



## THO SERVICES LIMITED (ADMINISTRATOR APPOINTED) ACN 000 263 678

### Administrator's Report to Creditors Pursuant to Section 439A of the Corporations Act

17 May 2016

#### **Paul Gerard Weston**

Voluntary Administrator

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| GLOSSARY OF TERMS        |   |
|--------------------------|---|
| Act                      | The Corporations Act 2001   |
| Administration           | Voluntary Administration as prescribed by Part 5.3A of the Corporations Act 2001                          |
| Administrators' Circular | Administrators' first circular to creditors dated 27 January 2016   |
| ASIC                     | Australian Securities & Investments Commission  |
| ATO                      | Australian Taxation Office  |
| ASX                      | Australian Stock Exchange   |
| Company                  | THO Services Limited (Administrator Appointed)  |
| Court                    | Supreme Court of NSW  |
| DOCA                     | Deed of Company Arrangement   |
| Directors                | Robert Critchley, Timothy Regan and Terrence O'Reilly   |
| DIRRI                    | Declaration Of Independence, Relevant Relationships and Indemnities                                       |
| Former Directors         | All persons that were directors of the Company at any time from the 8 April 2008, excluding the Directors |
| Liberty                  | Liberty Mutual Insurance Company  |
| NAB                      | National Australia Bank   |

|      |                                     |
|------|-------------------------------------|
| PPSA | Personal Property Security Act      |
| PPSR | Personal Property Security Register |
| PMSI | Personal Money Security Interest    |
| QBE  | QBE Global Casualty                 |

## 1. INTRODUCTION AND SCOPE OF REPORT

Geoffrey Trent Hancock and I were appointed Joint and Several Voluntary Administrators of the Company by its directors on 25 January 2016 in accordance with the provisions of section 436A of the Act. Mr Hancock resigned as Joint Administrator on 26 April 2016 and I remain as the sole Administrator of the Company.

The purpose of the appointment of an administrator is to allow for an independent insolvency practitioner to take control of and investigate the affairs of an insolvent company. During that time creditors' claims are put on hold. At the end of the period, the Administrator provides creditors with information and recommendations to assist creditors to decide upon the Company's future. The objective of Administration is to maximise the chances 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 is a report on the business, property, affairs and financial circumstances of the Company. The purpose of the report is to provide creditors with sufficient information for them to make an informed decision about the future of the Company, including:

- Background information about the Company;
- The results of my investigations;
- The estimated returns to creditors;
- Details of the proposed DOCA, if applicable; and
- The options available to creditors and my opinion on each of these options.

In the time available, I have investigated, amongst other things, the following to prepare this report and formulate my opinions:

- The business, property, affairs and financial circumstances of the Company;
- The reasons leading to my appointment as Voluntary Administrator;
- The claims of related parties;
- The claim against the Company made by the Commonwealth Australia and the availability of insurance cover for the Company should that claim be valid, in full or in part (see section 9 of this report);
- Potential recoveries available to a liquidator if the Company is placed into liquidation; and
- Proposals for DOCAs.

Due to the time constraints imposed under the voluntary administration regime there was insufficient time to undertake the following:

- Finalisation of my investigations relating to the availability of insurance cover to meet the claim made by the Commonwealth of Australia;
- The availability of a claim against the Directors and Former Directors of the Company where insurance cover is not available; and
- The availability of a claim against the Company's insurance broker or other advisors to the Company where insurance cover is not available.

However, in my opinion, the above matters have not prevented me from being able to provide sufficient, meaningful information in this report or from being able to form an opinion on what is in the creditors' best interests.

### 1.1. Extension of convening period

Pursuant to section 439A(1) of the Act, I am required to convene a second meeting of creditors within the convening period, which pursuant to section 439A(5)(b) is 20 business days after the date of administration, unless extended by the Court pursuant to section 439A(6). On 18 February 2016, I made an application to Court for an extension of the convening period for the second meeting. I made the application for the following reasons:

- To establish whether the Company is insured in respect of a claim of approximately \$13.46 million made by the Commonwealth of Australia against the Company;
- To enable me to properly consider and liaise with the proponent of a proposal for a DOCA (involving a recapitalisation of the Company), which I received, as well as any other parties in respect of further proposals for a DOCA.

On 18 February 2016, the Court granted an extension of the convening period until 17 May 2016. The Court also authorised me to hold a second meeting of creditors at any time during the extended convening period or within 5 business days after the expiry of the convening period, provided that at least 5 business days' written notice is given to creditors.

For the reasons set out later in this report, the issues which prompted me to seek an extension of the convening period in February 2016 remain largely unresolved. While I have an option to reapply to the Court for a further extension of the convening period, it is my view that making such an application was not in the best interest of the Company's creditors, for reasons including the following:

- Any further extension of the convening period requires, in my view, a deferral until the insurance position in respect of the Commonwealth Claim was known;
- I am not in a position to indicate to the Court with any degree of certainty how much longer I require to complete those investigations, due to the significant issues faced to date in furthering those investigations;
- It is not possible to estimate with certainty the likely costs of completing those investigations; and

- As detailed in this report (see section 10: Table 10A), there are insufficient funds with which to continue my investigations and indeed the Administration of the Company.

Consequently, I am of the view that creditors interests are better served by conducting the above issues through a DOCA, further details and explanation of which are provided in section 19 of this report.

## 2. EXECUTIVE SUMMARY

At the meeting of creditors to be held at the offices of Pitcher Partners on **Tuesday, 24 May 2016 at 11:30am**, creditors will be asked to make a decision by passing a resolution in respect of the options available to them:

- Whether it would be in the interests of creditors that the Company execute a DOCA; or
- Whether it would be in the interests of creditors that the administration of the Company end; or
- Whether it would be in the interests of creditors that the Company be wound up.

In the alternative creditors may wish to adjourn the meeting of creditors for a period of up to 45 business days to, for example, enable further investigation of the issues set out above, allow creditors to consider the matters in this report further, or, if any further DOCA proposals are put forward, to allow me and creditors an opportunity to consider any such proposals.

### 2.1. Recommendation

For the reasons stated in this report, I recommend that creditors resolve for the Company to execute a DOCA in accordance with the general terms set out in section 19 of this report.

### 2.2. Estimated Return to Creditors

Based on my investigations to date, the estimated return to the creditors of the Company is set out below:

| Liquidation         | Pessimistic<br>c/\$ | Optimistic<br>c/\$ |
|---------------------|---------------------|--------------------|
| Priority Creditors  | N/A                 | N/A                |
| Unsecured Creditors | Nil                 | Nil                |

| Deed of Company Arrangement | Pessimistic<br>c/\$ | Optimistic<br>c/\$ |
|-----------------------------|---------------------|--------------------|
| Priority Creditors          | N/A                 | N/A                |
| Unsecured Creditors         | Nil                 | 100                |



### 3. DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

As disclosed in the Administrators' Circular, I am not prohibited from accepting the position of Voluntary Administrator of the Company. Further, to the best of my knowledge, neither I, nor any partners of the firm of Pitcher Partners, have acted for the Company or the Directors in any capacity prior to the appointment. In accordance with the ARITA code, I am required to advise creditors whether there have been any changes to my DIRRI during the course of the Administration. I confirm that since my DIRRI attached to the Administrators' Circular, there have been no changes to my circumstances that would affect my independence.

### 4. STATUTORY INFORMATION

The following is a summary of the records maintained by ASIC and the PPSR:

| Statutory Information                                |  |
|--|--|
| Company Name   | THO Services Limited   |
| A.C.N.   | 000 263 678  |
| Date of Incorporation                                | 6 April 1959   |
| Registered Office and<br>Principal Place of Business | Suite 7 Level 6, 66 Hunter Street, Sydney NSW 2000   |
| Directors  | Robert Kerry Critchley - 30 May 2002 to present<br>Timothy John Regan - 1 February 2010 to present<br>Terrence Mortimer O'Reilly – 15 December 2011 to present |
| Secretary  | Timothy John Regan – 17 April 2014 to present  |
| Former Directors (in the previous 12 months)         | None   |
| Shareholders   | 115,174,424 ordinary shares with contributed equity of \$30,102,340  |
| Secured Parties                                      | Please refer to the attached schedule.   |
| Winding up Application                               | Not applicable   |

## 5. BACKGROUND AND REASONS FOR FAILURE

The Company was incorporated on 6 April 1959 as J.P. Cordukes Pty Limited and changed its name to Cordukes Limited on becoming a public company listed on the ASX. On 8 December 2005 the Company changed its name to Thomas & Coffey Limited and then to its current name, THO Services Limited, on 13 February 2014 following the sale of the majority of its operating assets and liabilities on 11 February 2014 (**Sale of Operations**). Further details of that sale are provided below.

### 5.1. Chairman's commentary

Details of the Company's more recent background and reasons for failure, summarised from the Chairman's comments provided in the Company's Annual and Half Year Reports, is set out below:

Since at least July 2012 and until the Sale of Operations, the Company (including its subsidiaries) undertook the following trading activities:

- Services for upgrade, repair and maintenance for major industrial and mining companies;
- Electrical and building services for facility maintenance industries; and
- Project contracting, design and construction, and project management.

The Company provided significant services to the coal mining sector, both in NSW and Queensland. During the year ended 30 June 2013, due to significant reductions in capital expenditure by the coal mining industry and similar sectors, brought about by the high Australian dollar and lower commodity prices, the maintenance service income was dramatically impacted which significantly affecting the overall performance of the Company.

Also during the year ended 30 June 2013, the Company ceased all remaining construction projects in NSW and its dedicated asbestos removal operation based in Brisbane was closed. Permanent employee headcount reduced from 920 to 703 during that year driven by reduced volumes and profit margins. These reductions and the Company's "fly in/fly out" maintenance service offering was able to offset some of resultant losses incurred.

By the end of the 2013 financial year, while the Australian dollar had improved the operating conditions for a number of the Company's current and potential clients, those clients remained cautious and margins remained tight. The Company incurred a loss of \$17.3M during the 2013 financial year.

In September 2013, following the breach of financial covenants and triggered events of default with its bank during the 2013 financial year, the bank formally advised the Company that it was not waiving the events of default and demanded repayment of \$400,000 by October 2013.

By October 2013, due to the above factors, the Directors were considering options for the Company going forward, including the potential sale of parts of the Company's business and/or its recapitalisation to enable debt reduction.

Due to difficult trading conditions, overhanging construction projects that required defect rectification and completion, and disproportionate overhead base, the Company could not continue to operate without a significant capital injection. Consequently, in November 2013, the Company entered into an agreement for the Sale of Operations, which involved:

- The transfer of the majority of its operating assets and liabilities of the Company to a wholly owned subsidiary, T & C Services Pty Limited, and the subsequent sale of that subsidiary's shares to ATIVO Limited (**the Skilled Group**);
- The change of name of Thomas & Coffey Limited to THO Services Limited with effect from the completion of that sale on 11 February 2014; and
- The transfer of the large majority of the workforce to the Skilled Group.

Following the Sale of its Operations, and the completion of the Company's remaining projects in the year ended 30 June 2014, the Directors worked towards collecting outstanding receivables, paying remaining due and payable debts, attending to resolution of a litigation matter with a Queensland contractor, and liaising with contractors concerning the release of guarantees following the expiry of defect liability periods.

## 5.2. Reasons for Administration of the Company

In August 2015, the Company received formal notification of a claim from the Commonwealth of Australia regarding a contract that commenced on 8 April 2008 (**Commonwealth Contract**) and completed in 2009 (**Commonwealth Claim**). The Company notified two of its insurers in respect of the claim, being Liberty in relation to Professional Indemnity (**PI**) and QBE in relation to Public and Products liability (**PPL**).

On 15 September 2015, Liberty informed the Company that cover is not available under the PI policy for at least 97% of the claim. However, by January 2016, despite regular requests for a response from the Company's QBE, no decision had been made by QBE in relation to the availability of cover. The Company was in the meantime incurring legal costs in relation to defending the Commonwealth Claim as well as claims instigated by WorkCover NSW. Consequently, on 21 January 2016, the Directors resolved that the Company was likely to become insolvent at a future time and placed the Company into Administration to preserve the position where possible.

Further information concerning the Commonwealth Claim and the claims by WorkCover NSW are provided in sections 9 and 8.7 of this report respectively.

My investigations to date have not identified any other reasons for the failure of the Company.

## 6. SALE OF OPERATIONS

I have undertaken a review of the disbursement of the Sale of Operations' consideration and provide below in Table 6A a summary of my findings. My review does not include an audit of the information which was obtained from the Company's financial records, including working papers prepared at the time of the transaction.

| Table 6A   |                 |   |
|--|-----------------|---|
| Inflows  | \$'000          | Comments  |
| Sale consideration                                       | 27,194          | Obtained from settlement statement  |
| Sale consideration - QLD debtors assigned                | 6,306           | Obtained from settlement statement  |
| Sale consideration - sale of Fixed Assets                | 45              | Realisable amount based on 10% of the net book assets as at 30 September 2013.  |
| Other  | 24              | Interest and GST shown in the cash flow forecast for November 2015 - January 2016   |
| <b>Total Inflows</b>                                     | <b>33,569</b>   |   |
| Outflows   |                 |   |
| Bank & Bills   | (15,469)        | Obtained from 13 February 2014 Special Purpose Audited Financial Statements (FebSPFS)   |
| Convertible Notes  | (3,799)         | Obtained from FebSPSF   |
| Working Capital (ongoing operations)                     | (4,020)         | Estimate of ongoing working capital requirements to finalise operations, obtained from finalisation plan in books and records of Company  |
| Redundancy Costs   | (854)           | Obtained from Company's Wind down plan and budget. Provision of \$659K in FebSPSF   |
| Lease settlements  | (1,578)         | Based on lease residual analysis as at 30 June 2016   |
| Wind Down Costs  | (2,803)         | Relating to insurance costs, bonds/BG settlement costs, employment expenses, chairman's accrued fees (\$179k), audit and ASX fees, management services (Skilled) and sundry office expenses |
| Incentive plans  | (481)           | For senior staff members at projects to finalise defects and facilitate release of guarantees   |
| Working capital risk                                     | (1,970)         | Bad debts and non-recoverable WIP (relating to QLD debtors assigned)  |
| Baron Partners Transaction fees                          | (400)           | Consultant's costs associated with the sale   |
| <b>Total Outflows</b>                                    | <b>(31,372)</b> |   |
| <b>Net Cash Inflow/(Outflow)</b>                         | <b>2,197</b>    |   |
| Difference in outflows                                   | (448)           |   |
| <b>Cash and receivables as at 30 June 2015</b>           | <b>1,749</b>    | <b>Per audited financial statements</b>   |
| Losses incurred 1 July 2015 to 31 December 2015          | (582)           | Per audited financial statements for half year ended 31 December 2015   |
| Reduction in liabilities 1 July 2015 to 31 December 2015 | (407)           | Per audited financial statements for half year ended 31 December 2015   |
| Increase in receivables/difference                       | 64              | Per audited financial statements for half year ended 31 December 2015   |
| <b>Cash and receivables as at 30 December 2015</b>       | <b>824</b>      | <b>Per audited financial statements for half year ended 31 December 2015</b>  |
| <b>Cash and receivables as at date of Administration</b> | <b>674</b>      | <b>Amount held in NAB accounts as at date of Administration</b>   |

My review has not identified any material payments to related parties or shareholders from the Sale of Operations consideration.

## 7. HISTORICAL FINANCIAL POSITION AND PERFORMANCE

The last set of financial accounts that were prepared for the Company was in relation to the half financial year ended 31 December 2015. While I have not audited the figures provided to me, the financial statements were subject to an audit undertaken by the Company's auditors, RSM.

