

13 August 2012

**TO CREDITORS**

Dear Sir/Madam

**D&G Hoists & Cranes (Aus) Pty Ltd  
(Administrators Appointed) (the Company)  
trading as D&G Verticon Hoist & Crane Hire  
ACN 136 357 054**

I advise that Andrew Saker and I were appointed as Joint and Several Administrators of the Company on 10 August 2012 pursuant to section 436A of the Corporations Act 2001 (the Act).

I now control the Company's operations and am assessing the Company's financial position. The Company's director has been requested to prepare a statement about the Company's business, property, affairs and financial circumstances as at the date of my appointment. I raise the following matters regarding the administration.

**1. FIRST MEETING OF CREDITORS**

I am required to call a first meeting of creditors within eight (8) business days of my appointment pursuant to Section 436E of the Act. The purpose of this meeting is to provide creditors with an opportunity to:

- Appoint a Committee of Creditors; and
- Appoint an alternative Administrator, if they so desire.

In this regard, I enclose the following documents:

- (a) Notice of Meeting of Creditors. *Please note that the meeting commences at 2:00pm (AWST). You should arrive for registration at least twenty (20) minutes prior to the commencement of the meeting.*
- (b) Informal Claim Form for Voting Purposes.

*A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Company or any lien over goods in their possession which are property of the Company.*

- (c) Appointment of Proxy form. *The form enables you to appoint a person to act on your behalf at the meeting.*
- (d) A publication of the Insolvency Practitioners Association of Australia (IPA) and the Australian Securities and Investments Commission concerning insolvency information for creditors.

The Informal Claim Form for Voting Purposes and Proxy form should be lodged with this office before the meeting and, in any event, no later than **5:00pm (AWST), 20 August 2012**. Forms can be sent by facsimile on (08) 9214 1400 marked to the attention of William Hulmes or scanned and emailed to [dghoists@fh.com.au](mailto:dghoists@fh.com.au). However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy form with the Administrators' office within 72 hours of lodging the faxed copy.

## **2. DECLARATION BY ADMINISTRATORS**

Pursuant to Sections 436DA(2) and (3) of the Act and the IPA Code of Professional Practice, I enclose the Joint and Several Administrators' 'Declaration of Independence, Relevant Relationships and Indemnities'.

## **3. TRADING**

At this stage, the Administrators intend continuing the Company's trading and draw your attention to the following.

### **3.1. Trading Accounts**

The Act provides that the Administrators are personally liable for liabilities arising from services rendered, goods bought or property hired, leased, used or occupied during the administration. Please note that the Administrators do not accept liability for any goods purchased or services rendered without:

- A purchase order authorised by one or more of the specified authorised signatories set out in the list accompanying this circular. Please note the authority limits; and
- A Tax Invoice. Where you do not provide a Tax Invoice, I am obliged by law to deduct 48.5% from any payment due and remit the amount to the Australian Taxation Office.

Please open a new account styled "D&G Hoists & Cranes (Aus) Pty Ltd (Administrators Appointed)", addressed to the Company's premises and charge future authorised orders to that account. Accounts will be paid in accordance with your usual terms of credit, or other credit terms agreed between you and the Administrators, provided the supply of goods or services has been properly authorised and the invoice value is the amount specified on the authorised order.

If there are any outstanding or unfulfilled orders placed by the Company prior to my appointment, including those under which there are goods in transit, please contact Lauren McCann of this office to obtain written confirmation that the order should proceed.

You may be aware that payment of unsecured creditors' accounts as at 10 August 2012, is postponed pending the outcome of the second meeting of creditors (see section 6 below).

### **3.2. Consignment Stock, Retention of Title and Liens/Pledges**

If you supplied consignment stock to the Company, or believe you provided stock subject to a 'Retention of Title' clause, please contact my office as a matter of urgency.

If you claim a lien/pledge over any of the Company's assets, you are asked to set out details of your claim in writing to the Administrators immediately.

### **3.3. Contracts/Agreements**

The Administrators expressly refrain from personally adopting any of the Company's contracts existing at the date of their appointment. All contracts are currently under review. The Administrators will advise the status of contracts as soon as practicable; that is, whether or not they remain on foot.

### **3.4. Property Used but Not Owned by the Company**

In accordance with section 443B of the Act, the Administrators' liability under hire purchase or leased agreements does not commence until seven days after the Administrators' appointment. Further, pursuant to section 440C of the Act, the lessor or owner of property in the Company's control is not entitled to take possession of such property without leave of the Court or the Administrators' written consent.

I will write separately to known lease and hire purchase creditors regarding such assets. Please contact this office if you do not receive my letter.

## **4. LEGAL PROCEEDINGS**

The appointment of Administrators stays a proceeding in a court against the Company. You cannot commence or continue a proceeding against the Company without my written consent or with the leave of the Court.

