

ASX Announcement

AUSTRALIAN CAREERS NETWORK LIMITED (SUBJECT TO DEED OF COMPANY ARRANGEMENT) ACN 168 592 434

21 September 2018

Australian Careers Network Limited (ASX:ACO)

DOCA update: Deferral of Financial Reporting and Annual General Meeting Requirements

Australian Careers Network Limited (Subject to Deed of Company Arrangement) (**ACO**) wishes to announce that the Australian Securities and Investments Commission (**ASIC**) has granted an extension to the deferral of certain obligations of ACO in relation to financial reporting and annual general meetings (**AGMs**).

This extended deferral commenced on 21 September 2018 and will end on the earlier of 20 March 2020, or the date on which ACO ceases to be in external administration (the **Extended Deferral Period**).

1 Details of the extended deferral

The Extended Deferral Period granted by ASIC means that ACO does not have to comply with the following requirements under Part 2M.3 of the *Corporations Act 2001* (Cth):

- (a) report to members of ACO under section 314 within the time required by section 315;
- (b) send reports to members of ACO in accordance with a request under subsection 316(1) within the time required by subsection 316(2);
- (c) lodge reports with ASIC under subsection 319(1) within the time required by subsection 319(3);
- (d) lodge half-year reports with ASIC under subsection 320(1) within the time required by that subsection;
in relation to:
 - (e) the financial years ended 30 June 2016, 30 June 2017 and 30 June 2018;
 - (f) the half-years ended 31 December 2015, 31 December 2016 and 31 December 2017; and
 - (g) a financial year or half-year ending during the Extended Deferral Period.

ASIC has also extended the period within which ACO must hold its 2016, 2017, 2018 or 2019 AGMs until the date that is 2 months after the end of the Extended Deferral Period. Accordingly, if the Extended Deferral Period expires on 20 March 2020, then ACO must hold its 2016, 2017, 2018 and 2019 AGMs by 20 May 2020.

Further details of the deferral are set out in the attached ASIC instruments.

2 Reasons for the deferral

Since the appointment of external administrators on 21 March 2016, ACO took advantage of the temporary financial reporting relief available under ASIC Corporations (Externally-Administered Bodies) Instrument 2015/251 (the **Instrument**) to companies in external administration. However, the relief that is granted automatically under the Instrument expired on 21 September 2016. On 21 September 2016, ACO (by its then Voluntary Administrators) obtained a deferral of ACO's reporting obligations which expired on 21 September 2018. Prior to this expiration, ACO, by its Deed Administrators, sought a further 18-month deferral to 20 March 2020 to give the Deed Administrators further time to determine how the Deed of Company Arrangement will be effectuated.

The Deed Administrators of ACO consider that the Extended Deferral Period which has now been granted by ASIC is necessary because, among other things:

- the deferral of the financial reporting obligations will preserve the assets of ACO for the benefit of shareholders, creditors and other parties;
- the cost of complying with these obligations would ultimately be borne by the creditors and shareholders of ACO, at a time when the Deed Administrators are endeavouring to maximise the potential returns to creditors and shareholders;
- the appointment of the Deed Administrators continues to disrupt ACO's routine for complying with its financial reporting obligations; and
- the likelihood of existing creditors and members having an ongoing economic interest in ACO during and after the external administration is highly uncertain.

3. Update on the Administration

The Deed Administrators are still pursuing the most significant asset of ACO, being a significant claim for VET FEE-HELP by one of its subsidiaries, Phoenix Institute of Australia Pty Ltd (Subject to Deed of Company Arrangement) (**Phoenix**). The Deed Administrators are continuing to engage with the Commonwealth Department of Education and Training with a view to resolving the question of Phoenix's entitlements.

In addition, the Deed Administrators are dealing with a dispute involving proceedings commenced by the ACCC and the Commonwealth of Australia against Phoenix and Community Training Initiatives Pty Ltd (Subject to Deed of Company Arrangement) (**CTI**), another of ACO's subsidiaries, in the Federal Court of Australia. Those proceedings are ongoing as at the date of this announcement.

For further information, including information about the consequences of the external administration of ACO, please contact Ben Anderson of Ferrier Hodgson on 03 9604 5137.