### 7.1. Balance Sheet

A summary of the Company's audited balance sheets are set out in Table 7A.

| Table 7A<br>Balance sheets | Audited financial statements as at : |               |               |              |              |              |              |
|----------------------------|--------------------------------------|---------------|---------------|--------------|--------------|--------------|--------------|
|                            | 30/06/2013                           | 31/12/2013    | 3/02/2014     | 30/06/2014   | 31/12/2014   | 30/06/2015   | 31/12/2015   |
|                            | \$                                   | \$            | \$            | \$           | \$           | \$           | \$           |
|                            | \$'000                               | \$'000        | \$'000        | \$'000       | \$'000       | \$'000       | \$'000       |
| Current Assets             | 41,301                               | 50,058        | 39,479        | 8,440        | 2,939        | 1,873        | 926          |
| Non-Current Assets         | 17,822                               | 7,082         | 7,233         | 614          | 478          | 414          | 373          |
| <b>Total Assets</b>        | <b>59,123</b>                        | <b>57,140</b> | <b>46,712</b> | <b>9,054</b> | <b>3,417</b> | <b>2,287</b> | <b>1,299</b> |
| Current Liabilities        | 53,605                               | 53,164        | 35,408        | 6,470        | 1,548        | 891          | 484          |
| Non-Current Liabilities    | 5,459                                | 289           | 333           | -            | -            | -            | -            |
| <b>Total Liabilities</b>   | <b>59,064</b>                        | <b>53,453</b> | <b>35,741</b> | <b>6,470</b> | <b>1,548</b> | <b>891</b>   | <b>484</b>   |
| <b>Net Assets</b>          | <b>59</b>                            | <b>3,687</b>  | <b>10,971</b> | <b>2,584</b> | <b>1,869</b> | <b>1,396</b> | <b>815</b>   |

I make the following comments in relation to the Company's financial position as at the respective dates:

- The significant reduction of current assets and liabilities between 3 February 2014 and 30 June 2014 relates to the Sale of Operations.
- Current assets as at 3 February 2014 consisted of trade and other receivables of \$35.993M, inventories of \$3.468M and cash of \$18,000. Trade and other receivables included amounts due from the Sale of Operations.
- Current assets as at 30 June 2014 consisted of cash (including cash term deposits supporting guarantees) of \$7,602M, trade and other receivables of \$353,000, inventories of \$364,000 and prepayments of \$120,100.
- By 30 June 2015, assets (current and non-current) had reduced by \$6.767M on the prior year and liabilities had reduced by \$5,579M. The difference of \$1,188M relates to losses incurred during the financial year (see section 7.2 below).

- In line with the summary provided in section 5 of this report, the Company experienced working capital difficulties during the year ended 30 June 2013. As at 30 June 2013 the Company had a current ratio of 0.94. Immediately prior to the sale, due to the recognition of a gain on the Sale of Operations of \$8.986M (and the equivalent increase in current assets) the Company returned to a working capital surplus position, indicated by a working capital ratio of 1.11 and maintained this position until the date of the Administration.
- The Company maintained a positive net asset position during the period of my review.

## 7.2. Profit and Loss Statement

A summary of the Company's audited profit and loss statements are set out in Table 7B.

| Table 7B<br>Profit and loss statements |  |                |                |                |              |                |              |
|--|--|----------------|----------------|----------------|--------------|----------------|--------------|
|  | Audited financial statements for the year ended: |                |                |                |              |                |              |
|  | 30/06/2013                                       | 31/12/2013     | 3/02/2014      | 30/06/2014     | 31/12/2014   | 30/06/2015     | 31/12/2015   |
|  | \$<br>\$'000                                     | \$<br>\$'000   | \$<br>\$'000   | \$<br>\$'000   | \$<br>\$'000 | \$<br>\$'000   | \$<br>\$'000 |
| Revenue                                | 194,882  | 78,252         | 162,214        | 93,288         | 426          | 486            | 15           |
| Gain on Sale of Operations             |  |                | 8,986          | 11,362         |              |                |              |
| <b>Total Income</b>                    | <b>194,882</b>                                   | <b>78,252</b>  | <b>171,200</b> | <b>104,650</b> | <b>1,142</b> | <b>486</b>     | <b>15</b>    |
| Expenditure (including income tax)     | (204,130)  | (81,232)       | (169,715)      | (101,411)      | (1,857)      | (1,674)        | (597)        |
| <b>EBITDA<sup>2</sup></b>              | <b>(9,248)</b>                                   | <b>(2,980)</b> | <b>1,485</b>   | <b>3,239</b>   | <b>(715)</b> | <b>(1,188)</b> | <b>(582)</b> |
| Losses from discontinue operations     | (1,111)  | -              | -              | -              | -            | -              | -            |
| Income tax (expense)/benefit           | (6,931)  | 6,630          | 6,630          | -              | -            | -              | -            |
| <b>Total Net Profit/(Loss)</b>         | <b>(17,290)</b>                                  | <b>3,650</b>   | <b>8,115</b>   | <b>3,239</b>   | <b>(715)</b> | <b>(1,188)</b> | <b>(582)</b> |

I make the following comments in relation to the Company's financial performance.

- In line with the summary provided in section 5 of this report, the Company experienced significant losses during the year ended 30 June 2013 due to:
  - the maintenance service income being detrimentally impacted following significant reductions in capital expenditure by the coal mining industry;
  - the cessation of all remaining construction projects in NSW and the closure of its dedicated asbestos removal operation based in Brisbane;
  - the difficult trading conditions and overhanging constructions projects that required defect rectification and completion; and
  - the overhead base being disproportionate to income levels.
- Following the Sale of Operations, the Company recognised a total gain of \$11.362M during the year ended 30 June 2014.
- The Company continued to make losses following the Sale of Operations through the completion of final projects, the payment of employee termination payments and the payment of consulting fees.

I provide in Table 7C, a summary of the remuneration and consulting fees that were paid to directors and related parties during the periods analysed.

| <b>Table 7C<br/>Summary of<br/>remuneration and<br/>consulting fees</b> |                               |                |                         |                      |                                   |                           |                      |
|---|-------------------------------|----------------|-------------------------|----------------------|-----------------------------------|---------------------------|----------------------|
|   | Cash Salary<br>and fees<br>\$ | Bonus<br>\$    | Non -<br>monetary<br>\$ | Superannuation<br>\$ | Long Service<br>Leave/Other<br>\$ | Equity -<br>settled<br>\$ | Total<br>\$          |
| <b>2013</b>   |                               |                |                         |                      |                                   |                           |                      |
| Non-Executive<br>Directors  | 366,358                       |                |                         | 32,976               |                                   | 36,667                    | 436,001              |
| Executive Directors   | 592,020                       | 175,000        | 20,167                  | 16,470               |                                   | (58,256)                  | 745,401              |
| Other Key<br>Management<br>Related-Party<br>Consulting Fees             | 1,689,833<br>52,444           | 40,000         | 101,499                 | 80,239               | 51,014                            | 44,705                    | 2,007,290<br>52,444  |
| <b>Subtotal</b>   | <b>2,700,655</b>              | <b>215,000</b> | <b>121,666</b>          | <b>129,685</b>       | <b>51,014</b>                     | <b>23,116</b>             | <b>3,241,136</b>     |
| <b>2014</b>   |                               |                |                         |                      |                                   |                           |                      |
| Non-Executive<br>Directors  | 176,964                       |                |                         | 16,369               |                                   |                           | 193,333              |
| Executive Directors   | 254,948                       |                | 6,518                   | 11,761               |                                   | (9,553)                   | 263,674              |
| Other Key<br>Management<br>Related-Party<br>Consulting Fees             | 706,053<br>288,750            | 50,000         | 44,011                  | 49,392               | (10,568)                          | 203,272                   | 1,042,160<br>288,750 |
| <b>Subtotal</b>   | <b>1,426,715</b>              | <b>50,000</b>  | <b>50,529</b>           | <b>77,522</b>        | <b>-</b>                          | <b>10,568</b>             | <b>1,787,917</b>     |
| <b>2015</b>   |                               |                |                         |                      |                                   |                           |                      |
| Non-Executive<br>Directors  | 154,610                       |                |                         | 45,390               |                                   |                           | 200,000              |
| Related-Party<br>Consulting Fees  | 221,464                       |                |                         |                      |                                   |                           | 221,464              |
| <b>Subtotal</b>   | <b>376,074</b>                | <b>-</b>       | <b>-</b>                | <b>45,390</b>        | <b>-</b>                          | <b>-</b>                  | <b>421,464</b>       |
| <b>TOTAL</b>  | <b>4,503,444</b>              | <b>265,000</b> | <b>172,195</b>          | <b>252,597</b>       | <b>40,446</b>                     | <b>216,835</b>            | <b>5,450,517</b>     |



## 8. CURRENT FINANCIAL POSITION

In accordance with section 438B(2) of the Act, a director of a company in administration is to provide the Voluntary Administrator with a statement regarding the business, property, affairs and financial circumstances of the Company as at the date of appointment (**the Statement**).

The Director has completed a questionnaire in relation to the affairs of the Company and the Statement. A summary of the Statement together with the Administrator's estimate of values is shown in Table 8A.

| Table 8A<br>Directors' Statement       |       | Directors' Book<br>Value | Directors'<br>Estimated<br>Realisable Value | Administrator's<br>Estimated<br>Amount |
|--|-------|--------------------------|---|--|
|  | Notes | \$                       | \$  | \$                                     |
| <i>Assets Not Specifically Charged</i> |       |                          |   |  |
| Cash at Bank                           | 8.1   | 671,947                  | 671,947                                     | 673,587                                |
| Debtors                                | 8.2   | 69,835                   | 69,835                                      | 14,657                                 |
| Other Assets                           | 8.3   |                          |   | 3,338                                  |
| <b>Total Assets</b>                    |       | <b>741,782</b>           | <b>741,782</b>                              | <b>691,582</b>                         |
| <i>Liabilities</i>                     |       |                          |   |  |
| Secured Creditor                       | 8.4   |                          |   |  |
| Unsecured Creditors                    | 8.6   | 328,194                  | 328,194                                     | 439,285                                |
| Contingent Creditors                   | 8.7   | 208,483                  | 208,483                                     | uncertain                              |
| <b>Total Liabilities</b>               |       | <b>536,677</b>           | <b>536,677</b>                              | <b>439,285</b>                         |
| <b>Estimated Surplus/(Deficiency)</b>  |       | <b>205,105</b>           | <b>205,105</b>                              | <b>252,296</b>                         |

I provide below my commentary in relation to the Statement and my estimates of applicable amounts.

### 8.1. Cash at Bank

As at the date of the Administration funds totalling \$742,915 were held in bank accounts with the NAB. To date \$542,915 has been received into the account held for the purposes of the Administration. The remaining balance of \$200,000 is held in a term deposit account and is being retained by the NAB as security against outstanding guarantees and amounts due to the NAB relating to historical unclaimed charges. As the NAB hold a registered general security agreement in relation to the Company, it is entitled to receive payment of its outstanding charges from the funds held and ahead of other creditors. A summary of the position, as at the date of this report, concerning the recoverability of the \$200,000 is provided in Table 8B below. It is estimated that a total of \$673,587 will be received in relation to cash held as at the date of the Administration.

| Table 8B                         |                |   |
|----------------------------------|----------------|---|
| Estimated cash at bank           | Amount         | Notes   |
|                                  | \$             |   |
| NAB - Cash at Bank (realised)    | 542,915        |   |
| NAB - Cash at Bank (to realise)  | 904            |   |
| Term Deposit                     | 200,000        | Outstanding bank guarantees of \$110,805 secured against the term deposit to be finalised |
| Less NAB Charges                 | (64,028)       |   |
| Less Defects                     | (6,204)        |   |
| <b>Estimated Realisable Cash</b> | <b>673,587</b> |   |

## 8.2. Debtors

The Directors' estimate for debtors relates to amounts receivable from the ATO for GST refunds due to the Company of \$69,835. These amounts were received prior to the date of the Administration and are included in the cash at bank amount set out in section 8.1 above. An additional debtor amount of \$14,657 relating to an outstanding retention was identified during the period of the Administration and has been recovered in full.

## 8.3. Other Assets

Refunds of a general nature totalling \$3,338 have been received during the Administration period.

The Company has spent funds in excess of \$300,000 responding to the Commonwealth Claim. In the event that a valid insurance policy is responsive to that claim, there may be some prospect of recovering some or all of those costs.

The Company has a claim against a former sub-contractor, Cameron Investments Pty Limited trading as Hydro-Wash, totalling \$89,195.50 (**the Hydro-Wash Claim**). The Hydro-Wash Claim is comprised of \$23,762.25 as moneys owing under a contract, or alternatively as damages for breach of contract, consisting of \$39,697.50 costs for remedying defects, less retentions of \$15,935.25 held by the Company; and \$65,433.25 as moneys owing under a contract, or alternatively as damages for breach of contract, representing costs for remedying further defects, replacement of materials and systems not fit for purpose. The Company also seeks relief for the payment of interest and costs.

Prior to my appointment, the Company's solicitors retained in respect of this claim served an unfiled statement of claim prior to my appointment Hydro-Wash's lawyers, who I understand have rejected the claim and denied liability. I have obtained advice in respect of the Hydro-Claim and I am presently reviewing the commerciality of pursuing the claim further, including the filing of the draft statement of claim.

#### 8.4. Secured creditors

A summary of the security interests registered on the PPSR are set out at **Annexure B** of this report. There are 135 registrations, however, only the NAB has a general security interest and all other registrations relate to specific goods. With the exception of the NAB's security interest, I understand that all other security interests should have been removed from the PPSR due to the relative debt being discharged or the specific equipment being transferred to the Skilled Group following the Sale of Operations. Accordingly, I have issued amendment notices to each of the holders of security interests to allow for respective interest to be removed. Should the Company proceed to recapitalisation, it will be necessary to ensure that all security interests are discharged.

#### 8.5. Priority Creditors

I am not aware of any priority unsecured claims against the Company.

#### 8.6. Unsecured Creditors

A summary of the unsecured claims against the Company are set in Table 8C below.

| Table 8C<br>Ordinary unsecured claims | Directors'<br>Amount | Administrator's<br>Amount |
|---------------------------------------|----------------------|---------------------------|
| Claimant                              | \$                   | \$                        |
| ATO                                   | -                    | 14,262                    |
| Trade Creditors                       | 313,810              | 362,975                   |
| Unclaimed Dividends                   | -                    | 47,664                    |
| Related Party Claims                  | 14,384               | 14,384                    |
| <b>TOTAL</b>                          | <b>328,194</b>       | <b>439,285</b>            |

## 8.7. Contingent Creditors

I provide below in Table 8D details of contingent creditors as detailed on the Statement and as notified to me by the respective creditor.

| Table 8<br>Contingent claims         | Directors'<br>Amount | Proof of debt or<br>notified amount |
|--------------------------------------|----------------------|-------------------------------------|
| Claimant                             | \$                   | \$                                  |
| Commonwealth Government              | -                    | 13,465,278                          |
| Arron Mockton (Bressington Partners) | -                    | 238,852                             |
| Owners Corporation (Strata)          | -                    | 43,855                              |
| WorkCover NSW                        | unknown              | unknown                             |
| Bank guarantees                      | 110,805              | -                                   |
| Unpaid dividends                     | 47,678               | -                                   |
| General provision for defects        | 50,000               | -                                   |
| <b>TOTAL</b>                         | <b>208,483</b>       | <b>13,747,985</b>                   |

I provide below my commentary in relation to the claims of contingent creditors.

### Commonwealth Claim

- Please refer to my comments in section 9 of this report.

### Arron Mockton

- Claim to be dealt with under Company's workers compensation policy.

### Owners Corporation

- Defect claim made in relation to prior project.

### WorkCover NSW

- As at the date of the Administration the Company was subject to two claims by WorkCover NSW.
- The first of the proceedings relates to a former employee whom sustained injuries whilst using welding equipment. On 15 February 2016, the Court ordered that no conviction be recorded and no fine be payable by the Company. WorkCover NSW has since advised that it intends to appeal the decision, although to date no notice of an appeal date has been received.

- The second proceedings also relates to an employee whom sustained injuries while carrying out testing and maintenance works. This matter is yet to be heard. Due to the costs of defending the claim and the uncertainty of dividend, on 22 February 2016, I made an application to the Court for a stay of the proceeding, which was granted until 30 May 2016.

#### **Bank guarantees**

- See section 8.1 of this report. Payments of amounts guaranteed by the NAB in respect of completed projects due to defects may result in a reduction of cash held in term deposit. It is current anticipated that guarantees totalling \$104,601 will be released.

#### **Unpaid dividends**

- Uncashed dividend cheques. Amount included in Administrator's amount for ordinary unsecured creditors.

#### **General provision for defects**

- Specific claim made by Owners Corporation claim above. No other claims for defects made against Company, except where specified in this report.

