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CIRCULAR TO CREDITORS

16 January 2019

Dear Sir/Madam,

Specialty Mens Apparel Pty Ltd (Administrators Appointed)
ACN 149 766 307 (“the Company”)
ABN 73 149 766 307
Trading as “Ed Harry”

ONLINE REPORT NOTIFICATION

We advise that Gayle Dickerson and I, Brendan Richards, of KPMG were appointed as joint and several Voluntary Administrators of the Company on 15 January 2019 pursuant to section 436A of the Corporations Act 2001 (*Cth*) (“the Act”).

According to the Company’s records, you may be a creditor of the Company. The Administrator’s first creditors circular will be issued on 16 January 2019 and will be available for download from KPMG’s website at: <https://home.kpmg/au/edharry>

This report will include:

- Initial information for creditors
- Initial Remuneration Notice
- Information on the rights of creditors, including how to access information sheets

A copy of my Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”) is attached. The DIRRI assists you to understand any relevant relationships that I have, and any indemnities or upfront payments that have been provided to me. I have considered each relationship and it is my opinion that none of the relationships disclosed in the DIRRI result in a conflict of interest or duty or affect my independence.

A proof of debt and proxy form is also attached to this notice for your completion after you have received and considered the report that has been issued.

If you have any queries or do not have access to the internet and would like to request a copy of the report to be sent by post, please call +61 2 9335 7631 or email edharry@kpmg.com.au.

Yours faithfully

Brendan Richards

Brendan Richards
Joint and Several Administrator

Corporations Act 2001

Declaration of Independence, Relevant Relationships and Indemnities “DIRRI”

**Specialty Mens Apparel Pty Ltd (Administrators Appointed)
Trading as Ed Harry
ACN 149 766 307 (the Company)**

This declaration requires us as the Practitioners appointed to the Company to make declarations as to:

- A. our independence generally;
- B. relationships, including:
 - i the circumstances of the appointment;
 - ii any relationships with the Companies and others within the previous 24 months;
 - iii any prior professional services for the Companies within the previous 24 months;
 - iv. that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to us as the Practitioner.

This declaration is made in respect of us, Brendan Richards and Gayle Dickerson, our partners, KPMG Australia partnership and related parties covered by the extended definition of firm.

A. Independence

We, Brendan Richards of the KPMG Australia partnership (“KPMG Australia”), Tower Two, Collins Square, 727 Collins Street Melbourne VIC 3008 and Gayle Dickerson, of KPMG Australia, Level 38, Tower 3, 300 Barangaroo Avenue, Sydney NSW 2000, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of the Company in accordance with the law and applicable professional standards. We declare that this assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

i) Circumstances of appointment

Brendan Richards, a Partner in the KPMG Restructuring Services team, received a phone call from the Managing Director of the Company, David Clark, on 8 January 2019 to discuss some challenges the Company was experiencing following a weaker than expected sales period in the second half of 2018. Brendan Richards had been referred to David Clark by Azurium Advisory, who were acting on behalf of the Company to raise capital and/ or strategic partners for the business. Azurium Advisory is a consulting firm established by Ferrier Hodgson, a firm at which Brendan Richards was a partner until November 2017.



Azurium Advisory, it is understood, did not advise the Company until after Brendan Richards had left Ferrier Hodgson. In our opinion, this relationship does not affect our independence for the following reasons:

- Referrals from accountants, lawyers, business advisors and government agencies are commonplace and do not impact on our independence in carrying out our duties as voluntary administrator.
- We have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Company. This relationship has not impeded our independence.

We had 1 meeting with the Company and its Directors on Wednesday 9th January 2019 prior to our appointment for the purposes of:

- Discussing the recent trading performance of the Company.
- Clarifying and explaining to the Company and its directors the various options available to the Company and the nature and consequences of an insolvency appointment.

A summary of the meeting is provided below.

Date	KPMG Attendees	External Attendees	Agenda
9 January 2019	Brendan Richards (Partner), David Hardy (Director)	David Clark, John Read, Anthony Hawkins, Adrian Crowley	Discussion on challenges in the retail sector Discussion on general background and current trading performance of the Company Discussion on implications of formal insolvency

We did not receive any remuneration in relation to this advice.

Post this meeting, there were a series phone calls and emails with David Clark and John Read in the period from 9 January to 14 January 2019. These communications were focused on information provided by the Company, general advice, provision of Consents to Act and undertaking preliminary planning for a Voluntary Administration.



In our opinion, the meeting held and subsequent phone calls do not affect our independence for the following reasons:

- The discussions were at all times factual in nature, focused on the historical and financial position of the Company, the consequences of insolvency and the possible voluntary administration. Neither we nor KPMG provided advice to the Company. Discussions were restricted to the Company situation and no advice was provided to the directors personally. We understand the directors have sought their own advice.
- No fees or charges were rendered in respect to time incurred by us and our staff in attending the above meetings or reviewing information.
- The discussions were restricted in accordance with the limitations imposed by Principle 2 of the ARITA Code of Professional Practice in relation to independence and pre-appointment communications and meetings.
- As the discussions were of a factual nature, they are unlikely to be subject to review by an Administrator or Liquidator and would not impact on compliance with our statutory and fiduciary duties.

ii) Relevant Relationships

We, or a member of our Firm, have, or have had within the preceding 24 months, a relationship with the following parties:

