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TO THE CREDITOR AS ADDRESSED

Our ref 31878341_1

30 January 2018

Dear Sir / Madam,

Brierty Limited (Administrators Appointed)
ACN 095 459 448 (the "Company")

We refer to the appointment of Matthew Woods, Hayden White and Clint Joseph of KPMG as joint and several Voluntary Administrators of the Company on 6 September 2017.

1. Meeting details

We have convened the second meeting of creditors in accordance with section 439A of the Corporations Act 2001 ("the Act") to determine the Company's future. Accordingly, we enclose our Administrators' report to creditors in accordance with rule 75-225(3) of the Insolvency Practice Rules 2016 ("IPR") which includes:

1. Notice of the meeting of creditors, being scheduled for:

   Date: 7 February 2018
   Time: 10:30am
   Address: Parmelia Hilton, 14 Mill Street, Perth, Western Australia 6000

   Teleconference facilities are available for creditors who are unable to attend the second meeting in person. In order to use this facility, creditors require approval from the Administrators or one of their representatives. Creditors who wish to attend and vote at the Second Meeting via teleconference must lodge an informal proof of debt and appointment of proxy form with this office in accordance with the below deadline. Please contact our office for the dial in details.

2. Informal proof of debt or claim form for submission prior to 4:00pm (AWST) Tuesday, 6 February 2018 to our offices.

3. Appointment of proxy form for those creditors who wish to attend the meeting, for submission prior to 4:00pm (AWST) Tuesday, 6 February 2018 to our offices.

4. The Administrators' remuneration report explaining their remuneration claim (retrospective and prospective) in accordance with the Act and the Australian Restructuring, Insolvency and Turnaround Association Code of Professional Practice.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

The Administrators will be seeking approval of their remuneration and disbursements at the meeting of creditors. Approval of remuneration being sought is $2,181,397. We are unable to pay our remuneration without the approval of creditors or the court.

The Administrators' report to creditors includes our opinion, with supporting reasons, as to whether it would be in the creditors' interest:

- to enter into a Deed of Company Arrangement (if one is proposed);
- for the Company should be wound up; or
- the Administration should end.

We recommend that creditors should resolve to *wind up the Company*.

We have formed this opinion based on our analysis of the Company's business, property, affairs and financial circumstances. We have set out our analysis and a statement including our opinion and reasons for this opinion in the attached report.

The following documents accompany this letter:

- Administrators' report pursuant to rule 75-225(3) of the IPR;
- Notice of appointment;
- Updated Declaration of independence, relevant relations and indemnities;
- Notice of Meeting of Creditors;
- Informal Proof of Debt for voting purposes;
- Form 532 – Appointment of a Proxy;
- Creditor information sheet: a guide to creditors;
- Remuneration advice to creditors; and
- Approving fees: a guide for creditors.

2. What to do next

You should now:

- read the attached report, opinion statements and supporting information;
- decide whether you are going to attend the meeting; and
- complete and return your proof of debt, and if required, proxy form by **4:00pm on Tuesday, 6 February 2018.**

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

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

Otherwise, please contact my office via email at brierty@kpmg.com.au should you require additional information.

Yours faithfully

Matthew Woods
Joint and Several Voluntary Administrator

Encl.

KPMG

Voluntary Administrators' report to creditors

In accordance with Insolvency Practice Rule 75-225(3) of the Insolvency Practice Rules (Corporations) 2016

Brierty Limited (Administrators Appointed)
ACN 095 459 448

Matthew Woods, Hayden White and Clint Joseph
Joint and Several Administrators

30 January 2018

$	Australian Dollar
ABN	Australian Business Number
Act	Corporations Act 2001 (Commonwealth)
Administrators	Matthew David Woods, Hayden Leigh White and Clint Peter Joseph of KPMG
ARITA	Australian Restructuring, Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
AUD	Currency in Australian Dollars
AWST	Australian Western Standard Time
Bankwest	Bankwest, a division of Commonwealth Bank of Australia (Bankwest)
BAS	Business Activity Statement
Bellamack	Bellamack Pty Ltd, a 100% owned subsidiary of Brierty Limited (Administrators Appointed)
Brierty or The Company	Brierty Limited (Administrators Appointed)
BYL	ASX stock code of the Company
COI	Committee of Inspection as appointed by creditors at the First Meeting
Current ratio	Current assets divided by current liabilities
Directors	Dalton Leslie Gooding, Richard John O'Shannassy and Raymond Lawrence Bushnell
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA or Deed	Deed of Company Arrangement
ERV	Estimated Realisable Value
EY	Ernst & Young
FEG	Fair Entitlements Guarantee
FY16	Financial Year 2016 (1 July 2015 to 30 June 2016)
FY17	Financial Year 2017 (1 July 2016 to 30 June 2017)
GST	Goods and Services Tax
HP	Hire Purchase
IPR	Insolvency Practice Rule
k	Thousands
m	Millions
Management	Key management personnel of Brierty
MCG	Mitchell Creek Green
Multiplex	Multiplex Infrastructure and Engineering Pty Ltd
Newmont	Newmont Mining Services Pty Ltd
NPBT	Net Profit Before Tax
NT	Northern Territory
PAYG	Pay As You Go withholding tax
Priority Creditors	Creditors receiving a preferential right to payment under applicable insolvency laws
PPSR	Personal Properties and Securities Register
PwC	PricewaterhouseCoopers
Quick ratio	Liquid assets (cash and cash equivalents, trade and other receivables and contracts in progress and inventories) divided by current liabilities
RATA	Report as to Affairs submitted with the Administrators by each of the Directors dated 22 September 2017
Rio Tinto	Hammersley Iron Pty Ltd
First Meeting	The first meeting of creditors of the Company held at 10:30am AWST on Friday, 15 September 2017 at the Ground Floor Auditorium, 235 St Georges Tce, Perth, WA
Second Meeting	The second meeting of creditors of the Company to be held at 10:30am AWST on Wednesday, 7 February 2018 at the Parmelia Hilton, 14 Mill Street, Perth, WA
SGC	Superannuation Guarantee Charge
The Appointment	The appointment of Clint Joseph, Hayden White and Matthew Woods as Administrators of the Company on 6 September 2017
WA	Western Australia

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1. Executive summary

1.1 Report purpose

This report has been prepared in accordance with IPR 225-75(3) of the Insolvency Practice Rules (Corporations) 2016 and the ARITA guidelines which requires that administrators address and detail a number of issues that arise during the administration, as well as to provide creditors with sufficient information so they can make an informed decision about a company's future at the meeting of creditors held pursuant to section 439A of the Act.

The following has been prepared as an executive summary of the key points in this report.

1.2 Appointment

On 6 September 2017, Matthew David Woods, Hayden Leigh White and Clint Peter Joseph of KPMG, 235 St Georges Terrace, Perth WA, were appointed joint and several voluntary administrators of the Company, pursuant to section 436A(1) of the Act. A resolution was passed by the directors of the Company, forming the opinion that the Company was insolvent, or likely to become so.

The Administrators are registered liquidators, members of ARITA and CAANZ, and duly consented to act as voluntary administrators of the Company, in writing, prior to their appointment. The Administrators have been, and continue to be, in control and possession of all of the Company's assets and undertakings since their appointment.

1.3 Causes of failure

The Administrators' investigations indicate that the Company commenced facing difficult financial circumstances from early 2016 as a result of significant losses incurred on its North West Coastal Highway project.

The Company attempted to manage and address its financial circumstances by restructuring and increasing its financing facilities, seeking additional capital from investors (which ultimately was unsuccessful) and borrowing funds from the Company's directors on an unsecured basis. Additionally, the Company entered into a significant number of payment arrangements with its creditors to manage its working capital.

The Company had difficulty in securing new contracts as a result of the market's concerns regarding the Company's financial circumstances and a highly competitive market.

The collective impact of the above resulted in the failure of the Company.

A summary of the main causes of failure is set out below in section 6.3.

North West Coastal Highway project losses

The North West Coastal Highway project resulted in a total project loss of $27.3m over the June 2015 to August 2017 period and placed significant stress on the Company's working capital position. A number of the Company's other civil construction projects also generated losses, or smaller than expected margins, which further increased the liquidity issues faced by the Company.

Working capital strain

Due to the Company's working capital issues, outstanding creditors increased due to cash not being available to pay creditors as and when they fell due in the ordinary course of business. Payment arrangements were made with a large number of trade creditors which were often renegotiated due to payments being missed by the Company. Additionally, during this period, the Company had arranged an ongoing excess of $5.0m above its approved overdraft limit of $20.0m with Bankwest.

Difficulty securing investment or required funding

In order to improve its working capital position, in November 2016 the Company engaged an investment bank to assist it with securing a capital injection from potential investors. Further, the Company also attempted to refinance their various hire purchase facilities in an attempt to obtain further liquidity. While the Company was unsuccessful at raising additional capital, it did manage to arrange a number of moratoriums and repayment holidays with its hire purchase financiers which, for a short period, improved its working capital position.

In January 2017 the Company borrowed $1.15m from its directors and a further $0.25m from Mr Alan Robert Brierty, a former director of the Company. The Company repaid $0.45m of the borrowings from the directors and Mr Brierty between June 2017 and the date of appointment of the Administrators.

Whilst the repayment arrangements with creditors and hire purchase financiers added additional liquidity, overall the working capital position continued to decline. Accordingly, the Company commenced discussions with its existing financier, Bankwest, in April 2017, with an initial request for a further $10.0m facility to normalise the Company's working capital position. The agreement was finalised in June 2017 and resulted in a short term $6.0m facility being secured which had to be repaid by 31 December 2017, utilising the proceeds from the sale of the Company's plant and equipment. As part of this agreement, Bankwest agreed to the release of the first $2.0m of plant and equipment sale proceeds to the Company for working capital purposes. Accordingly in total, this provided an additional $8m of liquidity to the Company.

Inability to secure new work

Whilst negotiations were ongoing with Bankwest to secure additional short term funding, the Company halted trading on the ASX and was required to disclose their financial circumstances to investors.

Additionally, in June 2017 the Company announced to the ASX that its contract mining work at the Western Turner Syncline project had been suspended and that it had received a notice of default from Rio Tinto.

As a result, the Company faced difficulty securing new work due to:

- its financial circumstances being widely known, and
- concerns regarding the Company's diligence and competence.

1.4 Extension of convening period

Due to the size and complexities of this administration, the Administrators determined that it was in creditors' interests to extend the administration period.

The Administrators' application to the Court to extend the convening period was sought to allow sufficient time for the Administrators to:

- seek expressions of interest for the potential realisation of the Company's interest in Bellamack, a wholly-owned subsidiary of the Company;
- explore strategies to progress the administration of the Company, including potentially running an 'expression of interest' process for the recapitalisation and restructure of the Company via a DOCA, or for the realisation of the Company's assets, and make appropriate recommendations to creditors on the merits of such proposals; and
- continue to investigate the affairs of the Company with a view to providing creditors with meaningful updates regarding the progress of the administration in accordance with the Administrators' obligations under the Act, including preparation of this report.

Having regard to those complexities and the requirement to undertake detailed investigations into the affairs of the Company, the Administrators considered that they were not able to provide an opinion to the creditors of the Company for the purpose of IPR75-225(3), during the timeframe of the statutory convening period.

On Friday 29 September 2017, upon application from the Administrators, the Supreme Court of Western Australia ("the Court") made an order pursuant to 439A(6) of the Act granting an extension of the convening period to on or before 31 January 2018. The Administrators notified the COI of the intention to file an application for the extension at a meeting held on 27 September 2017.

The COI was advised of the Court's orders on 2 October 2017, and a circular was issued to creditors on 5 October 2017. Additionally, an announcement was made to the ASX on 5 October 2017 advising of the extension to the convening period.

1.5 Second Meeting of creditors – 7 February 2018

The purpose of this report is to provide creditors with sufficient information so they can make an informed decision about the Company's future at the Second Meeting.

The purpose of the Second Meeting is to consider:

a. The Administrators' report to creditors on the Company's business, property, affairs and financial circumstances;

b. A statement setting out the Administrators' opinion about each of the following matters:

   (i) whether it would be in the creditors' interests for the Company to execute a DOCA;

   (ii) whether it would be in the creditors' interests for the Administration to end; or

   (iii) whether it would be in the creditors' interests for the Company to be wound up.

   and also setting out:

   (iv) his or her reasons for those opinions; and

   (v) such other information known to the Administrators as will enable the creditors to make an informed decision about each matter covered by subparagraph (i), (ii) or (iii); and

   (vi) whether there are any transactions that appear to the Administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act; and

c. if a DOCA is proposed – a statement setting out details of the proposed DOCA.

The Second Meeting has been convened for 7 February 2018 at 10:30 am AWST, and is to be held at the Parmelia Hilton, 14 Mill Street, Perth, WA.

1.6 DOCA proposal

The Administrators advise that over the course of their appointment, eight parties expressed an interest in a transaction involving some or all of the Company's assets and its ASX listing via a DOCA.

Due to the nature of the expressions of interest received, and the expected return from a sale of the Company's assets and/or shell via a DOCA, the Administrators determined that any DOCA proposal would result in a lesser return to employees than if the Company was to be liquidated, where eligible employees are able to seek the payment of their entitlements under the Federal Employment Guarantee scheme.

As a result, the Administrators ultimately did not pursue a DOCA proposal, nor has any binding proposal for a DOCA been received.

1.7 Liquidation

Creditors have the option to resolve that the Company be wound up at the forthcoming meeting. A liquidator is able to complete investigations into the Company and if deemed appropriate, pursue transactions that are considered voidable and also initiate insolvent trading claims against past and present directors of the Company should such claims exist.

1.8 Estimated return

Based on the Administrators' estimated outcome for creditors, outlined in section 10, the Administrators anticipate the following:

- Employees who are Priority Creditors are estimated to receive 60 cents in the dollar, with the balance to be claimable against FEG;
- There will be a shortfall to secured creditors; and
- The return to unsecured creditors is undetermined and is subject to any recoveries made by a liquidator, if appointed.

2. Introduction

2.1 Purpose of this report

Pursuant to IPR75-225(3), the Administrators must prepare a report to creditors on the Company's business, property, affairs and financial circumstances, and provide their opinions on these and other matters. A report in this regard is to be provided to creditors alongside the notice of the Second Meeting, and this document has been prepared in satisfaction of that requirement.

The purpose of this report is to provide creditors with sufficient information so they can make an informed decision about the Company's future at the Second Meeting.

2.2 Objective of the Administration

Section 435A of the Act details the objectives of the administration provisions under the Act. Those provisions provide for the business, property and affairs of an insolvent company to be administered in a way that:

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

This report has been prepared from information obtained from the Company, its officers and other relevant parties and in accordance with IPR75-225(3).

The statements and opinions given in this report are given in the belief that such statements are not false or misleading. However, we reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the Second Meeting.

2.3 Operations and interests

This section of the report provides an overview of the Company's business segments, the location of its operations, and its major contracts which were on foot as at the date of the appointment of Administrators.

Summary of operations:

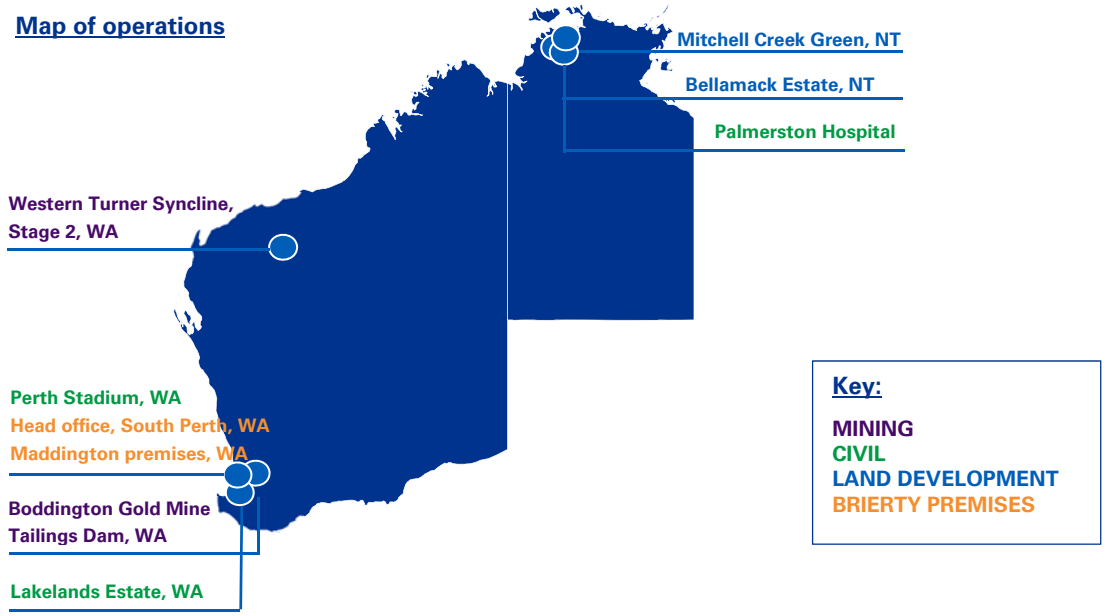
The business segments of the Company include:

1) *Civil contracting:* major highway and road construction, railway formation, airport runways, site works, concrete and pavement works, earthworks, drainage and service installation, sewer reticulation, road works and sub-divisional infrastructure for the creation of housing lots;

2) *Mining:* surface mining inducing site preparation, such as stripping, overburden, site works for building infrastructure, road works, tailings dams, drill and blast, load and haul, material handling and road haulage; and

3) Residential land development – the subsidiary company, Bellamack, engages in residential land development activities in Darwin.

Map of operations



The table below summarises the Company's major projects in FY17 for each of its operating segments:

Business segments and projects				
Project	**Client**	**Description**	**Value (approx.)**	**Staff & contractors required**
Mining				
Western Turner Syncline Stage 2	Rio Tinto	Contracted to undertake the establishment of site access roads, non-process infrastructure and haul roads for the Western Turner Syncline project by Rio Tinto, located in Tom Price, WA.	$300m	99 employees & 12 subcontractors
Boddington Gold Mine Project	Newmont	Contracted to undertake the earthworks and site preparation at Newmont's Boddington Gold Mine project, located approximately 13km north-west of Boddington, WA.	$32m	59 employees & 14 subcontractors
Civil				
Perth Stadium Project	Multiplex	Contracted to construct roads and parks at New Perth Stadium site with a 3 year term ending in September 2017.	$25m	18 employees & 5 subcontractors
Lakelands Estate	Peet	Brierty were engaged on the Lakelands Residential Subdivision project for around 10 years, generally completing two stages per year.	$36m	23 employees & 11 subcontractors
Palmerston Hospital Project	NT Government	Contracted to undertake the sewer main installations, earthworks and site rehabilitation at the Palmerston Regional Hospital.	$2m	*Unknown*
Residential				
Mitchell Creek Green	NT Government	Bellamack was engaged to develop 497 lots in Zuccoli, NT. The site was released in July 2013 and following a proposal and negotiation process with the NT Government, Bellamack was awarded the site on 2 December 2016. Of the total 497 lots, 337 have been developed and 297 have been sold to date. 160 lots remain to be developed in the current and future stages.	$63m (for the 297 lots sold to date)	*Unknown*
Bellamack Estate	NT Government	Bellamack was engaged to develop 684 residential lots in Bellamack, NT. The project forms part of the NT Government's strategy to deliver affordable housing. The project is complete pending rectification works in the defect liability period.	$150m	*Unknown*

2.4 First meeting of creditors

Section 436E of the Act requires that administrators hold a meeting of creditors within eight (8) business days of their appointment. Accordingly, a meeting of creditors of the Company was held at 10.00am AWST on Friday, 15 September 2017, at the offices of KPMG, 235 St Georges Terrace, Perth WA ("the First Meeting"). Ninety creditors were present at the First Meeting, 63 were represented in person, 15 via telephone and 12 represented by the Chairperson as proxy. There were also 19 observers present.

The only business permitted to be conducted at the First Meeting was:

- For creditors to determine whether a committee of inspection be appointed, and if so to appoint the members of that committee; and
- If such a resolution is put to the First Meeting, for the creditors to determine whether to remove the Administrators from office and appoint an alternate administrator(s).

Creditors of the Company resolved to appoint a committee of inspection with the following members:

Committee of Inspection Membership	
Creditor	**Representative**
Brierty employees	Donald Kemp
G&W Surveys Pty Ltd	Daryl Gledhill
Aaron Bangay	Shannon Brierty
Mohammad Naoshaad Irfaan Majeed	Himself
Environmental Wastewater Catchment Services Pty Ltd T/A Envirosweep	Gary Taylor

No creditors held a consent to act to replace the Administrators, and therefore no resolution was put to creditors of the Company to replace the Administrators.

Minutes of the First Meeting were lodged with ASIC and are available from either ASIC or by request to the Administrators.

2.5 Continued liaison with the Company's Committee of Inspection

The following meetings of the COI have been held to date:

- Wednesday, 27 September 2017 at 3:00pm located at Level 8, KPMG, 235 St Georges Tce, Perth, WA 6000; and
- Friday, 27 October 2017 at 10:30am located at Level 8, KPMG, 235 St Georges Tce, Perth, WA 6000.

No resolutions have been passed at the above meetings. Minutes of the meetings of the COI are available from ASIC.

2.6 Second meeting of creditors

Pursuant to section 439A(5) of the Act, the Second Meeting is generally convened within twenty (20) business days of the Administrators' appointment ("the Convening Period"), with the second meeting to be held within five (5) business days prior to or after the end of the Convening Period. As discussed in section 1.4 of this report, the Court granted an extension of the Convening Period to 31 January 2018.

Purpose

In accordance with IPR75-225(3), the purpose of the second meeting of creditors is to consider:

a. The Administrators' report to creditors on the company's business, property, affairs and financial circumstances; and

b. A statement setting out the Administrators' opinion about each of the following matters:

(i) whether it would be in the creditors' interests for the company to execute a deed of company arrangement;

(ii) whether it would be in the creditors' interests for the administration to end; or

(iii) whether it would be in the creditors' interests for the company to be wound up;

and also setting out:

(iv) his or her reasons for those opinions;

(v) such other information known to the Administrators as will enable the creditors to make an informed decision about each matter covered by points (i), (ii), or (iii) above;

(vi) whether there are any transactions that appear to the Administrators to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act; and

(vii) if a deed of company arrangement is proposed, details of the proposed deed.

Time and place

The Second Meeting has been convened for 7 February 2018 at 10:30 am AWST, and is to be held at the Parmelia Hilton, 14 Mill Street, Perth WA. Creditors who wish to attend the Second Meeting should arrive at least 15 minutes prior to the commencement of the meeting to ensure they have sufficient time to record their attendance. Should they so wish, creditors will be able to utilise teleconference facilities to dial in to the Second Meeting (see below).

Documents relating to the meeting

The following documents accompany this report in relation to the Second Meeting:

- Circular to Creditors
- Notice of Meeting of Creditors
- Form 532 – Appointment of a Proxy
- Informal Proof of Debt for voting purposes

Attendance in person

Creditors who wish to attend and/or vote at the Second Meeting are required to lodge an informal proof of debt with this office by no later than **4:00pm AWST on 6 February 2018**.

In order to vote via proxy at the Second Meeting a proxy form **will** be required to be completed and returned.

If you are representing a company, please ensure that your proxy is executed pursuant to section 127 of the Act, or that your representative is appointed pursuant to section 250A of the Act (as appropriate), otherwise you will not be entitled to vote at the Second Meeting.

All forms should be scanned and emailed to brierty@kpmg.com.au in the first instance or sent by facsimile to the attention of Rebecca Wilson on +61 8 9263 7129. Alternatively, forms can be sent by post to the attention of Rebecca Wilson, c/- KPMG Restructuring Services, GPO Box A29, Perth WA 6837. If you elect to post the forms, please ensure that ample time is allowed for posted forms to reach this office prior to the Second Meeting.

Attendance by phone

Teleconference facilities are available for creditors who are unable to attend the Second Meeting in person. In order to use this facility, creditors require approval by the Administrators or one of their representatives. Creditors who wish to attend and vote at the Second Meeting via teleconference **must lodge an informal proof of debt and appointment of proxy form with this office in accordance with the above deadline**.

Electronic facilities will be made available at the meeting via conference telephone call. To access those facilities, you need to provide a statement by email to Rebecca Wilson on brierty@kpmg.com.au not later than 2 business days before the meeting which sets out:

- Name: The name of the person and of the proxy or attorney (if any)
- Address: An address to which notices to the person, proxy or attorney may be sent
- Contact: The method of contacting the person, proxy or attorney for the purposes of the meeting.

On receipt of this statement, you will be provided with instructions on how to access the facilities for the meeting. Should you intend to utilise these facilities, please notify this office as soon as possible.

2.7 Statement of independence

Pursuant to section 436DA of the Act, the Administrators are required to complete and provide a Declaration of their Independence, Relevant Relationships and Indemnities ("DIRRI") detailing any matters that may impact their actual or perceived independence to creditors.

The Administrators' DIRRI ("the Initial DIRRI") in respect of the Company was provided to creditors with notice of the Administrators' appointment on 7 September 2017. The Initial DIRRI was tabled at the First Meeting.

In accordance with section 436DA(5) of the Act, enclosed at **Annexure B** is a true copy of the Administrators' amended DIRRI ("Amended DIRRI") in respect of the Company, which updates the Initial DIRRI for the following matters:

- Further details in respect of KPMG Australia's dealings with the Company prior to our appointment as Administrators;
- Disclosure regarding dealings KPMG Australia has had with another Company for which Mr Dalton Gooding is appointed as a Director;
- Disclosure regarding a company that is a client of an accounting firm in which Mr Dalton Gooding is a partner; and
- An update to the quantum of professional fees received by KPMG Australia in respect of its Investigating Accountant engagements for the CBA, through Bankwest, on the Company.

Consistent with the Initial DIRRI, the Administrators have not been provided with any indemnity, guarantee or contribution from the directors of the Company (or their associated businesses), a creditor, or any other party for their fees and costs, aside from the statutory indemnities available under the Act. The Administrators are not aware of any changes to circumstances or facts since their Amended DIRRI was prepared and/or any facts or circumstances that have not already been disclosed that may threaten their independence.

3. Structure of the Companies and key stakeholders

3.1 Statutory information

In 1981, Mr Alan Brierty and Mrs Kylie Brierty established Brierty Contractors, a civil construction business under a non-corporate structure.

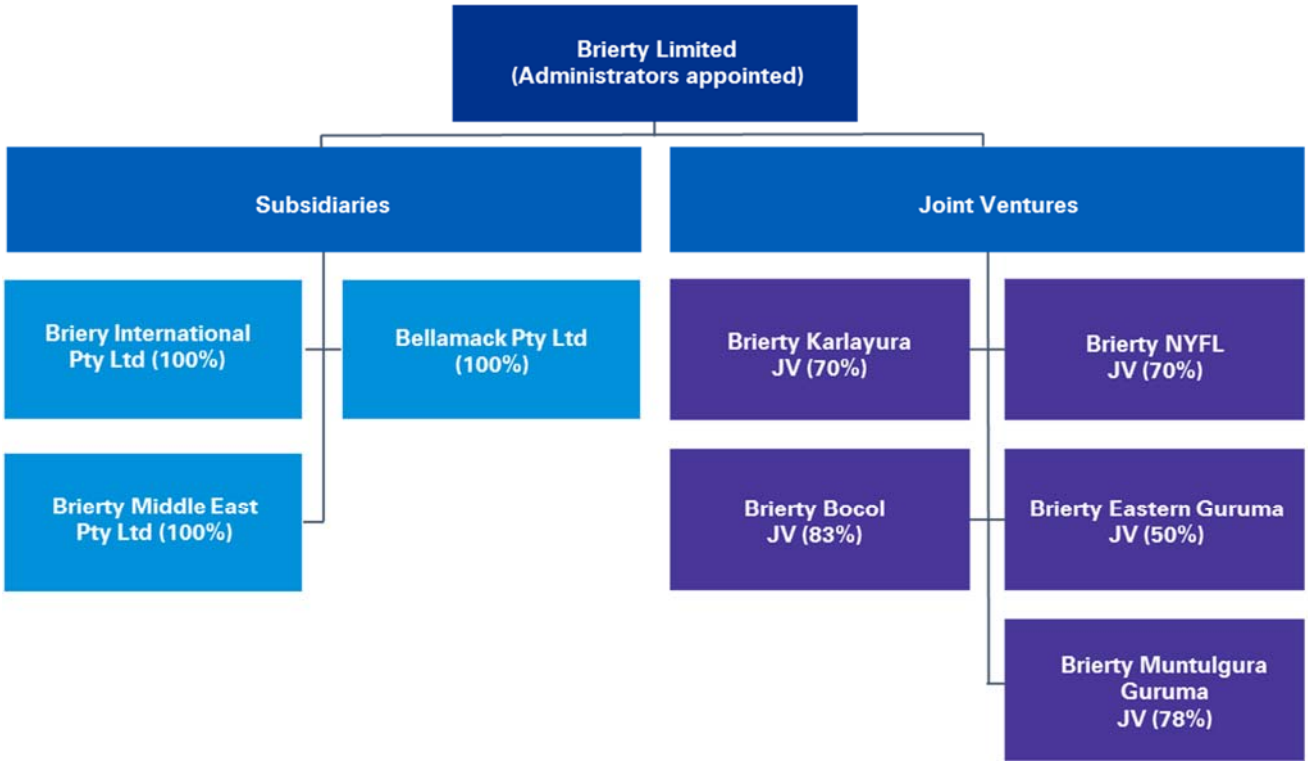
ASIC records disclose that the business was incorporated as Brierty Contractors Pty Ltd on 21 December 2000, and changed its company name to Brierty Limited on 2 November 2007. The Company's principal place of business prior to the appointment of Administrators was 72 Melville Parade, South Perth, WA, 6151.

The Officers of the Company are set out below:

Company Officers			
Role	**Name**	**Appointment date**	**Cease date**
Director	Dalton Leslie Gooding	27/10/2007	n/a - current
Director	Richard John O'Shannassy	26/09/2011	n/a - current
Director	Raymond Lawrence Bushnell	22/06/2017	n/a - current
Secretary	Mark Justin Davies	26/04/2016	n/a - current
Director	Kenneth John Hellsten	23/02/2010	22/06/2017
Director	Peter John Mcbain	28/11/2011	21/07/2016
Director	Alan Robert Brierty	21/12/2000	23/05/2016

3.2 Corporate structure

The corporate structure of the Company is set out below:



The Administrators' preliminary investigations identified that Brierty International Pty Ltd and Brierty Middle East Pty Ltd do not hold any assets and are dormant entities. The investigations also identified that the Directors intended to wind up these Companies, however this had not been undertaken by the date of the appointment of Administrators.

Bellamack Pty Ltd ("Bellamack")

Bellamack was established on 21 May 2009 in WA and is wholly owned by the Company. The parent and subsidiary also share the same directors (Mr Dalton Gooding, Mr Richard O'Shannassy and Mr Raymond Bushnell). Bellamack was established as a special purpose vehicle to operate a JV with the NT Government in relation to the multi-staged development of a large englobo land holding in Palmerston, NT, known as the:

- Bellamack Estate, Bellamack (Bellamack Development); and
- Mitchell Creek Green Estate, Zuccoli (Zuccoli Development).

