended 19-May-25 (\$) |
| ASSETS | | | | |
| CURRENT ASSETS | | | | |
| Cash at Bank - Calan Group - Bank Account | 1,413.00 | 510,464.00 | 306,028.67 | 7,445.36 |
| Cash at Bank - Calan GST Control Account | 1,722.00 | 4,762.00 | 67,113.46 | 114.76 |
| Bank Guarantee | 11,563.00 | 11,563.00 | 11,562.50 | 11,562.50 |
| Cash on Hand | 10.00 | 10.00 | 10.00 | 10.00 |
| Cash at Bank - BRI Ferrier Holding Account | | | 0.00 | 523,000.00 |
| Trade Receivables | 786,378.00 | 1,206,619.00 | 1,514,308.47 | 1,339,337.27 |
| Loan, Unsecured - QVR Holdings Pty Ltd | 4,046.00 | 5,546.00 | 0.00 | |
| Suspense | | | 0.00 | 22,000.00 |
| Prepayments | | | 0.00 | |
| TOTAL CURRENT ASSETS | 805,131.00 | 1,738,963.00 | 1,899,023.10 | 1,903,469.89 |
| NON-CURRENT ASSETS | | | | |
| Vehicles at Cost | 166,065.00 | 497,197.00 | 568,744.00 | 542,854.31 |
| Less: Accumulated Depreciation of Vehicles | (36,702.00) | (70,663.00) | (130,329.42) | (117,377.68) |
| Computer & Office Equipment | 15,497.00 | 26,658.00 | 38,866.21 | 38,866.21 |
| Less: Accumulated Depreciation on Computer Eq | (11,249.00) | (16,965.00) | (23,466.67) | (23,466.67) |
| Furniture | 9,259.00 | 10,127.00 | 10,126.63 | 10,126.63 |
| Less: Accumulated Depreciation on Furniture | (5,924.00) | (6,644.00) | (7,259.18) | (7,259.18) |
| Machinery at Cost | 0.00 | 0.00 | 9,125.40 | 9,125.40 |
| Less: Accumulated Depreciation of Machinery | 0.00 | 0.00 | (910.05) | (910.05) |
| TOTAL NON-CURRENT ASSETS | 136,946.00 | 439,709.00 | 464,896.92 | 451,958.97 |
| TOTAL ASSETS | 942,077.00 | 2,178,672.00 | 2,363,920.02 | 2,355,428.86 |
| LIABILITIES | | | | |
| CURRENT LIABILITIES | | | | |
| Trade Payables | 546,820.00 | 880,802.00 | 1,862,827.34 | 1,359,645.34 |
| Other Creditors | 91,535.00 | 21,160.00 | 0.00 | |
| Loan Unsecured- From QVR for Payroll Tax Thresl | 22,455.00 | 21,683.00 | 15,131.47 | 1,260.93 |
| Loan Unsecured - QVR Holdings Pty Ltd | | | 30,307.14 | 25,511.14 |
| Loan Unsecured - QVR Technologies Pty Ltd | | | 4,425.68 | 4,425.68 |
| Master Credit Card | | | 10,672.36 | 7,936.89 |
| Default Account - Rounding | | | 0.00 | 0.31 |
| Suspense | | | 17,813.05 | |
| Superannuation Payable | 7,366.00 | 14,735.00 | 89,409.33 | 32,722.56 |
| Wages Payable - Payroll | 0.00 | 0.00 | 48,864.91 | |
| Annual and RDO Leave Provisions | 116,986.00 | 162,330.00 | 145,026.17 | 117,591.12 |
| PAYG Withholdings Payable | 32,770.00 | 69,045.00 | 78,535.00 | 128,196.00 |
| ATO Loan - BAS Provision | | | 0.00 | 39,971.26 |
| GST | 70,288.00 | 103,595.00 | (32,988.70) | 98,662.27 |
| Payroll Tax Liability | 4,826.00 | 27,005.00 | 143,121.54 | 25,003.06 |
| Employee Expense Claim Reimbursement | | | 0.00 | 61.51 |
| Motor Vehicle Liability and Interest | 23,160.00 | 65,846.00 | 76,183.43 | 10,160.08 |
| TOTAL CURRENT LIABILITIES | 916,208.00 | 1,366,204.00 | 2,489,328.72 | 1,851,148.15 |
| NON CURRENT LIABILITIES | | | | |
| Loan, Unsecured - QVR Communications Pty Ltd | 4,426.00 | 4,426.00 | 0.00 | 0.00 |
| Loan, Unsecured - Roswald | 600,000.00 | 0.00 | 700,000.00 | 2,850,000.00 |
| Loan, Unsecured - Sherco Pty Ltd | 0.00 | 0.00 | 200,000.00 | 0.00 |
| Motor Vehicle Non-current Liability and Interest | 84,006.00 | 353,580.00 | 345,253.23 | 345,253.23 |
| Craig Funds Introduced | 89,704.00 | 1,372,169.00 | 2,227,479.74 | 2,334,472.50 |
| TOTAL NON CURRENT LIABILITIES | 778,136.00 | 1,730,174.00 | 3,472,732.97 | 5,529,725.73 |
| TOTAL LIABILITIES | 1,694,343.00 | 3,096,379.00 | 5,962,061.69 | 7,380,873.88 |
| NET ASSETS | (752,266.00) | (917,707.00) | (3,598,141.67) | (5,025,445.02) |
| EQUITY | | | | |
| Issued Capital | 10.00 | 10.00 | 10.00 | 10.00 |
| Retained Earnings | (393,836.00) | (752,276.00) | (900,794.34) | (3,598,151.63) |
| Current Year Earnings | (358,440.00) | (165,441.00) | (2,697,357.29) | (1,427,303.39) |
| TOTAL EQUITY | (752,266.00) | (917,707.00) | (3,598,141.63) | (5,025,455.02) |



**ACN 610165823 Pty Ltd
(Administrators Appointed)
ACN 610 165 823
ABN 81 610 165 823**

**Annexure "5"
Comparative Profit and Loss
Statements**

ACN 610165823 Pty Ltd
A.C.N. 610 165 823
Comparative Profit and Loss Statements
For the Financial Years Ended 30 June 2022 to 30 June 2024 and Part-Year Ended 19 May 2025

| | External Year Ended 30-Jun-22 (\$) | External Year Ended 30-Jun-23 (\$) | External Year Ended 30-Jun-24 (\$) | Management Period Ended 19-May-25 (\$) |
|---|---|---|---|---|
| Income | | | | |
| Project Revenue (Progress Claims) | 2,782,393.00 | 6,404,180.00 | 12,902,686.00 | 5,821,148.18 |
| Project Variations Revenue | 0.00 | 0.00 | 0.00 | 1,385,540.31 |
| Services & Maintenance | 19,480.00 | 65,048.00 | 306,347.00 | 99,280.51 |
| Sub Invoicing to CC & QVR | 24,554.00 | 3,040.00 | 20,024.00 | 25,638.20 |
| OTH - Cost Recovery Fees | 0.00 | 0.00 | 0.00 | 184,781.94 |
| OTH - Interest Income | 0.00 | 0.00 | 0.00 | 8,570.35 |
| OTH - Other Revenue | 0.00 | 0.00 | 0.00 | 75,441.80 |
| Less: Cost of Goods Sold | | | | |
| Material Costs | (1,580,782.00) | (3,251,931.00) | (9,954,649.00) | (5,358,207.86) |
| Salaries & Wages | (1,434,476.00) | (2,941,384.00) | (4,967,281.00) | (2,907,546.29) |
| Sub Contract Labour Costs | (11,925.00) | (205,695.00) | (663,871.00) | (163,963.32) |
| Gross Profit | (200,756.00) | 73,258.00 | (2,356,745.00) | (829,316.18) |
| OTH - Interest Income | 1,210.00 | 4,378.00 | 10,753.00 | 0.00 |
| OTH - Profit/(Loss) on Disposal of Non-Current Assets | 213.00 | 0.00 | (8,860.00) | 132.29 |
| OTH - JobSaver Subsidy | 173,876.00 | 0.00 | 0.00 | 0.00 |
| OTH - Other Revenue | 81,109.00 | 350,468.00 | 142,082.00 | 0.00 |
| OTH - QVR Cost Recovery Fees | 103,620.00 | 113,443.00 | 147,960.00 | 0.00 |
| Total Income | 159,271.00 | 541,546.00 | (2,064,810.00) | (829,183.89) |
| Expenses | | | | |
| Fees & Charges | 173,227.00 | 240,862.00 | 309,186.00 | 257,560.13 |
| Industry Expenses | 109,031.00 | 79,892.00 | 129,105.00 | 120,778.67 |
| Marketing | 13,468.00 | 11,387.00 | 9,655.00 | 5,300.89 |
| Motor Vehicle | 11,652.00 | 11,188.00 | 7,981.00 | 8,412.28 |
| Office Expenses | 78,542.00 | 186,669.00 | 220,019.00 | 181,199.78 |
| Salaries & Wages | 129,502.00 | 169,414.00 | 172,254.00 | 23,395.47 |
| Travel & Accomodation | 2,288.00 | 7,576.00 | 4,347.00 | 1,472.28 |
| Total Expenses | 517,711.00 | 706,988.00 | 852,547.00 | 598,119.50 |
| Profit / (Loss) Before Income Tax | (358,440.00) | (165,441.00) | (2,917,357.00) | (1,427,303.39) |
| Income Tax Expense | 0.00 | 0.00 | 0.00 | 0.00 |
| Profit / (Loss) After Income Tax | (358,440.00) | (165,441.00) | (2,917,357.00) | (1,427,303.39) |