Name	Nature of relationship	Reasons
Commonwealth Bank of Australia ("CBA") provides financial services to the Company. We have made no determination at this time whether the secured creditor has a charge on the whole of or substantially the whole of the Company.	KPMG has had relationships with CBA due to the nature of KPMG's business. This includes business advisory, consulting services and the appointment of KPMG's registered liquidators to companies as a formal insolvency appointment (in some cases by the secured creditor), where the secured creditor has provided banking facilities, loan facilities and/ or leasing facilities to insolvent companies.	In our opinion, this relationship does not result in a conflict of interest or duty as KPMG has never undertaken any work for CBA in respect of the Company.
Australian Taxation Office ("ATO")	KPMG undertakes work from time to time on behalf of the ATO. This includes business advisory, consulting services and the appointment of KPMG's registered liquidators to companies as a formal insolvency appointment where the ATO has asked us to consent to act as liquidators.	In our opinion, this relationship does not result in a conflict of interest or duty as KPMG have not identified any issue in relation to this relationship that would give rise to a conflict in undertaking the administration of the Company. This relationship has not impeded our independence.

iii) Prior professional services to the Company

Neither we, nor our firm, have provided any professional services to the Company in the previous 24 months prior to the acceptance of this appointment.

Brendan Richards was a partner at Ferrier Hodgson between 2009 and 2017. In 2011, Ferrier Hodgson were appointed voluntary administrators and subsequently liquidators to the company that traded the Ed Harry business, EDH Pty Ltd (Deregistered), which was later acquired by the Company.

We believe that this relationship does not result in a conflict of interest or duty because:

- Brendan Richards was not personally involved in the voluntary administration of EDH Pty Ltd (Deregistered);
- The Company and EDH Pty Ltd (Deregistered) are unrelated; and
- The voluntary administration and liquidation of EDH Pty Ltd (Deregistered) occurred almost 8 years ago such that there would not be any transactions that would or could be subject to review during the conduct of the external administration.

Should a conflict arise, we will keep creditors informed and take appropriate action to resolve the conflict.

iv) Other relevant relationships

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property that should be disclosed.



C. Indemnities and up-front payments

We not been indemnified in relation to this voluntary administration, other than any indemnities that we may be entitled to under statute.

We have not been provided with any upfront payments in respect of my remuneration or disbursements.

Dated: 16 January 2019

Brendan Richards

Brendan Richards
Administrator

Gayle Dickerson

Gayle Dickerson
Administrator

Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

FORMAL PROOF OF DEBT OR CLAIM

To the Administrators of:

Specialty Mens Apparel Pty Ltd (Administrators Appointed)
ACN 149 766 307 (the "Company")

1. This is to state that the Company was on 15 January 2019, and still is, justly and truly indebted to: _____

(full name, ABN and address 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) for _____ dollars and _____ cents

Particulars of the debt are:

Date	Consideration <i>(state how the debt arose)</i>	Amount	Remarks <i>(include details of voucher substantiating payment)</i>
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\$

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: _____

(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

Date	Drawer	Acceptor	Amount	Due Date
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\$

3. Signed by (select option):

- I am the creditor personally.
- I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- I am the creditor's agent authorised in writing to make this statement in writing. I know the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature: _____ Dated: _____

Name: _____ Occupation: _____

Address: _____

RECEIVE REPORTS BY EMAIL

Yes No

Do you wish to receive all future reports and correspondence from our office via email?

Email:.....

If being used for the purpose of voting at a meeting:

- a) Is the debt you are claiming assigned to you? No Yes
- b) If yes, attach written evidence of the debt, the assignment and consideration given. Attached
- c) If yes, what value of consideration did you give for the assignment (eg, what amount did you pay for the debt?) \$ _____
- d) If yes, are you a related party creditor of the Company? No Yes
(f you are unsure contact the Administrators at edharry@kpmg.com.au)

APPOINTMENT OF PROXY

**Specialty Mens Apparel Pty Ltd (Administrators Appointed)
ACN 149 766 307 (the "Company")**

*I/*We _____(name of signatory) of _____
_____(creditor name)

a creditor of **Specialty Mens Apparel Pty Ltd (Administrators Appointed)** appoint ____
_____(name of proxy)

of _____(address of proxy)

or in his or her absence _____(details of alternate proxy)

as *my/*our *general/*special proxy to vote at the meeting of creditors to be held on Thursday, 24 January 2019 at 11:00 am ACDT (Australian Central Daylight Time – local Adelaide time), or at any adjournment of that meeting.

If a special proxy, specify how you wish your proxy to vote for each of the resolutions.

Resolutions

	For	Against	Abstain
1. "That a Committee of Inspection of Specialty Mens Apparel Pty Ltd (Administrators Appointed) be established and if so, the appointed members will be: _____".			
2. "That Brendan Richards and Gayle Dickerson be removed as the Administrators of Specialty Mens Apparel Pty Ltd (Administrators Appointed) and _____ of _____ be appointed as Administrators of Specialty Mens Apparel Pty Ltd (Administrators Appointed)".			

*I/*We authorise *my/*our proxy to vote as a general proxy on resolutions other than those specified above (*delete if not required*)

Signature: _____

Dated: _____

*Omit if inapplicable