Joint Ventures

As indicated in the corporate structure, the Company had a number of JV arrangements as at the date of the appointment of Administrators, which are summarised below:

Joint Ventures		
Name	**Executed**	**Description**
Brierty NYFL	21-Dec-11	The principal activity of the joint operation was to be deliver urban infrastructure works and other civil construction works in WA
Brierty Karlayura	Jul-13	The joint operation has completed two projects including roadwords for Rio Tinto at West Angelas
Brierty Bocol	Jan-15	The joint operation was set up to construct roads and bridges for Main Roads WA on the North West Coastal Highway project
Brierty Muntulgura Guruma	FY16	The joint venture delivered a road project for Rio Tinto
Brierty Eastern Guruma	FY16	The joint venture delivered civil works for Rio Tinto at Marandoo during FY16

3.3 Stock exchange listing

The Company was listed on the ASX under the stock code 'BYL' on 7 December 2007 and had 127.3m shares on issue as at the date of appointment of Administrators. The top 10 shareholders at that time are listed below:

Shareholder summary - top 10 ordinary shareholders		
Shareholder name	**Number of shares on issue**	**% of total issue**
Mr Alan Robert Brierty	19,250,000	15.1
Ms Kylie Ann Brierty	17,711,955	13.9
JP Morgan Nominees Australia Ltd	6,381,359	5.0
Mr Kenneth John Beer	2,888,851	2.3
Treasure Island Hire Boat Company Pty Ltd	2,700,000	2.1
Mr Alan Brierty	2,650,000	2.1
Bond Street Custodians Limited	2,546,915	2.0
Lincoln Properties Pty Ltd	1,580,000	1.2
Ace Property Holdings Pty Ltd	1,500,000	1.2
Kailva Pty Ltd	1,400,000	1.1
Total top 10 shareholders	**58,609,080**	**46.0**
Other shareholders	**68,690,920**	**54.0**
Total issued capital	**127,300,000**	**100.0**

3.4 Registered charges

The registered charges are attached as Annexure J.

For those registrants whose security is no longer relevant or valid, the Administrators have requested that the registrant removes their interest(s) from the PPSR.

4. Historical Financial Performance

4.1 Preparation of financial statements

Summarised below are the financial statements for FY15, FY16 and FY17. At the time of the appointment of Administrators, the Company was preparing its FY17 financial statements and had engaged EY to conduct the full year audit, which had not yet been completed. The audit opinions for FY15 and FY16 are sumarised below.

Financial Year 2015

In respect of the Company's financial statements for FY15, EY expressed an unqualified audit opinion with the following emphasis of matter:

> *'Without qualifying our opinion, we draw attention to Note 2.1 in the financial report. The matters set forth in Note 2.1 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.'*

Note 2.1 of the FY15 financial statements noted that the Company had a net current asset deficiency of approximately $4.7m as at 30 June 2015, and that the financial covenants relating to the Company's working capital facility were also in breach as at that date. However, Note 2.1 further stated that:

- The Company prepares rolling 12 month cash flow forecasts, which indicated that the Company would not require additional funding over that period; and
- The Directors were satisfied the Company would maintain the support of its financiers.

Financial Year 2016

In respect of the Company's financial statements for FY16, EY expressed an unqualified audit opinion with the following emphasis of matter:

> *'Without qualifying our opinion, we draw attention to Note 2.1 in the financial report. The matters set forth in Note 2.1 indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.'*

Note 2.1 of the FY16 financial statements noted that the Company:

- Recorded a net loss after tax of approximately ($57.4m) for FY16;
- Generated net operating cash outflows of approximately ($7.6m) over FY16;
- Had a net current asset deficiency of approximately ($42.1m) at 30 June 2016; and
- The financial covenants relating to the Company's overdraft facility were in breach at 30 June 2016.

Note 2.1 further indicated that the Company prepares rolling 12 month cash flow forecasts, which indicates that the Company will need additional funding over the period to 30 September 2017, and therefore will also need support from its financiers. Despite the above, the directors prepared the FY16 financial statements on a going concern basis because:

- The Company's bank debt financier continues with its current level of support;
- If the ongoing financial support is not forthcoming, the Directors believe that they will be able to source alternative debt or additional equity capital to meet this requirement;
- The Company had been successful, subsequent to 30 June 2016, in winning work totalling $38m;
- The Company had a number of tenders in the pipeline which may result in additional revenue being generated;
- The Company was in negotiations with clients to recover additional claims in respect of civil works undertaken; and
- An agreement had been entered into with a customer to use its supply chain funding program, resulting in shortened payment terms for projects undertaken on that customer's behalf.

4.2 Income statement

We have reviewed the Company's consolidated income statements for FY15, FY16 and FY17, which are summarised below along with relevant commentary as indicated by the 'Note' column and accompanying notes following the summary table:

Consolidated Income Statement				
AUD (000')	**Note**	**FY15**	**FY16**	**FY17**
		Audited	Audited	Unaudited
Revenue	a	292,360	212,550	126,449
Cost of Sales		(270,706)	(221,734)	(109,582)
Gross Profit		**21,654**	**(9,184)**	**16,867**
Other Income	b	871	1,300	1,751
Administration Expenses, excluding Finance Costs	c	(16,799)	(17,928)	(12,433)
Finance Costs	d	(3,510)	(4,528)	(4,893)
Impairment of Plant, Equipment and Inventory	e	-	(34,370)	5,809
Profit / (Loss) Before Interest and Tax		**2,216**	**(64,712)**	**7,102**
Income Tax Benefit / (Expense)		895	12,335	(10,002)
Net Profit / (Loss) After Tax		**3,111**	**(52,377)**	**(2,900)**

Notes:

a) *Revenue* is derived from contracts, hire of equipment, and sale of land from the land developments. The reduction in revenue of $86.1m from FY16 to FY17 was primarily driven by an $84.5m reduction in the Company's civil business segment. The decline in civil revenue was in part due to the Company changing their business development focus to mining contracts following the losses recorded on the North West Coastal Highway civil project.

b) *Other income* is derived from recoveries, gain on the disposal of property, plant and equipment and other revenue.

c) *Administration expenses, excluding finance costs* consists of director fees, IT licenses, insurance, rent, legal fees and other administration related costs. The reduction of $5.5m in FY17 was due to a cost reduction exercise which involved certain employees of the Company moving to nine day fortnights.

d) *Finance costs* comprise of interest and finance charges under the hire purchase contracts, bank facility fees and bank overdraft interest.

e) *Impairment expenses* relate to the impairment of plant and equipment, as well as inventory. The impairment in FY16 was primarily driven by a year-end valuation completed by Smith Broughton, resulting in a $32.0m impairment for the carrying value of the Company's plant and equipment. An additional valuation conducted for the FY17 half year accounts resulted in a reversal of $5.8m in the plant and equipment impairment expenses posted in FY16.

5. Balance sheet

5.1 Balance sheet

We have reviewed the Company's consolidated balance sheets for FY15, FY16 and FY17, which are summarised below along with relevant commentary as indicated by the 'Note' column and accompanying notes following the summary table:

Consolidated Balance Sheet				
AUD (000')	**Note**	**FY15** Audited	**FY16** Audited	**FY17** Unaudited
Current Assets				
Cash and Cash Equivalents	a	2,760	802	78
Trade and Other Receivables	b	31,053	31,520	13,100
Contracts in Progress and Inventories	c	20,485	7,048	11,370
Prepayments		1,219	1,400	1,211
Current Tax Receivable		2,390	362	-
Assets Held For Sale	d	-	-	10,911
Land Held for Development	e	14,273	15,436	10,940
Total Current Assets		**72,180**	**56,568**	**47,609**
Non-Current Assets				
Property, Plant and Equipment	f	77,166	34,787	21,722
Work in Progress	g	18,466	16,616	4,315
Trade and Other Receivables		-	-	131
Deferred Tax Assets		-	10,002	-
Total Non-Current Assets		95,632	61,405	26,168
Total Assets		**167,812**	**117,973**	**73,777**
Current Liabilities				
Trade and Other Payables	h	(62,535)	(49,056)	(27,140)
Bank Overdraft	i	-	(21,503)	(6,243)
Borrowings	j	(15,585)	(12,588)	(26,336)
Provisions		(2,766)	(13,530)	(2,660)
Contract Income in Advance		(1,213)	(1,954)	(23)
Total Current Liabilities		**(82,099)**	**(98,631)**	**(62,608)**
Non-Current Liabilities				
Borrowings	k	(26,403)	(14,645)	(8,719)
Deferred Tax Liabilities		(2,336)	-	-
Provisions		(218)	(272)	(925)
Total Non-Current Liabilities		**(28,957)**	**(14,917)**	**(9,644)**
Total Liabilities		**(111,056)**	**(113,548)**	**(72,252)**
Net Assets		**56,756**	**4,425**	**1,524**
Equity				
Contributed Equity		37,149	37,194	37,194
Reserves		500	500	500
Retained Earnings / (Accumulated Losses)		19,107	(33,269)	(36,170)
Total Equity		**56,756**	**4,425**	**1,524**

Notes:

a) *Cash and cash equivalents* includes cash at bank and cash in hand only.

b) *Trade and other receivables* includes trade receivables, retentions, provision for doubtful debts and sundry debtors. Trade and other receivables decreased by $18.4m from FY16 to FY17, which is consistent with the decline in revenue generated in FY17.

c) *Contracts in Progress and Inventories* include construction work in progress, provision for the impairment of contracts in progress and inventories of materials and spares.

d) *Assets held for sale* comprises the property, plant and equipment included in the asset sale program agreed with Bankwest as part of the financing restructure completed in June 2017.

e) *Land held for development* comprises the land held in Bellamack, which is anticipated to be realised within 12 months of the respective balance date.

f) *Property, plant, and equipment* is made up of plant and equipment, office furniture, equipment and motor vehicles. The $42.3m reduction in property, plant and equipment from FY15 to FY16 was driven by an impairment expense of $32.9m at year end and depreciation of $10.9m incurred in FY16. The $13.1m reduction from FY16 to FY17 is primarily due to the reclassification of $10.9m in property, plant and equipment to assets held for sale.

g) Work in progress comprises the non-current amount of the Company's work in progress, being the contract amounts that are estimated to be received after the 12 months following the respective balance date.

h) *Trade and other payables* comprises trade payables, accrued expenses, insurance premium funding and other payables. Trade and other payables decreased by $13.5m and $21.9m in FY16 and FY17 respectively, in line with the contraction of the Company's business activities.

i) *Bank overdraft* is the overdrawn balance of the overdraft facility provided by Bankwest. The $15.3m reduction in the bank overdraft in FY17 followed the debt restructure whereby $15.0m in overdraft was converted to term debt as discussed at section 8.4.2.4.

j) *Borrowings (current)* include the hire purchase liabilities payable within the 12 months following the respective balance date. Please also refer to note i above.

k) *Borrowings (non-current)* include the hire purchase liabilities payable after the 12 months following the respective balance date. Please also refer to note i above.

6. Statement by directors

6.1 Report as to affairs

Each director of the Company completed an ASIC Form 507 – Report as to Affairs with respect to the assets and liabilities of the Company, summarised as follows:

Directors' Report to Affairs		
AUD (000')	**Valuation**	**ERV**
Assets not Specifically Charged		
Interest in Land	-	-
Sundry Debtors	5,697	5,578
Cash on Hand	-	-
Cash at Bank	-	-
Stock	4,686	4,686
Work in Progress	10,325	-
Plant and Equipment	9,877	12,366
Other Assets	879	4,089
Total Assets not Specifically Charged	**31,464**	**26,719**
Assets Subject to Charge		
Assets Subject to Specific Interest	15,340	17,345
Less Amounts Owing Under Specific Interest	(13,940)	(13,940)
Total Assets subject to charge	**1,400**	**3,405**
Total Assets	**32,864**	**30,124**
Less Priority/Secured Creditors		
Employee Entitlements	(6,619)	(6,619)
Less Amounts Secured by Debenture or Circulating Security Interest	(26,003)	(26,003)
Preferential Claims	(397)	(397)
Total Claims	**(33,019)**	**(33,019)**
Security Held	**(155)**	**(2,895)**
Unsecured Creditors	(26,761)	(26,761)
Contingent Assets	650	650
Contingent Liabilities	(22,823)	(22,823)
Surplus / (Shortfall) to Unsecured Creditors	**(49,243)**	**(54,723)**

The Administrators' further comments with respect to the assets claims by creditor classes are set out in the Administrators' estimated outcome for creditors at section 10 of this report.

6.2 Reasons for financial difficulties – directors explanation

The Directors provided an explanation as to the events leading to the appointment of the Administrators of the Company, set out as follows:

> *'Following discussions with Bankwest (Perth) in early April 2017 in relation to additional funding for the Company, a proposal was submitted to CBA (Sydney) for formal approval.*
>
> *The Company had reasonable grounds for believing the proposal would be approved by CBA as it had the support of Bankwest's senior executives in Perth. It was originally anticipated that a CBA decision would be made within a short period of time. As a result, the Company requested and was granted a trading halt with ASX on 18 April 2017 in relation to trading in its securities pending the decision on additional bank funding.*
>
> *However, CBA did not make a decision within the anticipated timeframe – indeed, a decision was not made on the additional funding until 23 June 2017. As a result, the Company considered it had no alternative but to enter into a voluntary period of suspension of its securities on the ASX from 19 April 2017 (which continued until 23 June 2017).*

During the period of voluntary suspension on ASX, creditors of the Company became more demanding in respect of payment. Some creditors issued statutory demands which were paid, others refused to attend site without payment of arrears whilst others were approached by the Company and payment plan terms were agreed.

As a result of Bankwest's continued support for the proposal for additional funding and its own assessment of the current and projected cashflow position, the Board considered the Company remained solvent and continued to trade.

When Bankwest additional funding was approved on 23 June 2017 it was expressed to be conditional upon the Company recommencing mining operations at its Western Turner Syncline Project – such operations having been suspended by Rio Tinto Iron Ore on 20 June 2017. Such mining operations re-commenced during the week beginning 17 July 2017.

At all relevant times during the period from April 2017 until Bankwest's provision of additional funding around mid-July 2017 the current cashflow position and cashflow forecasts continued to be scrutinised closely by the Board and Executive Management. This continued up to the period when the Company was placed into Voluntary Administration.

On receipt of the August Board pack (containing the financial results for July 2017) on 24 August 2017, it became apparent to Board members that there had been a sudden and sharp decline in the forecast cashflow position of the Company. In the course of the Board meeting held on 25 August 2017 the Chairman telephoned Matthew Woods (KPMG) and requested an independent assessment of the cashflow position to be urgently undertaken.

The causes of financial difficulties of the Company are specified in the ASX announcement dated 6 September 2017.'

We would like to acknowledge that the Directors have made themselves available to assist the Administrators fulfil their obligations under the Act.

6.3 Reasons for financial difficulties – Administrators' opinion

The Administrators provide the following factors which lead to the appointment of Administrators, which includes the difficulty in securing funding as outlined by the Directors:

- The North West Coastal Highway project, which resulted in a project loss of ($27.3m), was a key determining factor leading to the Company's cash flow issues in early FY17. A number of the Company's other civil construction projects also generated losses or smaller than expected margins, which further increased the liquidity pressure faced by the Company;
- Due to the Company's cash flow issues, outstanding creditors rose due to cash not being available to make payments. Payment arrangements were made with a large number of trade creditors which were often renegotiated due to missed payments. During this period, the Company arranged temporary excess funding of $5.0m above the approved overdraft limit of $20.0m;
- The Company's mining division during this period was generating positive EBITDA, however this was not adequate to improve the working capital issues the Company was facing;
- To improve the working capital position, the Company attempted to secure a capital injection from investors and also refinance its hire purchase facilities. The Company was unsuccessful at securing capital , however it did source temporary payment moratoriums from a number of its hire purchase financiers;
- The Company held discussions with Bankwest from April 2017, with an initial request for $10.0m in funding to normalise the Company's working capital position. The discussions were finalised in June 2017 and resulted in a $6.0m facility being secured which required repayment by 31 December 2017 using the proceeds from an asset sale program. As part of this agreement, Bankwest agreed to the release of the first $2.0m of plant and equipment sale proceeds to the Company for working capital purposes. Accordingly in total, this provided an additional $8m of liquidity to the Company; and
- Whilst negotiations were ongoing with Bankwest to secure funding, the Company halted trading on the ASX and was required to disclose its financial circumstances to investors. As a result, the Company faced difficulty in securing new work due its financial difficulties being widely known.

7. Conduct of the Administration

7.1 Trading by the Administrators

Set out below is a summary of the trading matters attended to by the Administrators over the course of the Administration, which included:

- Negotiations with the Company's major customers in respect of remaining project works and the dry-hire of equipment;
- Considering the options, preparing for, and commencing the process to realise the Company's interest in its subsidiary, Bellamack; and
- The realisation of the Company's other assets including debtors and plant and equipment.

7.1.1 Key Projects on Appointment

The Administrators held discussions with the major customers of the Company immediately following their appointment, being Rio Tinto, Multiplex, Newmont and the NT Government. A summary of the work undertaken by the Administrators in respect of these projects is provided below.

Western Turner Syncline (Rio Tinto)

The Company was contracted to undertake contract mining and all haulage for the Western Turner Syncline project by Rio Tinto.

The Administrators negotiated with Rio Tinto in the days immediately following their appointment and came to an arrangement to continue the work on the project. However, Rio Tinto subsequently terminated the contract on 11 September 2017 due to its concern that the Administrators could not provide certainty as to meeting the onsite safety requirements as well as the ongoing trading of the business to project completion.

A final claim relating to works carried out between 26 August 2017 and 13 September 2017 was made to Rio Tinto by the Administrators on 21 September 2017 for approximately $4.2m. This amount was received in the Administration bank account on 9 October 2017.

Subsequent to the termination of the contract, the Administrators entered into a short-term agreement with Rio Tinto for the dry-hire of six road trains and three loaders.

Gold Mine Boddington (Newmont)

The Company was contracted to undertake the earthworks and site preparation at the Newmont Gold Mine Boddington project.

Upon appointment, Brierty was very close to finishing Stage 10 of this project. In conjunction with Management, the Administrators conducted a financial analysis of the remaining Stages (11 and 12) and concluded that these stages were not cash flow positive. The Administrators met with Newmont and the decision was made to terminate the contract at the completion of Stage 10 as a new contractor was available to continue at the site.

A final claim was lodged by the Administrators in the amount of $360k including the August 2017 claim, day works and maintenance ($294k) and the September 2017 claim ($65k). Newmont is currently withholding payment of the above claim, advising that they are entitled under the contract to seek compensation from the Company for losses incurred due to non-performance. A final position in respect of this contract has not been determined as at the date of this report.

Perth Stadium (Multiplex)

The Company was contracted by Brookfield Multiplex to undertake the earthworks, road and carpark construction at the new Perth Stadium.

The contract was due to be completed at the end of September 2017, with an extension provided to mid October 2017 to allow the work to be finalised.

In conjunction with Management, the Administrators conducted a financial analysis to confirm the revenue and associated costs to complete the project. This analysis indicated that the completion of the project would be cash flow negative. Accordingly, the Administrators determined that it was not in the interests of creditors to complete this project and Multiplex have since terminated the contract.

A final claim was lodged in the amount of c.$1.6 million for the August 2017 claim for works conducted prior to the appointment of the Administrators. Similar to the Newmont contract, Multiplex has withheld payment of the Company's final claim noting their

right under the contract to seek compensation from the Company for losses incurred resulting from non-performance. A final position in respect of this contract has not been determined as at the date of this report.

Further to the above, the Administrators entered into an arrangement with Multiplex for it to hire a number of items of equipment to progress the Perth Stadium scope of work. This arrangement completed in December 2017.

Lakelands Stage 66 (Peet)

The Company was contracted by Peet to undertake the bulk earthworks, roadworks, power installation and sewer/water reticulation as well as the landscaping and construction of retaining walls at the Lakelands Private Estate, WA.

The Administrators were advised by Management that this project was completed prior to their appointment, however, a progress claim of c.$59k remained unpaid. The Administrators received correspondence from Tabec Pty Ltd, on behalf of Peet, advising that the payment of the progress claim is conditional on the placement by the Company of a bank guarantee in the amount of $92k for the duration of the 12 month defects liability period. The Administrators have sought legal advice in respect of this matter, however, a final position has not been determined by the date of this report.

Palmerston Hospital Sewer Main (NT Government)

The Company was contracted by the NT Government to undertake the sewer main installations, earthworks and site rehabilitation at the Palmerston Regional Hospital.

The contract was due to be completed at the end of September 2017. In conjunction with Management, the Administrators conducted financial analysis to confirm the revenue and associated costs to complete the project. The analysis indicated that the contract would be cash flow negative and accordingly the Administrators have ceased work at this site.

Claims totalling c.$287k have been submitted by the Administrators for works completed in August 2017 and September 2017. The Administrators met with the NT Government on 12 October 2017 to discuss this contract. The estimated costs to complete this project are $400k. The NT Government advised of their intention to undertake the required work directly and offset the costs to complete against the monies owing to Company and draw the balance against the security bonds held for the project.

We are currently awaiting a final accounting on this contract from the NT Government.

NT Residential Projects

The Company was contracted by its wholly owned subsidiary, Bellamack, to undertake the bulk earthworks, roadworks, electrical works and underground services, landscaping and construction of retaining walls at the Mitchell Green Creek Estate and the Bellamack Estate. These projects are subject to a joint venture agreement between the NT Goverment and Bellamack.

Further details in relation to the Bellamack projects is set out in section 7.1.2 below.

7.1.2 Bellamack

As set out in section 3.2, the Company holds 100% of the share capital of Bellamack. Additionally, each of the Company's three directors are also directors of Bellamack.

Bellamack is not in Voluntary Administration, however the Administrators can deal with, and therefore realise, the Company's interest in Bellamack. The Directors of Bellamack have been cooperating with the Administrators in preparing the Company's interest in Bellamack for sale.

Further information in relation to the Company's interest in Bellamack, and the Adminisitrators' process of sale is set out below.

7.1.2.1 Bellamack Residential Subdivision Projects

Bellamack is a special purpose vehicle that was established to operate a joint venture with the NT Government in relation to the multi-staged development of large englobo land holdings in Palmerston, NT, a summary of which is set out in the following table:

Bellamack Projects		
	Mitchell Creek Green ("MCG")	**Bellamack Estate**
Description	Bellamack entered into a JV with the NT Government to develop 497 residential lots in Zuccoli, NT. The site of approximately 50Ha was released in July 2013 and Bellamack was award development of the site in July 2013.	Bellamack entered into a JV with the NT Government to develop 684 residential lots in Bellamack, NT, and is one of the largest land development projects in the NT covering approximately 107Ha.
Lots completed	337 (Stages 2A - 2F)	684.0
Lots sold	307 (Stages 2A - 2F)	684.0
Lots to be completed	160 (Stages 2G - 2J)	Nil
Current Stage	In accordance with the defects liability period, rectification work is currently being completed for stages 2A, 2B and 2C and is forecast to be finalised by April 2018. Construction for stage 2G is expected to recommence in May 2018	In accordance with the defects liability period, rectification work is currently being completed on Stage 4 to repair footpaths and water drainage infrastructure. Minor additional work is being conducted on the water sensitive urban design.

7.1.2.2 Bellamack Sale Process

In conjunction with the management of Bellamack, the Administrators have developed a plan to either:

- Sell the Company's 100% interest in Bellamack; or
- Sell Bellamack's interest in the underlying JV Agreements in the MCG project and/or the Bellamack Estate project.

As at the date of this report, the Administrators have fielded numerous expressions of interest and anticipate that a sale process will commence in early February 2018. Due to commerciality reasons however, the Administrators are not in a position to disclose a price expectation in this report.

7.1.3 Other Asset Realisations

7.1.3.1 Debtors

On appointment, the Company's books recorded estimated realisable debtors of $0.5m (excluding the aforementioned disputed contract claims). As discussed at section 7.1.1, following their appointment the Administrators submitted a claim with Rio Tinto for works undertaken on the Western Turner Syncline Project for approximately $4.2m. This claim was received into the Administration bank account on 9 October 2017.

7.1.3.2 Plant and Equipment

Aside from the Company's interest in Bellamack, the major assets of the Company comprise of plant and equipment.

Upon appointment, the Administrators undertook an assessment of the assets that were required for the ongoing operations and identified items to be disclaimed based on relevant hire purchase and operating lease schedules provided by Management.

All plant and equipment that is not subject to short-term hire arrangement was demobilised from multiple locations in WA and the NT and was sold by auction conducted by Gregsons Auctioneers.

The financial outcome of the plant and equipment auction campaign is set out in the Administrators' estimated outcome for creditors in section 10 of this report.

7.1.3.3 Other Assets

Through discussions with Management it was identified that the Company had lodged amended taxation returns as a result of a review of its depreciation policies. As a result, an amount of $700k was recently received by the Administrators as a refund of over paid tax.

The Administrators have also collected the Company's share of the JV bank account balances, as sumarised in the below table:

Company Share of Funds in JV Bank Accounts		
JV Partner	**Description**	**Amount**
Eastern Guruma	Company share of funds held in JV account	40,200
Bocol	Company share of funds held in JV account	195,172
Muntulgara Guruma	Company share of funds held in JV account	34,740
Karlayura	Funds held in JV account	687
Total		**270,799**

7.2 Tasks undertaken

Further to section 7.1, a summary of the tasks attended to during the Administration to date is set out below.

Assets

- Correspondence with debtors
- Reviewing and assessing debtors ledgers
- Ongoing liaison with debtors and solicitors
- Receipt of debtors and various refunds
- Tasks associated with realising other assets
- Master asset listing preparation and analysis
- Consider valuer submissions for asset sales
- Analysis of encumbered assets
- Discussions with interested parties regarding the sale of equipment
- Review cash equity in Joint Venture accounts
- Discussions with Gregsons regarding asset sales
- Discussions with insurers
- Reviewing leasing documents
- Liaising with owners/lessors
- Tasks associated with the consideration of lease disclaimers

Creditors

- Receive and follow up creditor enquiries via telephone
- Maintaining creditor enquiry register
- Maintaining and managing functional mailbox for creditor enquiries
- Review and prepare correspondence to creditors and their representatives via facsimile, email and post
- Notifying PPSR registered creditors of appointment
- Liaising with secured creditors regarding administration progression and ongoing support
- Responding to secured creditor's queries and updating secured creditor enquiry register
- Preparing initial report to creditors
- Mailing reports and circulars to creditors
- Maintaining and managing functional mailbox for shareholder enquiries
- Prepare and send responses to shareholders regarding the administration
- Preparation of correspondence to potential creditors inviting lodgement of Proof of Debt ("POD")
- Receipt of PODs
- Maintain POD register
- Adjudicating POD for voting purposes only
- Request further information from claimants regarding POD, where required
- Preparation of meeting notices, proxies and advertisements
- Forward notice of meeting to all known creditors
- Preparation for the First Meeting including preparation of meeting file, including agenda, presentation, statement of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting, voting slips, resolution voting workbook
- Attendance at the First Meeting
- Responding to stakeholder queries and questions immediately following meeting
- Preparation of report to the COI, and liaison with COI members
- Convening and attendance at meetings of the COI on 27 September 2017 and 27 October 2017
- Preparation and lodgement of minutes of the First Meeting, and meetings of the COI on 27 September 2017 and 27 October 2017 with ASIC

Employee & other creditors

- Receive and follow up employee enquiries via telephone

- Convene employee meetings to address broader enquiries regarding ongoing trading and employment
- Review and prepare correspondence to employees and their representatives via facsimile, email and post
- Preparation of letters to employees advising of their entitlements and options available
- Entering employee information into Administrators' accounting system
- Correspondence with the Company with regards to employee entitlements
- Correspondence with Child Support Agencies
- Correspondence with Centrelink
- Commence adjudication of employee entitlements

Trade on

- Liaising with suppliers and arrangement of new accounts set up
- Initial review of financial information and discussion with the Company to determine ongoing trading commitments
- Liaising with management and staff
- Attendance on site
- Raising and authorising purchase orders
- Maintaining purchase order register
- Preparing and authorising payment vouchers
- Liaising with suppliers and customers with respect to confirming ongoing support of the Companies
- Liaising with OSR regarding payroll tax issues
- Reviewing employee timesheets and processing the payment of wages
- Review of various projects and discussions with customers
- Discussions with Project managers, procurement managers, senior management team and CFO
- Review of asset and employee requirements for current projects
- Entering receipts and payments into accounting system
- Preparing and updating of daily cash flow/trading position
- Daily internal discussions regarding cash flow/trading position
- Reviewing company's forecast and financial statements
- Calculation of estimated security position
- Review obligations regarding market announcements
- Prepare and file announcements with the relevant public exchanges as required

Investigations

- Secure company books and records
- Correspondence with the Company with regards to obtaining financial statements
- Preliminary review of company's books and records
- Conducting and summarising statutory searches
- Preparation of initial investigation file
- Reviewing management information supplied
- Consider requests for extension to submit Report as to Affairs from officeholders
- Review of Brierty infrastructure to determine required forensic imaging
- Discussion with Brierty IT regarding server platform and content
- Delivery of storage to Brierty IT and discussion of image requirements
- Support to Brierty IT department
- Correspondence with the staff and accountant

Administration

- Weekly administration reviews
- Filing of documents
- File reviews
- Updating administration checklists
- Identification of potential issues requiring attention of insurance specialists
- Correspondence with insurer regarding initial and ongoing insurance requirements

- Reviewing insurance policies
- Correspondence with previous brokers
- Preparing correspondence opening and closing bank accounts
- Correspondence with banks regarding specific transfers
- Preparing and lodging ASIC forms
- Notification of appointment
- Liaising with the ATO regarding outstanding debt
- Liaising with the ATO regarding the initial meeting of creditors, and information requests relevant to statutory investigations

7.3 Administration receipts and payments

A summary of the receipts and payments of the business during the Administration period to 25 January 2018 is set out below:

Brierty Limited (Administrators Appointed) | Receipts and payments schedule	
Opening cash at bank	**0**
Receipts	
Debtor receipts	3,763,919.13
Bellamack Loan	1,250,000.00
Other VA trading income	991,119.43
Other receipts	827,506.00
Labour hire income	321,977.88
Sale of plant and equipment	19,082,673.79
Dry hire income	63,170.25
JV bank accounts	340,143.32
Sale of inventory	36,106.10
Total Receipts	26,676,615.90
Payments	
Bank Charges	(10,856.58)
Bellamack Pty Ltd	(1,250,000.00)
Cleaning Expenses	(1,518.00)
Demobilisation	(258,751.60)
BAS payments	(536,179.00)
Hire & Leasing	(20,501.72)
HP Finance Payment	(1,096,820.30)
Insurance	(296,280.99)
IT expenses	(30,789.00)
Legal Fees	(132,448.28)
Motor Vehicle Expenses	(10,994.15)
PPSR Expenses	(2,382.75)
Printing & Stationery	(545.27)
Rent	(284,168.08)
Repairs & Maintenance	(5,950.11)
Security	(7,890.05)
Statutory expenses	(4,497.58)
Subcontractors	(2,288.49)
Superannuation	(70,703.39)
Utilities	(9,414.95)
Valuation Expenses	(32,744.61)
Wages & Salaries	(1,383,412.08)
Total payments	(5,449,136.98)
Closing cash at bank	**21,227,478.92**

8. Statutory investigations

8.1 Scope

Pursuant to section 438A of the Act, the Administrators are required to conduct investigations into the Company's business, property, affairs and financial circumstances. Furthermore, the Administrators are required to form an opinion about whether it would be in the interests of the creditors of the Company to execute a DOCA, for the administration to end, or for the Company to be wound up. Given the comparison required with a winding up, the Administrators' investigations include the consideration of whether there are any potential actions available to a liquidator in the event that creditors resolve to place the Company into liquidation.