## **9. COMMONWEALTH CLAIM**

As set out in section 5.2 of this report, in August 2015, the Company received formal notification of the Commonwealth Claim. The claim currently stands at \$13,465,278 and relates to compensation for loss and damage suffered as a result of alleged breaches by the Company under the Commonwealth Contract.

### **The Arbitration**

The Company is subject to an arbitration proceeding in relation to the Commonwealth Claim, which unlike a proceeding issued in a court, is not automatically stayed pursuant to s.440D(1) of the Act. Consequently, while awaiting a decision as to insurance cover from QBE, it was necessary to participate in the arbitration proceeding and defend the claim as a "prudent insured" in order to avoid any risk that, by failing to participate in the arbitration, the company would have prejudiced any possible indemnity under the company's insurance policies. This work primarily included:

- Being represented at a case management conference and preparing for same;
- Responding to the Commonwealth's notice to produce;
- Preparing any objections to requests to produce documents and reviewing and responding to objections by the Commonwealth; and
- Agreeing a document management protocol.
- Obtaining advice and representation ancillary to the above, including advice in respect of the arbitration and concerning my obligations and duties relative to the company's role as an insured.

Due to:

- The significant costs being incurred in complying with timetable set down by the International Arbitration Court;
- The refusal of the Commonwealth to agree to a deferral of the proceeding timetable;
- The uncertainty of cover available under an insurance policy; and
- The limited funds available in the Administration to meet ongoing arbitration proceeding costs;

on 3 March 2016, I made an application to the Court for an order that, pursuant to section 447A of the Corporations Act, Part 5.3A of the Act operate in relation to the Company as if, for the purpose of section 440D(1), a "proceeding in a court" included an arbitration proceeding, to the intent that section 440D(1) applies to the arbitration proceeding between the Company and the Commonwealth (**the Application**).

The Commonwealth opposed the Application and a contested hearing took place on Thursday, 17 March 2016. On Monday, 21 March 2016, the Court delivered judgment determining my application to be successful and granting the relief I sought. From the date of that decision, the arbitration has been stayed by operation of section 440D(1) of the Act.

#### Insurance requirements under the Commonwealth Contract

I have undertaken a review of the Commonwealth Contract and I understand that the Company was required to obtain insurance in respect of:

- Construction Risks. Such coverage was required to include (for example) loss or damage to the construction works which arose from any act or omission of the Company from an even which occurred prior to the issuing of the notice of completion in respect of the construction.
- Public liability.
- Workers compensation.

No insurance was required to be obtained by the Company under the terms of the Commonwealth Contract in respect of Errors and Omissions insurance or PI insurance, although I have been able to establish that PI insurance was obtained by the Company in any case.

#### The Company's insurance policies

My review of the information contained in the Company's records, and the documents which have been sourced from various investigations and enquiries I have undertaken, indicate that insurance may have been obtained in accordance with the Company's obligations under the Commonwealth Contract. My enquiries show that the Company had various insurance policies at the relevant times, including:

- Contract Works; and
- Industrial Special Risks.

As at the date of this report I have been unable to determine whether:

- The Company complied with its insurance obligations under the Commonwealth Contract;
- The Company has insurance which may respond to the Commonwealth Claim.

During the Administration I have taken the following steps to endeavour to resolve those questions:

- Undertaken a review of the Company's books and records, including electronic records held on the Company's server;
- Held meetings with the Directors;
- Held a meeting with the Company's former CFO;
- Held a meeting and made numerous enquiries with Coverforce, the Company's insurance broker;
- Engaged Arthur J Gallagher, an independent insurance broker, to obtain all insurance policies held by the Company (current and historical from 2008) and to undertake a review of policies that may be relevant to the Commonwealth Claim;
- Obtained legal advice concerning the Company's insurance policies and information in respect of the Company's insurance policies.

### Insurance claims made

The Company notified two of its insurers in respect of the claim, being Liberty and QBE.

On 15 September 2015, Liberty informed the Company that cover is not available under the PI policy for at least 97% of the claim.

As at the date of the Administration, the Company had still not received notification from QBE as to whether the Company was indemnified in respect of the Commonwealth Claim by the PPL policy. On 11 March 2016, Barry Nilsson, solicitors acting for QBE, the Company's PL insurer, wrote to advise that cover was denied in respect of the Commonwealth Claim due to certain exclusions in the policy. I subsequently sought legal advice in relation to the declination of cover and I am of the view that there is no benefit in pursuing the QBE policy further.

### Current position

Presently there are a number of issues and uncertainties in respect of the Commonwealth Claim that, until resolved, prevent me from providing an estimate to the creditors of the Company as to any return. For instance, the Commonwealth Claim involved complicated legal and factual questions relating to causation. There are also unresolved questions regarding the quantum of the Commonwealth Claim.

Notwithstanding those matters, should a valid and current (for claims purposes) insurance policy be located, then those issues and uncertainties may be resolved insofar as those issues affect the Administration and the future of the Company. Consequently, it is my view that a DOCA in the manner set out in Section 19 of this report would be in the best interests of creditors, including contingent creditors.

## 10. RECEIPTS AND PAYMENTS

A summary of receipts and payments, prepared as at 13 May 2016 for the period 25 January 2016 to 13 May 2016 is annexed to the Remuneration Report attached as **Appendix C** and shows a balance in hand of \$208,919.

I estimate that the final cash position in respect of the Administration will be as follows:

| Table 10A<br>Estimated cash position                             |  | Current<br>Position<br>\$ | Unpaid Costs<br>Incurred<br>\$ | Future<br>Estimated<br>Receipts<br>/Costs<br>\$ | Total<br>\$     |
|--|--|---------------------------|--------------------------------|---|-----------------|
| Receipts per receipts and payments account                       |  | 560,910                   | -                              | 130,672   | 691,582         |
| Legal fees by category of task:                                  |  |                           |                                |   |                 |
| Arbitration proceeding   |  | 93,438                    | -                              | -   | 93,438          |
| ASX compliance   |  | 2,440                     | 210                            | -   | 2,650           |
| DOCA proposal  |  | 2,566                     | 3,908                          | 26,000  | 32,474          |
| Commonwealth Claim   |  | 20,162                    | 10,968                         | 2,000   | 33,130          |
| Disbursements (Counsel fees)                                     |  | 25,994                    | 58                             | -   | 26,052          |
| Commonwealth Proof of Debt adjudication                          |  | 1,607                     | 2,921                          | 17,000  | 21,528          |
| Application for extension of convening period                    |  | 18,703                    | -                              | -   | 18,703          |
| General legal issues   |  | 25,296                    | 17,681                         | 10,000  | 52,977          |
| PPSR   |  | 3,649                     | 6,645                          | 10,000  | 20,294          |
| Stay of Arbitration proceeding                                   |  | 72,400                    | 1,175                          | -   | 73,575          |
| WorkCover NSW  |  | -                         | 25,514                         | -   | 25,514          |
| <b>Total estimated legal costs</b>                               |  | <b>266,255</b>            | <b>69,080</b>                  | <b>65,000</b>                                   | <b>400,335</b>  |
| Balance after legal costs  |  | <b>294,655</b>            | <b>(69,080)</b>                | <b>65,672</b>                                   | <b>291,247</b>  |
| Other costs:   |  |                           |                                |   |                 |
| Administrators fees  |  |                           | (165,448)                      | (15,000)  | (180,448)       |
| Other costs per receipts and payments/estimated                  |  | (53,745)                  | (23,140)                       | -   | (76,885)        |
| Balance after other costs  |  | <b>240,910</b>            | <b>(257,668)</b>               | <b>50,672</b>                                   | <b>33,914</b>   |
| Balance after other costs if guarantees not recovered            |  |                           |                                |   | <b>(70,687)</b> |
| <b>Note: subject to all remaining guarantees being recovered</b> |  |                           |                                |   |                 |

Creditors should note that predominantly due to the legal costs incurred and necessitated by the Commonwealth Claim that, in circumstance where bank guarantees are not released, there are currently insufficient funds to pay the estimated costs of Administration.



## 11. BOOKS AND RECORDS

In accordance with section 286 of the Act, a company must maintain financial records that correctly record and explain its transactions and financial position and performance. Failure to maintain books and records in accordance with section 286 of the Act provides a rebuttable presumption of insolvency.

This presumption can 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 from related entities.

Based on the information provided, it is my opinion that the Company maintained adequate books and records in accordance with section 286 of the Act.

## 12. RELATED ENTITIES

My investigations to date have identified one claim totalling \$14,384 from a related entity. Details of the related entity claim is set out below:

| Rawina Pty Limited                          |  |
|---|--|
| Relationship                                | Director   |
| Quantum of Claim                            | \$14,384   |
| When the Debt was Incurred                  | 1/1/2016 - 25/1/2016   |
| How the Debt was Incurred                   | Consulting fees  |
| Administrators' Process to Verify the Claim | Adjudication of proof of debt, review of contract and books and records of Company |

Should the Company be placed into liquidation and sufficient funds be realised to make a distribution to creditors, the related entity will be required to prove any outstanding claim.

### 13. VOIDABLE TRANSACTIONS

Pursuant to Part 5.3A of the Act, I am required to give creditors an opinion as to whether there are transactions that appear 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.

I have reviewed the Company's banking and financial records and have held discussions with the Robert Critchley, a director of the Company, to ascertain if there may be any voidable transactions that may be recoverable by a liquidator. Voidable transactions include:

- Unfair preferences.
- Uncommercial transactions.
- Unfair loans.
- Unreasonable director related transactions.

Attached at **Appendix A** is an information sheet that discusses general information about what voidable transactions are.

#### 13.1. Unfair Preferences

I have undertaken a preliminary review of the Company's payments made in the six months prior to the commencement of the voluntary administration and have not identified any which may constitute an unfair preference payment pursuant to section 588FA of the Act. Should creditors resolve to wind up the Company, further investigation may be undertaken.

#### 13.2. Uncommercial Transactions

From my preliminary investigations to date, I have not identified any other transactions that may be considered uncommercial and voidable against a liquidator.

#### 13.3. Unfair Loans

From my preliminary investigations to date, I have not identified any transactions which may be considered unfair loans in accordance with section 588FD of the Act.

#### 13.4. Unreasonable Director Related Transactions

From my preliminary investigations to date, I have not identified any transactions which may be considered unreasonable director related transactions in accordance with section 588FDA of the Act.

#### 14. SOLVENCY ANALYSIS

The definition of solvency requires an assessment as to whether a company is able to “pay all its debts as and when they fall due”. The assessment of solvency is primarily based therefore on an expectation that a company would be able to meet its current obligations to creditors, and not simply whether a company’s assets exceed its liabilities.

An assessment as to a company’s ability to meet its current obligations to creditors should include consideration of the available cash resources a company may have, and any realistic prospect of generating funds from the sale of assets within a reasonable timeframe, relative to the nature of the business of the company and whether funds may also be generated from borrowings that may be realistically procured within the short term.

There are a number of factors, which serve collectively as “key indicators” of insolvency including:

- Deficiency in working capital.
- Trading losses being incurred.
- Terms of trade with creditors being restricted.
- Post dated and dishonoured cheques provided to creditors.
- Entering into arrangements or compromises with creditors.
- Failure to remit compulsory superannuation contributions.
- Failure to remit taxes to the Australian Tax Office including PAYG and GST.
- Banking facilities operated outside the Company’s limits, without bank approval.
- Inability to obtain further finance.
- Unsatisfied judgements.

A company may rely on funding from other parties, to meet its commitments. In this regard, consideration must be given to the following:

- Whether the Company had sufficient funds to meet its liabilities from its own assets.
- Whether the Company had financial support to meet those obligations. If so, when did such support cease.
- Whether the Director was aware or had reasonable grounds to suspect that financial support had ceased and if so, when.
- The amount of liabilities incurred by the Company after financial support ceased.

The ability to determine at what point a company may have been insolvent impacts upon a liquidator’s ability to make recoveries with respect to voidable transactions or insolvent trading. These transactions are not recoverable unless, amongst other things, it can be shown that debts were incurred or monies were received at the time the Company was insolvent.

Creditors should note that the determination of the question of whether a company continues to trade whilst insolvent is usually a difficult task and requires consideration of a number of relevant matters. It is not uncommon for a company to move in and out of insolvency over time.

My preliminary investigations suggest that the Company was not insolvent as at the date of the Administration or at any period in the two years leading to the Administration.

If the Company is placed into liquidation, further investigation as to the solvency or otherwise of the Company may be warranted.

## **15. INSOLVENT TRADING**

For general information about insolvent trading please refer to the information sheet attached at Appendix A.

As noted in Section 14 of this report, my preliminary investigations suggest that the Company was not insolvent as at the date of the Administration. My preliminary investigations also suggest that the Company did not trade whilst insolvent.

## **16. OFFENCES**

Directors have certain fiduciary duties to both a company and its creditors, which must be taken into account when determining how they should act in any given situation. For general information about offences please refer to the information sheet attached at Appendix A.

From my preliminary investigations I have not identified any breach of the Act by the Directors.

However, subject to funding being provided, further investigations are to be undertaken by a liquidator or deed administrator to identify whether the Directors were at fault in circumstances where insurance cover was not obtained but was required, either pursuant to the Commonwealth Contract or required in order to discharge statutory and common law duties owed by the Directors and/or Former Directors of the Company.

Investigations will also need to be undertaken if appropriate insurance coverage was obtained but, through some action or inaction, any such policies were prejudiced.

## **17. CONSEQUENCES OF LIQUIDATION**

In the event that creditors resolve that the Company be wound up, creditors may appoint a person as liquidator. If creditors do not resolve the appointment of a person as liquidator, I, as Voluntary Administrator, will automatically be appointed Liquidator pursuant to section 499 of the Act. The powers of the Director(s) remain suspended and I will assume full control over the Company's affairs.

My primary duties, as Liquidator, will be to continue to realise, for the benefit of creditors, the assets of the Company, and to distribute the proceeds to creditors pursuant to the priorities afforded by the Act.

I would also investigate the affairs of the Company and the conduct of the Director and may instigate recovery proceedings that are only available in a winding up.

#### **17.1. Realisation of Assets**

If the Company is placed into liquidation I would proceed to realise the cash at bank.

#### **17.2. Investigate the Affairs of the Company and the Conduct of its Director**

I will be required to submit a report to the ASIC pursuant to section 533 of the Act, if it appears that:

- a past or present officer, or a member or contributory, of the Company may have been guilty of an offence under a law of the Commonwealth or a State or Territory in relation to the Company;
- a person who has taken part in the formation, promotion, administration, management or winding up of the Company:
  - may have misapplied or retained, or may have become liable or accountable for, any money or property of the Company; or
  - may have been guilty of any negligence, default, breach of duty or breach of trust in relation to the Company; or
- the Company may be unable to pay its unsecured creditors more than 50 cents in the dollar.

#### **17.3. Voidable Transactions**

If the Company has entered into a transaction that may be voidable as against me as Liquidator, then I may take action against the recipient of the transaction, for those funds to be disgorged.

No voidable transactions that have been identified to date.

#### **17.4. Insolvent Trading**

I may consider whether the Directors failed to prevent the Company from incurring debts whilst the Company was insolvent and if so, the Directors may be exposed to an action for compensation under Division 4 of Part 5.7B of the Act. As set out in Section 14 of this report no claim has been identified.

### **18. EFFECT ON EMPLOYEES**

I have not identified any amounts due to former employees of the Company nor have received any claims from, or in relation to, employees including for superannuation. However, for completeness, I provide below information concerning employee claims in a liquidation and a DOCA.

### 18.1. In a Liquidation

In accordance with section 556 of the Act, the former employees of an insolvent company are afforded priority in any distribution ahead of the Company's ordinary unsecured creditors and floating charge holders.

Section 556 of the Act also specifies that claims of any employees who are directors of the company or related to the directors of the company (**Excluded Employees**) will be afforded a priority up to a total of \$2,000 in respect of unpaid wages and superannuation and \$1,500 in respect of any leave entitlements. Any amount exceeding these limits is treated as an unsecured claim.

Former employees may have access to the Commonwealth Government's Fair Entitlements Guarantee. Essentially employees can be paid their outstanding employee entitlements, with the exception of superannuation, from Commonwealth funds in the event that sufficient funds are not realised in the liquidation.