**ACN 610165823 Pty Ltd
(Administrators Appointed)
ACN 610 165 823
ABN 81 610 165 823**

**Annexure "6"
Deficiency Statement**

| ACN 610165823 Pty Ltd (Administrators Appointed) | | | | |
|--|---|---------------------------------------|--------------------------------|--------------------|
| | Book Value as at 19/05/2025 (\$) | Director's ERV (per ROCAP) (\$) | Administrators' ERV (\$) | Deficiency (\$) |
| Assets | | | | |
| Cash and Cash Equivalents | 530,570 | 583,000 | 523,000 | |
| Trade Debtors | 1,339,337 | 1,286,175 | 69,598 | |
| Bank Guarantee | 11,563 | - | - | |
| Motor Vehicles | 425,477 | 307,500 | 224,500 | |
| PPE | 26,482 | 56,000 | 10,100 | |
| Suspense Assets | 22,000 | - | - | |
| Total Assets | 2,355,429 | 2,232,675 | 827,198 | |
| Liabilities | | | | |
| Secured Creditors | | | | |
| NAB | - | 391,268 | 396,730 | |
| Other Secured Creditors | 355,413 | | 401,922 | |
| Priority Creditors | 150,314 | 497,472 | 497,472 | |
| Unsecured Creditors | - | | | |
| Statutory Creditors | 291,833 | - | 291,833 | |
| Related Party Creditors | 5,215,670 | 5,223,805 | 5,223,805 | |
| Other Unseucred Creditors | 1,367,644 | 1,268,080 | 1,268,080 | |
| Contract damages claims | - | - | 1,350,700 | |
| Landlords damages claims | - | - | 110,646 | |
| Total Liabilities | 7,380,874 | 7,380,625 | 9,541,187 | |
| Estimated Net Asset / (Deficiency) | (5,025,445) | (5,147,950) | (8,713,989) | 8,713,989 |

ACN 610165823 Pty Ltd (Administrators Appointed)

Deficiency Statement

| | Amount (\$) | Amount (\$) |
|---|-------------|------------------|
| Deficiency of Assets to Liabilities | | 8,713,989 |
| Plus: Contributed Equity | - | 10 |
| Estimated Total Deficiency of Assets to meet Liabilities | | 8,713,999 |

These losses are represented by:

a) Accumulated Losses

| | | |
|--|-----------|------------------|
| Accumulated Loss as at 19 May 2025 | 3,598,152 | |
| Current Year Earning as at 19 May 2025 | 1,427,303 | 5,025,455 |

b) Estimated Loss on Realisation of Assets

| Asset | Book Value as at 19/05/2025 (\$) | Administrators' ERV (\$) | Loss on Realisation (\$) | |
|---------------------------|---|--------------------------------|--------------------------------|------------------|
| Cash and Cash Equivalents | 530,570 | 523,000 | 7,570 | |
| Trade Debtors | 1,339,337 | 69,598 | 1,269,739 | |
| Bank Guarantee | 11,563 | - | 11,563 | |
| Motor Vehicles | 425,477 | 224,500 | 200,977 | |
| PPE | 26,482 | 10,100 | 16,382 | |
| Suspense Assets | 22,000 | - | 22,000 | |
| Total | 2,355,429 | 827,198 | 1,528,230 | 1,528,230 |

c) Increase in Creditor Claims not disclosed in Balance Sheet

| Liabilities | Book Value as at 19/05/2025 (\$) | Administrators' ERV (\$) | Unreported Liabilities (\$) | |
|---------------------------|---|--------------------------------|-----------------------------------|------------------|
| NAB | - | 396,730 | 396,730 | |
| Other Secured Creditors | 355,413 | 401,922 | 46,508 | |
| Priority Creditors | 150,314 | 497,472 | 347,158 | |
| Unsecured Creditors | - | - | - | |
| Statutory Creditors | 291,833 | 291,833 | - | |
| Related Party Creditors | 5,215,670 | 5,223,805 | 8,135 | |
| Other Unseucred Creditors | 1,367,644 | 1,268,080 | (99,564) | |
| Contract damages claims | - | 1,350,700 | 1,350,700 | |
| Landlords damages claims | - | 110,646 | 110,646 | |
| Total | 7,380,874 | 9,541,187 | 2,160,313 | 2,160,313 |

| | | |
|----------------------------|--|------------------|
| Deficiency as Above | | 8,713,999 |
|----------------------------|--|------------------|



**ACN 610165823 Pty Ltd
(Administrators Appointed)
ACN 610 165 823
ABN 81 610 165 823**

**Annexure "7"
Deed of Company Arrangement
Proposal**

Deed of Company Arrangement Proposal – Return of company to Director

Date: 16 June 2025

| | |
|----------------------------|---|
| Company | ACN 610165823 Pty Limited (Administrator Appointed) ACN 610 165 823 |
| Deed Administrators | Jonathon Keenan and Peter Krejci |
| Administrators | Deed Administrators |
| Deed Proponent | Craig Ironside |

This document is drafted under s444(A) of the *Corporations Act 2001* (Cth) (**Act**) and sets out the principal terms and conditions of the Deed of Company Arrangement (**DOCA**) for the Company. For the record, the intention is that the DOCA will establish a Deed Fund for distribution to participating creditors of the Company.

The purpose of the DOCA is to provide creditors with a more certain and an improved return, as compared to a winding up of the Company.

The terms of this proposal:

- A. are not exhaustive;
- B. are subject to the parties signing a detailed and legally binding DOCA; and
- C. are not intended to be legally binding on the parties.

| DOCA Terms and Conditions | | |
|---------------------------|------------------------|--|
| Company Control | | |
| 1. | Company control | Control of the Company will revert to the director of the Company upon execution of the DOCA with the intention that: <ul style="list-style-type: none">(a) it will cease trading permanently; and(b) after the effectuation of the DOCA, the company will, in due course, be de-registered. |
| Deed Fund | | |
| 2. | Composition | The Deed Fund will comprise of: <ul style="list-style-type: none">(a) the Company's cash at bank held by the Administrators at the end of the voluntary administration period;(b) all proceeds from Debtors (meaning all amounts owed to the Company, including but not limited to the current retentions held by clients) at the end of the voluntary administration period; |

| | | |
|----------------------------|--|--|
| | | <p>(c) all realisable plant and equipment of the Company which is yet to be sold at the end of the voluntary administration period;</p> <p>(d) the Motor Vehicles and the 2014 Hyundai iLoad bearing Registration Number CB 27 RK referred to under clause 13;</p> <p>(e) all proceeds from GST recoveries that are available to the Company at the end of the voluntary administration period; and</p> <p>(f) cash contribution from the Deed Proponent in the sum of \$400,000 paid within 6 months of execution of the DOCA (Deed Fund Contributions), noting that the Deed Fund Contribution will be paid from the settlement proceeds from the sale of Cremorne Property.</p> |
| 3. | Distribution priority | <p>Subject to the statutory priority regime, the Deed Fund will be distributed by the Deed Administrators in accordance with the following order of priority:</p> <p>(a) to the Administrators and Deed Administrators for any amount which they are entitled to be paid under the DOCA (even though they may have ceased to be an Administrators or Deed Administrators), including all debts and liabilities incurred by them during the administration and deed administration of the Company; then</p> <p>(b) to the Employees of the Company (which does not include the Related Party Employee) in respect of their statutory entitlements, including any superannuation contributions and redundancy payments that accrued before appointment of the Voluntary Administrator; and then</p> <p>(c) to the unsecured creditors of the Company, on a pari passu basis.</p> |
| Deed Administrators | | |
| 4. | Powers under Corporations Regulations | <p>(a) The Deed Administrators will have all powers set out in paragraph 2 of Schedule 8A of the <i>Corporations Regulations 2001</i> (Cth) to the extent necessary to fulfil their responsibilities and exercise their powers under the DOCA.</p> <p>(b) In addition, the Deed Administrators will have all the powers of a voluntary administrator appointed under section 436A of the <i>Corporations Act 2001</i> (Cth), including the powers to:</p> <p>(i) novate, assign, release or terminate a contract of the Company; and</p> |

| | | |
|-----------------------------|--------------------------------|---|
| | | (ii) in their discretion, exercise the Company's rights under the <i>Building and Construction Industry Security of Payment Act 1999</i> (NSW), including but not limited to issuing any payment claim or lodging an adjudication application. |
| Director | | |
| 5. | Director's undertaking | <p>The Director undertakes during the DOCA to</p> <ul style="list-style-type: none"> (a) use his best endeavours to ensure that the Company remains solvent and compliant in terms of all reporting and regulatory requirements with the Commissioner of Taxation, Office of State Revenue New South Wales and any other federal or state authority; (b) provide all reasonable assistance to the Deed Administrators, at no cost to the Company, to assist with the collection of all debtors of the Company; (c) carry out and perform such operations, functions, powers and other matters as may be delegated to him by the Deed Administrators. |
| Creditors and Claims | | |
| 6. | Creditors | Subject to the Act, the DOCA binds all parties (Creditors) with a debt or a claim against the Company, whether present or future, certain or contingent, due or to become due, liquidated or unliquidated or sounding only in damages, being debts or claims the circumstances giving rise to which occurred on or before the appointment date and would have been provable against the Company if it had gone into liquidation on that date provided they are not Excluded Creditors |
| 7. | Excluded Creditors | <p>Each of the following groups will be Excluded Creditors:</p> <ul style="list-style-type: none"> (a) National Australia Bank; and (b) Related Party Creditors; <p>Related Party Creditors are:</p> <ul style="list-style-type: none"> (c) Roswald Pty Limited; (d) Craig Alan Ironside; and (e) QVR Technologies Pty Limited |
| 8. | Related Party Employees | <p>The Related Party Employee acknowledges that he will not be able to prove in the DOCA and that any rights which they have is otherwise deferred until following the effectuation of the DOCA.</p> <p>Related Party Employee is:</p> <ul style="list-style-type: none"> (a) Craig Alan Ironside |
| 9. | Claims extinguished | If the Deed Administrators have paid to the Creditors their full entitlements under the DOCA, all claims of Creditors are |