We are required to report to ASIC if we consider that past or present officers or shareholders of the Company may have committed an offence under the Act.

The short time frame associated with the Administration process limits the extent of investigations that can be performed prior to the Second Meeting. We have not completed a full investigation of the kind that we would perform should the Company be placed into liquidation. The investigations performed to date, whilst well progressed, are therefore only indicative of the actions that may be possible in the event of liquidation. Should creditors consider they have further information that may be useful in our inquiries, please do not hesitate to contact this office.

In considering the merits of proceeding with any recovery action, a liquidator must have regard to the relative costs and benefits together with the prospects of success and the financial ability of defendants to meet claims. Recovery actions are often expensive and can involve lengthy delays if court proceedings are required.

We would like to acknowledge that the Directors and Management of the Company have fully complied with our requests to assist with our investigations.

8.2 Information reviewed

The investigations performed by the Administrators were predominantly based on the following sources of information:

- Review of RATAs and representations made by the Directors;
- Discussions with Directors, Management, staff, suppliers and other parties;
- Management financial accounts;
- Company books and records, including electronic records and emails;
- Board papers; and
- ASX announcements.

8.3 Recovery actions available to a Liquidator

Should the Company proceed into liquidation at the Second Meeting, Part 5.7B of the Act would apply to the winding up. This part of the Act sets out a number of circumstances and conditions under which the liquidator of a company may seek to recover monies from various parties for the benefit of the entire body of creditors ("Liquidator Actions").

Relevantly, such claims can only be brought by a liquidator and, as such, if creditors of the Company resolve that the Company execute a DOCA, no liquidator will be appointed and the actions detailed in Part 5.7B of the Act will not be available for the benefit of creditors.

Liquidator Actions fall into the following broad categories:

- Insolvent trading (refer section 8.4);
- Voidable transactions (refer section 8.5):
    - Uncommercial transactions;
    - Unfair preferences;
    - Unfair loans;
    - Unreasonable director-related transactions;
    - Transactions to defeat creditors; and
    - Voidable circulating interests.

In addition, any actions available directly to the Company may also be pursued by a liquidator with the benefits flowing directly to creditors. These actions are not exclusively available to a liquidator and therefore it may be possible for a deed administrator to pursue such actions on behalf of the Company if the Company executes a DOCA (subject to the specific terms of the DOCA executed). Claims of this nature relate to offences and directors' duties, and typically include:

- Breaches of directors' duties; and
- Misleading and deceptive conduct.

Further discussion in relation to the above matters is set out in section 8.6 of this report.

In the majority of circumstances, it may be necessary for the liquidator to commence formal legal proceedings to pursue any matters identified that fall within the above categories.

There are a number of inherent risks in pursuing legal proceedings and as such, any recovery in respect of legal proceedings is highly dependent on:

- Further investigations to establish the precise facts of each claim;
- Obtaining an independent legal opinion that supports the strength (or otherwise) of each claim being pursued;
- The liquidator having suitable funding in place to meet the costs of conducting detailed investigations, obtaining a legal opinion and prosecuting the claim;
- The nature of any potential defences (statutory or otherwise) that may be relied upon by the defendant of each claim;
- The claim succeeding at trial or otherwise being settled on suitable terms;
- The financial capacity of defendants to meet any eventual judgement awarded in favour of the liquidator or company; and
- In relation to insolvent transactions, proving the insolvency of the company when the transaction in question occurred.

A summary of the potential actions that may be pursued by a liquidator (should the Company enter liquidation) together with the Administrators' preliminary assessment as to whether further investigations into these areas is warranted is set out below:

Potential recovery actions			
Section of the Act	**Potential recovery action**	**Report Ref.**	**Further investigations warranted**
Liquidator actions			
588G, M	Insolvent trading	8.4	✓
588FA	Unfair preferences	8.5.1	✓
588FB	Uncommercial transactions	8.5.2	✗
588FD	Unfair loans to a company	8.5.3	✗
588FDA	Unreasonable director-related transactions	8.5.4	✓
588FE(5)	Transactions to defeat creditors	8.5.5	✗
588FJ	Voidable circulating interests	8.5.6	✗
Potential director offences			
180-184	Breaches of general directors' duties	8.6.1	✗
191	Breach of duty to disclose material personal interest	8.6.2	✗
286	Failure to keep proper accounting records	8.6.3	✗
292/319	Failure to lodge annual reports with ASIC	8.6.4	✗
314	Failure to comply with requirements for financial statement preparation	8.6.5	✗
438B	Failure to assist Administrators, deliver books and provide information	8.6.6	✗
588G, K	Being a director at the time when an insolvent company incurs a debt and there are reasonable grounds for suspecting the company to be insolvent	8.6.7	✓
Part 5.8A	Arrangements to avoid employee entitlements	8.6.8	✗
674	Requirement for listed company to comply with disclosure requirements	8.6.9	✓
1307	Concealing, destroying, mutilating or falsifying books and records	8.6.10	✗
1308	Making a statement which is knowingly false or misleading in a material particular	8.6.11	✓
1309	Making, furnishing, authorising or permitting any false or misleading statement or report to directors, auditors or members	8.6.12	✗

8.4 Insolvent trading

8.4.1 Preliminary assessment

Pursuant to section 588G of the Act, a director may be found by a relevant court to be personally liable to pay compensation if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the company is insolvent, or becomes insolvent by incurring the debt, and there existed reasonable grounds to suspect that the company was or would become insolvent and the director knew or ought to have known of the grounds to suspect insolvency.

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

The determination of a company's solvency is a complex matter which is determined as a matter of commercial reality in light of all relevant facts.

The definition of solvency under section 9 of the Act states a company is considered to be solvent if, and only if, the company is able to pay its debts as and when they become due and payable. A company that is not solvent is insolvent. There are two key tests in determining a company's solvency, being:

- Balance sheet test
- Cash flow test

Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and generally requires legal action.

In order to reach a preliminary conclusion concerning the likely date of the Company's insolvency, a range of factors/indicators may be considered as set out in section 8.4.2 below.

8.4.2 Determining insolvency

The case of ASIC v Plymin (2003) 46 ACSR 126 is often referenced in considering the time a person/business becomes insolvent. The case contains a list of 14 common indicators of insolvency, which have been adopted to determine the solvency of the Company.

Indicators of Insolvency														
		FY18		FY17										
Report ref.	Indicator	Aug	Jul	Jun	May	Apr	Mar	Feb	Jan	Dec	Nov	Oct	Sept	Aug	Jul
8.4.2.1	Continuing losses	✓	✓	✗	✗	✗	✓	✓	✓	✗	✓	✗	✗	✓	✗
8.4.2.2	Current ratio below 1	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.4.2.3	Overdue taxes	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.4.2.4	Inability to borrow	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.5	No alternative finance	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.6	Inability to raise capital	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗
8.4.2.7	Suppliers placed on COD	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.4.2.8	Creditors outside terms	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	?
8.4.2.9	Issuing post-dated cheques	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.10	Dishonoured cheques	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
8.4.2.11	Special creditor arrangements	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗
8.4.2.12	Demands, writs, judgements	✓	✓	✓	✓	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗
8.4.2.13	Round-sum payments	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
8.4.2.14	Inability to produce information	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗
	Legend:														
	Indicator		✓		Preliminary assessment of insolvent period										
	Requires further investigation		?												
	Not an indicator		✗												

A liquidator, if appointed, would need to conduct further investigations to determine whether or not the Company became insolvent at any time prior to the appointment of Administrators.

The above indicators are discussed in further detail below.

8.4.2.1 Continuing Losses

A series of trading losses may cause or indicate a decline in working capital resources available to the business. Trading losses may however, be absorbed by borrowings, alternative finance or a capital injection/raising or asset sales.

The tables below set out the monthly NPBT of the Company from July 2015 to August 2017.

FY18			
$'000	Jul-17	Aug-17	YTD FY18
Income	4,325	5,533	9,858
Expenses	(4,917)	(6,310)	(11,227)
NPBT	(592)	(777)	(1,369)

FY17													
$'000	**Jul-16**	**Aug-16**	**Sep-16**	**Oct-16**	**Nov-16**	**Dec-16**	**Jan-17**	**Feb-17**	**Mar-17**	**Apr-17**	**May-17**	**Jun-17**	**FY17**
Income	13,261	9,417	14,005	12,267	10,615	8,355	7,130	7,760	7,835	8,597	8,139	4,432	111,812
Expenses	(12,507)	(9,714)	(13,800)	(10,534)	(10,638)	(7,535)	(7,524)	(8,406)	(9,375)	(7,182)	(7,307)	(3,329)	(115,774)
NPBT	754	(296)	205	1,732	(22)	820	(395)	(646)	(1,540)	1,415	832	1,103	3,962

FY16													
$'000	**Jul-15**	**Aug-15**	**Sep-15**	**Oct-15**	**Nov-15**	**Dec-15**	**Jan-16**	**Feb-16**	**Mar-16**	**Apr-16**	**May-16**	**Jun-16**	**FY16**
Income	22,786	24,649	19,606	19,546	19,971	15,375	16,305	16,756	13,258	6,317	16,481	11,351	202,402
Expenses	(22,557)	(24,364)	(19,298)	(18,874)	(20,045)	(20,162)	(16,459)	(17,655)	(19,816)	(13,664)	(43,947)	(35,850)	(132,110)
NPBT	229	285	307	672	(74)	(4,787)	(154)	(899)	(6,559)	(7,347)	(27,466)	(24,499)	(70,292)

Source: Management accounts provided by the Company
Note: FY16 monthly data does not reconcile to the FY16 Audited Financial Report

The Company incurred net losses before tax in 15 of the preceding 26 months prior to the appointment of Administrators, incurring a total loss before tax of $67.7m over this timeframe. North West Coastal Highway (Stage 2) project losses ($27.3m) combined with significant asset revaluation write-downs ($26.2m) are responsible for $53.5m of the total $67.7m in losses over the period reviewed above.

Although the FY16 Management Accounts show a cumulative NPBT of ($70.3m), the FY16 Audited Financial Report released to the ASX on 30 September 2016 disclosed a NPBT loss for FY16 of ($64.7m) and a NPAT loss of ($52.4m). The NPBT variance of $5.6m between the management and audited accounts is driven by understated revenue ($10.1m) and cost of sales ($4.5m), leading to a gross margin differential of $5.6m.

8.4.2.1.1 North West Coastal Highway Project

Stage 2 of the North West Coastal Highway Project resulted in a total project loss of ($27.3m), reported over the July 2015 to August 2017 period. The project loss was primarily attributable to:

- Significant re-work required and/or overbuilding, resulting in major project delays and cost overruns;
- Failure to deliver road building alignment activities at the cost and within the initial timeframes assumed;
- Significant cost overruns with construction activities such as side tracks and the provision of construction water; and
- Poor resource management and roster adherence.

8.4.2.1.2 Asset revaluation write-downs

The Company incurred $26.2m in impairment expenses attributable to the following two major valuation exercises:

- An FY16 year-end valuation completed by Smith Broughton, resulting in a $32.9m impairment for the carrying value of the Company's plant and equipment; and
- An additional valuation conducted for the FY17 half year accounts, resulting in a reversal of $5.8m in plant and equipment impairment expenses.

8.4.2.2 Current ratio below 1

A business liquidity ratio compares its current assets to its current liabilities, and is designed to examine a company's ability to access funds in the immediate to short term from "liquid" assets to pay liabilities due and payable.

Some current assets included in this analysis are more liquid than others, including the rate at which receivables or stock may be recovered, and some current liabilities may or may not be due and payable at that point in time. Therefore, to assess the Company's liquidity, a review of its quick and current ratios has been undertaken for each month from July 2015 to August 2017 as set out in the below tables.

FY18		
$'000	**Jul-17**	**Aug-17**
Quick assets	23,247	18,085
Current assets	34,167	28,522
Current liabilities	49,549	41,690
Quick ratio	**0.47**	**0.43**
Current ratio	**0.69**	**0.68**

FY17												
$'000	**Jul-16**	**Aug-16**	**Sep-16**	**Oct-16**	**Nov-16**	**Dec-16**	**Jan-17**	**Feb-17**	**Mar-17**	**Apr-17**	**May-17**	**Jun-17**
Quick assets	48,655	49,124	45,762	27,978	24,310	25,943	24,166	23,574	23,350	24,775	24,589	17,480
Current assets	63,361	63,745	61,499	42,107	36,466	39,432	37,686	37,820	36,805	37,567	36,990	29,630
Current liabilities	98,072	97,976	94,783	80,392	75,518	74,161	71,997	71,832	71,674	71,264	68,054	48,036
Quick ratio	**0.50**	**0.50**	**0.48**	**0.35**	**0.32**	**0.35**	**0.34**	**0.33**	**0.33**	**0.35**	**0.36**	**0.36**
Current ratio	**0.65**	**0.65**	**0.65**	**0.52**	**0.48**	**0.53**	**0.52**	**0.53**	**0.51**	**0.53**	**0.54**	**0.62**

FY16												
$'000	**Jul-15**	**Aug-15**	**Sep-15**	**Oct-15**	**Nov-15**	**Dec-15**	**Jan-16**	**Feb-16**	**Mar-16**	**Apr-16**	**May-16**	**Jun-16**
Quick assets	83,751	72,301	77,158	66,753	41,503	29,980	38,045	46,816	41,219	37,556	40,354	44,236
Current assets	98,143	97,059	101,467	90,640	76,005	69,862	70,439	76,025	71,351	64,365	76,236	82,932
Current liabilities	82,461	100,450	105,229	91,744	76,831	69,058	69,535	78,957	78,000	77,117	81,625	95,811
Quick ratio	**1.02**	**0.72**	**0.73**	**0.73**	**0.54**	**0.43**	**0.55**	**0.59**	**0.53**	**0.49**	**0.49**	**0.46**
Current ratio	**1.19**	**0.97**	**0.96**	**0.99**	**0.99**	**1.01**	**1.01**	**0.96**	**0.91**	**0.83**	**0.93**	**0.87**

The Company did not maintain a quick ratio above 1.0 since July 2015 (1.02), and a current ratio above 1.0 since January 2016 (1.01). The quick and current ratios improved from June 2017 due to the reclassification of $15m in borrowings from current to non-current as a result of the restructure of the Company's borrowings with Bankwest as discussed in section 8.4.2.4 below.

8.4.2.3 Overdue Commonwealth and State taxes

Late or non-payments and/or lodgements of statutory tax returns is a strong indicator of financial distress in a business.

The Company's month end ATO Integrated Client Account ("ICA") balances are set out below:

ATO balance FY18		
$'000	**Jul-17**	**Aug-17**
ICA month end balance	1	1
Outstanding balance	✗	✗

ATO balance FY17												
$'000	**Jul-16**	**Aug-16**	**Sep-16**	**Oct-16**	**Nov-16**	**Dec-16**	**Jan-17**	**Feb-17**	**Mar-17**	**Apr-17**	**May-17**	**Jun-17**
ICA month end balance	2,367	1,895	2,340	926	129	1	1,775	1,109	499	547	403	4
Outstanding balance	✓	✓	✓	✓	✗	✗	✗	✓	✓	✗	✗	✗

ATO balance FY16												
$'000	**Jul-15**	**Aug-15**	**Sep-15**	**Oct-15**	**Nov-15**	**Dec-15**	**Jan-16**	**Feb-16**	**Mar-16**	**Apr-16**	**May-16**	**Jun-16**
ICA month end balance	-	807	1,294	5,038	-	479	-	-	-	-	14	2,999
Outstanding balance	✗	✓	✓	✓	✗	✗	✗	✗	✗	✗	✗	✗

Outstanding balances indicated in the above tables refer to tax balances which have been due and payable for a minimum of 30 days.

The Administrators' investigations also identified that the Company entered into repayment arrangements with the ATO in the 18 months leading to the appointment of Administrators, as follows:

- A payment arrangement plan of $0.1m a week was agreed with the ATO and commenced on 29 June 2016. The total outstanding amount as at this date was $3.2m. This amount was paid down over the period 29 June 2016 to 1 December 2016; and
- Negotiations commenced again with the ATO in January 2017 regarding the outstanding PAYG balance of $1.2m at 31 December 2016. The payment arrangement was for $0.1m to be paid weekly commencing on 13 February 2017. The last payment was made on 2 May 2017.

In addition to the above, the Company's records indicate outstanding WA and NT payroll tax of $1.1m as at the date of appointment.

8.4.2.4 Poor relationship with a financier or the inability to borrow

A company's financier has greater visibility over the company's financial health in comparison to the general body of unsecured creditors, as the financier benefits from the supply of company financial information to manage and consider its exposure.

A poor relationship with a financier may be driven by:

- Late or absence of repayments on facilities;
- Overdrawn or breach of facilities;
- Breach of covenants or financial ratios; and

- Breach of other conditions, including information supply as required.

A poor relationship with a financier is not necessarily a firm indicator of the Company's insolvency, however the poor relationship may lead to the inability to renew, extend, increase or restructure financing facilities.

Summary of Financing Arrangements

The Company's primary financier was Bankwest, who provided the Company's overdraft and bank guarantee facilities. The Company also had hire purchase facilities with a number of other financers. A summary of the Company's financing facilities since FY11 is set out in the below table:

Summary of Financing Arrangements

Financial Year	Term Facility ($'m)	Overdraft and Guarantee Limit ($'m)	Overdraft Drawn ($'m)	Bank Guarantee Drawn ($'m)	Asset Finance (Current) ($'m)	Asset Finance (Non Current) ($'m)	Loans from Related Parties	Total
FY2011	Nil	20.0	6.0	3.3	6.5	10.5	5.0	**51.3**
FY2012	Nil	15.0	1.0	3.5	7.0	19.8	Nil	**46.3**
FY2013	Nil	15.0	Nil	4.2	10.5	26.0	Nil	**55.7**
FY2014	Nil	20.0	Nil	11.6	10.4	17.8	Nil	**59.8**
FY2015	Nil	30.0	Nil	8.1	15.6	26.4	Nil	**80.1**
FY2016*	Nil	35.0	21.5	7.8	12.6	14.6	Nil	**91.5**
FY2017**	15.0	22.0	6.2	9.6	26.3	8.7	1.3	**89.1**

Notes: *Bank guarantee limit of $10m, overdraft limit of $25m, **Bank guarantee limit of $10m, overdraft limit of $12m
Source: Annual reports released to the ASX for FY11 to FY16. FY17 based on financial statement work papers.

The table above shows a gradual increase in the Company's overdraft and bank guarantee facility from FY11 to FY17, however the total of hire purchase facilities varied from year to year with a peak of $42.0m at 30 June 2015. The table above also shows the impact of the restructure of the Company's facility agreement with Bankwest in June 2017, as discussed in further detail below.

Relationship with Bankwest

Bankwest was the Company's long term financier.

In the second half of FY16, due to the strain on the Company's cash flow caused by the significant losses incurred on the North West Coastal Highway project, the Company made a number of requests to Bankwest for temporary funding above its approved overdraft limit.

To assist the Company, Bankwest provided additional temporary overdraft funding of $5.0m on 25 February 2016. This temporary additional funding was further extended on the following dates:

- 15 April 2016;
- 29 April 2016;
- 27 June 2016;
- 31 August 2016;
- 29 September 2016; and
- 31 October 2016.

The approval received on 31 October 2016 provided an extension of the temporary funding until 28 February 2017. During this period, the Company made further requests to Bankwest for additional temporary funding, including $1.0m from 31 December 2016 to 6 January 2017, $1.5m for the month of March 2017, and $2.0m for the months leading up to the June 2017 restructure of the Company's facilities.

In addition to the temporary excess funding provided by Bankwest, the financial covenants required to be maintained by the Company were waived for the June 2016 quarter, primarily due to the losses incurred on the North West Coastal Highway project.

In early April 2017, the Company approached Bankwest and requested $10.0m of additional funding to formalise the temporary funding provided by Bankwest since February 2016, and to provide the Company with additional working capital. Bankwest assessed the Company's application for additional funding between April to June 2017, and provided the Company with a letter to provide to its creditors noting the following:

> *'In line with ongoing discussions we wish to confirm that Bankwest is currently considering a financing proposal to support Brierty Ltd's current and future funding requirements.*
>
> *This proposal includes the provision of up to $10m additional financial accommodation in addition to a restructure of existing facilities, to allow Brierty to normalise its working capital position.*

Discussions surrounding this proposal are well advanced and, subject to receipt of additional information requested, the Bank expects to have completed its due diligence within a two week period.

We look forward to continuing to work with Brierty Ltd'

Our investigations indicate that on 16 May 2017 Bankwest advised the Company that it will not fund the full $10.0m requested, and that Bankwest preferred a funding model in which the bank contribute as the major funder in a broader restructuring package on the basis that other funds required by the Company to meet its operational needs were provided by others, including:

- Negotiating agreements with hire purchase providers to re-finance the existing hire purchase obligations over extended periods to free up cash flow in the short term; and
- Funds available from the sale of assets in which the Company had equity.

On 21 June 2017, Bankwest advised the Company that a restructure of its facilities had been approved. The amendments to the facilities are set out in the following table:

Brierty Limited (Administrators Appointed) - Bankwest Facility June 2017 Restructure

Facility	Previous	June Restructure	Repayment timeframes
Overdraft facility	$25.0m	$10.0m	
Bank guarantees	$10.0m	$10.0m	
Additional facility	-	$6.0m	First repayment of $1.5m due on 31 September 2017, with further $1.5m payments to be made by 31 October 2017, November 2017 and 31 December 2017
Long-term debt facility	-	$15.0m	Repayments of $200k/month commencing on 30 October 2017, increasing to $300k/month from 31 January, and further increasing to $550k/month from 31 July 2018.
Total	**$35.0m**	**$41.0m**	

The restructured facility included the provision for an asset sale program, which included the Company's plan to sell various plant and equipment, collectively worth $12.2m, to realise net proceeds of $10.6m (after payout of corresponding asset finance loans). Bankwest consented to the Company retaining the first $2.0m of proceeds from the asset sale program, but required that the next $6.0m be applied to repayment of the additional cash advance facility, and any subsequent funds to be applied to the permanent repayment of the long term debt facility.

As reported to the ASX on 23 June 2017, a condition precedent to the draw-down of the additional cash advance facility was the reinstatement of the Company's Western Turner Syncline contract, which had at the time been suspended due to safety concerns held by Rio Tinto. On 12 July 2017 the Company reported to the ASX that it would recommence works on the Western Turner Syncline Stage 2 project 'early next week' which would enable the drawdown of the new additional cash advance facility.

Our preliminary investigations indicate that the Company had the support of Bankwest through to the appointment of administrators given:

- Bankwest provided additional temporary funding as requested by the Company from February 2016 to the restructure of facilities in June 2017;
- The restructured facilities provided the Company with additional funding to assist with its working capital issues by way of the $6.0m cash advance facility and allowing the Company to retain the first $2.0m of sale proceeds from the asset sale program (that would otherwise be payable to Bankwest under its facilities);
- Introducing the $15.0m term debt facility reduced the interest rate payable by the Company for that portion of its debt;
- Bankwest waived the reporting covenants at 30 June 2016 and reset the Company's reporting covenants as at 30 June 2017; and
- Bankwest did not seek the immediate repayment of the facilities.

Despite Bankwest's support, the Administrators consider that following the 16 May 2017 meeting with Bankwest, no additional core borrowings would be available to the Company other than the amounts provided by Bankwest.

8.4.2.5 No alternative finance available

Throughout 2016 and 2017, the Company pursued a number of avenues to secure additional finance or relief from financiers, including:

- Seeking payment moratoriums on its various hire purchase facilities;
- Obtaining loans from the Company's directors;
- Utilising a supply chain financing facility for the Western Turner Syncline Stage 2 project; and
- Intercompany funding from the Company's 100% owned subsidiary, Bellamack.

Further details on each of these items is set out below.

Equipment Finance

As set out in section 8.4.2.4 above, the Company had hire purchase facilities with various financiers. The table below summarises the Company's hire purchase facilities as at the date of appointment of Administrators:

HP Liabilities at 6 September 2017	
Financier	**Total ($'m)**
ANZ	1.6
BOQ	1.2
Capital Finance	1.7
Caterpillar Finance	1.1
CBA	0.1
Esanda Finance	0.5
National Australia Bank	1.9
Position Partners	0.0
St George	0.4
Westpac	5.5
Total	**13.9**

To relieve cash flow pressures, in late 2016 the Company sought payment moratoriums from its hire purchase financiers.

The Administrators' investigations have not found a consolidated list of arrangements negotiated with each hire purchase financier, however the Company records indicate the following:

- The Company entered into a "restructuring standstill deed" with ANZ with an effective date of 31 January 2017, which provided a four month moratorium on eight loan contracts;
- NAB provided a three month moratorium on ten asset finance facilities in November 2016;
- Westpac, St George and Capital Finance provided a four month moratorium on principal reductions, i.e. interest only payments from 4 November 2016 for four months; and
- Caterpillar Finance provided a three month moratorium from February 2017 on seven asset finance facilities.

Bank of Queensland did not approve a moratorium period, advising their position that cash flow generated by the associated equipment be used to meet contractual finance payments first, with any excess to be available to the Company to meet its other commitments.

In January 2017 the Company considered refinancing an excavator from Bank of Queensland to Westpac. Westpac advised that they wished to see nine months of 'improved and sustainable' trading before they considered moving the Company out of "Loans Management" and the refinance of the excavator from Bank of Queensland.

As noted in section 8.4.2.4, as part of the June 2017 facility restructure, Bankwest suggested that the Company sought to refinance its asset finance facilities to provide additional working capital. The Administrators' preliminary investigations indicate that the Company formed the view that its equipment financiers would react very negatively to such an approach in light of the restructuring that had been negotiated with the equipment financiers since September 2016, as set out above.

The Administrators' preliminary investigations indicate that alternate finance from restructuring equipment finance facilities was not available from approximately April 2017.

Director Loans

In January 2017, the Directors and Mr Alan Brierty loaned funds to the Company as set out in the below table.

Summary of Directors and Related Party Loans			
Director/Related Party	**Loan Amount**	**Loan Start Date**	**Repaid by 6 September 2017**
Richard O'Shannassy	125,000	10/01/2017	40,179
Kenneth Hellsten	25,000	10/01/2017	8,036
Alan Brierty	250,000	10/01/2017	80,357
Gooding Partners	100,000	11/01/2017	32,143
Moulyinning Nominees Pty Ltd ATF the Gooding Family Superannuation	700,000	12/01/2017	225,000
Moulyinning Nominees Pty Ltd ATF the Dalton Gooding Family Trust	200,000	23/01/2017	64,286
Total	**1,400,000**		**450,000**

The terms of the above loans included:

- Interest calculated at 10% per annum;
- The loans were unsecured;
- Repayment of the loan and all accrued interest was subject to the Company first repaying to Bankwest the $1.5m temporary excess on the overdraft facility for the period 1 February 2017 to 2 March 2017;
- The loan and all accrued interest was repayable on demand by the lender on the date which is 90 days following the drawdown or the date which is 7 days following completion by the Company of a rights issue or other equity capital raising, whichever occurs first;
- Mr Alan Brierty's loan agreement included a term whereby he agreed for $150k of his loan to be converted into fully paid ordinary shares in the Company pursuant to and in accordance with the terms of the capital raising and upon such happening.

The capital raising referred to in the points above is discussed at section 8.2.4.6 below.

In July 2017, the Company executed variation letters with the Directors and Mr Alan Brierty, noting that the conditions precedent for principal repayments had been met, and agreed a principal repayment schedule. The variation letters also provided that the related party could demand full repayment of the outstanding amount on 24 hours' notice. The table above indicates that $450k of the $1.4m of related party loans were repaid prior to the appointment of administrators.

Supply Chain Financing Facility

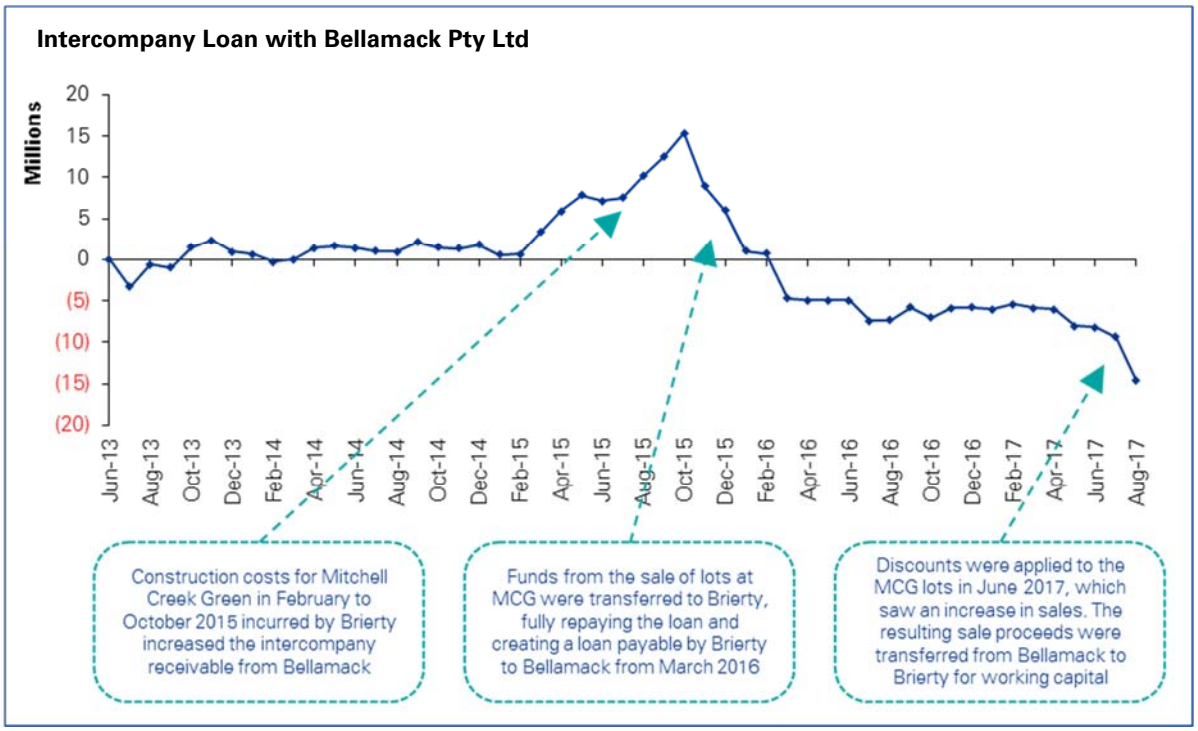
On 18 August 2016, at the suggestion of Rio Tinto, the Company elected to use a supply chain financing facility from HSBC for the Western Turner Syncline project. This facility was arranged by Rio Tinto and commenced on 20 September 2016, and was used to accelerate the collection of the moneys relating to Western Turner Syncline project progress claims.