The Commonwealth would then be treated as a priority creditor in place of all employees in respect of those entitlements that have been honoured by the Commonwealth. For any further information please contact the Department of Employment on 1300 135 040 or my office.

### 18.2. Under a DOCA

Set out in section 19 of this report is my proposal for a DOCA. The DOCA does not propose to alter the statutory priorities that are provided by section 556 of the Act.

Employees should be aware however that they will not be eligible to receive GEERs assistance if the Company executes a DOCA.

## 19. PROPOSAL FOR A DEED OF COMPANY ARRANGEMENT

During the course of the Administration, I have received proposals from four parties for a DOCA including the potential recapitalisation of the Company. One of these proposals has since been withdrawn. However, due to the ongoing claim by the Commonwealth, and the potential prejudice to an insurance claim if it is compromised, I am unable to further progress those proposals at this time as this could result in a claim of circa \$13M being present on the balance sheet of the recapitalised Company.

In my capacity as Administrator, I have proposed a DOCA the general terms which are set out below. It is my view that the DOCA proposed by me is preferable to the liquidation of the Company, primarily because it will keep the Company's securities with the ASX alive, which may ultimately lead to a recapitalisation the primary objective of Administration. I also consider that the DOCA also affords flexibility, including in respect of seeking input from creditors.

### **19.1. Purpose and objects of the deed**

The purposes and objects of the DOCA are to provide for:

- The further investigation into the affairs of the Company, including the making of claims against the Company's insurance policies and the consideration of any available claims against the Company's directors (past and present) or any third party.
- The transfer of (including assignment/novation) of assets for the benefit of the Company's creditors.
- The convening of a meeting of creditors to consider the fate of the Company, for example by implementation of a further recapitalisation proposal by way of variation of the DOCA, or putting the Company into liquidation.

### **19.2. The deed administrator**

I will become the deed administrator.

### **19.3. Available property/deed fund**

The property of the Company that is available for the purposes of the administration of the DOCA is the property and assets the Company, including the proceeds of sale or transfer of any of that property/assets.

The DOCA will not provide for the payment of creditors.

### **19.4. Creditors bound**

All creditors would be bound by the DOCA.

### **19.5. Adjudication of claims**

The DOCA will not provide for the adjudication of creditors' claims for the purposes of distribution of dividends.

### **19.6. Release of debts**

All unsecured creditors would be bound by the DOCA. However, consistent with s.444H, none of the company's unsecured creditors' claims would be compromised or released.

### **19.7. Moratorium**

Subject to sections 444D and 444E of the Act, there will be a moratorium in favour of the company until the termination date for all claims of creditors.

### 19.8. Deed administrator's powers

The DOCA would incorporate the prescribed provision Schedule 8A of the *Corporations Regulations 2001* made under the Act. Further powers would be given to the deed administrator to make it clear that he would be empowered to:

- Assign and/or novate the company's assets, such as contractual rights, causes of action etc.
- Conduct examinations such as against the Directors (including Former Directors) as well as the Company's insurance broker.
- Obtain funding from third parties in order to, for example, conduct enquiries and make claims for the benefit of creditors. The deed administrator will be entitled to enter into any funding agreement on such terms that the deed administrators deem suitable.
- Invite and consider further DOCA proposals.

The deed administrator will be expressly obliged to do all things necessary to:

- Determine whether the company has insurance coverage which would (either wholly or in part) respond to the DOD claim;
- Obligated to make a claim against any such policy/ies as appropriately advised;
- Obtain appropriate advice in respect of claims the company may have in respect of, without limitation, any declinature by the company's insurers or claims against third parties.
- Consider any causes of action the company may have against its directors (past and present), insurance brokers or any other advisers in respect of the DOD claim and the company's related insurance coverage.

It is proposed that the deed administrator would seek funding in order to discharge the above obligations. The obligation in the immediately preceding paragraph will be subject to having available funds to conduct those enquiries.

### 19.9. Meeting of creditors

It is envisaged that prior to the termination date (discussed below), the deed administrator would convene a meeting of creditors in order to consider:

- The outcome of investigations and enquiries made by the deed administrator in respect of the insurance policies/claims against third parties;
- Funding of further investigations/enquiries;
- Recapitalisation or other DOCA proposals (which would operate as a variation of the DOCA);
- Whether to wind up the company.



Subject to section 445F(1)(b) of the Act, the deed administrator would not be permitted to convene a meeting for the purposes of considering a variation of the DOCA unless and until:

- If a claim exists as against the Company's insurers and/or any third parties, those claims have been assigned/novated; or
- The Commonwealth of Australia otherwise agrees; or
- The Company is out of funds and no creditor or third party is prepared to fund further investigations.

#### **19.10. Termination**

Subject to any resolution made by creditors or order of the Court during its term, the DOCA will terminate upon the expiry of 12 months from the date of the execution of the DOCA.

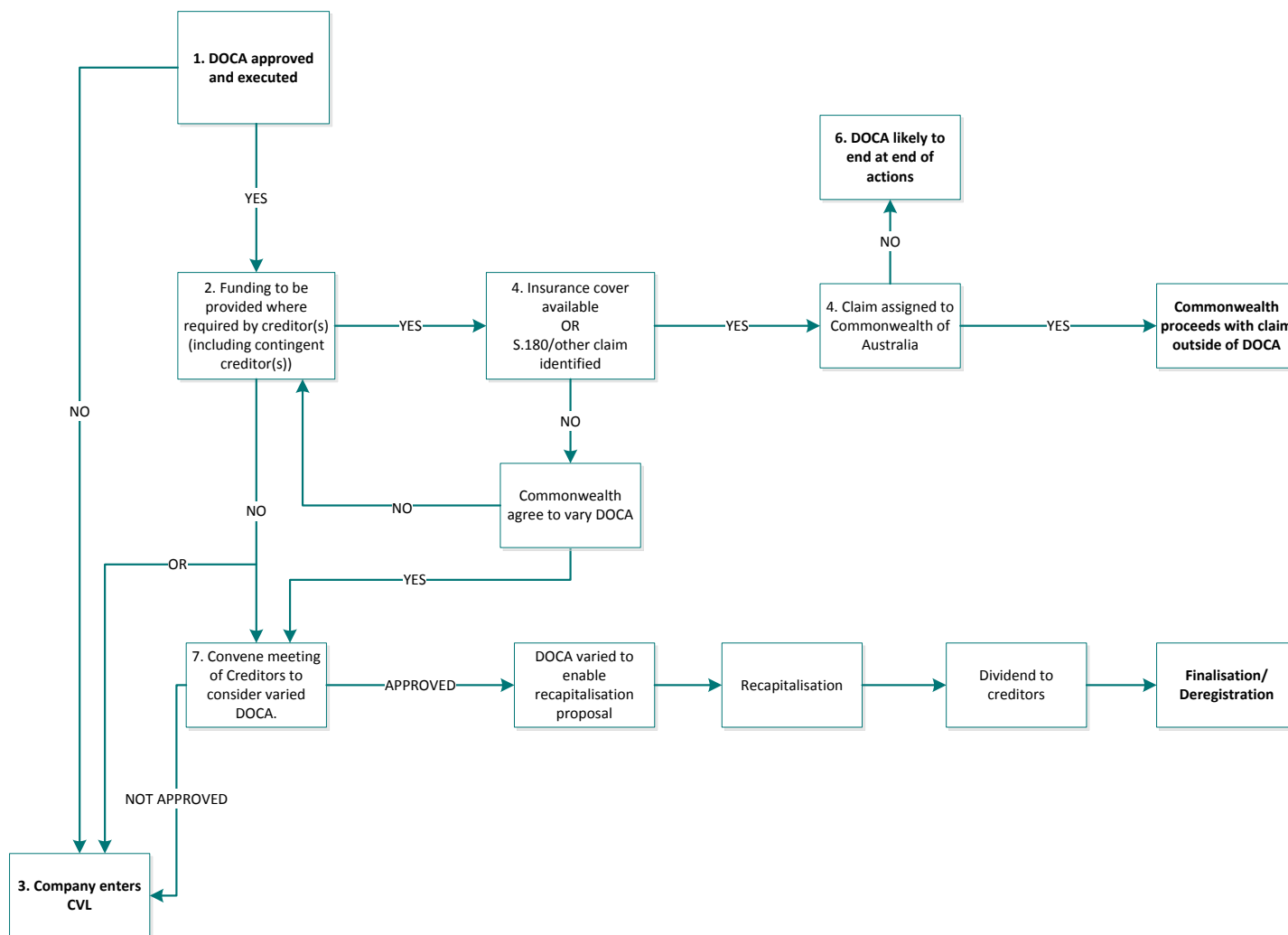
If the DOCA is terminated in accordance with the immediately preceding paragraph, the company will be deemed to have passed a special resolution to wind up the company as a creditors' voluntary winding up.

#### **19.11. Conduct of meetings**

The provisions of Regulations 5.6.12 to 5.6.36A inclusive of the Regulations apply, with such modifications as are necessary, to meetings of creditors as if the references to 'the liquidator', 'the liquidator or provisional liquidator', 'the liquidator, provisional liquidator or chairperson' or 'a liquidator, provisional liquidator or trustee for debenture holders', as the case may be, were references to the deed administrator.

I provide in Table 19A below a flowchart of the general process of the proposed DOCA.

### Process of DOCA



#### Notes

1. DOCA as proposed is to be considered at the meeting of creditors to be held on 24 May 2016.
2. Funding will be requested from the Commonwealth to further my investigations into the availability of insurance cover and/or to undertake further investigations into the availability of claims against the Directors or third parties (**Possible Claims**).
3. If creditors resolve at the proposal meeting to place the Company into creditors' voluntary liquidation then the extent of my further investigations will depend on the availability of funding by creditors or prospective creditors.
4. If Possible Claims are identified then they may, depending on the nature of the claim(s), be assignable to the Commonwealth.
5. If the Possible Claims cannot be assigned, then subject to funding being provided, the deed administrator may liaise where required with the relevant insurer or pursue a claim against the Directors and/or third parties.
6. In circumstances where a claim is pursued by the deed administrator, due to the likely lengthy period of time that it will take to complete the process, a proposal for the recapitalisation of the Company through a varied DOCA will likely not be available.
7. Should the Possible Claims be assigned to the Commonwealth, the deed administrator will be in a position to seek recapitalisation proposals and call a meeting of creditors for consideration of such proposals by way of a variation to the existing DOCA.

#### 20. OTHER MATERIAL INFORMATION

I have not identified any other information that is materially relevant to the creditors' decision on the future of the Company.

## 21. ESTIMATED RETURN TO CREDITORS

Based on my investigations to date, I anticipate the return to creditors in each scenario to be as follows:

| Liquidation                    | Pessimistic<br>c/\$ | Optimistic<br>c/\$ |
|--------------------------------|---------------------|--------------------|
| Priority Creditors             | N/A                 | N/A                |
| Unsecured Creditors            | Nil                 | Nil                |
| Deed of Company<br>Arrangement | Pessimistic<br>c/\$ | Optimistic<br>c/\$ |
| Priority Creditors             | N/A                 | N/A                |
| Unsecured Creditors            | Nil                 | 100                |

I make the following comments:

- I have not, to date, identified any priority unsecured creditors;
- In a liquidation, unsecured creditors are unlikely to receive a dividend as the costs of administration and liquidation are likely to be in excess of the realisable assets of the Company;
- If an action against the Directors and/or Former Directors or a third party is identified relating to the Commonwealth Claim, it is likely that all or significantly all of any proceeds recovered from that action will be payable to the Commonwealth of Australia;
- In a DOCA, while the rights to a claim as set out above may be assigned to the Commonwealth of Australia, in doing so the deed administrator will be free to seek proposals for a variation to the DOCA which may result in the recapitalisation of the Company and a pool of funds being made available for creditors, excluding the Commonwealth of Australia. I presently estimate in those circumstances that there is a reasonable prospect of sufficient funds being generated through a recapitalisation proposal to enable a dividend of up to 100 cents in the dollar;
- In the event that a subsequent meeting of creditors is convened for the purposes of considering a variation to the proposed DOCA, I will be in a position at that meeting to better inform creditors as to the prospects and quantum of any dividend.

## 22. ADMINISTRATOR'S OPINION AND RECOMMENDATION

The Company was placed into administration as the Directors were of the opinion that the Company was likely to become insolvent at a future time. As Administrator, I am required by section 439A(4) of the Act to provide my opinion of the merits of the options available to creditors, namely whether it would be in the creditors' interests for:

- the Company to execute a DOCA; or
- the Administration of the Company to end; or
- the Company to be wound up.

The provisions of section 439A(4) of the Act, requires me to provide opinions on each of the three options, and which one would be in the creditors' best interests. After considering the above issues and in accordance with my obligations under section 439A(4)(b) of the Corporations Act 2001, I set out my opinions below:

- It is not in the creditors' interest to end the administration because the Company is currently insolvent due to the expenditure that has been required during the period of the Administration and the likely requirement for further expenditure in dealing with the Commonwealth Claim;
- It is not in the creditors' interests to resolve to place the Company into liquidation as:
  - The Company's assets are insufficient to enable the payment of a dividend to ordinary unsecured creditors;
  - No actions have been identified against the Directors that would only be available to a liquidator such as a claim for insolvent trading;
  - Similarly, no transactions voidable against a liquidator have been identified;
  - Doing so would lose the opportunity of the company to recapitalise and potentially generate funds which would enable a dividend to be paid to creditors;
- It is my opinion that creditors should resolve that the Company execute a DOCA in accordance with the general terms set out in section 19 of this report. The reasons for this opinion are as follows:
  - It is the only likely option available to creditors which could result in the payment of a dividend to creditors;
  - It defers the decision making by creditors as to the ultimate fate of the Company for a period of time in order to allow a deed administrator to further his investigations concerning the Commonwealth Claim;
  - It preserves the listed securities of the Company so that a proposal for its recapitalisation may be considered by creditors at a later stage.

- It preserves all claims of the creditors without compromising those claim, which is an important element while insurance claims are being investigated in respect of the Commonwealth Claim.

### 22.1. Recommendation

For the reasons stated above, I recommend that creditors resolve for the Company to execute a DOCA in accordance with the general terms set out in section 19 of this report.

In the alternative, creditors may wish to resolve to adjourn the meeting of creditors for a period of up to 45 business days to, for example, enable further investigation of the issues set out above, allow creditors to consider the matters in this report further, or, if any further DOCA proposals are put forward, to allow me and creditors an opportunity to consider any such proposals.

## 23. REMUNERATION

Attached at **Appendix C** is my remuneration report.

In the Administrators' Circular, I provided an estimate of my remuneration costs in the amount of \$50,000. However, since that time significant issues requiring additional work have arisen. I was not aware of these issues at the time of providing my estimate. In particular, the following additional work has been conducted by me and my staff:

- Extensive work regarding the QBE insurance policy, including liaising with solicitors and reviewing response from solicitors acting for insurer and obtaining advice in relation to same.
- Additional investigations regarding insurance policies, including liaising with Company's insurance broker, my own insurance broker and solicitors.
- Work in relation to the arbitration with the Commonwealth of Australia relating to the significant contingent defect claim, including liaising with lawyers.
- Work in relation to two claims by Work Cover NSW including review of documentation relating to claim and liaising with HWL Ebsworth (solicitors instructed by the Company).
- Work in obtaining extension for convening period.
- Work in relation to obtaining stay of the arbitration proceedings.
- Work in relation to adjudication of the Commonwealth of Australia's claim.
- Reviewing and providing instructions in relation to the statement of claim for Hydro Wash
- Liaising with NAB including protracted communication regarding release of cash at bank including the term deposits and review information in relation to additional bank charges.

It will be proposed at the second meeting of creditors that my remuneration as Administrator for the period 25 January 2016 to the end of the administration, calculated on a time basis at the scale of rates charged by Pitcher Partners Business Recovery and Insolvency in NSW be approved. My time costs incurred in this matter as at 15 May 2016 is \$165,448.50 (excluding GST). I propose to seek approval from creditors to a maximum amount of \$185,448.50 (excluding GST).

If creditors resolve that the Company execute the DOCA as proposed or to place the Company into creditors' voluntary liquidation, I will seek further approval of my Deed Administrator's/Liquidator's remuneration at a subsequent meeting of creditors or by agreement of the Committee of Inspection (**Committee**) should one be appointed.

