



Killarnee Civil & Concrete Contractors Pty Ltd  
Killarnee Contracting Pty Ltd  
Killarnee Equipment Holdings Pty Ltd  
(All Administrators Appointed)  
(Referred to as “the Group”)

Concurrent First Meetings of Creditors  
Wednesday, 10 September 2014

## Procedural Matters

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Martin Jones, Darren Weaver and Ben Johnson of Ferrier Hodgson were appointed as joint and several voluntary administrators on Monday, 1 September 2014.

### Procedural Matters:

- First concurrent meetings of creditors.
- Purpose of meetings.
- Notice of meetings.
- Admission of proxies for voting purposes.
- Determination of Quorum.
- Voting and resolutions.

## Purpose and Conduct of Meetings

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- Purpose of Meetings

**The main purpose of the concurrent meetings of creditors today is:**

**For creditors to resolve pursuant to Section 436E(1) of the Act:**

- Whether to appoint a Committee of Creditors and;
- If so, who are to be the committees members

AND

**For creditors to resolve pursuant to Section 436E(4) of the Act that:**

- to remove the Administrator from office; and
- to appoint someone else as the Administrator of company.

## Declaration of Independence, Relationships and Indemnities

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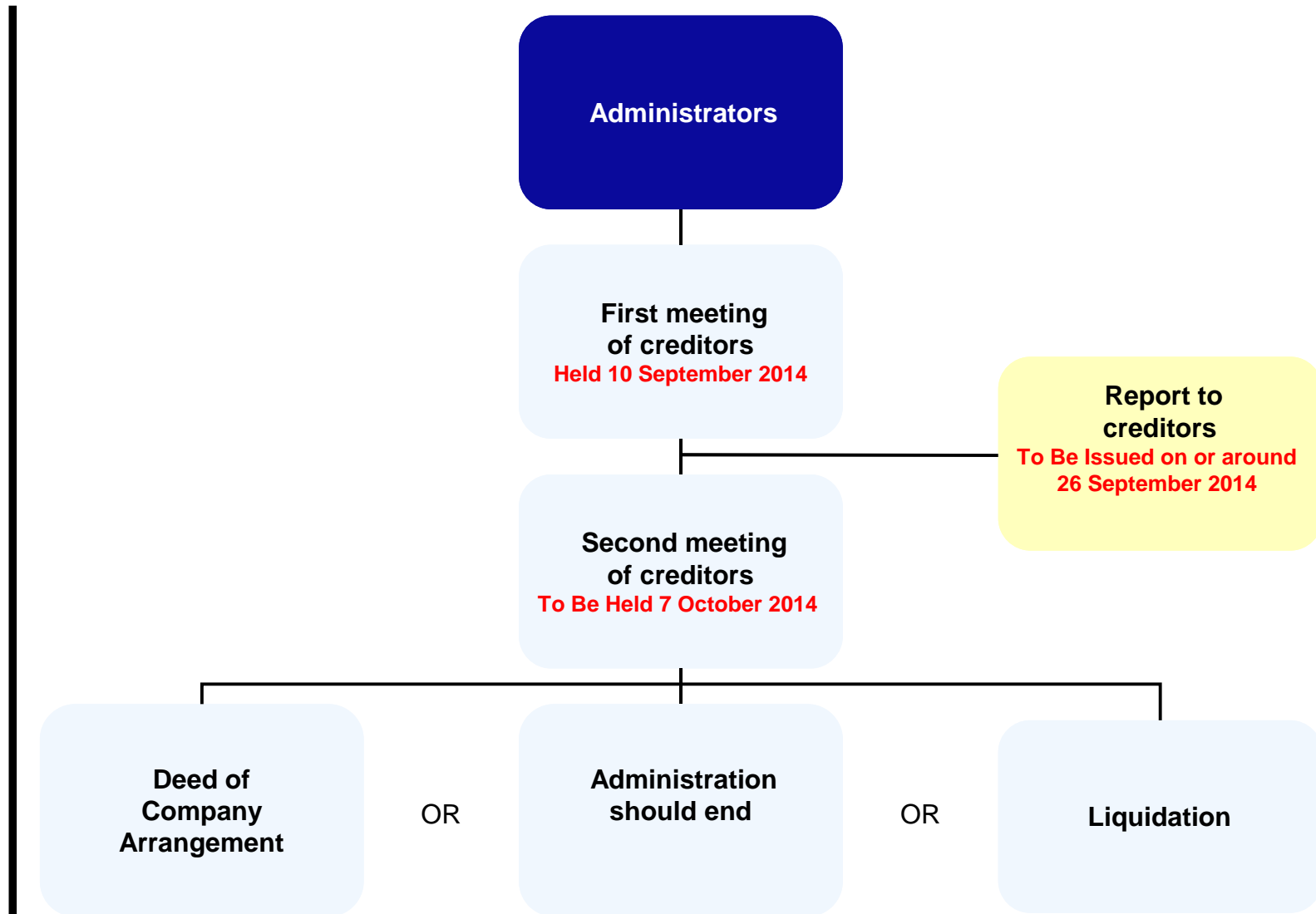
- Declaration of independence, relationships and indemnities was enclosed in the first circular to creditors dated 2 September 2014.
- Appointment referred to us by Andrew Birch of Vantage Performance. From time to time we are referred jobs from company accountants / business advisors . We do not believe that this relationship results in conflict.
- Met with the Director prior to our appointment to provide preliminary advice on finance position and, sale and restructure alternatives. We not believe that this meeting affects our independence.
- Within the preceding two years we have had a relationship with Westpac Banking Corporation, the secured creditors of the Group. Do not believe that this relationship is conflict of interest of duty.
- No indemnities provided.