Intercompany Loan from Bellamack

As set out in section 3.2, Brierty holds 100% of the share capital of Bellamack.

On 1 July 2013, an intercompany loan account between the Company and Bellamack was created (the "Bellamack loan account"). A review of the entries to the Bellamack loan account indicate that at times, the Company was meeting the construction and development costs of Bellamack's projects and recording amounts paid against the loan account. Conversely, as Bellamack sold lots at its Mitchell Creek Green ("MCG") Estate, sale proceeds would be remitted to the Company through the loan account.

The graph below details the movement of the Bellamack loan account from 1 July 2013 to the appointment of Administrators.



In February 2017, Management forecast the sale of seven MCG lots per month for the 12 months to February 2018. As a result of slowing sales in May 2017, a 9% discount on the per lot sale price was sought and agreed with the NT DIPL, which resulted in a spike in sales for June 2017. However, the sale of only one lot was achieved in July 2017 and August 2017 with Management citing the July 2017 school holidays and the release of the nearby Zuccoli Village lots as the reasons for the reduction in sales.

The decrease in sales activity negatively impacted the funds available to the Company from Bellamack, and at the time of appointment of Administrators, the Company was considering approaching the NT DIPL for a further reduction in sale price in order to increase sales activity. On appointment, the Administrators sought and agreed a further 9% discount for the MCG lots and have assumed a sale rate of seven lots per month with the exception of the Christmas holiday periods. The ability of Bellamack to transfer sales proceeds to the Company is limited however due to Bellamack's GST liabilities, and the requirement to retain funds to meet the costs to develop future stages of the MCG Estate.

In addition to the above, if appointed, a liquidator would need to review the likelihood, timeframe and potential quantum estimated from an in-one-line sale of Bellamack, and the Company's ability to use those sale proceeds given Bankwest's non-circulating charge over the Company's interest in Bellamack.

8.4.2.6 Inability to raise capital

In November 2016, the Company held discussions with Bell Potter, a financial advisory firm, in relation to a potential capital raising. At this time, Bell Potter advised that a capital raising prior to Christmas would be challenging, and that a capital raising may be more successful following release of the Company's interim results in February 2017.

To enable the capital raising, a resolution was passed by shareholders at the Company's annual general meeting on 28 November 2016 approving a share placement facility of up to 31,825,000 ordinary fully paid shares (being 25% of its issued capital), which the directors may utilise to raise additional working capital for the Company. The explanatory statement to the Notice of Annual General Meeting stated that the Directors believe that it "is prudent for the Company to have a share placement facility available so that additional equity funds can be raised if considered necessary". If not utilised, the facility would lapse three months after the date of the meeting.

In March 2017, Bell Potter, together with Argonaut Capital, undertook a process to raise capital for the Company. Nineteen funds were approached, and ten funds received a detailed presentation and access to the data room. All funds declined to proceed due to:

- Complexity and uncertainty of being able to agree substantial compromises with existing creditors to allow new funding;
- Lack of compelling competitive positioning and management team with proven turnaround expertise; and
- Significant contract book risks associated with high client and earnings concentration, relatively short contract tenor and limited future earnings visibility.

As such, our preliminary investigations indicate that the Company was not able to raise capital from at least November 2016 and certainly by March/April 2017.

8.4.2.7 Suppliers placing the debtor on COD terms

As a consequence of late or non-payment of supplier invoices, a supplier may place the debtor on 'cash on delivery' terms, or cease supply altogether. Existence of COD terms are an indicator that a company may be experiencing cash flow stress.

Management advised that a number of suppliers placed the Company on COD terms, however a definitive list of suppliers was not provided. A search of the Company's forensic image identified a total of 54 suppliers which placed the Company on COD terms, with the earliest occasion being in May 2016.

8.4.2.8 Creditors unpaid outside trading terms

An indicator of cash flow stress is creditors increasingly being paid late, invoices not paid within trading terms, or at all (where not disputed).

The Company's FY16 financial statements state at note 2.3(n) that trade payables are usually paid on 45 day terms. The Administrators also identified correspondence in tender documents advising that some supplier payments were being paid 14 days later than standard terms. As such, the analysis of the Company's aged payables as set out below has been prepared based on 60+ day terms:

Aged creditors		
$'000	**Jul-17**	**Aug-17***
60+ days payables	3,792	1,771
Total payables	**8,154**	**4,729**
% of 60+ days	*46.5%*	*37.4%*

Aged creditors												
$'000	**Jul-16****	**Aug-16**	**Sep-16**	**Oct-16**	**Nov-16**	**Dec-16**	**Jan-17**	**Feb-17**	**Mar-17**	**Apr-17**	**May-17**	**Jun-17**
60+ days payables	N/A	7,770	5,411	5,437	4,358	5,345	7,121	7,296	8,636	8,812	6,464	5,619
Total payables	**N/A**	**32,998**	**28,715**	**30,370**	**25,910**	**24,642**	**22,792**	**22,073**	**21,575**	**20,747**	**17,081**	**15,522**
% of 60+ days	*N/A*	*23.5%*	*18.8%*	*17.9%*	*16.8%*	*21.7%*	*31.2%*	*33.1%*	*40.0%*	*42.5%*	*37.8%*	*36.2%*

Notes: *the balance listed for August 2017 has been sourced from the aged creditors listing as at 6 September 2017.
**The Administrators were unable to locate an aged creditors listing at 31 July 2016.

Based on the available information, the Company had at least $3.8m in amounts outstanding for a minimum of 60 days throughout the period 1 August 2016 to 31 July 2017 period. Furthermore, between 30 November 2016 and 31 July 2017, payables outstanding for 60 days or more increased from 16.8% to 46.5% of total payables at month end. We draw creditors' attention to the use of special payment arrangements with creditors as set out in 8.4.2.11 below. The impact of these payment arrangements are not reflected in the above table.

8.4.2.9 Issuing post-dated cheques

Whilst more uncommon than other indicators, issuing post-dated cheques is a clear indicator of insolvency as it serves as admission by the payer that they have insufficient funds to pay an amount at that point in time.

We did not discover any instances of the Company issuing post-dated cheques, with electronic funds transfers being the Company's primary means of transacting.

8.4.2.10 Dishonoured cheques or payments

A cheque or payment is generally dishonoured due to insufficient funds being present in the account.

A review of the Company's bank statements did not identify any dishonoured cheques or payments due to insufficient funds. In this regard, the Company anticipated circumstances as early as February 2016 whereby their overdraft limit would be insufficient to meet their expected payments. To manage this, as outlined in section 8.4.2.4, a number of temporary overdraft excesses were provided by Bankwest between February 2016 and the restructure of its facilities in June 2017.

8.4.2.11 Entering into special arrangements with creditors

Where a company is unable to pay its debt to a creditor in full, they may agree with the creditor to enter into a repayment arrangement to meet arrears. Whilst entering into the arrangement is an indicator of stress, the arrangement itself may cause the company to 'return to solvency' as the debt is no longer due and payable in full at that point in time, but rather at a later point in time.

The Administrators did not locate any formal payment arrangements with trade creditors, however a total of 91 informal payment arrangements were entered into from December 2016, summarised below:

Payment Arrangements										
($'000)	**Dec-16**	**Jan-17**	**Feb-17**	**Mar-17**	**Apr-17**	**May-17**	**Jun-17**	**Jul-17**	**Aug-17**	**Sep-17**
No. of Payment Arrangements	*22*	*44*	*48*	*46*	*57*	*42*	*40*	*23*	*23*	*17*
Total committed in month	3,790	4,762	3,900	2,654	4,781	2,186	4,151	2,687	1,298	1,340

The Administrators identified that the Company prepared standard correspondence to creditors advising that payment arrangements were not going to be met and would require adjustment, due to the discussions the Company was having with Bankwest in relation to additional financing facilities.

The Administrators note that the creditor payment arrangements, and adjustments to these arrangements, were being reported at the Board level. Furthermore, Bankwest were provided with updated schedules of the payment arrangements throughout FY17.

In addition to the above, and as outlined in section 8.4.2.3, the Company had formal payment arrangements with the ATO over the following periods:

- 29 June 2016 to 1 December 2016 ($0.1m per week); and
- 13 February 2017 to 2 May 2017 ($0.1m per week).

8.4.2.12 Examples of letters of demand, writs, judgements filed against the company

Growing creditor pressure (from multiple creditors) in the form of letters of payment follow up, demands and instances of filings of writs, summons, judgements and winding up applications against a company is generally a strong indicator of insolvency.

The Administrators located a total of 62 statutory demands totalling $1.8m (detailed below), all of which were paid prior to our appointment. No writs or judgements against the Company were located.

Statutory Demands								
	Feb-17	**Mar-17**	**Apr-17**	**May-17**	**Jun-17**	**Jul-17**	**Aug-17**	**Total**
No. of demands	7	12	4	15	10	9	5	62
Total value ($m)	**0.3**	**0.5**	**0.1**	**0.7**	**0.3**	**0.0**	**0.0**	**1.8**
Ave. days to payment	*13.1*	*8.8*	*10.8*	*13.5*	*12.3*	*12.2*	*7.2*	*11.5*

The Administrators identified correspondence from the Company's management to the payables department to prioritise the payment of statutory demands and payment arrangements (discussed at section 8.4.2.11) over general payable amounts.

8.4.2.13 Round sum payments

Companies who are experiencing working capital stress may reduce creditor debts with round payments and are often not necessarily associated with satisfying particular invoices.

The Administrators identified $7.7m in round payments above $30,000 made to creditors during the period from mid-May 2017 and examples of round payments made as early as January 2016.

These payments are discussed further at section 8.5.1 of this report.

8.4.2.14 Inability to produce timely and accurate financial information

Sections 286 and 588E of the Act set out the requirement for a company to maintain adequate books and records and that a company may be insolvent due to not keeping proper books.

Section 588E(4) states that *"subject to subsections (5) to (7), if it proved that the company:*

a. has failed to keep financial records in relation to a period as required by subsection 286(1), or
b. has failed to retain financial records in relation to a period for the 7 years required by subsection 286(2), then

the company is to be presumed insolvent throughout the period."

Based on the Administrators' preliminary investigations, adequate books and records have been provided as requested. Further details in this regard are set out at section 8.6.3 of this report.

8.4.3 Defences

Directors have a number defences available to them in relation to an insolvent trading claim. To defend a claim for insolvent trading a director must prove one of the following:

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

The Administrators note the following with respect to the director's potential defences:

- The Company was actively monitoring their cash flows and regularly updating their forecasts;
- The Company kept the financiers regularly informed regarding their cash flow constraints;
- Whilst the cash flow forecasts indicated additional funds would be required, the Company believed additional funding would be provided by Bankwest;
- The Directors also believed it was likely additional capital would be raised up until around March/April 2017; and
- Despite the above, in May 2017, the Company received confidential written legal advice (in which legal professional privilege is maintained) consistent with the notion that the Directors reasonably suspected that Brierty was solvent.

On 24 January 2018 the Administrators wrote to the Directors of the Company setting out the above preliminary findings and inviting them to provide a formal response.

On 29 January 2018 the Directors responded in writing. We set out below an extract from that response.

You have advised that your preliminary investigations indicate the Company may have traded whilst insolvent from as early as 16 May 2017. We do not agree with that preliminary finding.

All the Directors of the Company exercised considerable care and diligence, in conjunction with the executive management of the Company, in monitoring the financial state of the Company including cash flow forecasts, particularly following the losses incurred on the North West Coastal Highway (Stage 2) project. The Directors ' and executive management's considerable knowledge of the Company's business was applied in determining whether the cash flow forecasts were based upon reasonable and reliable grounds. We concluded that, in our reasonable judgment at that time, they were so based.

As you have noted in the extract of the draft Report to Creditors, the Company obtained solvency advice from an international law firm on 11 May 2017 which provided comfort that the Company was not then insolvent.

As you are aware, KPMG, on Bankwest's instruction, also undertook 5 engagements between November 2015 and May 2017 involving, inter alia, reviews of the Company's financial position and forecasts. These engagements included stress-testing the cash flow forecasts to ensure that they were, and continued to be, based upon reliable estimates. Under the Bankwest finance facility regular financial reporting (including forecasts) to Bankwest also took place. It does seem to us that if Bankwest considered the Company was then insolvent it would not have approved the $6m short term loan provided in June 2017.

It also appears that little, if any, weight has been given to the fact that during the first half of calendar 2017 the Company was actively lodging tenders for new mining and civil contracts. At that time the directors, as reasonable commercially experienced businessmen, held the honest belief that the Company would secure new additional contracts as a result of successful tenders which would generate significant additional revenue.

We do not agree with your preliminary finding that following the 16 May 2017 meeting with Bankwest, no additional core borrowings would be available to the Company other than the amounts provided by Bankwest. The fact is that the Company had not explored this possibility in any detailed way because the Directors took the view that the Bankwest additional funding would enable the Company to trade out of its financial difficulties. In the absence of having tested the market as to the prospects of additional core borrowings, it is inappropriate to rule out the possibility that it may have been able to be secured.

We also disagree with your preliminary finding that the Company was not able to raise capital from at least November 201 6 and certainly by March/April 2017. Whilst a share placement facility was approved at the Annual General Meeting in November 2016 and subsequent discussions held with Bell Potter and Argonaut in March 2017, the directors also authorised in December 2016 the preparation of a draft non-renounceable rights issue offer document and accompanying draft prospectus for the issue of a free attaching option for shares taken up in the rights issue. Those documents were prepared in December 2016/January 2017. The decision was taken that any rights issue would need to follow the announcement in February 2017 of the half year results to 31 December 2016.

The possible rights issue was deferred once discussions commenced with Bankwest regarding additional funding and restructure of existing debt. However, it remained a means for the Company to raise capital had the directors considered the Bankwest additional funding would not be secured (which they did not)."

8.4.4 Conclusion

From evidence gathered during our preliminary investigations, it is the Administrators' view that the Company may have become insolvent on or around 16 May 2017, but more likely by 1 July 2017, although we note that further work is required to confirm this position and that this is disputed by the Directors.

The major factors contributing to this preliminary view is that:

- The working capital deficiency of the Company in the 18 months to the appointment of Administrators was endemic:
  - The loss incurred on the North West Coastal Highway project placed significant stress on the Company's cash flows from approximately February 2016;
  - The Company entered into a large number of repayment arrangements with its creditors from as early as August 2016, and did not comply with many of these arrangements due to working capital deficiencies;
  - Over 30% of the Company's creditors were aged greater than 60 days from January 2017, increasing to 42.5% by April 2017; and
  - The Company had difficulty procuring new work, given the market concerns around its financial viability.
- The Company could not raise funds or negotiate alternate arrangements with secured creditors to meet its working capital deficiency:
  - The Company could not raise capital from approximately November 2016;
  - It was unlikely the Company could seek further payment relief from its hire purchase financiers from approximately April 2017;
  - The Company's asset sale program agreed with Bankwest only provided $2m in proceeds for the Company to use towards working capital;
  - Bankwest advised on 16 May 2017 that it would not provide the full $10m additional facility requested by the Company; and
  - No additional bank funding was available to the Company apart from the $6m short term loan provided by Bankwest in June 2017, which was to be repaid in full by December 2017.

The Administrators estimate that the quantum of a potential insolvent trading claim against the Directors, should it be determined that the Company was insolvent from mid-May 2017, would be approximately $1.6m. The quantum comprises all unsecured debt

incurred since the time the Company was considered insolvent which was not satisfied prior to the appointment of Administrators.

Notwithstanding, a Liquidator, if appointed, would need to conduct further investigations to reach a determination as to the exact date of insolvency, and accordingly, the quantum of any potential claim in connection thereto.

Further, as set out above, the Directors have raised a number of potential defences to insolvent trading in their letter of 29 January 2018. These defences need to be carefully reviewed and considered by an Administrator (or subsequently appointed Liquidator).

8.4.5 Directors' personal financial position

We have not yet requested the Directors to provide us with their respective personal financial positions for the purposes of this report. The Directors have however advised that they were all covered by a Director & Officer (D&O) insurance policy.

We note the following with respect to the D&O insurance policy held:

- AIG reduced their limit from $20m to $10m in 2016;
- Dual Australia were engaged to provide the additional $10m to maintain the $20m overall limit;
- In April 2017 AIG reduced their limit to $2.5m and Dual Australia declined to renew the policy at any limit; and
- In May 2017 the Company provided a preliminary notification of circumstances which may give rise to a D&O claim to AIG.

A liquidator, if appointed, will closely review the D&O policy before making an insolvent trading claim, if any.

8.5 Voidable transactions

A liquidator has the ability to apply to Court to seek orders to void certain transactions should they be detrimental to a company and/or its creditors under the provisions of the Act.

We set out below, based on our initial review of the Company's books and records, our preliminary views as to whether there are any transactions that may be considered voidable, subject to the further review of a liquidator, if appointed.

8.5.1 Unfair preferences

Section 588FA of the Act states that a transaction is an unfair preference given to a creditor of a company, if, and only if:

- The company and the creditor are parties to the transaction (even if someone else is also party to the transaction); and
- The transaction results in the creditor receiving from the company, in respect of an unsecured debt that the company owed to the creditor, more than the creditor would receive from the company in respect of the debt if the transaction were set aside and the creditor were to prove for the debt in a winding up of the company, even if the transaction is entered into, is given effect to, or is required to be given effect to, because of an order of an Australian Court or direction by an agency.

The provisions of the Act provide that an unfair preference is void against a Liquidator if:

- It is an insolvent transaction (i.e. the company was or becomes insolvent at the time it was entered into); and
- If the other party to the transaction is a non-related entity, the transaction occurred in the six months ended on the 'relation-back' day, being 6 September 2017; or
- If the other party to the transaction is a related entity, the transaction occurred in the four years ended on the 'relation-back' day, being 6 September 2017.

In order to prove a creditor received an unfair preference payment, the Liquidator must first show that the company was insolvent at the time of the payment. This is discussed in section 8.4 above.

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

A creditor being placed on a payment arrangement is generally considered an indicator to the creditor that the Company may be experiencing financial difficulty.

Our preliminary investigations have found approximately $7.7m in round dollar payments made since 16 May 2017 (the potential date of insolvency).

As summarised in the table below, the majority of creditors who received round dollar payments were subject to a payment arrangement and continued to provide services to the Company, which will impact the ability of a liquidator, if appointed, to pursue recovery of such amounts.

Round dollar payments		
$'000	**No. of creditors**	**Amount paid**
Continued providing service	27	1,312
Subject to a payment plan	11	299
Continued providing service & subject to payment plan	39	5,288
Additional round dollar payments	14	817
Total	**91**	**7,716**

Should the Company go into liquidation, further investigation would be required to confirm the value (if any) of unfair preferences.

8.5.2 Uncommercial transactions

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

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

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

Our preliminary investigations have not revealed any potential uncommercial transactions.

8.5.3 Unfair loans to a company

An unfair loan is a loan made by a creditor to the Company where, upon analysis, the interest or charges with respect to the loan are extortionate. Unfair loans made to the Company any time prior to the appointment of the Administrators may potentially be overturned by a subsequently appointed Liquidator.

Our investigations into the loan account between the Company and Bellamack is outlined in section 8.4.2.5, and the loans provided by the Directors and Mr Alan Brierty is set out in section 8.5.4 below.

Our preliminary investigations have not revealed any potential unfair loans to a company.

8.5.4 Unreasonable director-related transactions

Pursuant to Section 588FDA of the Act, a transaction is an unreasonable director-related transaction if there is a payment by the Company to a director or close associate of the director, where a reasonable person in the company's circumstances would not make the payment.

The Administrators' preliminary investigations have indicated three potential categories of director related transactions which may be recoverable by a liquidator. If appointed, a liquidator would have to undertake further investigations in order to confirm whether these transactions are recoverable.

Director Loans

As outlined in section 8.4.2.5 above, $1.4m in loans to the Company were provided by the Directors and Mr Alan Brierty on or around 10 January 2017. Of these loans, $450k were repaid to the Directors from 30 June 2017 to the date of appointment of Administrators.

Short Term Incentive Payments ("STIPs") to the Managing Director and Chief Financial Officer

At the board meeting of 24 July 2017, the board considered and accepted the Company's Nomination and Remuneration Committee's recommendations that:

"a) In relation to the Managing Director, Ray Bushnell:

i. Following promotion from CEO to MD, his Total Fixed Remuneration be increased from $510,000 to $550,000 p.a. effective 1 July 2017;

ii. An FY17 STIP payment of $127,500 (gross) be awarded immediately; and

iii. An FY18 STIP of $35,000 (gross), payable in January 2018, based on achievement of KPIs, to be set by the Board, be established."

b) In relation to the Chief Financial Officer, Troy Buswell:

i. his Total Fixed Remuneration be increased from $360k to $370k p.a. effective 1 July 2017; and

ii. An FY17 STIP payment of $90k be awarded immediately."

The minutes from the board meeting of 24 July 2017 indicate that Mr Ray Bushnell abstained from involvement in discussion and any decision on the above recommendation due to his material personal interest with respect to his remuneration. The payroll records indicate that the above STIPs to Mr Ray Bushnell and Mr Troy Buswell were made on 27 July 2017.

Our preliminary investigations indicate that the Company's policy for STIP for FY17 remained consistent with the policy for FY16, the detail of which is set out in the Remuneration Report included in the Company's FY16 Annual Report. An extract of the Remuneration Report with regard to STIPs for executives is as follows:

"Actual STIP payments awarded to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering financial and non-financial, corporate and business unit measures of performance.'

The table below sets out the short term incentive payment measures and weightings:

Short Term Incentive Payments - Measures and Weightings per FY16 Annual Report				
Executive	**NPAT**	**Safety - TRIFR**	**Indigenous employment content**	**KPIs**
Managing Director	*75%*	*Incl. in KPI*	*incl. in KPI*	*25%*
Chief Executive Officer	*25%*	*15%*	*10%*	*50%*
Other executives	*25%*	*15%*	*10%*	*50%*
Other managers	*25%*	*15%*	*10%*	*50%*

The FY16 Annual report also specifies that minimum NPAT hurdles must be met for executives to qualify for any STIP, and that the Managing Director, CEO and executives have a target STIP opportunity of between 20% to 25% of their total remuneration package. The STIPs to Mr Bushnell and Mr Buswell represented 25% of their total remuneration package.

As at the time of the 24 July 2017 board meeting, the financial result for FY17 had yet to be finalised. On 30 August 2017, the Company released its preliminary results for FY17 which indicated a net loss for FY17 of approximately ($2.9m). Given it appears that the NPAT hurdle was not met for FY17, the Administrators' preliminary view is that the STIPs to Mr Bushnell and Mr Buswell may be recoverable by a Liquidator.

We wrote to the Directors on 26 January 2018 setting out the above preliminary findings.

Set out below is an extract of their response received on 29 January 2018.

"Your identification that the STI payments made to the Managing Director and Chief Financial Officer in July 2017 may be uncommercial is disputed. The Short Term Incentive plan allows the directors an absolute discretion to award incentive payments according to criteria from time to time determined by the Board. In these circumstances, the performance of the Managing Director/CEO and Chief Financial Officer over the preceding 12 months was considered by the Board to be fundamental to the survival of the Company."

Our investigations in relation to the above are ongoing.

Directors' Fees

The Administrators' preliminary investigations have found that the Directors changed the timing of the payment of their directors' fees from quarterly in arrears to monthly in arrears, effective 1 July 2017. It was a view of the Directors that a board resolution was not required to alter the payment terms of their directors' fees.

As a result of the change in payment terms, the Company records indicate that:

- Mr Gooding's directors fees of $10,362 per month for July 2017 and August 2017 were paid to Gooding Partners on 1 August 2017 and 25 August 2017 respectively; and
- Mr O'Shannassy received his directors' fee for July 2017 on 3 August 2017 in the amount of $3,092.17 net of tax and superannuation. The Administrators have not been able to locate records showing the payment of Mr O'Shannassy's August 2017 directors' fees, however records indicate it was included in a wages payrun of 4 September 2017.

We wrote to the Directors on 26 January 2018 setting out the above preliminary findings.

Set out below is an extract of their response received on 29 January 2018.

"In relation to the directors' fees paid for July and August 2017, the change from quarterly to monthly payments was designed to assist with the Company's management of its cash flow. This is a legitimate commercial objective. It was not undertaken to accord any priority to directors ahead of unsecured creditors. The payments are not considered to be uncommercial."

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8.5.5 Transactions to defeat creditors

Section 588FE of the Act provides that a transaction will be voidable if the transaction was designed to defeat, delay or interfere with the rights of creditors. Our investigations have not uncovered any such transactions.

8.5.6 Voidable circulating interests

There are no charges against the Company that appear voidable under section 588FJ of the Act.

8.6 Offences and director duties

In addition to potential actions available to a liquidator, there are a range of offences under the Act that apply to the conduct of officers of a company. Section 438D of the Act requires an administrator to report to ASIC if it appears that:

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

The sections below set out our preliminary findings in relation to the conduct of the officers of the Company. Further analysis needs to be carried out by the Administrators to determine whether a report to ASIC is required under Section 438D.

8.6.1 Breaches of general directors' duties

Pursuant to sections 180 to 184 of the Act, the duty to act in good faith includes:

- To act honestly;
- To exercise powers in the interests of the Company;
- To avoid conflicts of interest;
- To use their position properly; and
- To use information only for its proper use.

From our investigations to date, we have not found any evidence that the directors have breached their duty to act with care and due diligence and to act in good faith, nor have they used their position or information improperly.

8.6.2 Breach of duty to disclose material personal interest

The minutes from the Company's board meetings included a 'conflict of interest' section whereby directors declared material personal interests at the commencement of the meeting.

From our investigations to date, we have not found any evidence that the directors have breached their duty to disclose material personal interests pursuant to section 191 of the Act.

8.6.3 Failure to keep proper accounting records

Pursuant to section 286 (1) and (2) of the Act, a company is required to keep written financial records for a period of 7 years that correctly record and explain its transactions, and financial position and performance and would enable true and fair financial statements to be prepared and audited.

In some circumstances, the failure to maintain adequate books and records in accordance with the Act may be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act. In particular, under section 588E(4) of the Act, if a liquidator can establish that the company has failed to keep financial records as required under section 286(1) or (2) of the Act in relation to a period of time, the company is determined to have been insolvent throughout the period.

The Company records reviewed by the Administrators included:

- Bank account transactions;
- Statutory demands;
- Audited financial statements for FY15 and FY16;
- Draft financial statements and work papers for FY17;
- Management accounts for the FY18 period;
- Board papers and minutes from FY16, FY17 and FY18 YTD; and
- Email correspondence.

Due to time constraints we have not attempted to review in any detail, information relating to the period beyond the last three years, however the information we have reviewed leads us to reach a preliminary conclusion that records have been maintained in compliance with the requirements of Section 286 (1) or (2) of the Act.

8.6.4 Failure to lodge annual reports with ASIC

The Company's directors did not breach either sections 319 or 320 of the Act within the last three years.

The Company had not lodged its full year accounts for the year ended 30 June 2017 with ASIC under section 319 of the Act prior to the appointment of Administrators.

As announced to the ASX on 29 September 2017, in accordance with ASIC Corporations (externally-Administered Bodies) Instrument 2015/251 the Administrators will rely on the deferral relief with respect to the financial reporting of the Company for a period of six months from the date of appointment.

8.6.5 Failure to comply with requirements for financial statement preparation

We are not aware of any instances where the Company's directors had not complied with section 314 of the Act regarding the preparation of financial statements for members.

8.6.6 Failure to assist Administrators, deliver books and provide information

The directors and employees of the Company complied with section 438D of the Act with respect to the assistance, delivery of books and provision of information to the Administrators as and when required.

8.6.7 Insolvent trading

Refer to section 8.4 of this report.

8.6.8 Arrangements to avoid employee entitlements

Part 5.8A of the Act contains provisions designed to protect the entitlements of employees from agreements by the Company that deliberately defeat the recovery of those entitlements in the event of the company's insolvency.

Based on our investigations to date, there has not been a contravention of Part 5.8A in relation to employee entitlements.

8.6.9 Requirement for listed company to comply with disclosure requirements

Due to the material impact that Bankwest's funding decision would have on the Company, a suspension in the Company's securities was requested on 18 April 2017. The table below summarises requests made to the ASX to suspend trading while the Company sought to secure the additional funding:

Official quotation suspensions	
Date	**Reason provided**
18-Apr-17	Pending an announcement concerning additional bank funding
27-Apr-17	Progression of matters relating to securing additional bank funding
5-Apr-17	Progression of matters relating to securing additional bank funding
10-Apr-17	Progression of matters relating to securing additional bank funding
18-May-17	Progression of matters relating to securing additional bank funding
1-Jun-17	Progression of matters relating to securing additional bank funding
15-Jun-17	Progression of matters relating to securing additional bank funding
21-Jun-17	Progression of matters relating to securing additional bank funding

The suspension of trading of the Company's securities was lifted on 23 June 2017 following the announcement regarding the additional funding. The securities could then be traded up to the date of the appointment of Administrators.

The investigation with respect to disclosure requirements pursuant to section 674 of the Act is ongoing.

8.6.10 Concealing, destroying, mutilating or falsifying books and records

We are not aware of any instances where the Company directors had breached section 1307 of the Act, in relation to concealing, destroying, mutilating or falsifying books and records of the Company.

8.6.11 Making false or misleading statements in a material particular

Concerns were raised by certain creditors of the Company regarding the signing of statutory declarations by Company Officers confirming that suppliers and subcontractors for particular projects had been paid all moneys due and payable to them as at the date of the declaration. As such, the Administrators considered this to be an area to review.

