

ASX ANNOUNCEMENT

3 September 2019

Notice of Second Meeting of Creditors

I refer to the Appointment of Joanne Dunn and John Park of FTI Consulting (**the Voluntary Administrators**) as Administrators of Rubicor Group Limited (ASX:RUB) and all of its Australian subsidiaries (**the Group**) on 5 August 2019 pursuant to section 436A of the Corporations Act (**the Act**).

Pursuant to section 75-225 of the Insolvency Practice Rules (Corporations) 2016, the Administrators issued their report to creditors (**Report**) on 2 September 2019 ahead of the second meetings of creditors to decide the future of the Group.

In the Report, the Administrators express that, in their opinion, it is in the creditors' interests for the Group to execute the deeds of company arrangement (**DOCAs**) proposed by Polygon Talent Pty Ltd (**Polygon**). The DOCAs are subject to certain conditions precedent, including leave being granted by the court to the transfer of RUB's shares to Polygon pursuant to section 444GA of the Act.

The Report is **attached**.

Details of the Second Meetings of Creditors are as follows:

Date: Monday, 9 September 2019

Time: Registration from 11:45PM with the meeting commencing at 12:00PM

Location: Queensland - FTI Consulting, Central Plaza One, Level 20, 345 Queen Street, BRISBANE QLD 4000

New South Wales - Karstens, Level 1, 111 Harrington Street, SYDNEY NSW 2000

Victoria - FTI Consulting, Bourke Place, Level 21, 600 Bourke Street, MELBOURNE VIC 3000

At the second meetings of creditors, creditors will vote on the future of the Group.

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END



Rubicor Group Limited ACN 110 913 365
and all Australian wholly owned subsidiaries
(Administrators Appointed)

*Report to Creditors – Pursuant to Section 75-225 of the Insolvency
Practice Rules (Corporations) 2016*

2 September 2019



About this report: a guide for creditors

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Purpose of this report

- The Administrators are required to prepare this report under the *Corporations Act 2001 (the Act)*. We are required to provide creditors with information about the Companies' business, property, affairs and financial circumstances.
- This report and its attachments contain details about the forthcoming second meeting of creditors to be held on 9 September 2019 and our opinion and recommendation about the future of the Companies and what is considered to be in the creditors' interests. Creditors are required to decide for each of the Companies whether:
 - the company should execute a Deed of Company Arrangement (**DOCA**), or
 - the administration of the company should end, or
 - the company should be wound up.

Alternatively, creditors can vote to adjourn the meeting for up to 45 business days to allow more time to make their decision.

Information included

- This report contains the information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the Companies' future.
- The *Table of Contents* on the following page lists the sections of this report. Other relevant information, including details about our claim for remuneration, is included in appendices.

Executive Summary and recommendations

- **Section 2** of the report summarises the items considered to be the most important for creditors, and includes our recommendation to creditors.

Details and forms for the forthcoming creditors' meeting

- All details, forms and instructions relating to the meeting have been included and other documents attached to this report.

Questions and help

- Please contact us if you are unsure about any of the matters raised in this report and the impact that any decision about the Companies' future may have on you.



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1. Glossary and terms of reference

1. Glossary and terms of reference

Term	Definition
Administrators	John Park and Joanne Dunn
ALL PAAP	All Present and After-acquired Property
Appointment Date	5 August 2019
Apsley	Apsley Nominees Pty Limited and Apsley Recruitment Pty Limited
ASIC	Australian Securities Investment Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office/Deputy Commissioner of Taxation
BAS	Business Activity Statement
'c'	Circa
Cadden Crowe (QLD)	Cadden Crowe (Queensland) Pty Ltd (ACN 085 267 189)
Cadden Crowe (VIC)	Cadden Crowe (Victoria) Pty Limited (ACN 089 844 995)
Careers Unlimited	Careers Unlimited Pty Ltd (ACN 075 304 737)
Cashel	Cashel Financial Services Pty Ltd
Cashel DOCA	the DOCA submitted by Cashel Financial Services Pty Ltd
CBD	Central Business District
Choice HR	Choice HR (Logistics) Pty Ltd (ACN 069 532 618)
Choice HR Pty Ltd	Choice HR Pty Ltd (ACN 003 248 584)
CHR (Liverpool)	Choice HR (Liverpool) (ACN 100 867 123)
CHR (Maitland)	Choice HR (Maitland) Pty Ltd (ACN 095 133 403)
CHR (Newcastle)	Choice HR (Newcastle) Pty Ltd (ACN 094 333 696)
CHR (Parramatta)	Choice HR (Parramatta) (ACN 100 867 098)
CHR (Penrich)	Choice HR (Penrith) Pty Ltd (ACN 100 867 105)
CIT Professionals	CIT Professionals Pty Ltd (ACN 062 134 650)
Companies	All Entities subject to Voluntary Administration. Refer to Company structure OR Operating entities subject to the Voluntary Administration.
Directors	David Graham Hutchison, Sharad Loomba, Angus Mason (non-executive) and Sam Peregrine Campbell Lawson

Term	Definition
DIRRI	Declaration of Independence, Relevant Relationships, and Indemnities
DOCA	Deed of Company Arrangement
DOE	Department of Employment
Dolman F-Lex	Dolman F-Lex Pty Ltd (ACN 103 803 809)
Dolman Group	Dolman Group Pty Limited (ACN 063 891 430)
Dolman Group	Dolman Group Pty Limited (ACN 089 642 071)
DPN	Director Penalty Notice
EBIT(DA)	Earnings before interest and tax (depreciation and amortisation)
EOI	Expression of Interest
ERV	Estimated Realisable Value
ESOP	Estimated Statement of Position
FEG	Commonwealth Government Fair Entitlements Guarantee
FOI	Freedom of Information
FY	Financial Year
Gov/RGov	Rubicor Gov Pty Ltd (ACN 008 617 114)
Group Directors	David Hutchison & Sharad Loomba
GSA	General Security Agreement
GST	Goods and Services Tax, as applicable in Australia
JG & Associates	James Gall & Associates Pty Ltd (ACN 133 784 277)
L&A	Locher & Associates Pty Ltd
Locher Holdings	Locher Holdings Pty Ltd (ACN 096 022 490)
m	million
Mgmt	Management Accounts
NAB	National Australia Bank Limited
NED	Non-Executive Director of Rubicor Group Limited, Angus Mason

1. Glossary and terms of reference

Term	Definition
Non-Operating Entities	All entities subject to Voluntary Administration, excluding the Trading Entities
NSW	New South Wales, Australia
NTM	Next Twelve Months
NWOD	NWOD Projects & Advisory Group Pty Ltd
NZ	New Zealand
Operating Entities	Rubicor Group Limited, Xpand Group Pty Ltd, Rubicor Workforce Pty Ltd, Rubicor Technical Pty Ltd, Rubicor Gov Pty Ltd, Rubicor Professional Pty Ltd, Choice HR (Logistics) Pty Ltd
Operating Entities (excl. Workforce)	Rubicor Group Limited, Xpand Group Pty Ltd, Rubicor Technical Pty Ltd, Rubicor Gov Pty Ltd, Rubicor Professional Pty Ltd, Choice HR (Logistics) Pty Ltd
OPEX	Operating Expenses
ORD	Ordinary Shares
p.a.	Per annum
POD	Proof of Debt
Polygon	Polygon Talent Pty Ltd
Polygon RUB DOCA	Deed of Company Arrangement proposed by Polygon Talent Pty Ltd for all of the Companies except Rubicor Workforce Pty Ltd
Polygon Workforce DOCA	Deed of Company Arrangement proposed by Polygon Talent Pty Ltd for Rubicor Workforce Pty Ltd
PPE	Property, Plant and Equipment
PPSR	Personal Property Securities Register
Professional/RProf	Rubicor Professional Pty Ltd (ACN 113 350 244)
Proxy	Appointment of Proxy Form
QLD	Queensland, Australia
Restructured Companies	Xpand Group Pty Ltd, Locher and Associates Pty Ltd, ACN 072 437 364 Pty Ltd (formerly Gel Group Pty Ltd and Challenge Recruitment (now Rubicor Workforce)
ROCAP	Report on Company Activities and Property
RUB	Rubicor Group Limited (ACN 110 913 365)

Term	Definition
Rub (T1)	Rubicor (T1) Pty Limited (ACN 136 000 309)
Rub Services (Aus)	Rubicor Services (Aus) Pty Ltd (ACN 128 917 466)
Rubicor CRS	Rubicor CRS Pty Ltd (ACN 120 804 140)
Rubicor Gemteq	Rubicor Gemteq Pty Ltd (ACN 129 246 260)
Rubicor SW Personnel	Rubicor SW Personnel Pty Ltd (ACN 127 285 732)
Rubicor Technical/Rtech/TEC	Rubicor Technical Pty Ltd (ACN 072 493 693)
Rubicor Workforce/RWork /RWF/Workforce	Rubicor Workforce Pty Ltd (ACN 083 202 939)
RWF (WA)	Rubicor Workforce (WA) Pty Ltd (ACN 060 292 051)
Scottish Pacific/ Scot-Pac	Scottish Pacific Business Finance Pty Limited
SGC	Superannuation Guarantee Charge
Skillsearch Contracting	Skillsearch Contracting Pty Ltd (ACN 086 121 173)
SMF Recruitment the Act	SMF Recruitment Pty Ltd (ACN 100 099 536) Corporations Act 2001
the APC	The Australian Personnel Consortium Pty Ltd (ACN 069 034 475)
the Consolidated Group	All entities, both domestic and international, that are subsidiaries for Rubicor Group Limited. Refer to Company structure
the Group	All Australian subsidiaries of Rubicor Group Limited subject to the Voluntary Administration. Refer to Company structure
VA	Voluntary Administration
VIC	Victoria, Australia
Xpand Group	The Xpand Business, including Xpand Group Pty Ltd (Australia), Rubicor Hong Kong Limited (Hong Kong) and Rubicor Group Pte Ltd (Singapore).
Xpand/XPA	Xpand Group Pty Ltd (ACN 099 412 101)
YTD	Year to Date



1. Glossary and terms of reference

Terms of reference

- This report has been prepared for the creditors of the Companies to assist them in evaluating their position as creditors and in deciding on their Company's future. None of the Administrators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.
- This report is based on information obtained from the Companies' records, the Directors and management of the Companies and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis that the information provided and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review or compilation.
- This report may contain prospective financial information, including estimated outcomes for creditors, and other forward looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.
- Creditors should note the estimated return to creditors have been prepared in good faith and based off the information available at the time of drafting this report. The estimated returns should not be construed as an assurance as to the actual return to Creditors
- We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.
- Creditors should seek their own advice if they are unsure how any matter in this report affects them.

2. Executive Summary

2. Executive Summary

Recommendation on the Companies' future

Our recommendation to creditors

In our opinion it is in the creditors' interests that the Companies execute the Polygon proposals for a deed of company arrangement in line with the terms proposed.

In considering their options, Creditors must consider the proposals as detailed in this report in their entirety.

Details about the estimated return to creditors and other information about what creditors can decide at the meeting are provided at **Sections 9 and 10** of this report.

Options available to creditors	Option 1: Execute the Polygon DOCAs	Option 2: Administration end	Option 3: Liquidation
Proposed Transaction	The Polygon DOCA proposals pool all creditors into one (1) fund (other than Rubicor Workforce creditors, which will have their own fund). A total of \$10.1m is to be paid into the funds over a 5 year period.	N/A	N/A
Key factors to consider	It is likely that priority creditors will receive a greater return under the Polygon DOCA proposals than they would if the Companies were immediately wound up. There is also the possibility of unsecured creditors in all Companies (other than Workforce) to receive a minimal return.	The Companies are insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding.	The proposed DOCA will likely provide a higher cents in the dollar return for priority creditors than they may receive in an immediate winding up. There may be an option to sell parts of the Companies' assets in a liquidation, however the majority of the Companies business will cease. In a liquidation, employees may access the FEG scheme for certain entitlements excluding superannuation.
Our opinion	Is in the creditors' interests that the Companies execute the Polygon DOCAs inline with the terms proposed.	Not in the creditors' interests that the administration should end.	Not in the creditors' interests that the Company be wound up.
Recommended option	Recommended	Not recommended	Not recommended
Potential to adjourn the meeting to a future date	<ul style="list-style-type: none"> ■ Creditors may wish to adjourn the second meeting for up to 45 business days to allow time for the DOCA proposals of Cashel and Paul Egan, and any other offers to be properly formulated and submitted for consideration. ■ The Administrators do not recommend this course of action for reasons discussed in Section 10. ■ It is matter for creditors to decide if they wish to adjourn the meeting. 		

2. Executive Summary

Estimated Return and Timing

Estimated Return and Timing of Return – Under the Polygon RUB DOCA versus Liquidation

Detailed below is a summary of the estimated return and timing of any return under the Polygon RUB DOCA and a comparison to liquidation scenarios. Below is for all of the Companies excluding Rubicor Workforce; the estimated return for Rubicor Workforce is provided on the next page. Further details are provided in **Section 9** and **Appendix 6** of this Report.

Estimated Return

Cents in the \$	Polygon RUB DOCA	Rubicor Group	Xpand Group	Choice HR (Logistics)	Rubicor Technical	Rubicor Professional	Rubicor Gov	All Non-Operating Entities
Estimated Return to Creditors	DOCA	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation
Priority creditors								
Wages & Superannuation	99.9 - 100 c/\$	Nil	33.6 -100 c/\$	8.6 - 65.8 c/\$	Nil	Nil - 40 c/\$	15.2 - 31 c/\$	N/A
Leave Entitlements	Nil - 100 c/\$	Nil	Nil -100 c/\$	N/A	Nil	Nil - Nil	Nil - Nil	N/A
Redundancy & Payment in Lieu	Nil - 100 c/\$	Nil	Nil -66.3 c/\$	N/A	Nil	Nil - Nil	Nil - Nil	N/A
Unsecured creditors	Nil - 2 c/\$	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Estimated Timing for Return

Estimated timing for return to Creditor Classes	Polygon RUB DOCA	Rubicor Group	Xpand Group	Choice HR (Logistics)	Rubicor Technical	Rubicor Professional	Rubicor Gov	All other Entities (Excluding)
	DOCA	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation
Priority creditors								
Wages & Superannuation	From Oct 2020	N/A	1 - 2 years	1 - 2 years	N/A	1 - 2 years	1 - 2 years	N/A
Leave Entitlements	Sept 2024	N/A	1 - 2 years	N/A	N/A	N/A	N/A	N/A
Redundancy & Payment in Lieu	Sept 2024	N/A	1 - 2 years	N/A	N/A	N/A	N/A	N/A
Unsecured creditors	Sept 2024	N/A	N/A	N/A	N/A	N/A	N/A	N/A

2. Executive Summary

Estimated Return and Timing

Estimated Return and Timing of Return – Under the Polygon Workforce DOCA versus Liquidation of Workforce

Detailed below is a summary of the estimated return and timing of any return under the DOCA proposed by Polygon for Rubicor Workforce and a comparison to liquidation scenario. This estimated return is only related to Rubicor Workforce and not the other entities in the Group (please refer to previous page for estimated return for the remaining entities in the Group). Further details are provided in **Section 9** and **Appendix 7** of this Report.

Estimated Return and Timing of Return

Cents in the \$ Estimated Return to Creditors and Estimated Timing	Polygon Workforce DOCA		Workforce Liquidation	
	DOCA Return	DOCA Return Timing	Liquidation	Liquidation
Priority creditors				
Wages & Superannuation	69.1 - 69.1c/\$	From Oct 2020	16.1 - 35.1c/\$	1 - 2 years
Leave Entitlements	Nil	N/A	Nil	N/A
Redundancy & Payment in Lieu	Nil	N/A	Nil	N/A
Unsecured creditors	Nil	N/A	Nil	N/A

2. Executive Summary

Key messages for creditors

Key areas	Commentary	Analysis
Explanations for the Companies' difficulties	<ul style="list-style-type: none"> ■ The Consolidated Group recorded a comprehensive loss of \$7.1m in FY17 and \$13.6m in FY18; ■ The Group accrued significant BAS and payroll tax liabilities, in particular Rubicor Workforce (c\$3.9m BAS liability), by February 2018; ■ ATO debt pursuant to payment plans were paid at the expense of superannuation payable; ■ Non-payment of superannuation resulted in the loss of key client contracts which had a significant adverse impact on revenue and operating profit; and ■ The Group was unable to achieve a going concern sale, in particular for Xpand Group and Rubicor Workforce. 	Section 3
Administrators' actions and strategy	<p>Our strategy for the administration has been to:</p> <ul style="list-style-type: none"> ■ Obtain an understanding of the business and stabilise operations; ■ Liaise with key customers, suppliers and staff; ■ Solicit offers from interested parties; and ■ Work with relevant interested parties to progress to final offers. 	Section 5
Estimated date of insolvency	Our preliminary view is that the Group was likely insolvent as at 31 March 2017 and remained so up until the time of our appointment on 5 August 2019.	Section 7
Offences by directors	<p>Based on our investigations to date, the following offences may have been committed by the directors:</p> <ul style="list-style-type: none"> ■ Insolvent trading (s588G of the Act) ■ S180 and s181 of the Act by failing to properly discharge their duties as directors of the subsidiary companies in relation to the non-payment of outstanding superannuation. 	Section 7

2. Executive Summary

Key messages for creditors

Key areas	Commentary	Analysis
Voidable transactions	We consider there may be transactions which a liquidator could pursue which might result in property or money being recovered for the benefit of creditors. These include potential unfair preference payments against the ATO totalling \$9.1m across the Companies.	Section 7
Liability for insolvent trading	<ul style="list-style-type: none"> ■ Any liability for insolvent trading would need to be considered on a company by company basis, considering the relevant Director for each company. ■ At this stage we have not formulated concise estimates of the potential insolvent trading claims for each company. ■ We understand DPN's were issued by the ATO to Sharad Loomba and David Hutchison. ■ It appears it may not be commercial to pursue insolvent trading claims against the relevant directors. ■ Based on our preliminary investigations to date, it appears the directors and officers insurance policies would not respond to a claim for insolvent trading. 	Section 7
Proposal for a deed of company arrangement	<p>Proposals for DOCAs have been received from:</p> <ul style="list-style-type: none"> ■ Polygon; ■ Cashel; and ■ Paul Egan. <p>We are recommending the DOCA proposals submitted by Polygon.</p> <p>We consider the DOCA proposals by Cashel and Paul Egan are not properly formulated for the Administrators to submit them for creditors to decide upon at the Second Meeting of Creditors.</p>	Section 8

3. Background Information

3. Background Information

Administration details

Appointment of Administrators

- On 5 August 2019, John Park and I, Joanne Dunn, were appointed Joint and Several Administrators of the Companies (see Schedule of Companies and Corporate Directors in **Appendix 1**) in accordance with resolutions passed at meetings of the Companies' Directors pursuant to section 436A of the Act.
- The objective of a voluntary administration is to provide for the business, property and affairs of a company to be administered in a way that:
 - a. Maximises the chances of a company, or as much as possible of its business, continuing in existence; or
 - b. 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.
- In a voluntary administration, the administrators take control of a company and its affairs. The directors' and officers' powers to make decisions and perform management functions are suspended.
- We are also required to investigate the Companies' affairs.

Outcome of the first meeting of creditors

- The first meetings of creditors for the Companies were held on Thursday, 15 August 2019. The purpose of the meetings were to:
 - Provide an update on the Administrations to date;
 - Consider forming a committee of creditors; and
 - Decide whether or not to appoint alternative practitioners to be the Administrators of the Companies.
- No committee was formed and there were no nominations to replace us as Administrators.

Administrators' prior involvement and independence

- In accordance with s 436DA of the Act, we provided a DIRRI with our Initial Information for Creditors and Suppliers dated 7 August 2019. The DIRRI included the circumstances that led to our appointment as Administrators.
- There has been no change to our initial assessment of the Administrators' independence, or to the information provided in the DIRRI.

Second Meeting of Creditors

- Pursuant to Section 439A of the Act, the Second Meeting will be held on Monday, 9 September 2019 at 12.00pm at the following locations:

State	Meeting Location
NSW	Karstens Level 1, 111 Harrington St, Sydney NSW 2000
VIC	FTI Consulting Bourke Place, Level 21, 600 Bourke St, Melbourne VIC 3000
QLD	FTI Consulting Central Plaza One, Level 20, 345 Queen St, Brisbane QLD 4000

- At the Second Meetings, creditors will determine the Companies' future by voting on the following options for each company:
 - The company execute the Polygon DOCA's; or
 - The administration of the company end; or
 - The company should be would up.
- All details, forms and instructions relating to the upcoming Second Meeting can be downloaded from the creditors portal by following this link:
<https://www.fticonsulting-asia.com/creditors/rubicor-companies>

3. Background Information

Administration details

Deferral of Annual Reporting Requirements and AGM

- Prior to the Administrators' appointment, Rubicor Group Limited was in the process of preparing its:
 - Half year financial statements for the period ended 31 December 2018, which were due for lodgement on 16 March 2019; and
 - Full year financial statements for the period ended 30 June 2019, which are due for lodgement on 30 September 2019.
- The Administrators intend to rely upon relief pursuant to the Australian Securities Investments Commission (**ASIC**) instrument ASIC Corporations (Externally-Administered Bodies) 2015/251, which provides a six (6) month deferral on the Group's financial reporting obligations under Part 2M.3 of the Act.

Administrators' announcements on the ASX

- Rubicor Group Limited (**RUB**) is an ASX listed entity and the shares in the company (ASX: RUB) have been suspended since 1 March 2019.
- The Administrators made the following announcements on the ASX. A copy of these announcements can be viewed directly from the ASX website, www.asx.com.au

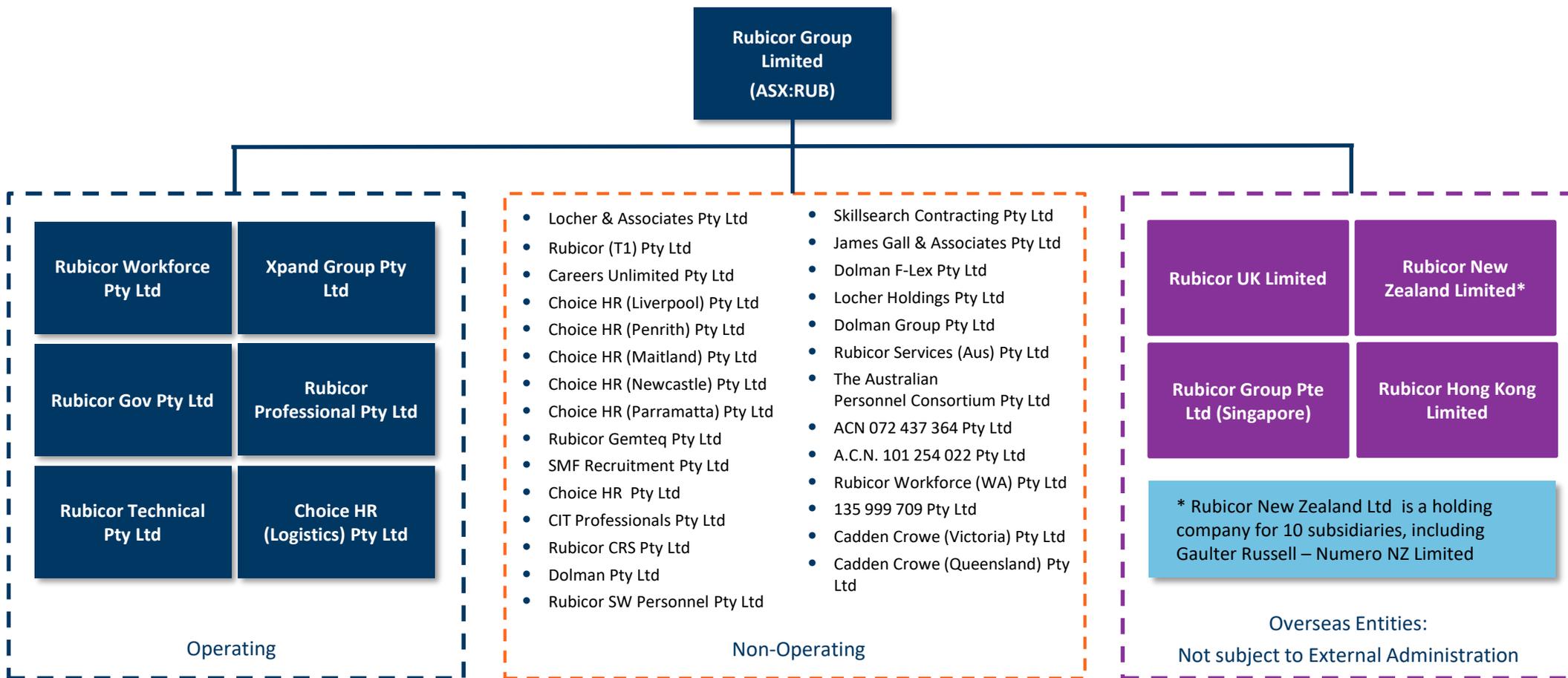
Date	Headline
6 August 2019	Appointment of FTI Consulting
6 August 2019	Appointment of Voluntary Administrators
9 August 2019	Resignation of Company Secretary

Key Statutory Information

- Rubicor Group Limited was incorporated in September 2004 and listed on the ASX under the ticker RUB in June 2007.
- There are 34 subsidiaries of RUB in Australia including six (6) operating companies and twenty-eight (28) non-operating companies, all of which are 100% owned.
- Overseas entities are not subject to the to Administrators' appointment, however are part of the Consolidated Group.
- A summary of the corporate structure of the Consolidated Group is included on the following page.
- Key statutory information for the Companies which are subject to the Administrators' appointment is contained in **Appendix 1**.