## **5. EMPLOYEES**

I have written separately to employees regarding the appointment of Administrators.

## **6. REPORT TO CREDITORS AND SECOND MEETING OF CREDITORS**

The Administrators will prepare a report to creditors under section 439A of the Act which will include details on the Company's business, property, affairs and financial circumstances.

A second meeting of creditors will be held on 14 September 2012 unless the Court extends this date. It is at this meeting that creditors will consider the Administrators' report and consider resolutions regarding the Company's future.

## **7. ADMINISTRATORS' REMUNERATION**

For the purposes of the Company's administration, the Administrators intend that their remuneration be fixed on the basis of time spent by them, and their staff of an appropriate level having regard to the nature and complexity of the work, and calculated by reference to hourly rates. Enclosed for your information are the following:

- Statement regarding remuneration setting out the four basic methods of calculating remuneration together with an explanation as to why hourly rates are appropriate in this administration
- Schedule of Rates and General Guide to Staff Experience

The Administrators will provide creditors with a remuneration report pursuant to section 449E of the Act with the report to creditors referred to in section 6 above.

An information sheet concerning approval of remuneration in external administrations can be obtained from [www.ipaa.com.au](http://www.ipaa.com.au) or through this office.

## **8. FURTHER INFORMATION**

For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com). Queries regarding the administration can be directed to either [dghoists@fh.com.au](mailto:dghoists@fh.com.au) or by telephone to 08 9214 1497 of this office.



**Martin Jones**  
Joint and Several Administrator  
D&G Hoists & Cranes (Aus) Pty Ltd

Encl.

**AUTHORISED SIGNATORIES**

**D&G HOISTS & CRANES (AUS) PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 136 357 054**

**SPECIMEN SIGNATURES**

Name: MARTIN JONES 

Name: ANDREW SAKER 

Name: SEAN POWELL 

Name: MALCOLM FIELD 

Name: KIERAN CHU 

**D&G HOISTS & CRANES (AUS) PTY LTD  
(ADMINISTRATORS APPOINTED) (THE COMPANY)  
ACN 136 357 054  
STATEMENT REGARDING REMUNERATION**

**A. REMUNERATION METHODS**

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

**Time based/hourly rates**

This is the most common method. The total fees charged is based on the hourly rate charged for each person who carries out the work multiplied by the number of hours spent by each person on each of task performed.

**Fixed fee**

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes, a practitioner will finalise an administration for a fixed fee.

**Percentage**

The total fee charged is based on a percentage of a particular variable such as the gross proceeds of asset realisations.

**Contingency**

The insolvency practitioner's fee is contingent on achieving a particular outcome.

**B. METHOD CHOSEN**

Time based remuneration is appropriate in this administration given:

- It ensures creditors are only charged for work performed;
- I am required to perform tasks unrelated to asset realisations; hence, fees solely based on asset realisation would be unrealistic; and
- I am unable to provide a reliable estimate of total fees to complete all tasks in the administration.

**C. FEE ESTIMATE**

I estimate fees for the administration of the Company's affairs at between **\$400,000** and **\$500,000**. Please note this is an estimate only and may vary materially given the circumstances of the administration.

Dated this 13<sup>th</sup> day of August 2012



**Martin Jones**  
Joint and Several Administrator

## SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Title	Rate (\$)	Experience
Partner/Principal/ Appointee	560	The Partner/Appointee is a registered liquidator and member of the ICAA and, generally, the IPA, bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at <a href="http://www.ferrierhodgson.com">www.ferrierhodgson.com</a>
Director	480	Generally, minimum of 12 years' experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and, generally, the IPA, with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	430	Generally, more than 7 years' experience with at least 2 years as a Manager. University degree; member of the ICAA and, generally, the IPA; very strong knowledge of relevant insolvency legislation and issues.
Manager	360	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and, generally, the IPA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	320	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	270	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	245	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	195	0 to 2 years' experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	170	0 – 1 years' experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.
Senior Secretary	160	Appropriate skills including machine usage.
Junior/filing	140	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

### Notes:

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to change from time to time. Disbursements are recovered on the following basis.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	35 cents a copy
Facsimile	At cost
Company Search	At cost
File Set up	At cost
Advertising	At cost
Storage	At cost
Couriers	At cost

Generally, the Partners of Ferrier Hodgson WA are members of the Insolvency Practitioners Association of Australia. Ferrier Hodgson follows the IPA Code of Professional Practice.

A copy of the IPA Code of Professional Practice may be found on the IPA website at [www.ipaa.com.au](http://www.ipaa.com.au).