## The Voluntary Administration (“VA”) Process

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- The Voluntary Administration process allows a company time (up to 25 business days) to either:
  - Restructure its affairs and continue in existence where such will provide a better return for the company’s creditors than an immediate winding up; or
  - Provide a mechanism for an orderly winding up of the company where it is not possible for the business to continue.
  
- The ultimate outcome of the VA process is either the restructure of the company through a deed of company arrangement or the liquidation of the company.
- Creditors claims are “frozen”, or subject to a statutory moratorium during the administration process.
- The administration may also be terminated should the company be determined to be solvent at the second creditors meeting.
- Creditors may also decide to adjourn the second meeting for a period of up to 45 business days.

# Voluntary Administration Process Cont.



## Events leading to appointment

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### Killarnee Group:

- Head office in Osborne Park, WA.
- Operations in Barrow Island (Gorgon LNG Tanks), Karratha and Geraldton.
- Provides concrete and civil construction services to resource, energy and infrastructure sectors.

### Events leading to appointment:

- Prior to our appointment, a business sale agreement (“BSA”) entered into with Central Systems Pty Ltd.
- Administrators currently assessing the terms of the BSA with a view to firm up the terms and conditions of the sale (including the timing of the settlement).
- Required to undertake certain investigations and will report to creditors prior to the next meeting, however as an overview the main causes of failure includes:
  - Lack of adequate working capital; and
  - Potential tax shortfall identified.

## Task completed to date

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- Attended to initial trading issues, statutory obligations and undertook a review of Companies' business operations.
- Took control of the Companies' assets including bank accounts, receivables, plant & equipment and contracts.
- Undertaking an urgent assessment of the viability of each contract which was on foot at the time of our appointment.
- Contacted all contract principals / customers and currently engaged in discussions with them regarding the continuity of the projects during the Administration.
- Continue to trade the business with appropriate control systems in place - i.e. purchase order system authorised by the Administrators.



## Task completed to date (cont.)

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- Plant, equipment and stock are being quantified and valuers have been engaged to value these items.
- Liaised with the secured creditor, Westpac regarding their secured charge over the assets of the Companies.
- Engaged with Central Systems to obtain funding of operations to the second meeting of creditors to preserve the business as a going concern.
- Commenced statutory investigations into the affairs of the Companies.

- All questions to be directed to Chairman.
- When asking a question, please clearly state your name and the name of the company or creditor you represent.

## Resolutions

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- The first matter that is required to be addressed by the meeting is whether or not to appoint a Committee of Creditors.
  
- As outlined earlier creditors are required to consider and resolve whether pursuant to Section 436E(1) of the Corporations Act 2001:
  - i. To appoint a Committee of Creditors; and
  - ii. If so, who are to be the members of the Committee.

### Role of Committee of Creditors

- Specific to companies
- Consult with and receive reports from the Administrators
- Assist the Administrators as a “sounding board” for any proposals
- Approve the Administrators’ remuneration

## Resolutions (cont.)

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- The second matter for creditors to resolve pursuant to Section 436E(4) of the Act is (if an alternate Administrator has been nominated and has consented to act) whether or not:
  - i. To remove the Administrators from office; and
  - ii. To appoint someone else as the Administrator of the Company.

## Next Key Steps

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- **Ongoing trading** - The company continues to trade as usual under the Administrators control.
- **Sale process** - Continue negotiating with Central Systems with a view to complete sale process, and compare potential returns to any other reconstruction options (subject to outcome on continued operations).
- **Reporting to Committee of Creditors** - Correspond and meet with members of the COC (should one be established).
- **Report to Creditors** - Issue s439A Report to creditors Administrators at least 5 business days prior to second creditors meeting:
  - Companies' estimated asset position
  - Statutory investigations undertaken
  - Status of sale / restructuring program (if appropriate)
  - Any other material matters.
- **Second Creditors' Meeting** - To be held on 7 October 2014 (unless extended by the Court).

**Thank you for your attendance**

**Any further queries may be directed to the Administrators' office or to our staff at the end of the meeting.**

**Our contact details are below:**

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Ferrier  
Hodgson

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