

**Killarnee Civil & Concrete Contractors Pty Ltd
(KCCC) (Administrators Appointed)
ACN 085 230 486**

**Killarnee Contracting Pty Ltd
(KCPL) (Administrators Appointed)
ACN 109 535 686**

**Killarnee Equipment Holdings Pty Ltd
(KEH) (Administrators Appointed)
ACN 125 969 502**

(Collectively referred to as “the “Companies”)

Minutes of the Reconvened Concurrent Second Meetings of Creditors of the Companies held at the Offices of Ferrier Hodgson, Level 28, 108 St Georges Terrace, PERTH WA 6000 on Tuesday, 9 December 2014 at 11:00am AWST.

1. PRESENT

See **Annexure “B”** for details of the Attendance Register.

2. CHAIRMAN

Martin Jones, one of the Joint and Several Administrators of the Companies, opened the meeting and advised that he would act as Chairman of the meeting in accordance with Regulation 5.6.17(1) of the Corporations Regulations and Section 439B(1) of the Corporations Act 2001 (the Act).

The Chairman advised that this was the reconvened second meeting of the creditors of the Companies and that the purpose of the meeting was for creditors to resolve pursuant to the Act:

- That the Company execute a Deed of Company Arrangement (DOCA); or
- That the Administration should end; or
- That the Company be wound up.

3. NOTICE OF MEETING

The Chairman advised that the meeting had been called in accordance with the notice of meeting dated 1 December 2014; the meeting having been advertised in the Australian Securities and Investment Commission’s website on 2 December 2014 and also copy was attached to the Administrators Report to Creditors dated 1 December 2014. A copy of the notice was tabled.

The Chairman advised that he chose to hold the meetings concurrently to allow for efficient communication to all stakeholders with common interests and in order to minimise costs and generally allow an efficient Administration process without prejudicing creditor rights.

The Chairman then sought the following resolution:

“That the notice of the meeting be taken as read”.

Company	Moved	Resolution - carried / not carried
Killarnee Civil & Concrete Contractors Pty Ltd	Matthew McLean	Carried
Killarnee Contracting Pty Ltd	Barry Woodhouse	Carried
Killarnee Equipment Holdings Pty Ltd	Barry Woodhouse	Carried

4. ATTENDANCE SHEET / PROXIES

The Chairman noted that he was required to consider and either admit or reject the proxies submitted for the purpose of voting for the meeting. In that regard, he noted that all general proxies that were received at the second creditors meeting were admitted for the purpose of voting at the meeting:

The Chairman noted that there were observers in attendance and stated that he had no objections to their attendance.

5. QUORUM

The Chairman then advised that, in accordance with Regulation 5.6.14, the meeting was being held at a date, time and place convenient to the majority of persons entitled to receive notice of the meetings and that in accordance with Regulation 5.6.16(2) of the Corporations Regulations, that a quorum was present for the following companies:

Company	ACN
Killarnee Civil & Concrete Contractors Pty Ltd	085 230 486
Killarnee Contracting Pty Ltd	109 535 686
Killarnee Equipment Holdings Pty Ltd	125 969 502

6. PURPOSE OF MEETING

The Chairman advised that this was the reconvened second meeting of creditors held since his appointment as Administrator and the purpose of the meeting was to decide the future of the Company, whether:

- That a DOCA should be executed by the Company; or
- That the Administration of the Company should end; or
- That the Company should be wound up.

The Chairman noted that in the Administrators Report to creditors dated 1 December 2014, his recommendation to creditors was:

- To place Killarnee Civil and Concrete Contractors Pty Ltd in to Liquidation; and
- A DOCA for Killarnee Equipment Holdings and Killarnee Contracting Pty Ltd so as to allow a better return for creditors.

7. MOTIONS

The Chairman advised that a resolution put to the vote of the meeting were to be resolved on the voices unless a poll is demanded, before or on the declaration of the result of the voices (Regulation 5.6.19):

- (a) By the Chairman; or
- (b) By at least two persons present in person, by proxy or by attorney that are entitled to vote at the meeting; or
- (c) By a person present in person, by proxy or by attorney representing not less than 10% of the total voting rights of all the persons entitled to vote at the meeting.

8. RESOLUTIONS

The Chairman advised that a resolution is carried if:

- A majority of creditors voting (whether in person, by attorney or by proxy) vote in favour; and
- The value of the debts owed by the corporation to those voting in favour is more than half the total debts owed to all creditors voting.

The Chairman noted that he may exercise a “casting vote” if no result is reached for or against (Regulation 5.6.21). The Chairman’s decision to exercise this vote is subject to review by the Court upon application by a creditor (Section 600B and Section 600C) and in the event that a casting vote arises in respect to any resolution out at the meeting, the Chairman would record the reasons for the use of his casting vote in the minutes (Regulation 5.6.21(4A)).

The Chairman also noted that a secured creditor may vote with respect to the whole of its debt or claim, without being required to estimate the value of its security (Regulation 5.6.24).

The Chairman also noted that he and his staff have reviewed documentation provided by the creditors and related entities and was prepared to admit their claim as per the company records, other than noted previously.

9. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

The Chairman tabled his updated Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) and noted that same was attached to Creditors Report dated 1 December 2014 and includes the clarification that it was the Business Sale Agreement which called for the appointment of Ferrier Hodgson as Administrators.