3. Background information

Corporate Structure of Consolidated Group



Source: ASIC, Companies' records

3. Background information

Timeline of events

Date	Event
10 September 2004	Rubicor Group Limited (Ultimate Holding Company) was registered.
2005 to 2007	Acquired Apsley, SMF, Locher, Gel Group, James Gall, Cadden Crowe, Xpand Group, Careers Unlimited, Skillsearch, CiT, Gaulter Russell, Numero, Credit Recruitment, Wizard Personnel, Dolman, Challenge & Steelweld Personnel.
15 June 2007	Rubicor Group Limited was officially listed on the ASX (RUB).
2008 to 2009	Acquired Gemteq and Orbis Recruitment, and created Ensure Recruitment.
2015	Xpand Group begins operating in Hong Kong with Rubicor Hong Kong Ltd.
4 July 2016	Appointment of Jirsch Sutherland as Voluntary Administrators of four (4) subsidiaries of Rubicor Group Limited: <ul style="list-style-type: none"> ■ Xpand Group Pty Ltd ■ Locher and Associates Pty Ltd ■ Rubicor Workforce Pty Ltd (formerly Challenge Recruitment Pty Ltd) ■ ACN 072 437 364 Pty Ltd (formerly Gel Group Pty Ltd)
8 August 2016	Majority of creditors approved a DOCA for the above mentioned four (4) subsidiaries.
5 October 2016	Acquired the trading assets and liabilities of Orange Recruitment Australia Pty Ltd and related entities.
4 June 2017	Acquired the trading assets and liabilities of Western Port Holdings Pty Ltd (In Liquidation) trading as Makesafe Traffic Management.
June/July 2018	Rubicor Group Limited retained the services of 22 Corporate Advisory Pty Ltd, and opened a data room for interested parties for the sale of the Xpand Group (including Hong Kong and Singapore entities), and Rubicor Workforce Pty Ltd.
28 September 2018	FY18 annual report was released with the Group reporting a net loss of \$13.596 million.
1 March 2019	Rubicor Group shares were suspended due to failure in lodging half yearly financial statements.
5 August 2019	Joanne Dunn and John Park of FTI Consulting were appointed Voluntary Administrators of the Companies.

Source: Rubicor website, ASX announcements, Annual Reports, ASIC

3. Background information

Timeline of events

Directors' explanation for the Companies' difficulties

- Mr Hutchison had indicated to us that the current circumstances faced by the Companies is a result of the following:
 - Further consolidations of operations could have occurred at the time of the previous Voluntary Administration to 'right size' the business.
 - The Companies accrued significant BAS and payroll tax liabilities, in particular Rubicor Workforce (c\$3.9m BAS liability), by February 2018.
 - The ATO agreed to a number of payment plans to reduce the BAS debt and these were paid at the expense of superannuation payable.
 - Non-payment of superannuation resulted in the loss of key client contracts that had a significant adverse impact on revenue and operating profit.
 - The ATO issued garnishee orders against Rubicor Workforce, Xpand and Professional.
 - Although the Companies solicited offers in a sale process, in particular for Xpand Group and Rubicor Workforce, these were not acceptable to the Companies.

Administrators' observations of the Companies' difficulties

- In addition to the above, our investigations indicate the following contributing factors to the Companies' failure:
 - The loss of revenue resulted in insufficient funds to meet the high operating costs.
 - The audited financials of the Consolidated Group recorded a comprehensive loss of \$7.1m in FY17 and \$13.6 million in FY18 . Further details regarding the financial performance of the Group is in **Section 6**.
 - Several Companies had property leases in excess of operational requirements.

Outstanding winding up applications

- Based on searches performed at the time of our appointment, no winding up applications appear to have been lodged with a Court against the Companies.

4. Summary of Operations

4. Summary of Operations

Australian Operations

Business unit summary

- The Group was one of the largest providers of recruitment and human resource services in Australia.
- The majority of the Group's revenue is derived from contracted labour or permanent placements.
- The Non-Operating Entities shown in the corporate structure are a result of the Group consolidating their business units/brands.
- RUB provides a shared services function across the Group and is a listed vehicle.

Summary of Business Units

Brand	Temporary employment contractors	Avg. % Gross Margin FY19	Revenue FY19
Rubicor Workforce*	289	8.1%	\$77,324,976
Xpand	149	26.7%	\$35,501,649
Rubicor Government	16	8.7%	\$21,748,025
Rubicor Professional	18	37.8%	\$4,542,619
Rubicor Technical	4	45.8%	\$1,591,160
Total	476		\$140,708,429

Source: Board Papers

*Choice HR (Logistics) consolidated with Rubicor Workforce

Rubicor Group office locations



4. Summary of Operations

Rubicor Workforce Pty Ltd

Background Information

- Rubicor Workforce was formed in 2017 through the merging of two Rubicor brands, Challenge Recruitment and SW Personnel, as well as the acquired business, Orange Australia.
- Rubicor Workforce provides labour hire and payrolling services for manufacturing, industrial, mining and trades industries.
- Prior to the Administrators' appointment, Rubicor Workforce lost the following contracts due to client concerns regarding unpaid superannuation entitlements to its contractors:
 - Coca Cola Amatil – Contract value c\$22m p.a. (6 March 2019)
 - Telstra – Contract value c\$13m p.a. (8 March 2019)
 - Steel Mains – Contract value c\$9m p.a. (July 2019).

Trading update

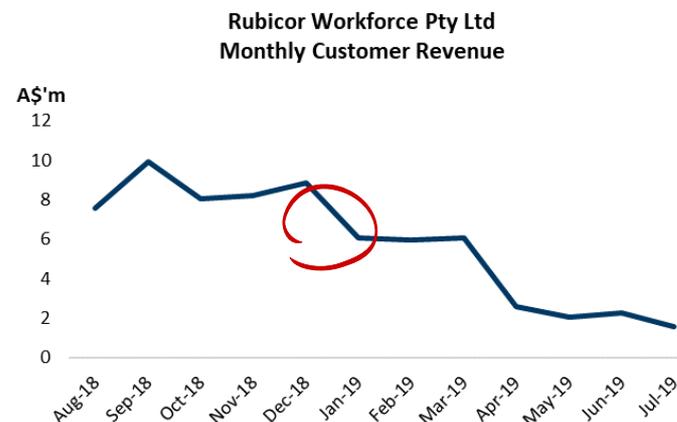
- Key clients as at the appointment of Administrators included BlueScope (c\$4m p.a.) and SA Power Networks (c\$2m p.a.).
- BlueScope have indicated they will continue to support the business.
- The Administrators have continued to trade Rubicor Workforce.
- Rubicor Workforce employed twelve (12) permanent staff, and approximately 279 casuals or contractors on labour hire agreements at the time of the Administrators' appointment.

Historical Financials

- Detailed below is a snapshot of Rubicor Workforce's historical performance.

Financial Summary - Rubicor Workforce Pty Ltd		
(\$)	FY19	FY18
Revenue	77,324,976	110,806,601
Gross Margin (%)	8.1%	7.6%
Operating Expenses	7,139,487	12,108,207
EBITDA	(833,348)	(3,670,219)

Source: Board Papers



- Revenue declined significantly by \$33.5m (30.2%) between FY18 and FY19 as a result of the loss of key customers.
- Although Rubicor Workforce continued to operate at a loss in FY19, this was significantly improved in FY19 due to an improved GM% and 41.0% reduction in OPEX.

4. Summary of Operations

Xpand Group Pty Ltd

Background Information

- The Xpand business (**Xpand Group**), including Xpand Group Pty Ltd, Rubicor Hong Kong Limited (Hong Kong) and Rubicor Group Pte Ltd (Singapore) were acquired by Rubicor Group Limited on 6 December 2005.
- Xpand focused on digital, technology, media, sales and marketing recruitment and placements.
- Xpand Group operates in Sydney, Melbourne, Hong Kong and Singapore.
- The Xpand Group international entities are not subject to the Voluntary Administration.

Trading update

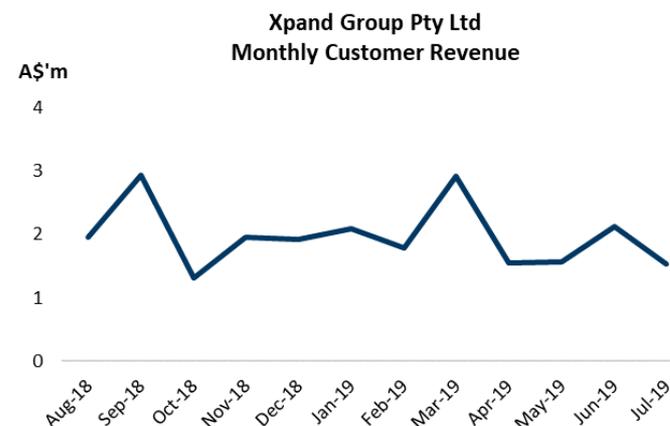
- Xpand employed 30 permanent staff, and approximately 149 casuals or contractors on labour hire agreements at the time of the Administrators' appointment.
- Key clients as at the appointment of Administrators include Google (c\$6.9m p.a.), eBay (c\$2.8m p.a.) and Gumtree (c\$4.1m p.a.).
- Shortly after the appointment, Google elected to exercise their rights to terminate the supply agreement with Xpand citing concerns over Xpand's prior conduct surrounding employment obligations and the impact on market perception as a key driver for the termination.
- The Administrators continue to liaise with Google and assist in the orderly transition of 55 contractors to an alternate provider.
- The Administrators have continued to trade Xpand.

Historical Financials

- Detailed below is a snapshot of Xpand historical performance.

Financial Summary - Xpand Group Pty Ltd		
(\$)	FY19	FY18
Revenue	35,501,649	34,975,748
Gross Margin %	26.7%	27.3%
Operating Expenses	11,082,680	8,664,324
EBITDA	(1,824,148)	881,471

Source: Board Papers



- Revenue remained consistent between FY18 and FY19 with a marginal increase.
- Xpand is a high margin business, which has maintained relatively stable revenues and customers over the past year.
- Xpand operated at a significant loss in FY19, a decrease in EBITDA by \$2.7m due to increase in operating expenses of \$2.4m (27.9%).

4. Summary of Operations

Rubicor Gov Pty Ltd & Choice HR (Logistics) Pty Ltd

Background Information – Rubicor Gov Pty Ltd

- Gov historically focused on the public sector across local, state and federal governments, not-for-profit, education, healthcare and publicly funded utilities.
- Gov was previously a significant supplier to the Western Australia public sector.
- We understand in November 2018 many of these contracts were cancelled due to non-payment of payroll tax in Western Australia as illustrated in the chart opposite. The overall impact on the Group is detailed in **Section 6**.

Trading update

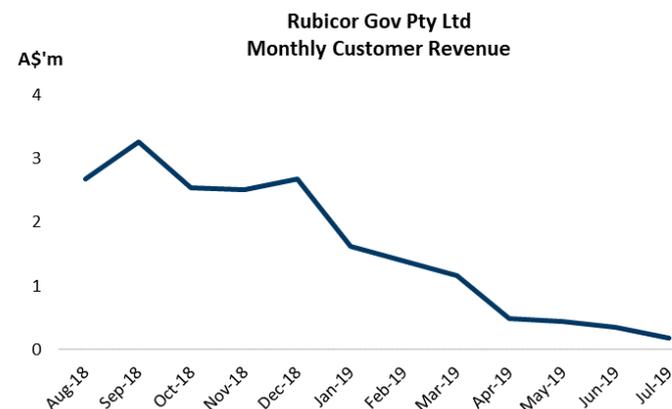
- Gov employed three (3) permanent staff, and approximately 16 casuals or contractors on labour hire agreements at the time of the Administrators' appointment.
- A key client as at the appointment of Administrators was AGL Energy.
- The Administrators have continued to trade Gov.

Historical Financials

- Detailed below is a snapshot of Gov's historical performance.

Financial Summary - Rubicor Gov Pty Ltd		
(\$)	FY19	FY18
Revenue	21,748,025	33,727,195
Gross Margin (%)	8.7%	8.3%
Operating Expenses	3,354,652	2,947,237
EBITDA	(1,443,144)	(156,557)

Source: Board Papers



- Gov suffered a significant decrease in revenue between FY18 and FY19 of \$12.0m (35.5%) as a result of a loss of key customers in November 2018.
- Combined with large upswing in Operating Expense by \$0.4m (13.8%), Gov continued to operate a significant loss being \$1.4m in FY19.

Background Information – Choice HR (Logistics) Pty Ltd

- Choice HR previously operated various contracts, which the majority of were transferred to Rubicor Workforce at the start of 2018.
- In recent times Choice HR has contributed on average c\$150k/month to customer revenues.

Trading update

- Key clients as at the appointment of Administrators include Westrac Pty Ltd and Barclay Engineering.
- Choice HR did not employ permanent staff, however employed approximately 10 casuals or contractors on labour hire agreements at the time of the Administrators' appointment.
- The Administrators have continued to trade Choice HR.

4. Summary of Operations

Rubicor Professional Pty Ltd & Rubicor Technical Pty Ltd

Background Information – Rubicor Professional Pty Ltd

- Historically, Professional (previously Credit Recruitment, Apsley, Dolman, SMF) focused on insurance, finance, banking and executive support services.
- Professional held contracts with major international and Australian banks such as the Macquarie Group and Bank of America and Merrill Lynch.
- Currently, the business focusses on providing graduate recruitment services.

Trading update

- At the time of the Administrators' appointment, Professional employed one (1) permanent staff member and approximately 18 casuals or contractors on labour hire agreements.
- Key clients as at the appointment of Administrators included State Plus, Hays Specialist Recruitment, and Bendigo & Adelaide Bank Limited.
- The Administrators have continued to trade Professional.

Historical Financials

Financial Summary - Rubicor Professional Pty Ltd		
(\$)	FY19	FY18
Revenue	4,542,619	4,812,146
Gross Margin %	27.7%	36.1%
Operating Expenses	1,447,623	1,892,020
EBITDA	(184,879)	(153,019)

Source: Board Papers

- Gross Margin% decreased significantly between FY18 and FY19, correlating with a drop in Revenue by \$0.27m.
- Although Professional continued to operate at a loss, Operating Expenses improved significantly, decreasing by 23.5%.

Background Information – Rubicor Technical Pty Ltd

- Rubicor Technical (previously Cadden Crowe, James Gall, Locher & Associates) has a specialist focus on resources, infrastructure, manufacturing, utilities and supply chain recruitment.

Trading update

- Rubicor Technical employed 4 permanent staff, and approximately 4 casuals or contractors on labour hire agreements at the time of the Administrators' appointment.
- The Administrators have continued to trade Rubicor Technical.

Historical Financials

Financial Summary - Rubicor Technical Pty Ltd		
(\$)	FY19	FY18
Revenue	1,591,160	2,610,075
Gross Margin %	45.8%	49.3%
Operating Expenses	1,259,819	1,749,685
EBITDA	(533,909)	(462,581)

Source: Board Papers

- Operating expenses and revenue both decreased by 28% and 39% respectively between FY18 and FY19.
- Although gross margin remained relatively consistent between the periods, Rubicor Technical continued to operate at loss in FY19.

5. Action and strategy to date

5. Actions and strategy to date

Overview

Summary of actions and strategy

- Since our appointment we have maintained and stabilised business operations and reviewed the available options for the Group.
- Our key strategies and actions have included:
 - Attending the Group's office at 444 Queen St, Brisbane QLD to conduct an urgent assessment of the its affairs and conduct interviews with key staff to understand the current operations and active projects;
 - Meeting with the Group's interim financial controllers to obtain understanding of the Group's financial functions. Reviewing pre-appointment debtor factoring facilities with Scottish Pacific and establishing Administration facilities;
 - Complying with ASX Listing Rules;
 - Regularly attending the Brisbane office to assist and liaise with staff as well as conducting regular teleconferences with staff in interstate offices;
 - Assessing and developing administration cashflow forecasts for the Group;
 - Conducting the day to day management of the operations;
 - Liaising with interested parties and providing information via a virtual data room;
 - Liaising with key customers, including Google, SA Power Network and Gumtree regarding Administration process and strategies;
 - Conducted an assessment of the key customers, engaging with the relevant General Managers to understand the customer base, undertaking a review of the contracts and forming a view on the risk for each of the current key contracts.
 - Preparation of funding requests based on forecast trading cashflow using information from interim financial controller, payroll, accounts receivable, critical supplier info;
 - Liaising with prospective DOCA proponents regarding any proposals including staffing and corporate structure;
 - Liaising with key suppliers regarding services;
 - Considering and arranging the termination of staff in line with ongoing strategy to maximise value in the administration;
 - Communications with payroll department to understand payroll processes, and obtaining wage forecasts for the week ; and
 - Analysis of the Companies' information pertaining to ongoing trade (eg debtor book collectability, and estimated timing for release of equity in debtors).

Other actions taken to date

- Since our appointment we have also:
 - Notified all creditors and applicable statutory and Government bodies of our appointment;
 - Purchased insurance cover for the Operating Entities;
 - Written to all creditors, employees and those with security interests registered on the PPSR;
 - Reviewed the available books and records and other information concerning the Companies in order to identify whether there are any voidable transactions or other circumstances where money or property may be recoverable for the benefit of creditors. The findings of our investigations are outlined in **Section 7**; and
 - Further details of specific tasks undertaken are included in our Remuneration Approval Report at **Appendix 11**.

5. Actions and strategy to date

Trading Update

Operations in the Administration Period

- Conducted an urgent assessment of cashflow forecasts produced by the Group's interim financial control function.
- Engaging in frequent communications with the Group's finance team and Group Directors relating to cashflow forecasts, and critical suppliers.
- Engaged in communications with Group Directors and business segment leaders to gain understanding of operations of each business unit, including major clients.
- Incorporated information obtained from Group Directors and finance function into Administration cashflow forecast, frequent review and update to same.
- Undertook a rationalisation of vehicle and property leases, and staffing requirements for ongoing trade.
- Communicated with the Operating Entities' customers regarding the appointment of the Administrators and ongoing trade.

Detailed below is a high level summary of the key areas of the operations.

Debtors and Factoring Facility

- The Group utilises a debtor factoring facility with Scottish Pacific to assist in meeting its working capital requirements.
- Upon appointment the Administrators set up factoring facilities with Scottish Pacific to fund post-appointment debtors. The facility was initially provided for a 70% advance rate on qualifying debtors, however, this was later amended to 80% to allow for additional liquidity throughout the administration.
- The pre-appointment debtors secured by Scottish Pacific securities were quarantined to allow the collect out and repayment of the pre-appointment secured debts.
- Detailed analysis was undertaken on the pre-appointment Debtor book and based on this analysis an estimate has been made on the potential equity available after the repayment of the Scottish Pacific secured debt. Optimistically, c\$2m of pre-appointment debtors may have become available after the repayment of the secured debt.

Payroll

- Frequent communications with the Operating Entities' payroll team to understand weekly wage funding requirements.
- The materiality of the Group's wage expense has required the Administrators to monitor funding requirements on a daily basis. Funding requirements were also communicated to the Group Directors in order to obtain funding from RUB's overseas entities to fund working capital for the business when required.

Customers

- At appointment the Group had a number of key customers who were integral to the ongoing viability of the businesses.
- Upon appointment, we liaised directly with the relevant senior management within each of the Group's operating entities to support them in client management, to arrange for current customers to be informed of the Administration and to ensure any queries surrounding the Administration process were answered.
- We conducted an assessment of the key customers, engaging with the relevant General Managers to understand the customer base, undertaking a review of the contracts and forming a view on the risk for each of the current key contracts.
- Liaising with key customers, including Google, SA Power Network and Gumtree regarding Administration process and strategies
- We continued to enter into new Client Agreements and Contractor Agreements during the Administration as and when required in the general course of business.
- Shortly after the appointment, Google elected to exercise their rights to terminate the services agreement with Xpand citing concerns over the Company's prior conduct surrounding employment obligations and the impact on market perception as a key driver for the termination.
- Despite the termination of Google's contract with Xpand, the Hong Kong and Singapore Xpand businesses continue to provide services to Google.
- The Administrators are liaising with Google to assist in the orderly transition of 55 contractors to an alternate provider by 8 September 2019.

5. Actions and strategy to date

Trading Update

Customers

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- Despite the termination of Google's contract with Xpand, the Hong Kong and Singapore Xpand businesses continue to provide services to Google.
- The Administrators are liaising with Google to assist in the orderly transition of 55 contractors to an alternate provider by 8 September 2019.

Trade Creditors and Critical Suppliers

- Upon appointment, a number of trade creditors had stopped services to the Group as a result of their unpaid debts.
- The Administrators communicated with all necessary trade creditors concerning their appointment in order to discuss setting up Administration accounts to regain service provision.
- Administration accounts were set up with most critical suppliers for ongoing trade.

Premises/Landlords

- Communications were issued to all landlords from which the Group leases premises to confirm our appointment.
- The Group leased a total of 15 premises; as part of rationalisation process undertaken by the Administrators, notices not to exercise property rights to have been issued with respect to 7 premises in order to limit the ongoing liabilities of the Group.
- In the immediate future, the Administrators will maintain lease payments of the remaining properties whilst the rationalisation plan is finalised.

5. Actions and strategy to date

Sale process

Expression of Interests

- We understand that:
 - From mid 2018 onwards the Group opened a data room and entertained discussions with a number of interested parties for the purchase of the Groups' businesses.
 - A number of these discussions progressed to offers, however, the offers were not acceptable to the Group.
 - On 18 July 2019, one of the DOCA proponents, Polygon, was appointed exclusive preferred bidder for the Companies.
 - A tripartite implementation deed relating to Polygon's offer was signed by the Group and Polygon, but not the third party to the deed, being Scottish Pacific.
- Upon our appointment, we received a significant number of enquiries for the Groups' businesses and assets in whole and in parts, which we understand included parties previously progressed in the sale campaign prior to the Administrators' appointment.
- We engaged interested parties, provided access to a virtual data room and answered numerous requests for information.
- We requested interested parties submit offers by Friday, 23 August 2019, for us to consider in our recommendation to creditors.
- Given the tight timeframe, the Administrators focused on progressing discussions with parties interested in the whole of the Groups' business as a priority, and particularly those with a background understanding of the Group, which facilitated their ability to submit an offer in the timeframe.
- A summary of the EOI process is shown in the table to the right.

EOI Campaign Summary

Rubicor Companies (Administrators Appointed)

Milestone	Number
Enquiries received	30
NDA's sent	15
NDA's executed	13
VDR access provided	13
Offers received	3

- We received three (3) DOCA proposals which are summarised in **Section 8** of this report.
- We also received a conditional offer from HiTech Group to novate 144 customer contracts in Xpand. We have not progressed further with HiTech Group as it is not in creditors' interests to accept this offer at this stage.