## 24. COMMITTEE OF INSPECTION

The primary role of the Committee is to advise and consult with the Liquidator or the Deed Administrator (where applicable).

The Committee is also empowered under the Act to consider and approve resolutions relating to, amongst other things, the remuneration of the Liquidator and the compromise of debts greater than \$100,000 if applicable.

A resolution will be put to creditors at the forthcoming meeting of creditors, to determine whether or not creditors are interested in forming a Committee.

## 25. MEETING OF CREDITORS

The second statutory meeting of creditors has been convened to be held on **24 May 2016 at 11:30am at the offices of Pitcher Partners, Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000.**

A formal notice of meeting, Proof of Debt form and proxy form are attached as Appendix E to this report.

If the Company is placed into liquidation it will be proposed, amongst other things, that:

- the Liquidator destroy, at his discretion, the books and records of the Company within a period of six months after deregistration of the Company, subject to obtaining prior approval from the Australian Securities and Investments Commission.

Proxy forms lodged by creditors for the first meeting held on 4 February 2016 **cannot** be used for the second meeting. Accordingly, creditors who wish to be represented at the meeting are required to complete new proxies. Creditors should ensure that a new proxy form, power of attorney or evidence of appointment of a Company representative is completed.

To ensure the meeting is undertaken in a timely manner, please ensure all documents are lodged with my office no later than 4:00pm on the day prior to the meeting.

## 26. APPENDICES

| Appendix | Description   |
|----------|---|
| A        | ARITA Creditor Information Sheet - Offences, Recoverable Transactions & Insolvent Trading |
| B        | Schedule of security interests registered on PPSR   |
| C        | Remuneration Report   |
| D        | Notice of Meeting, Appointment of Proxy, Formal Proof of Debt                             |

Should creditors have any queries in relation to the matters raised in this report, please do not hesitate to contact Vicky Kwong of my office on 02 9228 2242 or by email: [Vicky.kwong@pitcher.com.au](mailto:Vicky.kwong@pitcher.com.au).

Dated this 17<sup>th</sup> day of May 2016



**PAUL G WESTON**

Administrator

THO Services Limited (Administrators Appointed)



## APPENDIX A

# Creditor Information Sheet

## Offences, Recoverable transactions and Insolvent Trading



### Offences

A summary of offences that may be identified by the administrator:

| Section | Offence  |
|---------|--|
| 180     | Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.  |
| 181     | Failure to act in good faith.  |
| 182     | Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.  |
| 183     | Making improper use of information acquired by virtue of his position.   |
| 184     | Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.  |
| 206A    | Contravening an order against taking part in management of a corporation.  |
| 206A, B | Taking part in management of corporation while being an insolvent under an administration.   |
| 206A, B | Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.  |
| 209(3)  | Dishonest failure to observe requirements on making loans to directors or related companies.   |
| 254T    | Paying dividends except out of profits.  |
| 286     | Failure to keep proper accounting records.   |
| 312     | Obstruction of auditor.  |
| 314-7   | Failure to comply with requirements for financial statement preparation.   |
| 437C    | Performing or exercising a function or power as officer while a company is under administration.   |
| 437D(5) | Unauthorised dealing with company's property during administration.  |
| 438B(4) | Failure by directors to assist administrator, deliver records and provide information.   |
| 438C(5) | Failure to deliver up books and records to administrator.  |
| 590     | Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors. |

### Voidable Transactions

#### Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

#### Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

#### *Unfair Loan*

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

#### *Arrangements to avoid employee entitlements*

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

#### *Unreasonable payments to directors*

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

#### *Voidable charges*

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

#### *Insolvent Trading*

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

## APPENDIX B

**THO Services Limited (Administrator Appointed)****PPSR Schedule**

| Secured Parties                                | Registration Number | Collateral Class  | Change Number | PMSI | Registration Date |
|--|---------------------|-------------------|---------------|------|-------------------|
| National Australia Bank Limited                | 201112200303009     | All Pap No Except | 15690281      | No   | 30/01/2012        |
| Waco Kwikform Limited                          | 201112201377487     | Other Goods       | 32093702      | Yes  | 30/01/2012        |
| National Australia Bank Limited                | 201112210351940     | All Pap No Except | 6358080       | No   | 30/01/2012        |
| Aco Polycrete Pty Ltd                          | 201112230905130     | Other Goods       | 7053796       | No   | 30/01/2012        |
| Aco Polycrete Pty Ltd                          | 201112230905565     | Other Goods       | 7053849       | No   | 30/01/2012        |
| Macquarie Leasing Pty Ltd                      | 201112290288492     | Motor Vehicle     | 11997367      | Yes  | 30/01/2012        |
| P.P.I. Corporation Pty. Ltd.                   | 201201030000255     | Other Goods       | 31595089      | Yes  | 30/01/2012        |
| Toyota Finance Australia Ltd                   | 201201030138729     | Motor Vehicle     | 14388354      | Yes  | 30/01/2012        |
| Kennards Hire Pty Limited                      | 201201051216922     | Other Goods       | 16685488      | Yes  | 30/01/2012        |
| Hilti (Aust.) Pty. Ltd.                        | 201201051464654     | Other Goods       | 32730919      | Yes  | 30/01/2012        |
| Aluminium Specialties Group Pty. Ltd.          | 201201080019912     | Other Goods       | 14259949      | Yes  | 30/01/2012        |
| Capral Limited                                 | 201201120664077     | Other Goods       | 19860713      | Yes  | 30/01/2012        |
| Cnw Pty Ltd                                    | 201201120714264     | Other Goods       | 25265602      | Yes  | 30/01/2012        |
| Toyota Material Handling Australia Pty Limited | 201201120828900     | Motor Vehicle     | 14617807      | Yes  | 30/01/2012        |
| Fleetplus Pty Limited                          | 201202030120943     | Other Goods       | 11989369      | No   | 3/02/2012         |
| Access Specialty Hardware Pty Ltd              | 201202080344036     | Other Goods       | 20974535      | Yes  | 8/02/2012         |
| Atlas Specialty Metals Pty Ltd                 | 201202110018968     | Other Goods       | 11625684      | Yes  | 11/02/2012        |
| Fleetplus Pty Limited                          | 201202140170679     | Motor Vehicle     | 11849163      | No   | 14/02/2012        |
| Boq Finance (Aust) Limited                     | 201202160017718     | Other Goods       | 13063488      | Yes  | 16/02/2012        |
| Boq Finance (Aust) Limited                     | 201202170112671     | Other Goods       | 12484742      | No   | 17/02/2012        |
| Mtu Detroit Diesel Australia Pty Limited       | 201202200024656     | Other Goods       | 33945220      | Yes  | 20/02/2012        |
| Bluescope Steel Limited                        | 201202200037691     | Other Goods       | 33093557      | Yes  | 20/02/2012        |
| Cisco Systems Capital (Australia) Pty Limited  | 201203050081073     | Other Goods       | 21019741      | No   | 5/03/2012         |
| Cisco Systems Capital (Australia) Pty Limited  | 201203050082225     | Other Goods       | 21019742      | Yes  | 5/03/2012         |
| Ausco Modular Pty Limited                      | 201203090000478     | Other Goods       | 32216449      | Yes  | 9/03/2012         |
| Bluescope Distribution Pty Ltd                 | 201203210042527     | Other Goods       | 33092473      | Yes  | 21/03/2012        |
| Midway Metals Pty Ltd                          | 201203270110481     | Other Goods       | 14681854      | Yes  | 27/03/2012        |
| Grove Hire Pty Ltd                             | 201203280079957     | Other Goods       | 14709477      | No   | 28/03/2012        |
| Applied Industrial Technologies Pty Ltd        | 201204190052462     | Other Goods       | 27356633      | Yes  | 19/04/2012        |
| Ausco Modular Pty Limited                      | 201205110084302     | Other Goods       | 32228618      | Yes  | 11/05/2012        |

**THO Services Limited (Administrator Appointed)****PPSR Schedule**

| Secured Parties                               | Registration Number | Collateral Class | Change Number | PMSI | Registration Date |
|---|---------------------|------------------|---------------|------|-------------------|
| Force Corp Pty Ltd                            | 201205180062629     | Motor Vehicle    | 16809014      | Yes  | 18/05/2012        |
| Fuelfix Pty Ltd                               | 201206200074176     | Other Goods      | 31709024      | Yes  | 20/06/2012        |
| Energex Limited                               | 201208070022964     | Other Goods      | 18385851      | Yes  | 7/08/2012         |
| Energex Limited                               | 201208070022986     | Other Goods      | 18385853      | Yes  | 7/08/2012         |
| Laminex Group Pty Limited                     | 201208170084453     | Other Goods      | 18528256      | Yes  | 17/08/2012        |
| Lawvale Pty. Ltd.                             | 201208290064295     | Other Goods      | 18794598      | No   | 29/08/2012        |
| Kennards Hire Pty Limited                     | 201208300040591     | Other Goods      | 18804291      | Yes  | 30/08/2012        |
| Kennards Hire Pty Limited                     | 201208300041015     | Motor Vehicle    | 18804339      | Yes  | 30/08/2012        |
| Canon Finance Australia Pty Ltd               | 201210180072184     | Other Goods      | 19706723      | Yes  | 18/10/2012        |
| Canon Finance Australia Pty Ltd               | 201210240027518     | Other Goods      | 19764714      | Yes  | 24/10/2012        |
| Wilo Australia Pty Ltd                        | 201211010054094     | Other Goods      | 19879417      | No   | 1/11/2012         |
| Daikin Australia Pty Ltd                      | 201211060052807     | Other Goods      | 19933342      | Yes  | 6/11/2012         |
| Ferrocute Australia Pty Limited               | 201212070018139     | Other Goods      | 20315735      | Yes  | 7/12/2012         |
| Ferrocute Australia Pty Limited               | 201212070029458     | Other Goods      | 20318018      | Yes  | 7/12/2012         |
| K.J. Industrial Scaffolding Pty Ltd           | 201301220055362     | Other Goods      | 20963824      | Yes  | 22/01/2013        |
| Australian Lining Company Pty Ltd             | 201301310076877     | Other Goods      | 21055596      | Yes  | 31/01/2013        |
| Toyota Finance Australia Ltd                  | 201303110004853     | Motor Vehicle    | 28040298      | Yes  | 11/03/2013        |
| Schneider Electric (Australia) Pty Limited    | 201304020048749     | Other Goods      | 21754835      | Yes  | 2/04/2013         |
| Coventry Group Limited                        | 201305030021171     | Other Goods      | 22456091      | Yes  | 3/05/2013         |
| Actron Engineering Pty Ltd                    | 201305290066829     | Other Goods      | 32371546      | Yes  | 29/05/2013        |
| Harsco Infrastructure (Hunter Valley) Pty Ltd | 201307250027015     | Other Goods      | 30179660      | Yes  | 25/07/2013        |
| Coventry Group Limited                        | 201308130059358     | Other Goods      | 23343882      | Yes  | 13/08/2013        |
| Hilti (Aust.) Pty. Ltd.                       | 201309110048619     | Other Goods      | 32732199      | Yes  | 11/09/2013        |
| J. Blackwood & Son Pty Ltd                    | 201309180062347     | Other Goods      | 23772300      | Yes  | 18/09/2013        |
| Climate Technologies Pty Limited              | 201309250024584     | Other Goods      | 23844037      | Yes  | 25/09/2013        |
| Capital Finance Australia Limited             | 201310180003874     | Motor Vehicle    | 24088523      | Yes  | 18/10/2013        |
| Better Springs Manufacturing Pty Ltd          | 201311060004438     | Other Goods      | 24308894      | Yes  | 6/11/2013         |
| Actrol Parts Pty Ltd                          | 201311260034166     | Other Goods      | 24520865      | Yes  | 26/11/2013        |
| Coventry Group Limited                        | 201312050008847     | Other Goods      | 24631804      | Yes  | 5/12/2013         |
| Arrium Limited                                | 201312120024194     | Other Goods      | 24720895      | Yes  | 12/12/2013        |

**THO Services Limited (Administrator Appointed)****PPSR Schedule**

| Secured Parties                                | Registration Number | Collateral Class  | Change Number | PMSI | Registration Date |
|--|---------------------|-------------------|---------------|------|-------------------|
| Schneider Electric Buildings Australia Pty Ltd | 201312190108357     | Other Goods       | 24816127      | Yes  | 19/12/2013        |
| Clifton Brick Manufacturers Pty. Ltd.          | 201312300063692     | Other Goods       | 24908758      | Yes  | 30/12/2013        |
| Clifton Brick Manufacturers Pty. Ltd.          | 201312300090005     | Other Goods       | 24911474      | Yes  | 30/12/2013        |
| Fantech Pty. Ltd.                              | 201401210076149     | Other Goods       | 36585972      | Yes  | 21/01/2014        |
| The Trustee For Firesense Trust                | 201401230083857     | Other Goods       | 31709995      | No   | 23/01/2014        |
| National Australia Bank Limited                | 201401240043003     | All Pap No Except | 25460919      | No   | 24/01/2014        |
| Blastone International (Aust) Pty Ltd          | 201401240103652     | Other Goods       | 35297815      | Yes  | 24/01/2014        |
| Thermal Installations Pty Limited              | 201401240111224     | Other Goods       | 25468240      | Yes  | 24/01/2014        |
| The Lincoln Electric Co (Australia) Pty Ltd    | 201401240245194     | Other Goods       | 25484860      | Yes  | 24/01/2014        |
| Solidscaff Australia Pty Ltd                   | 201401260009351     | Other Goods       | 25579574      | Yes  | 26/01/2014        |
| Solidscaff Australia Pty Ltd                   | 201401260009403     | Other Goods       | 25579579      | Yes  | 26/01/2014        |
| Metroll Pty Ltd                                | 201401280301437     | Other Goods       | 31328906      | Yes  | 28/01/2014        |
| Boc Limited                                    | 201401290541651     | Other Goods       | 25766616      | Yes  | 29/01/2014        |
| Boc Limited                                    | 201401300037493     | Other Goods       | 25779382      | Yes  | 30/01/2014        |
| Bidvest Australia Limited                      | 201401300099781     | Other Goods       | 35469031      | Yes  | 30/01/2014        |
| Fleetplus Pty Limited                          | 201401300399449     | Motor Vehicle     | 25865733      | No   | 30/01/2014        |
| Cetnaj Pty Ltd                                 | 201401310287387     | Other Goods       | 31889450      | Yes  | 31/01/2014        |
| Polyfabrics Australia Pty Ltd                  | 201403100048078     | Other Goods       | 28313568      | Yes  | 10/03/2014        |
| Polyfabrics Australia Pty Ltd                  | 201403100053252     | Other Goods       | 28314263      | Yes  | 10/03/2014        |
| Sugar Australia Pty Limited                    | 201404040007593     | Other Goods       | 32671036      | Yes  | 4/04/2014         |
| National Masonry Pty Ltd                       | 201409200016540     | Other Goods       | 31325540      | Yes  | 20/09/2014        |
| Industrial Galvanizers Corporation Pty Ltd     | 201503140004882     | Other Goods       | 32363588      | Yes  | 14/03/2015        |
| Capral Limited                                 | 201511230069553     | Other Goods       | 35760500      | Yes  | 23/11/2015        |
| K.J. Industrial Scaffolding Pty Ltd            | 201512070067142     | Other Goods       | 36017831      | Yes  | 7/12/2015         |
| Lionel Samson Group Pty Ltd                    | 201209210083678     | Other Goods       | 19333853      | Yes  | 21/09/2012        |
| Banlaw Pty Limited                             | 201202030007361     | Other Goods       | 35291944      | Yes  | 3/02/2012         |
| Sandvik Australia Pty Ltd                      | 201201300026457     | Other Goods       | 29053464      | Yes  | 30/01/2012        |
| Aggreko Generator Rentals Pty. Limited         | 201112203239849     | Other Goods       | 32147175      | Yes  | 30/01/2012        |
| Ullrich Aluminium Pty. Limited                 | 201208270049677     | Other Goods       | 31566719      | Yes  | 27/08/2012        |
| Waco Kwikform Limited                          | 201203060041918     | Other Goods       | 32117677      | Yes  | 6/03/2012         |