END

**Australian Securities and Investments Commission
Corporations Act 2001 - Subsection 340(1) - Order**

Enabling legislation

1. The Australian Securities and Investments Commission (*ASIC*) makes this instrument under subsection 340(1) of the *Corporations Act 2001* (the *Act*).

Title

2. This Order is ASIC Instrument 18-0822.

Commencement

3. This instrument commences on the day it is signed.

Order

4. Australian Careers Network Limited (Subject to Deed of Company Arrangement) ACN 168 592 434 (the *Company*) does not have to comply with any of the following obligations under Part 2M.3 of the Act:

- (a) report to members of the Company under section 314 within the time required by section 315;
- (b) send reports to a member of the Company in accordance with a request under subsection 316(1) within the time required by subsection 316(2);
- (c) lodge reports with ASIC under subsection 319(1) within the time required by subsection 319(3);
- (d) lodge half-year reports with ASIC under subsection 320(1) within the time required by that subsection;

in relation to:

- (e) the financial years of the Company ended 30 June 2016, 30 June 2017 and 30 June 2018;
 - (f) the half-years of the Company ended 31 December 2015, 31 December 2016 and 31 December 2017; and
 - (g) a financial year or half-year of the Company ending during the deferral period. This paragraph applies until the last day of the deferral period.
5. The Company does not have to comply with an obligation under Part 2M.3 of the Act of a kind specified in paragraph 4 in relation to any earlier financial year or half-year of the Company but only to the extent that the Part would have imposed,

but for this paragraph 5, a continuing obligation on the Company from the date of appointment of the External Administrator. This paragraph applies until the last day of the deferral period.

Conditions

6. The Company:
 - (a) must comply with any obligation to which paragraphs 4 or 5 applies by no later than the last day of the deferral period;
 - (b) must arrange for a notice explaining the relief granted by this instrument to be published:
 - (i) both:
 - (A) in a prominent place on the Company's website (if any); and
 - (B) in a place that is readily accessible on a website maintained by the External Administrator or any external administrator appointed after the External Administrator; and
 - (ii) if the company is listed on a prescribed financial market—on a website maintained by the operator of the financial market;
 - (c) must have adequate arrangements in place to answer, within a reasonable period of time and without charge, any reasonable questions asked by a member of the Company about the external administration;
7. The Company need not comply with the condition specified in subparagraph 6(a) (other than an obligation under subparagraphs 4(c) and 4(d)) if, by no later than the last day of the deferral period, the Company arranges for a prescribed notice to be published:
 - (a) both:
 - (i) in a prominent place on the Company's website; and
 - (ii) in a place that is readily accessible on a website maintained by the External Administrator or any external administrator appointed after the External Administrator; and
 - (b) if the company is listed on a prescribed financial market—on a website maintained by the operator of the financial market;
8. This order will cease to apply in relation to a half-year or a financial year of the Company from the date of any failure to comply with a condition in paragraph 6 in relation to the half-year or the financial year.

Interpretation:

In this instrument:

deferral period means the period starting on 21 September 2018 and ending on whichever is the earlier of:

- (a) 20 March 2020; or
- (b) the date that the Company ceases to be under external administration.

external administration means where an external administrator has been appointed to the Company.

external administrator means:

- (a) an administrator of the Company appointed under s436A, 436B or 436C of the Act;
- (b) where the Company has executed a deed of company arrangement that has not yet terminated, the administrator of the deed appointed under Part 5.3A of the Act;
- (c) a provisional liquidator of the Company; or
- (d) a managing controller appointed in relation to property of the Company.

External Administrator means George Georges and John Lindholm appointed as joint and several administrators to the Company under subsection 436A of the Act on 21 March 2016.

prescribed notice means a notice that contains statements to the following effect:

- (a) the reports for the relevant financial year of the Company have been lodged with ASIC; and
- (b) the Company will send copies of the reports to a member of the Company free of charge if the member asks for the reports in writing; and
- (c) the reports are available for download on the relevant website together with a hypertext link to the reports.

Dated: 20 September 2018



Signed by Shaw Nomura
as a delegate of the Australian Securities and Investments Commission