| | | |
|--------------------|--|--|
| | | extinguished. Creditors must accept their entitlements under the DOCA in full satisfaction and complete discharge of all debts or claims existing at the relevant date, being the date the Company entered into voluntary administration and must if called upon to do so, execute and deliver to the Company such forms of release of any such claim as the Deed Administrators may require. |
| 10. | Creditors' meetings | The Deed Administrators may convene a meeting of creditors pursuant to section 445F of the Act at any time to consider whether the DOCA should be terminated, and the Company be wound up if in the Deed Administrators' opinion, acting reasonably, the DOCA cannot be given effect to in accordance with its terms. |
| 11. | Unsecured creditors | The Deed Administrators will endeavour to declare a dividend to participating creditors as soon as practicable. |
| Other Terms | | |
| 12. | Condition precedent | As a Condition precedent to effectuation of the DOCA, the Deed Proponent and each of the Related Party Creditors will execute a Deed of Forgiveness releasing the Company from their respective claims, in full, upon effectuation of the DOCA. |
| 13. | Purchase and Assignment of Leases of Motor Vehicles | <p>(a) The Deed Proponent will take all reasonable steps to have the obligations of the Company in respect of motor vehicles:</p> <ul style="list-style-type: none"> (i) 2016 Volkswagen Amarok bearing Registration Number DFA 28S; (ii) 2021 LDV G10 bearing Registration Number EVC 30Y; (iii) 2023 Mitsubishi Triton bearing Registration Number YMH 35S; (iv) 2021 Ford Ranger bearing Registration Number EQO 60K; and (v) 2019 Mitsubishi Triton bearing Registration Number EJJ 23S <p>(Motor Vehicles)</p> <p>assigned to the Deed Proponent, or to an entity nominated by him. Upon the assignment, the Company will cease to have any interest in the Motor Vehicles.</p> <p>(b) Once the above assignment has been effected, the Deed Proponent (or the relevant nominated entity) will:</p> <ul style="list-style-type: none"> (i) take possession and control of the vehicle and assume the financial obligations of the Company under the relevant leases owed to the leasing parties; and |

| | | |
|------------|-----------------------------|---|
| | | <ul style="list-style-type: none"> (ii) indemnify the Deed Administrators from any loss or damage arising out of or in connection with the assignment and operation of the Motor Vehicles. <p>(c) If for some reason the leasing parties (if applicable) refuses to assign any of the Motor Vehicles from the Company, then:</p> <ul style="list-style-type: none"> (i) the lease between the Company and the leasing party which relates to that specific vehicle will terminate and the leasing party shall be entitled to collect the vehicle; and (ii) to the extent that the leasing party has a shortfall against the Company, the leasing party may prove as a participating creditor under the DOCA. <p>(d) The Deed Proponent (or his nominated entity) wishes to acquire the 2014 Hyundai iLoad bearing Registration Number CB 27 RK from the Company and the purchase price of \$8,000 plus GST is to be paid into the Deed Fund.</p> <p>(e) Whilst the negotiations regarding the assignment of the Motor Vehicles and the sale of the 2014 Hyundai iLoad bearing Registration Number CB 27 RK are ongoing, QVR Technologies Pty Limited agrees to:</p> <ul style="list-style-type: none"> (i) pay the Company an ongoing licence fee for the use of the Motor Vehicles and the 2014 Hyundai iLoad bearing Registration Number CB 27 RK in the amount of \$2,000 plus GST per week plus all operating costs, which is to be paid into the Deed Fund; and (ii) indemnify the Deed Administrators from any loss or damage arising out of or in connection with the use of the Motor Vehicles, pending completion of the assignment or sale contemplated under this clause. |
| 14. | Condition subsequent | <p>As a Condition subsequent to the entry into the DOCA, the Deed Proponent agrees to:</p> <ul style="list-style-type: none"> (a) provide the Deed Administrators with any information reasonably requested by him; (b) provide a written update of the recovery of Trade Debtors on a monthly basis; (c) provide a signed written undertaking confirming that: <ul style="list-style-type: none"> (i) he will take all reasonable and necessary steps to personally satisfy the Company's debt to the National Australia Bank within a reasonable time, pursuant to the personal guarantee provided in support of the Company's Loan, if the guarantee is ultimately called upon by the National Australia Bank. Those steps may include selling the secured asset or refinancing the debt to National Australia |

| | | |
|------------|---------------------------|---|
| | | <p>Bank, which is currently subject of a mortgage in favour of the National Australia Bank as security under the guarantee;</p> <p>(ii) he will not assert any right of subrogation to the rights of the National Australia Bank in respect of any payments he makes in satisfaction of the Company's outstanding Loan;</p> <p>(iii) he will remain an "Excluded Creditor" and will not receive any distribution from the Deed Fund;</p> <p>(d) in order to secure the due and punctual payment of the Deed Fund Contributions and performance of the financial obligations set out at paragraph 2(f) above, charge in favour of the Deed Administrators all of his rights and title to and interest in the Cremorne Property (being the property situated at Unit 22, 29 – 35 Gerard Street, Cremorne), and agrees that the Deed Administrators may lodge a caveat in respect of the Deed Administrators' interest in the Cremorne Property and maintain that caveat until all of the Deed Fund Contributions, the financial obligations set out at paragraph 2(f), and any other monies owing by the Proponent to the Deed Administrators pursuant to the DOCA, have been satisfied and paid in full.</p> |
| 15. | Indemnity | The Administrators (and, as relevant, Deed Administrators) will be entitled to be indemnified out of, and will have a lien over the Deed Fund for their remuneration and expenses for work done in the performance of their duties as Administrators and/or Deed Administrators of the Company. |
| 16. | Tax and reporting | During the period of the DOCA, the Company will comply with its ongoing statutory obligations in respect of monetary and reporting requirements with the Commissioner of Taxation, Office of State Revenue New South Wales and any other federal or state authority. |
| 17. | Independent advice | The Deed Proponent acknowledges that he has obtained, or had a reasonable opportunity to obtain, independent tax and legal advice prior to making this proposal for a DOCA. |
| 18. | Effectuation | On effectuation of the DOCA, all claims of participating creditors will be released, discharged and extinguished as against the Company and the director. |