**D&G HOISTS & CRANES (AUS) PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 136 357 054**

**DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES**

This document requires the practitioner/s appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
  - (i) the circumstances of the appointment;
  - (ii) any relationships with the Insolvent and others within the previous 24 months;
  - (iii) any prior professional services for the Insolvent within the previous 24 months;
  - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or upfront payments made, to the practitioner

This declaration is made in respect of ourselves, our partners and Ferrier Hodgson, and our firm, Ferrier Hodgson, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrators of the Company in accordance with the law and applicable professional standards. 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.

**A. Declaration of Relationships**

**(i) Circumstances of appointment**

We had one meeting with the Company's directors, Mr David Keating and Mr Gino (Luigi) DeCasare, on 9 August 2012 for the purpose of determining the solvency of the Company.

We received no remuneration for this advice. This meeting does not affect our independence for the following reasons:

Ferrier Hodgson's advice was limited to assessing the Company's financial position, the consequences of insolvency and restructuring options. Advice was given to the Company only. We did not advise the directors personally or others. The Courts and the IPA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or an impediment to accepting the appointment.

**(ii) Relevant relationships (excluding professional services to the Insolvent)**

D&G Hoists & Cranes (Aus) Pty Ltd was established to provide crane and hoist hire operations in New South Wales, Queensland and Victoria, complimenting the existing Western Australian business operated by D&G Hoists & Cranes Pty Ltd. The two companies have common directors and much of the administration of the Eastern States operations is carried out in Western Australia to benefit from various synergies. Martin Jones and Andrew Saker of Ferrier Hodgson were appointed as Voluntary Administrators to both of these companies on 10 August 2012. These relationships will not impede on the independence of administrators.

**(iii) No other relevant relationships to disclose**

There are no other known relevant relationships, including personal, business and professional relationships, within 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 a charge on the whole or substantially the whole of the Company's property that should be disclosed.

**B. Indemnities and upfront payments**

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any upfront payments in respect of our remuneration or disbursements.

Dated: 13 August 2012



**MARTIN JONES**  
Voluntary Administrator



**ANDREW SAKER**  
Voluntary Administrator

**NOTE:** *If circumstances change, or new information is identified, we are required under Section 436DA(5) of the Corporations Act 2001 and the IPA Code of Professional Practice to update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.*

*Any relationships, indemnities or upfront payments disclosed in the declaration must not be such that the practitioner is no longer independent. The purpose of components B and C of the declaration 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.*

**FORM 529A  
CORPORATIONS ACT 2001**

Reg 5.6.12(2)(b)

**D&G HOISTS & CRANES (AUS) PTY LTD  
(ADMINISTRATORS APPOINTED) (THE COMPANY)  
ACN 136 357 054**

**NOTICE OF FIRST MEETING OF  
CREDITORS OF COMPANY UNDER ADMINISTRATION**

1. Notice is given that on 10 August 2012, the Company, under Section 436A of the Corporations Act 2001, appointed Martin Jones and Andrew Saker of Ferrier Hodgson, Level 26, 108 St Georges Terrace, Perth WA 6000 as the Joint and Several Administrators of the Company.
2. Notice also is given that a meeting of the creditors of the Company will be held at the Mercure, 10 Irwin Street Perth WA 6000 at 2:00pm (AWST) on 22 August 2012.

***Please note that you should arrive for registration at least 20 minutes prior to the meeting.***

3. At the meeting, creditors will receive the Administrators' Declaration of Independence, Indemnities & Relevant Relationships.
4. The purpose of the meeting is to determine:
  - a. Whether to appoint a committee of creditors; and
  - b. If so, who are to be the committee's members.
5. At the meeting, creditors may also, by resolution:
  - a. Remove the Administrators from office; and
  - b. Appoint someone else as Administrator of the Company.

Pursuant to Corporations Regulations 5.6.13A, creditors attending the meeting telephonically are required to provide a written statement to the Administrators setting out the appointed proxy, the address and facsimile to which notices are to be sent, a telephone number at which the proxy may be contacted on and submit a proxy form with the Administrators by 4.00pm on the day prior to the meeting. Parties attending by telephone do so at their own cost and are not entitled to be reimbursed for any costs in attending.

Telephone No. (tollfree within Australia)	Passcode
1800 812 901	12444498

International callers should contact my office for tollfree international numbers.

DATED this 13<sup>th</sup> day of August 2012



**Martin Jones**  
Joint and Several Administrator

**INFORMAL PROOF OF DEBT FORM  
FOR CREDITORS**

**Regulation 5.6.47**

**D&G HOISTS & CRANES (AUS) PTY LTD  
(Administrators Appointed) (the Company)  
ACN 136 357 054**

Name of creditor: .....

Address 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)

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**Notes:**

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Joint and Several Administrators; or
- b. he or she has lodged with the Joint and Several Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security. Proxies must be made available to the Joint and Several Administrators.