10. EVENTS SINCE APPOINTMENT

The Chairman outlined the events which had occurred since the appointment which included:

Date	Event
01- Sep -14	Business Sale Agreement (BSA) entered into by Directors Administrators appointed at 11.30pm
10- Sep -14	First Meeting of Creditors held. Appointment of Administrators ratified. No committee of creditors was formed.
26- Sep -14	Report to creditors issued.
07- Oct -14	Second meeting of creditors held. Meeting was adjourned for a period not exceeding 45 business days.
25 - Nov - 14	Receipt of revised DOCA proposal
01- Dec -14	Supplementary report to creditors issued.
09- Dec -14	Reconvened meeting of creditors held.

11. REPORT TO ADMINISTRATORS

The Chairman tabled the Administrator's Report to Creditors dated 2 December 2014 and turned to the power-point presentation (**Annexure A**) to present the highlights of the report. The Chairman detailed:

- The Administrators reports to creditors stating that it covered the trade history of the Companies and cause of failure, a summary of assets and liabilities which had been completed by the Director;
- An update on the status of assets realisations including the Mardie Road property – engaging with the tenant to resolve the rent and outgoings and arrears, and that marketing of the property had commenced on 4 December 2014. He also provided an update on the auction sale of surplus assets (consumables, workshop tools and inventories) located at Geraldton Depot at 37 Boyd Street, Geraldton on 25 October 2014. Net sales proceeds totalled \$149,401.
- The trading by the Administrators and the BSA highlighting the key points: The transition of key contracts (CB&I and Leighton) to Central Systems (CS) in October; continuation to liaise with key contractors on collection of outstanding receivables and completion of outstanding works (WBHO contract); assess ongoing requirement for equipment – surplus equipment have either been sold (where possible) or disclaimed.
- That meetings were held with the Directors and his advisors in relation to his DOCA proposal which resulted in a DOCA for KEH and KCPL but no DOCA for KCCC.

The Chairman detailed the negotiation with CS on the terms and conditions of the BSA as follows:

- CS receiving benefit of CB&I cash retention which is applied against the employee entitlements taken on by CS.
- CS paying out the asset leases (to the extent taken on).
- CS taking ownership of Barrow Island based unencumbered plant (\$23k auction value) and inventory (\$22k auction value).
- KCCC paying CS \$492,630 in respect to points mentioned above.
- CS receiving benefit of WBHO cash retention estimated at \$440k to cover its costs in replacing KCCC bank guarantee and risk of remedial works.
- KCCC paying CS \$454,773 being the benefit of the revenue for the CB&I and Leighton contracts after reimbursement of Administrators' costs.

The Chairman noted the preliminary investigations undertaken and that it revealed KCCC may have been insolvent from as early as 30 June 2013 and KEH may have been insolvent from 30 June 2014. Unfair preference claims aggregating \$5.85M representing payments to numerous creditors may potentially be available in respect to KCCC. Further investigation (with inherent costs) would be required to develop any potential claims. Creditors should be aware that recovery of such claims is never a certain process and may involve litigation, which can be both time consuming and costly.

The Chairman also mentioned that the value of any claims that a liquidator may have must be measured against the capacity of the director to meet such claims. A review of the statement of Director's individual financial position has revealed that the Director's financial position will be insufficient to meet any claims brought against him by the Liquidator. Indeed, the limited equity available in real estate is held by discretionary trusts and therefore would not be available to satisfy a claim. There is also no director's and officer's insurance cover in place (which may otherwise respond to such a claim).

The Chairman also went over the options available for creditors as follows:

- For KCCC there is no DOCA proposal hence Liquidation is the only viable option. This is for the benefit of the employees through the Fair Entitlements Guarantee (FEG) Scheme for the payment of non-super outstanding entitlements. For the creditors the return it is dependent on preference recoveries, otherwise NIL.
- For KEH a DOCA proposal has been put forward. This would give rise to \$100,000 payable by the DOCA proponent if the proceeds from KEH assets realisation are inefficient. Creditors will receive 18 cents in the Dollar and compared in a Liquidation scenario there are no antecedent recoveries and estimated return is NIL as shown in the table below:

Estimated Return to Creditors for KEH	DOCA \$	Liquidation \$
Assets Subject to Circulating Charges		
Payment from KCCC to KEH and KC for plant and equipment rental	380,641	380,641
Reimbursement of lease payments paid on behalf of KEH	(121,968)	(121,968)
Payment of monthly repayment to financiers	(127,677)	(127,677)
Total Assets Subject to Circulating Charge	130,996	130,996
Less: Cost of the Administration		
Administrators' Fees and Cost (est)	(133,203)	(133,203)
Surplus / (Deficit) after Cost of Administration	(2,207)	(2,207)
Total Assets Subject to Non - Circulating Charges		
Plant and Equipment	171,870	171,870
Less: Estimated realisation costs	(12,890)	(12,890)
Assets subject to specific charge - non BSA (non-Westpac with equity only)	497,754	497,754
Less: Estimated realisation costs	(37,332)	(37,332)
Less: Contractual payout amount	(285,936)	(285,936)
Westpac HP equity - non BSA equipment	5,029	5,029
Balance Westpac HP shortfall - non BSA equipment	(268,603)	(268,603)
Total Assets Subject to Non - Circulating Charges	69,893	69,893
Sub-total	67,686	67,686
Additional Payment from DOCA Proponent	100,000	-
Less: Liquidators / Deed Administrators Fees and cost	(75,000)	(100,000)
Total Assets Available to Unsecured Creditors	92,686	(32,314)
Less: Unsecured Creditors:		
Ordinary Trade Creditors	n/a	n/a
Other Creditors (related party)	n/a	(1,782,875)
Australian Taxation Office	(67,259)	(67,259)
Contingent Claims - Shortfall to non-Westpac HP crs	(448,907)	(448,907)
Total Unsecured Claims	(516,166)	(2,299,041)
Estimated Surplus / (Deficiency)	(423,480)	(2,331,355)
Estimated Dividend Rate (cents in the \$)	0.18	Nil