Executed by

Executed by Deed Proponent



Signature of Craig Alan Ironside by his
Power of Attorney Stephen Alan Ironside

16/6/2025
Date



**ACN 610165823 Pty Ltd
(Administrators Appointed)
ACN 610 165 823
ABN 81 610 165 823**

**Annexure "8"
Estimated Outcome Statement**

| ACN 610165823 Pty Ltd (Administrators Appointed) Estimated Outcome Statement | | | | | | |
|---|--------------------|--------------------------------|---------------------------------|---------------------------------------|--|--|
| | Book Value (\$) | DOCA Optimistic (\$) | DOCA Pessimistic (\$) | Liquidation Optimistic (\$) | Liquidation Pessimistic (\$) | |
| Non-Circulating Assets | | | | | | |
| PPE | 26,482 | 15,000 | 10,100 | 15,000 | 10,100 | |
| Bank Guarantees | 11,563 | - | - | - | - | |
| Motor Vehicles | 425,477 | 244,500 | 224,500 | 244,500 | 224,500 | |
| Less: PMSI Creditors | | (430,000) | (401,922) | (430,000) | (401,922) | |
| Less: Costs of Realisation | | (4,750) | (4,015) | (4,750) | (4,015) | |
| Less: Return to NAB | | Not participating | Not participating | - | - | |
| Surplus/(Deficiency) from Non-Circulating Assets | 463,521 | (175,250) | (171,337) | (175,250) | (171,337) | |
| | | | | | | |
| Circulating Assets | | | | | | |
| Cash and Cash Equivalents | 530,570 | 523,000 | 523,000 | 523,000 | 523,000 | |
| Debtors | 1,339,337 | 278,394 | 69,598 | 278,394 | 69,598 | |
| Suspense Account | 22,000 | - | - | - | - | |
| Less: Debtor Recoveries - Legal Fees | | (50,000) | (30,000) | (50,000) | (30,000) | |
| Less: Administrators' Remuneration | | (160,000) | (200,000) | (160,000) | (200,000) | |
| Less: Administrators' Legal Fees | | (60,000) | (70,000) | (60,000) | (70,000) | |
| Less: Costs of Realisation & Distribution - DOCA/Liq Rem | | (50,000) | (60,000) | (50,000) | (60,000) | |
| Less: Return to Priority Creditors | | (348,148) | (232,598) | (348,148) | (232,598) | |
| Less: Return to NAB | | Not participating | Not participating | (133,245) | - | |
| Surplus/(Deficiency) from Circulating Assets | 1,891,907 | 133,245 | - | - | - | |
| | | | | | | |
| Trading Costs | | | | | | |
| Licence Fees Income | | 22,000 | 22,000 | 16,000 | 16,000 | |
| Less: Estimated Operating Costs | | (59,186) | (54,186) | (59,186) | (54,186) | |
| Surplus/(Deficiency) from Trading Costs | | (37,186) | (32,186) | (43,186) | (38,186) | |
| | | | | | | |
| Deed Fund | | | | | | |
| DOCA Contribution | | 400,000 | 400,000 | N/A | N/A | |
| Deed Fund Total | | 400,000 | 400,000 | - | - | |
| | | | | | | |
| Recoveries in Liquidation | | | | | | |
| Voidable Transactions | | N/A | N/A | 180,000 | - | |
| Breach of Director Duties Claims | | N/A | N/A | 1,200,000 | - | |
| Insolvent Trading Claims | | N/A | N/A | | - | |
| Total Recoveries | | - | - | 1,380,000 | - | |
| | | | | | | |
| Deed Administration Costs | | | | | | |
| Deed Administrators' Remuneration | | 20,000 | 30,000 | N/A | N/A | |
| Deed Administrators' Legal Fees | | 20,000 | 30,000 | N/A | N/A | |
| Accounting Fees | | 8,000 | 10,000 | N/A | N/A | |
| Liquidation Costs | | | | | | |
| Liquidators' Remuneration | | N/A | N/A | 200,000 | 90,000 | |
| Liquidators' Legal Fees | | N/A | N/A | 300,000 | - | |
| Litigation Funder (40% of recovery) | | N/A | N/A | 480,000 | - | |
| Accounting Fees | | N/A | N/A | 10,000 | - | |
| Total Administration Costs | | 48,000 | 70,000 | 990,000 | 90,000 | |
| | | | | | | |
| Estimated Surplus Available for Priority Creditors | | 448,059 | 297,814 | 346,814 | (128,186) | |
| | | | | | | |
| Priority Creditors | | | | | | |
| Residual Priority Creditors Claims | 150,314 | - | 137,402 | - | 137,402 | |
| Total Priority Creditors | 150,314 | - | 137,402 | - | 137,402 | |
| | | | | | | |
| Estimated Surplus Available for Unsecured Creditors | | 448,059 | 160,413 | 346,814 | (265,587) | |
| | | | | | | |
| Unsecured Creditors | | | | | | |
| Residual NAB Secured Claim | - | Not participating | Not participating | 263,485 | 396,730 | |
| Residual Other Secured Creditors Claims | 355,413 | 185,500 | 177,422 | 185,500 | 177,422 | |
| Residual Excluded Employees Claims | - | Not participating | Not participating | 149,324 | 149,324 | |
| Statutory Creditors | 291,833 | 291,833 | 291,833 | 291,833 | 291,833 | |
| Trade Creditors | 1,367,644 | 1,268,080 | 1,268,080 | 1,268,080 | 1,268,080 | |
| Contract Damages Claims | - | 675,350 | 1,350,700 | 675,350 | 1,350,700 | |
| Landlord Damages Claims | - | 52,658 | 110,646 | 52,658 | 110,646 | |
| Related Party Creditors | 5,215,670 | Not participating | Not participating | 5,223,805 | 5,223,805 | |
| Contingency | - | 250,000 | 500,000 | 250,000 | 500,000 | |
| Total Unsecured Creditors | 7,230,560 | 2,723,421 | 3,698,680 | 8,360,034 | 9,468,539 | |
| | | | | | | |
| Estimated Surplus/(Shortfall) | (5,025,445) | (2,275,361) | (3,538,267) | (8,013,220) | (9,734,126) | |
| | | | | | | |
| Summary of Return to Creditors | | DOCA Optimistic Cents/\$ | DOCA Pessimistic Cents/\$ | Liquidation Optimistic Cents/\$ | Liquidation Pessimistic Cents/\$ | |
| Secured Creditor - NAB | | Not participating | Not participating | 33.59 | 0.00 | |
| Priority Creditors | | 100.00 | 100.00 | 100.00 | 62.86 | |
| Unsecured Creditors | | 16.45 | 4.34 | 4.15 | 0.00 | |



**ACN 610165823 Pty Ltd
(Administrators Appointed)**

**ACN 610 165 823
ABN 81 610 165 823**

**Annexure "g"
Summary of Receipts and Payments**

Summarised Receipts & Payments

ACN 610165823 Pty Ltd
(Administrators Appointed)
Transactions From 19 May 2025 To 13 June 2025

| A/C | Account | Net | GST | Gross |
|--|---|---------------------|-------------------|---------------------|
| 74 | Cash at Bank | 523,000.00 | 0.00 | 523,000.00 |
| 83 | Bank Interest | 436.89 | 0.00 | 436.89 |
| 169 | License Fee | 12,000.00 | 1,200.00 | 13,200.00 |
| Total Receipts (inc GST) | | \$535,436.89 | \$1,200.00 | \$536,636.89 |
| 142 | Contractor Fees | 8,244.00 | 824.40 | 9,068.40 |
| 150 | Rents Commercial | 3,334.34 | 333.43 | 3,667.77 |
| 157 | Superannuation | 1,183.01 | 0.00 | 1,183.01 |
| 161 | Wages & Salaries | 11,139.35 | 0.00 | 11,139.35 |
| 165 | Subscription Expense | 196.34 | 19.63 | 215.97 |
| 167 | Locksmith Fee | 621.82 | 62.18 | 684.00 |
| 228 | Superannuation Liability | (1,183.01) | 0.00 | (1,183.01) |
| 234 - 1 | Withholding Tax (PAYG) - Total Tax Withheld - OTE | (1,000.00) | 0.00 | (1,000.00) |
| Total Payments (inc GST) | | \$22,535.85 | \$1,239.64 | \$23,775.49 |
| Balance in Hand - By Bank Account | | | | |
| 212 | Cheque Account | | | 512,861.40 |
| | | | | \$512,861.40 |



**ACN 610165823 Pty Ltd
(Administrators Appointed)
ACN 610 165 823
ABN 81 610 165 823**

**Annexure "10"
Remuneration Approval Report**

Remuneration Approval Report

ACN 610165823 Pty Ltd
ACN 610 165 823

16 June 2025

Jonathon Keenan and Peter Krejci
Joint and Several Liquidators

Novabrif Pty Ltd ABN 61 643 013 610
Level 26, 25 Bligh Street, Sydney NSW 2000
Phone (02) 8263 2333
Email: info@brifnsw.com.au
Website: www.briferrier.com.au



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1. EXECUTIVE SUMMARY

We are asking creditors to approve the following remuneration and disbursements:

| | Remuneration (\$, excl GST) | Disbursements (\$, excl GST) |
|--------------------------|--------------------------------|---------------------------------|
| Voluntary Administration | 195,000.00 | 2,000.00 |
| If a DOCA is accepted | 90,000.00 | 2,000.00 |
| If Company is liquidated | 200,000.00 | 2,000.00 |

Details of remuneration can be found in section 3 of this report.

Creditors have not previously approved our remuneration.

We estimate the total cost of this Voluntary Administration will be approximately \$195K. This is consistent with our previous estimate of \$140K to \$200K in the Initial Remuneration Notice.

2. DECLARATION

We, Jonathon Keenan and Peter Krejci of BRI Ferrier, have undertaken an assessment of this remuneration claim in accordance with the law and applicable professional standards. We are satisfied that the remuneration and disbursement claimed is necessary and proper.

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

3. REMUNERATION APPROVAL SOUGHT

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

| For | Period | Amount (\$, excl. GST) | Rates to apply | When it will be drawn |
|--------------------------------|---------------------------------|---------------------------|--|--|
| Work we have already done | 19 May 2025 to 13 June 2025 | 141,687.00 | Provided in our First Report to Creditors dated 21 May 2025 | It will be drawn when funds are available |
| Future work to meeting date | 14 June 2025 to 24 June 2025 | 30,313.00 | Provided in our First Report to Creditors dated 21 May 2025 | It will be drawn when funds are available and incurred |

| For | Period | Amount (\$, excl. GST) | Rates to apply | When it will be drawn |
|---|---|---------------------------|---|---|
| Future Work from meeting to execution of DOCA | 25 June 2025 to execution of the DOCA | 23,000.00 | Provided in our First Report to Creditors dated 21 May 2025 | It will be drawn when funds are available |
| VA total | | 195,000.00 | | |
| Future Work DOCA | Execution of DOCA to finalisation of DOCA | 90,000.00 | Provided in our First Report to Creditors dated 21 May 2025 | It will be drawn when funds are available |
| DOCA total | | 90,000.00 | | |
| Future work – Liquidation | 24 June 2025 to finalisation of liquidation | 200,000.00 | Provided in our First Report to Creditors dated 21 May 2025 | It will be drawn when funds are available |
| Liquidation Total | | 200,000.00 | | |

Details of the work done for the period 19 May 2025 to 13 June 2025 and future work expected for the period 14 June 2025 to 24 June 2025 are included at **Schedule A**.

We will only seek approval of resolutions for the DOCA if creditors agree to the proposal offered. Similarly, we will only seek approval of the resolution for the Liquidation if creditors vote to place the Company into Liquidation. Details of future work that we intend to do (either in a DOCA or Liquidation) are included at **Schedule B**.