6. Financial position and historical financial analysis

6. Financial Position and historical financial analysis

Report on Company Activities and Property

Report On Company Activities and Property Part A by the Directors

- Immediately after appointment, the Administrators requested the directors of the Group provide a statement about the Group's business, property, affairs and financial circumstances in the form of a ROCAP Part A (Form 507).
- On 7 August 2019, and in accordance with Section 438B(2) of the Act, Angus Mason provided a statement (ROCAP) for RUB. Given Angus Mason's capacity was as a non-executive Director for RUB, Angus Mason did not have access to the relevant details of the business, property, affairs and financial circumstances of RUB. The ROCAP was subsequently lodged with ASIC on 13 August 2019.
- On 28 August 2019, and in accordance with Section 438B(2) of the Act, David Hutchison and Sharad Loomba, the executive directors of RUB, provided a statement (ROCAP) detailing the business, property, affairs and financial circumstances for the Group on a consolidated basis at 5 August 2019.
- The Administrators note the ROCAP has relied upon management accounts and we have been provided with aged receivables and creditors, net book values for fixed assets and bank statements.
- As per requirements, the ROCAP was lodged with ASIC on 30 August 2019.
- A summary of the Group's ROCAP Part A (on a consolidated basis) provided by the Group Directors is detailed below in the table opposite together with the Administrators estimated realisable values.

The Consolidated Group ROCAP as at 5 August 2019

A\$'000	Notes	Cost or Book Value \$	Director's ERV \$	Administrators' High ERV \$	Administrators' Low ERV \$
Assets					
Cash at bank	1	907	119	20	20
Debtors and receivables	2	10,078	8,369	7,168	5,017
Property, Plant and Equipment	3	669	697	70	0
Rental Bonds	4	550	Not provided	0	0
Prepayments	5	559	Not provided	Unknown	0
Other Assets	6	763	Not provided	0	0
Intangible Assets	7	975	Not provided	0	0
Total Assets		14,502	9,185	7,257	5,036
Liabilities					
Secured creditors	8	4,079	Not provided	4,381	4,381
Employee Entitlements	9	3,777	Not provided	290	290
Statutory Liabilities	10	14,115	Not provided	15,233	15,233
Unsecured creditors	11	3,284	1,697	3,334	3,334
Total Liabilities		25,254	1,697	23,238	23,238
Net Assets		(10,752)	7,488	(15,981)	(18,202)

6. Financial Position and historical financial analysis

Report on Company Activities and Property

Administrators' comments on ROCAP Part A

1. Cash at bank

- The Group held a total of \$119K at 5 August 2019, which includes a term deposit of \$100K to secure Credit Card facility (see below comment).
- Upon appointment, the Administrators immediately issued correspondence to all major financial institutions notifying them of our appointment and providing instructions to freeze the accounts held in the name of the Group. A summary of the known bank accounts is provided in the table below:

Bank Accounts held by the Group as at 5 August 2019

Description	Directors' ERV (\$)	Administrators' ERV (\$)
Cash at Bank - NAB (Various trading accounts)	19,411	19,653
Cash at Bank - NAB Term Deposit	100,000	0
Rubicor credit cards	Not provided	0
Total	119,411	19,653

- A number of key staff held company credit cards with a total of \$86K drawn down on an available \$200K line of credit. These fall under the NAB credit card facility which is secured against the \$100k term deposit.

2. Debtors and receivables

- The Group Directors advised c\$8.3m in pre-appointment debtors were outstanding as at the date of our appointment. The Administrators have provided a high level estimate on the ERV of these debtors based on a review of the debtors.
- The Administrators note Scottish Pacific holds security over the certain Companies' debtors pursuant to their factoring facility.

3. Property, Plant and equipment

- The Group Directors' estimate of PPE realisable value is based on the total net book value from the fixed asset register for the Companies.
- The Groups' PPE principally relates to general office equipment, IT equipment, furniture and leasehold improvements.
- The Administrators requested a desktop valuation to be undertaken by appropriately qualified valuers, however given number of items, lack of available information and the assets being spread across multiple cities we, were advised a valuation will not be able to be completed in time.
- Should the Groups be put into liquidation, the Administrators will undertake a full valuation of these items.
- The Administrators' preliminary view is these assets have limited value.

4. Rental Bonds

- According to the Group's FY18 Annual report, rental bonds were provided by way of bank guarantees and are fully cash backed by funds drawn from the debtor finance facility and are secured against any claims, proceedings, losses or liabilities which may arise from these instruments.
- We note these bank guarantees may be subject to 'lease make good' and/or loss of rent provisions. The Administrators anticipate rental bonds may not be recoverable and thereby have no realisable value.

5. Prepayments

- We understand prepayments predominantly relate to rental payments for leased properties which are invoiced and paid one (1) month in advance.
- The Administrators have identified a number of other prepayments in relation to legal fees, however investigations into the nature of the transactions would need to be conducted should the Companies be placed into liquidation.

6. Financial Position and historical financial analysis

Report on Company Activities and Property

6. Other Assets

- This predominantly relates to an equity share-based payments/incentives plan for key executives of the Group. The Group issued shares to the key executives and provided financial assistance by way of a loan for the purchase of these shares. A summary of this is shown below:

ESP Loans			
Description	Cost or Book Value (\$)	Group Directors' ERV (\$)	Administrators' ERV (\$)
ESP Loans	738,340	Not provided	0
Total	738,340	Not provided	0

- The Administrators' preliminary investigations indicate these have no commercial value.

7. Intangible Assets

- Predominantly relates to capitalised software expenses. The Administrators consider this to have limited value.

8. Secured creditors

- Upon appointment, the Administrators conducted searches on the PPSR and issued correspondence to all parties on the register.
- The Administrators immediately engaged in discussions with Scottish Pacific, who financed the majority of the Companies' debtors.
- Scottish Pacific provided funding of 80% of approved invoices at the time of the Administrators' appointment. A breakdown of the pre-appointment debtors together with the debtors secured by Scottish Pacific for each of the operating entities is provided in the table to the right:

Rubicor Group - Pre-appointment Debtors and Equity			
Company	Total At Appointment (\$)	Scottish Pacific Facility (\$)	Equity in Debtor Book At Appointment (\$)
Rubicor Workforce	2,633,092	1,563,596	1,069,496
Xpand	3,739,491	2,559,448	1,180,043
Rubicor Professional	66,893	62,974	3,919
Rubicor Gov	139,411	16,916	122,495
Choice HR (Logistics)	153,656	84,147	69,509
Rubicor Technical	36,069	0	36,069
RUB	368,497	0	368,497
Locher & Associates	30,602	1,240	29,362
	7,167,710	4,288,321	2,879,389

- The Administrators understand the NAB also have a GSA with super priority over the computer and IT equipment as well as the term deposit of \$100k for the credit card facility provided.

6. Financial Position and historical financial analysis

Report on Company Activities and Property

9. Employee Entitlements

- The Group Directors' ROCAP did not provide totals for employee entitlements. The Administrators have liaised with the relevant Rubicor staff to determine the employee entitlements as at the date of the Administrators' appointment, which is summarised in the following table:

Employee Entitlements as at 5 August 2019					
	RUB (\$)	RWF (\$)	XPA (\$)	TEC (\$)	Total (\$)
Wages and Commissions	-	-	3,030	9,639	12,669
Annual Leave	51,090	58,403	7,531	-	117,023
Long Service Leave	44,875	115,899	-	-	160,773
Total	95,964	174,301	10,561	9,639	290,465

- On appointment of the Administrators, there were approximately 78 permanent staff employed by the Group and 476 persons contracted out to customers and either employed by the Group on a casual basis or paid as ABN contractors. As at the date of this report, there are approximately 64 permanent staff employed by the Group and 436 contractors.
- Outstanding superannuation is expected to merge into the existing Superannuation Guarantee Charge (SGC), and is summarised in the table to the right. The ATO makes a claim on behalf of all current and former employees who are owed superannuation. Further details to this claim can be found in **Note 10**.
- In the event that any of the Operating Entities are placed into liquidation, eligible employees may be able to lodge a claim for their outstanding entitlements (excluding superannuation) through the FEG scheme, administered by the DOE. Should the Administrators be appointed Liquidators, they will notify employees accordingly and liaise with FEG to verify the outstanding employee entitlements further.

10. Statutory Liabilities

- The Group Directors did not provide a breakdown of outstanding statutory liabilities in their ROCAP.
- Upon appointment, the Administrators immediately notified the ATO of the appointment and requested FOI for documents relating to the Group. At this stage we have received limited FOI documents.
- The Administrators have relied upon Proof of Debts received from the ATO and respective Offices of State Revenue, together with the books and records of the Group to provide a current estimate.
- The Administrators have undertaken a review of the Groups records and liaised closely with respective Rubicor staff in relation to outstanding superannuation and the SGC.
- The Administrators note the ATO makes a claim in the Administration on behalf of the employees for the Superannuation Guarantee Charge and this ranks as a priority claim in the Administration.

Statutory Liabilities			
Description	Cost or Book Value (\$)	Directors ERV (\$)	Administrators ERV (\$)
Australian Taxation Office (GST/PAYG withholding)	286,845	Not provided	2,487,432
Payroll tax	3,941,580	Not provided	1,633,386
Superannuation Guarantee Charge	9,534,993	Not provided	11,111,825
Australian Taxation Office (Fringe Benefits Tax)	351,093	Not provided	Unknown
Total	14,114,511	0.00	15,232,643



6. Financial Position and historical financial analysis

Report on Company Activities and Property

11. Unsecured Creditors

- The Group Directors provided an aged creditors list as at 5 August 2019 from the Group's management accounts. The Administrators have relied upon the Group's management accounts together with Proofs of Debt received to date to form their estimate. The Administrators note this amount is subject to change.

Other comments

- The Administrators note there is no reference to the intercompany loans within the Group as the ROCAP is on a consolidated basis and as such, the net effect is nil. We note with the management accounts used, there was a nominal amount which hadn't yet been correctly offset. For a breakdown of the intercompany loans, please refer to **Appendix 1**.
- We conducted a review of each Company's management accounts and identified numerous inter-company loans. We further reviewed these related party loan accounts and reconciled the existence and quantum of the loans in the records of both entities whom were a party to each of the loan. We confirm the loans appear to have been recorded appropriately in each set of management accounts. Given the nature of the Group's structure and parallel operating activities, our preliminary investigation indicate these loan accounts are in the ordinary course of business and likely uncontentious.

6. Financial Position and historical financial analysis

Profit and Loss review

Consolidated Group				
Profit and Loss	Mgmt	Audited	Audited	Audited
A\$'000	FY19	FY18	FY17	FY16
Revenue	143,876	189,131	199,803	206,216
Cost of Sales	(117,243)	(161,099)	(167,864)	(168,051)
Gross Profit	26,632	28,032	31,939	38,165
Other Revenue	0	0	19,918	0
Expenses				
Employee benefits	(21,913)	(19,371)	(23,016)	(25,859)
Rental expense on operating leases	(2,144)	(2,463)	(2,582)	(2,389)
Consultancy expense	(999)	(376)	(398)	(645)
Computer costs and support	(1,274)	(1,239)	(1,097)	(1,199)
Travel	(734)	(826)	(849)	(911)
Restructuring expense	0	(2,201)	(2,846)	(3,834)
Other expenses	(6,098)	(2,802)	(6,461)	(7,127)
Total Expenses	(33,163)	(29,278)	(37,249)	(41,964)
EBITDA	(6,530)	(1,246)	14,608	(3,799)
Depreciation	(453)	(603)	(433)	(527)
Amortisation costs	(6)	(633)	(895)	(53)
Impairment loss: intangible assets	(269)	(1,939)	(1,188)	0
EBIT	(7,258)	(4,421)	12,092	(4,379)
Income tax	1,179	-5,105	4,957	-353
Interest expense	(1,015)	(1,630)	(1,333)	(2,458)
Loss from discontinued operations	0	(2,440)	0	0
Net Profit	(7,094)	(13,596)	15,716	(7,190)

Source: Management Accounts

Administrators' Comments:

- We note that FY16-FY18 are the audited consolidated financials and as detailed in **Section 3**, the debt for a number of the companies in the Group was restructured after a DOCA proposal was accepted on 8 August 2016. Accordingly, the pertinent periods for review of the Group are FY17 onwards. As the core operations of the business remained unchanged, FY16 financial information has been included to provide further background to the Group's performance.
- The Group had an overall gross margin of c15% largely dictated by the terms of customer contracts, however we note individual business units had varying contractor gross margins. The Group's financial performance was highly elastic to changes in the mix of the number of contractors and customer margins.
- The Group's revenue declined each financial year since FY16, with a significant decrease in FY19 as a number of large contracts were lost, including Coca Cola Amatil and Telstra. Subsequent to FY19, the Group also lost the contract with Steel Mains in July 2019.
- The Group had a net profit of \$15.7m in FY17 driven by Other Revenue of \$19.9m as a result of the debt forgiveness from the Group's restructure of Xpand, L&A, ACN 072 437 364 Pty Ltd (formerly Gel Group Pty Ltd and Challenge Recruitment (now Rubicor Workforce) (**Restructured Companies**)). This was a net gain of \$14.7m after costs of consultancy, legal and administrator costs.
- Employee benefits predominantly relates to the permanent, non-contracted wages and entitlements for the support and sale staff. Employee benefits as a percentage of Gross Profit increased from 68% in FY16 to 82% in FY19 while gross profit declined, indicating an inability to right-size the business as gross profit declined.
- The Group incurred over \$8.8m in restructuring costs between FY16-FY18. Approximately 35% of this relates to Consultancy costs, 20% to staff redundancy payouts and 17% to new system implementations aimed at corporate restructure to streamline costs as well as lifting organisational productivity and operational efficiencies via investments in technology, training and improved recruitment practices.

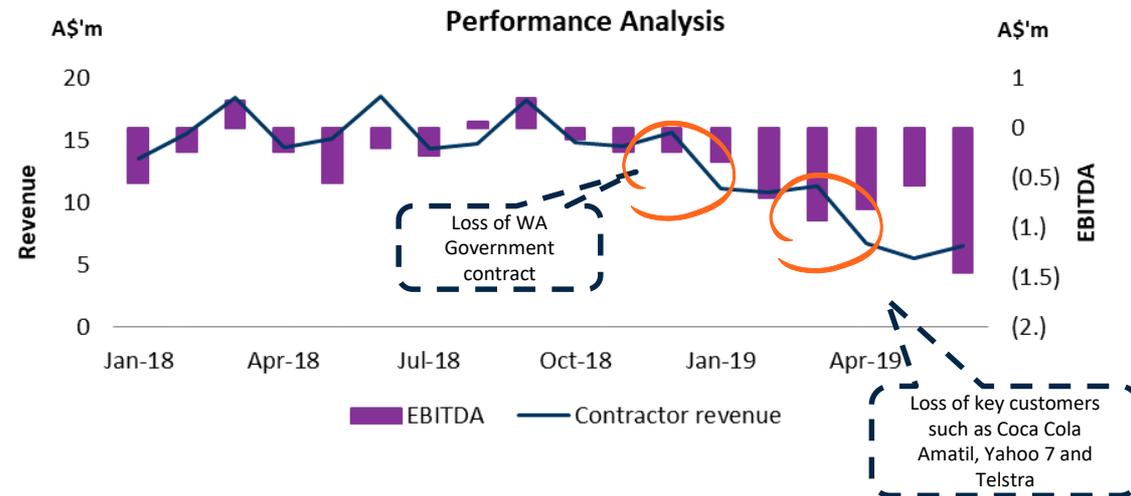
6. Financial Position and historical financial analysis

Group's Historical monthly contractor revenue vs EBITDA

Administrators' Comments:

- The graph opposite shows monthly revenue against EBITDA during the period 1 January 2018 to 30 June 2019.
- Contractor revenue declined over 58% from \$15.6m in December 2018 to \$6.5m in June 2019, while at the same time the EBITDA deficit increased over 500% from a \$237k loss in December 2018 to a \$1.47m loss in June 2019.
- This indicates that the Group's EBITDA was linked to maintaining contractor revenues, and expenses could not readily be adjusted to deal with swings in contractor revenues.
- From our investigations, the decrease in revenue from December 2018 to June 2019 was significantly affected by a number of key customers terminating their contracts because contractors' superannuation was unpaid by the Group.
- Details of some of the key customers that were lost during this period include:
 - Gov was a significant supplier to the Western Australia public sector. On 4 December 2018, the Government of Western Australia provided notice of termination of their contract, with the termination effective from 3 January 2019. This contract generated c\$27m in revenue during FY18.
 - On 5 March 2019, Yahoo7 (now Verizon) provided notice of their intention to not extend the Agreement post 31 March 2019 (being the end date of the Agreement). We note this contract generated c\$2.6m in revenue during FY18. We understand Yahoo7's reasons for terminating the contract related to an internal restructure, however it affected the Group's contractor revenues.
 - On 6 March 2019, Coca Cola Amatil provided notice of termination of their contract with the termination effective from 25 March 2019. We note this contract generated c\$30m in revenue during FY18, being nearly 16% of the Group's revenue overall.

- On 8 March 2019, Telstra provided notice of termination of their contract effective from 27 April 2019. We note this contract generated revenue of over \$22.8m in FY18, being over 12% of the Group's revenue overall.



6. Financial Position and historical financial analysis

Balance Sheet review

Consolidated Group				
Balance Sheet	Mgmt	Audited	Audited	Audited
A\$'000	FY19	FY18	FY17	FY16
Current Assets				
Cash and cash equivalents	907	469	1,860	10,134
Trade and other receivables	9,491	23,169	25,492	25,369
Other current assets	1,756	901	980	1,345
Total Current Assets	12,155	24,539	28,332	36,848
Non-Current Assets				
Property, plant and equipment	1,219	1,195	2,169	1,476
Deferred tax assets	3,936	2,139	6,249	2,964
Intangible Assets	975	395	5,465	1,153
Other non-current assets	759	0	0	2
Total Non-Current Assets	6,889	3,729	13,883	5,595
Total Assets	19,044	28,268	42,215	42,443
Current Liabilities				
Trade and other payables	22,497	18,913	16,032	36,334
Borrowings	4,079	11,685	13,903	10,757
Current tax payable	10	0	0	158
Provisions	2,237	1,920	1,459	2,416
Total Current Liabilities	28,822	32,518	31,394	49,665
Non-Current Liabilities				
Trade and other payables	344	0	0	0
Borrowings	0	85	1,110	874
Deferred tax liability	611	0	0	0
Inter Company Loans	0	0	0	0
Provisions	19	373	663	721
Total Non-Current Liabilities	974	458	1,773	1,595
Total Liabilities	29,796	32,976	33,167	51,260
Net Assets	(10,752)	(4,708)	9,048	(8,817)

Source: Management Accounts

Administrators' Comments:

- As a result of a \$14.7m debt forgiveness through the DOCA for the Restructured Companies in FY17, there was a decrease of \$20.3m of trade and other payables between FY16 and FY17.
- From discussions with management the cash position of the Group decreased between FY16 to FY17. In the FY17 Annual Report, the reduction was in relation to the cost of realising the gain related to the former Deed of Company Arrangement as well as general timing issues associated with a company with large revenue.
- Trade and other receivables remained consistent from FY16 to FY18, with a steep decline of almost 60% in FY19. The Group lost a number of key customer contracts during the FY19 period, which significantly impacted the trade receivables of the Group at year end. The loss of these key customers is discussed in more detail on the previous page.
- A significant driver relating to the deterioration of the Total Asset position from FY17 to FY18 is a result of a full impairment of an intangible asset labelled customer relationships relating to the previous acquisition of Orange Recruitment Australia Pty Ltd and related entities on 5 October 2016 and Western Port Holdings Pty Ltd on 4 June 2017.
- Unpaid superannuation of contractors across the various entities contributed to over 40% of trade and other payables in FY19 (totalling \$22.5m). As previously noted, the non-payment of superannuation had a significant impact on the Group as a whole and was a major contributing factor to the loss of key customers. Further details on the treatment of superannuation is in **Section 7**.
- Borrowings predominantly relates to the Debtor finance facility provided by Scottish Pacific.

7. Investigations

7. Investigations

Duty to investigate

- The law requires us to investigate and specify whether there appears to be any voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.
- We have sought to ascertain whether the Companies were insolvent at any particular point in time, prior to our appointment as Administrators, in order to determine a date from which these provisions may apply.

Relevance of insolvency and liquidation

- The ability to challenge voidable transactions and recover money/property for creditors is contingent on two elements:
 - The relevant company being placed into liquidation, and
 - A liquidator being able to establish that the company was insolvent at the time it entered into any particular transaction, or that the company became insolvent as a consequence of that transaction.

Work performed

- We have investigated the Group's business, property, affairs and financial circumstances.
- The investigations conducted include the following:
 - Review of the Group's financial statements and books and records;
 - Review of the records provided by the ATO;
 - Review of publicly available information including ASX announcements;
 - Discussions with the Group Directors;
 - Discussions with key management personnel;
 - Review of financing facilities including debtor financing with Scottish Pacific;
 - Review of material transactions within the Group's bank statements during the relation-back period;

- Detailed review of the transaction listing for the Group prior to appointment;
- Review of statutory payments including SGC;
- Review of outstanding employee entitlements;
- Preliminary review into the offsite server; and
- Conducted PPSR and ASIC searches as well as searches for any winding up proceedings on foot.
- Creditors are advised, the investigations conducted to date are preliminary in nature, as such, further detailed investigations will be required should any of the companies within the Group be placed into Liquidation.

Creditors' information sheet and other explanations

- Provided at **Appendix 3** is an information sheet to assist creditors in understanding potential offences under the Act, recoverable transactions; and insolvent trading.
- Creditors should read this information in conjunction with our comments in this section of the report.

Basis of solvency assessment

- We have reviewed the management accounts and other books and records when conducting a solvency assessment of the individual entities of the Group.
- Notwithstanding this review, we have considered the Group as a whole when forming an opinion as to the solvency of the entities of the Group. This approach has been adopted as:
 - The Group prepared consolidated annual financial statements as lodged with ASIC and on the ASX, incorporating all entities controlled by RUB and its subsidiaries;
 - The cash and financial resources were available to all related parties by way of intercompany loans to satisfy any amounts owing within the Group;
 - Cash flow was reviewed and managed on a group basis by the board of RUB; and
 - The debtor factoring facility was cross-collateralised across the Group with each entity being jointly and severally liable for the debt.

7. Investigations

Relevance of liquidation versus DOCA

- Recovery of voidable transactions and other actions that a liquidator can take are not available if a company executes a DOCA.
- As a result, creditors must assess the advantages of a DOCA scenario (and any benefits that may be available to them in this scenario), compared to the likely return in a liquidation (and any recoveries that may be available where a liquidator is appointed).
- To assist creditors with this, the estimated return to creditors section of this report includes a comparison between a liquidation scenario and any proposed DOCA, highlighting the differences in estimated recoveries and outcomes.
- Where timing differences are present, these too are discussed as applicable.

Directors' duties under the Act

Opinion about books and records

- Section 286(1) of the Act requires a company to keep written financial records that correctly record and explain its transactions and financial position and performance, and would enable true and fair financial statements to be prepared and audited.
- In our view, as at the date of our appointment the financial records of the Group appear to have been maintained in accordance with s286 of the Act.

Insolvent Trading (s588G of the Act)

- Section 588G of the Act imposes a duty on directors to prevent insolvent trading.
- Based on our preliminary investigations to date, the Group may have traded whilst insolvent from 31 March 2017 to 5 August 2019 and the Group incurred unpaid debts in the interim.
- Section 588H of the Act provides a number of potential defences to s588G, which in particular may potentially be available to non-executive directors.

General duties of a director under the Act

- The Act requires a director to exercise their powers and discharge their duties:
 - With reasonable care and diligence (s180);
 - In good faith in the best interests of the company and for a proper purpose (s181);
 - Not to use their position to improperly gain an advantage for themselves or cause detriment to the company (s182); and
 - Not to improperly use information to gain an advantage for themselves or someone else or cause detriment to the company (s183).
- Where a breach of duty is reckless or dishonest, this may also be a criminal offence (s184).
- A defence exists for directors of wholly-owned subsidiaries (s187) where:
 - The subsidiary's constitution authorises the director to act in the best interests of the holding company;
 - The director acts in the best interests of the holding company; and
 - The subsidiary is not insolvent at the time the director acts, or becomes insolvent because of the director's act.
- Based on our investigations, the Group appears to have been selective in directing payments pursuant to ATO payment plans while superannuation was outstanding and accruing from 28 July 2018, also at a time when the Group was likely insolvent.
- The Group appears to also have prioritised paying superannuation for employees of Xpand.
- Our preliminary investigations indicate Sharad Loomba and David Hutchison may have breached s180 and s181 of the Act by failing to consider their responsibilities to each of the companies separately as well as collectively, and would not be able to rely on the defence (s187).