**THO Services Limited (Administrator Appointed)****PPSR Schedule**

| Secured Parties                        | Registration Number | Collateral Class | Change Number | PMSI | Registration Date |
|--|---------------------|------------------|---------------|------|-------------------|
| Cmc Coil Steels Pty Ltd                | 201205290062457     | Other Goods      | 17056175      | Yes  | 29/05/2012        |
| Advance Rental Pty Limited             | 201401300203156     | Other Goods      | 30073649      | Yes  | 30/01/2014        |
| Druin Pty Ltd                          | 201212040018053     | Other Goods      | 33933994      | Yes  | 4/12/2012         |
| Metal Manufactures Limited             | 201210150072833     | Other Goods      | 32757224      | Yes  | 15/10/2012        |
| Metal Manufactures Limited             | 201210160043591     | Other Goods      | 32759960      | Yes  | 16/10/2012        |
| Metal Manufactures Limited             | 201401140113334     | Other Goods      | 32769760      | Yes  | 14/01/2014        |
| Acrow Formwork And Scaffolding Pty Ltd | 201205160072199     | Other Goods      | 16747249      | Yes  | 16/05/2012        |
| Siemens Ltd.                           | 201202100244380     | Other Goods      | 33935194      | Yes  | 10/02/2012        |
| Air Liquide Australia Limited          | 201112200924678     | Other Goods      | 32211596      | Yes  | 30/01/2012        |
| Air Liquide Australia Limited          | 201207050075968     | Other Goods      | 32262755      | Yes  | 5/07/2012         |
| Sew-Eurodrive Pty. Ltd.                | 201304180028769     | Other Goods      | 21969020      | Yes  | 18/04/2013        |
| Fleet Partners Pty Limited             | 201202210012437     | Motor Vehicle    | 14862914      | Yes  | 21/02/2012        |
| Klinger Limited                        | 201401290168345     | Other Goods      | 34816160      | Yes  | 29/01/2014        |
| Caps Australia Pty Ltd                 | 201401310325805     | Other Goods      | 26092789      | Yes  | 31/01/2014        |
| Sherriff Electrical Pty Ltd            | 201312090091020     | Other Goods      | 25264362      | Yes  | 9/12/2013         |
| Master Carpet Company (Qld.) Pty. Ltd. | 201403240028745     | Other Goods      | 32031355      | Yes  | 24/03/2014        |
| Hastings Deering (Australia) Limited   | 201202100057187     | Other Goods      | 32100427      | Yes  | 10/02/2012        |
| Hastings Deering (Australia) Limited   | 201202100057615     | Motor Vehicle    | 32100724      | Yes  | 10/02/2012        |
| Hastings Deering (Australia) Limited   | 201306050058206     | Motor Vehicle    | 32187779      | Yes  | 5/06/2013         |
| Hastings Deering (Australia) Limited   | 201306050058908     | Other Goods      | 32188109      | Yes  | 5/06/2013         |
| Ppg Industries Australia Pty Limited   | 201305240030146     | Other Goods      | 35609559      | Yes  | 24/05/2013        |
| Atf Services Pty Ltd                   | 201208240001739     | Other Goods      | 32239550      | Yes  | 24/08/2012        |
| Atf Services Pty Ltd                   | 201208240009599     | Other Goods      | 32241960      | Yes  | 24/08/2012        |
| Coates Hire Operations Pty Limited     | 201112201522826     | Motor Vehicle    | 25795115      | Yes  | 30/01/2012        |
| Coates Hire Operations Pty Limited     | 201112201522928     | Other Goods      | 25795120      | Yes  | 30/01/2012        |
| Ramelec Australia Pty Ltd              | 201401230077551     | Other Goods      | 34847248      | Yes  | 23/01/2014        |
| Prominent Fluid Controls Pty Limited   | 201401070006370     | Other Goods      | 24976019      | Yes  | 7/01/2014         |
| Sugar Australia Pty Limited            | 201404040007474     | Other Goods      | 32671005      | Yes  | 4/04/2014         |
| Atco Structures & Logistics Pty Ltd    | 201204260016888     | Other Goods      | 32162388      | Yes  | 26/04/2012        |
| Atco Structures & Logistics Pty Ltd    | 201301290039718     | Other Goods      | 32167264      | Yes  | 29/01/2013        |



**THO Services Limited (Administrator Appointed)****PPSR Schedule**

| Secured Parties                                | Registration Number | Collateral Class | Change Number | PMSI | Registration Date |
|--|---------------------|------------------|---------------|------|-------------------|
| Ryco Hydraulics Pty Ltd                        | 201209250014259     | Other Goods      | 20032328      | Yes  | 25/09/2012        |
| Ixl Metal Castings Pty Ltd                     | 201311110051924     | Other Goods      | 32011511      | Yes  | 11/11/2013        |
| Bradken Resources Pty Limited                  | 201206050067597     | Other Goods      | 34815754      | Yes  | 5/06/2012         |
| Holcim (Australia) Pty Ltd                     | 201507210083901     | Other Goods      | 34140836      | Yes  | 21/07/2015        |
| De Lage Landen Pty Limited                     | 201304180041282     | Other Goods      | 30795230      | Yes  | 18/04/2013        |
| Redstar Equipment Pty Ltd                      | 201208140056391     | Other Goods      | 28607288      | Yes  | 14/08/2012        |
| Redstar Equipment Pty Ltd                      | 201302210098513     | Other Goods      | 28612037      | Yes  | 21/02/2013        |
| Redstar Equipment Pty Ltd                      | 201310100042318     | Other Goods      | 28615347      | No   | 10/10/2013        |
| Toyota Material Handling Australia Pty Limited | 201201120809127     | Motor Vehicle    | 14615792      | Yes  | 30/01/2012        |
| Max Hire Pty Ltd                               | 201405090016261     | Other Goods      | 27692849      | Yes  | 9/05/2014         |
| Max Hire Pty Ltd                               | 201405090019354     | Motor Vehicle    | 27693186      | Yes  | 9/05/2014         |
| Stl Holdings Pty Ltd                           | 201401240195020     | Motor Vehicle    | 25478646      | Yes  | 24/01/2014        |
| Stl Holdings Pty Ltd                           | 201401240196389     | Motor Vehicle    | 25478807      | Yes  | 24/01/2014        |
| Controlworks Nsw Pty Ltd                       | 201602200008502     | Other Goods      | 37180310      | Yes  | 20/02/2016        |
| Controlworks Pty Ltd                           | 201602200009819     | Other Goods      | 37180442      | Yes  | 20/02/2016        |

## APPENDIX C



## THO Services Limited (Administrator Appointed) ACN 000 263 678

### Remuneration Report

17 May 2016

#### **Paul Gerard Weston**

Administrator

Pitcher Partners NSW Pty Limited  
Level 22, 19 Martin Place, Sydney NSW 2000  
Telephone 02 9228 2422  
Facsimile 02 9223 1762  
Email [Vicky.kwong@pitcher.com.au](mailto:Vicky.kwong@pitcher.com.au)

Liability limited by a scheme approved under Professional Standards Legislation ABN 94 001 097 758

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## 1. INTRODUCTION

The Business Recovery & Insolvency Services Division adopts the Code of Professional Practice (the Code) issued by the Australian Restructuring Insolvency & Turnaround Association (ARITA) (formerly the Insolvency Practitioners Association).

## 2. INITIAL ADVICE TO CREDITORS

In accordance with the Code, I am required to set out the basis upon which our remuneration is to be calculated and charged.

### 2.1. Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner:

- Time based / hourly rates  
This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks 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 practitioner's fee is structured to be contingent on a particular outcome being achieved.

### 2.2. Method Chosen

Given the nature of this administration I propose that my remuneration will be calculated on a time basis at the scale of rates charged by Pitcher Partners Business Recovery and Insolvency in NSW.

This is because my time is recorded and charged in six minute increments. This basis ensures that the administration is only charged for work that is performed.

### 2.3. Explanation of Hourly Rates

Attached as **Annexure 1** is a summary of the hourly rates as at 1 November 2015 together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

### 2.4. Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service is legal fees.

- Externally provided non-professional costs such as travel, accommodation, advertising, printing, couriers, mail redirection and search fees. These are recovered at cost.
- Internal disbursements such as document storage costs, photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as document storage costs, telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

### 2.5. Basis of Disbursement Claim

I am not required to seek creditor approval for disbursements, but must account to creditors. Details of the basis of recovering internal disbursements in this administration are provided below.

| Internal Disbursement  | Amount<br>(excl GST)  |
|------------------------|---|
| Document Storage Costs |   |
| - New box & lodgement  | \$5.50 per box  |
| - Annual storage cost  | \$12.00 per box   |
| - Destruction cost     | \$11.30 per box   |
| - Box movement         | \$23.71 for the 1 <sup>st</sup> box<br>\$6.76 for each remaining box  |
| - Urgent file request  | \$47.52 for the 1 <sup>st</sup> box<br>\$13.62 for each remaining box |
| Staff Vehicle Use      | \$0.66 per kilometre plus tolls                                       |

## 3. REMUNERATION APPROVAL REQUEST

### PART 1: DECLARATION

I, Paul Gerard Weston, have undertaken a proper assessment of this remuneration claim for my appointment as Administrator of THO Services Limited (Administrator Appointed) in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed and to be properly performed in the conduct of the administration.

## PART 2 : EXECUTIVE SUMMARY

To date, no remuneration has been approved or paid in this administration. This remuneration report details approval sought for the following fees:

| Period  | Annexure Reference | Amount (ex GST)     |
|---|--------------------|---------------------|
| <b>Total Time Costs</b>   |                    | <b>\$165,448.50</b> |
| <b>Current remuneration approval sought:</b>                        |                    |                     |
| Resolution 1: 25 January 2016 to 15 May 2016                        | 2a                 | \$165,448.50        |
| Resolution 2: 16 May 2016 to the finalisation of the administration | 2b                 | \$20,000.00         |
| <b>Total Approved Remuneration, if all resolutions are approved</b> |                    | <b>\$185,448.50</b> |

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

This differs to the estimate of costs provided in the initial advice to creditors contained in the Circular to Creditors dated 27 January 2016 for the following reasons:

- Extensive work regarding the QBE insurance cover including liaising with solicitors and reviewing response from solicitors acting for insurer and obtaining advice in relation to same.
- Additional investigations regarding insurance policies including liaising with Company's insurance broker, my own insurance broker and solicitors.

- Work in relation to the arbitration with the Commonwealth of Australia relating to the significant contingent defect claims, including liaising with lawyers.
- Work in relation to two claims by Work Cover NSW including review of documentation relating to claim and liaising with HWL Ebsworth (solicitors instructed by the Company).
- Additional work obtaining extension for convening period.
- Work in relation to obtaining stay of the arbitration proceedings.
- Work in relation to adjudication of the Commonwealth of Australia's claim.
- Reviewing and providing instructions in relation to the statement of claim for Hydro Wash
- Liaising with NAB including protracted communication regarding release of cash at bank including the term deposits and review information in relation to additional bank charges.

## PART 3 : DESCRIPTION OF WORK COMPLETED / TO BE COMPLETED

Attached as **Annexure 2a**, is a summary description of the work completed during the period 25 January 2016 to 15 May 2016.

Attached as **Annexure 2b**, is a summary description of the work to be completed during the period 16 May 2016 to the finalisation of the administration.

## PART 4 : CALCULATION OF REMUNERATION

### *Retrospective Remuneration*

I intend to request approval of remuneration for the period from 25 January 2016 to 15 May 2016 in the amount of \$165,448.50 (excl GST). Attached as **Annexure 3a** is the calculation of

remuneration for this period. The matrix shows how the time has been incurred and allocated between staff members and tasks.

### **Prospective Remuneration**

I intend to request approval of remuneration for the period from 16 May 2016 to the finalisation of the administration in the amount of \$20,000.00 (excl. GST). Attached as **Annexure 3b** is the calculation of remuneration for this period. The matrix shows how the time may be incurred and allocated between staff members and tasks.

### **PART 5: STATEMENT OF REMUNERATION CLAIM**

To date no remuneration has been approved or paid in this administration.

#### **Resolution 1**

It will be proposed at the meeting of creditors that the remuneration of the Administrator for the period 25 January 2016 to 15 May 2016 calculated on a time basis at the scale of rates charged by Pitcher Partners Business Recovery and Insolvency in NSW as at 1 November 2015 be approved in the amount of \$165,448.50 (excl. GST).

#### **Resolution 2**

It will be proposed at the meeting of creditors that the remuneration of the Administrator for the period 16 May 2016 to the finalisation of the administration, calculated on a time basis at the scale of rates charged by Pitcher Partners Business Recovery and Insolvency in NSW as at 1 November 2015 be approved and capped in the amount of \$20,000.00 (excl. GST).

Where a fee is capped, the capped amount represents the estimated fee to be charged for the period stated based on the

hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed. Should the actual remuneration exceed the capped amount, we may seek further approval from creditors. Where our remuneration is approved, it is proposed that our remuneration will be drawn from time to time and when funds become available.

### **PART 6: REMUNERATION RECOVERABLE FROM EXTERNAL SOURCES**

I have not received any remuneration from external sources.

### **PART 7: DISBURSEMENTS**

An explanation of disbursements and details of the basis of recovering internal disbursements in this administration are set out in Parts 2.4 and 2.5 above.

Disbursements may be paid directly from the administration bank account in which case they are included in the summary of receipts and payments.

Other disbursements are paid for by Pitcher Partners and are recovered from the administration bank account.

To date no disbursements have been paid in this administration.

I have undertaken a proper assessment of disbursements claimed for THO Services Limited (Administrator Appointed) in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.



## **PART 8 : REPORT ON THE PROGRESS OF THE ADMINISTRATION**

The report on the progress of the administration has already been incorporated into the Report to Creditors dated 17 May 2016.

## **PART 9: SUMMARY OF RECEIPTS AND PAYMENTS**

Attached as **Annexure 4** is a summary of Receipts and Payments prepared as at 13 May 2016 for the period from 25 January 2016 to 13 May 2016 and shows the balance held of \$208,919.

## **PART 10: QUERIES**

Should creditors require any further information, they can request that information from this office.

## **PART 11: INFORMATION SHEET**

Creditors may obtain further information from the ASIC Information Sheet 85 - Approving fees: A Guide for Creditors, [http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/Approving\\_fees\\_guide\\_for\\_creditors.pdf/\\$file/Approving\\_fees\\_guide\\_for\\_creditors.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/Approving_fees_guide_for_creditors.pdf/$file/Approving_fees_guide_for_creditors.pdf)

## **4. ANNEXURES**

| Annexure | Description  |
|----------|--|
| 1        | Pitcher Partners Business Recovery & Insolvency (NSW) - Schedule of Hourly Rates |
| 2        | Description of Work Completed and to be Completed                                |
| 3        | Matrix of Administrator's Costs  |
| 4        | Receipts and Payments  |

Dated this 17<sup>th</sup> day of May 2016



**PAUL G WESTON**

Administrator  
THO Services Limited (Administrator Appointed)

# ANNEXURE 1

## PITCHER PARTNERS BUSINESS RECOVERY & INSOLVENCY SERVICES (NSW)

### SCHEDULE OF HOURLY RATES

EFFECTIVE FROM 1 NOVEMBER 2015

| Title                         | Description  | Hourly Rate \$ |
|-------------------------------|--|----------------|
| Partner                       | Registered liquidator/trustee and member of the ARITA bringing his specialist skills to the administration or insolvency task.   | 595            |
| Principal                     | Minimum of 15 years insolvency experience, at least 5 years at manager level, qualified accountant and capable of controlling all aspects of an administration. May also be appropriately qualified to take appointments in his/her own right. | 570            |
| Client Director               | Minimum of 12 years experience and qualified accountant. Capable of controlling all aspects of an administration.  | 540            |
| Senior Manager                | More than 7 years experience and qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of an administration.   | 495            |
| Manager                       | 6-7 years experience and qualified accountant with well developed technical and commercial skills.   | 430            |
| Assistant Manager             | Minimum 5 years experience and qualified accountant. Will have had conduct of administrations and experience in control of staff. Assists with the planning and control of medium to large administrations.                                    | 340            |
| Senior Accountant 2           | 3-5 years experience, degree qualified and completing CA or CPA programme. Required to control the fieldwork on medium to large jobs and assists with the planning and control of small to medium administrations.                             | 300            |
| Senior Accountant             | 1-3 years experience, degree qualified and studying CA or CPA programme. Required to control the fieldwork on small administrations and assists the completion of fieldwork on medium to large administrations.                                | 260            |
| Analyst                       | Manages cases in IPS/MYOB, system and processes, assists with monitoring and planning for statutory requirements and the preparation of fieldwork on all administrations.  | 300            |
| Accountant 3                  | 1-2 years experience, graduate studying CA or CPA programme. Required to control the fieldwork on small administrations and assists the completion of fieldwork on medium to large jobs under the supervision of more senior staff.            | 240            |
| Accountant 2                  | 0-1 years experience, graduate studying CA or CPA programme. Required to control the fieldwork on small administrations and assists the completion of fieldwork on medium to large administrations under the supervision of more senior staff. | 230            |
| Accountant                    | 0-2 years. Graduate with little or no professional experience. Required to assist in day-to-day fieldwork under supervision of more senior staff.  | 195            |
| Cadet                         | Undergraduate with little or no professional experience. Required to assist in day-to-day fieldwork under supervision of more senior staff.  | 180            |
| Computer Operator / Secretary | Appropriate skills including machine usage.  | 165            |
| Administration                | Administrative tasks performed by any staff member that require no specific skill set  | 120            |

**NB:** *Rates are exclusive of GST*

The above is to be taken as a general guide only. From time to time there may be persons employed who, because of their skills and experience are employed in positions where they may not necessarily meet all of the above qualifications. These rates may be varied, depending on the particular circumstances of any liquidation of the Company, by a resolution of creditors of the Company, a determination of the Committee of Inspection or the Court as prescribed by the Corporations Act 2001 and its subordinate Regulations.