A breakdown of time spent by staff members on each major task for work completed from 19 May 2025 to 13 June 2025 is included in **Schedule C**.

Actual resolutions to be put to the meeting are included at **Schedule D** for your information. These resolutions also appear in the proxy form for the meeting provided to you.

4. DISBURSEMENTS SOUGHT

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. To date, we have not paid any such costs in the administration.

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

For more information about disbursements, please refer to the Initial Remuneration Notice sent to you on 21 May 2025.

The disbursements we would like creditors to approve is as follows:

| For | Period | Amount (\$, excl. GST) |
|---|-------------------------------------|---------------------------|
| If a DOCA is executed | Execution of the DOCA to conclusion | 2,000.00 |
| If Company is liquidated - Future disbursements | 24 June 2025 to conclusion | 2,000.00 |

Details of disbursements incurred and future disbursements are included at **Schedule E**. Actual resolutions to be put to the meeting are included at **Schedule D** for your information. These resolutions also appear in the proxy form for the meeting provided to you.

5. LIKELY IMPACT ON DIVIDENDS

The Corporations Act sets the order for payment of claims against the Company and it provides for the remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receives payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

An estimated outcome statement is attached as **Annexure 8** of the Second Report to Creditors dated 16 June 2025. Any dividend payable to creditors will depend on a range of variables, particularly the decision creditors make on the future of the Company, future realisations, our estimated remuneration as we have set out in this report and creditor claims.

6. SUMMARY OF RECEIPTS AND PAYMENTS

A summary of the receipts and payments as at 16 June 2025 is attached as **Annexure 9** of the Second Report to Creditors dated 16 June 2025.

7. QUERIES & INFORMATION SHEET

If you have any queries in relation to the information in this report, please contact our office. You can also access information which may assist you on the following websites:

ARITA at www.arita.com.au/creditors

ASIC at <http://www.asic.gov.au> (search for INFO 85)

Further supporting documentation for our remuneration claim can be provided to creditors on request.

8. ATTACHMENTS

Schedule A – Details of work from 19 May 2025 to the second meeting of creditors

Schedule B – Details of work from the second meeting of creditors to the conclusion of the external administration

Schedule C – A breakdown of time spent by staff members on each major task for work completed from 19 May 2025 to 13 June 2025

Schedule D – Resolutions

Schedule E – Disbursements

SCHEDULE A – DETAILS OF WORK FROM 19 MAY 2025 TO THE SECOND MEETING OF CREDITORS

| | | | | | |
|---------------------|--|--|-------------|--|--------------|
| Company | ACN 610165823 Pty Ltd (Administrators Appointed) | Period From | 19 May 2025 | To | 24 June 2025 |
| Practitioner | Jonathon Keenan & Peter Krejci | Firm | BRI Ferrier | | |
| Administration Type | Administrators Appointed | | | | |
| | | Tasks | | | |
| | | Work completed (excl. GST) | | Future work (excl. GST) | |
| Period | | 19 May 2025 to 13 June 2025 | | 14 June 2025 to 24 June 2025 | |
| Amount (excl. GST) | | \$141,687.00 | | \$30,313.00 | |
| Task Area | General Description | | | | |
| Assets | | 56.10 Hours \$36,625.00 | | \$3,000.00 | |
| | Debtors | Liaise with the Director and staff in relation to outstanding debtors including progress claims and retentions Reviewing summary debtors schedule and comments from Director Review of progress claim documentation prepared by staff and Director Liaise with lawyers in relation to submission of progress claims Review of responses on progress claims | | Liaising with debtors regarding progress claims and retentions due | |

| | | | |
|--|--|---|--|
| | | <p>Discussions with lawyers regarding SOPA adjudication process and estimated costs</p> <p>Liaising with staff regarding preparation and issuance of demands to debtors</p> <p>Analysis on prospects of debtor recoveries</p> | |
| | Plant and Equipment (“PPE”) and Motor Vehicles | <p>Attend office and warehouse premises to inspect physical assets</p> <p>Liaise with auctioneer in relation to conducting valuation of the Company’s PPE and motor vehicles</p> <p>Correspondence with staff regarding further information on motor vehicles</p> <p>Reviewing valuation report</p> <p>Liaise with auctioneer in relation to the collection and realisation of the Company’s PPE and motor vehicles</p> <p>Liaise with the Director in relation to use and return of the Company’s vehicles to financiers</p> <p>Liaise with Director regarding requesting access to project sites</p> <p>Liaise with insurance broker regarding insurance requirements</p> | N/A |
| | Assets subject to specific charges | <p>Correspondence with PPSR creditors</p> <p>Review PPSR charge documents</p> <p>Consider validity of registered security interests</p> <p>Liaise with PPSR creditors regarding continuing to exercise property rights for secured assets</p> <p>Issued notices to PPSR creditors regarding not continuing to exercise property rights</p> <p>Liaise with the Directors and PPSR creditors in relation to collection of goods on site</p> <p>Liaising with All PAP secured creditor NAB regarding realising assets</p> | Liaise with the Director and PPSR creditors in relation to collection of goods on site |

| | | | |
|-----------|-----------------------------|---|--|
| Creditors | | <p>Reviewing retention of title claims for materials supplied</p> <p>Liaise with Director regarding retention of title claims</p> | |
| | Retention | <p>Liaise with Director in relation to assessment of retention amounts for incomplete and complete projects</p> <p>Obtained all documents in relation to incomplete projects and complete projects</p> <p>Review information and documents provided by the Director and consider recoverability of retentions</p> <p>Discussions with lawyers regarding SOPA adjudication process and estimated costs</p> | N/A |
| | | <p>60.20 Hours</p> <p>\$34,719.00</p> | \$20,000.00 |
| | Creditor Enquiries | <p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> <p>Review and prepare correspondence to creditors and their representatives by email</p> <p>Responding to information requested by creditors</p> | <p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> <p>Review and prepare correspondence to creditors and their representatives by email</p> <p>Responding to information requested by creditors</p> |
| | Creditor Reports | <p>Preparing and issuing First Report to Creditors regarding notification of appointment and convening First Meeting of Creditors</p> <p>Preparation of necessary annexures for First Report to Creditors</p> <p>Preparing Second Report to Creditors</p> <p>Preparation of necessary annexures for Second Report to Creditors</p> | <p>Preparing and issuing Second Report to Creditors detailing investigations</p> <p>Prepare DOCA commentary analysis and projections, and supporting documentation for creditors' consideration</p> <p>Preparation of necessary annexures for Second Report to Creditors</p> |
| | Dealing with proofs of debt | <p>Receipting and filing POD when not related to a dividend</p> <p>Maintaining register of Proofs of Debts received</p> <p>Reviewing supporting documentation from creditors</p> | <p>Receipting, processing, and filing Proofs of Debts when not related to a dividend</p> <p>Maintaining register of Proofs of Debts received</p> <p>Reviewing supporting documentation from creditors</p> |

| | | | |
|--|--|---|--|
| | Secured creditor reporting | <p>Notifying and following up with PPSR registered creditors of appointment</p> <p>Liaising with All PAP secured creditor NAB regarding update on administration and realising assets</p> | Following up with PPSR registered creditors of appointment |
| | First Meeting of Creditors | <p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting</p> <p>Preparation and lodgement of minutes of First Meeting of Creditors with ASIC</p> <p>Responding to stakeholder queries and questions immediately following meeting</p> | N/A |
| | Proposal for Deed of Company Arrangement | <p>Liaising with Director and lawyers regarding DOCA proposal</p> <p>Negotiating terms of DOCA proposal with Director and lawyers</p> <p>Consider and analyse potential outcome for DOCA</p> | <p>Liaising with Director and lawyers regarding DOCA proposal</p> <p>Discussions regarding funding requirements for DOCA</p> |
| | Second Meeting of Creditors | N/A | <p>Preparation of meeting notices, proxies and advertisements</p> <p>Sending Notice of Meeting to all known creditors</p> <p>Preparation of meeting file, including agenda, attendance register, list of creditors, report to creditors, advertisement of meeting and draft minutes of meeting</p> |

| Investigation | | 49.20 Hours \$26,100.00 | \$3,000.00 |
|---------------|--------------------------|---|---|
| | Conducting Investigation | <p> Liaising with the IT service provider in relation to prepare a backup of the Company's electronic records Conducting and summarising statutory searches Reviewing Company's books and records Preparation of comparative financial statements Review the Company's books and records in relation to the Company's historical financial position and financial performance Preparation of deficiency statement Preparation of working capital analysis Preparation of investigation file Review of specific transactions and liaising with Director regarding certain transactions Review ROCAP completed by Director Consider recovery actions available in a Liquidation scenario Liaising with Director to obtain further information and documents to conduct solvency analysis Conducting investigations in relation to loans provided by Director and the related party Review payment plans for solvency analysis Review creditors claims to calculate potential insolvent trading claim in a Liquidation scenario Review bank statements and general ledgers extracted from the management accounts, consider potential voidable transactions in a Liquidation scenario Consider commerciality of pursuing the potential recovery actions available in a Liquidation scenario </p> | <p> Finalise investigation file Finalise working capital analysis Consider recovery actions available in a Liquidation scenario Seeking legal advice regarding estimated costs for Liquidator's actions </p> |