Management advised that the following process was undertaken prior to signing of statutory declarations:

1 Confirmation with the Site Administrator that all invoices had been received;

2 Confirmation with the Accounts Payable team that the accounts inbox and mail invoices were all included in the system;

3 Confirmation with the Accounts Payable team that supplier statements had been reconciled in the system;

4 Provision of the Accounts Payable reports to the Project PM to highlight the critical supplier for the week. The remaining invoices would be paid as due and payable according to their agreed payment terms;

5 Review of the Accounts Payable report following payment of the project suppliers to confirm all outstanding invoices were paid according to the contract;

6 Additional review of the project ledger by the Project accountants; and

7 Email of the progress claim from the Project Manager to the Project accountants for review.

Given the time constraints of the Administrators, our investigations into the statutory declarations were limited to the two projects highlighted by the creditors to be reviewed, being the Perth Stadium project and the Lakelands Stage 66 project. The findings of the review are set out below:

Statutory declaration analysis

			Subject to payment plan		Not subject to payment plan	
Date of SD	No. inv paid after SD	Value ($) paid after SD	No. of invoices	Value ($)	No. of invoices	Value ($)
Perth Stadium						
13/03/2017	34	48,926	18	27,250	16	21,675
12/04/2017	45	81,911	24	41,127	21	40,784
12/05/2017	23	87,399	20	86,411	3	988
12/06/2017	31	67,870	3	5,092	28	62,778
10/07/2017	8	7,092	8	7,092	-	-
Lakelands Stage 66						
12/12/2016	1	1,997	-	-	1	1,997
12/01/2017	3	2,425	2	1,945	1	480
10/02/2017	2	2,091	1	480	1	1,611
13/03/2017	3	98,293	1	502	2	97,790
12/04/2017	7	2,710	6	2,403	1	308

As can be seen above, the Administrators identified multiple instances whereby subcontractor invoices were past due, no payment arrangement had been entered into (or could be located by the Administrators) and were unpaid at the date the statutory declarations were signed.

The Administrators note that Management advised there had been some instances when invoices had been received after the statutory declaration had been signed. These invoices in some instances related to work occurring prior to the date of the statutory declaration being signed, due to the invoices being lost or misplaced. The Administrators note that additional information is required to be reviewed to determine if alternative payment terms were agreed with the subcontractors which were not captured in this analysis.

The Administrators also note that despite the indicative analysis provided above identifying outstanding invoices as at the date statutory declarations were signed, internal correspondence has been identified from the CFO, Mr Buswell, in which he stated, *"Until we receive additional funds to clear our outstandings at the stadium I am not is (sic) a position to sign the stat dec".*

The Administrators have written to the relevant officers of the Company and requested further detail in relation to the preliminary findings outline above. The relevant officer of the Company has been assisting the Administrators with this analysis and remain adamant that statutory declarations were only signed once the appropriate checks had been undertaken. In addition, Management have assisted us to identify a number of statutory declarations pertaining to Main Roads WA contracts which were incapable of being declared due to non-payment of the relevant contractors' claims. In these circumstances it appears that the Directors wrote to Main Roads WA setting out a list of contractors that remained outstanding but undertook would be paid when Main Roads WA paid the particular progress claims, indicating that the Company Officers were unwilling to sign statutory declaration unless they were satisfied as to their factual content. Our investigations in this regard are continuing.

A liquidator would be required to conduct further analysis into the above to determine whether section 1308 of the Act had been breached by the Company in relation to the statutory declarations.

No other instances were identified where the Company directors had breached section 1308 of the Act, in relation to making a statement which is knowingly false or misleading in a material particular.

8.6.12 Making or authorising false or misleading statements, reports to directors, auditors or members

We are not aware of any instances where the Company directors had breached section 1309 of the Act, in relation to making, furnishing, authorising or permitting any false or misleading statement or report to directors, auditors or members.

9. Sale of Business / Deed of Company Arrangement

9.1 DOCA

The Administrators advise that over the course of their appointment, eight parties expressed an interest in the purchase of certain of the Company's assets including the ASX listed shell of the Company.

Due to the level of interest received, and the expected return from these expressions of interest, the Administrators determined that a DOCA would result in a lesser return to employees than under the liquidation scenario, where eligible employees are able to seek the payment of their entitlements under the Federal Employment Guarantee scheme.

As a result, the Administrators did not prepare a DOCA proposal, nor has any interest in a DOCA been proposed by creditors of the Company.

10. Estimated outcome for creditors

10.1 Estimated returns from a liquidation and DOCA

Based on the information available at the time of issuing this report, set out below is the Administrators' preliminary view on the likely estimated return to creditors.

Preliminary estimated return for creditors			
	Liquidation Low (cents per $1)	**Liquidation High (cents per $1)**	**DOCA (cents per $1)**
Priority Creditors (Employees)	0.60	0.60	N/A
Secured Creditors	Not disclosed	Not disclosed	N/A
Unsecured Creditors	Nil	Uncertain	N/A

As no DOCA has been proposed as at the date of this report, the return to creditors from the DOCA scenario is not applicable, as listed above.

The Administrators' have not disclosed the estimated return to secured creditors, as it is significantly dependent on the realisation of the Company's interest in Bellamack, the estimated value of which is commercially sensitive given the process currently being undertaken to realise this asset.

The table above is indicative only, and does not include the impact of any potential recoveries made by a liquidator as discussed in section 8.3. Additionally, the return to priority creditors (employees) does not include the impact of the FEG scheme, which may be available to eligible employees if a liquidator is appointed at the Second Meeting.

The estimated return to priority creditors in the table is subject to the characterisation of a specific asset, which is currently subject to discussions with Bankwest and may be subject to directions from the Court.

The estimated asset realisations table and accompanying notes are set as **Appendices K & I** respectively.

11. Options available to creditors

11.1 Options

Pursuant to IPR75-225(3), the Administrators provide creditors with a statement setting out their opinion as to whether or not it is in creditors' interests for:

- The Administration to end; or
- The Company to execute a DOCA; or
- The Company to be placed into Liquidation.

11.2 The administration to end

Creditors may resolve that the Administration end at the Second Meeting and the Company returns under the control of its directors. The most likely scenario that would prompt such a resolution would be if the Company is solvent and able to continue as a going concern.

At this stage the Company remains insolvent. For the Company to be restored to a solvent position, a number of events would need to occur, including:

- Resolution of the Company's financial position;
- Sale of the Company's assets, and/or recapitalisation of the Company; and
- Settlement of creditor claims.

Given the Company's current financial status and extent of creditor claims, it is my opinion that it is not in the creditors' interest for the Administration to end.

11.3 The Company execute a DOCA

The Administrators have not received a proposal for a DOCA and are not aware of any party considering submitting a DOCA proposal. Accordingly, we do not recommend that creditors resolve that the Company executes a DOCA.

11.4 Liquidation

Creditors may resolve to wind up the Company. Pursuant to section 446A of the Act, if such a resolution is passed, the Company will be immediately placed into liquidation and the Administrators will become the Liquidators.

In the event that the Company is placed into liquidation, any return to creditors would be from the following sources:

- Realisation of the Company's assets; and
- Recovery actions available to a liquidator.

No DOCA proposal has been submitted and it is the Administrators view that the Company is insolvent.

In these circumstances and given the Company is no longer trading, the Administrators' opinion must inevitably be that it is in the interests of the creditors that the Company be wound up.

The liquidation of the Company would facilitate:

- The completion of a full investigation into the affairs of the Company;
- Further enquiries with regard to potential insolvent trading and voidable transaction actions;
- Reporting to ASIC on any offences committed by the Directors and officers of the Company; and
- Subject to the availability of funds, payment of a dividend to creditors.

The sale process for the assets of the Company would continue in a Liquidation and the Administrators do not believe a liquidation would affect the sale price of the assets, versus its current position of being in Administration.

Remuneration will be charged by the Liquidators of the Company, if appointed, on the basis of time spent at the hourly rates charged by KPMG. A schedule of hourly rates (excluding GST) was included in the Administrators' Initial Remuneration Notice enclosed within the first Circular to Creditors dated 7 September 2017.

The ability of the Liquidators to recover their remuneration is subject to the availability of funds in the liquidation and the approval of creditors or the Court.

11.4.1 Effect of liquidation on Employees

FEG only available to redundant employees of companies in Liquidation

Where a staff member's employment has been terminated as a consequence of insolvency, i.e. liquidation, their employee entitlements are afforded a statutory priority under the Act out of any available funds. These include any outstanding wages, pay in lieu of notice, superannuation, annual leave, long service leave and redundancy. There are certain caps in relation to 'excluded employees' including directors.

The FEG payment scheme

Former employees are eligible to lodge a claim for entitlements with FEG, the Fair Entitlements Guarantee scheme including for wages, annual leave, long service leave, payment in lieu of notice and redundancy pay.

Where FEG meets a claim it has a subrogated right in the liquidation in respect of any recoveries. Employees also have a further entitlement in a liquidation to the extent that the Liquidators may admit a claim although it is not paid in full by FEG.

Since 1 July 2016, the Department of Employment has made a change to this process, with all claims approved by FEG being paid directly by the Department of Employment into the individual employees' nominated bank account.

11.5 Administrators' Opinion

Based on the estimated returns to all classes of creditors, it is the Administrators' opinion that it is in creditors' best interests for the Company to be placed into liquidation.

12. Remuneration

Pursuant to Section 449E of the Act the Administrator is entitled to such remuneration as is determined by agreement between the Administrator and the committee of inspection (if any), or by resolution of the Company's creditors, or if there is no such agreement or resolution – by the Court. Where the remuneration is determined by agreement with the committee of inspection or by resolution of the Company's creditors, the Court may, on the application of ASIC, the Administrator or of an officer, member or creditors of the Company, review the remuneration and confirm, increase or reduce it.

An Administrator, when seeking approval for remuneration, should provide sufficient information to enable creditors to properly consider the reasonableness of the remuneration sought. If creditors do not believe that they have received sufficient information in this report to allow them to approve the Administrators fees at the forthcoming meeting of creditors then the Administrators request that you immediately contact this office to determine whether further information can be provided.

In accordance with Section 449E(7) if the Act, before remuneration is fixed by the creditors the Administrators must prepare a report setting out:

(i) Such matters as will enable the members of the committee of inspection or the creditors to make an informed assessment as to whether the proposed remuneration is reasonable

(ii) A summary description of the major tasks performed, or likely to be performed

(iii) The costs associated with each of those major tasks

(iv) Give a copy of the report to each member of the committee of inspection or creditors at the same time as they are notified of the relevant meeting

The Administrators' and Liquidators' remuneration discussed above and for which the Administrators will seek creditors' approval, is discussed in the Remuneration Report, marked **Appendix H**.

13. Closing

The Administrators will advise creditors in writing, if applicable and practicable, of any additional matter that comes to their attention after the dispatch of this report that, in their view, is material to creditors' deliberations.

Should you have any queries with respect to this report or the Second Meeting, convened for 7 February 2018 please do not hesitate to contact my staff via email at brierty@kpmg.com.au.

Dated this 30th day of January 2018

Matthew Woods
Administrator

A. Notice of appointment

Corporations Act 2001 (Cth)

Section 450A(I)

Notice of Appointment of Administrators

Brierty Limited (Administrators Appointed)

ACN 095 459 448 ("the Company")

Notice is given that Hayden White, Clint Joseph and I, Matthew Woods of KPMG, Level 8, 235 St Georges Terrace, Perth, Western Australia were appointed joint and several administrators of the Company on 6 September 2017 pursuant to section 436A of the Corporations Act 2001.

Dated this 6th Day of September 2017

Matthew David Woods
Joint and Several Administrator

KPMG
Level 8, 235 St Georges Terrace
Perth WA 6000
Tel: (08) 9263 7171
Fax: (08) 9263 7129

B. Declaration of Independence, Relevant Relations and Indemnities

Declaration of Independence, Relevant Relationships and Indemnities

Brierty Limited (Administrators Appointed)

ACN 095 459 448 ("the Company")

Practitioner/s appointed to an insolvent entity are required to make declarations as to:

A. their independence generally;

B. relationships, including

   i the circumstances of the appointment;

   ii any relationships with the Company and others within the previous 24 months;

   iii any prior professional services for the Company 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 the Practitioner.

This declaration is made in respect of ourselves, Matthew David Woods, Hayden Leigh White and Clint Peter Joseph, our partners, the KPMG Australia Partnership ("KPMG Australia"), its affiliates and associated entities.

A. Independence

We, Matthew David Woods, Hayden Leigh White and Clint Peter Joseph ("the Administrators") of KPMG Australia have undertaken a proper assessment of the risks to our independence in full accordance with the Corporations Act 2001 ("the Act") and the Australian Restructuring, Insolvency and Turnaround Association Code of Professional Practice for Insolvency Practitioners ("the ARITA Code") prior to accepting the appointment as joint and several Administrators of the Company. 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 [updated from prior DIRRI]

Representatives of KPMG Australia (now the Administrators) were first contacted by the Company's Chairman, Dalton Gooding, on 25 August 2017 regarding the potential for the Company to require solvency advice and the options available to the company.

KPMG Australia attended a meeting at the offices of the Company, on 28 August 2017, to discuss the Company's financial position and options available. In attendance at the meeting was Mr Ray Bushnell, Managing Director of the Company, Mr Bradley Garside, acting Chief Financial Officer of the Company, Mr Mark Davies, General Counsel and Company Secretary of the Company, Mr Matthew Woods, Partner of KPMG Australia and Rebecca Wilson, Manager of KPMG Australia.

Between 25 August 2017 and 5 September 2017, KPMG Australia held four telephone calls and had email correspondence with the Company on the updated financial position of the Company and likelihood or otherwise of the need to appoint administrators.

KPMG Australia attended a meeting on 4 September 2017 with the Company's Board, Mr Bradley Garside, acting Chief Financial Officer of the Company, Mr Mark Davies, General Counsel and Company Secretary of the Company, relating to the Company's short term cash flow forecast. Mr Matthew Woods of KPMG Australia tabled for consideration a draft report entitled, 'Brierty Limited Short Term Cash Flow Forecast Review' dated 4 September 2017.

KPMG Australia attended a meeting on 5 September 2017 with the Company's Board and Secured Creditor, relating to the current financial position of the Company, and the proposed Voluntary Administration.

KPMG Australia attended a meeting of the board of directors on 6 September 2017 where the board resolved to appoint representatives of KPMG as Administrators.

We have received no remuneration in respect of the above.

In our opinion, the above conduct does not result in a conflict of interest or duty as the communications were conducted over a short period of time and were limited to understanding the Company's financial situation, options available, and effectuating the appointment itself. Such communications are consistent with clause 6.8.1B of the ARITA Code.

We have provided no other information or advice to the Company, its Directors or the Company's Secured Creditor prior to our appointment beyond that outlined in this DIRRI.

ii. Relevant Relationships (excluding Professional Services to the Insolvent) [updated from prior DIRRI]

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

Name	Nature of relationship	Reasons
Commonwealth Bank of Australia ("CBA")	CBA, through BankWest, has a registered security interest over some or all of the assets of Brierty Limited. KPMG Australia undertakes work from time to time on behalf of the CBA in both an informal and formal capacity. KPMG Australia also undertakes receivership and investigatory accountants' roles for the CBA.	We believe that such relationships are commonplace in insolvency and does not result in a conflict of interest or duty because the work that KPMG Australia undertakes for the CBA will not influence our ability to be able to full comply with the statutory and fiduciary obligations associated with the Voluntary Administration of the Company in an objective and impartial manner.
Mr Dalton Gooding	Mr Dalton Gooding is one of the Directors of the Company. KPMG Australia undertakes confidential restructuring work in respect of an ASX listed company that Mr Gooding is also appointed as a Director. KPMG acts as an	The Board of this company has obtained its own independent advice. There has been no advice provided by KPMG to Mr Gooding in any capacity.

	adviser to the Company's management and is not advising its directors nor Mr Gooding	KPMG's role in assisting management does not result in a conflict of interest or duty because the work that KPMG Australia undertakes will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Voluntary Administration of the Company in an objective and impartial manner.
	On 21 November 2016 KPMG Australia was engaged to act as a Restructuring adviser to a private company. The client was a client of Gooding Partners, an accounting firm of which Mr Gooding is a partner. Mr Gooding was not the partner who handled the client's accounting advice.	The acceptance of this referral does not result in a conflict of interest or duty because the engagement and the work that KPMG Australia undertook was direct for the client and did not involve Gooding Partners. The engagement will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Voluntary Administration of the Company in an objective and impartial manner.

iii. Prior Professional services to the Insolvent [updated from prior DIRRI]

We, or a member of our firm, have provided the following professional services to the Secured Creditor of the Company in the 24 months prior to the acceptance of this appointment:

Name	Nature of Professional Services	Reasons
Commonwealth Bank of Australia ("CBA") – Secured Creditor of the Company	KPMG Australia undertook five Investigating Accountants engagements for the CBA, through BankWest, on Brierty Ltd, prior to our appointment as Voluntary Administrators. The purpose of these engagements were to consider and review the performance of the Company's major contracts, its financial position and forecasts. I reported direct to the Bank on the outcome of my investigations.	We believe that this relationship does not result in a conflict of interest or duty because: • The work undertaken during the Investigating Accountants engagement has assisted us in developing an understanding of the Company and its activities. The investigation did not reveal any issues with the validity of the CBA's security in respect of the Company.

	The Investigating Accountants engagements were limited in nature and commenced in November 2015 and the last engagement was completed in May 2017, four months prior to our appointment as Voluntary Administrators. I was paid $586,545 by the CBA/BankWest for these engagements. I received the last receipt for these engagements on 9 October 2017.	• The reports that KPMG Australia provided to the CBA are not of the nature that it would be subject to review during the voluntary administration. The work undertaken by our firm for the CBA will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the voluntary administration of the Company in an objective and impartial manner.

iv. No other relevant relationships to disclose

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

The Administrators, have not been indemnified in relation to this Administration other than any indemnities that they may be entitled to under statute. No up-front payments in respect of our remuneration and disbursements have been received.

Dated: 30 January 2018

.....	.....	.....
Matthew David Woods	Hayden Leigh White	Clint Peter Joseph
Administrator	Administrator	Administrator

Note:

1. If circumstances change, or new information is identified, I am/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 my/our next communication as well as table a copy of any replacement declaration 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.

C. Notice of meeting

Insolvency Practice Rules
75-15 - 75-35
Corporations Act 2001

NOTICE OF SECOND MEETING OF CREDITORS
OF COMPANY UNDER ADMINISTRATION
Brierty Limited (Administrators Appointed) ACN 095 459 448
("the Company")

Notice is given that a second meeting of the creditors of the Company will be held as follows:

Date:	**7 February 2018**
Time:	**10:30am (AWST)**
Address:	**Parmelia Hilton, 14 Mill Street, Perth, Western Australia 6000**

Agenda

The purpose of the meeting is to:

1. To consider the Administrators' report in accordance with section 439A of the Corporations Act 2001 and pursuant to rule 75-225(3) of the Insolvency Practice Rules 2016 in relation to the Company's affairs and any other matters raised relating to the Company's future and the various options available to creditors:

2. To resolve that:

   a) the Company execute a deed of company arrangement; or
   b) the Administration should end; or
   c) the Company be wound up; or
   d) the meeting be adjourned.

3. Consider and if thought fit determine the Administrators' remuneration and internal disbursements.

4. If the company executes a deed of company arrangement:

   - to determine the remuneration and internal disbursements of the Deed Administrators; and
   - to consider the appointment of a Committee of Inspection.

5. If the company is wound up:

   - to determine the remuneration and internal disbursements of the Liquidators;
   - to consider the appointment of a Committee of Inspection; and
   - to consider authorising the Liquidators to dispose of the books and records of the Company after finalisation, subject to obtaining ASIC approval.

To discuss any other relevant business which may arise.

Attending and voting at the meeting

Creditors are invited to attend the meeting, however they are not entitled to participate and vote at a meeting unless:

- **Proof of debt**: They have lodged with the Administrators particulars of the debt or claim and the claim has been admitted, wholly or in part, by the Administrators. If a proof of debt has already been lodged, they do not need to do so again. Refer to Note 1 for further guidance on entitlement to vote.

- **Proxies or attendance**: They are either present in person or by electronic facilities (if being made available) or validly represented by proxy, attorney or an authorised person under s250D of the Corporations Act. If a corporate creditor or represented, a proxy form, power of attorney or evidence of appointment of a company representative pursuant to Section 250D of the Corporations Act 2001 ("the Act") must be validly completed and provided to the Administrators at or before the meeting.

  A proxy is only valid for a particular meeting and will need to be resubmitted even if previously provided.

To enable sufficient time to review, proofs of debt and proxies (or document authorising the representation) should be submitted via email to brierty@kpmg.com.au or to GPO Box A29, Perth WA 6837, by no later than 4:00pm on 6 February 2018. If you choose to return these documents, please allow sufficient time for the documents to be received prior to the due date.

Electronic facilities

Electronic facilities will be made available at the meeting via conference telephone call. To access those facilities, you need to provide a statement by email to Niany Ekladious at brierty@kpmg.com.au not later than 2 business days before the meeting which sets out:

- **Name:** The name of the person and of the proxy or attorney (if any)
- **Address:** An address to which notices to the person, proxy or attorney may be sent
- **Contact:** The method of contacting the person, proxy or attorney for the purposes of the meeting.

Any queries should be directed to Rebecca Wilson at brierty@kpmg.com.au.

Dated 30 January 2018

.....
Matthew Woods
Joint & Several Administrator

KPMG
Level 8, 235 St Georges Terrace
Perth WA 6000

Note 1: Entitlement to vote and completing proofs

IPR (Corp) 75 85 Entitlement to vote at meetings of creditors

(1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.

(2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.

(3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
  (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
  (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
    (i) those particulars; or
    (ii) if required—a formal proof of the debt or claim.

(4) A creditor must not vote in respect of:
  (a) an unliquidated debt; or
  (b) a contingent debt; or
  (c) an unliquidated or a contingent claim; or
  (d) a debt the value of which is not established;
  unless a just estimate of its value has been made.

(5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
  (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
  (b) estimate its value;
  (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.

(6) A person is covered by this subsection if:
  (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
  (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
  (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

D. Proof of debt

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

Brierty Limited (ADMINISTRATORS APPOINTED) ACN 095 459 448 ("the Company")

Name of creditor: ……

Address of creditor: ……

Email of creditor: ……

ABN: ……

Telephone number: ……

Amount of debt claimed: $.....(including GST $ ……)

Consideration for debt (i.e. the nature of goods or services supplied and the period during which they were supplied): ……

……

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

……

Other information:

……

Signature of Creditor

(or person authorised by creditor) ……

* Strike out if applicable

Please return completed forms to:
KPMG Restructuring Services
Level 8, 235 St Georges Terrace
Perth WA 6000
Or via email to Brierty@kpmg.com.au

E. Proxy form

APPOINTMENT OF PROXY	**FORM 532** **Regulation 5.6.29** *Corporations Act 2001*

Brierty Limited (Administrators Appointed) ACN 095 459 448
(the "Company")

Contact details and appointment of a Proxy (please complete)

*I/*We _____ (Full name) _____ (Telephone number)

of _____ (Company / Creditor name),

a creditor of the Company, appoint:_____ (Name of Proxy)

of _____ (Address of Proxy)

or in his or her absence _____ (Alternative Proxy)

as *my/*our *general/*special proxy to vote at the second meeting of creditors to be held on **7 February 2018 at 10:30am (Australian WST)** at the Parmelia Hilton, 14 Mill Street, Perth, Western Australia 6000, or at any adjournment of that meeting.

**strike out which is inapplicable.*

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

		For	**Against**	**Abstain**
Resolutions				
	That the company execute a Deed of Company Arrangement.	☐	☐	☐
	That the administration should end.	☐	☐	☐
	That the company be wound up (recommended).	☐	☐	☐
Fee resolutions				
1	That the remuneration of the Voluntary Administrators of Brierty Limited (Administrators Appointed), their partners and staff, for the period from 6 September 2017 to 21 January 2018, calculated at the hours spent at the rates detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, is approved for payment in the amount of $1,747,897 exclusive of GST, to be drawn from available funds immediately or as funds become available.	☐	☐	☐
2	That the KPMG Tax Advisory Services' remuneration in respect of Brierty Limited (Administrators Appointed), their partners and staff, for the period from 22 December 2017 to 21 January 2018 be approved in the amount of $10,000 exclusive of GST, to be drawn from available funds immediately or as funds become available.	☐	☐	☐
3	That the future remuneration of the Voluntary Administrators of Brierty Limited (Administrators Appointed) for the period from 22 January 2018 to finalisation of the Voluntary Administration, is determined at a sum equal to the cost of time spent by the Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, up to a capped amount of $193,500, exclusive of GST, and that the Voluntary Administrators can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.	☐	☐	☐
4	That the future remuneration of the Liquidators in respect of Brierty Limited (Administrators Appointed) for the period from 7 February 2018 to finalisation of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, up to a capped amount of $230,000, exclusive of GST, and that the Liquidators can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available.	☐	☐	☐

Internal disbursement resolutions

5	That the internal disbursements claimed by our firm for the period 6 September 2017 to 21 January 2018, calculated at the rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017 are approved for payment in the amount of $43,697.43, exclusive of GST, to be drawn from available funds immediately or as funds become available.	☐	☐	☐
6	That the internal disbursements claimed by our firm for the period 22 December 2017 to 26 January 2018, calculated at the rates as detailed in the Remuneration Approval Report calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of $250 exclusive of GST, to be drawn from available funds immediately or as funds become available.	☐	☐	☐
7	That the internal disbursements claimed by our firm for the period 22 January 2018 to finalisation of the Voluntary Administration, calculated at the rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, are approved up to a capped amount of $4,837.50 exclusive of GST, to be drawn from available funds immediately or as funds become available.	☐	☐	☐
8	That the internal disbursements claimed by our firm for the period 7 February 2018 to finalisation of the Liquidation, calculated at the rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, are approved up to a capped amount of $5,750.00 exclusive of GST, and that the Liquidators can draw the disbursements from available funds as incurred or as funds become available.	☐	☐	☐

Signature Section *(in accordance with Sections 250D or 127 of the Corporations Act 2001)*

Signature[1] of individual or persons[2] authorised by corporate resolution to represent the corporation

*Print Name:*_____

Dated this _____ day of _____2018

OR

The common seal was affixed[3] hereto in the presence of:

*Director:*_____

Director / Company Secretary

[1] The signature of the creditor is not to be attested by the person nominated as proxy.

[2] A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively, or, by a representative appointed under section 250D or the Corporations Act 2001. Copy of authority/power to attorney to be annexed.

[3] The method of affixing the common seal is prescribed in Section 127(2) of the Corporations Act 2001 and, usually, the creditor corporation's constitution.

Certificate of Witness

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

I, ……..…… of …… certify that the above instrument appointing a proxy was complete by me in the presence of and at the request of the person appointing the proxy and read to that person before they attached their signature or mark to the instrument.

Dated this _____ day of _____ 2018

Signature of witness

Description

Place of residence

G. Creditor Information Sheet: A Guide for Creditors

ASIC
Australian Securities & Investments Commission

Voluntary administration: A guide for creditors

If a company is in financial difficulty, it can be put into voluntary administration.

This information sheet (INFO 74) provides general information for unsecured creditors of companies in voluntary administration. It covers:

- who is a creditor
- the purpose of voluntary administration
- the voluntary administrator's role
- effect of appointment
- voluntary administrator's liability
- creditors' meetings
- voting at a creditors' meeting
- company returned to directors
- liquidation
- deed of company arrangement
- approval of administrator's fees
- proposals to creditors without a meeting
- committee of inspection
- directors and voluntary administration
- other creditor rights
- queries and complaints

Who is a creditor?

You are a creditor of a company if the company owes you money. Usually, a creditor is owed money because they have provided goods or services, or made loans to the company.

A retail customer of a company in voluntary administration may also be a creditor if they have partly or fully paid for goods or services that they have not received.

An employee owed money for unpaid wages and other entitlements is a creditor.

A person who may be owed money by the company if a certain event occurs (e.g. if they succeed in a legal claim against the company) is also a creditor, and is sometimes referred to as a ‘contingent’ creditor.

There are generally two categories of creditor - secured and unsecured:

- A secured creditor is someone who holds a security interest, such as a mortgage, in some or all of the company’s assets, to secure a debt owed by the company. Lenders usually require a security interest in company assets when they provide a loan. Security interests over personal property other than land are registered on the Personal Property Securities Register (PPSR) if the creditor wants to ensure their security interest is enforceable and accorded priority in an insolvency. You can search the PPSR to find out if anyone holds a security interest (other than a mortgage over land) in the company’s assets.

- An unsecured creditor is a creditor who does not hold a security interest in the company's assets.

Employees are a special class of unsecured creditors. Their outstanding entitlements are usually paid in priority to the claims of other unsecured creditors. If you are an employee, see Information Sheet 75 *Voluntary administration: A guide for employees* (INFO 75).

All references in this information sheet to 'creditors' relate to unsecured creditors unless otherwise stated.

The purpose of voluntary administration

Voluntary administration is designed to resolve a company's future direction quickly (the below table summarises the process). An independent and suitably qualified person (the voluntary administrator) takes full control of the company to try to work out a way to save either the company or its business.

If it isn't possible to save the company or its business, the aim is to administer the affairs of the company in a way that results in a better return to creditors than they would have received if the company had instead been placed straight into liquidation. A mechanism for achieving these aims is a deed of company arrangement.

A voluntary administrator is usually appointed by a company's directors, after they decide that the company is insolvent or likely to become insolvent. Less commonly, a voluntary administrator may be appointed by a liquidator, provisional liquidator, or a secured creditor.

The voluntary administration process

Step	What happens
Appointment of voluntary administrator	A decision to appoint a voluntary administrator for a company can be made by: • the directors (by resolution of the board and in writing) • a secured creditor (with a security interest in all or substantially all of the company's property), or • a liquidator (or provisional liquidator). Voluntary administration begins on the appointment of the voluntary administrator.
First meeting of creditors	The voluntary administrator must hold the first meeting of creditors within eight business days of being appointed, unless the court allows an extension of time. At least five business days notice of the meeting must be given to creditors. Creditors can vote at this meeting to: • replace the administrator, and/or • create a committee of inspection.
Voluntary administrator's investigation and report	The voluntary administrator must investigate the company's affairs and report to creditors on alternatives.

Step	What happens
Second meeting of creditors – meeting to decide company's future	The voluntary administrator must hold the meeting to decide the company's future within 25 business days of being appointed (or 30 business days if the appointment is around Christmas or Easter), unless the court allows an extension of time. At least five business days notice of the meeting must be given to creditors. Creditors can decide at this meeting to: • return the company to the control of the directors • accept a deed of company arrangement (the deed must be signed by the company within 15 business days following the meeting, unless the court allows an extension of time), or • put the company into liquidation (this happens immediately, and the administrator becomes the liquidator).

A company in voluntary administration may also be in receivership: see Information Sheet 54 *Receivership: A guide for creditors* (INFO 54).

The voluntary administrator's role

After taking control of the company, the voluntary administrator investigates and reports to creditors on the company's business, property, affairs and financial circumstances, and on the three options available to creditors. These are:

- end the voluntary administration and return the company to the directors' control
- approve a deed of company arrangement through which the company will pay all or part of its debts and then be free of those debts
- wind up the company and appoint a liquidator.

The voluntary administrator must give an opinion on each option and recommend which option is in the best interests of creditors.

In doing so, the voluntary administrator tries to work out the best solution to the company's problems, assesses any proposals put forward by others for the company's future, and compares the possible outcomes of the proposals with the likely outcome in a liquidation.

A creditors' meeting is usually held about five weeks after the company goes into voluntary administration to decide on the best option for the company's future. In complex administrations, this meeting may be held later if the court consents.

The voluntary administrator has all the powers of the company and its directors. This includes the power to sell or close down the company's business or sell individual assets in the lead up to the creditors' decision on the company's future.