7. Investigations

Date of insolvency

- Our preliminary view is that the Group was likely insolvent as at 31 March 2017 and remained so up until the time of our appointment on 5 August 2019.
- The primary reasons that form our view are set out below:
 - The Group had a cash flow test deficiency from March 2017 onwards.
 - The auditors raised an emphasis of matter for the going concern assumption for the half year financial report to 31 December 2016, released 28 February 2017, and in the FY17 and FY18 annual reports.
 - The Group incurred an adjusted net loss in the quarter ended 31 March 2017, and all subsequent quarters.
 - Board papers indicate the Group was experiencing cash flow difficulties in meeting statutory liabilities from April 2017 onwards.
 - The Group appears to have regularly paid creditors outside due dates.
 - Board papers indicate from at least 27 March 2017 onwards, the Group intermittently required short-term funding from Scottish Pacific to assist with cash flows.
 - The Group was unable to pay superannuation for the quarter April 2018 to June 2018 by the due date of 28 July 2018, which increased to an estimated SGC liability of \$11.1m by 5 August 2019. A summary of the Superannuation debt is provided on the next page.
- Our key workings and other analysis are contained in **Appendix 2**.
- Within **Appendix 2** we have also included some general comments and information in relation to recoveries via voidable transactions, insolvent trading and common factors that indicate insolvency.

Solvency review – indicators of insolvency

Indicia of Insolvency			
Indicator	FY17	FY18	FY19
Trading losses	✓	✓	✓
Insufficient cash flow	✓	✓	✓
Difficulties in selling stock or collecting debts	✗	✗	✗
Creditors paid outside terms / special arrangements	✓	✓	✓
Arrears of statutory liabilities	✗	✓	✓
Cheques are being returned dishonoured / payments dishonoured	✗	✗	✗
Legal action threatened or commenced	?	?	?
Inability to obtain new or alternative funding	✗	✗	✓
Inability to produce accurate financial information	✗	✗	✗
Resignation of directors or other senior management	✗	✗	✗
Qualified audit opinion	✓	✓	✓
The company has defaulted, or is likely to default, on its agreements with its financier	✗	✗	✗
Finance staff raise solvency concerns	?	?	?
Inability to sell surplus assets	✓	✓	✓
Issuing post dated cheques	✗	✗	✗

Key

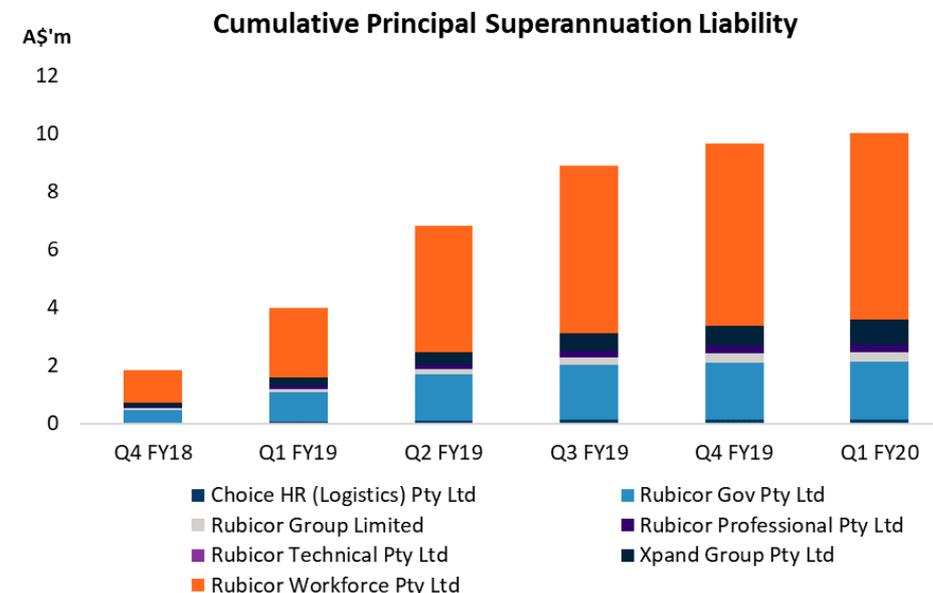
Item	Symbol
Indicator present	✓
Further investigation required	?
Indicator not considered present	✗

7. Investigations

Unpaid Superannuation

Investigation into Superannuation

- The Group had significant unpaid Superannuation which can be a key indicator of insolvency. Detailed below is a summary of the investigations into the unpaid Superannuation:
 - Superannuation was reported and paid on time up until Q3 FY18 following which the unpaid superannuation liability began to accrue.
 - Certain scattered payments of superannuation were made over the course of Q4 FY18 and FY19 to ensure key clients were retained by particular companies.
 - In particular Xpand, which at the date of appointment had paid all of the contractor superannuation liability accrued for Q4 FY19 in full.
 - At the date of appointment, the total principal superannuation outstanding for the Group was approximately \$10.3m (excluding ATO interest and administration charges).
 - The total outstanding liability relates to both temporary and permanent employees.
 - ATO interest and administration charges have been accruing from 1 April 2018 and represent approximately 10% of the total superannuation guarantee charges.
 - From our investigations, the Group utilised the non-payment of superannuation as working capital.
 - Non-payment of superannuation by the Group resulted in the loss of key contracts leading to reducing revenues.
 - The Administrators are aware there were DPNs issued to certain Directors prior to appointment.



Total Superannuation Guarantee Charges Outstanding at 5 August 2019

Choice HR (Logistics) Pty Ltd	\$149,982
Rubicor Gov Pty Ltd	\$2,206,668
Rubicor Group Limited	\$354,959
Rubicor Professional Pty Ltd	\$294,245
Rubicor Technical Pty Ltd	\$22,653
Rubicor Workforce Pty Ltd	\$7,163,709
Xpand Group Pty Ltd	\$919,604
Total	\$11,111,824

Source: Management Accounts & Payroll Reports



7. Investigations

Preliminary view on liability for insolvent trading

- Any liability for insolvent trading would need to be considered on a company by company basis considering the relevant claim for each company, which would only be claimable against the relevant directors for each company.
- At this stage we have not formulated concise estimates of the potential insolvent trading claims for each company. Further investigations would be required, should the companies within the Group proceed into liquidation, to determine the potential value of each claim.

Directors' capacity to pay claims by a liquidator

- We understand DPNs were issued to Sharad Loomba and David Hutchison in relation to unpaid superannuation.
- It is also unclear at this stage whether the directors have signed personal guarantees for any of the Groups' outstanding debts.
- We have received a statement of position from one of the directors which indicates that they hold encumbered assets, but minimal net assets relative to the potential claims identified.
- A property search conducted on each of the directors of the Group indicates that the directors hold property in their names, most of which are joint tenants with mortgages attached.
- Considering the DPNs and limited assets identified as held by the directors, it appears it may not be commercial to pursue insolvent trading claims against the directors.
- Based on our preliminary analysis to date, it appears the directors' and officers' insurance policies would not respond to a claim for insolvent trading.
- If any of the companies within the Group are placed into liquidation, further investigations would be conducted into the directors' capacity to respond to any insolvent trading claim.
- Creditors should refer to **Appendix 3** for additional information regarding insolvency and pursuing insolvent trading claims.

7. Investigations

Preliminary findings

■ We set out below our preliminary findings in relation to potential recoveries from voidable transactions in a liquidation scenario including our view on the likelihood of there being substantiated and supportable claims. Where applicable, we have included our estimate of possible recoveries along with any other pertinent information.

■ For general information explaining these matters, please refer to **Appendix 3**.

Area	Our view	Comments
Unfair preferences	Possible claims	<ul style="list-style-type: none"> ■ We have reviewed the payments made by the Group during the period leading up to appointment, noting it appears the Group was insolvent at all material times during the relation back period for unfair preferences. ■ We have not identified any material payments to trade creditors which warrant further investigation by a liquidator if appointed. ■ We also consider that there may be preferential payments to the ATO across eight entities totalling \$9.1million. ■ We have provided an estimated return from pursuing these payments under the Liquidation scenarios in Section 9.
Uncommercial transactions	No claims	<ul style="list-style-type: none"> ■ We are not aware of any potential uncommercial transactions that would likely result in property being recovered for the benefit of creditors.
Unfair loans	No claims	<ul style="list-style-type: none"> ■ We are not aware of any potential unfair loans that would likely result in property being recovered for the benefit of creditors.
Unreasonable payments to directors	No claims	<ul style="list-style-type: none"> ■ Our investigations to date have not found any evidence of unreasonable payments to Directors.
Related entity benefit	No claims	<ul style="list-style-type: none"> ■ Our investigations to date have not revealed any transactions with related entities that would likely result in property being recovered for the benefit of creditors.
Arrangements to avoid employee entitlements	No claims	<ul style="list-style-type: none"> ■ Our investigations to date have not revealed the existence of any such arrangements.
Voidable charges	None	<ul style="list-style-type: none"> ■ Our investigations have not revealed any charges or registered security interests that would be void against a liquidator.
Insolvent Trading	Possible claims	<ul style="list-style-type: none"> ■ The directors of RUB may have breached their duty (s588G of the Act) by allowing the Group to trade whilst insolvent. ■ We have not yet quantified the potential value of any insolvent trading claims with respect to each company. ■ The financial capacity of the directors to respond to claims is questionable.
Offences by directors	Possible claims	<ul style="list-style-type: none"> ■ S180 and s181 of the Act by Sharad Loomba and David Hutchison failing to properly discharge their duties as directors of the subsidiary companies in relation to the non-payment of outstanding superannuation. ■ Based on our preliminary investigations to date, it may not be commercial to pursue any claim against the relevant directors of the Group.

8. Proposals for a Deed of Company Arrangement

8. Proposals for a Deed of Company Arrangement

Overview of DOCA Proposals

What is a DOCA?

- A DOCA is a formal agreement between a company, its creditors and the proponents of the DOCA.
- A DOCA may involve:
 - Maximising the chance of the company continuing in existence; and/or
 - Result in a better return for the company's creditors than in a winding up.
- In order for a company to enter into a DOCA, creditors of that company must resolve that the company execute a DOCA at the second meeting of creditors.

Proposals for a DOCA

- The Administrators have received proposals for DOCA from three (3) parties. If creditors do not approve a DOCA, the relevant Company may be placed into Liquidation and ultimately wound up.
- The DOCA proposals have been received from:
 - James Polyzoidis on behalf of Polygon (**Polygon DOCA**);
 - Angus Mason on behalf of Cashel (**Cashel DOCA**); and
 - Paul Egan (**Egan DOCA**), a creditor of the Group.
- Detailed in this section is a summary of the DOCA proposals.
- The Administrators have provided the estimated returns under the Polygon DOCA in **Section 9** of this report.
- Although this section summarises the key terms of the Cashel DOCA and Egan DOCA proposals, the Administrators have not provided the estimated returns under these proposals for reasons detailed later in this section.
- **Appendices 4, 5 and 8** and later in this section, detail additional information on the proposals, namely:
 - Copies of the DOCA proposals;
 - Additional Information about the Polygon DOCA proposals
 - A statement as required by ASIC under Regulatory Guide 82 with respect to the Polygon DOCA proposals as they incorporate Creditors' Trusts.

Overview of the Polygon DOCA proposals

- The Polygon DOCA proposals each provide for:
 - Two separate DOCAs, one for Rubicor Workforce and one for the remaining entities in the Group.
 - The continued operation of the businesses under the current senior management.
 - Polygon will privatise the Group and delist from the ASX.
 - The Creditors' Trust Fund of \$10.1million to be paid by Polygon and the Group from future operating cashflows.
 - Payments to the Creditors Trust to be paid over six instalments commencing from the effectuation of the DOCA and establishment of the Creditors' Trust with the final payment to be paid on 30 September 2024.

Overview of the Cashel DOCA proposal

- The Cashel DOCA proposal is summarised as follows:
 - The DOCA is only proposed in respect of RUB and Xpand.
 - It envisages the continuance of the Xpand business (including Xpand Group Pty Ltd, Rubicor Singapore Pte Ltd and Rubicor Hong Kong Limited) under new directors.
 - The Deed Fund is a maximum of \$1.75million.
 - A further \$50,000 will be paid for Professional by Xpand.
 - The Deed Fund is only available to be distributed amongst the creditors of RUB and Xpand.

Overview of the Egan DOCA proposal

- The Egan DOCA proposal is as follows:
 - The DOCA includes all entities currently subject to voluntary administration.
 - Paul Egan will pay the sum of \$2million into a Deed Fund which will be distributed amongst all creditors.
 - All shares will be transferred to Paul Egan and he will become the director of all entities.

8. Proposals for a Deed of Company Arrangement

Polygon DOCA Proposal

Summary of Polygon DOCA Proposal

- The below is a summary of the Polygon DOCA proposals.

Polygon Talent Pty Ltd (Polygon)

- Polygon is a recently incorporated, special purpose entity, which is a 100% subsidiary of NWOD Projects & Advisory Group Pty Ltd (**NWOD**). NWOD is an entity ultimately controlled by Jeff Locke, an investment banker, and his wife, Elizabeth.
- Polygon's sole director is James Polyzoidis. James is an investment banker and private equity investor.
- Polygon wishes to ensure the operational continuity of the Group until the business is stabilised. For this purpose, it is Polygon's intention of retaining the current senior management for a period of time.

Overview

- The purpose of Polygon's proposal is to restructure the Group's debts and privatise the Group.
- The proposal involves two DOCA's, one for Rubicor Workforce (**Polygon Workforce DOCA**) and a separate DOCA for the Group other than Workforce (**Polygon RUB DOCA**).
- The Polygon proposal envisages the entities to remain under separate DOCAs whilst the required approvals, consents or waivers are obtained from ASIC, ASX and the Court.
- Following all conditions precedent being met, a pooled Creditors' Trust is established to satisfy the claims of creditors.
- The Creditors Trust of \$10.1m to be paid by Polygon and/or from the Rubicor Group from future operating cashflows via six instalments through to 30 September 2024.

Conditions Precedent

- Polygon is to obtain all approvals, consents or waivers from ASIC and ASX for the acquisition of the RUB's shares, including ASIC relief from Section 606 of the Act.
- The Deed Administrators are to apply for leave from the Court pursuant to Section 444GA of the Act and transferring RUB's shares to Polygon.
- The Group terminating certain non-continuing employees.
- Polygon paying an initial amount of \$500,000.
- There being no material adverse change in relation to the Group between 5 August 2019 and completion, being when the Conditions Precedent are satisfied.
- The execution of the DOCAs, the Trust Deed and security agreements as required.
- The Groups' Australian debtor finance facility balance being no greater than 65% of consolidated Australian debtors of not greater than 90 days outstanding.
- Scottish Pacific debtor finance facilities with the Group continue on the same terms with a minimum 80% loan to value ratio and Scottish Pacific granting relevant consents for the continuation of facilities with Polygon post DOCA completion.
- Termination of Angus Mason's appointment as non-executive director of RUB.

Deed Administrators and Trustees

- The Administrators would be appointed the Deed Administrators of the DOCAs and the Trustees of the Creditors' Trust.
- Upon satisfaction of the Conditions Precedent, the Deed Administrators will become Trustees of the Creditors' Trust.

Control

- Upon execution of the DOCAs, the control and operations of the Group will revert back to the directors, with the directors either being the current directors or directors as nominated by Polygon.

8. Proposals for a Deed of Company Arrangement

Polygon DOCA Proposal

No interdependency

- The Polygon RUB DOCA, the Polygon Workforce DOCA and the sub-funds within the Creditors' Trust are not interdependent. For the avoidance of doubt, the unenforceability, illegality or termination of one does not affect the validity or operation of the other.
- The approval of only one of Polygon's proposed DOCAs by creditors, will not affect the validity or operation of that DOCA.

Moratorium on Creditors' Claims

- During and after the period of the DOCAs, the moratorium in Sections 440A, 440D and 440F of the Act will apply to bind all Creditors and Members of the Group in relation to claims arising on or before the appointment of the Administrators.
- The DOCAs will not affect the liability of the Group to Scottish Pacific or any debt or claim of Scottish Pacific including any security held by Scottish Pacific.
- Unless other secured creditors or landlords vote in favour of the DOCAs, the DOCAs will not affect their rights as owners or lessors of property, or prevent secured creditors from realising or otherwise dealing with their security.

Termination of the DOCAs

- The DOCAs may be terminated by:
 - fulfilling their purpose;
 - order of the Court;
 - resolution of creditors of each of the Group at a meeting;
 - failure to satisfy the Conditions Precedent by 5 November 2019; or
 - by notice of the Deed Administrators where they reasonably consider in good faith that is no longer practicable or desirable to continue to implement or carry out the DOCAs.

Creation of Creditors' Trust

- The Creditors' Trust will be created upon:
 - satisfaction of the Conditions Precedent; and
 - payment of the Initial Fund amount.
- Upon creation of the Creditors' Trust:
 - control of the Group will revert to the Group Directors;
 - Creditors' claims against the Group as at 5 August 2019 will be extinguished and they will instead have a pooled claim in the single Creditors' Trust; and
 - the Deed Administrators will be appointed Trustees of the Creditors' Trust.

Rationale for Pooled DOCAs

- Polygon have advised its rationale for pooled DOCAs is:
 - pooled DOCAs will avoid the need to apportion the Distribution Amount across each individual company;
 - the pooled DOCAs exclude inter-company loans and will avoid the need to adjudicate upon those claims;
 - no creditors will be prejudiced by the pooling of the DOCAs; and
 - it will be more efficient and cost effective to give effect to the Deed Proposal by way of pooled DOCAs.

Excluded Creditors' Claims

- The following claims would not be extinguished and would not participate in the Creditors' Trust:
 - Claims by continuing employees for leave or retrenchment; and
 - Scottish Pacific's claim.
- In addition inter-company loans will not claim in the Creditors' Trust

8. Proposals for a Deed of Company Arrangement

Polygon DOCA Proposal

Creditors' Trust Fund

- The Creditors' Trust Fund will be a minimum of \$10.1million comprised as follows:

Creditors Trust Funds

	Notes	A\$'000	A\$'000
Timing		Target instalment	Minimum instalment
Other assets	1	Unknown	N/a
Condition precedent	2	500	500
30 September 2020	3, 4	700	450
30 September 2021	4	2,000	1,500
30 September 2022	4	2,600	2,000
30 September 2023	4	3,000	2,000
30 September 2024	5	1,300	3,650
		10,100	10,100

1. Other assets consists of the Group's cash on hand, cash at bank, insurance policies and any proceeds from these as at completion of the Conditions Precedent.
2. The initial instalment by Polygon payable as a Condition Precedent to the DOCAs.
3. Subject to the minimum instalment, this instalment will be reduced by \$100,000 per month for each month completion occurs after 30 September 2019, to be added to instalment payable by 30 September 2021 or later subject to conditions in point 4 below.
4. The amount of these instalments, subject to the minimum instalment, shall not exceed 3% of the Companies gross profit for the previous financial year. Any deficiency, (in comparison to the Target instalment) is payable in the next period and carries across periods.
5. The final instalment will be for the balance, whereby the total instalments paid will be \$10.1million.

Monitoring and Reporting Arrangements

- Within 45 days after the end of each financial year, Polygon must provide to the Trustees, historical profit and loss and balance sheet statements and profit and loss budget and cashflow forecast for the next financial year.
- The Trustees will have access to books and records of the Group as reasonably required to fulfil their obligations under the Creditors' Trust.
- Although not a term of the DOCA, the Trustees would endeavour to provide regular updates to creditors on the receipt of creditor trust fund instalments.

Security for the Creditors' Trust

- The Trustees shall hold security interests over the property of the Group, second ranking to Scottish Pacific's security interest.
- Should the Group fail to make the required instalment payments on time, the Trustees may enforce the securities by appointing a Receiver and Manager to realise the Group's assets, subject to any appointment by the first charge holder.

Treatment of Related Party Claims

- The DOCA proposal is silent on related party claims, with the exception of inter-company loans by the Group against each other. Therefore as it stands, related parties such as directors and their spouses, entities controlled by them, and the directors and their spouses' relatives, may participate in the Creditors' Trust, albeit restricted as excluded employees under Section 556 of the Act.

8. Proposals for a Deed of Company Arrangement

Polygon DOCA Proposal

Sub-funds within the Creditors' Trust Fund

- The Trust Fund will be split into two separate sub-funds as follows:
 - for the benefit of the claims of creditors in the Polygon RUB DOCA, the sum of \$5m; and
 - for the benefit of the claims of creditors in the Polygon Workforce DOCA, the sum of \$5.1m.
- Should there be any balance in the Trust Fund, such funds will be for the benefit of the claims of all creditors.
- In practice, each part payment will be apportioned between the sub-funds upon receipt.
- If only the Polygon RUB DOCA is successful at the Second Creditors' Meeting, the instalments referred to in the earlier table, will be reduced by the proportionate Polygon Workforce DOCA amount, resulting in a total Polygon RUB DOCA Trust Fund of \$5m.

Effect of the DOCA on Employees' ability to access the FEG scheme

- Current and former employees should note that effectuation of the DOCA will prohibit their ability to access the FEG scheme for any outstanding entitlements, in particular leave and retrenchment, as the FEG scheme is only available if a company goes into liquidation.
- Through the DOCA and Creditors' Trust, a return is anticipated for outstanding superannuation, which is not covered by the FEG scheme.
- Continuing employees will retain their leave and retrenchment entitlements with the Group through the DOCA and Creditors' Trust.

Order of priority

- Each sub-fund within the Creditors' Trust will be distributed in the following order of priority.
- It should be noted that excluded employees pursuant to Section 556(2) of the Act, in particular the Group Directors, would have priority for their entitlements in the Creditors' Trust limited to \$2,000 for superannuation, and \$1,500 for leave entitlements.

Priority	Recipient
1.	The Administrators, Deed Administrators and the Trustees to satisfy liabilities and their remuneration.
2.	Participating priority claims, in order of priority if the Companies had been wound up, i.e. <ol style="list-style-type: none"> 1) Wages and superannuation 2) Personal injury compensation, where applicable 3) Leave entitlements 4) Retrenchment pay
3.	Participating admitted claims (other than Priority Claims, subordinate claims and Excluded claims)
4.	Subordinate claims pursuant to Section 563A of the Act

Extinguishment of claims

- On termination of the Trust, all claims will be released, discharged and extinguished.
- Any claims will be deemed to be abandoned if, prior to the declaration of the final dividend, a creditor has failed to submit a formal proof of debt or claim in accordance with the terms of the Trust, or having submitted one which is rejected, fails to appeal against the rejection within the relevant timeframe set out in the Trust Deed.

8. Proposals for a Deed of Company Arrangement

Polygon DOCA Proposal

Analysis of Ongoing Trading Projections

- Under the Polygon DOCA proposals the operations will continue in existence with the instalments to be funded from operational cashflows.
- In order to assess the Operating Entities' ability to meet the instalments, the Administrators have reviewed the forward budgets and provide the following commentary.
 - The Group's external finance consultants prepared a forecast profit and loss/budget for the next 24 months from September 2019 to August 2021.
 - The budgets were prepared separately for the Operating Entities (excluding Workforce), and Workforce separately. The budgets (including a combined budget) are shown at **Appendix 5**.
 - Key assumptions
 - No material reduction in contractor number/revenue
 - Modest growth (5%) from September 2020
 - Combined gross margin of 18.2% to 20.0%
 - Reduction in overheads, specifically leases, staffing, and subscription costs
 - A corporate shared services re-charge imposed against overseas entities
- A summary of the projected performance for the Operating Entities (excluding Workforce), Workforce, and combined totals are presented below.

Operating Entities (Administrators Appointed)

F/cast P&L \$'000s	Trading (ex RWF)		Workforce		Combined	
	NTM Aug-20	NTM Aug-21	NTM Aug-20	NTM Aug-21	NTM Aug-20	NTM Aug-21
Revenue	27,345	30,505	14,700	16,349	42,045	46,854
Gross Profit	6,254	7,653	1,402	1,711	7,657	9,364
Gross Profit %	22.9%	25.1%	9.5%	10.5%	18.2%	20.0%
Opex	5,775	6,512	1,546	1,677	7,321	8,189
EBITDA	2,813	3,476	(144)	34	2,669	3,510

Comments on Trading Projections

- The Administrators provide the following commentary in relation to the forecasts provided:

Revenue

- Forecasts are driven by a function of contractors utilised, daily billed hours, average billable rate, and working days in the forecast periods.
- Both contractor numbers, and average billable rates appear to be in line with the Trading Entities current performance metrics.
- However the forecast daily billable hours for the Operating Entities (excluding RWF) appears optimistic. The Administrators considered a 15% reduction to gross profit for this metric, which could reduce combined EBITDA by \$938k and \$1.47m for NTM Aug 2020 and NTM Aug 2021 respectively. Workforce's forecast daily hour metrics are consistent with company records.
- Placement fees, relevant to the Operating Entities (excluding Workforce) only, which account for c.7.5% of forecast revenue – appear to be appropriate with reference to the FY19 management accounts, adopting an average placement fee of \$15,000.