| | | | |
|-----------|-----------------------------|--|---|
| | ASIC Reporting | N/A | Preparing and lodgement of statutory investigation reports |
| Employees | | 15.10 Hours \$8,876.00 | \$1,000.00 |
| | Employees enquiries | Review claims from employees Attend to employees' queries | Correspondence with employees Any other tasks associated with employees |
| | Calculation of entitlements | Calculating employee entitlements Obtain preliminary advice on calculation of employee entitlements Reviewing employee files and Company's books and records Reviewing awards Reconciling superannuation accounts Liaise with Director and staff in relation to calculation of employee entitlements | Calculating employee entitlements Reviewing employee files and Company's books and records |
| Trade On | | 19.90 Hours \$13,587.00 | \$2,000.00 |
| | Trade On Management | Meet with Director and staff to review financial position Attended premises to address staff Issued employee termination notices Liaise with staff regarding continuation of services Correspondence to suppliers regarding continuation of services Correspondence with landlords regarding continued use of leased premises Liaise with lawyers regarding licence agreement for use of Company assets and leased premises Negotiated terms of licence agreement Reviewed and authorised weekly payroll | Prepare superannuation contributions and notify termination of employees' employment |

| | | | |
|----------------|--|---|---|
| Administration | | Prepared schedule of estimated costs Prepared and authorised payment vouchers Liaise with Director re exit of leased premises Correspondence with landlords regarding exit of premises and return of keys Correspondence to suppliers regarding termination of services | |
| | | 50.70 Hours \$21,780.00 | \$1,313.00 |
| | ASIC Forms and lodgements | Preparing and lodging ASIC forms including 505, 205, 531, 507 etc Preparing and lodging ASIC PNW Advert | Preparing and lodging ASIC forms Preparing and lodging ASIC PNW Advert |
| | Bank account administration | Preparing correspondence opening bank account Preparing internal receipt and payment vouchers Bank account reconciliations | Preparing internal receipt and payment vouchers |
| | Correspondence | Correspondence with various parties | Correspondence with various parties |
| | Insurance | Identification of potential issues requiring attention of insurance specialists Correspondence with insurance broker regarding initial and ongoing insurance requirements Reviewing insurance policies | Finalise insurance requirements |
| | Document maintenance/file review/checklist | Preparing and updating job checklists Filing of documents | Updating job checklists Filing of documents |
| | ATO and other statutory reporting | Notification of appointment | N/A |
| | Planning / Review | Discussions regarding status of administration | Discussions regarding status of administration |
| | Finalisation | N/A | N/A |

SCHEDULE B – DETAILS OF WORK FROM THE SECOND MEETING OF CREDITORS TO THE CONCLUSION OF THE EXTERNAL ADMINISTRATION

| | | | | | |
|-----------------------|---|--|---|--|------------|
| Company | ACN 610165823 Pty Ltd (Administrators Appointed) | Period From | 24 June 2025 | To | Conclusion |
| Practitioner | Jonathon Keenan & Peter Krejci | Firm | BRI Ferrier | | |
| Administration Type | Administrators Appointed | | | | |
| | | Tasks | | | |
| | | If DOCA approved | | If wound up | |
| | | Future work from second creditors' 24 June 2025 to execution of DOCA | DOCA work | Liquidation Work | |
| Period | | 24 June 2025 to execution of DOCA | From execution of DOCA to finalisation of DOCA | 24 June 2025 to conclusion | |
| Amount (excl. GST) | | \$23,000.00 | \$90,000.00 | \$250,000.00 | |
| Task Area | General Description | | | | |
| Assets | | \$3,000.00 | \$20,000.00 | \$20,000.00 | |
| | Debtors | N/A | Liaising with solicitors in relation to recovery of progress claims Liaising with debtors in relation to recovery of progress claim Consider the SOPA adjudication process | Liaising with solicitors in relation to recovery of progress claim Liaising with debtors in relation to recovery of progress claim Consider the SOPA adjudication process | |

| | | | | |
|-----------|------------------------------------|--|---|--|
| | Retention | N/A | <p>Liaising with Director in relation to recovery of retentions and any defect claims</p> <p>Liaising with solicitors in relation to recovery of retentions and any defect claims</p> <p>Consider the SOPA adjudication process</p> <p>Undertake work required for SOPA adjudication process</p> <p>Discussions with Director and lawyers regarding SOPA adjudication process</p> | <p>Liaising with Directors in relation to recovery of retention</p> <p>Liaising with solicitors in relation to recovery of retention</p> <p>Consider the SOPA adjudication process</p> <p>Undertake work required for SOPA adjudication process</p> <p>Discussions with Director and lawyers regarding SOPA adjudication process</p> |
| | PPE and motor vehicles | <p>Obtain access to project sites to inspect remaining PPE</p> <p>Consider commerciality of recovering remaining PPE from project sites</p> <p>Finalising sale of the Company's PPE and vehicles</p> | <p>Finalising sale of the Company's PPE and vehicles (if required)</p> | <p>Obtain access to project sites to inspect remaining PPE</p> <p>Consider commerciality of recovering remaining PPE from project sites</p> <p>Finalising sale of the Company's PPE and vehicles</p> |
| | Assets subject to specific charges | <p>Liaising with PPSR creditors regarding the secured assets</p> <p>Liaising with All PAP secured creditor NAB regarding realising assets</p> | <p>Liaising with PPSR creditors regarding the secured assets</p> <p>Liaising with All PAP secured creditor NAB regarding realising assets</p> | <p>Liaising with PPSR creditors regarding the secured assets</p> <p>Liaising with All PAP secured creditor NAB regarding realising assets</p> |
| Creditors | | \$15,000.00 | \$15,000.00 | \$40,000.00 |
| | Creditor Enquiries | <p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> | <p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> | <p>Receive and respond to creditor enquiries</p> <p>Receive and follow up creditor enquiries by telephone</p> |

| | | | | |
|--|-----------------------------|--|---|--|
| | | Review and prepare correspondence to creditors and their representatives by email and post | Review and prepare correspondence to creditors and their representatives by email Compiling information requested by creditors | Review and prepare initial correspondence to creditors and their representatives Considering reasonableness of creditor request Obtaining legal advice on requests Compiling information requested by creditors |
| | Creditor Reports | N/A | Preparing Circular to Creditors regarding notification of execution of DOCA Preparing further reports to creditors, if necessary | Prepare Circular to Creditors regarding Liquidation Prepare Statutory Report to Creditors Preparation of necessary annexures for Statutory Report to Creditors |
| | Dealing with proofs of debt | Receipting, processing, and filing Proofs of Debts | Receipting, processing, and filing Proofs of Debts Maintaining register of Proofs of Debts received Reviewing supporting documentation from creditors | Receipting, processing, and filing Proofs of Debts when not related to a dividend Maintaining register of Proofs of Debts received Reviewing supporting documentation from creditors |
| | Deed of Company Arrangement | Liaising with Director and lawyers regarding finalising terms of DOCA Reviewing and finalising deed Liaising with Directors and lawyers in relation to execution of DOCA | N/A | N/A |
| | Meeting of Creditors | Preparation of Minutes of Second Meeting of Creditors | Convening creditors meeting as necessary Preparation of Minutes of Meeting (if required) | Convening creditors meeting as necessary Preparation of Minutes of Meeting (if required) |

| Investigation | | N/A | N/A | \$100,000.00 |
|---------------|--------------------------|-----|-----|---|
| | Conducting Investigation | N/A | N/A | Obtaining and reviewing further Company's books and records Reviewing further Company's books and records Review of specific transactions and liaising with Director regarding certain transactions Conducting further investigations into potential voidable transactions Conducting further investigations into solvency analysis Preparation of updated investigation file Lodgement of investigation with ASIC Preparation and lodgement of supplementary report if required |
| | Examinations | | | Conducting investigations into potential claims against Director and related parties Consider conducting public examinations Seeking funding to conduct further investigations and public examinations Preparing brief to solicitors Reviewing and settling draft submissions, affidavits, orders for production and other Court documents |

| | | | | |
|------------------|---------------------------|-------------------|--------------------|---|
| | | | | <p>Reviewing documents produced from orders of production issued</p> <p>Strategy meetings with lawyers and Counsel</p> <p>Review of examination bundle</p> <p>Prepare for and attend public examinations</p> <p>Reviewing examination transcripts</p> <p>Briefing with lawyers and Counsel regarding outcome of public examinations</p> |
| | Litigation/ Recoveries | N/A | N/A | <p>Liaising with solicitors regarding recovery actions</p> <p>Seeking funding to pursue litigation</p> <p>Preparing brief to solicitors</p> <p>Commencing recovery action against Director and/or related parties</p> <p>Reviewing and settling draft submissions, affidavits, orders for production and other Court documents</p> <p>Negotiating commercial settlement, if necessary</p> |
| | ASIC Reporting | N/A | N/A | <p>Preparing statutory investigation reports</p> <p>Liaising with ASIC</p> <p>Preparation of application for funding to conduct further investigations</p> |
| Employees | | \$1,000.00 | \$10,000.00 | \$30,000.00 |