## ANNEXURE 2a

**THO Services Limited (Administrator Appointed)**  
**Description of Work Completed**

|                     |  |             |                  |    |             |
|---------------------|--|-------------|------------------|----|-------------|
| Company             | THO Services Limited (Administrator Appointed) | Period From | 25 January 2016  | To | 15 May 2016 |
| Practitioner        | Paul Gerard Weston                             | Firm        | Pitcher Partners |    |             |
| Administration Type | Voluntary Administration                       |             |                  |    |             |

|                     |  |
|---------------------|--|
| <b>Resolution 1</b> | That the remuneration of the Administrator for the period 25 January 2016 to 15 May 2016 calculated on a time basis at the scale of rates charged by Pitcher Partners Business Recovery and Insolvency in NSW as at 1 November 2015 be approved in the amount of \$165,448.50 (excl. GST). |
|---------------------|--|

| Task Area  | General Description                 | Includes   |
|--|-------------------------------------|--|
| <u>Assets</u><br>4.3 hours<br>\$1,978.50(excl. GST)<br>\$2,176.35 (incl. GST)        | Sale of Business as a Going Concern | Corresponded with potential purchasers and interested parties regarding the recapitalisation of the Company<br>Held internal meetings to discuss/review offers received<br>Prepared correspondence to interested parties               |
|  | Debtors                             | Corresponded with debtors regarding retention amounts payable and guarantees<br>Reviewed and assessed debtor ledger  |
|  | Other Assets                        | Assessed the position of the guarantees<br>Corresponded with NAB regarding charges applied to outstanding guarantees and terms deposits<br>Reviewed information provided by NAB in relation to additional bank charges                 |
| <u>Creditors</u><br>76.2 hours<br>\$31,799.00 (excl. GST)<br>\$34,978.90 (incl. GST) | Creditor Enquiries                  | Received and followed up creditor enquiries<br>Maintained creditor register<br>Reviewed and prepared correspondence to creditors<br>Held meetings and prepared correspondence to Clayton Utz regarding the Department of Defence claim |
|  | Secured creditor reporting          | Responded to secured creditor queries  |
|  | Creditor Circular                   | Prepared circular and report to creditors pursuant to Section 436A and Section 439A of the   |

**THO Services Limited (Administrator Appointed)**  
**Description of Work Completed**

| Task Area   | General Description  | Includes  |
|---|----------------------|---|
|   |                      | Corporations Act<br>Prepared the remuneration report<br>Prepared circular to creditors regarding the extension of the convening period<br>Prepared circular to creditors who were identified on the PPSR register   |
|   | Convening Period     | Prepared, reviewed and finalised the extension of the convening period application with lawyers<br>Various correspondence with lawyers regarding the extension of the convening period  |
|   | Meeting of Creditors | Prepared meeting notices, proxies and advertisements<br>Forwarded notice of meeting to all known creditors<br>Received and accounted for creditor proxies and informal proof of debts<br>Reviewed claim submitted by the Department of Defence<br>Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and minutes of meeting.<br>Prepared and lodged minutes of meetings with ASIC<br>Attended the meeting and responded to stakeholder questions immediately following meeting |
|   | Shareholder enquires | Prepared various ASX Announcements regarding the status of the administration<br>Corresponded with lawyers regarding ASX Announcements<br>Prepared correspondence with Computershare regarding listing requirements and maintaining list of all shareholders<br>Dealt with shareholder correspondence and enquiries   |
| <u>Employees</u><br>7.4 hours<br>\$3,918.00 (excl. GST)<br>\$4,309.80 (incl. GST) | Employees enquiry    | Corresponded with employees regarding Workers Compensation Claims and litigation procedures<br>Maintained employee register<br>Receipted and reviewed claim from employees' insurers<br>Corresponding with insurer regarding initial and ongoing workers compensation insurance requirements  |
|   | Suppliers            | Received and reviewed correspondence regarding ongoing suppliers<br>Liaised with suppliers regarding continuation of services   |

**THO Services Limited (Administrator Appointed)**  
**Description of Work Completed**

| Task Area  | General Description      | Includes   |
|--|--------------------------|--|
| <u>DOCA Proposals, Suppliers &amp; Memos</u><br>20.4 hours<br>\$10,853.50 (excl. GST)<br>\$11,938.85 (incl. GST) | DOCA                     | Discussed strategies of DOCA<br>Received and reviewed DOCA proposals<br>Corresponded with interested parties regarding DOCA and recapitalisation<br>Reviewed and prepare amendments to half year report for the period ending 31 December 2015 to ensure the Company compliant for possible recapitalisation   |
| <u>Investigation</u><br>107.4 hours<br>\$51,849.50 (excl. GST)<br>\$57,034.45 (incl. GST)                        | Conducting investigation | Reviewed company's books and records<br>Prepared analysis of financial statements<br>Conducted and summarised searches<br>Prepared comparative financial statements<br>Reviewed specific transactions<br>Investigated how the proceeds from the sale of the business were disbursed<br>Reviewed and ensured that all contingent liabilities were accounted for<br>Liaised with directors regarding certain transactions<br>Prepared investigation into company bank accounts<br>Received and reviewed correspondence from the ATO<br>Performed work in relation to two claims by Work Cover NSW including review of documentation relating to claim and liaising with HWL Ebsworth (solicitors instructed by the Company).   |
|  | Litigation / Recoveries  | Held internal meetings to discuss status of litigation<br>Various meetings and discussions with lawyers seeking legal advice in particular regarding the Department of Defence claim<br>Various meetings with lawyers discussing overall strategy of administration<br>Review legal advice regarding insurance issues and stay of proceedings application<br>Prepared affidavit regarding stay on proceedings and extension of convening period<br>Reviewed and provided instructions for statement of claim for Hydro Wash<br>Performed work in relation to the arbitration with the Commonwealth of Australia relating to the significant contingent defect claims, including liaising with lawyers<br>Attended court for stay on arbitration<br>Extensive work regarding the QBE insurance cover including liaising with solicitors and reviewing response from solicitors acting for insurer and obtaining advice in relation to same. |
|  | ASIC reporting           | Prepared investigation reports   |

**THO Services Limited (Administrator Appointed)**  
**Description of Work Completed**

| Task Area  | General Description                                 | Includes  |
|--|---|---|
|  |   | Liased with ASIC  |
| <u>Dividend</u><br>1.1 hours<br>\$515.50 (excl. GST)<br>\$567.05 (incl. GST)               | Dividend Procedures                                 | Maintained POD register<br>Prepared correspondence regarding advice on insurance claim and Department of Defence claim<br>Performed work in relation to adjudication of the Commonwealth of Australia's claim.<br>Requested further information from claimants regarding POD<br>Reviewed list of previous unclaimed dividends against Computershare records   |
| <u>Administration</u><br>178.6 hours<br>\$64,534.50 (excl. GST)<br>\$70,987.95 (incl. GST) | Correspondence                                      | Prepared and reviewed general correspondence<br>Prepared correspondence to stakeholders regarding the DOCA proposal<br>Performed various mail out of circulars to creditors and stakeholders  |
|  | Document maintenance /checklist/<br>planning/review | Performed day one procedures and sent all notifications<br>Performed frequent administration reviews and strategy meetings<br>Maintained and filed documents<br>Updated checklists<br>Held meeting with directors following appointment to discuss week one issues  |
|  | Insurance   | Identified potential issues requiring attention of insurance specialists<br>Corresponded with insurer regarding initial and ongoing insurance requirements<br>Reviewed insurance policies<br>Corresponded with previous broker<br>Obtained legal advice in relation to insurance issues<br>Held meeting with insurance broker regarding the Department of Defence claim and associated insurance policies |
|  | Bank account administration                         | Prepared correspondence opening accounts<br>Requested bank statements<br>Reconciled bank account<br>Maintained schedule of costs involved in the administration<br>Prepared payment vouchers<br>Prepared receipt vouchers<br>Corresponded with bank regarding specific transfers<br>Corresponded with bank regarding guarantee charges  |



**THO Services Limited (Administrator Appointed)**  
**Description of Work Completed**

| Task Area | General Description               | Includes  |
|-----------|-----------------------------------|---|
|           | ASIC Form 524 and other forms     | Prepared and lodging ASIC forms<br>Corresponded with ASIC regarding statutory forms and extension of convening period   |
|           | ATO and other statutory reporting | Prepared and lodged notification of appointment<br>Prepared BAS<br>Obtained access to ASX company access to facilitate ASX Announcements<br>Corresponded with ASX regarding required information<br>Prepared ASX lodgements   |
|           | Books and records / storage       | Attended site to obtain books and records of company and prepare listing<br>Dealt with records in storage<br>Liaised with storage facility previously employed by company<br>Liaised with IT team to arrange for removal of server and tasks associated to back up server |

|  |
|--|
| <b>TOTAL</b><br><b>395.4 Hours</b><br><b>\$165,448.50 (excl. GST)</b><br><b>\$181,993.35 (incl. GST)</b> |
|--|

## ANNEXURE 2b

**THO Services Limited (Administrator Appointed)**  
**Description of Work to be Completed**

|                     |  |             |                  |    |                                    |
|---------------------|--|-------------|------------------|----|------------------------------------|
| Company             | THO Services Limited (Administrator Appointed) | Period From | 16 May 2016      | To | Finalisation of the administration |
| Practitioner        | Paul Gerard Weston                             | Firm        | Pitcher Partners |    |                                    |
| Administration Type | Voluntary Administration                       |             |                  |    |                                    |

|                     |  |
|---------------------|--|
| <b>Resolution 2</b> | That the remuneration of the Administrator for the period 16 May 2016 to the finalisation of the administration calculated on a time basis at the scale of rates charged by Pitcher Partners Business Recovery and Insolvency in NSW as at 1 November 2015 be approved in the amount of \$20,000.00 (excl. GST). |
|---------------------|--|

| Task Area  | General Description         | Includes  |
|--|-----------------------------|---|
| <b>Creditors</b><br>19.8 hours<br>\$8,587.50 (excl. GST)<br>\$9,446.25 (incl. GST) | Creditor Enquiries          | Receive and follow up creditor enquiries<br>Maintain creditor register  |
|  | Secured creditor reporting  | Respond to secured creditors' queries   |
|  | Creditor Circular           | Finalise Section 439A report to creditors<br>Finalise the remuneration report   |
|  | Second Meeting of Creditors | Prepare meeting notices, proxies and advertisements<br>Forward notice of meeting to all known creditors<br>Receive and account for creditor proxies and informal proof of debts<br>Prepare meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, and advertisement of meeting and draft minutes of meeting.<br>Prepare and lodge minutes of meetings with ASIC<br>Attend the meeting and respond to stakeholder questions immediately following meeting |
|  | Shareholder enquires        | Prepare ASX Announcements regarding the status of the administration<br>Deal with shareholder correspondence and enquiries  |

**THO Services Limited (Administrator Appointed)**  
**Description of Work to be Completed**

| Task Area   | General Description                              | Includes  |
|---|--|---|
| <u>DOCA Proposals, Suppliers &amp; Memos</u><br>5.0 hours<br>\$2,725.00 (excl. GST)<br>\$2,997.50 (incl. GST) | DOCA   | Discuss strategies and options in relation to DOCA proposals<br>Review legal advice regarding DOCA proposals<br>Prepare correspondence with stakeholders regarding the DOCA proposals   |
| <u>Investigation</u><br>11.0 hours<br>\$5,810.00 (excl. GST)<br>\$6,391.00 (incl. GST)                        | Litigation / Recoveries                          | Hold internal meetings to discuss status of litigation<br>Attend meetings with lawyers to seek legal advice   |
| <u>Administration</u><br>8.1 hours<br>\$2,877.50 (excl. GST)<br>\$3,165.25 (incl. GST)                        | Correspondence                                   | Perform mail out of circular to creditors and stakeholders  |
|   | Document maintenance /checklist/ planning/review | Perform administration reviews and strategy meetings<br>Maintain and file documents<br>Update checklists  |
|   | Insurance  | Correspond with insurance broker to retrieve all insurance files and policy enquiries<br>Maintain schedule of insurance policies  |
|   | Bank account administration                      | Request bank statements<br>Reconcile bank account<br>Maintain schedule of costs involved in the administration<br>Prepare payment vouchers<br>Prepare receipt vouchers<br>Correspond with bank regarding specific transfers<br>Correspond with bank regarding guarantee charges |
|   | ASIC Form 524 and other forms                    | Correspond with ASIC regarding statutory forms and outstanding fees   |
|   | ATO and other statutory reporting                | Prepare BAS<br>Prepare ASX Announcements  |

**THO Services Limited (Administrator Appointed)**  
**Description of Work to be Completed**

| Task Area | General Description         | Includes  |
|-----------|-----------------------------|---|
|           | Books and records / storage | Deal with records in storage<br>Liaise with IT Solutions regarding server |

|                         |
|-------------------------|
| <b>TOTAL</b>            |
| 43.9 Hours              |
| \$20,000.00 (excl. GST) |
| \$22,000.00 (incl. GST) |