Gross Profit

- The forecasts adopt an assumed gross profit margin across the forecast period.
- The forecast gross profit appears in line with the FY19 management accounts for the Operating Entities.
- Noting the above we have sensitised to remove 15% gross profit from the Operating Entities (excluding Workforce).

Operational Expenses

- Future operational cost saving initiatives, which may improve forecast EBITDA have been highlighted by Polygon and discussed further at **Appendix 5**. Some initiatives have already been implemented during the VA (e.g. headcount and lease reduction).

8. Proposals for a Deed of Company Arrangement

Polygon DOCA Proposal

Administrators' Opinion of Ability to Achieve Proposed Contributions

- Based on our assessment of the forecast budgets, it appears the ongoing trade will enhance the return to creditors of the Group.
- As stated earlier, the assumptions adopted in the forecast budget appear to be reasonable, and the Administrators have adopted a sensitivity to reduce the gross profit of the Operating Entities (excluding Workforce) by 15%.
- The effect of the sensitivities of 15% reduction to gross profit of the Operating Entities (excluding Workforce) and the combined effect on EBITDA is presented below.

Operating Entities (Administrators Appointed)						
Sensitised F/cast P&L \$'000s	Trading (ex RWF)		Workforce		Combined	
	NTM Aug-20	NTM Aug-21	NTM Aug-20	NTM Aug-21	NTM Aug-20	NTM Aug-21
Revenue	27,345	30,505	14,700	16,349	42,045	46,854
Gross Profit	5,316	6,505	1,402	1,711	6,719	8,216
Gross Profit %	19.4%	21.3%	9.5%	10.5%	16.0%	17.5%
Opex	5,775	6,512	1,546	1,677	7,321	8,189
EBITDA	1,875	2,328	(144)	(1,421)	1,731	907

- Based on the assumptions and budgets provided, which we consider to be reasonable, subject to the cost initiatives being implemented and the current revenue levels remaining consistent, it appears reasonably likely the Operating Entities would be able to satisfy the minimum (and target) DOCA instalments based on their expected combined EBITDA. However, Workforce's projected profitability suggests it may be reliant on the remaining Operating Entities to meet instalment payments.

8. Proposals for a Deed of Company Arrangement

Polygon DOCA Proposal

Our comments on the proposal

- The DOCAs appear to offer the following returns:

Cents in the \$ Estimated Polygon DOCA Return to Creditor Classes	Polygon DOCA Return	
	Polygon RUB DOCA	Polygon Workforce DOCA
Priority creditors		
Wages & Superannuation	99.9 - 100 c/\$	69.1 - 69.1c/\$
Leave Entitlements	Nil - 100 c/\$	Nil
Redundancy & Payment in Lieu	Nil - 100 c/\$	Nil
Unsecured creditors		
	Nil - 2 c/\$	Nil

- Our estimates of the returns to the creditors of the Group are discussed separately at **Section 9**. In reviewing this information, creditors should review the detailed statement, our estimate of costs and the anticipated returns compared to a liquidation scenario.
- Due to the lack of material detail in the other proposals, we do not consider there is an alternate DOCA proposal which is capable of being voted upon by creditors. Accordingly, the only other realistic option for the Group, if the Polygon DOCAs (inclusive of any further amendments) are not executed, would be for the Group to be placed into liquidation.
- In forming their own views as to whether or not the DOCA proposals are in their interests, creditors should consider the following items in particular when comparing the DOCA proposals to liquidation:
 - The returns to priority creditors in both DOCAs are higher than in a liquidation scenario.
 - Unsecured creditors gain the potential to receive a small dividend in the Polygon RUB DOCA.

- Secured creditors can continue to deal with their security and are not bound by the terms of the DOCA unless they become a party to it or agree to be bound by it.
- We understand Polygon have arranged the continuance of the Scottish Pacific debtor finance facility, the existence of which underpins the working capital position of the Group. Should this facility be terminated and Polygon are unable to find replacement finance, this could impact on the return to the Creditors' Trust.
- The DOCA's result in the payment of a considerably greater amount of unpaid superannuation.
- The pooling mechanism of the DOCAs enables the payment of dividends to creditors that would otherwise not have received any return in a liquidation.
- Other than the initial funding of \$500,000, all instalments to the Creditors' Trust are dependent on the ongoing viability of the operations of the business. The proponents of the DOCA have provided financial forecasts to support the assertion of the future viability. Due to the forward looking nature of forecasts, the risk does exist that the entities will be unable to return sufficient funds to meet the instalment payments.
- The DOCA provides for payment of instalments over a period of five years. It is anticipated that dividends will start to be distributed to priority creditors in late 2020 however it should be noted that final dividends will not be paid until late 2024. This is in comparison to any returns under a liquidation, albeit of a lesser sum, may have been payable over a period of one to two years.
- In the event the requirements of the DOCA and/or the Creditors' Trust are not satisfied, a protection mechanism has been included whereby the Trustees of the Creditors' Trust have been provided with security over the property of the assets of the Group, ranking behind the first charge holder.

8. Proposals for a Deed of Company Arrangement

Polygon DOCA Proposal

Expected timeline of events

- If the proposed DOCAs are approved by creditors at the forthcoming meeting, the following key events (in sequence) can be expected to occur:
 - The DOCAs will be executed by the parties subject to the deeds. This is expected to occur shortly after the forthcoming meeting of creditors. At law, there is a maximum time period of 15 business days after the meeting for the DOCAs to be executed. If the DOCAs are not executed within this time, the Group will be placed into liquidation.
 - The parties to the DOCAs will take action to complete the Conditions Precedent. These matters will occur concurrently and we anticipate receipt of the relevant approvals in a period of four to six weeks. Should the Conditions Precedent not be satisfied by 5 November 2019, the DOCAs will terminate and the Group will be placed in liquidation.
 - Upon satisfaction of the Conditions Precedent, the DOCA's will be fully effectuated and the Creditors' Trust will be created. It is anticipated this will occur on or prior to 5 November 2019.
 - Trust Fund instalments will be made by the Group to the Trustees on a yearly basis commencing 30 September 2020. The final instalment will be made no later than 30 September 2024.
 - Once all costs and expenses of the Administrators and Deed Administrators are settled, a dividend process (conducted in a manner consistent with the provisions of the Act) would be undertaken. This would involve creditors submitting a proof of debt form to the Deed Administrators to substantiate their claim and the Deed Administrators adjudicating on these claims.
 - It is anticipated that a number of dividends will be paid at various intervals throughout the period of the Creditors' Trust.

General Information on the Purpose of a creditors' trust

- A creditors' trust is a mechanism for the distribution of a fund to creditors of a company or group of companies, which accelerates a company's exit from external administration. A trust is formed for the benefit of the relevant creditors, and the trust funds (usually contributed by the proponent of the DOCA) are paid to the trust for distribution to creditors in accordance with a trust deed.
- A creditors' trust is an arrangement pursuant to the Trusts Act 1973 (Qld) rather than the Act.
- The DOCA proposal by Polygon requires the use of a creditors' trust. The reason for a creditors' trust structure will be to accelerate the Group's exit from external administration.

ASIC guidelines for creditors' trusts

- In May 2005, ASIC issued Regulatory Guide 82 in respect to Creditors' Trusts, entitled 'External Administrations: Deeds of company arrangement involving a creditors' trust' ('the ASIC Guide'). A copy of the Guide can be downloaded from the ASIC website at <http://www.asic.gov.au/> or is available from our office upon request.
- Key considerations of the creditors' trust proposed by Polygon, as required pursuant to Regulatory Guide 82, is in **Appendix 8**.

Rights of Creditors

- The Trust Deed will incorporate many provisions of the Act, but creditors' rights will be under the Trusts Act 1973 (Qld) and in equity.
- The terms of the proposed DOCAs are in the following slides. Creditors rights are altered in the pooled DOCA proposals and they should take this into account in assessing the merits of the DOCA proposals put forward.
- Creditors should seek their own legal advice as to the implications to them.

8. Proposals for a Deed of Company Arrangement

Cashel DOCA Proposal

Summary of Cashel DOCA Proposal

- The below summary represents the Administrators' current understanding of the Cashel DOCA proposal. The Administrators may supplement the summary prior to the meeting of creditors if further information is received.
- It is noted Angus Mason put forward the proposal on behalf of Cashel. Mr Mason is a non-executive director of RUB and a related entity Cashel Investment Pte Ltd is the largest shareholder of RUB.

Deed Administrators

- The Administrators would be appointed the Deed Administrators of the DOCA.
- The Deed Administrators would return control of RUB and Xpand to new directors upon execution of the DOCA.
- The Administrators would continue to manage the entities that are not included in the DOCA in anyway to maximise returns to the creditors of those entities (so long as it does not create monetary costs to RUB and Xpand).

Conditions Precedent

- Secured creditors, Scottish Pacific and NAB will continue to provide finance facilities to RUB and Xpand.
- There being no material changes in the clients of Xpand other than those advised by the Administrator as at 30 August 2019.
- Only employees of Xpand are retained and the Administrator will assign the employees of RUB to Rubicor Workforce, other interested parties or be made redundant (unless agreed otherwise).
- All inter-company loans to and owed by RUB and Xpand will be extinguished under the DOCA.
- Subject to certain exceptions, the Administrator must rescind all supplier contracts.
- The assets and select employees of Professional will be purchased by Xpand for \$50,000.

Moratorium on Creditors' Claims

- During and after the period of the DOCA, the moratorium in Sections 440A, 440D and 440F of the Act will apply to bind all Creditors and Members of the Group in relation to claims arising on or before the appointment of the Administrators.
- The DOCA will not affect the liability of the Group to Scottish Pacific or any debt or claim of Scottish Pacific including any security held by Scottish Pacific.
- Unless other secured creditors or landlords vote in favour of the DOCA, the DOCA will not affect their rights as owners or lessors of property, or prevent secured creditors from realising or otherwise dealing with their security.

Termination of the DOCA

- The DOCA proposal states that upon the DOCA being fully effectuated as a result of the distribution of the Deed Fund, the Deed Administrators will retire from RUB and Xpand.

Rationale for a Pooled DOCA

- Although not specifically mentioned, it appears the proposal pools the creditors of RUB and Xpand together for the purposes of distribution of the Deed Fund.
- The proposal does not specify the rationale for a pooled DOCA.

Excluded Creditors' Claims

- The following claims would not be extinguished and would not participate in the Deed Fund:
 - Claims by continuing employees for leave or retrenchment;
 - Scottish Pacific's claim; and
 - NAB.

8. Proposals for a Deed of Company Arrangement

Cashel DOCA Proposal

Treatment of Related Party Claims

- The DOCA proposal is silent on related party claims, with the exception of inter-company loans by the Group against each other. Therefore as it stands, related parties such as directors and their spouses, entities controlled by them, and the directors and their spouses relatives, may participate in the Deed Fund.

Deed Fund

- The Deed Fund will consist of a contribution of \$1,750,000.
- This amount will be reduced by any debtor payments received by the Administrator during the Administration.
- The contribution of \$1,750,000 will be paid following the execution of the DOCA as follows:
 - An amount of \$1,250,000 within 30 days of execution via a subscription of redeemable convertible notes by Angus Mason (or nominee) into RUB; and
 - from the retained earnings generated by RUB and Xpand over the 12 months following execution of the DOCA.
- Angus Mason (or nominee) may contribute further funds into Xpand for working capital purposes.

Security for the Deed Fund

- The DOCA proposal is silent on security for the Deed Fund.
- It is noted however that the Deed Administrators remain appointed until the Deed Fund is distributed to creditors. Although not stated in the DOCA proposal, should Cashel fail to make the contributions to the Deed Fund, the Deed Administrator could re-take control of the operations.

Monitoring and Reporting Arrangements

- The DOCA proposal is silent on monitoring and reporting arrangements.

Effect of the DOCA on Employees' ability to access the FEG scheme

- Current and former employees of RUB and Xpand should note that effectuation of the DOCA will prohibit their ability to access the FEG scheme for any outstanding entitlements, in particular leave and retrenchment, as the FEG scheme is only available if a company goes into liquidation.
- Through the DOCA, it is unclear whether a return is anticipated for outstanding superannuation, which is not covered by the FEG scheme.
- Continuing employees of RUB and Xpand will retain their leave and retrenchment entitlements with the Group through the DOCA.

Order of priority and extinguishment of claims

- The Deed Funds will be distributed in the following order of priority. On distribution of the total Deed Fund, all non-excluded claims against RUB and Xpand as at 5 August 2019 will be extinguished.
- It should be noted that excluded employees pursuant to Section 556(2) of the Act, in particular the Group's directors, would have priority for their entitlements in the Deed Fund limited to \$2,000 for superannuation, and \$1,500 for leave entitlements.

Priority	Recipient
1.	The Administrators' approved remuneration for the voluntary administration of RUB and Xpand.
2.	The Deed Administrators' approved remuneration for the deed administration of RUB and Xpand.
3.	Accrued superannuation and employee entitlements of RUB and Xpand.
4.	Ordinary unsecured creditors of RUB and Xpand on a pro-rata basis.

8. Proposals for a Deed of Company Arrangement

Cashel DOCA Proposal

Administrators' comments on the proposal

- Before submitting any DOCA proposal to creditors, an administrator is obliged to consider whether the proposal is suitable to submit.
- In evaluating the DOCA proposal from Cashel, we have determined that it is not appropriate to submit the proposal to creditors as we have not been provided with sufficient concrete details to comply with our disclosure obligations. For example:
 - The proposal specifies that the contribution of \$1,750,000 will be reduced by any debtor payments received by the Administrator during the Administration. Based on the collection of pre-appointment debtors, there is significant uncertainty that the contribution will be reduced to nil notwithstanding these collections were directed to Scottish Pacific in reduction of its debts in accordance with its securities.
 - the proposal involves contributions to the Deed Fund from trading and we have not been provided with any information as to how the intended trading will enhance the return to creditors given the trading position of the Group prior to the Administrators' appointment;
 - we have not been provided with a summary of the prospective financial information underpinning the proposal and hence are unable to comment as to the likelihood of the company being able to achieve the proposed contributions and hence can't ascribe any value to monies from future trading;
 - we have not been provided with any detail regarding the capacity of Cashel, Angus Mason (or nominee) to make the subscription payment of \$1,250,000 or any contribution to the working capital of Xpand;
 - we have no visibility regarding the likelihood of the Scottish Pacific continuing to provide a debtor finance facility under the proposed DOCA, the lack of which is likely to prove fatal to the viability of the business;
 - the Administrators cannot contractually agree to limit their powers as Liquidators of the entities not included in the DOCA;
 - we have not been provided with any detail regarding the steps to be taken should the proposed payments to the Deed Fund not be made; and
 - the proposed DOCA does not include any monitoring and reporting arrangements to ensure that the terms of the Deed are met and that creditors are fully informed of the progress.

8. Proposals for a Deed of Company Arrangement

Paul Egan

Summary of Paul Egan Proposal

- The below summary represents the Administrators' current understanding of the Paul Egan DOCA Proposal. The Administrators may supplement the summary prior to the meeting of creditors if further information is received.

Deed Administrators

- The proposal does not specify who will be appointed Deed Administrators of the DOCA.

Conditions Precedent

- The proposal does not specify any conditions precedent, however we have identified the following minimum conditions precedent based on the requirement in the proposal that all shares be transferred to Paul Egan:
 - Application to Court pursuant to Section 444GA of the Act to enable transfer of shares to Paul Egan; and
 - Application to ASIC pursuant to Section 606 of the Act for takeover relief.

Moratorium on Creditors' Claims

- During and after the period of the DOCA, the moratorium in Sections 440A, 440D and 440F of the Act will apply to bind all Creditors and Members of the Group in relation to claims arising on or before the appointment of the Administrators.

Termination of the DOCA

- The proposal does not specify when or how the DOCA can or will be terminated.

Rationale for a Pooled DOCA

- The proposal does require the pooling of all creditors of the Group for the purposes of distribution of the Deed Fund.
- The proposal does not specify the rationale for a pooled DOCA.

Excluded Creditors' Claims

- Paul Egan, or any entity controlled by Paul Egan, will forgo any right to prove in the DOCA.

Treatment of Related Party Claims

- The DOCA proposal is silent on related party claims. Therefore as it stands, related parties such as directors and their spouses, entities controlled by them, and the directors and their spouses relatives, may participate in the Deed Fund.

Deed Fund

- Paul Egan, or any entity controlled by Paul Egan, will pay the sum of \$2,000,000 into a Deed Fund.
- All debtors currently within the Group will remain the property of the Group.

Security for the Deed Fund

- The DOCA proposal is silent on security for the Deed Fund. Mr Egan has advised that he has sufficient approval from his financier to fund the Deed Fund.

Monitoring and Reporting Arrangements

- The DOCA proposal is silent on monitoring and reporting arrangements.

8. Proposals for a Deed of Company Arrangement

Paul Egan

Effect of the DOCA on Employees' ability to access the FEG scheme

- Current and former employees of the Group should note that effectuation of the DOCA will prohibit their ability to access the FEG scheme for any outstanding entitlements, in particular leave and retrenchment, as the FEG scheme is only available if a company goes into liquidation.
- Through the DOCA, it is unclear whether a return is anticipated for outstanding superannuation, which is not covered by the FEG scheme.
- The proposal does not specify whether continuing employees of the Group will retain their leave and retrenchment entitlements through the DOCA.

Order of priority and extinguishment of claims

- The proposal does not specify how the Deed Funds will be distributed.
- It does specify that the Deed Fund will be used in full and final satisfaction of all Group creditors.

Our comments on the proposal

- Before submitting any DOCA proposal to creditors, an administrator is obliged to consider whether the proposal is suitable to submit.
- In evaluating the DOCA proposal from Paul Egan, we have determined that it is not appropriate to submit the proposal to creditors as we have not been provided with sufficient concrete details to comply with our disclosure obligations. For example:
 - the proposal involves an upfront contribution to the Deed Fund from Paul Egan. Other than being advised Mr Egan has sufficient approval from his financier to fund the Deed Fund, we have no evidence of Mr Egan's capacity to make this payment. Further, the proposal does not consider the steps to be taken should the proposed payment to the Deed Fund not be made;
 - the proposal appears to assume the continued trading of the Group. We have not been provided with any information as to how the intended trading will enhance the return to creditors given the trading position of the Group prior to the Administrators' appointment;
 - further, we have not been provided with any information regarding the ongoing funding arrangements, the lack of which is likely to prove fatal to the viability of the business; and
 - the proposed DOCA does not include any monitoring and reporting arrangements to ensure that the terms of the DOCA are met and that creditors are fully informed of the progress.

9. Estimated Return to Creditors

9. Estimated Return to Creditors

The Group (excluding Workforce)

Estimated Return to Creditors

- Detailed below is the estimated return to creditors for the Group (excluding Workforce) summarised by each category of creditor in accordance with Section 556 of the Act.
- The Polygon RUB DOCA pools creditor claims and as such the return does not differ by entity. Under the Liquidation scenarios the estimated returns differ depending on assets and possible recovery actions available to the appointed Liquidator.
- **Appendix 6** provides further details of estimated statement of positions with high and low scenarios for the Polygon RUB DOCA and Liquidations (excluding Workforce).

Cents in the \$		Polygon RUB DOCA	Rubicor Group	Xpand Group	Choice HR (Logistics)	Rubicor Technical	Rubicor Professional	Rubicor Gov	All Non-Operating Entities
Estimated Return to Creditors	Notes	DOCA	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation
Priority creditors									
Wages & Superannuation	RD1	99.9 - 100 c/\$	Nil	33.6 -100 c/\$	8.6 - 65.8 c/\$	Nil	Nil - 40 c/\$	15.2 - 31 c/\$	N/A
Leave Entitlements	RD2	Nil - 100 c/\$	Nil	Nil -100 c/\$	N/A	Nil	Nil - Nil	Nil - Nil	N/A
Redundancy & Payment in Lieu	RD3	Nil - 100 c/\$	Nil	Nil -66.3 c/\$	N/A	Nil	Nil - Nil	Nil - Nil	N/A
Unsecured creditors	RD4	Nil - 2 c/\$	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes

RD1. Wages and Superannuation across all entities, excluding Workforce, totalled \$3.96million as at 5 August 2019. Polygon RUB DOCA assumes receipt of instalments totalling \$5million. As per the Polygon proposal, these instalments are to be paid through to 30 September 2024. The return to all subsequent classes of priority and ordinary creditors under Polygon RUB DOCA is subject to; the collection of pre-appointment Debtors, the final trading position of the Administration and formal adjudication of the Superannuation claims.

RD2. Subject the to remaining Trust Assets after the full payment of Wages and Superannuation, the Polygon RUB DOCA assesses the return for unpaid leave entitlements for former employees, noting that continuing employees' leave entitlements are to remain with the relevant Companies post DOCA/Creditors' Trust. The Liquidation scenarios assumes all entitlements crystallise and become claims in the Liquidation.

RD3. Subject the to remaining Trust Assets after the full payment of earlier priority claims (RD1 & RD2), the Polygon RUB DOCA assesses the return to unpaid Redundancy and Payment in Lieu claims for former employees. The Liquidation assessment is based off an assumption that employees with this entitlement will have a retrenchment claim.

RD4. Subject the to remaining Trust Assets after the full payment of earlier priority claims (RD1, RD2 & RD3), the Polygon RUB DOCA may have a small return to unsecured creditors. Under the Polygon RUB DOCA, any of the entities within the Group will not participate in any distribution to unsecured creditors.

- Current and former employees should be aware the FEG scheme is not available to them if any companies in the Group enter into a DOCA, however, under a Liquidation, employees may be able to access the FEG scheme.

9. Estimated Return to Creditors

The Group (excluding Workforce)

Estimated timing for Return to Each Class of Creditors

- Detailed below is a summary of the estimated timing for the return of each class of creditor for the Group (excluding Workforce)
- The below timing estimates may change and are subject to adherence to the terms of the Polygon RUB DOCA or alternatively the complexities of the recoveries under the Liquidation scenarios.

Estimated timing for return to Creditor Classes	Notes	Polygon RUB DOCA	Rubicor Group	Xpand Group	Choice HR (Logistics)	Rubicor Technical	Rubicor Professional	Rubicor Gov	All other Entities (Excluding)
		DOCA	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation	Liquidation
Priority creditors									
Wages & Superannuation	RD1	From Oct 2020	N/A	1 - 2 years	1 - 2 years	N/A	1 - 2 years	1 - 2 years	N/A
Leave Entitlements	RD2	Sept 2024	N/A	1 - 2 years	N/A	N/A	N/A	N/A	N/A
Redundancy & Payment in Lieu	RD3	Sept 2024	N/A	1 - 2 years	N/A	N/A	N/A	N/A	N/A
Unsecured creditors	RD4	Sept 2024	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes

RD1. Under the Polygon RUB DOCA, distributions for outstanding Wages & Superannuation will commence from October 2020 and yearly thereafter following the receipt of the instalment with the projected final payment to be made either in September 2024. Under the Liquidation scenarios distributions for Wages & Superannuation will be subject to the pursuit of voidable transactions and insolvent trading claims.

RD2. Under the Polygon RUB DOCA, and subject the to remaining Trust Assets after the full payment of Wages and Superannuation, any surplus funds would not be paid until receipt of the final instalment in September 2024. Based on our estimates, Xpand is the only entity that may have sufficient recoveries in a best case Liquidation to enable a distribution for Leave entitlements.

RD3. Under the Polygon RUB DOCA, and subject the to remaining Trust Assets after the full payment of Wages and Superannuation and Leave entitlements, any surplus funds would not be paid until receipt of the final instalment in September 2024. Based on our estimates, Xpand is the only entity that may have sufficient recoveries in a best case Liquidation to enable a partial distribution for Redundancy and Payment in Lieu.

RD4. Under the Polygon RUB DOCA, and subject the to remaining Trust Assets after the full payment of all priority creditor claims, any surplus funds would not be paid to unsecured creditors until receipt of the final instalment in September 2024. In any event a distribution to unsecured creditors under the Polygon RUB DOCA is dependant on full recovery of all pre-appointment debtors and the final trading position from the Administration period.