- For KCPL a DOCA proposal has been put forward. This would give rise to \$75,000 payable by the DOCA proponent if the proceeds from KCPL assets realisation are inefficient. Creditors will receive 12 cents in the Dollar and compared in a Liquidation scenario there are no antecedent recoveries and estimated return is NIL as shown in the table below:

Estimated Return to Creditors	DOCA \$	Liquidation \$
Assets Subject to Circulating Charges		
Payment from KCCC to KEH and KC for plant and equipment rental	17,226	17,226
Total Assets Subject to Circulating Charge	17,226	17,226
Less: Cost of the Administration		
Administrators' Fees and Cost (est)	(50,582)	(50,582)
surplus / (Deficit) after Cost of Administration	(33,356)	(33,356)
Total Assets Subject to Non - Circulating Charges		
Plant and Equipment (Mitsubishi Ute - realised)	9,000	9,000
Plant and Equipment (Franna Mobile Crane)	45,000	45,000
Less: realisation cost	(3,375)	(3,375)
Total Assets Subject to Non - Circulating Charges	50,625	50,625
Sub-total	17,269	17,269
Additional Payment from DOCA Proponent	75,000	-
Less: Liquidators / Deed Administrators / Cr Trust Fees and cost	(35,000)	(50,000)
Total Assets Available to Unsecured Creditors	57,269	(32,731)
Less: Unsecured Creditors:		
Ordinary Trade Creditors	n/a	n/a
Related party creditors (KGPL)	n/a	(150,681)
Australian Taxation Office	(12,797)	(12,797)
Contingent Claims - Shortfall to Hire Purchase Financiers of KEH	(448,907)	(448,907)
Total Unsecured Claims	(461,704)	(612,386)
Estimated Surplus / (Deficiency)	(404,435)	(645,117)
Estimated Dividend Rate (cents in the \$)	0.12	-

12. ADMINISTRATORS RECOMMENDATION

The Chairman noted that he had an obligation to provide a recommendation to creditors under the Act, and that his recommendation as set out in his Report was for KCCC to be placed in to Liquidation and a DOCA for KEH and KCPL with the following reasons:

- The Liquidation is the only viable option available as the Company is insolvent and would not be viable to return the director, there is no DOCA proposal available and it would enable the employees to access the FEG scheme.
- For KEH the DOCA would give the best return to creditors (18 cents in the dollar) or otherwise NIL in Liquidation.
- For KCPL the DOCA would give the best return to creditors (12 cents in the dollar) or otherwise NIL in Liquidation.

13. DISCUSSION

The meeting was then opened for discussion as detailed below:

- Aaliya Sheikh – ATO:
Chairman: What do the employee entitlements approximately amount to?
They approximately amount to \$4M which includes super and reference was made to page 20 section 5.1.18 of the S439A report dated 26 September 2014.
- Aaliya Sheikh – ATO:
Chairman: Does it provide details of the super?
Correct and we will email full details of the pre-appointment super to you.
- Aaliya Sheikh – ATO:
Chairman: Sale of the Business – timeline to complete?
Completes on Friday 12 December 2014.
- Aaliya Sheikh – ATO:
Chairman: What is going on in regard to trade-on? How many employees?
There were approximately 120 employees pre-appointment period now down to approximately 6 employees. Most transitioned onto Central Systems. With the others notice of termination was issued except to the remaining few.
- Richard John
– Vantage Performance:
Chairman: Contingent assets – what is the value?
EDI Downer mediation adjourned to allow parties to meet to see if they could agree the amount payable at 13 April 2013. We met with Downer on 5 December 2014 and did not agree. Their view was NIL payable to Killarnee. The Mediation is reconvened for Friday 12 December 2014. More work needs to be done to convince Downer of the merits of Killarnee's claim.
- Dennis Van
– D & N Commercial
Concrete Pty Ltd
Chairman: Will the insolvent trading by KCCC be looked at?
Yes, Liquidators report to ASIC, then ASIC will decide whether to pursue offences. It is typically a contest as to outcome as the director has access to defences and penalties may arise which includes a ban from directorship.
- Dennis Van
– D & N Commercial
Concrete Pty Ltd
Chairman: What is the impact in respect to keeping the other companies alive (through DOCAs)?
If the offences are proven ASIC will impose penalties which include potential banning from being a director in any Company and a replacement director would be required in respect to any companies at the time of director banning.