Another responsibility of the voluntary administrator is to report to ASIC on possible offences by people involved with the company.

At the end of their administration, the voluntary administrator must lodge a detailed account of receipts and payments (known as the 'end of administration return'). A copy of this account of receipts and payments may be obtained by searching the ASIC registers and paying the relevant fee.

Although the voluntary administrator may be appointed by the directors, they must act fairly and impartially.

Effect of appointment

The effect of the appointment of a voluntary administrator is to provide the company with breathing space while the company's future is resolved. While the company is in voluntary administration:

- unsecured creditors can't begin, continue or enforce their claims against the company without the administrator's consent or the court's permission
- owners of property (other than perishable property) used or occupied by the company, or people who lease such property to the company, can't recover their property
- except in limited circumstances, secured creditors can't enforce their security interest in the company's assets
- a court application to put the company in liquidation can't be commenced
- a creditor holding a personal guarantee from the company's director or other person can't act under the personal guarantee without the court's consent.

Voluntary administrator's liability

Any debts that arise from the voluntary administrator purchasing goods or services, or hiring, leasing, using or occupying property, are paid from the available assets of the company as costs of the voluntary administration. If there are insufficient funds available from asset sales to pay these costs, the voluntary administrator is personally liable for the shortfall. To have the benefit of this debt protection as a provider of goods or services to a company in voluntary administration, you should ensure you receive a purchase order authorised in the manner advised by the voluntary administrator.

The voluntary administrator must also decide whether to continue to use or occupy property owned by another party that is held or occupied by the company at the time of their appointment.

Within five business days after their appointment, the voluntary administrator must notify the owner of property whether they intend to continue to occupy or use the property and, if they do not intend to continue to occupy or use the property, the location of that property (if known). If the voluntary administrator decides to continue to occupy or use the property, they will be personally liable for any rent or amounts payable arising after the end of the five business days.

Creditors' meetings

Two meetings of creditors must be held during the voluntary administration.

First creditors' meeting

The voluntary administrator must hold the first creditors' meeting within eight business days after the voluntary administration begins.

At least five business days before the meeting, the voluntary administrator must notify as many creditors as practical in writing and advertise the meeting. The advertisement must appear on ASIC's published notices website.

The voluntary administrator must send to creditors, with the notice of meeting, declarations about any relationships they may have, or indemnities they have been given, to allow creditors to consider the voluntary administrator's independence and make an informed decision about whether to replace them with another voluntary administrator of the creditors' choice.

The purpose of the first meeting is for creditors to decide two questions:

- whether they want to form a committee of inspection, and, if so, who will be on the committee
- whether they want the existing voluntary administrator to be removed and replaced by a voluntary administrator of their choice.

A committee of inspection may be formed to assist and advise the voluntary administrator. The committee of inspection also monitors the conduct of the voluntary administration, may approve certain steps in the administration and may give directions to the voluntary administrator. The voluntary administrator must have regard to, but is not always required to comply with, such directions.

A creditor who wishes to nominate an alternative voluntary administrator at the first meeting must approach a registered liquidator before the meeting and get a written consent from that person that they would be prepared to act as voluntary administrator. The proposed alternative administrator should give to the meeting declarations about any relationships

they may have or indemnities they have been given. The voluntary administrator will only be replaced if the resolution to replace them is passed by the creditors at the meeting.

To be eligible to vote at this meeting, you must lodge details of your debt or claim with the voluntary administrator (discussed further below).

This meeting can be chaired by either the voluntary administrator or one of their senior staff.

Second creditors' meeting (to decide the company's future)

After investigating the affairs of the company and forming an opinion on each of the three options available to creditors (outlined above), including an opinion as to which option is in the best interests of creditors, the administrator must call a second creditors' meeting. At this meeting, creditors are given the opportunity to decide the company's future.

This meeting is usually held about five weeks after the company goes into voluntary administration (six weeks if the appointment is around Christmas or Easter).

However, in complex voluntary administrations, often more time is needed for the voluntary administrator to be in a position to report to creditors. In these circumstances, the court can approve an extension of time to hold the meeting.

The voluntary administrator must chair this meeting.

In preparation for the second meeting, the voluntary administrator must send creditors the following documents at least five business days before the meeting:

- a notice of meeting
- the voluntary administrator's report
- the voluntary administrator's statement.

These will be accompanied by:

- a claim form (usually a 'proof of debt' form)
- a proxy voting form.

The meeting must also be advertised on ASIC's published notices website.

Either or both the first and second creditors' meeting may be held using telephone or videoconferencing facilities.

Voluntary administrator's report

You should read the voluntary administrator's report before you attend the second meeting or decide whether you want to appoint someone else to vote on your behalf at that meeting. This report must give sufficient information to explain the company's business, property, affairs and financial circumstances, to enable you to make an informed decision about the company's future.

The report should also provide an analysis of any proposals for the future of the company, including the possible outcomes, as well as a comparable estimate of what would be available for creditors in a liquidation.

Voluntary administrator's statement

The voluntary administrator's statement must include the voluntary administrator's opinion, with reasons, on each of the options available to creditors, as well as an opinion on which option the voluntary administrator believes is in the best interests of creditors. As noted above, the options are:

- end the voluntary administration and return the company to the directors' control
- approve a deed of company arrangement (if one is proposed)
- wind up the company and appoint a liquidator.

The voluntary administrator's statement must also include such other information known to the voluntary administrator that will allow you to make an informed decision about each of the options above.

The statement must also advise whether there are any voidable transactions (such as unfair preferences, unfair loans, insolvent trading, etc.) where money or property may be recoverable by a liquidator, if one were appointed.

If there are proposals for a deed of company arrangement, the voluntary administrator must provide creditors with a statement giving enough details of each proposal to enable creditors to make an informed decision. The types of proposals allowed in a deed of company arrangement are very flexible.

Typically, a proposal will provide for the company to pay all or part of its debts, possibly over time, and then be free of those debts. It will often provide for the company to continue trading. How these things will happen varies from case to case, as the terms allowed in a deed of company arrangement are also very flexible. The contents of a deed of company arrangement are discussed below.

You should insist on being provided with as much information about the terms of the proposed deed as possible before the creditors' meeting. The minimum contents of a deed of company arrangement, discussed below, provide a guide on the information you might request if it hasn't already been provided.

You should also contact the voluntary administrator before the meeting if you believe the voluntary administrator's report or statement do not contain sufficient information to enable you to make a decision about the company's future.

Voting at a creditors' meeting

To vote at any creditors' meeting you must lodge details of your debt or claim with the voluntary administrator. Usually, the voluntary administrator will provide you with a form called a 'proof of debt' to be completed and returned before the meeting.

The chairperson of the meeting decides whether or not to accept the debt or claim for voting purposes. The chairperson may decide that a creditor does not have a valid claim. In this case, they may not allow the creditor to vote at all. If the chairperson is in doubt whether to accept the debt or claim, they must mark the vote as objected to and allow the creditor to vote subject to the vote being declared invalid if the objection is sustained. This decision is only for voting purposes. It is not relevant to whether a creditor will receive a dividend.

An appeal against a decision by the chairperson to accept or reject a proof of debt or claim for voting purposes may be made to the court within 10 business days after the decision.

A secured creditor is entitled to vote for the full amount of their debt without having to deduct the value of their security interest.

Voting by proxy

You may appoint an individual as proxy to attend and vote at a meeting on your behalf. Creditors who are companies will have to nominate a person as proxy so that they can participate in the meeting. This is done using a form sent out with the notice of meeting. The completed proxy form must be provided to the voluntary administrator before the meeting.

An electronic form of proxy may be used if the liquidator allows electronic lodgement, provided there is a way to authenticate the appointment of the proxy (e.g. by scanning and emailing a signature or using a digital signature).

You can specify on the proxy form how the proxy is to vote on a particular resolution and the proxy must vote in accordance with that instruction. This is called a 'special proxy'. Alternatively, you can leave it to the proxy to decide how to vote on each of the resolutions put before the meeting. This is called a 'general proxy'.

You can appoint the chairperson to represent you either through a special or general proxy. The voluntary administrator or one of their partners or employees must not use a general proxy to vote in favour of a resolution approving payment of the voluntary administrator's fees.

Manner of voting

A vote on any resolution put to a creditors' meeting may be taken by creditors stating aloud their agreement or disagreement, or by a more formal voting procedure called a 'poll'.

If voting is by verbally signalling agreement, the resolution is passed if a majority of those present indicate agreement. It is up to the chairperson to decide if this majority has been reached.

After the vote, the chairperson must tell those present whether the resolution has been passed or lost. If the chairperson is unable to determine the outcome of a resolution on verbal agreement, they may decide to conduct a poll.

Alternatively, a poll can be demanded by the person presiding at the meeting or by a person participating and entitled to vote at the meeting. If a poll is demanded, it must be taken immediately.

The chairperson will determine how this poll is taken.

If you intend to demand that a poll be taken, you must do so before, or as soon as, the chairperson has declared the result of a vote taken by voices.

When a poll is conducted, a resolution is passed if both:

- more than half the number of creditors who are voting (in person or by proxy) vote in favour of the resolution
- those creditors who are owed more than half of the total debt owed to creditors at the meeting vote in favour of the resolution.

This is referred to as a 'majority in number and value'. If a majority in both number and value is not reached under a poll (often referred to as a deadlock), the chairperson has a casting vote.

Chairperson's casting vote

When a poll is taken and there is a deadlock, the chairperson may use their casting vote (except for resolutions to approve their remuneration) either in favour of or against the resolution. Where the resolution relates to their removal as voluntary administrator, the chairperson may only exercise the casting vote in favour of their removal. The chairperson may also decide not to use their casting vote, in which case the deadlocked resolution is not passed.

The chairperson must inform the meeting, and include in the written minutes of meeting that are lodged with ASIC, of the reasons why they exercised their casting vote in a particular way or why they chose not to use their casting vote.

If you are dissatisfied with how the chairperson exercised their casting vote or failed to use their casting vote, you may, in specified circumstances, apply to the court for a review of the chairperson's decision. The court may vary or set aside the resolution or order that the resolution is taken to have been passed.

Votes of related creditors

If directors and shareholders, their spouses and relatives and other entities controlled by them are creditors of the company, they are entitled to attend and vote at creditors' meetings, including the meeting to decide the company's future.

If a resolution is passed or defeated based on the votes of these related creditors and you are dissatisfied with the outcome, you may, in specified circumstances, apply to the court for the resolution to be set aside and/or for a fresh resolution to be voted on without related creditors being entitled to vote. Certain criteria must be met before the court will make such an order (e.g. the original result of the vote being against the interests of all or a class of creditors).

Deciding how to vote at the second meeting

How you vote at the meeting on the three possible options, including any competing proposals for a deed of company arrangement, is a commercial decision based on your assessment of the company and its future prospects, and your personal circumstances. The information provided by the voluntary administrator, including opinions expressed, will assist you. However, you are not obliged to accept the administrator's recommendation.

If you do not consider that you have been given enough information to decide how to vote, and particularly whether to vote for any deed proposal, you can ask for a resolution to be put to creditors that the meeting be adjourned (up to a maximum of 45 business days in total) and for the administrator to provide more information. You must make this request before a vote on the company's future. This resolution must be passed for the adjournment to take place.

Creditors also have the right, when a deed of company arrangement is proposed and considered at the meeting, to negotiate specific requirements into the terms of the deed – including, for example, how the deed administrator is to report to them on the progress of the deed.

Any request to vary the deed proposal to include such requirements should be made before the deed proposal is voted on.

Minutes of meeting

The chairperson must prepare minutes of each meeting and a record of those who were present at each meeting.

The minutes must be lodged with ASIC within 10 business days of the meeting. A copy of the minutes of meeting may be obtained by searching the ASIC registers and paying the relevant fee.

Company returned to directors

If the company is returned to the directors, they will be responsible for ensuring that the company pays its outstanding debts as they fall due. It is only in very rare circumstances that creditors will resolve to return the company to the control of its directors.

Liquidation

If creditors resolve that the company go into liquidation, the voluntary administrator becomes the liquidator unless creditors vote at the second meeting to appoint a different liquidator of their choice. The liquidation proceeds as a creditors' voluntary liquidation with any payments of dividends to creditors made in the order set out in the *Corporations Act 2001* (Corporations Act). To find out more, see Information Sheet 45 *Liquidation: A guide for creditors* (INFO 45).

Deed of company arrangement

If creditors vote for a proposal that the company enter a deed of company arrangement, the company must sign the deed within 15 business days of the creditors' meeting, unless the court allows a longer time. If this doesn't happen, the company will automatically go into liquidation, with the voluntary administrator becoming the liquidator.

The deed of company arrangement binds all unsecured creditors, even if they voted against the proposal. It also binds owners of property, those who lease property to the company and secured creditors, if they voted in favour of the deed. In certain circumstances, the court can also order that these people are bound by the deed even if they didn't vote for it. The deed of company arrangement does not prevent a creditor who holds a personal guarantee from the company's director or another person taking action under the personal guarantee to be repaid their debt.

Contents of the deed

Whatever the nature of the deed of company arrangement, it must contain certain information, including:

- the name of the deed administrator
- the property that will be used to pay creditors
- the debts covered by the deed and the extent to which those debts are released
- the order in which the available funds will be paid to creditors (the deed of company arrangement must ensure that employees have a priority in payment of outstanding employee entitlements unless the eligible employees agree by a majority in both number and value to vary this priority)
- the nature and duration of any suspension of rights against the company
- the conditions (if any) for the deed to come into operation
- the conditions (if any) for the deed to continue in operation
- the circumstances in which the deed terminates.

There are also certain terms that will be automatically included in the deed, unless the deed says they will not apply. These are called the 'prescribed provisions'. They include such matters as the powers of the deed administrator, termination of the deed and the appointment of a committee of creditors (called a 'committee of inspection').

The voluntary administrator's report should tell you which prescribed provisions are proposed to be excluded or varied, and, if varied, how.

Monitoring the deed

It is the role of the deed administrator to ensure the company (or others who have made commitments under the deed) carries through these commitments. The extent of the deed administrator's ongoing role will be set out in the deed.

Creditors can also play a role in monitoring the deed. If you are concerned that the obligations of the company (or others) under the deed are not being met, you should take this up promptly with the deed administrator. Matters that may give rise for concern include deadlines for payments or other actions promised under the deed being missed.

Creditors also have the right when a deed of company arrangement is proposed and considered at the second meeting to negotiate consequences of failure to meet such deadlines into the terms of the deed. Any request to vary the deed proposal to include such consequences should be made before the deed proposal is voted on.

A director must notify the deed administrator if they become aware that there has been, or is likely to be, a material contravention of the deed. In addition, the deed administrator must give notice to creditors as soon as practicable after becoming aware of the material contravention or if there is likely to be a material contravention of the deed.

A deed administrator must lodge with ASIC a detailed list of their receipts and payments (known as the annual administration return) annually on the anniversary of their appointment and at the end of their administration. A copy of the receipts and payments may be obtained by searching the ASIC registers and paying the relevant fee.

Note: If the deed of company arrangement commenced prior to 1 September 2017, the deed administrator will continue to lodge the six-monthly Form 524 *Presentation of accounts and statement* until the six-month period ending on the first anniversary of their appointment date. Thereafter, they will lodge the annual administration return.

Varying the deed

The deed administrator can call a creditors' meeting at any time to consider a proposed variation to the deed. The proposed resolutions must be set out in the notice of meeting sent to creditors.

The deed administrator must also call a meeting to consider a resolution to vary the deed if:

- the committee of inspection directs it (where there is a committee of inspection)
- creditors pass a resolution requiring the deed administrator call a meeting
- at least 25% in value of creditors direct the deed administrator to do so in writing
- less than 25% but more than 10% in value of creditors direct the deed administrator to do so in writing and they provide security for the cost of holding the meeting.

The deed administrator is not required to comply with a direction by the committee of inspection or creditors to call a meeting if that direction is not reasonable.

If the deed administrator considers the direction is not reasonable, they must notify the person or body that gave the direction and set out the reasons why it is not reasonable. In this circumstance, the deed administrator may still convene a meeting to consider varying the deed if the person or body who gave the direction agree to pay the costs of calling and holding the meeting.

Payment of dividends under a deed

The order in which creditor claims are paid depends on the terms of the deed. Sometimes the deed proposal is for creditor claims to be paid in the same priority as in a liquidation. Other times, a different priority is proposed.

The deed must ensure employee entitlements are paid in priority to other unsecured creditors unless eligible employees have agreed to vary their priority.

Before you decide how to vote at the creditors' meeting, make sure you understand how the deed will affect the priority of payment of your debt or claim.

You may wish to seek independent legal advice if the deed proposes a different priority to that in a liquidation, or if creditors approve such a deed.

Establishing your claim under a deed

How debts or claims are dealt with under a deed of company arrangement depends on the deed's terms. Sometimes the deed incorporates the Corporations Act provisions for dealing with debts or claims in a liquidation.

Before any dividend is paid to you for your debt or claim, you will need to give the deed administrator sufficient information to prove your debt. You may be required to complete a claim form (this is called a 'proof of debt' in a liquidation). You should attach copies of any relevant invoices or other supporting documents to the claim form, as your debt or claim may be rejected if there is insufficient evidence to support it.

If a creditor is a company, the claim form should be signed by a person authorised by the company to do so.

When submitting a claim, you may ask the deed administrator to acknowledge receipt of your claim and advise if any further information is needed.

If the deed administrator rejects your claim after you have taken the above steps, first contact the deed administrator. You may also wish to seek your own legal advice. This should be done promptly. Depending on the terms of the deed, you may have a limited time in which to take legal action to challenge the decision.

If you have a query about the timing of the payment, discuss this with the deed administrator.

How a deed comes to an end

A deed may come to an end because the obligations under the deed have all been fulfilled and the creditors have been paid. Alternatively, the deed may set out certain conditions where the deed will automatically terminate.

The deed may also provide that the company will go into liquidation if the deed terminates due to these conditions being met.

Another way for the deed to end is if the deed administrator calls a meeting of creditors (either on their own initiative or at the direction of creditors or the committee of inspection if one has been formed), and creditors vote to end the deed. This may occur because there has been a breach of the deed or it appears unlikely that the terms of the deed can be fulfilled.

At the same time, creditors may be asked to vote to put the company into liquidation.

The deed may also be terminated if a creditor, the company, ASIC or any other interested person applies to the court and the court is satisfied that:

- creditors were provided false and misleading information on which the decision to accept the deed proposal was made
- the voluntary administrator's report left out information that was material to the decision to accept the deed proposal
- the deed cannot proceed without undue delay or injustice
- the deed is unfair or discriminatory to the interests of one or more creditors or against the interests of creditors as a whole.

If the court terminates the deed as a result of such an application, the company automatically goes into liquidation.

Approval of administrator's fees

Both a voluntary administrator and deed administrator are entitled to be paid for the work they perform. Generally, their fees will be paid from available assets, before any payments are made to creditors. They may have also arranged for a third party to pay any shortfall in their fees if there aren't enough assets.

The fees cannot be paid until the amount has been approved by creditors, a committee of inspection or the court. Creditors, the voluntary administrator/deed administrator or ASIC can ask the court to review the amount of fees

approved. Alternatively, the voluntary administrator or deed administrator may put a proposal to creditors to approve their fees without holding a meeting.

If you are asked to approve fees, either at a general meeting of creditors or at a meeting of a committee of inspection, the voluntary administrator or deed administrator must give you, at the same time as the notice of the meeting, a report that contains sufficient information for you to assess whether the fees claimed are reasonable. This report should be in simple language and set out:

- a summary description of the major tasks performed or likely to be performed
- the costs of completing those tasks and how those costs were calculated
- the periods when funds will be drawn to pay the fees
- the estimated total amount, or range of amounts, of total fees
- an explanation of the likely impact the fees will have on any dividends to creditors
- such other information that will assist in assessing the reasonableness of the fees claimed.

If you are in any doubt about how the fees were calculated, ask for more information.

Apart from fees, the voluntary administrator and deed administrator are entitled to reimbursement for out-of-pocket expenses that have arisen in carrying out their administration. This reimbursement may require creditor, committee of inspection or court approval.

For further information, see Information Sheet 85 *Approving fees: A guide for creditors* (INFO 85).

Proposals to creditors without a meeting

Instead of convening a creditors' meeting, the voluntary administrator or deed administrator can put proposals to creditors by giving notice in writing.
This notice must be given to each creditor who would be entitled to receive notice of a meeting and:

- include a statement of the reasons for the proposal and the likely impact the proposal will have on creditors
- invite the creditor to either:
    - vote 'yes' or 'no' for the proposal
    - object to the proposal being resolved without a meeting
- specify a reasonable time for creditors' replies to be received by the administrator.

To vote on the proposal, a creditor must lodge details of their debt or claim with the administrator and complete the voting documents provided by the administrator.

Creditors can vote 'yes' or 'no' on the proposal and/or object to the proposal being resolved without a creditors' meeting. You should return your response to the administrator within the time specified in the notice, which must be at least 15 business days after the notice is given to creditors.

A resolution is passed if the majority of creditors in number and value who responded to the notice voted 'yes' and if not more than 25% in value of the creditors who responded objected to the proposal being resolved without a creditors' meeting.

The administrator should provide creditors enough information to allow them to make an informed decision about the proposal. A creditor should contact the administrator to obtain further information if they think it necessary for them to make a decision.

The administrator must lodge with ASIC a statement about the outcome of the proposal. A copy of the outcome of the proposal may be obtained by searching the ASIC registers and paying the relevant fee.

Committee of inspection

A committee of inspection may be formed to assist and advise the voluntary administrator or deed administrator. The committee of inspection also monitors the conduct of the voluntary administrator or deed administrator, may approve

certain steps in the voluntary administration or deed administration and may give directions to the voluntary administrator or deed administrator. The voluntary administrator or deed administrator must have regard to, but is not always required to comply with, such directions.

In a voluntary administration, the committee may be formed at the first creditors' meeting.

All creditors are entitled to stand for committee membership. Members appointed to the committee of inspection represent the interests of all creditors.

If a creditor is a company, the creditor can nominate, in writing, an individual to represent it on the committee.

A person can be appointed as a member of the committee of inspection:

- by resolution of creditors
- by a creditor or group of creditors owed at least 10% of the value of creditors' claims
- by an employee or group of employees owed at least 50% in value of outstanding employee entitlements.

A member of the committee of inspection must not directly or indirectly derive any profit or advantage from the external administration of the company.

A committee of inspection has various powers and functions, including to:

- approve the remuneration of the voluntary administrator or deed administrator
- direct the voluntary administrator or deed administrator to convene a meeting of creditors
- request the voluntary administrator or deed administrator to give information, provide a report or produce a document
- obtain specialist advice or assistance (with the prior approval of the voluntary administrator, deed administrator or the court) that the committee considers desirable relating to the conduct of the voluntary administration or the deed administration.

The external administrator or deed administrator is not required to comply with a direction to convene a meeting or give information if that request is not reasonable.

A committee of inspection can determine its own procedures and exercises its powers through resolutions passed at meetings of the committee. A resolution is passed by a majority in number of its members present at a meeting. The committee of inspection can only act if a majority of its members attend.

Minutes of meetings of the committee of inspection must be prepared and lodged with ASIC.

ASIC is entitled to attend a meeting of the committee of inspection.

Directors and voluntary administration

Directors cannot use their powers while the company is in voluntary administration. They must help the voluntary administrator, including providing the company's books and records, and a report about the company's business, property, affairs and financial circumstances, as well as any further information about these that the voluntary administrator reasonably requires.

If the company goes from voluntary administration into a deed of company arrangement, the directors' powers depend on the deed's terms. When the deed is completed, the directors regain full control, unless the deed provides for the company to go into liquidation on completion.

If the company goes from voluntary administration or a deed of company arrangement into liquidation, the directors cannot use their powers. If creditors resolve that the voluntary administration should end, control of the company goes back to the directors.

Other creditor rights

Request for information

Creditors can, by resolution passed at a meeting of creditors or individually, request the voluntary administrator or deed administrator to give information, provide a report or produce a document.

The voluntary administrator or deed administrator must comply with this request if:

- the information, report or document is relevant to the administration
- the voluntary administrator or deed administrator would not breach their duty if they comply with the request
- the request is reasonable.

If the voluntary administrator or deed administrator, acting in good faith, believes it is not reasonable to comply with the request they must notify the requesting party and set out their reason for believing the request is not reasonable.

The voluntary administrator or deed administrator may consider the request not reasonable if, for example, complying with the request would substantially prejudice the interests of one or more creditors, the information would otherwise be privileged from production in legal proceedings or if the administration does not have sufficient funds to pay the cost of complying with the request.

If there are insufficient funds, the voluntary administrator or deed administrator may decide to comply with the request if the requesting party agrees to pay the cost of providing the information.

Appoint a reviewing liquidator

Creditors can resolve to appoint a reviewing liquidator to carry out a review into fees and/or costs incurred by the voluntary administrator or deed administrator. In addition, one or more creditors with the agreement of the voluntary administrator or deed administrator may appoint a reviewing liquidator.

Note: A creditor can also apply to ASIC in the approved form for it to appoint a reviewing liquidator (see Form 5605 *Application for ASIC to appoint a reviewing liquidator*).

This review is limited to:

- remuneration approved within the six months before the reviewing liquidator is appointed
- costs or expenses incurred during the 12-month period before the reviewing liquidator is appointed (unless the voluntary administrator or deed administrator agrees to a longer period).

The reviewing liquidator must be a registered liquidator. A creditor who wishes to appoint a reviewing liquidator must approach a registered liquidator to get a written consent from that person that they would be prepared to act as reviewing liquidator. The person must also make a written declaration about any relationships they or their firm may have that might affect their independence to act as reviewing liquidator.

The voluntary administrator or deed administrator, and their staff, must cooperate with the reviewing liquidator.

If creditors pass a resolution to appoint a reviewing liquidator, the reviewing liquidator's costs form part of the expenses of the external administration of the company. If one or more creditors appoint the reviewing liquidator with the consent of the voluntary administrator or deed administrator without passing a resolution, the reviewing liquidator's costs are borne by the creditor(s) appointing the reviewing liquidator.

Queries and complaints

You should first raise any queries or complaints with the voluntary administrator or deed administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a report of misconduct with ASIC – see How to complain.

Lodging your report of misconduct online ensures the quickest response from ASIC to your concerns.

ASIC usually does not become involved in matters of a voluntary administrator’s or deed administrator’s commercial judgement.

Reports of misconduct against companies and their officers can also be made to ASIC.

If you cannot report misconduct to ASIC online, you can contact us on 1300 300 630.

Where can I get more information?

For an explanation of terms used in this information sheet, see Information Sheet 41 *Insolvency: A glossary of terms* (INFO 41). For more on external administration, see the related information sheets listed in Information Sheet 39 *Insolvency information for directors, employees, creditors and shareholders* (INFO 39).

Further information is available from the Australian Restructuring Insolvency & Turnaround Association (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. 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.

This is **Information Sheet 74 (INFO 74)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Last updated: 01/09/2017 07:51

H. Remuneration Report

KPMG

Remuneration Report

Brierty Limited (Administrators Appointed)
ACN 095 459 448 ("the Company")

Contents

This remuneration approval report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the external administration of Brierty Limited (Administrators Appointed) ("Brierty" or "the Company").

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What do you need to do next?

You should read this report and the other documentation that we have sent you and then attend the meeting of creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

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

Information about the meeting of creditors is set out in our Report to Creditors dated 30 January 2018. Please advise this office via email brierty@kpmg.com.au if you will be attending the meeting of creditors and to request the conference password if required.

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1 Declaration

We, Matthew Woods, Hayden White and Clint Joseph of KPMG Australia have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of Brierty Limited (Administrators Appointed) in accordance with the law and applicable professional standards.

We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

2 Executive Summary

The purpose of this report is to detail time and work undertaken for the specified period for which we are seeking approval. This report is provided to creditors for consideration at the upcoming meeting.

To date, no remuneration has been approved or paid in the Voluntary Administration.

The total remuneration for the administration is estimated to be *$2,181,397 excluding GST and disbursements*, including the remuneration incurred by KPMG Tax Advisory Services.

Our initial fee estimate for the Voluntary Administration for the period 6 September 2017 up to the first creditors meeting (held on 15 September 2017) was $200,000 excluding GST and disbursements as detailed in the report to creditors dated 7 September 2017. Actual fees for this period totalled $242,919 excluding GST and disbursements and was higher than our initial fee estimate due to:

- the assessment required for the viability and commerciality of ongoing trading commitments, and
- negotiations in relation to contracts in progress at the date of our appointment as Voluntary Administrators.

Approval for our remuneration and internal disbursements are now sought for the following periods, noting that Resolutions 4 and 8 are dependent on whether creditors resolve at the meeting of creditors on 7 February 2018 for the company to be wound up. Remuneration currently claimed is summarised below:

Remuneration	Report Reference	Amount $ (GST Ex)
Current remuneration approval sought:		
Voluntary Administration		
Resolution 1: Retrospective Voluntary Administrators' remuneration for the period 6 September 2017 to 21 January 2018.	3.2.1	$1,747,897
Resolution 2: Retrospective KPMG Tax Advisory remuneration for the period 22 December 2017 to 26 January 2018.	3.2.2	$10,000
Resolution 3: Prospective Voluntary Administrators' remuneration for the period 22 January 2018 to finalisation.	3.2.3	$193,500
Total Remuneration for the Voluntary Administration		$1,951,397
Liquidation		
Resolution 4: If resolved that the Company be wound up, prospective Liquidators' remuneration for the period 7 February 2018 until the completion of the Liquidation.	3.2.4	$230,000
Total - Remuneration claimed		**$2,181,397**
*Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

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Internal disbursements currently claimed are summarised below:

Internal disbursements	Report Reference	Amount $ (GST Ex)
Current internal disbursements claim		
Voluntary Administration		
Resolution 5: 6 September 2017 to 21 January 2018	4	$43,697.43
Resolution 6: KPMG Tax Advisory Services 22 December 2017 to 26 January 2018	4	$250.00
Resolution 7: 22 January 2018 to finalisation	4	$4,837.50
Total internal disbursements for the Voluntary Administration		$48,784.93
Liquidation		
Resolution 8: 7 February 2018 to finalisation	4	$5,750.00
Total - Internal disbursements claimed		**$ 54,534.93**
*Approval for the future internal disbursements sought is based on an estimate of the internal disbursements necessary to the completion of the administration. Should additional disbursements be necessary beyond what is contemplated, further approval may be sought from creditors.		

Please refer to report section references detailed in the above table for full details of the calculation and composition of the remuneration approval sought.

3 Remuneration

3.1 Remuneration claim resolutions

We will be seeking approval of the following resolutions at the upcoming creditors meeting on 7 February 2018 to approve our remuneration. Details to support these resolutions are included in section 3.2 of this report.