| | | | | |
|----------|-----------------------------|--|--|---|
| | Employees enquiries | Correspondence with employees Any other tasks associated with employees | Correspondence with employees Any other tasks associated with employees | Receive and follow up employee enquiries via telephone Maintain employee enquiry register |
| | FEG | N/A | N/A | Correspondence with FEG Preparing initial questionnaire Preparing FEG quotation for services Request further supporting documentation from employees to substantiate their claims Preparing verification spreadsheet of employee entitlements Completing FEG questionnaires Correspondence with FEG regarding discrepancies, if any |
| | Calculation of entitlements | N/A | Finalising employee entitlements calculation Reviewing employee files and Company's books and records | Finalising employee entitlements calculation Reviewing employee files and Company's books and records |
| | Employee dividend | N/A | Correspondence with employees regarding dividend Correspondence with ATO regarding SGC POD Preparing dividend file Advertising dividend notice Receipting and adjudicating POD Preparing distribution | N/A |
| Trade On | | \$1,000.00 | N/A | N/A |

| | | | | |
|----------|---------------------------------|---|---|-----|
| | Trade On Management | Finalise supplier accounts Settle final invoices | N/A | N/A |
| Dividend | | N/A | \$35,000.00 | N/A |
| | Processing proofs of debt (POD) | N/A | Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of POD Maintain POD register Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication | N/A |
| | Dividend Procedures | N/A | Advertisement of intention to declare dividend Correspondence to creditors advising of intention to declare dividend Calculation of dividend Adjudicate PODs and supporting documentation Request further and better particulars as necessary Reporting to Creditors regarding dividend quantum and timing Completing outstanding tax lodgements and seeking tax clearance Preparing dividend file | N/A |

| | | | | |
|----------------|--|--|--|--|
| Administration | | | | |
| | | \$3,000.00 | \$10,000.00 | \$10,000.00 |
| | ASIC Forms and lodgements | Preparing and lodging ASIC forms | Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms | Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms |
| | Bank account administration | Preparing receipt and payment vouchers | Preparing correspondence opening DOCA contribution bank account Preparing receipts and payment vouchers Bank account reconciliations | Preparing receipt and payment vouchers Bank account reconciliations |
| | Books and Records/ Storage | N/A | Dealing with records in storage Sending job files to archive storage | Dealing with records in storage Sending job files to archive storage |
| | Correspondence | Correspondence with various parties | Correspondence with various parties | Correspondence with various parties |
| | Document maintenance/file review/checklist | Filing of documents | Updating job checklists Filing of documents | Filing of documents File reviews Updating checklists |
| | ATO and other statutory reporting | N/A | Notification of appointment Preparing BAS | Notification of appointment Preparing BAS |
| | Planning / Review | Discussions regarding status of administration | Discussions regarding status of administration | Discussions regarding status of administration |
| | Finalisation | N/A | Notifying ATO of finalisation Completing checklists Finalising WIP | Notifying ATO of finalisation Cancelling ABN/GST/PAYG registration Completing checklists Finalising WIP |

SCHEDULE C – TIME SPENT BY STAFF ON MAJOR TASKS – 19 MAY 2025 TO 13 JUNE 2025

ACN 610165823 Pty Ltd (Administrators Appointed)
For the period 19 May 2025 to 13 June 2025

| Staff Classification | Name | Hourly | Administration | | Assets | | Creditors | | Employees | | Investigation | | Trade On | | Total | |
|------------------------------|--------------------|--------|----------------|------------------|--------------|------------------|--------------|------------------|--------------|-----------------|---------------|------------------|--------------|------------------|-------------------|-------------------|
| | | | Hrs | \$ | Hrs | \$ | Hrs | \$ | Hrs | \$ | Hrs | \$ | Hrs | \$ | Hrs | \$ |
| Appointee | John Keenan | 750 | 3.80 | 2,850.00 | 29.60 | 22,200.00 | 15.30 | 11,475.00 | 2.50 | 1,875.00 | 7.80 | 5,850.00 | 10.00 | 7,500.00 | 69.00 | 51,750.00 |
| Appointee | Peter Krejci | 750 | | | | | 1.80 | 1,350.00 | | | | | | | 1.80 | 1,350.00 |
| Appointee | David Cocker | 750 | | | | | 0.10 | 75.00 | | | | | | | 0.10 | 75.00 |
| Senior Manager | Katherine La | 620 | 9.00 | 5,580.00 | 15.00 | 9,300.00 | 18.30 | 11,346.00 | 8.80 | 5,456.00 | 23.50 | 14,570.00 | 9.60 | 5,952.00 | 84.20 | 52,204.00 |
| Manager | Savio Monis | 580 | | | | | 0.10 | 58.00 | | | | | | | 0.10 | 58.00 |
| Senior 1 | Nicole Feng | 450 | 19.80 | 8,910.00 | 11.30 | 5,085.00 | 21.90 | 9,855.00 | 2.70 | 1,215.00 | 8.40 | 3,780.00 | 0.30 | 135.00 | 64.40 | 28,980.00 |
| Intermediate 2 | Vijay Rajmohan | 300 | 1.40 | 420.00 | | | 0.20 | 60.00 | 1.10 | 330.00 | | | | | 2.70 | 810.00 |
| Intermediate 2 | Hugh Matthews | 300 | 0.10 | 30.00 | | | | | | | | | | | 0.10 | 30.00 |
| Graduate | Roshel Mulingbayan | 200 | 9.90 | 1,980.00 | 0.20 | 40.00 | 2.50 | 500.00 | | | 9.50 | 1,900.00 | | | 22.10 | 4,420.00 |
| Senior Administration | Sarita Gurung | 300 | 5.00 | 1,500.00 | | | | | | | | | | | 5.00 | 1,500.00 |
| Assistant Accountant | Tiarnan Teague | 300 | 0.50 | 150.00 | | | | | | | | | | | 0.50 | 150.00 |
| Assistant Accountant | Ashley D Souza | 300 | 1.20 | 360.00 | | | | | | | | | | | 1.20 | 360.00 |
| Grand Total | | | 50.70 | 21,780.00 | 56.10 | 36,625.00 | 60.20 | 34,719.00 | 15.10 | 8,876.00 | 49.20 | 26,100.00 | 19.90 | 13,587.00 | 251.20 | 141,687.00 |
| | | | | | | | | | | | | | | | GST | |
| | | | | | | | | | | | | | | | Total (incl. GST) | |
| | | | | | | | | | | | | | | | | |
| Average rate per hour | | | | <u>429.59</u> | | <u>652.85</u> | | <u>576.73</u> | | <u>587.81</u> | | <u>530.49</u> | | <u>682.76</u> | | <u>564.04</u> |

SCHEDULE D – RESOLUTIONS

We will be seeking approval of the following resolutions to approve our remuneration and disbursements. Details to support these resolutions are included in **sections 3 and 4** and in the attached Schedules.

Resolution: Administrators’ Remuneration for the period 19 May 2025 to 13 June 2025

“That the remuneration of the Joint and Several Voluntary Administrators, their partners and staff for the period 19 May 2025 to 13 June 2025, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 16 June 2025, be fixed and approved at \$141,687.00 (plus GST), and that the Joint and Several Voluntary Administrators be authorised to draw that amount.”

Resolution: Administrators’ Remuneration for the period 14 June 2025 to 24 June 2025

“That the remuneration of the Joint and Several Voluntary Administrators, their partners and staff for the period 14 June 2025 to 24 June 2025 be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 16 June 2025 and approved to an interim cap of \$30,313.00 (plus GST), and that the Joint and Several Voluntary Administrators be authorised to draw that amount as and when incurred.”

If a Deed of Company Arrangement is accepted:

Resolution: Administrators’ Remuneration for the period 25 June 2025 to the execution of DOCA

“That the remuneration of the Joint and Several Voluntary Administrators, their partners and staff for the period 25 June 2025 to execution of the DOCA, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 16 June 2025, and approved to an interim cap of \$23,000.00 (plus GST), and that the Joint and Several Voluntary Administrators be authorised to draw that amount as and when incurred.”

Resolution: Deed Administrators’ Remuneration from the execution of DOCA to finalisation of DOCA

“That the remuneration of the Joint and Several Deed Administrators, their partners and staff from the execution of the DOCA to the finalisation of DOCA, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 16 June 2025, and approved to an interim cap of \$90,000.00 (plus GST), and that the Joint and Several Deed Administrators be authorised to draw that amount as and when incurred.”

If the Company is wound up:

Resolution: Liquidators’ Remuneration for the period 24 June 2025 to Conclusion

“That the remuneration of the Joint and Several Liquidators, their partners and staff for the period 24 June 2025 to the conclusion of the Liquidation, be calculated on a time basis in accordance with the rates of charge annexed to the Voluntary Administrators’ Second Report to Creditors dated 16 June 2025, and approved to an interim cap of \$200,000.00 (plus GST), and that the Joint and Several Liquidators be authorised to draw that amount as and when incurred.”

SCHEDULE E – DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation, and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charge at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We advise that to date we have not paid any disbursements incurred during this Administration by our Firm.

We are not obliged to seek creditor approval for disbursements paid to third parties, but must account to creditors, this includes providing details of the basis of charging for these types of disbursements to creditors as part of the Remuneration Approval Report. We are required to seek creditor approval for internal disbursements where there could be a profit or advantage. Accordingly, we will be seeking approval from creditors for the following resolution:

Resolution: Administrators' Internal Disbursements for the period 19 May 2025 to Conclusion

"That the Joint and Several Voluntary Administrators be allowed internal disbursements from 19 May 2025 to the conclusion of the Voluntary Administration at the rates of charge in the Voluntary Administrators' Remuneration Approval Report dated 16 June 2025, up to an amount of \$2,000.00 (plus GST) and that the Joint and Several Voluntary Administrators be authorised to draw that amount as accrued."