14. ADMINISTRATORS REMUNERATION

The Chairman sought the following resolutions to approve the fees and costs incurred by the Administrators for each of the individual Company's.

Killarnee Civil & Concrete Contactors Pty Ltd (Administrators Appointed)

The Chairman sought resolutions in regard to the Administrators' remuneration for the period 1 September 2014 to 21 September 2014.

"That the further remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 1 September 2014 to 21 September 2014 be fixed in the amount of \$17,586 (plus GST), and may be paid."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

The Chairman sought resolutions in regard to the Administrators' remuneration for the period 8 October 2014 to 23 November 2014.

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 8 October 2014 to 23 November 2014 be fixed in the amount of \$279,604 (plus GST), and may be paid."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

The Chairman sought resolutions in regard to the Administrators' remuneration for the period 24 November 2014 to 8 December 2014.

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 24 November 2014 to 8 December 2014 be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$125,000 (plus GST) but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

Killarnee Equipment Holdings Pty Ltd (Administrators Appointed)

The Chairman sought resolutions in regard to the Administrators' remuneration for the period 8 October 2014 to 23 November 2014.

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 8 October 2014 to 23 November 2014 be fixed in the amount of \$42,088 (plus GST), and may be paid."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

The Chairman sought resolutions in regard to the Administrators' remuneration for the period 24 November 2014 to 8 December 2014.

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 24 November 2014 to 8 December 2014 be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$20,000 (plus GST) but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

Killarnee Contracting Pty Ltd (Administrators Appointed)

The Chairman sought resolutions in regard to the Administrators' remuneration for the period 8 October 2014 to 23 November 2014.

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 8 October 2014 to 23 November 2014 be fixed in the amount of \$4,775 (plus GST), and may be paid."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

The Chairman sought resolutions in regard to the Administrators' remuneration for the period 24 November 2014 to 8 December 2014.

"That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 24 November 2014 to 8 December 2014 be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$15,000 (plus GST) but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

15. WINDING UP RESOLUTION

The Chairman sought the following resolution for the winding up of KCCC

"THAT Killarnee Civil and Concrete Contractors Pty Ltd be wound up."

Moved by: Barry Woodhouse

Seconded by: Aaliya Sheikh

The motion was declared carried.

16. DOCA RESOLUTIONS

The Chairman sought the following resolutions to the meeting that creditors resolve:

"That Killarnee Equipment Holdings Pty Ltd executes a Deed of Company Arrangement in terms that are materially the same as set out in the Administrators' Supplementary Report dated 1 December 2014."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

"That Killarnee Contracting Pty Ltd executes a Deed of Company Arrangement in terms that are materially the same as set out in the Administrators' Supplementary Report dated 1 December 2014."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

17. DEED ADMINISTRATORS REMUNERATION

The Chairman sought the following resolutions to approve the fees and costs estimates of the Deed Administrators for each of the individual Company's.

Killarnee Equipment Holdings Pty Ltd (Administrators Appointed)

The Chairman sought resolutions in regard to the Deed Administrators' remuneration for the period 9 December 2014 to Execution of the Deed of Company Arrangement.

"That the remuneration of the Deed Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 9 December 2014 to the execution of the Deed of Company Arrangement be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$20,000 (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed and that the Deed Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

The Chairman sought resolutions in regard to the Deed Administrators' remuneration for the period from the Execution of the Deed of Company Arrangement.

"That the remuneration of the Deed Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from the execution of the Deed of Company Arrangement be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$55,000 (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed and that the Deed Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

Killarnee Contracting Pty Ltd (Administrators Appointed)

The Chairman sought resolutions in regard to the Deed Administrators' remuneration for the period 9 December 2014 to Execution of the Deed of Company Arrangement.

"That the remuneration of the Deed Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 9 December 2014 to the execution of the Deed of Company Arrangement be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$10,000 (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed and that the Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

The Chairman sought resolutions in regard to the Deed Administrators' remuneration for the period from the Execution of the Deed of Company Arrangement.

"That the remuneration of the Deed Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from the execution of the Deed of Company Arrangement be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$25,000 (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed and that the Deed Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

18. LIQUIDATORS REMUNERATION

The Chairman sought the following resolutions to approve the fees and costs estimates of the Liquidators for KCCC.

"That the remuneration of the Liquidators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 9 December 2014 to the conclusion of Liquidation be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$400,000 (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Liquidators be authorised to make monthly payments on account of such accruing remuneration as incurred."

Moved by: Matthew McLean
Seconded by: Barry Woodhouse

The ATO was against the resolution but it was declared carried on the voices.

19. COMMITTEE OF CREDITORS

The Chairman gave an overview of the role a Committee of Inspection may involve and asked meeting creditors as to whether they wish to form a Committee of Inspection for the DOCA / Liquidation.

As there was no interest in forming a Committee of Inspection the Chairman put the following resolution for KCCC.

“That a Committee of Inspection of Killarnee Civil and Concrete Contractors Pty Ltd shall not be formed.”

Moved by: Barry Woodhouse

The motion was declared carried on the voices.

For KEH and KCPL the resolutions were not read as there was no interest shown and the Chairman noted they will still be available to use at a later stage.