Resolution 1 (retrospective fees): 6 September 2017 to 21 January 2018

Resolution 1			
Company	Brierty Limited (Administrators Appointed)	**Period:**	6 September 2017 to 21 January 2018
Practitioners	Matthew Woods Hayden White Clint Joseph	**Firm:**	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the remuneration of the Voluntary Administrators of Brierty Limited (Administrators Appointed), their partners and staff, for the period from 6 September 2017 to 21 January 2018, calculated at the hours spent at the rates detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, is approved for payment in the amount of $1,747,897 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

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Resolution 2 (retrospective fees): 22 December 2017 to 26 January 2018

Resolution 2			
Company	Brierty Limited (Administrators Appointed)	**Period:**	22 December 2017 to 26 January 2018
Practitioners	Matthew Woods Hayden White Clint Joseph	**Firm:**	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the KPMG Tax Advisory Services' remuneration in respect of Brierty Limited (Administrators Appointed), their partners and staff, for the period from 22 December 2017 to 26 January 2018 be approved in the amount of $10,000 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

Resolution 3 (prospective fees): 22 January 2018 to finalisation

Resolution 3			
Company	Brierty Limited (Administrators Appointed)	**Period:**	22 January 2018 to finalisation
Practitioners	Matthew Woods Hayden White Clint Joseph	**Firm:**	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the future remuneration of the Voluntary Administrators of Brierty Limited (Administrators Appointed) for the period from 22 January 2018 to finalisation of the Voluntary Administration, is determined at a sum equal to the cost of time spent by the Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, up to a capped amount of $193,500, exclusive of GST, and that the Voluntary Administrators can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available".		

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Resolution 4 (prospective Liquidators' fees) 7 February 2018 to finalisation

Resolution 4			
Company	Brierty Limited (Administrators Appointed)	**Period:**	7 February 2018 to finalisation
Practitioners	Matthew Woods Hayden White Clint Joseph	**Firm:**	KPMG
Administration type:	Liquidation		
Proposed resolution:	"That the future remuneration of the Liquidators in respect of Brierty Limited (Administrators Appointed) for the period from 7 February 2018 to finalisation of the Liquidation is determined at a sum equal to the cost of time spent by the Liquidators and their partners and staff, calculated at the hourly rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, up to a capped amount of $230,000, exclusive of GST, and that the Liquidators can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."		

3.2 Details of remuneration

The basis of calculating the remuneration claims, the details of the major tasks performed and the costs associated with each of those major tasks are outlined on the following page.

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3.2.1 Resolution 1 (retrospective fees): 6 September 2017 to 21 January 2018

The below table sets out time charged to each major task area by the Voluntary Administrators and their staff for the period 6 September 2017 to 21 January 2018 which is the basis of the Resolution 1 claim. Please see Schedule 1 for further detail in relation to the tasks performed.

					Assets		Creditors		Employees		Trade on		Investigations		Administration	
Employee	Position	Rate (ex GST)	Total hours	Total ($)	Hrs	$	Hrs	$	Hrs	$	Hrs	$	Hrs	$	Hrs	$
C Joseph	Appointee	700	33.6	23,520.00	20.8	14,560.00	5.6	3,920.00	0.2	140.00	2.7	1,890.00	-	-	4.3	3,010.00
H White	Appointee	700	42.3	29,610.00	26.7	18,690.00	4.0	2,800.00	-	-	9.9	6,930.00	-	-	1.7	1,190.00
M Woods	Appointee	700	169.8	118,860.00	72.9	51,030.00	39.0	27,300.00	5.2	3,640.00	27.3	19,110.00	5.3	3,710.00	20.1	14,070.00
C Giddens	Partner	700	8.4	5,880.00	8.4	5,880.00	-	-	-	-	-	-	-	-	-	-
C Giddens	Director	595	121.5	72,292.50	68.5	40,757.50	-	-	7.6	4,522.00	35.5	21,122.50	1.0	595.00	8.9	5,295.50
J Dickson	Director	595	207.3	123,343.50	2.1	1,249.50	58.8	34,986.00	1.8	1,071.00	1.0	595.00	128.1	76,219.50	15.5	9,222.50
S McCabe	Director	595	573.8	341,411.00	370.2	220,269.00	4.1	2,439.50	18.0	10,710.00	86.0	51,170.00	9.0	5,355.00	86.5	51,467.50
A Carroll	Associate Director	525	17.6	9,240.00	3.5	1,837.50	5.5	2,887.50	2.5	1,312.50	-	-	-	-	6.1	3,202.50
J Dickson	Associate Director	525	108.7	57,067.50	0.2	105.00	19.0	9,975.00	-	-	0.8	420.00	15.9	8,347.50	72.8	38,220.00
A Godfrey	Manager	475	13.6	6,460.00	4.9	2,327.50	8.3	3,942.50	-	-	0.4	190.00	-	-	-	-
A Singh	Manager	475	1.9	902.50	1.9	902.50	-	-	-	-	-	-	-	-	-	-
G Pitt	Manager	475	12.0	5,700.00	-	-	12.0	5,700.00	-	-	-	-	-	-	-	-
M Tarnawsky	Manager	475	5.9	2,802.50	-	-	-	-	-	-	-	-	5.9	2,802.50	-	-
R Wilson	Manager	475	624.9	296,827.50	24.2	11,495.00	86.8	41,230.00	95.1	45,172.50	304.4	144,590.00	15.9	7,552.50	98.5	46,787.50
C Moore	Executive	350	128.6	45,010.00	123.7	43,295.00	1.5	525.00	-	-	-	-	-	-	3.4	1,190.00
C Sarpa	Executive	350	154.1	53,935.00	95.0	33,250.00	45.8	16,030.00	-	-	9.0	3,150.00	2.0	700.00	2.3	805.00
L Parker	Executive	350	340.6	119,210.00	16.8	5,880.00	20.0	7,000.00	1.3	455.00	213.4	74,690.00	-	-	89.1	31,185.00
N Bolstad	Executive	350	3.2	1,120.00	-	-	-	-	3.2	1,120.00	-	-	-	-	-	-
N Ekladious	Executive	350	635.2	222,320.00	66.2	23,170.00	46.3	16,205.00	37.1	12,985.00	458.3	160,405.00	6.4	2,240.00	20.9	7,315.00
J Coulter	Executive	350	231.2	80,920.00	-	-	85.7	29,995.00	6.1	2,135.00	-	-	98.5	34,475.00	40.9	14,315.00
C Moore	Analyst	275	1.5	412.50	-	-	-	-	-	-	-	-	-	-	1.5	412.50
I Troedson	Analyst	275	5.2	1,430.00	-	-	3.7	1,017.50	-	-	-	-	-	-	1.5	412.50
J Barlow	Analyst	275	179.3	49,307.50	23.1	6,352.50	94.6	26,015.00	10.2	2,805.00	17.1	4,702.50	-	-	34.3	9,432.50
J Coulter	Analyst	275	72.0	19,800.00	2.8	770.00	40.4	11,110.00	5.8	1,595.00	-	-	11.4	3,135.00	11.6	3,190.00
J Sligh	Analyst	275	37.0	10,175.00	-	-	-	-	-	-	-	-	37.0	10,175.00	-	-
K Hutchison	Analyst	275	7.0	1,925.00	-	-	6.0	1,650.00	-	-	-	-	1.0	275.00	-	-
L Parker	Analyst	275	24.0	6,600.00	0.6	165.00	6.6	1,815.00	-	-	-	-	-	-	16.8	4,620.00
P Wong	Analyst	275	95.2	26,180.00	-	-	53.0	14,575.00	20.8	5,720.00	-	-	17.1	4,702.50	4.3	1,182.50
V Del Borrello	Analyst	275	53.8	14,795.00	1.7	467.50	3.2	880.00	0.2	55.00	-	-	5.6	1,540.00	43.1	11,852.50
C Hambling	Team Administrator	140	4.5	630.00	-	-	-	-	-	-	4.5	630.00	-	-	-	-
T Morris	Team Administrator	140	1.5	210.00	1.5	210.00	-	-	-	-	-	-	-	-	-	-
Total			**3,915.2**	**1,747,897.00**	**935.7**	**482,663.50**	**649.9**	**261,998.00**	**215.1**	**93,438.00**	**1,170.3**	**489,595.00**	**360.1**	**161,824.50**	**584.1**	**258,378.00**
GST				**174,789.70**		**48,266.35**		**26,199.80**		**9,343.80**		**48,959.50**		**16,182.45**		**25,837.80**
Total (incl GST)				**1,922,686.70**		**530,929.85**		**288,197.80**		**102,781.80**		**538,554.50**		**178,006.95**		**284,215.80**
Average hourly rate				**491.08**		**567.41**		**443.45**		**477.83**		**460.18**		**494.33**		**486.59**

3.2.2 Resolution 2 (retrospective fees): KPMG Tax Advisory Services 22 December 2017 to 26 January 2018

The Administrators engaged KPMG Tax Advisory Services during the period 22 December 2017 to 26 January 2018 to prepare and submit a voluntary disclosure to amend historical BASs for the 1 December 2014 – 30 June 2017 tax periods on behalf of the Company to the Australian Taxation Office ("**ATO**") in respect of the Company's:

- Underpayment of GST in relation to an error in accounting for GST on historical supplies of development services for the period of 1 July 2015 to 30 April 2016;
- Underpayment of GST in relation to lots under the Bellamack project where the settlements differed from the professional valuation amounts for the period of 1May 2016 to 30 June 2017;
- Underpayment of GST on historical supplies of development services to the Northern Territory Government under the Zuccoli project from the commencement of the project to 30 April 2016; and
- Underpayment of GST in relation to lots under the Zuccoli project where the settlements differed from the professional valuation amounts for the period of 1 May 2016 to 30 June 2017.

The below table sets out time charged to each major task area by staff members working on the administration by KPMG Tax Advisory Services for the period 22 December 2017 to 26 January 2018 which is the basis of the Resolution 2 claim. A more detailed description of the tasks performed within each task area are provided in the subsequent table.

Table: Resolution 2 | Description of work undertaken

Task Area	General Description	Including, but not limited to:
GST Advice 25.75 Hours $10,000.00 (exc GST)	Bellamack Development	Calculation of underpayment of GST in relation to an error in accounting for GST on historical supplies of development services for the period of 1 July 2015 to 30 April 2016
		Calculation of underpayment of GST in relation to lots under the Bellamack project where the settlements differed from the professional valuation amounts for the period of 1 May 2016 to 30 June 2017
	Zuccoli Development	Calculation of underpayment of GST on historical supplies of development services to the Northern Territory under the Zuccoli project from the commencement of the project to 30 April 2016
		Calculation of underpayment of GST in relation to lots under the Zuccoli project where the settlements differed from the professional valuation amounts for the period of 1 May 2016 to 30 June 2017
	PwC Draft Advice	Review draft advice previously provided by PwC in relation to the underpayments of GST
	Voluntary Disclosure	Prepare voluntary disclosure letter to Australian Taxation Office ("**ATO**") to disclosure underpayments of GST with respect to the Bellamack and Zuccoli developments.
		Calculate underpayments on a monthly basis to amend historical BASs for the period 1 December 2014 – 30 June 2017 as an annexure to the voluntary disclosure
		Prepare request for a payment plan for underpayment
		Lodge voluntary disclosure letter with the ATO
	ATO	Conduct initial discussions with ATO following lodgement of voluntary disclosure

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Table: Resolution 2 | Summary of hours by staff

KPMG Tax Advisory Services				
Employee	**Position**	**Rate (ex GST)**	**Total hours**	**Total ($)**
Kate Law	Partner	906.50	1.1	997.15
Sam Mohammad	Director	784.00	5.5	4,312.00
Julia Brosnan	Consultant	245.00	19.15	4,690.85
Total			**25.75**	**10,000.00**
GST				**1,000.00**
Total inc GST				**11,000.00**
Ave rate (inc GST)				**427.25**

3.2.3 Resolution 3 (prospective fees): 22 January 2018 to finalisation of the Voluntary Administration

The below table sets out the estimated cost for each major task area likely to be performed by the Voluntary Administrators, their partners and their staff for the period 22 January 2018 to finalisation of the Voluntary Administration, which is the basis of the Resolution 3 claim. Please refer to Schedule 2 for further details in relation to the tasks likely to be performed within each task area.

Task	Hours	Amount $ (GST Ex)
Assets	39.0	22,500
Creditors	176.0	95,000
Employees	75.0	30,000
Trade On	15.0	9,000
Investigations	19.0	12,000
Administration	54.0	25,000
Total	**378.0**	**193,500**

3.2.4 Resolution 4 (prospective Liquidators' fees) 7 February 2018 to finalisation

The below table sets out the remuneration for the major tasks likely to be performed by the Liquidators, their partners and their staff for the period 7 February 2018 to finalisation which is the basis of the Resolution 4 claim. Please refer to Schedule 3 for further details in relation to the tasks likely to be performed within each task area.

Task	Hours	Amount $ (GST Ex)
Assets	152.5	75,000
Creditors	107.5	55,000
Employees	108.0	40,000
Trade On	10.0	6,000
Investigations	42.5	25,000
Administration	59.5	29,000
Total	**480.0**	**230,000**

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3.3 Total remuneration reconciliation

As set out in the Executive Summary, total remuneration for this appointment is estimated to be $2,181,397 excluding disbursements and GST, including the remuneration claimed by KPMG Tax Advisory Services. This includes the current approval amount being sought of $2,181,397 excluding disbursements and GST.

The Initial Remuneration Notice dated 7 September 2017 estimated remuneration for the Voluntary Administration to be $200,000 excluding GST and disbursements for the period of 6 September 2017 to 15 September 2017.

Actual fees for the Voluntary Administration for this period totalled $242,919 (excluding GST and disbursements), which is in excess of the estimate of $200,000 primarily due to:

- the assessment required for the viability and commerciality of ongoing trading commitments, and
- negotiations in relation to contracts in progress at the date of our appointment as Voluntary Administrators.

The estimate provided in our Initial Remuneration Notice equates to approximately $140,000 per week. Remuneration has accrued at approximately $91,000 per week since appointment, which is below the initial estimate.

In preparing this remuneration approval report, we have made our best estimate at what we believe the future costs to complete will be and at this time, we do not anticipate that we will have to ask creditors to approve any further remuneration.

However, we will advise creditors if this changes and we may seek approval of further remuneration and provide details on why the remuneration has changed.

3.4 Likely impact on dividends

The Corporations Act sets the order for payment of claims against the Company and it provides for remuneration of the appointees to be paid in priority to other claims. This ensures that when there are sufficient funds, the appointees receive 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.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

The Corporations Act sets the order for payment of claims against the company and it provides for remuneration of the Voluntary Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Voluntary Administrators receive payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

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Based on:

- realisations to date,
- estimated future realisations,
- my estimated remuneration to complete the Voluntary Administration and Liquidation, and
- the estimated total of creditor claims based on the company's records and claims lodged now,

I estimate that a dividend of approximately 60 cents in the dollar will be paid to priority creditors in the Voluntary Administration. However, this is subject to a range of variables, particularly the future realisations and creditor claims.

There are not expected to be sufficient funds to pay a dividend to unsecured creditors. If we do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

4 Disbursements

Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- **Externally provided non-professional costs** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.
- **Internal disbursements** such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost. Some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. Whilst KPMG does not charge these costs on an itemised basis, it charges a flat 2.5% technology and administration charge on remuneration paid to recover costs of this nature.

We have undertaken a proper assessment of disbursements claimed in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

We will be seeking creditor approval to pay our internal disbursements from creditors.

4.1 External disbursement claim

Externally provided, non-professional disbursements which have not yet been paid, but do not require creditor approval, include:

Externally provided non-professional disbursements	Amount $ (GST Ex)
Travel and accommodation	19,045.08
Office supplies	798.47
IT Hardware	558.05
Postage Fees	2,382.30
Total externally provided non-professional disbursements	**22,783.90**

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4.2 Internal disbursement claim

The following internal disbursements have been claimed by the appointees. Approval of these disbursements from creditors in the amount of $54,534.93 is being sought at the meeting of creditors.

Internal disbursements claimed	Amount $ (GST Ex)
KPMG's Technology & Admininstration Charge An amount equivalent to 2.5% of the remuneration drawn (paid) under the external admininstration to cover all internal disbursements such as (but not limited to) telecommunications equipment, stationery, printing and postage.	
Resolution 5: Voluntary Admininstration 6 September 2017 to 21 January 2018	43,697.43
Resolution 6:KPMG Tax Advisory Services 22 December 2017 to 26 January 2018	250.00
Resolution 7: Voluntary Admininstration 22 January 2018 to finalisation	4,837.50
Resolution 8: Liquidation 7 February 2018 to finalisation	5,750.00
Total - internal disbursements claimed	**54,534.93**

Resolution 5 - Internal disbursements (retrospective):

Resolution 5			
Company	Brierty Limited (Administrators Appointed)	**Period:**	6 September 2017 to 21 January 2018
Practitioners	Matthew Woods Hayden White Clint Joseph	**Firm:**	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the internal disbursements claimed by our firm for the period 6 September 2017 to 21 January 2018, calculated at the rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017 are approved for payment in the amount of $43,697.43, exclusive of GST, to be drawn from available funds immediately or as funds become available."		

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Resolution 6 - Internal disbursements (retrospective):

Resolution 6			
Company	Brierty Limited (Administrators Appointed)	**Period:**	22 December 2017 to 26 January 2018
Practitioners	Matthew Woods Hayden White Clint Joseph	**Firm:**	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the internal disbursements claimed by our firm for the period 22 December 2017 to 26 January 2018, calculated at the rates as detailed in the Remuneration Approval Report calculated at the rates detailed in the Remuneration Approval Report are approved for payment in the amount of $250 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

Resolution 7 - Internal disbursements (prospective):

Resolution 7			
Company	Brierty Limited (Administrators Appointed)	**Period:**	22 January 2018 to 7 February 2018
Practitioners	Matthew Woods Hayden White Clint Joseph	**Firm:**	KPMG
Administration type:	Voluntary Administration		
Proposed resolution:	"That the internal disbursements claimed by our firm for the period 22 January 2018 to finalisation of the Voluntary Administration, calculated at the rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, are approved up to a capped amount of $4,837.50 exclusive of GST, to be drawn from available funds immediately or as funds become available."		

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Resolution 8 - Internal disbursements (prospective):

Resolution 8			
Company	Brierty Limited (Administrators Appointed)	**Period:**	7 February 2018 to finalisation
Practitioners	Matthew Woods Hayden White Clint Joseph	**Firm:**	KPMG
Administration type:	Liquidation		
Proposed resolution:	"That the internal disbursements claimed by our firm for the period 7 February 2018 to finalisation of the Liquidation, calculated at the rates as detailed in the Initial Remuneration Notice included in the circular to creditors dated 7 September 2017, are approved up to a capped amount of $5,750.00 exclusive of GST, and that the Liquidators can draw the disbursements from available funds as incurred or as funds become available."		

5 Report on progress of the Administration

Please refer to the Report to Creditors dated 30 January 2018 for a comprehensive report on the status of the administration.

6 Summary of Receipts and Payments

A summary of the receipts and payments for the Voluntary Administration as at 30 January 2018 is at Schedule 4 to this report.

7 Queries

Queries in relation to our remuneration or disbursements may directed to our office via email brierty@kpmg.com.au.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.giv.au (search for "insolvency information sheets").

8 Approval of remuneration and internal disbursements

Creditor approval of the remuneration resolutions contained in this report will be sought at the meeting of Creditors scheduled for 7 February 2018. Details and notice of the meeting are contained in the Report to Creditors dated 30 January 2018, of which this remuneration report forms a part of.

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Schedule 1 – Resolution 1

The below table sets out time charged to each major task area for the Voluntary Administration for the period 6 September 2017 to 21 January 2018 which is the basis of the Resolution 1 claim. The table below includes detailed descriptions of the tasks performed within each task area.

Table: Resolution 1 | Description of work undertaken:

Task Area	General Description	Including, but not limited to:
Assets 935.7 hours $482,663.50 (exc GST)	Debtors	Correspondence with debtors, including but not limited to Process Minerals International Pty Ltd, Newmont Mining Services Pty Ltd, Multiplex Infrastructure and Engineering Pty Ltd and Hamersley Iron Pty Ltd.
		Reviewing and assessing debtors ledgers
		Ongoing liaison with debtors and solicitors
		Receipt of debtors and various refunds
		Tasks associated with realising other assets
	Other assets	Consideration of third party interest in acquiring company assets, the company shell and its ASX Listing via a DOCA
		Preparation of an information memorandum for the sale of the company shell
		Maintain schedule of parties who have registered interest in purchasing company assets and/or the company shell
		Analysis of encumbered assets
		Collate required information for potential expressions of interest campaign for the sale of the company shell
		Review cash equity in Joint Venture accounts
		Correspondence with PwC in relation to tax refunds owing to the Company
		Liaison with the ATO in relation to tax refunds owing to the Company
		Discussions with insurers
	Plant and Equipment	Consider and arrange appropriate security to secure the plant and equipment of the company
		Master asset listing preparation and analysis of utilisation
		Consider submissions for the valuation of assets
		Consider submissions from auctioneers for asset sales
		Negotiations in relation to the sale of various plant and equipment
		Considering asset valuations and setting of reserves for auctions
		Liaising with Gregsons Auctioneers and Valuers in relation to the status of the plant and equipment auctions
		Discussions with interested parties regarding the sale of plant and equipment
		Preparation of a demobilisation strategy for assets located at the Western Turner site and obtain approval from Rio Tinto.
		Arrange the demobilisation of equipment to various auction sites
		Reviewing and approving demobilisation purchase orders

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Schedule 1 – Resolution 1

The below table sets out time charged to each major task area for the Voluntary Administration for the period 6 September 2017 to 21 January 2018 which is the basis of the Resolution 1 claim. The table below includes detailed descriptions of the tasks performed within each task area.

Table: Resolution 1 | Description of work undertaken:

Task Area	General Description	Including, but not limited to:
Assets 935.7 hours $482,663.50 (exc GST)	Debtors	Correspondence with debtors, including but not limited to Process Minerals International Pty Ltd, Newmont Mining Services Pty Ltd, Multiplex Infrastructure and Engineering Pty Ltd and Hamersley Iron Pty Ltd.
		Reviewing and assessing debtors ledgers
		Ongoing liaison with debtors and solicitors
		Receipt of debtors and various refunds
		Tasks associated with realising other assets
	Other assets	Consideration of third party interest in acquiring company assets, the company shell and its ASX Listing via a DOCA
		Preparation of an information memorandum for the sale of the company shell
		Maintain schedule of parties who have registered interest in purchasing company assets and/or the company shell
		Analysis of encumbered assets
		Collate required information for potential expressions of interest campaign for the sale of the company shell
		Review cash equity in Joint Venture accounts
		Correspondence with PwC in relation to tax refunds owing to the Company
		Liaison with the ATO in relation to tax refunds owing to the Company
		Discussions with insurers
	Plant and Equipment	Consider and arrange appropriate security to secure the plant and equipment of the company
		Master asset listing preparation and analysis of utilisation
		Consider submissions for the valuation of assets
		Consider submissions from auctioneers for asset sales
		Negotiations in relation to the sale of various plant and equipment
		Considering asset valuations and setting of reserves for auctions
		Liaising with Gregsons Auctioneers and Valuers in relation to the status of the plant and equipment auctions
		Discussions with interested parties regarding the sale of plant and equipment
		Preparation of a demobilisation strategy for assets located at the Western Turner site and obtain approval from Rio Tinto.
		Arrange the demobilisation of equipment to various auction sites
		Reviewing and approving demobilisation purchase orders

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Task Area	General Description	Including, but not limited to:
		Negotiations with parties for the dry-hire of plant and equipment
		Arranging for the removal of multiple PPSR interests
	Bellamack	Assessing and reviewing NS Projects' claim for fees on termination of contract
		Liaison with solicitors in relation to claim against Bellamack seeking lost revenues and the potential claim against contractor for defective building works
		Assessing a potential claim against contractor for defective building works
		Meeting and liaising with the NT Government to discuss the Bellamack joint ventures and the contracts of the company
		Liaison with parties who have indicated interest in purchasing the Bellamack interest or projects
		Liaison and meetings with the directors of Bellamack in relation to the proposed sale process
		Liaison and meetings with the directors of Bellamack
		Preparation of the Information Memorandum to realise the Bellamack assets
		Preparation of a data room for the Bellamack sale process
		Liaison with KPMG tax in relation to the Bellamack GST liabilities
	Leasing	Reviewing leasing documents
		Liaising with owners/lessors
		Obtaining financier approvals for equipment being auctioned
		Assessing the PPSR interests of lessors and discussions with lessors regarding same.
		Disclaiming various premises including the South Perth Head Office and the Maddington Premises.
		Preparing payment vouchers for financier payments
		Reconciling financier payments
		Tasks associated with the consideration of lease disclaimers
Creditors 649.9 Hours $261,998.00 (exc GST)	Creditor enquiries	Receive and follow up creditor enquiries via telephone
		Maintaining creditor enquiry register
		Maintaining and managing functional mailbox for creditor enquiries
		Review and prepare correspondence to creditors and their representatives via facsimile, email and post
		Notifying PPSR registered creditors of appointment
	Secured creditors	Liaising with secured creditors regarding administration progression and ongoing support
		Responding to secured creditor's queries and updating secured creditor enquiry register
	Creditor reports	Preparing initial report to creditors
		Mailing reports and circulars to creditors
		Preparing the Voluntary Administrators Report to Creditors dated 30 January 2018
	Shareholders	Maintaining and managing functional mailbox for shareholder enquiries
		Prepare and send responses to shareholders regarding the administration

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Task Area	General Description	Including, but not limited to:
	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of Proof of Debt ("POD")
		Receipt of PODs
		Maintain POD register
		Adjudicating POD for voting purposes only
		Request further information from claimants regarding POD, where required
	Committee of Inspection	Preparation for and attendance at meetings with Committee of Inspection on 27 September 2017 and 27 October 2017
		Preparation of notices for the meetings of the Committee of Inspection
		Preparation of report to the Committee of Inspection
		Attendance to queries of the Committee of Inspection
		Preparation of meeting minutes for lodgement with ASIC
	Meeting of creditors	Preparation of meeting notices, proxies and advertisements
		Forward notice of meeting to all known creditors
		Preparation of meeting file, including agenda, presentation, statement of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting, voting slips, resolution voting workbook
		Preparation and lodgement of minutes of meeting with Australian Securities and Investments Commission
		Attendance at first meeting of creditors
		Responding to stakeholder queries and questions immediately following meeting
		Receive and follow up employee enquiries via telephone
		Preparations for the second meeting of creditors
Employees 215.1 Hours $93,438.00 (exc GST)	Employees enquiries	Convene employee meetings to address broader enquiries regarding ongoing trading and employment
		Review and prepare correspondence to employees and their representatives via facsimile, email and post
		Preparation of letters to employees advising of their entitlements and options available
		Entering employee information into Administrators' accounting system
		Correspondence with the Company with regards to employee entitlements
	Other employee issues	Correspondence with Child Support Agencies
		Correspondence with Centrelink
Trade-on 1,170.3 Hours $489,595.00 (exc GST)	Trade on management	Liaising with suppliers and arrangement of new accounts set up
		Initial review of financial information and discussion with the Company to determine ongoing trading commitments
		Negotiations for the labour hire of the Company's employees
		Liaising with management and staff
		Attendance at company premises

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Task Area	General Description	Including, but not limited to:
		Raising and authorising purchase orders
		Maintaining purchase order register
		Preparing and authorising payment vouchers
		Liaising with suppliers and customers with respect to confirming ongoing support of the Company
		Liaising with OSR regarding payroll tax issues
		Reviewing employee timesheets and processing the payment of wages
	Project review	Review of various projects and discussions with customers
		Discussions with Project managers, procurement managers, senior management team and CFO
		Review of project budgets provided by Brierty management
		Review of asset and employee requirements for current projects
		Entering receipts and payments into accounting system
		Liaison with the NT Government regarding remedial works at Palmerston Hospital Sewer Main Contract
	Budgeting and financial reporting	Preparing and updating of daily cash flow/trading position
		Daily internal discussions regarding cash flow/trading position
		Reviewing company's forecast and financial statements
		Preparation of short term cash flow forecasts to assess profitability of the various projects
		Calculation of estimated statement of position
	ASX	Review obligations regarding market announcements
		Prepare and file announcements with the relevant public exchanges as required
Investigation 360.1 Hours $161,824.50 (exc GST)	Conducting investigation	Secure company books and records
		Correspondence with the Company with regards to obtaining financial statements
		Preliminary review of company's books and records
		Conducting and summarising statutory searches
		Preparation of initial investigation file
		Reviewing management information supplied
		Consider requests for extension to submit Report as to Affairs from officeholders
		Review of Brierty infrastructure to determine required imaging
		Review board packs
		Considering causes of failure of the Company and historical trading performance
		Undertake statutory investigations
		Review Directors' RATA

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Task Area	General Description	Including, but not limited to:
		Obtain legal advice on investigations
		Undertake email discovery process
	Forensic image of computer servers	Discussion with Brierty IT regarding server platform and content
		Delivery of storage to Brierty IT and discussion of image requirements
		Support to Brierty IT department
Administration 584.1 Hours $258,378.00 (exc GST)	Document maintenance/file review/checklist	Filing of documents
		File reviews
		Weekly administration reviews
		Updating administration checklists
		Identification of potential issues requiring attention of insurance specialists
	Insurance	Correspondence with insurer regarding initial and ongoing insurance requirements
		Reviewing insurance policies
		Correspondence with previous brokers
		Preparing correspondence opening and closing bank accounts
	Bank account administration	Correspondence with banks regarding specific transfers
		Preparing and lodging ASIC forms
	ASIC Form 505 and other forms	Notification of appointment
	ATO and other statutory reporting	Liaising with the ATO regarding outstanding debt
		Liaising with the ATO regarding the initial meeting of creditors, and information requests relevant to statutory investigations

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Schedule 2 – Resolution 3

The below table sets out the estimated cost for each major task area for the Voluntary Administration for the period 22 January 2018 to finalisation of the Voluntary Appointment, which is the basis of the Resolution 3 claim. The table below also includes detailed descriptions of the tasks anticipated to be performed within each task area.