If a Deed of Company Arrangement is accepted:

Resolution: Deed Administrators' Internal Disbursements from Execution to Conclusion

"That the Joint and Several Deed Administrators be allowed internal disbursements from the date of the execution of the Deed of Company Arrangement to the conclusion of the Deed of Company Arrangement at the rates of charge annexed to the Voluntary Administrators' Remuneration Approval Report dated 16 June 2025, up to an amount of \$2,000.00 (plus GST) and that the Joint and Several Deed Administrators be authorised to draw that amount as accrued."

If the Company is wound up:

Resolution: Liquidators' Internal Disbursements for the period 24 June 2025 to Conclusion

“That the Joint and Several Liquidators be allowed internal disbursements for the period 24 June 2025 to the conclusion of the Liquidation at the rates of charge annexed to the Voluntary Administrators’ Remuneration Approval Report dated 16 June 2025, up to an amount of \$2,000.00 (plus GST) and that the Joint and Several Liquidators be authorised to draw that amount as accrued.”

Future disbursements provided by our Firm will be charged to the administration on the following basis:

| Disbursement Type | Rate (excl. GST) |
|---|--|
| Externally provided professional services | At cost |
| Externally provided non-professional costs | At cost |
| Internal disbursements | |
| ASIC Charges for appointments and notifiable events | At cost |
| Faxes and Photocopying | \$0.25 per page |
| Postage | At cost |
| Staff vehicle use | In accordance with ATO mileage allowance |



**ACN 610165823 Pty Ltd
(Administrators Appointed)**

**ACN 610 165 823
ABN 81 610 165 823**

**Annexure "11"
Advice to Creditors About
Remuneration**

ADVICE TO CREDITORS ABOUT REMUNERATION

Insolvency Practice Schedule (Corporations) 70-50
Insolvency Practice Rules (Corporations) 70-35

ACN 610165823 Pty Ltd (ADMINISTRATORS APPOINTED)
ACN 610 165 823/ ABN 81 610 165 823
("THE COMPANY")

A REMUNERATION METHOD

There are four methods for calculation of remuneration that can be used to calculate the remuneration of an Insolvency Practitioner. They are:

- Time based / hourly rates or "Time Cost"

This is the most common method. It provides for remuneration to be charged at an hourly rate for each person working on the matter. The hourly rate charged will reflect the level of experience each person has.

- Fixed Fee

The total remuneration for the administration is quoted at commencement of the appointment and is the total charge for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

- Percentage

The remuneration for the appointment is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.

- Contingency

The total remuneration for the matter is structured to be contingent on a particular outcome being achieved.

B METHOD CHOSEN

Given the nature of this administration, we propose that our remuneration be calculated on the time based / hourly rates method. In our opinion, this is the fairest method for the following reasons:

- We will only be paid for work done, subject to sufficient realisations of the Company assets.
- It ensures creditors are only charged for work that is performed. Our time are recorded and charged in six-minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- We are required to perform a number of tasks which do not relate to the realisation of assets, including responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.

BRI Ferrier reviews its hourly rates every twelve months. The hourly rates quoted below remain current. BRI Ferrier may increase the hourly rates charged for work performed and if hourly rates are increased, we will seek approval from creditors.

C EXPLANATION OF HOURLY RATES

The rates applicable are set out in the table below together with a general guide to the qualifications and experience of staff engaged in administration and the role they undertake in the administration. The hourly rates charged encompass the total cost of providing professional services and are not comparable to an hourly wage rate.

| Title | Description | Hourly Rates (ex GST) |
|-----------------------|---|-----------------------|
| Principal | Senior member of the firm. May be a Registered Liquidator and/or Registered Trustee. A senior accountant with over 10 years' experience who brings specialist skills and experience to the appointment. Leads staff carrying out appointments. | \$750 |
| Director | An accountant with more than 10 years' experience. May be a Liquidator. Fully qualified and able to control all aspects of an appointment. May have specialist industry knowledge or skills. Assists with all facets of appointment. | \$670 |
| Senior Manager | An accountant with more than 7 years' experience. Qualified and answerable to the Team Leader. Self-sufficient in completing and planning all aspects of large appointments. | \$620 |
| Manager | An accountant with at least 6 years' experience. Typically qualified with well-developed technical and commercial skills. Controls and plans all aspects of medium to larger appointments, reporting to the Team Leader. | \$580 |
| Supervisor | An accountant with more than 4 years' experience. Typically qualified with sound knowledge of insolvency principles and developing commercial skill. Assists to plan and control specific tasks on medium to larger appointments. Often undertaking post qualification study specialising in Insolvency and Reconstruction. | \$510 |
| Senior 1 | An accountant with more than 2 years' experience. Typically, a graduate undertaking study leading to professional qualification as a Chartered Accountant or CPA. Able to complete work on appointments with limited supervision. | \$450 |
| Senior 2 | An accountant with less than 2 years' experience. Typically, a graduate who has commenced study leading to professional qualifications. Able to complete many tasks on medium to large appointments under supervision. | \$400 |
| Intermediate 1 | An accountant with less than 2 years' experience. Typically, a graduate and commencing study for qualifications. Able to complete multiple tasks on smaller to medium appointments under supervision. | \$350 |
| Intermediate 2 | An accountant with less than 1 year's experience. A trainee undertaking degree with an accountancy major. Assists in the appointment under supervision. | \$300 |
| Senior Administration | Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks. | \$300 |
| Junior Administration | Appropriately skilled and undertakes support activities including but not limited to treasury, word processing and other administrative, clerical and secretarial tasks. | \$200 |

D DISBURSEMENTS

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees. These are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We are not required to seek creditor approval for disbursements paid to third parties but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of internal disbursements. Creditors will be asked to approve our internal disbursements prior to these disbursements being paid from the administration.

Details of the basis of recovering disbursements in this administration are provided below.

| Disbursement Type | Rate (excl GST) |
|---|---|
| Externally provided professional services | At cost |
| Externally provided non-professional costs | At cost |
| Internal disbursements | |
| ASIC Charges for appointments and notifiable events | At cost |
| Faxes and Photocopying | \$0.25 per page |
| Postage | At cost |
| Staff vehicle use | In accordance with ATO mileage allowances |



**ACN 610165823 Pty Ltd
(Administrators Appointed)
ACN 610 165 823
ABN 81 610 165 823**

**Annexure "12"
ASIC Information Sheet**

Insolvency information for directors, employees, creditors and shareholders

This is **Information Sheet 39 (INFO 39)**. It lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

List of information sheets

- [INFO 41](#) *Insolvency: A glossary of terms*
- [INFO 42](#) *Insolvency: A guide for directors*
- [INFO 43](#) *Insolvency: A guide for shareholders*
- [INFO 45](#) *Liquidation: A guide for creditors*
- [INFO 46](#) *Liquidation: A guide for employees*
- [INFO 54](#) *Receivership: A guide for creditors*
- [INFO 55](#) *Receivership: A guide for employees*
- [INFO 74](#) *Voluntary administration: A guide for creditors*
- [INFO 75](#) *Voluntary administration: A guide for employees*
- [INFO 84](#) *Independence of external administrators: A guide for creditors*
- [INFO 85](#) *Approving fees: A guide for creditors*

Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

Important notice

Please note that this information sheet is a summary giving you basic information about a particular topic. It does not cover the whole of the relevant law regarding that topic, and it is not a substitute for professional advice. We encourage you to seek your own professional advice to find out how the applicable laws apply to you, as it is your responsibility to determine your obligations.

You should also note that because this information sheet avoids legal language wherever possible, it might include some generalisations about the application of the law. Some provisions of the law referred to have exceptions or important qualifications. In most cases, your particular circumstances must be taken into account when determining how the law applies to you.

Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

This information sheet was updated on 1 September 2017.



**ACN 610165823 Pty Ltd
(Administrators Appointed)**

**ACN 610 165 823
ABN 81 610 165 823**

**Annexure "13"
ARITA Information Sheet**

Voluntary Administration

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

| | |
|---------|--|
| 180 | Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties. |
| 181 | Failure to act in good faith. |
| 182 | Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage. |
| 183 | Making improper use of information acquired by virtue of the officer's position. |
| 184 | Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence. |
| 198G | Performing or exercising a function or power as an officer while a company is under administration. |
| 206A | Contravening a court order against taking part in the management of a corporation. |
| 206A, B | Taking part in the management of corporation while being an insolvent, for example, while bankrupt. |
| 206A, B | Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences. |
| 209(3) | Dishonest failure to observe requirements on making loans to directors or related companies. |
| 254T | Paying dividends except out of profits. |
| 286 | Failure to keep proper accounting records. |
| 312 | Obstruction of an auditor. |
| 314-7 | Failure to comply with requirements for the preparation of financial statements. |
| 437D(5) | Unauthorised dealing with company's property during administration. |
| 438B(4) | Failure by directors to assist administrator, deliver records and provide information. |
| 438C(5) | Failure to deliver up books and records to the administrator. |
| 588G | Incurring liabilities while insolvent |
| 588GAB | Officer's duty to prevent creditor-defeating disposition |
| 588GAC | A person must not procure a company to make a creditor-defeating disposition |
| 590 | Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors. |
| 596AB | Entering into an agreement or transaction to avoid employee entitlements. |

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to the benefit or detriment to the company; the respective benefits to other parties; and any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person or from members of a corporate group (Contribution Order).

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Queries about the voluntary administration should be directed to the administrator's office.