20. COMPROMISE OF DEBTS

The Chairman sought the following resolution with regard to the compromise of debts for KCCC

“That, pursuant to Section 477(2A) of the Corporations Act 2001, creditors authorise the Liquidators of Killarnee Civil and Concrete Contractors Pty Ltd to compromise a debt owed to the Company of any amount.”

Moved by: Matthew McLean
Seconded by: Barry Woodhouse

The ATO was against the resolution but it was declared carried on the voices.

21. BOOKS AND RECORDS

The Chairman sought the following resolution to approve the destruction of the books and records

“That, subject to obtaining the approval of the Australian Securities & Investments Commission (“ASIC”) pursuant to Section 542(4), the books and records of Killarnee Civil and Concrete Contractors Pty and of the Liquidators be disposed of by the Liquidators 12 months after the dissolution of the Company or earlier at the discretion of ASIC.”

Moved by: Barry Woodhouse
Seconded by: Matthew McLean

The motion was declared carried on the voices.

22. NEXT KEY STEPS

The Chairman went through the steps for the DOCA being:

- Proposed DOCA is to be executed within 15 business days.
- The DOCA provides that the Director's related entities will not claim for dividend purposes under the DOCA, hence prior to execution we will seek related parties provide acknowledgement of subordination.
- Orderly realisation of the Companies' assets.

The Chairman went through the steps for the LIQUIDATION being:

- Orderly winding down of the Company's operation.
- Realisation of the Company's assets.
- Completion of statutory investigations and lodgment of report with ASIC.
- Liaise with the Fair Entitlement Guarantee scheme to meet outstanding employee entitlements.
- Investigation and recovery of preference payments and insolvent trading claims.
- Subject to availability of funds, distribution of funds to creditors in the order set out by the Corporations Act.
- Finalisation of liquidation.

23. QUESTIONS AND OTHER BUSINESS

Is there any other business to be properly conducted, or are there any further questions regarding the Administration of the Companies before we close.

Barry Woodhouse: Will we have access to the investigations report?
Chairman: No it is a privileged document only available to ASIC.

24. CLOSE OF THE MEETING

I thank you for your attendance and I now declare the meeting closed at 12:00 pm.

Signed as a correct record.

DATED this 18th day of December 2014.



Martin Jones
Chairman

“Annexure B”

In Person	Representing	Amount of Claim (\$)
Ferrier Hodgson Representatives		
Martin Jones (Chairman)	N/A	N/A
Malcolm Field (Assisting Mr Jones)	N/A	N/A
Nirav Shah (Assisting Mr Jones)	N/A	N/A
Killarnee Civil and Concrete Contractors Pty Ltd (Administrators Appointed)		
Creditors		
Aaliya Sheikh (By telephone)	The Australian Taxation Office	5,063,673.88
Dennis Van De Klashorst	D&N Commercial Concrete Pty Ltd	208,697.96
Kevin Burns	Abacus Calculators (WA) Pty Ltd	15,412.20
Barry Woodhouse	Killarnee Group Pty Ltd	1,609,979.94
Matthew McLean	Matrix Partners Pty Ltd	97,229.00
Richard John	Vantage Performance	101,708.24
By Proxy		
In Favour Of		
Australian Concrete Pumping Logistics (WA) Pty Ltd	The Chairperson	92,375.91
Direct Trades Supply Pty Ltd	The Chairperson	47,096.34
Panos Safety	The Chairperson	7,657.93
Rod Selzers Lawnmowing Service	The Chairperson	840.00
Observers		
Richie Hewitt	BoltMakers (WA) 1976	

Killarnee Equipment Holdings Pty Ltd (Administrators Appointed)

In Person	Representing	Amount of Claim (\$)
Barry Woodhouse	Killarnee Group Pty Ltd	1,782,875.44

Killarnee Equipment Holdings Pty Ltd (Administrators Appointed)

In Person	Representing	Amount of Claim (\$)
Barry Woodhouse	Killarnee Group Pty Ltd	150,681.42

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

Reconvened Concurrent Second Meeting of Creditors

Tuesday, 9 December 2014

Procedural Matters

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

Procedural Matters:

- Reconvened concurrent second meeting of creditors.
- Purpose of meeting.
- Admission of proxies for voting purposes.
- Purpose of meeting.
- Determination of Quorum.
- Voting and resolutions.

Purpose of this Meeting

- Reconvened second concurrent second meeting of creditors following meeting held on 7 October 2014.
- Receive Administrators' Supplementary Report for each individual company.
- Creditors to determine the future for each of the individual Company, as to whether:
 - (i) the company to execute a Deed of Company Arrangement (“DOCA”); or
 - (ii) the company to be wound up; or
 - (iii) the Administration to end.

Declaration of Independence, Relationships and Indemnities (updated)

- Declaration of independence, relationships and indemnities (“DIRRI”) was enclosed in the first circular to creditors dated 2 September 2014 and tabled at the meetings of creditors on 10 September 2014 and 7 October 2014.
- Our assessment identified no real or potential risks to our independence and we were not aware of any reasons that would prevent us from accepting the appointment.
- An updated DIRRI has been enclosed in our circular to creditors dated 1 December 2014 which clarifies that while Vantage Performance contacted us in the days before the appointment, the Business Sale Agreement (“BSA”) entered into between KCCC and Centrals Systems on 1 September 2014 ultimately called for our appointment.