9. Estimated Return to Creditors

Workforce

Estimated Return to Creditors – Workforce

- Detailed below is the estimated return and timing of return to creditors for Workforce summarised by each category of creditor in accordance with Section 556 of the Act.
- Appendix 7** provides further details of estimated statement of positions with high and low scenarios for the Polygon RUB DOCA and Liquidations (excluding Workforce).

Cents in the \$		Polygon Workforce DOCA		Workforce Liquidation	
Estimated Return to Creditors and Estimated Timing	Notes	DOCA Return	DOCA Return Timing	Liquidation	Liquidation
Priority creditors					
Wages & Superannuation	WD1	69.1 - 69.1c/\$	From Oct 2020	16.1 - 35.1c/\$	1 - 2 years
Leave Entitlements	WD2	Nil	N/A	Nil	N/A
Redundancy & Payment in Lieu	WD3	Nil	N/A	Nil	N/A
Unsecured creditors	WD4	Nil	N/A	Nil	N/A

Notes

WD1. Workforce Wages and Superannuation totalled \$7.16m as at 5 August 2019. Polygon Workforce DOCA assumes receipt of instalments totalling \$5.1m. As per the Polygon proposal, these instalment are to be paid through to 30 September 2024. Under the Polygon Workforce DOCA distributions will be made from October 2020 and yearly thereafter following the receipt of the instalment. Under the Liquidation scenario distributions for Wages & Superannuation will be subject to the pursuit of voidable transactions and insolvent trading claims.

WD2/WD3/WD4. Based on projections there will be no distribution to any other class of creditor. Although a distribution to unsecured creditors is not expected, under the Polygon Workforce DOCA, any of the entities within the Group will not participate in any distribution to unsecured creditors.

- Current and former employees should be aware the FEG scheme is not available to them if the Group enter a DOCA, however, under a Liquidation employees may be able to access the FEG scheme.

9. Estimated Return to Creditors

Effect on Employees – Polygon DOCA

- In accordance with Section 444DA of the Act, under the Polygon Proposal, eligible employees will be entitled to a priority at least equal to what they would be entitled if the property was applied in accordance with Sections 556, 560 and 561 of the Act.
- The estimated return under the Polygon proposal is provided earlier in this section.
- Generally if a company is placed into liquidation, effected employees may be eligible to lodge claims under the Federal Government’s Fair Entitlement Guarantee (FEG). Under a DOCA, employees do not have access to FEG. It must be noted the FEG scheme does not cover any unpaid superannuation.

Effect on employees - liquidation

Position as priority creditors

- Employees are afforded a priority in the winding up of a company compared to ordinary unsecured creditors. The order of priority for typical employee claims is as follows:
 - Amounts due in respect of wages, superannuation and superannuation guarantee charge outstanding as at the date of the appointment of Administrators, followed by
 - Amounts due in respect of leave of absence and other amounts due under the terms of an industrial instrument, followed by
 - Retrenchment payments.
- The estimated return under the Liquidation scenarios are provided earlier in this section.

Government assistance available if a company is wound up

- If there are insufficient funds available to employees from a company’s property, eligible employees may be entitled to lodge a claim for their unpaid entitlements under the Federal Government’s FEG Scheme.
- Details about FEG can be read at: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>.
- General information with regards to the FEG Scheme is also included in **Appendix 9**.

Effect on Related Party Claims

- Under the Polygon Workforce and RUB DOCA, entities with the Group are excluded from claiming in the Creditors’ Trust funds.

Effect on Existing Shareholders

- Based on the estimated return to creditors, shareholders will not receive a return under either the Polygon proposal or the Liquidation scenarios.

Administrators receipts and payments

- A summary of receipts and payments since the date of our appointment to 29 August 2019 is attached at **Appendix 10**.

10. Administrators' Opinion and Recommendation

10. Administrators' Opinion and Recommendation

What creditors can decide at the meeting

- At the concurrent Second Meetings of Creditors, creditors for each entity will separate resolve that the:
 - Each Company executes the DOCAs, as proposed by Polygon; or
 - Each Company is placed into Liquidation and wound up; or
 - The administrations of each Company is brought to an end.
- Alternatively, Creditors can resolve for the Meetings to be adjourned for a period up to 45 business days.

Explanation of options available to creditors

- The Administrators have an obligation to make a recommendation to creditors on which alternative is in the best interests of creditors for each entity.
- The Administrators make the following comments in respect to each option:

Execution of a deed of company arrangement

- As detailed in **Section 8**, the Administrators received three (3) DOCA proposals, however, only the Polygon DOCA proposals have been considered given the material uncertainty on the terms proposed under the Cashel DOCA and Egan DOCA proposals.
- The Polygon DOCA proposals are not interdependent, however, should the Polygon RUB DOCA not be approved it is highly unlikely the Polygon Workforce DOCA will proceed.
- Should creditors resolve to accept the Polygon DOCA proposals, each Company in the Group will enter into a DOCA.
- Under the Polygon RUB DOCA, Polygon has a right to omit a Company from the proposal at its discretion at the Second Meeting of Creditors should the relevant creditors of that Company resolve to accept the proposal.
- The Polygon DOCA proposals contemplate the use of a Creditors' Trust after all condition precedents are met. Reference is made to **Section 8** and **Appendix 8** of this Report.

Winding up the Company

- At the Second Meeting, creditors may resolve that a Company to be wound up. Should they do so, that relevant Company will be placed into liquidation and the Administrators will become the appointed Liquidators (unless creditors resolve otherwise). The Liquidators are required to realise and distribute the assets in accordance with Section 556 of the Act and will also be required to complete a thorough investigation into that Company's past dealings and affairs, and the past actions of the directors.
- The effects of the liquidation of a Company includes:
 - The moratorium available under the Voluntary Administration process will cease.
 - The Liquidators will be empowered to recover potential voidable transactions, although as outlined in **Section 7** of this report, no recoveries have been identified.
 - The Liquidators will conduct further investigations into the affairs of the Company and its officers (and former officers) and may be required to lodge a report with the ASIC in respect of the same.
- Placing the Company into liquidation, in our view, will likely result in the orderly wind down of the operations and will likely have a material effect on potential return to creditors.

The Administration comes to an end

- If the creditors vote for this alternative, control of the relevant Company would revert to the Directors following the forthcoming meeting of creditors.
- All of the companies in the Group are insolvent with insufficient liquid assets to pay the relevant company's debts. Therefore we do not consider that it would be in the creditors' interests for the administration to end for any of the companies.

Administrators' opinion on voidable transactions

It is the opinion of the Administrators that there are payments made by the Group which could be considered voidable as against the liquidators. This has been discussed in **Section 7**.

10. Administrators' Opinion and Recommendation

Administrators' opinions on the options available to creditors

- The Administrators must provide an opinion on each of the options, and whether the option is in the creditors' interests.

1. Execution of a deed of company arrangement

- **We consider that it would be in the creditors' interests for each of the companies of the Group execute the Polygon DOCA on the terms proposed by Polygon.**

- The Polygon DOCA proposals represent a higher return to creditors compared to a liquidation scenario. The Polygon DOCA proposals also allows for the continued existence of the Group's business, noting that a Liquidation scenario will likely result in the orderly wind down and cessation of operations.
- It remains an option for creditors to consider whether they may wish to adjourn the forthcoming meeting of creditors to allow time for the DOCA proposals of Cashel and Egan to be properly formulated and submitted for consideration. The Administrators would not recommend this course of action however as:
 - Significant time may be required for these parties to conduct any prerequisite investigations and formulate their proposal supporting documentation;
 - The Administrators may have insufficient funding to allow for continued operation and further trading costs would be incurred which may be detrimental to the return to creditors; and,
 - The DOCA proposals by Polygon may be withdrawn.

2. The Administration comes to an end

- If the creditors vote for this alternative, control of the relevant company would revert to the directors following the forthcoming meeting of creditors.
- Having in mind the quantum of liabilities owed from each Company, **we do not consider that it would be in the interests of creditors' for any of the Administrations to end.**

3. The company is wound up

- If creditors vote for this alternative, or creditors do not vote that each of the Companies in the Group execute the Polygon DOCA proposals, the relevant Companies will be placed into Liquidation.
- Under a Liquidation scenario, an orderly wind down of the operations and affairs of the relevant Company will occur.
- The likely return under the Liquidation scenarios are provided in **Section 9** and **Appendices 6** and **7** of this report.
- **We do not consider it would be in the creditors' interests for any of the Companies in the Group to be wound up** as the proposed Polygon DOCAs and Creditors' Trust will likely provide a higher return to certain classes of creditors that they may receive in a winding up.

Administrators' Recommendation

- It is our opinion that it would be in creditors interests for each of the Companies in the Group (excluding Workforce) to execute the Polygon RUB DOCA and for Workforce to execute the Polygon Workforce DOCA.
- It is not in creditors' interests to wind up any of the Companies in the Group or to bring any of the Administrations to an end.
- As detailed in this report, the Polygon DOCA proposals is more likely to result in a higher return to creditors than a winding up each of the Companies in the Group. Details of the estimated returns are provided in **Section 9** of this Report.

Remuneration

- Creditors should refer to the Remuneration Approval Reports in **Appendix 11** for details of proposed remuneration in each entity within the Group.

Dated 2 September 2019


Joanne Dunn
Administrator

Appendix 1 – Company Information

Appendix 1. Company Information

Schedule of Companies and Corporate Directors

The Group – schedule of companies and directors

Company Name	ACN	Registered In	Directors	Appointment Date	Resignation Date	Company Name	ACN	Registered In	Directors	Appointment Date	Resignation Date
Rubicor Group Limited	110 913 365	VIC	David Graham Hutchinson	22/06/2015	-	The Australian Personnel Consortium Pty Ltd	069 034 475	NSW	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	20/08/2015	-				Sharad Loomba	15/01/2013	-
			Angus Mason (Non-Executive)	20/05/2015	-				Sam Peregrine Campbell Lawson	20/03/2001	-
Rubicor Workforce Pty Ltd	083 202 939	SA	Sharad Loomba	15/01/2013	-	SMF Recruitment Pty Ltd	100 099 536	NSW	David Graham Hutchinson	22/06/2015	-
			David Graham Hutchinson	22/06/2015	31/05/2018				Sharad Loomba	15/01/2013	-
Rubicor Technical Pty Ltd	072 493 693	NSW	Sharad Loomba	15/01/2013	-	Skillsearch Contracting Pty Ltd	086 121 173	NSW	David Graham Hutchinson	22/06/2015	-
			David Graham Hutchinson	22/06/2015	31/05/2018				Sharad Loomba	15/01/2013	-
Choice HR (Logistics) Pty Ltd	069 532 618	NSW	David Graham Hutchinson	22/06/2015	-	Rubicor CRS Pty Ltd	120 804 140	VIC	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Xpand Group Pty Ltd	099 412 101	NSW	David Graham Hutchinson	22/06/2015	-	Dolman Pty Ltd	089 642 071	NSW	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Rubicor Professional Pty Ltd	113 350 244	NSW	David Graham Hutchinson	22/06/2015	-	Rubicor SW Personnel Pty Ltd	127 285 732	VIC	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Rubicor Gov Pty Ltd	008 617 114	ACT	David Graham Hutchinson	22/06/2015	-	James Gall & Associates Pty Ltd	113 784 277	VIC	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Locher & Associates Pty Ltd	096 051 375	SA	David Graham Hutchinson	22/06/2015	-	Dolman F-Lex Pty Ltd	103 803 809	NSW	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Rubicor (T1) Pty Ltd	136 000 309	VIC	David Graham Hutchinson	22/06/2015	-	Locher Holdings Pty Ltd	096 022 490	SA	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-

Source: ASIC Current and Historical Extracts

Note the registered office for all of the Companies is Level 24, 68 Pitt Street, Sydney NSW 2000

Appendix 1. Company Information

Schedule of Companies and Corporate Directors

The Group – schedule of companies and directors

Company Name	ACN	Registered In	Directors	Appointment Date	Resignation Date	Company Name	ACN	Registered In	Directors	Appointment Date	Resignation Date
Careers Unlimited Pty Ltd	075 304 737	ACT	David Graham Hutchinson	22/06/2015	-	Dolman Group Pty Limited	063 891 430	NSW	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Choice HR (Liverpool) Pty Ltd	100 867 123	NSW	David Graham Hutchinson	22/06/2015	-	Rubikor Services (Aus) Pty Ltd	128 917 466	SA	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Choice HR (Maitland) Pty Ltd	095 133 403	NSW	David Graham Hutchinson	22/06/2015	-	ACN 072 437 364 Pty Ltd	072 437 364	WA	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Choice HR (Newcastle) Pty Ltd	094 333 696	NSW	David Graham Hutchinson	22/06/2015	-	A.C.N. 101 254 022 Pty Ltd	101 254 022	NSW	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Choice HR (Parramatta) Pty Ltd	100 867 098	NSW	David Graham Hutchinson	22/06/2015	-	135 999 709 Pty Ltd	135 999 709	VIC	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Choice HR (Penrith) Pty Ltd	100 867 105	NSW	David Graham Hutchinson	22/06/2015	-	Cadden Crowe (VIC) Pty Limited	089 844 995	NSW	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Choice HR Pty Ltd	003 248 584	NSW	David Graham Hutchinson	22/06/2015	-	Cadden Crowe (Queensland) Pty Ltd	085 267 189	QLD	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
CIT Professionals Pty Ltd	062 134 650	VIC	David Graham Hutchinson	22/06/2015	-	Rubikor Workforce (WA) Pty Ltd	060 292 051	NSW	David Graham Hutchinson	22/06/2015	-
			Sharad Loomba	15/01/2013	-				Sharad Loomba	15/01/2013	-
Rubikor Gemteq Pty Ltd	129 246 260	VIC	David Graham Hutchinson	22/06/2015	-						
			Sharad Loomba	15/01/2013	-						

Source: ASIC Current and Historical Extracts

Note the registered office for all of the Companies is Level 24, 68 Pitt Street, Sydney NSW 2000

Appendix 1. Company Information

Shareholders – RUB

■ Detailed below is a summary of the top 20 shareholders of RUB and percentage of shares owned:

Top 20 Rubicor Group Shareholders			
Rank	Shareholder	Total Ordinary Class Shares	%
1	Cashel Investments Pte Ltd	51,101,724	21.0%
2	Carthona Capital Fs Pty Ltd	33,188,404	13.6%
3	J P Morgan Nominees Australia Pty Limited	10,226,988	4.2%
4	VBS Exchange Pty Limited	9,712,446	4.0%
5	Torrens Capital Partners Pty Ltd	8,750,000	3.6%
6	Ria Super Pty Ltd	8,323,397	3.4%
7	Out of Category Services Pty Ltd	7,797,886	3.2%
8	Hatch Super Pty Ltd	6,384,279	2.6%
9	Hatch Investments Pty Ltd	6,000,000	2.5%
10	Pathold No 107 Pty Limited	5,799,958	2.4%
11	Dasi Investments Pty Ltd	5,680,000	2.3%
12	Mr David Graham Hutchison	5,426,788	2.2%
13	Mr Jakin Smith	3,677,575	1.5%
14	Mr Michael Shaun Mclagan & Mrs Patricia Ann Mclagan & Mr Shaun Mclagan	2,775,400	1.1%
15	Ms Nicola Jane Wilson & Mr David Jonathan Wilson & Mr Christopher Elliot Ritchie	2,645,793	1.1%
16	MRJ Capital Pty Limited	2,550,000	1.0%
17	Petsal Pty Limited	2,509,590	1.0%
18	Mr Clayton Robert Lyndon & Mrs Nadine Clair Lyndon	2,500,000	1.0%
19	Mr Richard Philip Wilkins	2,000,000	0.8%
20	HSBC Custody Nominees (Australia) Limited	1,659,864	0.7%
Top 20 shareholders		178,710,092	73.4%
Total remaining shareholders		64,673,990	26.6%
Total fully paid ordinary shares		243,384,082	100.0%

Source: Computershare date as at 19 August 2019

Appendix 1. Company Information

Shareholdings of the Group (excluding RUB)

Rubicor Companies (Administrators Appointed)							
Company Name	ACN	Shareholder	%	Company Name	ACN	Shareholder	%
Rubicor Group Limited	110 913 365	Refer to separate table		The Australian Personnel Consortium Pty Ltd	069 034 475	Regent Personnel Pty Ltd (ORD)	33.33%
						Choice HR Pty Ltd (ORD)	33.33%
						Rubicor Workforce Pty Ltd (ORD)	33.33%
Rubicor Workforce Pty Ltd	083 202 939	Rubicor Group Limited	100%	SMF Recruitment Pty Ltd	100 099 536	Rubicor Group Limited	100%
Rubicor Technical Pty Ltd	072 493 693	Rubicor Group Limited	100%	Skillsearch Contracting Pty Ltd	086 121 173	Rubicor Group Limited	100%
Choice HR (Logistics) Pty Ltd	069 532 618	Rubicor Workforce Pty Ltd (Class A)	100%	Rubicor CRS Pty Ltd	120 804 140	Rubicor Group Limited	100%
		Rubicor Workforce Pty Ltd (Class B)	100%	Dolman Pty Ltd	089 642 071	Rubicor Group Limited	100%
		Rubicor Workforce Pty Ltd (ORD)	100%	Rubicor SW Personnel Pty Ltd	127 285 732	Rubicor Group Limited	100%
Xpand Group Pty Ltd	099 412 101	Rubicor Group Limited	100%	James Gall & Associates Pty Ltd	113 784 277	Rubicor Group Limited	100%
Rubicor Professional Pty Ltd	113 350 244	Rubicor Group Limited	100%	Dolman F-Lex Pty Ltd	103 803 809	Dolman Group Pty Limited	100%
Rubicor Gov Pty Ltd	008 617 114	Rubicor Group Limited	100%	Locher Holdings Pty Ltd	096 022 490	Rubicor Group Limited	100%
Locher & Associates Pty Ltd	096 051 375	Locher Holdings Pty Ltd	100%	Dolman Group Pty Limited	063 891 430	Rubicor Group Limited	100%
Rubicor (T1) Pty Ltd	136 000 309	135 999 709 Pty Ltd	100%	Rubicor Services (Aus) Pty Ltd	128 917 466	Rubicor Group Limited	100%
Careers Unlimited Pty Ltd	075 304 737	Rubicor Group Limited	100%	ACN 072 437 364 Pty Ltd	072 437 364	Rubicor Group Limited	100%
Choice HR (Liverpool) Pty Ltd	100 867 123	Rubicor Workforce Pty Ltd	100%	A.C.N. 101 254 022 Pty Ltd	101 254 022	Rubicor Group Limited	100%
Choice HR (Maitland) Pty Ltd	095 133 403	Rubicor Workforce Pty Ltd	100%	135 999 709 Pty Ltd	135 999 709	Rubicor Group Limited	100%
Choice HR (Newcastle) Pty Ltd	094 333 696	Rubicor Workforce Pty Ltd	100%	Cadden Crowe (Victoria) Pty Limited	089 844 995	Rubicor Technical Pty Ltd	100%
Choice HR (Parramatta) Pty Ltd	100 867 098	Rubicor Workforce Pty Ltd	100%	Cadden Crowe (Queensland) Pty Ltd	085 267 189	Rubicor Group Limited	100%
Choice HR (Penrith) Pty Ltd	100 867 105	Rubicor Workforce Pty Ltd	100%	Rubicor Workforce (WA) Pty Ltd	060 292 051	Rubicor Workforce Pty Ltd	100%
Choice HR Pty Ltd	003 248 584	Rubicor Workforce Pty Ltd (Class A)	100%				
		Rubicor Workforce Pty Ltd (Class B)	100%				
		Rubicor Workforce Pty Ltd (ORD)	100%				
CIT Professionals Pty Ltd	062 134 650	Rubicor Group Limited	100%				
Rubicor Gemteq Pty Ltd	129 246 260	Rubicor Group Limited	100%				

Source: ASIC

Appendix 1. Company Information

PPSR Security Interests – Operating Entities

Rubicor Group Limited - Summary of Security Interests Registered			
Secured Party Group	Collateral Type	Number	Status
Canon Finance Australia Pty Ltd	Other Goods	1	
National Australia Bank Limited	All PAAP	1	
National Australia Bank Limited	Other Goods	1	
S.E. Rentals Pty Ltd	Other Goods	6	
S.E. Rentals Pty Ltd	Other Goods	12	Discharged
Scottish Pacific Business Finance Pty. Limited	All PAAP	1	

Rubicor Workforce Pty Ltd - Summary of Security Interests Registered			
Secured Party Group	Collateral Type	Number	Status
Konica Minolta Business Solutions Australia Pty Ltd	Other Goods	2	Discharged
Macquarie Leasing Pty Ltd	Motor Vehicle	1	Discharged
Scottish Pacific Business Finance Pty. Limited	Account	1	
Scottish Pacific Business Finance Pty. Limited	All PAAP	1	

Choice HR (Logistics) Pty Ltd - Summary of Security Interests Registered			
Secured Party Group	Collateral Type	Number	Status
Scottish Pacific Business Finance Pty. Limited	Account	3	
Scottish Pacific Business Finance Pty. Limited	All PAAP	1	

Xpand Group Pty Ltd - Summary of Security Interests Registered			
Secured Party Group	Collateral Type	Number	Status
Scottish Pacific Business Finance Pty. Limited	Account	1	
Scottish Pacific Business Finance Pty. Limited	All PAAP	1	
Scottish Pacific Business Finance Pty. Limited	General Intangi	1	
Macquarie Leasing Pty Ltd	Motor Vehicle	1	Discharged

Rubicor Technical Pty Ltd - Summary of Security Interests Registered			
Secured Party Group	Collateral Type	Number	Status
Scottish Pacific Business Finance Pty. Limited	Account	1	
Scottish Pacific Business Finance Pty. Limited	All PAAP	1	
Macquarie Leasing Pty Ltd	Motor Vehicle	1	Discharged

Rubicor Gov Pty Ltd - Summary of Security Interests Registered			
Secured Party Group	Collateral Type	Number	Status
Scottish Pacific Business Finance Pty. Limited	Account	1	
Scottish Pacific Business Finance Pty. Limited	All PAAP	1	

Rubicor Professional Pty Ltd - Summary of Security Interests Registered			
Secured Party Group	Collateral Type	Number	Status
Scottish Pacific Business Finance Pty. Limited	Account	1	
Scottish Pacific Business Finance Pty. Limited	All PAAP	1	
Harrenvale Corporation (Australia) Pty Ltd	Other Goods	4	

Source: PPSR Searches undertaken on 6 August 2019

Appendix 1. Company Information

PPSR Security Interests – Non-Operating Entities

Non-Trading Entities - Summary of Security Interests Registered					
Company Name	Secured Party Group	Collateral Type	Number	Status	
Choice HR (Liverpool) Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Choice HR (Maitland) Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Choice HR (Newcastle) Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Choice HR (Parramatta) Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Choice HR Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
CIT Professionals Pty Ltd	Scottish Pacific Business Finance Pty. Limited	Account	1		
CIT Professionals Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
SMF Recruitment Pty Ltd	Scottish Pacific Business Finance Pty. Limited	Account	1		
SMF Recruitment Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Skillsearch Contracting Pty Ltd	Scottish Pacific Business Finance Pty. Limited	Account	1		
Skillsearch Contracting Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Skillsearch Contracting Pty Ltd	Macquarie Leasing Pty Ltd	Motor Vehicle	1	Discharged	
Rubicor CRS Pty Ltd	Scottish Pacific Business Finance Pty. Limited	Account	1		
Rubicor CRS Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Rubicor CRS Pty Ltd	Camnet Finance Pty Ltd	Other Goods	1	Discharged	
Dolman Pty Limited	Scottish Pacific Business Finance Pty. Limited	Account	1		
Dolman Pty Limited	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Rubicor SW Personnel Pty Ltd	Scottish Pacific Business Finance Pty. Limited	Account	1		
Rubicor SW Personnel Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
James Gall & Associates Pty Ltd	Scottish Pacific Business Finance Pty. Limited	Account	1		
James Gall & Associates Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Dolman F-Lex Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Locher Holdings Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Dolman Group Pty Limited	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Rubicor Services (Aus) Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
The Australian Personnel Consortium Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
ACN 072 437 364 Pty Ltd	Scottish Pacific Business Finance Pty. Limited	Account	1		
ACN 072 437 364 Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
ACN 072 437 364 Pty Ltd	Neopost Finance Australia Pty Ltd	Other Goods	1	Discharged	
A.C.N. 101 254 022 Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
135 999 709 Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
136 999 709 Pty Ltd	LSP Finance Pty Ltd	Other Goods	1	Discharged	
Cadden Crowe (Victoria) Pty Limited	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Cadden Crowe (Queensland) Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		
Rubicor Workforce (WA) Pty Ltd	Scottish Pacific Business Finance Pty. Limited	All PAAP	1		