## ANNEXURE 3a

**THO SERVICES LIMITED (ADMINISTRATOR APPOINTED)**  
**Matrix for time costs incurred for the period 25 January 2016 to 15 May 2016**

| Name                                | Position          | \$ / hour (ex GST) | Total Actual Hours | Total \$      | Task Area |             |           |              |           |           |                |             |                                   |              |                |              |       |              |
|-------------------------------------|-------------------|--------------------|--------------------|---------------|-----------|-------------|-----------|--------------|-----------|-----------|----------------|-------------|-----------------------------------|--------------|----------------|--------------|-------|--------------|
|                                     |                   | Assets             |                    |               | Creditors |             | Dividends |              | Employees |           | Investigations |             | DOCA Proposals, Suppliers & Memos |              | Administration |              |       |              |
|                                     |                   | Hrs                |                    |               | \$        | Hrs         | \$        | Hrs          | \$        | Hrs       | \$             | Hrs         | \$                                | Hrs          | \$             | Hrs          | \$    |              |
| Paul Weston                         | Appointee/Partner | \$ 595             | 43.5               | \$ 25,882.50  | 0.0       | \$ -        | 4.8       | \$ 2,856.00  | 0.5       | \$ 297.50 | 0.0            | \$ -        | 22.5                              | \$ 13,387.50 | 0.0            | \$ -         | 15.7  | \$ 9,341.50  |
| Mark Godlewski                      | Partner           | \$ 595             | 0.7                | \$ 416.50     | 0.0       | \$ -        | 0.0       | \$ -         | 0.0       | \$ -      | 0.0            | \$ -        | 0.0                               | \$ -         | 0.0            | \$ -         | 0.7   | \$ 416.50    |
| Daniel Cooklsey                     | Principal         | \$ 570             | 100.9              | \$ 57,513.00  | 0.4       | \$ 228.00   | 28.8      | \$ 16,416.00 | 0.2       | \$ 114.00 | 6.6            | \$ 3,762.00 | 20.8                              | \$ 11,856.00 | 10.7           | \$ 6,099.00  | 33.4  | \$ 19,038.00 |
| Daniel Matta                        | Senior Manager    | \$ 495             | 95.9               | \$ 47,470.50  | 3.3       | \$ 1,633.50 | 11.7      | \$ 5,791.50  | 0.0       | \$ -      | 0.0            | \$ -        | 44.9                              | \$ 22,225.50 | 9.5            | \$ 4,702.50  | 26.5  | \$ 13,117.50 |
| Ragu Nith                           | Manager           | \$ 430             | 1.9                | \$ 817.00     | 0.0       | \$ -        | 0.0       | \$ -         | 0.0       | \$ -      | 0.0            | \$ -        | 0.0                               | \$ -         | 0.0            | \$ -         | 1.9   | \$ 817.00    |
| Paola Calvano                       | Analyst           | \$ 300             | 5.5                | \$ 1,650.00   | 0.0       | \$ -        | 1.2       | \$ 360.00    | 0.0       | \$ -      | 0.0            | \$ -        | 0.0                               | \$ -         | 0.0            | \$ -         | 4.3   | \$ 1,290.00  |
| Glen Hornhardt                      | Analyst           | \$ 300             | 9.1                | \$ 2,730.00   | 0.0       | \$ -        | 0.4       | \$ 120.00    | 0.0       | \$ -      | 0.0            | \$ -        | 0.0                               | \$ -         | 0.0            | \$ -         | 8.7   | \$ 2,610.00  |
| Vicky Kwong                         | Senior 1          | \$ 260             | 34.9               | \$ 9,074.00   | 0.0       | \$ -        | 11.8      | \$ 3,068.00  | 0.4       | \$ 104.00 | 0.0            | \$ -        | 10.6                              | \$ 2,756.00  | 0.2            | \$ 52.00     | 11.9  | \$ 3,094.00  |
| Elias Xanthos                       | Accountant 1      | \$ 195             | 42.8               | \$ 8,346.00   | 0.6       | \$ 117.00   | 12.5      | \$ 2,437.50  | 0.0       | \$ -      | 0.0            | \$ -        | 1.8                               | \$ 351.00    | 0.0            | \$ -         | 27.9  | \$ 5,440.50  |
| George Choueifate                   | Accountant 1      | \$ 195             | 12.6               | \$ 2,457.00   | 0.0       | \$ -        | 2.0       | \$ 390.00    | 0.0       | \$ -      | 0.8            | \$ 156.00   | 6.1                               | \$ 1,189.50  | 0.0            | \$ -         | 3.7   | \$ 721.50    |
| Administration                      |                   | \$ 120             | 21.6               | \$ 2,592.00   | 0.0       | \$ -        | 3.0       | \$ 360.00    | 0.0       | \$ -      | 0.0            | \$ -        | 0.7                               | \$ 84.00     | 0.0            | \$ -         | 17.9  | \$ 2,148.00  |
| Pitcher Partners IT Solutions       |                   | \$ 250             | 26.0               | \$ 6,500.00   | 0.0       | \$ -        | 0.0       | \$ -         | 0.0       | \$ -      | 0.0            | \$ -        | 0.0                               | \$ -         | 0.0            | \$ -         | 26.0  | \$ 6,500.00  |
| Total Time Costs                    |                   |                    | 395.4              | \$ 165,448.50 | 4.3       | \$ 1,978.50 | 76.2      | \$ 31,799.00 | 1.1       | \$ 515.50 | 7.4            | \$ 3,918.00 | 107.4                             | \$ 51,849.50 | 20.4           | \$ 10,853.50 | 178.6 | \$ 64,534.50 |
| Average Hourly Rate (Excluding GST) |                   |                    |                    | \$ 418.43     |           | \$ 460.12   |           | \$ 417.31    |           | \$ 468.64 |                | \$ 529.46   |                                   | \$ 482.77    |                | \$ 532.03    |       | \$ 361.34    |
| GST on Total                        |                   |                    |                    | \$ 16,544.85  |           |             |           |              |           |           |                |             |                                   |              |                |              |       |              |
| Total (Including GST)               |                   |                    |                    | \$ 181,993.35 |           |             |           |              |           |           |                |             |                                   |              |                |              |       |              |

## ANNEXURE 3b



**THO SERVICES LIMITED (ADMINISTRATOR APPOINTED)**  
**Matrix for estimated time costs for the period 16 May 2016 to the finalisation of the administration**

| Name                                | Position          | \$ / hour (ex GST) | Total Actual Hours | Total \$     | Task Area     |             |           |             |                                   |             |                |             |
|-------------------------------------|-------------------|--------------------|--------------------|--------------|---------------|-------------|-----------|-------------|-----------------------------------|-------------|----------------|-------------|
|                                     |                   | 01-Nov-15          |                    |              | Investigation |             | Creditors |             | DOCA Proposals, Suppliers & Memos |             | Administration |             |
|                                     |                   |                    |                    |              | Hrs           | \$          | Hrs       | \$          | Hrs                               | \$          | Hrs            | \$          |
| Paul Weston                         | Appointee/Partner | \$ 595             | 7.0                | \$ 4,165.00  | 3.0           | \$ 1,785.00 | 2.0       | \$ 1,190.00 | 1.0                               | \$ 595.00   | 1.0            | \$ 595.00   |
| Daniel Cooklsey                     | Principal         | \$ 570             | 15.5               | \$ 8,835.00  | 4.0           | \$ 2,280.00 | 8.5       | \$ 4,845.00 | 2.0                               | \$ 1,140.00 | 1.0            | \$ 570.00   |
| Daniel Matta                        | Senior Manager    | \$ 495             | 8.0                | \$ 3,960.00  | 3.0           | \$ 1,485.00 | 2.0       | \$ 990.00   | 2.0                               | \$ 990.00   | 1.0            | \$ 495.00   |
| Paola Calvano                       | Analyst           | \$ 300             | 3.0                | \$ 900.00    | 0.0           | \$ -        | 0.0       | \$ -        | 0.0                               | \$ -        | 3.0            | \$ 900.00   |
| Vicky Kwong                         | Senior 1          | \$ 260             | 3.0                | \$ 780.00    | 1.0           | \$ 260.00   | 2.0       | \$ 520.00   | 0.0                               | \$ -        | 0.0            | \$ -        |
| Elias Xanthos                       | Accountant 1      | \$ 195             | 6.2                | \$ 1,218.00  | 0.0           | \$ -        | 5.3       | \$ 1,042.50 | 0.0                               | \$ -        | 0.9            | \$ 175.50   |
| Administration                      |                   | \$ 120             | 1.2                | \$ 142.00    | 0.0           | \$ -        | 0.0       | \$ -        | 0.0                               | \$ -        | 1.2            | \$ 142.00   |
| Total Time Costs                    |                   |                    | 43.9               | \$ 20,000.00 | 11.0          | \$ 5,810.00 | 19.8      | \$ 8,587.50 | 5.0                               | \$ 2,725.00 | 8.1            | \$ 2,877.50 |
| Average Hourly Rate (Excluding GST) |                   |                    |                    | \$ 455.28    |               | \$ 528.18   |           | \$ 432.70   |                                   | \$ 545.00   |                | \$ 355.98   |
| GST on Total                        |                   |                    |                    | \$ 2,000.00  |               |             |           |             |                                   |             |                |             |
| Total (Including GST)               |                   |                    |                    | \$ 22,000.00 |               |             |           |             |                                   |             |                |             |

## ANNEXURE 4

**THO Services Limited (Administrator Appointed)**  
**Administrator's Summary of Receipts and Payments**  
**For the Period 25 January 2016 to 13 May 2016**  
**Prepared as at 13 May 2016**

|                         |                              |
|-------------------------|------------------------------|
| <b>Receipts</b>         | <b>\$</b>                    |
| Sundry Debtors          | 14,657                       |
| Cash at Bank            | 542,915                      |
| Refunds                 | 3,338                        |
| <b>Total Receipts</b>   | <b><u>560,910</u></b>        |
| <br><b>Payments</b>     |                              |
| Commissions Paid        | 4,636                        |
| Professional Fees       | 29,575                       |
| Sundry Expenses         | 226                          |
| Bank Charges            | 20                           |
| Legal Fees              | 266,255                      |
| Professional Fees       | 12,000                       |
| Listing Fees            | 1,802                        |
| Storage Costs           | 5,485                        |
| GST Paid                | 31,992                       |
| <b>Total Payments</b>   | <b><u>351,991</u></b>        |
| <br><b>Balance Held</b> | <b><u><u>208,919</u></u></b> |

## APPENDIX D

FORM 529

Subregulation 5.6.12(6)

CORPORATIONS ACT 2001

NOTICE OF SECOND MEETING OF  
CREDITORS OF COMPANY UNDER ADMINISTRATION

THO SERVICES LIMITED  
(ADMINISTRATOR APPOINTED)  
ACN 000 263 678

Notice is hereby given that a meeting of the creditors of the Company will be held at the offices of Pitcher Partners NSW Pty Limited, Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000 on **24 May 2016 at 11:30am**.

AGENDA:

1. To consider the Report by the Administrator.
2. To approve the remuneration of the Administrator.
3. For the creditors to resolve that:
  - i. the Company execute the Deed of Company arrangement proposed; or
  - ii. the Administration should end; or
  - iii. the Company should be wound up; and
  - iv. to consider whether to appoint a Committee of Inspection
4. If no Committee of Inspection is appointed, to consider the destruction of the books and records at the conclusion of the winding up.
5. Any other business that may be lawfully brought forward.

Telephone conference facilities will be available at the meeting. If creditors wish to attend the meeting by telephone please contact Vicky Kwong of this office on (02) 9228 2422 immediately. Please note that a person or proxy who wishes to participate in the meeting by telephone must forward to the Administrator a written statement setting out:

1. the name of the person and of the proxy or attorney (if any); and
2. an address to which notices to the person and/or proxy and/or attorney may be sent; and
3. a telephone number at which the person and/or proxy and/or attorney may be contacted; and
4. any facsimile transmission number to which notices to the person and/or proxy and/or attorney may be sent.

Proxies to be used at the meeting should be lodged at the office of the Administrator by 4.00pm on the day prior to the meeting. 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 of the Corporations Act 2001.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company with the Administrator.

DATED this 17th day of May 2016.



**PAUL G WESTON**

Administrator

THO Services Limited (Administrator Appointed)

## FORM 532

Regulation 5.6.29

## CORPORATIONS ACT 2001

APPOINTMENT OF PROXY  
CREDITORS MEETINGTHO SERVICES LIMITED  
(ADMINISTRATOR APPOINTED)  
ACN 000 263 678  
(the Company)

\*I/\*We (1).....  
 of .....  
 a creditor of THO Services Limited, appoint (2) .....  
 or in his or her absence ..... as \*my/our (3)\*general/special proxy to vote at the meeting of creditors to be held on **24 May 2016**, or at any adjournment of that meeting.

**Special Proxy Voting (please tick to indicate your vote):**

| Resolution   | For | Against | Abstain |
|--|-----|---------|---------|
| <b>Voluntary Administration Remuneration:</b>  |     |         |         |
| That the remuneration of the Administrator for the period 25 January 2016 to 15 May 2016 calculated on a time basis at the scale of rates charged by Pitcher Partners Business Recovery and Insolvency in NSW as at 1 November 2015 be approved in the amount of \$165,448.50 (excl. GST).                                   |     |         |         |
| That the remuneration of the Administrator for the period 16 May 2016 to the finalisation of the administration, calculated on a time basis at the scale of rates charged by Pitcher Partners Business Recovery and Insolvency in NSW as at 1 November 2015 be approved and capped in the amount of \$20,000.00 (excl. GST). |     |         |         |

| Resolution  | For | Against | Abstain |
|---|-----|---------|---------|
| <b>Future of the Company:</b>   |     |         |         |
| That the Company execute a Deed of Company Arrangement in the general terms proposed                              |     |         |         |
| That the Company be wound up  |     |         |         |
| That the Administration of the Company end  |     |         |         |
| To Appoint a Committee of Inspection<br>Nomination for Committee:   |     |         |         |
| To authorise the destruction of the Company's Books & Records at the conclusion of the winding up, if applicable. |     |         |         |
| Other Instructions to Specific Proxy  |     |         |         |

DATED this      day of May 2016

\_\_\_\_\_  
(4) Signature of individual or person authorised to represent corporation

\_\_\_\_\_  
Name of individual or person authorised to represent corporation

\_\_\_\_\_  
Position of individual or person authorised to represent corporation

**Return to Pitcher Partners – Fax 02 9223 1762**



#### (5) CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I, ..... of .....

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

---

#### How to Complete a Form 532

1. Insert the full name and address of the creditor entitled to attend the meeting. This will be a given name and surname if you are entitled to attend in your personal capacity or the name of the company if the creditor or member entitled to attend is a corporate entity. If you wish to, you can include a telephone number to make it easy for us to contact you if necessary.
2. Insert the name of the person you appoint as your proxy (you may insert "the Chairperson of the meeting" if you wish) and then insert the name of the company the proxy holder represents or works for (not needed if you have nominated the Chairperson as your proxy). You may appoint an alternate proxy where it states "...or in his/her absence" who may act if your first appointed proxy cannot attend the meeting. You may insert "the Chairperson of the meeting" if you wish.
3. If the proxy is a general proxy, cross out "special". This means the proxy votes as they see fit at the meeting. If you wish to appoint a special proxy, cross out "general". This means the proxy must act in accordance with your exact instructions. If you do wish to appoint a special proxy, you need to tick the relevant box for each resolution to be put before the meeting.
4. This is where you sign the proxy form. Date and sign the Proxy form using one of the following various forms of execution:
  - Sole Trader: Sign the proxy yourself
  - Partnership: e.g. sign - "ABC Partners, John Smith - Partner"
  - Company: (a) By a director or secretary or (b) By a person duly authorised to sign on behalf of the company, either as the company's attorney or Authorised Representative
5. "Certificate of Witness" is only to be used where the Proxy is being completed on behalf of a person who is blind or incapable of writing. In all other cases a witness to the signature of the person appointing the Proxy is not required and you may ignore the section headed "Certificate of Witness".

FORM 535  
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

## FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN 000 263 678

To the Administrator of THO Services Limited (Administrator Appointed)

1. This is to state that the company was, on 25 January 2016 <sup>(1)</sup> and still is, justly and truly indebted to <sup>(2)</sup>

for ..... dollars and ..... cents.

Particulars of the debt are:

| Date | Consideration <sup>(3)</sup> | Amount<br>\$ | GST<br>included<br>\$ | Remarks <sup>(4)</sup> |
|------|------------------------------|--------------|-----------------------|------------------------|
|      |                              |              |                       |                        |
|      |                              |              |                       |                        |

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:<sup>(5)</sup>
- 3.<sup>(6)\*</sup> I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.<sup>(6)\*</sup> I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this                      day of May 2016

Signature of Signatory ..... NAME IN BLOCK LETTERS .....

Occupation .....

Address .....

**See Directions overleaf for the completion of this form**

### Directions

\* Strike out whichever is inapplicable.

- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of .....", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

| Date | Drawer | Acceptor | Amount | Date Due | \$ | ¢ |
|------|--------|----------|--------|----------|----|---|
|      |        |          |        |          |    |   |

- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.

### Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
  - (a) have an identifying mark;
  - (b) and be endorsed with the words:
 

"This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
  - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
  - (a) the identifying mark; and
  - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

### OFFICE USE ONLY

|                            |     |                          |    |
|----------------------------|-----|--------------------------|----|
| POD No:                    |     | ADMIT - Ordinary         | \$ |
| Date Received:             | / / | ADMIT - Preferential     | \$ |
| Entered into IPS/Computer: |     | Reject                   | \$ |
| Amount per RATA            | \$  | H/Over for Consideration | \$ |
| PREP BY/AUTHORISED         |     | <b>TOTAL PROOF</b>       | \$ |
| DATE AUTHORISED / /        |     |                          |    |