Events since our appointment

Date	Event
01 - Sept - 2014	<ul style="list-style-type: none"> ▪ BSA entered into by Director ▪ Administrators appointed at 11.30pm
10 - Sept - 2014	<ul style="list-style-type: none"> ▪ First Meeting of Creditors held ▪ Appointment of Administrators ratified ▪ No committee of creditors formed
26 - Sept - 2014	<ul style="list-style-type: none"> ▪ Report to creditors issued
07 - Oct - 2014	<ul style="list-style-type: none"> ▪ Second meeting of creditors held ▪ Meeting was adjourned for a period not exceeding 45 business days
25 - Nov - 2014	<ul style="list-style-type: none"> ▪ Receipt of revised DOCA proposal
1 – Dec - 2014	<ul style="list-style-type: none"> ▪ Supplementary report to creditors issued
9 – Dec - 2014	<ul style="list-style-type: none"> ▪ Reconvened second meeting of creditors held

Supplementary Administrators Report Highlights/Update

The Administrators Report (including the Remuneration Report) pursuant to Section 439A of the Act for each of the Company's in Administration was issued to creditors on 1 December 2014.

The report includes:

- Update on status of assets realisation;
- Update on the trading by Administrators and status of BSA;
- Statutory Investigations and preliminary findings;
- Explanation of options available to creditors, and potential returns under each option;
- Recommendation of the Administrators; and
- Explanation of remuneration incurred to date, and estimates of future remuneration.

Supplementary Administrators Report Highlights/Update (cont)

Update on status of assets realisation

- **Mardie Road property:** Engaging with tenant to resolve the rent and outgoings arrears. Marketing of property commenced on 4 December 2014.
- **Auction sale of surplus assets** (consumables, workshop tools and inventories) located at Geraldton Depot at 37 Boyd Street, Geraldton on 25 October 2014. Net sales proceeds totalled \$149,401.

Update on the trading by Administrators and BSA

- Transition of key contracts (CB&I and Leighton) to Centrals Systems (“CS”) in October.
- Continued to liaise with key contractors on collection of outstanding receivables and completion of outstanding works (WBHO Contract).
- Assess ongoing requirement for equipment - surplus equipment have either been sold (where possible) or disclaimed.
- Meetings with Director and his advisors in relation to his DOCA proposal - resulting in DOCA for KEH and KCPL, but no DOCA for KCCC.

Supplementary Administrators Report Highlights/Update (cont)

Update on the trading by Administrators and BSA (cont)

- Negotiation with CS on the terms and conditions of the Business Sale Agreement (“BSA”) - which entail:
 1. CS receiving benefit of CB&I cash retention which is applied against the employee entitlements taken on by CS.
 2. CS paying out the asset leases (to the extent taken on).
 3. CS taking ownership of Barrow Island based unencumbered plant (\$23k auction value) and inventory (\$22k auction value).
 4. KCCC paying CS \$492,630 in respect to points 1-3 above.
 5. CS receiving benefit of WBHO cash retention estimated at \$440k to cover its costs in replacing KCCC bank guarantee and risk of remedial works.
 6. KCCC paying CS \$454,773 being the benefit of the revenue for the CB&I and Leighton contracts after reimbursement of Administrators’ costs.

Supplementary Administrators Report Highlights/Update (cont)

Preliminary investigations reveal:

- KCCC may have been insolvent from as early as 30 June 2013 and KEH may have been insolvent from 30 June 2014. We believe that KCPL became insolvent as a result of our appointment over KCCC.
- Unfair preference claims aggregating \$5.85M representing payments to numerous creditors may potentially be available.
- Further investigation (with inherent costs) would be required to develop any potential claims. Creditors should be aware that recovery of such claims is never a certain process and may involve litigation, which can be both time consuming and costly.

Supplementary Administrators Report Highlights/Update (cont)

Director's ability to pay a liquidator's claims

- The value of any claims that a liquidator may have must be measured against the capacity of the director to meet such claims.
- A review of the statement of Director's individual financial position has revealed that the Director's financial position will be insufficient to meet any claims brought against him by the Liquidator. Indeed, the limited equity available in real estate is held by discretionary trusts and therefore would not be available to satisfy a claim.
- There is also no director's and officer's insurance cover in place (which may otherwise respond to such a claim).

Options available for creditors

Our preliminary investigations/analysis shows that the companies are insolvent, and there is no valid reason why control of the Companies should revert back to their directors.

The remaining options available would be either to enter into a DOCA or liquidation.

Administrators' recommendation

Company	Recommendation	Estimated return
KCCC	No DOCA, hence liquidation only viable option	Employees: through FEG for payment of non-super outstanding entitlements. Creditors: dependent on preference recoveries, otherwise NIL.
KEH	DOCA - sum of \$100k payable by Proponent if proceeds from KEH assets realisation are insufficient	Creditors: 18 cents/\$. Compare in liquidation, no antecedent recoveries and estimated return is NIL.
KCPL	DOCA - sum of \$75k payable by Proponent if proceeds from KCPL assets realisation are insufficient	Creditors: 12 cents/\$. Compare, in liquidation, no antecedent recoveries and estimated return is NIL.