Source: PPSR Searches undertaken on 6 August 2019

Appendix 1. Company Information

Inter-company Loans – Operating Entities

Intercompany Loans		
Related Entities with Asset Loan Accounts	Owed by	Asset Value (\$)
Choice HR (Logistics) Pty Ltd	Choice HR (Liverpool) Pty Ltd	80,121.27
Choice HR (Logistics) Pty Ltd	Choice HR (Newcastle) Pty Ltd	868.60
Choice HR (Logistics) Pty Ltd	Choice HR (Parramatta) Pty Ltd	9,628.97
Choice HR (Logistics) Pty Ltd	Choice HR Pty Ltd	200,751.82
Choice HR (Logistics) Pty Ltd	Locher & Associates Pty Ltd	17,800.00
Choice HR (Logistics) Pty Ltd	Rubicor Professional Pty Ltd	151,100.00
Choice HR (Logistics) Pty Ltd	Rubicor Technical Pty Ltd	105,650.00
Choice HR (Logistics) Pty Ltd	Rubicor Workforce Pty Ltd	2,286,202.83
Rubicor Gov Pty Ltd	Choice HR (Logistics) Pty Ltd	184,232.33
Rubicor Gov Pty Ltd	Dolman Pty Ltd	36,500.00
Rubicor Gov Pty Ltd	Rubicor SW Personnel Pty Ltd	500.00
Rubicor Gov Pty Ltd	Rubicor Technical Pty Ltd	808,416.71
Rubicor Gov Pty Ltd	Xpand Group Pty Ltd	421,065.50
Rubicor Professional Pty Ltd	James Gall & Associates Pty Ltd	500.00
Rubicor Professional Pty Ltd	Rubicor Gov Pty Ltd	237,185.82
Rubicor Professional Pty Ltd	Rubicor SW Personnel Pty Ltd	200.00
Rubicor Professional Pty Ltd	Rubicor Technical Pty Ltd	113,714.78
Rubicor Professional Pty Ltd	Rubicor Workforce Pty Ltd	1,486,900.00
Rubicor Workforce Pty Ltd	Dolman Pty Ltd	177,700.00
Rubicor Workforce Pty Ltd	Locher & Associates Pty Ltd	275,730.85
Rubicor Workforce Pty Ltd	Rubicor Gov Pty Ltd	2,065,693.19
Rubicor Workforce Pty Ltd	Rubicor Group Limited	4,842,498.70
Rubicor Workforce Pty Ltd	Rubicor SW Personnel Pty Ltd	103,503.29
Rubicor Workforce Pty Ltd	Xpand Group Pty Ltd	551,227.10

Intercompany Loans		
Related Entities with Asset Loan Accounts	Owed by	Asset Value (\$)
Rubicor Group Limited	Careers Unlimited Pty Ltd	3,879,837.60
Rubicor Group Limited	Choice HR (Logistics) Pty Ltd	1,276,456.22
Rubicor Group Limited	Choice HR Pty Ltd	719.04
Rubicor Group Limited	CIT Professionals Pty Ltd	12,164,454.24
Rubicor Group Limited	Dolman Pty Ltd	2,424,064.58
Rubicor Group Limited	James Gall & Associates Pty Ltd	816,442.17
Rubicor Group Limited	Rubicor (T1) Pty Ltd	61,394,647.73
Rubicor Group Limited	Rubicor CRS Pty Ltd	3,015,001.88
Rubicor Group Limited	Rubicor Gemteq Pty Ltd	6,446,393.47
Rubicor Group Limited	Rubicor Gov Pty Ltd	1,680,428.78
Rubicor Group Limited	Rubicor Professional Pty Ltd	5,227,055.88
Rubicor Group Limited	Rubicor SW Personnel Pty Ltd	2,014,132.65
Rubicor Group Limited	Rubicor Technical Pty Ltd	6,772,521.69
Rubicor Group Limited	Skillsearch Contracting Pty Ltd	3,370,633.82
Rubicor Group Limited	SMF Recruitment Pty Ltd	5,427,391.41
Rubicor Technical Pty Ltd	Rubicor SW Personnel Pty Ltd	2,000.00
Rubicor Technical Pty Ltd	Rubicor Workforce Pty Ltd	2,827,584.03
Xpand Group Pty Ltd	Choice HR (Logistics) Pty Ltd	478,900.00
Xpand Group Pty Ltd	Rubicor Group Limited	80,467.79
Xpand Group Pty Ltd	Rubicor Professional Pty Ltd	1,721,151.92
Xpand Group Pty Ltd	Rubicor Technical Pty Ltd	789,641.49

Source: Management Accounts

Appendix 1. Company Information

Inter-company Loans - Non-Operating Entities

Intercompany Loans		
Related Entities with Asset Loan Accounts	Owed by	Asset Value (\$)
ACN 072 437 364 Pty Ltd	Rubicor Gov Pty Ltd	178,264.12
ACN 072 437 364 Pty Ltd	Rubicor Group Limited	730,304.93
Careers Unlimited Pty Ltd	Rubicor Workforce Pty Ltd	100.00
Choice HR (Maitland) Pty Ltd	Choice HR (Liverpool) Pty Ltd	454.20
Choice HR (Maitland) Pty Ltd	Choice HR (Penrith) Pty Ltd	67,606.00
Choice HR (Maitland) Pty Ltd	Choice HR Pty Ltd	386,412.12
Choice HR (Newcastle) Pty Ltd	Choice HR (Maitland) Pty Ltd	96,716.27
Choice HR (Newcastle) Pty Ltd	Choice HR (Parramatta) Pty Ltd	45,737.66
Choice HR (Newcastle) Pty Ltd	Choice HR (Penrith) Pty Ltd	39.70
Choice HR (Parramatta) Pty Ltd	Choice HR (Liverpool) Pty Ltd	34,983.74
Choice HR (Parramatta) Pty Ltd	Choice HR Pty Ltd	192,299.99
Choice HR (Penrith) Pty Ltd	Choice HR (Liverpool) Pty Ltd	7,251.57
Choice HR (Penrith) Pty Ltd	Choice HR (Logistics) Pty Ltd	3,927.68
Choice HR (Penrith) Pty Ltd	Choice HR Pty Ltd	163,223.72
Choice HR Pty Ltd	Choice HR (Liverpool) Pty Ltd	1,786.27
Choice HR Pty Ltd	Choice HR (Newcastle) Pty Ltd	435,527.39
CIT Professionals Pty Ltd	Xpand Group Pty Ltd	136,473.07
Dolman Pty Ltd	Dolman F-Lex Pty Ltd	1,431,089.75
Dolman Pty Ltd	Dolman Group Pty Ltd	1,254,897.00
Dolman Pty Ltd	Rubicor Professional Pty Ltd	33,301.96
Dolman Pty Ltd	Rubicor Technical Pty Ltd	34,244.48
Dolman Pty Ltd	Xpand Group Pty Ltd	205,800.00
Rubicor CRS Pty Ltd	Rubicor Professional Pty Ltd	2,723.55
Rubicor CRS Pty Ltd	SMF Recruitment Pty Ltd	292.59

Intercompany Loans		
Related Entities with Asset Loan Accounts	Owed by	Asset Value (\$)
James Gall & Associates Pty Ltd	Locher & Associates Pty Ltd	7,300.00
James Gall & Associates Pty Ltd	Rubicor Gov Pty Ltd	1,800.00
James Gall & Associates Pty Ltd	Rubicor Technical Pty Ltd	11,642.34
James Gall & Associates Pty Ltd	Rubicor Workforce Pty Ltd	5,500.00
Locher & Associates Pty Ltd	Dolman Pty Ltd	24,465.00
Locher & Associates Pty Ltd	Rubicor Gov Pty Ltd	89,056.58
Locher & Associates Pty Ltd	Rubicor Group Limited	824,623.02
Locher & Associates Pty Ltd	Rubicor Professional Pty Ltd	55,591.12
Locher & Associates Pty Ltd	Rubicor Technical Pty Ltd	376,710.39
Locher & Associates Pty Ltd	Xpand Group Pty Ltd	559,500.00
Rubicor (T1) Pty Ltd	Choice HR Pty Ltd	52,220,807.81
Rubicor (T1) Pty Ltd	CIT Professionals Pty Ltd	287,114.77
Rubicor (T1) Pty Ltd	Rubicor Gov Pty Ltd	3,405,430.63
Rubicor (T1) Pty Ltd	Rubicor Workforce Pty Ltd	4,286,013.05
Rubicor Services (Aus) Pty Ltd	Rubicor Group Limited	407,156.98
Rubicor SW Personnel Pty Ltd	Choice HR (Logistics) Pty Ltd	40,000.00
Rubicor SW Personnel Pty Ltd	James Gall & Associates Pty Ltd	91,795.97
Rubicor SW Personnel Pty Ltd	Locher & Associates Pty Ltd	17,499.95
Rubicor SW Personnel Pty Ltd	Xpand Group Pty Ltd	4,500.00
Skillsearch Contracting Pty Ltd	Xpand Group Pty Ltd	21,765.75
SMF Recruitment Pty Ltd	Dolman Pty Ltd	2,183.15
SMF Recruitment Pty Ltd	Rubicor Professional Pty Ltd	60,654.53
SMF Recruitment Pty Ltd	Rubicor SW Personnel Pty Ltd	3,348.72
SMF Recruitment Pty Ltd	Rubicor Technical Pty Ltd	2,996.67

Source: Management Accounts

Appendix 2 – Investigations – Analysis & Information

Appendix 2. Investigations – Analysis & Information

General information and considerations

Date of insolvency

- In order to ascertain if there were any insolvent transactions entered into by a company, it is first necessary to determine the date a company became insolvent.
- Proving the date on which a company became insolvent is an essential element of recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.
- Recovery actions require the liquidator to prove that the particular company was insolvent at the time of the transaction, or in the case of an insolvent trading action, when the debt was incurred.

What is insolvency?

- Solvency is defined in s 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.
- Whether a company is able to meet its debts as they become due is essentially a “cash flow” test rather than a “balance sheet” test (although the company’s balance sheet position is still relevant).
- Further, an inquiry into whether a company is solvent at a particular time is generally assisted by determining whether the company exhibits any of the “usual indicia of insolvency.” The usual indicia of insolvency are consistent with a company being insolvent. However, it is important to note that a company may be insolvent without displaying all the usual indicia (and vice versa).
- Consideration of the entire financial position of a company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the company’s assets relative to its liabilities and the nature of these assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources is relevant to considering a company’s solvency position.

General and commercial considerations

- Proving insolvency is often a complex exercise and usually involves considerable time and expense in thoroughly investigating all aspects of claims and determining a position. Legal advice on the merits of claims is generally required.
- Typically, insolvent trading claims are defended and directors may seek to rely on the statutory defences available to them.
- Legal proceedings are often necessary for liquidators to pursue claims. This adds to the time and costs involved in pursuing claims. There is also inherent uncertainty involved with any litigation. As a result, commercial considerations are relevant, including whether the amount of the claim is large enough to pursue on a cost and risk/benefit basis.
- The capacity of a party to pay any successful claim to a liquidator is also a relevant consideration in determining whether or not pursuing an action is likely to be in the interest of creditors.
- Liquidators may not have funds to pursue actions. At other times, the liquidator may view the risks/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up the available cash/assets when otherwise a small dividend to creditors could be paid). In these circumstances, it is possible that a creditor or a litigation funder may wish to fund an action to pursue a claim. This typically occurs only when there is a very strong case and high prospect of success and recoveries.

Appendix 2. Investigations – Analysis & Information

Solvency Analysis

Our approach to solvency

- We assessed the solvency of the Consolidated Group by examining whether the Consolidated Group:
 - Were solvent under the cash flow test of insolvency; and
 - Exhibited any of the usual indicia of insolvency.
- When doing so, we considered the overall solvency position on a consolidated basis, for reasons as detailed in **Section 7** of the report.

Cash flow test

- In preparing the cash flow test, we have considered the liquid assets or due and the liabilities due and payable within the following quarter, on a quarterly basis.
- The table below shows the surplus or deficiency from September 2016 to June 2019.
- The Consolidated Group had accrued a deficiency from 31 March 2017, which increased to June 2019, indicating it may have been insolvent from this date onwards.

Key assumptions

- Cash flow has been assessed at the end of each quarter to account for timing differences in significant items, including:
 - Differences in debtor terms, which ranged up to 45 days from end of month;
 - Accrued and outstanding superannuation which would be payable for the most part within the following quarter;
 - GST collected would generally be payable monthly.
 - Payroll tax would generally be payable monthly.
- Liquid assets includes:
 - Cash at bank
 - Debtors less debtor factoring facility balances
 - Accrued revenue
 - Recoverable expenses
 - Prepayments
- Due and payable liabilities includes
 - Trade creditors
 - Accrued expenses
 - Accrued payroll (wages and contractors)
 - Accrued superannuation
 - PAYG payable
 - GST collected

Consolidated Cash Flow Test (\$)

Item	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19
Liquid Assets	22,223,431	15,018,347	15,346,538	14,951,822	13,458,161	10,633,374	11,608,477	12,819,355	13,731,054	11,797,737	10,124,907	8,061,682
Due and Payable Liabilities	18,001,236	14,584,935	15,828,617	16,914,216	16,322,857	14,816,759	16,327,242	19,096,064	20,539,388	20,538,138	22,058,161	22,943,631
Surplus / (Deficiency)	4,222,195	433,412	(482,079)	(1,962,393)	(2,864,696)	(4,183,385)	(4,718,765)	(6,276,709)	(6,808,334)	(8,740,401)	(11,933,254)	(14,881,948)

Source: Management Accounts

Appendix 2. Investigations – Analysis & Information

Solvency Analysis

Usual Indicia of Insolvency

- We have considered the following usual indicia of insolvency in our analysis. Relevant indicia are discussed in the following pages.
 - The company has a history of continuing trading losses.
 - The company is experiencing cash flow difficulties.
 - The company is experiencing difficulties selling its stock, or collecting debts owed to it.
 - Creditors are not being paid on agreed trading terms and/or are either placing the company on cash-on-delivery terms or requiring special payments on existing debts before they will supply further goods and services.
 - The company is not paying its Commonwealth and state taxes when due (e.g. pay-as-you-go instalments are outstanding, goods and services tax (GST) is payable, or superannuation guarantee contributions are payable).
 - Cheques are being returned dishonoured.
 - Legal action is being threatened or has commenced against the company, or judgements are entered against the company, in relation to outstanding debts.
 - The company has reached the limits of its funding facilities and is unable to obtain appropriate further finance to fund operations—for example, through:
 - negotiating a new limit with its current financier; or
 - refinancing or raising money from another party.
- The company is unable to produce accurate financial information on a timely basis that shows the company's trading performance and financial position or that can be used to prepare reliable financial forecasts.
 - Company directors have resigned, citing concerns about the financial position of the company or its ability to produce accurate financial information on the company's affairs.
 - The company auditor has qualified their audit opinion on the grounds there is uncertainty that the company can continue as a going concern.

- The company has defaulted, or is likely to default, on its agreements with its financier.
- Employees, or the company's bookkeeper, accountant or financial controller, have raised concerns about the company's ability to meet, and continue to meet, its financial obligations.
- It is not certain that there are assets that can be sold in a relatively short period of time to provide funds to help meet debts owed, without affecting the company's ongoing ability to continue to trade profitably.
- The company is holding back cheques for payment or issuing post-dated cheques.

Source: ASIC Regulatory Guide 217 - Duty to prevent insolvent trading: Guide for directors

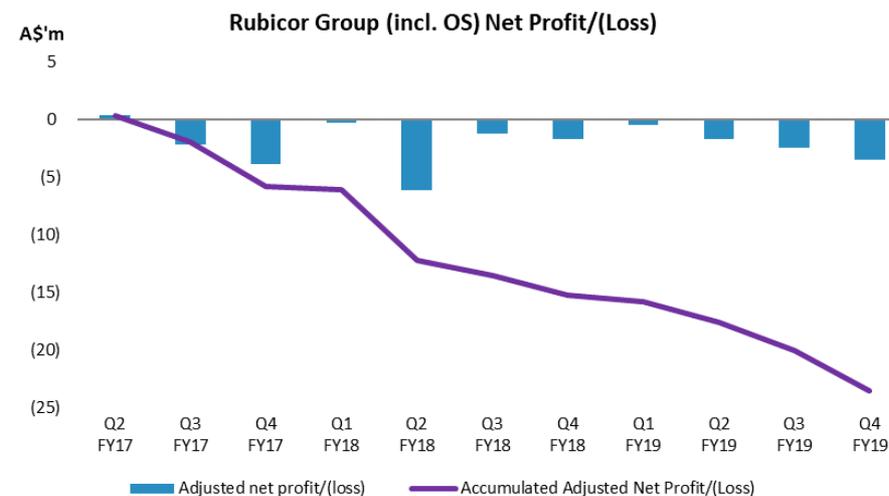
ASIC's view is that these are some of the factors that a reasonable person would take into account when determining whether a company is insolvent. The list of factors is not intended to be exhaustive. There may be other factors that would indicate to a reasonable person that a company may be insolvent.

Appendix 2. Investigations – Analysis & Information

Solvency Analysis

Trading Losses

- The following chart shows net profit/(loss) adjusted for the below book items, for the Consolidated Group for each quarter from 1 October 2016 to 30 June 2019 taken from the management accounts, together with accumulated adjusted net profit/(loss) for the period.
- Net profit for the quarter October to December 2017 was affected by book entries for:
 - Forgiveness of debt relating to the Group’s restructure of Xpand, L&A and Workforce (-\$2.2m); and
 - Gain on bargain purchase of the assets and liabilities of Orange Recruitment (\$1.5m).
 - Provision for onerous lease expense (\$541k).
 Removing these items from the October to December 2017 management accounts would result in a net profit of \$0.3m for the quarter.
- The net profit of \$5.7m for April to June 2017 includes:
 - \$6.6m income tax benefit in the management accounts. In the FY18 financial accounts, but not the FY18 management accounts, a previously recognised \$5.7m tax loss was derecognised.
 - Net profit for the quarter April to June 2017 was inflated by a book entry for gain on bargain purchase for the business Makesafe Traffic Management (\$2.9m).
 Removing these items from the April to June 2017 management accounts would result in a net loss of \$3.8m for the quarter.
- After adjusting for these book items, the Consolidated Group incurred adjusted net losses in all quarters from Q3 FY17 onwards, with accumulated adjusted net losses \$23.6m by 30 June 2019.
- This indicates the Consolidated Group may have been insolvent from the end of Q3 FY17, being 31 March 2017.



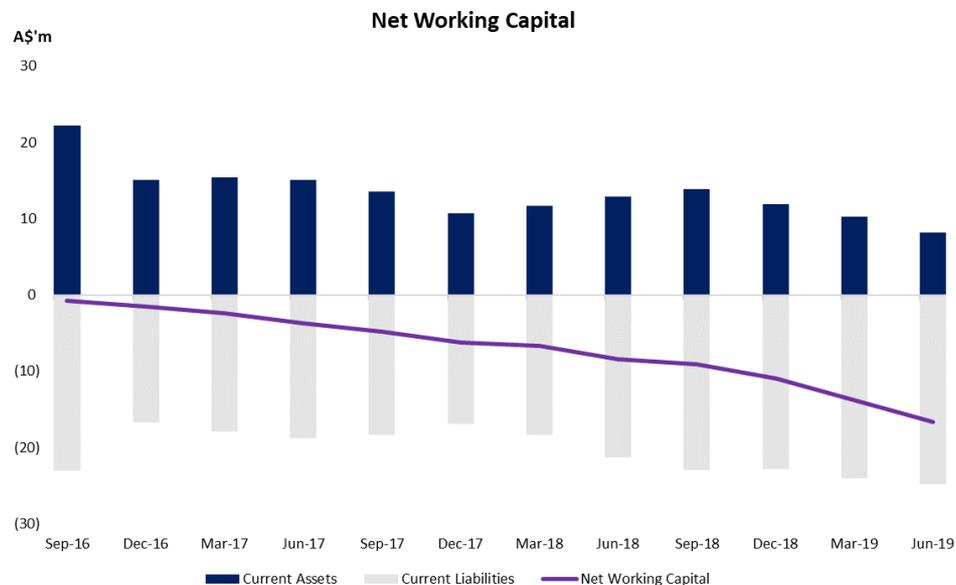
Source: Management Accounts

Appendix 2. Investigations – Analysis & Information

Solvency Analysis

Working Capital

- The chart below shows the net working capital position (current assets minus current liabilities) for the Consolidated Group from September 2016 to June 2019 taken from the management accounts.
- Current assets and liabilities considers those assets and liabilities due within the following year, and therefore ignores the timing of each one within that period. For this reason the Cash Flow test is preferred, which considers a shorter time period.
- Current assets and liabilities primarily comprise of debtors and the Scottish Pacific debtor factoring facility, which was driven by available debtors.
- The Consolidated Group had a negative working capital position of approximately \$800k at 30 September 2016, which deteriorated to negative \$1.7m by 30 June 2019.
- This indicates the Group had insufficient working capital to meet short-term liabilities without further capital injections.



Source: Management Accounts

Trade Creditors

- An analysis was conducted of the overdue trade creditors, as recorded in the Consolidated Group's management accounts by due date, at the end of each quarter from 30 September 2016 to 30 June 2019 and as at 5 August 2019, summarised in the table below.
- During the period of analysis, the Consolidated Group appears to have regularly paid creditors outside of recorded due dates, indicated by the significant portion of overdue trade creditors within the 1-30 days category, the majority of which did not progress to 30-60 days.
- This indicates the Consolidated Group was experiencing difficulties paying trade creditors during the period 30 September 2016 to 5 August 2019.
- The proportion of trade creditors greater than 90 days overdue increased significantly at 31 December 2018 and onwards, which coincided with the loss of key contracts including the Government of Western Australia, Telstra, Yahoo7, Coca Cola Amatil and Steel Mains.

Consolidated Overdue Trade Creditors by Quarter

	30 Days	60 Days	90 Days	>90 Days	Total (\$)
30-Sep-16	47%	29%	18%	5%	407,490
31-Dec-16	82%	13%	2%	3%	758,662
31-Mar-17	60%	20%	3%	17%	480,220
30-Jun-17	53%	29%	6%	13%	814,224
30-Sep-17	52%	-14%	42%	20%	560,607
31-Dec-17	33%	36%	4%	27%	601,991
31-Mar-18	66%	12%	10%	12%	512,518
30-Jun-18	35%	40%	2%	23%	466,698
30-Sep-18	42%	20%	23%	14%	974,057
31-Dec-18	36%	30%	7%	27%	1,536,745
31-Mar-19	30%	18%	5%	47%	1,453,407
30-Jun-19	16%	32%	1%	51%	1,135,270
5-Aug-19	27%	25%	16%	32%	1,661,554

Source: Management Accounts

Appendix 2. Investigations – Analysis & Information

Solvency Analysis

Non-Payment of Statutory Taxes

- From our review of the Consolidated Group's board papers, we understand the following:
 - Beginning April 2017, the Group was experiencing cashflow difficulties in meeting BAS payments on time.
 - The Consolidated Group had concerns in meeting superannuation payable for Q2 FY18, however, we understand superannuation was paid up to Q3 FY18, which was due 28 April 2018.
 - In or around February 2018, the Consolidated Group obtained ATO payment arrangements for Choice HR, L&A, Gov and was seeking a payment arrangement for Workforce over 24 months for debts totalling approximately \$3.7m across these companies.
 - In or around June 2018, the ATO refused the proposed payment plan for Workforce \$110k per month over 24 months.
 - Payroll tax was being deferred from at least March 2018 onwards to facilitate cash flows.
- On 29 July 2019 the ATO issued a garnishee order against an account held by Professional.
- The ATO has lodged proofs of debt for Xpand, L&A, Choice HR, Technical and Workforce which detail outstanding BAS and fringe benefit tax totalling c.\$2.2m.
- From our analysis and in discussions with staff, unpaid superannuation accrued from Q4 FY18 onwards, which was due 28 July 2018 and turned into a statutory SGC liability. We estimate the SGC liability to be approximately \$11.1m as at 5 August 2019.
- Our analysis indicates the Consolidated Group had cash flow issues from April 2017 which were not resolved and resulted in the accumulation of significant statutory liabilities.