Table: Resolution 3 | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets 39 hours $22,500 (exc GST)	Debtors	Progress collection of debtors
		Progress collection of the Company's interest in JV accounts
	Plant and Equipment	Correspondence with auctioneer regarding an accounting of the sale of the Company's plant and equipment
		Consider strategy regarding remaining plant and equipment
		Consider strategy regarding remaining inventory
		Reconcile receipts against auction results
	Bellamack	Consideration of potential claim against contractor for defective works
		Consideration of creditor claim against Bellamack in relation to lost future revenues
		Continuing preparing collateral for expression of interest campaign
		Correspondence and dealings with directors of Bellamack in relation to the Company's sale of Bellmack
		Liaison with the NT Government in relation to the Voluntary Administrators' realisation strategy
		Monitoring the sale of lots at the residential developments
	Leasing	Discussions with financiers regarding their claims against assets
		Finalise equipment financiers positions
		Consider equity of equipment on dry hire
Creditors 176 Hours $95,000.00 (exc GST)	Creditor enquiries	Respond to general creditor queries via telephone and email
		Reviewing creditor functional mailbox
		Considering reasonableness of creditor requests
	Secured creditors	Correspondence and liaison with secured creditor
		Preparation of reports and updates to secured creditor
		Discussion regarding attendance at second meeting of creditors
	Creditor reports	Preparation and finalisation of the Voluntary Administrators' report to creditors
		Mailing reports and circulars to creditors
	Shareholders	Mailing reports and circulars to shareholders where requested
		Prepare and send responses to shareholders regarding the administration
		Uploading the Voluntary Administrators' report to creditors to KPMG website

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Task Area	General Description	Including, but not limited to:
	Processing proofs of debt	Adjudicating proofs of debt for voting purposes only
		Receipt of PODs
		Maintain POD register
		Recording creditor claim amounts and adjudicated amount for voting purposes
		Requests to creditors for further information regarding their proofs of debt, where required
	Committee of Inspection	Correspondence with the Committee of Inspection
		Responding to queries of the Committee of Inspection
		Consider requests received from the Committee of Inspection
	Meeting of creditors	Prepare agenda for second meeting of creditors
		Preparation of documents for second meeting of creditors including notices, proxies and advertisements
		Prepare and finalise remuneration report for second meeting of creditors
		Issue notice of second meeting to creditors
		Review and collate creditor proxies for meeting
		Liaise with creditors regarding meeting attendance
		Convene second meeting of creditors
		Attend to actions resulting from the second meeting of creditors
		Preparation of meeting minutes from the second meeting of creditors and lodge with ASIC
Employees 75 Hours $30,000.00 (exc GST)	Employees enquiries	Receive and follow up employee enquiries via telephone
		Maintaining and managing functional mailbox for employee enquiries
		Receive and prepare correspondence in response to employees' objections to entitlements
		Entering employee information into the Voluntary Administrators' accounting system
		Adjudication of employees' proofs of debt for voting purposes at the second creditors meeting
		Dealings with employees in relation to proofs of debt
Trade-on 15 Hours $9,000.00 (exc GST)	Trade on management	Correspondence and liaison in relation to the dry-hire of plant and equipment
		Liaison with suppliers in relation to obtaining final invoices
		Match invoices received to purchase orders and prepare payment of invoices
	Budgeting and financial reporting	Updates to the estimated statement of position for recoveries and creditor claims
		Monitoring of cash flow forecasts
		Consideration of PPSR claims on estimated statement of position
Investigation 19 Hours $12,000.00 (exc GST)	Conducting investigation	Completion of preliminary statutory investigations
		Correspondence and dealings with directors and officers in relation to the findings of the investigations
		Discussions with legal advisors in relation to investigations

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Task Area	General Description	Including, but not limited to:
Administration 54 Hours $25,000.00 (exc GST)	Correspondence	Attend to general correspondence
	Document maintenance / file review / checklist	File reviews
		Updating and reviewing Administration checklists
		Filing of documents
	Insurance	Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	Bank account reconciliations
		Correspondence with bank account provider
	ASIC Forms	Preparing and lodging ASIC forms
	Finalisation	Finalisation of Administration tasks

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Schedule 3 – Resolution 4

The below table sets out the estimated cost for each major task area for the Liquidation for the period 7 February 2018 to finalisation of the Liquidation, which is the basis of the Resolution 4 claim. The table below also includes detailed descriptions of the tasks anticipated to be performed within each task area.

Table: Resolution 4 | Description of work to be undertaken

Task Area	General Description	Including, but not limited to:
Assets 152.5 hours $75,000.00 (exc GST)	Debtors	Finalise collection of debtors
		Finalise collection of the Company's interest in JV accounts
	Plant and Equipment	Correspondence with auctioneer regarding an accounting of the sale of the Company's plant and equipment
		Disclaim remaining plant and equipment with nil equity
		Consider strategy regarding remaining inventory, if any
		Reconcile receipts against auction results
	Bellamack	Finalise realisation strategy for Bellamack
		Liaison with interest parties
		Issue campaign collateral to interested parties
		Correspondence and dealings with directors of Bellamack in relation to the Company's sale of Bellmack
		Liaison with the NT Government in relation to the realisation strategy
		Consider tax implications of realisation
		Liaison with legal advisors throughout the realisation process
		Monitoring the sale of lots at the residential developments
Creditors 107.5 Hours $55,000.00 (exc GST)	General creditors	Prepare and issue circular to creditors on liquidation
		Review and respond to creditor queries regarding process
		Prepare and update estimated outcome statement for classes of creditors
		Issue report to creditors
		Consider holding meeting of creditors if necessary
	Secured creditors	Correspondence and liaison with secured creditor
		Prepare and update estimated distribution based on asset realisations and financier claims
		Consider PPSR implications
	Committee of Inspection	Correspondence with the Committee of Inspection, if appointed
		Responding to queries of the Committee of Inspection, if appointed
		Consider requests received from the Committee of Inspection, if appointed
Employees 108.0 Hours	Employee entitlements	Receive and follow up employee enquiries via telephone

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Task Area	General Description	Including, but not limited to:
$40,000 (exc GST)		Review and prepare correspondence to creditors and their representatives via facsimile, email and post
		Review and consider supporting documents for employee claims
		Liaise with Federal Entitlements Guarantee
	Priority Dividend	Confirm funds available to distribute to priority creditors
		Review and confirm priority claims
		Issue correspondence to creditors regarding distribution
		Prepare and finalise distribution
Trade-on 10 Hours $6,000.00 (exc GST)	Trade on management	Liaison regarding receipt of revenue and the finalisation of the dry-hire of plant and equipment
Investigation 42.5 Hours $25,000.00 (exc GST)	Conducting investigation	Further investigations and potential recovery actions in relation to insolvent trading claims
		Further investigations and potential recovery actions in relation to unfair preferential payments
		Further investigations and potential recovery actions in relation to director-related transactions
		Further investigations relating to any breaches of directors' duties
		Preparing reports to ASIC comprising details of investigations undertaken
Administration 59.5 Hours $29,000.00 (exc GST)	General administration	Attend to general correspondence
		Liaise with statutory bodies regarding appointment
		Attend to statutory receipts and payments lodgements
		Updating and reviewing Administration checklists
		Uploading reference information to the KPMG website
		Filing of documents
	Insurance	Correspondence with insurer regarding ongoing insurance requirements
	Bank account administration	Bank account reconciliations
		Correspondence with bank account provider
	ASIC Forms	Preparing and lodging ASIC forms
	ATO and other statutory reporting	Liaising with the ATO regarding statutory lodgements
	Finalisation	Finalisation of Administration tasks

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Schedule 4 – Summary of Receipts and Payments

Brierty Limited (Administrators Appointed) | Receipts and payments schedule	
Opening cash at bank	**0**
Receipts	
Debtor receipts	3,763,919.13
Bellamack Loan	1,250,000.00
Other VA trading income	991,119.43
Other receipts	827,506.00
Labour hire income	321,977.88
Sale of plant and equipment	19,082,673.79
Dry hire income	63,170.25
JV bank accounts	340,143.32
Sale of inventory	36,106.10
Total Receipts	26,676,615.90
Payments	
Bank Charges	(10,856.58)
Bellamack Pty Ltd	(1,250,000.00)
Cleaning Expenses	(1,518.00)
Demobilisation	(258,751.60)
BAS payments	(536,179.00)
Hire & Leasing	(20,501.72)
HP Finance Payment	(1,096,820.30)
Insurance	(296,280.99)
IT expenses	(30,789.00)
Legal Fees	(132,448.28)
Motor Vehicle Expenses	(10,994.15)
PPSR Expenses	(2,382.75)
Printing & Stationery	(545.27)
Rent	(284,168.08)
Repairs & Maintenance	(5,950.11)
Security	(7,890.05)
Statutory expenses	(4,497.58)
Subcontractors	(2,288.49)
Superannuation	(70,703.39)
Utilities	(9,414.95)
Valuation Expenses	(32,744.61)
Wages & Salaries	(1,383,412.08)
Total payments	(5,449,136.98)
Closing cash at bank	**21,227,478.92**

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I. Approving Fees: A Guide for Creditors

ASIC
Australian Securities & Investments Commission

Approving fees: A guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet (INFO 85) gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (the fees of a receiver are fixed by the secured creditor that appoints the receiver and are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

It covers:

- entitlement to fees and costs
- who may approve fees
- calculation of fees
- initial remuneration notice
- report on proposed fees
- deciding if fees are reasonable
- reimbursement of out-of-pocket costs
- queries and complaints

Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable fees, or remuneration, for the necessary work they properly perform, once these fees have been approved by creditors, a committee of inspection or a court
- reimbursed for out-of-pocket costs incurred in performing their role.

External administrators are only entitled to an amount of fees that is reasonable for the necessary work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging with ASIC a detailed listing of receipts and payments, known as an annual administration return, annually on the anniversary of their appointment and at the end of their administration.

The external administrator is entitled to be paid for completing these statutory tasks.

Note: If the external administration commenced prior to 1 September 2017, the external administrator will continue to lodge the six-monthly Form 524 *Presentation of accounts and statement* until the six-month period ending on the first anniversary of their appointment date. Thereafter, they will lodge the annual administration return.

Out-of-pocket costs that are commonly reimbursed include:

- legal fees
- valuer's, real estate agent's and auctioneer's fees

- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will generally be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

Who may approve fees

An external administrator's fees must be approved by one of the following ways:

- by resolution of creditors
- by a committee of inspection (if there is a committee of inspection) if no resolution has been passed by creditors
- by the court if neither the creditors nor a committee of inspection have passed a resolution.

Note: An external administrator in a members' voluntary winding up must have fees approved by a resolution of the company, or the court.

The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

If fees are not approved by the relevant decision-making body, the liquidator is entitled to be paid reasonable fees up to a maximum of $5,000 excluding GST (indexed annually).

Creditors' approval at a creditors' meeting

Creditors can approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution passes if a simple majority of creditors present and voting, in person or by proxy, indicates that they agree to the resolution.

If a poll is taken, rather than a vote being decided on the voices, a majority in number and value of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a general proxy or a special proxy. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

Creditors' approval without a creditors' meeting

Instead of convening a creditors' meeting, the external administrator can put proposals to creditors by giving notice in writing.

This notice must be given to each creditor who would be entitled to receive notice of a meeting and:

- include a statement of the reasons for the proposal and the likely impact the proposal will have on creditors
- invite the creditor to either:
    - vote 'yes' or 'no' for the proposal
    - object to the proposal being resolved without a meeting

- specify a reasonable time for creditors' replies to be received by the external administrator.

To vote on the proposal, a creditor must lodge details of your debt or claim with the external administrator and complete the voting documents provided by the external administrator.

Creditors can vote 'yes' or 'no' on the proposal or object to the proposal being resolved without a creditors' meeting. You should return your response to the external administrator within the time specified in the notice which must be at least 15 business days after the notice is given to creditors.

A resolution is passed if the majority of creditors in number and value who responded to the notice voted 'yes' and if not more than 25% in value of the creditors who responded objected to the proposal being resolved without a creditors' meeting.

The external administrator should provide creditors enough information to allow them to make an informed decision about the proposal. A creditor should contact the external administrator to obtain further information if they think it necessary for them to make a decision.

The external administrator must lodge with ASIC the outcome of the proposal. A copy of the outcome of the proposal may be obtained by searching the ASIC registers and paying the relevant fee.

Committee of inspection approval

If there is a committee of inspection, the committee of inspection can approve an external administrator's fees. In approving the fees, the members represent the interests of all creditors or employees, not just their own individual interests.

A committee of inspection makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about committees of inspection and how they are formed, see Information Sheet 45 *Liquidation: A guide for creditors* (INFO 45), Information Sheet 74 *Voluntary administration: A guide for creditors* (INFO 74) and Information Sheet 41 *Insolvency: A glossary of terms* (INFO 41).

Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of time spent by the external administrator and their staff
- a quoted fixed fee, based on an upfront estimate
- a percentage of asset realisations.

Charging on a time basis is the most common method. If an external administrator seeks approval for charging wholly or partly on a time basis, and the work is yet to be carried out, the approval sought must include a maximum limit ('cap') on the amount of remuneration the external administrator is entitled to receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of $X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors/committee to approve a further amount of fees, after accounting for the fees already incurred.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator. If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees. It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business – an insolvency practice – and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

Initial remuneration notice

The external administrator must send creditors a notice setting out the following information if they propose to seek fee approval for the external administration:

- the method by which they seek to be paid
- the rate of fees
- an estimate of the expected amount of total fees
- the method how out-of-pocket costs will be calculated
- a brief explanation of the different methods to calculate fees
- an explanation why they chose the particular fee method by which they seek to be paid
- if a time-cost basis was chosen, the hourly rates of the external administrator and other staff who will work on the external administration.

This initial remuneration notice must be sent to creditors:

- in a voluntary administration – at the same time as the notice of the first meeting of creditors is sent
- in a court liquidation – within 20 business days after the liquidator's appointment
- in a voluntary liquidation – within 10 business days after the day of the meeting at which the resolution to wind up the company is passed.

Report on proposed fees

When seeking approval of fees, the external administrator must send creditors/committee members a report setting out:

- a summary description of the major tasks performed, or likely to be performed
- the costs associated with each of these tasks and the method of calculation of the costs
- the periods when funds will be drawn to pay the fees
- an estimated total amount, or range of amounts, of total fees
- an explanation of the likely impact the fees will have on any dividends to creditors
- such other information that will assist in assessing the reasonableness of the fees claimed.

Creditors/committee members may be asked to approve fees for work already performed or an estimate of work yet to be carried out. For more on the tasks involved, see INFO 45 and INFO 74.

Deciding if fees are reasonable

If asked to approve an amount of fees, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.
In addition to the information the external administrator must provide to you before seeking approval of fees, you may find the following additional information from the external administrator useful in deciding if the fees claimed are for necessary work properly performed and reasonable:

- an explanation of why the work performed was necessary

- the size and complexity (or otherwise) of the external administration
- the value and nature of the property dealt with
- the level of risk or responsibility involved with the external administration
- whether there are any extraordinary issues that were required to be dealt with
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
    - the period over which the work was or is likely to be performed
    - the time spent by each level of staff on each of the major tasks performed or likely to be performed
    - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you do not think the fees claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if creditors or a committee of inspection approves fees and you wish to challenge this decision, you may apply to the court and ask the court to review the fees.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

As well as a court review of the external administrator's fees, creditors (by resolution of creditors) or one or more creditors (with the external administrator's consent) can appoint a registered liquidator to carry out a review of fees and/or costs incurred by the external administrator of the company.

Note: A creditor can also apply to ASIC in the approved form for it to appoint a reviewing liquidator (see Form 5605 *Application for ASIC to appoint a reviewing liquidator*).

This review is limited to:

- remuneration approved within the six months before the reviewing liquidator is appointed
- costs or expenses incurred during the 12-month period before the reviewing liquidator is appointed (unless the external administrator agrees to a longer period).

The reviewing liquidator must be a registered liquidator. A creditor who wishes to appoint a reviewing liquidator must approach a registered liquidator to get a written consent from that person that they would be prepared to act as reviewing liquidator. The person must also make a written declaration about any relationships they or their firm may have that might affect their independence to act as reviewing liquidator.

The external administrator and their staff, must cooperate with the reviewing liquidator.

If creditors pass a resolution to appoint the reviewing liquidator, the reviewing liquidator's costs form part of the expenses of the external administration of the company. If one or more of the creditors appoint the reviewing liquidator with the consent of the external administrator, the reviewing liquidator's costs are borne by the creditor(s) appointing the reviewing liquidator.

Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration – as careful as if they were dealing with their own money. Their report on fees must also include information on the out-of-pocket costs of the external administration.

Out of pocket expenses (or disbursements) can be categorised into:

- external services or costs such as legal fees, valuation fees, travel, accommodation and search fees
- internal services or costs such as photocopying, printing and postage.

External costs are usually charged at cost and do not require prior approval of creditors.

Internal costs may be charged at a rate higher than actual cost in order to recover overheads and similar costs. In instances where costs are charged at a rate higher than cost, the external administrator will need to obtain creditor approval before being reimbursed.

When seeking approval of out-of-pocket expenses, the external administrator must send creditors/committee members a report setting out:

- a summary description of the out-of-pocket expenses
- how they were calculated
- the total amount the external administrator is seeking reimbursement for
- why the expenses were necessary.

Creditors/committee members may be asked to approve reimbursement of out-of-pocket expenses for expenses already incurred or an estimate of expenses to be incurred.

If the expenses are yet to be incurred, a maximum limit ('cap') should be placed on the amount that the external administrator may incur and reimbursed for.

Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a report of misconduct with ASIC – see How to complain.

Lodging your report of misconduct online ensures the quickest response from ASIC to your concerns.

ASIC usually does not become involved in matters of an external administrator's commercial judgement.

Reports of misconduct against companies and their officers can also be made to ASIC.

If you cannot report misconduct online to ASIC, you can contact us on 1300 300 630.

Where can I get more information?

For an explanation of terms used in this information sheet, see Information Sheet 41 *Insolvency: A glossary of terms* (INFO 41). For more on external administration, see the related information sheets listed in Information Sheet 39 *Insolvency information for directors, employees, creditors and shareholders* (INFO 39).

Further information is available from the Australian Restructuring Insolvency & Turnaround Association (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. 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.

This is **Information Sheet 85 (INFO 85)**, updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.

Last updated: 01/09/2017 07:55

J. PPS Register listing

Searches of the PPSR against the Company and the trading name as at the date of the Administrators' appointment disclosed the following security interests as having been registered against the Company:

PPS Register		
Entity	**# of registrations**	**Registration class**
DVG Group	1	Other Goods
Access Hire Group	1	Motor Vehicle
Aco Polycrete Pty Ltd	1	Other Goods
Acrow Formwork and Scaffolding Pty Ltd	1	Other Goods
Aggreko Generator Rentals Pty Ltd	1	Other Goods
Allied Pumps Pty Ltd	2	Other Goods
Alltype Engineering Pty Ltd	1	Other Goods
Allused Pty Ltd	4	Motor Vehicle
Allwest Plant Hire Australia Pty Ltd	1	Other Goods
Applied Industrial Technologies Pty Ltd	1	Other Goods
Aqua Terra Oil and Mineral Company Pty Ltd	1	Other Goods
ATF Services Pty Ltd	1	Other Goods
Atlas Copco Financial Solutions Australia Pty Ltd	2	Chattel Paper / Motor Vehicle
Ausco Modular Pty Limited	2	Other Goods
Australia and New Zealand Banking Group Limited	25	Motor Vehicle / Other Goods
B P Australia Pty Ltd	1	Other Goods
Black Diamond Modular Buildings Pty Ltd	1	Other Goods
BMW Australia Finance Limited	1	Motor Vehicle
BOC Limited	1	Other Goods
BOQ Equipment Finance Limited	5	Motor Vehicle / Other Goods
Bradken Resources Pty Ltd	1	Other Goods
Brierty Limited	1	Other Goods
Brooks Hire Service Pty Ltd	2	Motor Vehicle / Other Goods
BTP Equipment Pty Ltd	5	Motor Vehicle / Other Goods
BTP Parts Pty Ltd	4	Other Goods
Budget Mini Excavators Pty Ltd	12	All PAAP / Motor Vehicle / Other Goods
C J D Equipment Pty Ltd	1	Other Goods
C.A.S.C Constructions Pty Ltd	1	Other Goods
Capital Finance Australia Limited	27	Motor Vehicle / Other Goods
Caps Australia Pty Ltd	1	Other Goods
Caterpillar Financial Australia Limited	25	Motor Vehicle / Other Goods
Chivas Enterprises Pty Ltd	2	Motor Vehicle / Other Goods
Clark Equipment Rentals Pty Ltd	1	Motor Vehicle
Coates Hire Operations Pty Ltd	4	Motor Vehicle / Other Goods
Commonwealth Bank of Australia Limited	3	All PAAP / General Intangible / Motor Vehicle
Conplant Pty Ltd	5	Motor Vehicle / Other Goods
Contatore Engineering Pty Ltd	1	Other Goods
Coregas Pty Ltd	1	Other Goods
Corestaff WA Pty Ltd	1	All PAAP
Cosa Group Pty Ltd	6	Motor Vehicle / Other Goods
Coventry Group Limited	1	Other Goods
Cranecorp Australia (NT) Pty Ltd	1	Motor Vehicle
Cranecorp Australia Pty Ltd	1	Other Goods
Daikel Pty Ltd	1	Motor Vehicle
DGI Trading (aust) Pty Ltd	2	Motor Vehicle / Other Goods
DM Breaker Equipment Pty Ltd	2	Other Goods
DT-Hiload Australia Pty Ltd	4	Motor Vehicle / Other Goods

PPS Register		
Entity	**# of registrations**	**Registration class**
Electricity Networks Corporation	1	Other Goods
Emeco International Pty Ltd	3	Motor Vehicle / Other Goods
Equiprent (Aust) Pty Ltd	4	Motor Vehicle
ERS Australia Pty Ltd	1	Other Goods
Esco Australia Holdings Pty Ltd	1	Other Goods
Ezyquip Hire Pty Ltd	1	Motor Vehicle
Fencewright Pty Ltd	2	Other Goods
Fero Group (Queensland) Pty Ltd	1	Other Goods
Fero Strata Systems Pty Ltd	1	Other Goods
Force Corp Pty Ltd	1	Motor Vehicle
Forte Equipment Pty Ltd	5	Chattel Paper / Motor Vehicle / Other Goods
Founder Enterprises Pty Ltd	1	Other Goods
Freo Group Pty Ltd	4	Motor Vehicle / Other Goods
Fuelfix Pty Ltd	1	Other Goods
Galvline Tasmania Pty Ltd	1	Other Goods
GCS Facades Pty Ltd	1	Motor Vehicle
GCS Personnel Services Pty Ltd	1	Other Goods
Global Construction Services Limited	1	Other Goods
Safe and Sound Scaffolding Pty Ltd	1	Motor Vehicle
Global Synthetics Pty Ltd	1	Other Goods
GPC Asia Pacific Pty Ltd	1	Other Goods
Ground Works Plant Hire Pty Ltd	16	Motor Vehicle
Hastings Deering (Australia) Limited	5	Motor Vehicle / Other Goods
Holcim (Australia) Pty Ltd	1	Other Goods
Integrated Industrial Pty Ltd	1	Other Goods
Iplex Pipelines Australia Pty Ltd	1	Other Goods
J Blackwood & Son Pty Ltd	1	Other Goods
Jakk Contracting Pty Ltd	2	Motor Vehicle / Other Goods
Kais Contractors Pty Ltd	4	Motor Vehicle / Other Goods
Kee Hire Pty Ltd	3	Motor Vehicle
Kennards Hire Pty Ltd	1	Other Goods
Kevrek (Australia) Pty Ltd	1	Other Goods
Kingmill Pty Ltd	1	Motor Vehicle
Komatsu Australia Corporate Finance Pty Ltd	13	Motor Vehicle / Other Goods
Komatsu Australia Pty Ltd	1	Other Goods
L&H Group	1	Other Goods
Leaseplan Australia Limited	1	Motor Vehicle
Liebherr-Australia Pty Ltd.	1	Other Goods
Macquarie Leasing Pty Ltd	2	Motor Vehicle
Mary Donald Nominees Pty Ltd	1	Other Goods
Matilda Equipment Pty Ltd	2	Motor Vehicle / Other Goods
MTU Detroit Diesel Australia Pty Ltd	1	Other Goods
Nash Bros (WA) Pty Ltd	2	Motor Vehicle
National Australia Bank Limited	26	Motor Vehicle / Other Goods
National Plant and Equipment Pty Ltd	1	Motor Vehicle
National Tank Hire Pty Ltd	2	Other Goods
National Tools Pty Ltd	1	Other Goods
National-Oilwell Pty Ltd	1	Other Goods
Orica Australia Pty Ltd	1	Other Goods
Ozland Drilling & Blasting Services Pty Ltd	2	Motor Vehicle / Other Goods

PPS Register		
Entity	**# of registrations**	**Registration class**
Ozland Rock Tools Pty Ltd	1	Other Goods
Prestige Pump Rentals Pty Ltd	1	Other Goods
Process Minerals International Pty Ltd	4	Motor Vehicle
Puma Energy (Australia) Holdings Pty Ltd	1	Other Goods
Rapid Crushing & sScreening Contractors Pty Ltd	107	Motor Vehicle / Other Goods
Rapid Metal Developments (Australia) Pty Ltd	1	Other Goods
Raw Hire Pty Ltd	2	Motor Vehicle / Other Goods
Redstar Equipment Pty Ltd	1	Other Goods
Reiner Holdings Pty Ltd	4	Chattel Paper / Motor Vehicle / Other Goods
Resource Equipment Ltd	2	Motor Vehicle / Other Goods
Roadline Holdings Pty Ltd	2	Motor Vehicle
Robow ash Pty Ltd	1	Other Goods
Royal Wolf Trading Australia Pty Ltd	2	Other Goods
S.C.F Group Pty Ltd	1	Other Goods
Safe & Sound Scaffolding Pty Ltd	1	Motor Vehicle
Safety Barriers WA Pty Ltd	2	Motor Vehicle / Other Goods
Sandvik Mining and Construction Australia Pty Ltd	2	Other Goods
Schutz Australia Pty Ltd	1	Other Goods
Service Stream Limited	1	Account
Sherrin Rentals Pty Ltd	2	Motor Vehicle
Sime Darby Fleet Services Pty Ltd	26	Motor Vehicle
SKC Contractors Pty Ltd	2	Motor Vehicle / Other Goods
SMS Rental (WA) Pty Ltd	6	Motor Vehicle / Other Goods
Specialised Force Pty Ltd	1	Other Goods
St. George Finance Limited	5	Motor Vehicle / Other Goods
Sullair Australia pty ltd	1	Other Goods
Territory Rent-A-Car Pty Ltd	1	Motor Vehicle
The Blackjack trust, Blackjack Holdings pty ltd	2	Motor Vehicle / Other Goods
The Dobbie Dico Meter Company (W.A.) Pty Ltd	1	Other Goods
The Trustee for 888 Crushing and Screening Equipment	1	Other Goods
The Trustee for Allstate Kerbing and Concrete Trust	1	Other Goods
The Trustee for the Jones Family Trust	1	Other Goods
The Trustee for the D J Maccormick Family Trust	1	Motor Vehicle
The Trustee for the E C Spiers Family Trust	5	Motor Vehicle
The Trustee for the Low ry Family Trust	1	Other Goods
The Trustee for the Maras Family Trust	4	All PAAP / Motor Vehicle / Other Goods
Titan Australia Pty Ltd	1	Other Goods
Titan Plant Hire Pty Ltd	3	Motor Vehicle / Other Goods
Toyota Finance Australia Limited	55	Motor Vehicle / Other Goods
Tradelink Pty Ltd	1	Other Goods
Tristar Water Solutions Pty Ltd	1	Other Goods
Tru Blu Hire Australia Pty Ltd	2	Motor Vehicle / Other Goods
Ultraplast Pty Ltd	1	Other Goods
UON Pty Ltd	2	Other Goods
Viadux Pty Ltd	2	Other Goods
Vinidex Pty Ltd	1	Other Goods
W.A Truck and Machinery Repairs Pty Ltd	2	Motor Vehicle / Other Goods
W.R.B Nominees Pty Ltd	1	Other Goods
Western Plant Hire (WA) Pty Ltd	2	Motor Vehicle / Other Goods
Westpac Banking Corporation	21	Motor Vehicle
Westrac Pty Ltd	1	Other Goods
Wintaw ari Guruma Enterprises Pty Ltd	1	Motor Vehicle
Total	**595**	

K. Summary of estimated asset realisations

Summary of estimated asset realisations			
Category of Asset	**Note**	**Low**	**High**
Circulating Assets			
Cash at bank	**A**	-	-
Debtors	**B**	3,764	3,764
Share of JV bank accounts	**C**	341	341
Inventory	**D**	1,090	1,090
Administrators' trading receipts	**E**	2,536	2,536
Other recoveries	**F**	827	827
Estimated Circulating Assets recoveries		8,558	8,558
Trading expenditure	**G**	(2,917)	(2,917)
VA fees and disbursements relating to Circulating Assets	**H**	(1,176)	(1,176)
Net GST impact on dealings with Circulating Assets		(206)	(206)
Estimated Circulating Assets available		4,259	4,259
Priority Creditor (Employee) claims	**I**	(7,123)	(7,123)
Estimated return to Priority Creditors		**0.60**	**0.60**
Surplus/(Deficit) to Priority Creditors		**(2,864)**	**(2,864)**
Non-Circulating Assets			
Interest in Bellamack	**J**	Not disclosed	Not disclosed
Plant and equipment (net of financier claims)	**K**	15,868	17,211
Trading expenditure incurred in dealing with Non-Circulating Assets	**G**	(3,874)	(3,874)
VA fees and disbursements relating to Non-Circulating Assets	**H**	(1,734)	(1,734)
Net GST Impact on dealings with Non-Circulating Assets		(1,483)	(1,483)
Estimated Non-Circulating Assets		Not disclosed	Not disclosed
Secured Creditor Claim		(31,558)	(31,558)
Estimated return to Secured Creditor		**Not disclosed**	**Not disclosed**
Surplus/(Deficit) to Secured Creditors		**Not disclosed**	**Not disclosed**
Estimated assets available for unsecured creditors	**L**	**Nil**	**Undetermined**

L. Notes to the estimated asset realisations

Notes to Summary of estimated asset realisations		
Note	**Category**	**Description**
A	Cash at bank	No cash was held by the Company on appointment of the Administrators
B	Debtors	Represents the collection of debtors recorded by the Company on appointment of Administrators
C	Share of JV bank accounts	Represents the Company's share of funds held in JV bank accounts
D	Inventory	Represents the estimated recoverable value of the inventory held by the Company on appointment of Administrators.
E	Administrators' trading receipts	Represents the value of the claims made by the Administrator for contract works carried out following their appointment, as well as proceeds from dry-hire and labour-hire agreements.
F	Other recoveries	Primarily relates to receipt of the tax refund from the ATO relating to the review of prior year tax returns carried out prior to the appointment of Administrators
G	Trading expenditure	Represents the trading expenditure incurred by the Administrators. Trading costs have been specifically allocated against the generation or realisation of circulating or non-circulating assets, and includes the costs of employees retained throughout the Administration period.
H	VA fees and disbursements	Represents fees and disbursements of the Administrators, which have been allocated against the generation or realisation of circulating or non-circulating assets based on the nature of the work conducted.
I	Priority Creditor (Employee) claims	The total value of claims received from the Company's employees as at the date of this report, which have not been formally adjudicated upon.
J	Interest in Bellamack	The Administrators' estimated value of the Company's interest in Bellamack has not been disclosed in this report due to commerciality reasons.
K	Plant and equipment (net of financier claims)	Represents the estimated recoverable value of the plant and equipment of the Company, net of the specific claims of equipment financiers. The Administrators are currently obtaining advice in relation to the validity of various PPSR charges registered by such financiers.
L	Estimated assets available for unsecured creditors	The Administrators anticipate that no funds will be available to unsecured creditors from the assets of the Company.