Estimated return to creditors - DOCA v Liquidation (KEH)

Estimated Return to Creditors	DOCA \$	Liquidation \$
Assets Subject to Circulating Charges		
Payment from KCCC to KEH and KC for plant and equipment rental	380,641	380,641
Reimbursement of lease payments paid on behalf of KEH	(121,968)	(121,968)
Payment of monthly repayment to financiers	(127,677)	(127,677)
Total Assets Subject to Circulating Charge	130,996	130,996
Less: Cost of the Administration		
Administrators' Fees and Cost (est)	(133,203)	(133,203)
Surplus / (Deficit) after Cost of Administration	(2,207)	(2,207)
Total Assets Subject to Non - Circulating Charges		
Plant and Equipment	171,870	171,870
Less: Estimated realisation costs	(12,890)	(12,890)
Assets subject to specific charge - non BSA (non-Westpac with equity only)	497,754	497,754
Less: Estimated realisation costs	(37,332)	(37,332)
Less: Contractual payout amount	(285,936)	(285,936)
Westpac HP equity - non BSA equipment	5,029	5,029
Balance Westpac HP shortfall - non BSA equipment	(268,603)	(268,603)
Total Assets Subject to Non - Circulating Charges	69,893	69,893
Sub-total	67,686	67,686
Additional Payment from DOCA Proponent	100,000	-
Less: Liquidators / Deed Administrators Fees and cost	(75,000)	(100,000)
Total Assets Available to Unsecured Creditors	92,686	(32,314)
Less: Unsecured Creditors:		
Ordinary Trade Creditors	n/a	n/a
Other Creditors (related party)	n/a	(1,782,875)
Australian Taxation Office	(67,259)	(67,259)
Contingent Claims - Shortfall to non-Westpac HP crs	(448,907)	(448,907)
Total Unsecured Claims	(516,166)	(2,299,041)
Estimated Surplus / (Deficiency)	(423,480)	(2,331,355)
Estimated Dividend Rate (cents in the \$)	0.18	Nil

Estimated return to creditors - DOCA v Liquidation (KCPL)

Estimated Return to Creditors	DOCA \$	Liquidation \$
Assets Subject to Circulating Charges		
Payment from KCCC to KEH and KC for plant and equipment rental	17,226	17,226
Total Assets Subject to Circulating Charge	17,226	17,226
Less: Cost of the Administration		
Administrators' Fees and Cost (est)	(50,582)	(50,582)
surplus / (Deficit) after Cost of Administration	(33,356)	(33,356)
Total Assets Subject to Non - Circulating Charges		
Plant and Equipment (Mitsubishi Ute - realised)	9,000	9,000
Plant and Equipment (Franna Mobile Crane)	45,000	45,000
Less: realisation cost	(3,375)	(3,375)
Total Assets Subject to Non - Circulating Charges	50,625	50,625
Sub-total	17,269	17,269
Additional Payment from DOCA Proponent	75,000	-
Less: Liquidators / Deed Administrators / Cr Trust Fees and cost	(35,000)	(50,000)
Total Assets Available to Unsecured Creditors	57,269	(32,731)
Less: Unsecured Creditors:		
Ordinary Trade Creditors	n/a	n/a
Related party creditors (KGPL)	n/a	(150,681)
Australian Taxation Office	(12,797)	(12,797)
Contingent Claims - Shortfall to Hire Purchase Financiers of KEH	(448,907)	(448,907)
Total Unsecured Claims	(461,704)	(612,386)
Estimated Surplus / (Deficiency)	(404,435)	(645,117)
Estimated Dividend Rate (cents in the \$)	0.12	-

Estimated return to creditors - Liquidation (cont)

Employees

- will benefit from a more timely return from a FEG scheme distribution (non-superannuation entitlements) in the event of a liquidation.
- FEG takes approximately sixteen (16) weeks (four (4) months) to advance funds to a liquidator.
- More information available from FEG at <http://deewr.gov.au/fair-entitlements-guarantee-feg> or ring 1300 135 040

Estimated return to creditors of KEH and KCPL - DOCA

key attributes	KEH	KCPL
Additional payment by Proponent	\$100,000 (30 September 2015)	\$75,000 (30 April 2015)
Assets realisation	Deed Administrators	Deed Administrators
Management, operation and control of company	Director (no involvement of Deed Administrators)	Director (no involvement of Deed Administrators)
Subordination of related party debt	\$1.78M (77% of creditors claim)	\$150,681 (24% of creditors claim)
Others	Proponent will progress the marketing and sale of Geraldton and Karratha depots (held in trust) with a view to timely repayment of mortgagees	Proponent will progress the marketing and sale of Geraldton and Karratha depots (held in trust) with a view to timely repayment of mortgagees

Recommendation to Creditors

The Administrators' recommendation is that creditors should resolve to:

Company	Recommendation	Reasons
KCCC	Liquidation	<ul style="list-style-type: none"> ▪ Not viable to return company to Director (insolvent) ▪ No DOCA proposal received ▪ Employees able to access the FEG scheme
KEH	DOCA	<ul style="list-style-type: none"> ▪ Not viable to return company to Director (insolvent) ▪ Estimated return of 18 cents in the \$ under the DOCA ▪ Estimated NIL return in a liquidation
KCPL	DOCA	<ul style="list-style-type: none"> ▪ Not viable to return company to Director (insolvent) ▪ Estimated return of 12 cents in the \$ under the DOCA ▪ Estimated NIL return in a liquidation

Questions and Discussions

- 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 - overview

- Future of the Companies:

For each of the individual Companies

- i. Whether the Company should enter into the deed of company arrangement as proposed.
- ii. Whether the Company should be wound up.
- iii. Whether the administration should end.

- To fix the remuneration of the Administrators and Deed Administrators or Liquidators for each of the Companies.

- To give the Administrators of the Companies further powers in relation to Compromising Debts and Entering Agreements.

- To consider the early destruction of the individual Companies' books and records.

- Whether a Committee of Inspection should be appointed for each individual Companies, and if so, the members of that committee for that company.

“That the Company be wound up.”

"That the Company execute a Deed of Company Arrangement in terms that are materially the same as set out in the Supplementary Administrators' Report dated 1 December 2014."

“That the Administration should end.”

Resolutions - VA Fees

Remuneration - Voluntary Administrators

1 September 2014 to 21 September 2014

“That the further remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 1 September 2014 to 21 September 2014 be fixed in the amount of \$17,586 (plus GST), and may be paid.”

Resolutions - VA Fees

Remuneration - Voluntary Administrators

8 October 2014 to 23 November 2014

“That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 8 October 2014 to 23 November 2014 be fixed in the amount of \$(as read) (plus GST), and may be paid.”

Resolutions - VA Fees

Remuneration - Voluntary Administrators

24 November 2014 to 8 December 2014

“That the remuneration of the Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 24 November 2014 to 8 December 2014 be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$(as read) (plus GST) but subject to upward revision by resolution of creditors, and that the Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred.”

Resolutions - DOCA (KEH and KCPL only)

Remuneration - Where DOCA is accepted:

“That the remuneration of the Deed Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from 9 December 2014 to the execution of the Deed of Company Arrangement be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$(as read) (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed and that the Deed Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred.”

Resolutions - DOCA (KEH and KCPL only)

Remuneration - Where DOCA is accepted:

“That the remuneration of the Deed Administrators, as set out in the Remuneration Request Approval Report dated 1 December 2014, for the period from the execution of the Deed of Company Arrangement be fixed at the Ferrier Hodgson scale of rates (disclosed in the report) up to a maximum amount of \$(as read) (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Deed Administrators be authorised to make monthly payments on account of such accruing remuneration as incurred.”

Remuneration - Where Liquidators are appointed:

“That the remuneration of the Liquidators, as set out in the Remuneration Request Approval report dated 1 December 2014, for the period from 9 December 2014 to the conclusion of Liquidation be fixed at the Ferrier Hodgson scale of rates (disclosed in this report) up to a maximum amount of \$(as read) (plus GST) but subject to upward revision by resolution of creditors, or the Committee of Inspection should one be appointed, and that the Liquidators be authorised to make monthly payments on account of such accruing remuneration as incurred.”

Resolutions - Compromise of Debts - Liq only

“That, pursuant to Section 477(2A) of the Corporations Act 2001, creditors authorise the Liquidators of Killarnee Civil and Concrete Contractors Pty Ltd to compromise a debt owed to the Company of any amount.”

Resolutions-Entering Agreements-Liq only

“That, pursuant to Section 477(2B) of the Corporations Act 2001, creditors authorise the Liquidators to enter into any agreement with duration of longer than 3 months on the Company’s behalf where:

- the term of the agreement may end; or**
- obligations of a party to the agreement may, according to the terms of the agreement, be discharged by performance.”**

“That, subject to obtaining the approval of the Australian Securities & Investments Commission (“ASIC”) pursuant to Section 542(4), the books and records of the Company and of the Liquidators be disposed of by the Liquidators 12 months after the dissolution of the Company or earlier at the discretion of ASIC.”

Resolutions - Committee of Inspection

“That a Committee of Inspection be formed and that the members the Committee shall comprise:”

Company Represented	Committee Member
_____	_____
_____	_____
_____	_____
_____	_____

Next Key Steps

- **If DOCA proposal is accepted:**
 - Proposed DOCA is to be executed within 15 business days.

 - The DOCA provides that the Director's related entities will not claim for dividend purposes under the DOCA, hence prior to execution we will seek related parties provide acknowledgement of subordination.

 - Orderly realisation of the Companies' assets.

Next Key Steps

- If Company is wound up:
 - Orderly winding-down of the Companies' operation.
 - Realisation of the Company's assets.
 - Completion of statutory investigations and lodgment of report with ASIC.
 - Liaise with the Fair Entitlement Guarantee scheme to meet outstanding employee entitlements.
 - Investigation and recovery of preference payments and insolvent trading claims.
 - Subject to availability of funds, distribution of funds to creditors in the order set out by the Corporations Act.
 - Finalisation of liquidation.

Close of Meeting

Thank you for your attendance.

Any further queries may be directed to the Administrators' office in Perth. Our contact details are below:

Ferrier Hodgson

Level 28, 108 St Georges Terrace

Perth, WA 6000

Telephone: (08) 9214 1444

Facsimile: (08) 9214 1400

Contact: Nirav Shah or William Hulmes

Ferrier
Hodgson