Inability to obtain further funding

- From our investigations, we understand the Consolidated Group traditionally had an 85:15 debtor financing facility with Scottish Pacific, meaning the Group was provided funding to 85% of approved invoices financed through Scottish Pacific, with the remaining 15% made available when debtors paid.
- Board papers from at least 27 March 2017 onwards indicate the Consolidated Group intermittently obtained short-term increases to 90% for the funding rate, or by way of an 'overpayment agreement' to assist with cash flows.
- However by October 2018, Scottish Pacific had reduced the financing rate to 80%, which board papers at the time estimated would initially result in a decline in available cash flow of approximately \$175k/week.
- The Scottish Pacific financing rate was 80% upon the appointment of the Administrators.
- The Consolidated Group had limited other assets available to pledge for borrowing.
- Given the Group was incurring losses and had earlier gone through a voluntary administration (subject to the Restructured Companies), it is unlikely the Consolidated Group would have been able to raise significant funding in the equity market.
- It appears the Consolidated Group had cash flow issues from at least March 2017 which were partially supported by increased funding from Scottish Pacific, however the Consolidated Group did not have access to other available finance sources and by October 2018 when the financing rate was reduced to 80%, this had a significant impact on the Group's cash flows.

Appendix 2. Investigations – Analysis & Information

Solvency Analysis

Inability to raise funds in a short timeframe from the sale of the Consolidated Group's businesses

- On 31 January 2018 the Consolidated Group sold the Makesafe Traffic Management business back to the original owners for \$0.9m, payable in monthly instalments until 30 June 2019.
- From the second half of 2018 onwards, the Consolidated Group was in discussions with a number of interested parties regarding the potential sale of parts of the Group's businesses, in particular Xpand and Workforce.
- We understand a number of these discussions progressed towards offers, however the terms of the offers were unacceptable and/or consideration was by way of an earn-out over time.
- As the Consolidated Group by this time had significant due and payable liabilities and insufficient liquid assets, it is apparent the Group could not realise funds from the sale of parts of the Business in a short timeframe to pay due and payable liabilities.

Balance Sheet

- The table below shows the Consolidated Group's net asset position at six (6) monthly points in time from 31 December 2016 to 30 June 2019, taken from the management accounts.
- The Consolidated Group held a positive net asset position as at 31 December 2016 and 30 June 2017, however after that the Group's net asset deficiency increased from \$1.3m at 31 December 2017 to \$10.7m at 30 June 2019. This indicates the Group may have been insolvent from 31 December 2017 onwards.
- Net non-current assets in the Consolidated Group's balance sheet primarily consisted of software (c\$1m), rental bonds (c\$0.6m-\$1m), deferred tax asset (c\$2.6m -c\$8m), and customer relationships (\$5.4m as at 30 June 2017). These assets were not realisable in a short period of time.
- The balance sheet indicates that with the potential sale of businesses by way of an earn out, this may have still been insufficient to pay out long term liabilities.

Summary Balance Sheet (\$)

	Dec-16	Jun-17	Dec-17	Jun-18	Dec-18	Jun-19
Total Current Assets	15,118,346.62	15,051,822.34	10,733,373.67	12,919,355.40	11,897,737.25	8,161,682.41
Total Non-Current Assets	8,364,284.25	16,978,939.33	6,313,282.64	5,588,109.43	7,154,637.30	6,889,363.23
TOTAL ASSETS	23,482,630.86	32,030,761.67	17,046,656.31	18,507,464.83	19,052,374.55	15,051,045.64
Total Current Liabilities	16,660,827.27	18,790,251.85	16,938,957.32	21,338,367.73	22,817,388.20	24,829,121.99
Total Non-Current Liabilities	2,681,443.27	3,453,520.93	1,437,032.43	1,258,648.81	1,314,098.72	974,080.17
TOTAL LIABILITIES	19,342,270.54	22,243,772.77	18,375,989.75	22,597,016.53	24,131,486.92	25,803,202.16
NET ASSETS	4,140,360.32	9,786,988.90	(1,329,333.44)	(4,089,551.70)	(5,079,112.37)	(10,752,156.52)

Source: Management Accounts



Appendix 2. Investigations – Analysis & Information

Solvency Analysis

Going Concern Emphasis of Matter in Audits

- In their audits of the following accounts, the Group’s auditors, Pitcher Partners, raised an emphasis of matter in relation to the going concern assumption by which the financial accounts were prepared, due to a deficit of current assets to current liabilities, and the Group’s ability to return to profit was dependent upon reducing costs and increasing revenues:
 - Half year to 31 December 2016 released 28 February 2017 (\$0.6m current asset deficit)
 - FY2017 released 29 September 2017 (\$3.1m current asset deficit)
 - FY2018 released 28 September 2018 (\$8m current asset deficit)
- This indicates the Group may have been insolvent from March 2017 after the accounts were released and audited, and the Group was unable to execute its plans of reducing costs and increasing revenues to return the Group to profitability.
- It is noted that the half year to 31 December 2018 and full year to 30 June 2019 have not been finalised.

Appendix 3 – ARITA Creditor Information Sheet – Offences, Recoverable Transactions and Insolvent Trading

Appendix 3. Offences, Recoverable Transactions and Insolvent Trading

Creditor Information Sheet Offences, Recoverable Transactions and Insolvent Trading



Offences

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

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
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 an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
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 the 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.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, 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 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 period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because 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 must be entered into before 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 payments made to or on behalf of a director or close associate of a director. 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 over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six 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 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.

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Appendix 4 – DOCA Proposals

Appendix 4. DOCA Proposals

Polygon Talent Pty Limited

Proposal for a Deed of Company Arrangement Rubicon Group Limited (Administrators Appointed) ACN 110 913 365 and subsidiaries

PREAMBLE:

POLYGON TALENT PTY LIMITED WILL NEED THE ADMINISTRATOR'S NOTICE TO ALL CREDITORS TO INCLUDE THE FOLLOWING:

- Polygon Talent Pty Ltd ("Polygon") is a 100% recently incorporated special purpose subsidiary of NWOD Projects & Advisory Group Pty Ltd ("NWOD"), which is ultimately controlled by Jeff Locke (investment banker) and his wife Elizabeth. Polygon's sole director is James Polyzoidis (investment banker & private equity investor). Under this proposal, Polygon Talent is seeking to acquire 100% of the shares in the listed Rubicon Group ("RUB").
- If the Polygon transaction proceeds, Polygon will take the necessary steps for transitioning the RUB group with assistance of current management as is usual in any M&A transaction of this type. Polygon wishes to ensure operational continuity for the RUB group until the business is stabilised. For this purpose, current senior management may be retained for a period of time by Polygon to ensure a smooth transition of the group
- Polygon Talent's offer under this proposed DOCA is only open until the completion of the second creditor's meeting scheduled for 9 September 2019. If this Proposal is not approved at this meeting, or the meeting is not held on this date (ie delayed) for any reason, Polygon Talent's Offer will lapse. It is Polygon's view that the business will significantly deteriorate and possibly be beyond salvage if there is any delay.

Creditors and employees need to be made aware of RUB's extensive campaign to sell the XPAND (since early 2018) and other assets of the RUB Group and that all these failed to achieve a satisfactory result prior to Polygon's offer to acquire the entire RUB Group (in the Implementation Deed). On 18 July 2019, Polygon was appointed exclusive Preferred Bidder for the RUB Group after a wide market search for suitors. RUB's acceptance of Polygon's bid culminated in the execution of the Implementation Deed shortly before the appointment of the Administrators.

Polygon's view is that the purchase price being offered by this proposal is well above our assessment of full market value for the assets being acquired. It is also Polygon's view that currently (pre-DOCA) the RUB group has a negative net worth and that current shareholders are "out of the money". Without a restructuring under a DOCA, the RUB group (as a whole) cannot be sold as a going concern.

Polygon, being the Deed Proponent, agrees that this DOCA proposal (incorporating the use of a pooled creditors' trust) (the **Deed Proposal**) is capable of being proposed to the creditors of the Companies for their consideration and approval at the second meetings of each of the Companies' creditors.

1	Definitions	In this Deed Proposal: Act means the <i>Corporations Act 2001</i> (Cth). Administrators means the administrators of the Companies from time to time and, as at the date of this Deed Proposal, John Park and Joanne Dunn of FTI Consulting.
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		<p>Admitted Claim means a Trust Claim against any of the Companies that is admitted to proof by the Trustees but does not include an Excluded Claim.</p> <p>Admitted Creditor means a Trust Creditor with an Admitted Claim, and does not include an Intra Group Claim.</p> <p>Appointment Date means 5 August 2019.</p> <p>ASIC means the Australian Securities and Investments Commission.</p> <p>ASX means ASX Limited or the Australian Securities Exchange, as appropriate.</p> <p>Business Day means a day other than a Saturday, Sunday or public holiday in Brisbane or Sydney.</p> <p>Claim means all debts payable by, and all claims against, any Company (arising at law, in equity or under any statute, present or future, certain or contingent, ascertained or sounding only in damages), the circumstances giving rise to which occurred on or before the Appointment Date, including all penalties and fines imposed by a court or government agency in respect of an offence against a law and all actions, claims (including claims for contribution and Subordinate Claims and extinguishment of options and all other rights of Members), suits, causes of action, arbitrations, debts, costs, demands, verdicts, judgments at law, in equity or under any statute, whether certain or contingent, present or future, ascertained or sounding in damages only but does not include an Excluded Claim.</p> <p>Commencement Date means the date the DOCA is executed by each party to it.</p> <p>Companies has the meaning given in item 2 of this Deed Proposal.</p> <p>Completion means the effectuation of the DOCA and establishment of the Trust, upon satisfaction of the Conditions Precedent by the Completion Date.</p> <p>Completion Date means the date Completion occurs, being no later than 5 November 2019.</p> <p>Conditions Precedent means the conditions precedent set out in item 12 of this Deed Proposal.</p> <p>Continuing Employee means each employee of the Companies other than a Non-Continuing Employee whose employment has been terminated as at the execution of the DOCA.</p> <p>Court means the Supreme Court of Queensland or Queensland registry of the Federal Court of Australia.</p> <p>Creditor means a person who has a Claim against any Company.</p> <p>Deed Administrators has the meaning given in item 6 of this Deed Proposal.</p> <p>Deed Documents means the DOCA, the Trust Securities and any documents constituting the Trust.</p> <p>Deed Proponent means Polygon.</p> <p>Distribution Amount has the meaning given in item 13 of this Deed Proposal.</p> <p>DOCA means the deeds of company arrangement referred to in item 2 between the Deed Proponent, the Companies and the Administrators in accordance with this Deed Proposal and Part 5.3A of the Act.</p> <p>DOCA Termination Date means the date on which the DOCA is terminated in accordance with item 16 of this Deed Proposal.</p> <p>Excluded Claim means any:</p>
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Appendix 4. DOCA Proposals

Polygon Talent Pty Limited

	<p>(a) Claim of a Continuing Employee in respect of an amount referred to in section 556(1) (g) or (h) of the Corporations Act but, for the avoidance of doubt, does not include superannuation contributions; and</p> <p>(b) Claim of Scottish Pacific.</p> <p>Independent Expert means an independent Registered Liquidator agreeable to both the Deed Administrators and the Deed Proponent and, in the absence of agreement, appointed by the president of the Australian Restructuring Insolvency and Turnaround Association.</p> <p>Initial Fund Amount means the sum of \$500,000 to be paid by Polygon.</p> <p>Intra-Group Claim means any Claim which a Company has against any other Company.</p> <p>Material Adverse Change means any change, effect, event, occurrence, state of facts or development that could reasonably be expected to be materially adverse to the business, financial condition or results of operations or prospects of any of the Companies, with a combined value of \$2,000,000.</p> <p>Member has the meaning in the Act.</p> <p>Non-Continuing Employee means the following employees and directors of the Companies:</p> <p>(a) Sharad Loomba;</p> <p>(b) David Hutchison;</p> <p>(c) Tim Hutchison; and</p> <p>(d) Angus Mason; and</p> <p>(e) any other employee whose employment has been terminated as at the execution of the DOCA.</p> <p>Other Assets means:</p> <p>(a) cash on hand or cash at bank of any Company for the period up to Completion; and</p> <p>(b) contracts of insurance or reinsurance, including any amounts received under those contracts.</p> <p>Polygon has the meaning given in item 3 of this Deed Proposal.</p> <p>PPSA means the <i>Personal Property Securities Act 2009</i> (Cth).</p> <p>Priority Claim means any Claim against any Company which would receive priority under section 556, 560 or 561 of the Act if the Company had been wound up and the winding up is taken to have commenced on the Appointment Date.</p> <p>Registered Liquidator has the same meaning as in the Act.</p> <p>Regulations means the <i>Corporations Regulations 2001</i> (Cth) made under the Act.</p> <p>Relevant Date has the meaning given in item 8 of this Deed Proposal.</p> <p>RUB has the meaning given in item 2 of this Deed Proposal.</p> <p>RUB Shares means all shares in the capital of RUB.</p> <p>Rules means the <i>Insolvency Practice Rules (Corporations) 2016</i>.</p> <p>Scottish Pacific means Scottish Pacific Group Limited.</p>
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	<p>Secured Creditor means any Creditor who has the benefit of a Security which was valid at the Appointment Date over all or any property of any Company securing all or any part of the Creditor's Claim and includes Scottish Pacific.</p> <p>Security means any security for the payment of money or performance of obligations, including a mortgage, charge, lien, pledge, trust, power, title retention or flawed deposit arrangement, or any "security interest" as defined in section 12(1) or (2) of the <i>Personal Property Securities Act 2009</i> (Cth).</p> <p>Subordinate Claim has the meaning given in section 563A of the Act.</p> <p>Trust means the creditors' trust established pursuant to this Deed Proposal.</p> <p>Trust Claim has the meaning given to it in item 20 of this Deed Proposal.</p> <p>Trust Creditor means a Creditor with a Trust Claim.</p> <p>Trust Fund has the meaning given in items 11 and 18 of this Deed Proposal.</p> <p>Trust Securities means the second ranking Securities behind Scottish Pacific's Security to be registered in the names of the Trustees over all the property of the Companies to secure the payment of the Distribution Fund.</p> <p>Trustees means the Deed Administrators.</p> <p>Trusts Act means the <i>Trusts Act 1973</i> (Qld)</p>
2	<p>Companies subject to the DOCA</p> <p>Rubicor Group Limited (Administrators Appointed) ACN 110 913 365 (RUB) and all its Australian 34 subsidiaries in administration (together the Companies and each a Company).</p> <p>The Companies other than Rubicor Workforce Pty Ltd (Administrators Appointed) (Workforce) will enter into one DOCA (RUB DOCA). In the event that the RUB DOCA proposal is not approved at the second creditors' meeting in respect of any such Company that is not material, Polygon reserves the right to omit that Company from the RUB DOCA at its discretion, provided that the amount of the Trust Fund for the RUB DOCA remains the same.</p> <p>Subject to the RUB DOCA being entered into, Workforce will enter into a separate DOCA (Workforce DOCA), provided Polygon does not withdraw its Workforce DOCA Proposal before the second creditors meeting in relation to that Proposal.</p>
3	<p>Proponent of the DOCA</p> <p>Polygon Talent Pty Ltd ACN 634 664 510 (Polygon).</p>
4	<p>Purpose of the Deed Documents</p> <p>Polygon proposes the DOCA, on the terms set out herein, which will restructure the Companies' debts and the board and privatise RUB by establishing a pooled creditors' trust to satisfy the claims of Creditors and providing for the transfer of the RUB Shares to Polygon with leave of the Court pursuant to section 444GA of the Act.</p> <p>The purpose of this Deed Proposal is to set out the material terms of the DOCA and Trust that Polygon proposes in respect of the Companies, and which Polygon requires the Administrators to table at the meetings of the Creditors of each the Companies, to be held in accordance with section 439A of the Act.</p> <p>The purpose of the DOCA is to effect the restructure of Creditors' claims and to return control of the Companies to the directors once the DOCA is executed.</p> <p>The Deed Proposal is intended to achieve the same or a better outcome for the Creditors, compared to the expected outcome if the Companies are wound up. A winding up will favour secured creditors at the expense of discontinued and continuing employees and will not give hope of any additional dividends to other unsecured creditors. A winding up scenario may result in the</p>

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Appendix 4. DOCA Proposals

Polygon Talent Pty Limited

		disintegration of the remaining valuable businesses (or at best their sale at material discount to true value) and thereby result in materially insufficient returns to make good unpaid employee superannuation and other entitlements. The current proposal has been designed to achieve the best result for all stakeholders: (a) Scottish Pacific will remain whole and keep its preferred credit position and continue its profitable business with the new group post Completion; (b) employees' unpaid superannuation and other entitlements will be made good to the maximum possible extent; and (c) a number of existing Rubicor businesses will remain in operation under a much more disciplined private ownership and management structure and retain the employment of a significant number of existing employees.
5	Purpose of the Trust	The purpose of the Trust is to pay the maximum possible amount to employees in respect of unpaid entitlements and to achieve the same or a better outcome for the ordinary unsecured creditors.
6	Administrators of the DOCA	John Park and Joanne Dunn of FTI Consulting (the Deed Administrators).
7	Powers of the Deed Administrators and Trustees	The Deed Administrators will have all the powers that the directors of the Companies had in respect of the Companies prior to the Appointment Date as well as other powers customary for a deed administrator to be described in the DOCA, including the power to remove and appoint directors. The Trustees will have all the powers of trustees at law including those as described in the Trusts Act that are required to fulfil their duties as Trustees under the Trust and to enforce the Trust Securities and payment of the Distribution Amount.
8	Relevant Date	The Appointment Date.
9	Control of the Companies	Control of each of the Companies will be given to Polygon's nominated directors on execution of the DOCA. Until then, all powers of the former directors of the Companies will remain suspended and control and management of the Companies will remain with the Administrators. The directors will provide a fortnightly report to the Administrators on the Companies' business, property and affairs and such other matters relating to the Companies as the Administrators may request.
10	Pooled Trust	This Deed Proposal is made on the basis that the Companies and the Creditors will be pooled, with the effect that the DOCA and the Trust will bind each of the Creditors of the Companies. The rationale for pooling is as follows: (a) a pooled Trust will avoid the need to apportion the Distribution Amount across the Companies; (b) the pooled Trust excludes Intra-Group Claims and will avoid the need to adjudicate upon those claims; (c) no Creditors will be prejudiced by the pooling; and (d) it will be more efficient and cost effective to give effect to the Deed Proposal by way of pooling.
11	Composition of the Trust Fund	The Trust Fund will comprise the Distribution Amount and, as relevant, the Other Assets.

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12	Conditions Precedent	Completion of the Deed Proposal and effectuation of the DOCA are conditional on: (a) Polygon, with RUB's fullest assistance, obtaining all approvals, consents or waivers required from ASIC and ASX for the acquisition of the RUB Shares including ASIC relief from section 606 of the Act; (b) the Deed Administrators obtaining the leave of the Court pursuant to section 444GA of the Act and transferring the RUB Shares to Polygon; (c) the Companies causing the employment of the Non-Continuing Employees to be terminated; (d) payment by Polygon of the Initial Fund Amount; (e) no material adverse change having occurred in relation to any Company between 5 August 2019 and Completion; (f) the Companies, the Trustees and Polygon executing the deed constituting the Trust and the Trust Securities and a creditors' trust being established by transfer to the Trustees of the Initial Fund Amount and the Other Assets; (g) confirmation that the Companies' consolidated Australian debtor finance balance is not greater than 65% of their consolidated Australian debtors of not greater than 90 days outstanding; (h) Scottish Pacific's debtor finance facilities with the RUB Group continuing on the same terms and minimum 80% loan to value ratio at all times until Completion and the granting of relevant consents and approvals of at least equivalent terms (and limits) for the continuation of these facilities by Scottish Pacific for Polygon and RUB post-Completion; and (i) the termination of Angus Mason's appointment as non-executive director of the Companies by the Deed Administrators, with effect from the date of execution of the DOCA.
13	Distribution Amount	13.1 Establishment The Distribution Amount to be made, in consideration for the extinguishment and release of claims as described in item 20, will comprise the sum of \$10.1M payable by instalments, by no later than 30 September 2024, without set off, deduction or counterclaim, and secured by the Trust Securities as follows: (a) the Initial Fund Amount upon Completion; and (b) subject to clause 13.2(b) below, (i) by 30 September 2020, the sum of \$700,000 in respect of the period from Completion up to 30 June 2020, however, if Completion occurs after 30 September 2019, the amount of this instalment will be reduced by \$100,000 per month (by which the Completion Date occurs after 30 September 2019, and the amount of this reduction will be added to the amount payable by 30 September 2021); (ii) by 30 September 2021, the sum of \$2,000,000 in respect of the period 1 July 2020 to 30 June 2021; (iii) by 30 September 2022, the sum of \$2,600,000 in respect of the period 1 July 2021 to 30 June 2022; (iv) by 30 September 2023 the sum of \$3,000,000 in respect of the period 1 July 2022 to 30 June 2023;

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Appendix 4. DOCA Proposals

Polygon Talent Pty Limited

		<p>(v) by 30 September 2024, \$1,300,000 PLUS the balance (if any) of the Distribution Amount deferred by the operation of clause 13.2(b). This final instalment will not be subject to a maximum payment limit and will fully discharge any remaining unpaid portion of the Distribution Amount.</p> <p>13.2 Reporting and instalment adjustments</p> <p>(a) Within 45 days after the end of each financial year following Completion, Polygon must provide to the Trustees:</p> <p>(i) a profit and loss statement and balance sheet for that financial year, and</p> <p>(ii) profit and loss budget and cashflow forecasts for the next financial year.</p> <p>(b) The amount of the payment instalments of the Distribution Amount set out above at clause 13.1(b) shall be adjusted as follows:</p> <p>(i) subject to paragraph 13.2(b) (ii), the instalment amount due on a particular date (other than the final instalment on 30 September 2024) shall not exceed 3% of the Companies' gross profit for the period to which the instalment relates, with any deficiency in the relevant instalment amount to be payable by the next instalment date; and</p> <p>(ii) the instalment for any relevant period shall not be less than:</p> <p>(A) \$450,000 for the instalment due on or before 30 September 2020;</p> <p>(B) \$1,500,000 for the instalment due on or before 30 September 2021; and</p> <p>(C) \$2,000,000 for all instalments due after 30 September 2021.</p> <p>(c) If the Trustees disagree with the calculation of an instalment of the Distribution Amount, the Trustees, at their cost out of the Trust Fund, may refer the disagreement to the Independent Expert for final determination.</p>
14	Timing of the Distribution Fund	The full amount of the Distribution Amount will be paid by instalments and fully discharged by no later than 30 September 2024.
15	Transfer of the Trust Fund	Immediately upon Completion, the Initial Fund Amount and, as relevant, the Other Assets held by the Deed Administrators at that time will be transferred to the Trustees.
16	Termination of the DOCA for fulfilling its purpose	The DOCA will be effectuated and terminated once the Initial Fund Amount and, as relevant, the Other Assets have been transferred to the Trustees in accordance with item 15 and Completion has been effected, following which the Deed Administrators must lodge the necessary notice of termination with ASIC and retire as Deed Administrators.
17	Termination of the DOCA for other reasons	Until effectuated and terminated in accordance with item 16, the DOCA will continue in operation until terminated:
		<p>(a) by an order of the Court under section 445D of the Act;</p> <p>(b) by a resolution of the creditors of each of the Companies at a meeting convened under Division 75 of Schedule 2 to the Act;</p> <p>(c) if the Conditions Precedent are not satisfied by the Completion Date; or</p>

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		<p>(d) the Deed Administrators reasonably consider in good faith that it is no longer practicable or desirable to continue to implement or carry out this DOCA and give notice to the Creditors terminating this DOCA.</p> <p>If the DOCA is terminated for one of these reasons, the extinguishment of Claims provided for by item 20 of this Deed Proposal will not apply.</p>
18	Trust Fund	<p>Upon receipt of the Initial Amount and Other Assets by the Trustees from the Deed Administrators as described in item 15, the Distribution Amount will thereafter become the Trust Fund</p> <p>The Trust Fund and the balance of the Distribution Amount upon receipt will be held on trust for the payment of Admitted Claims as set out in the deed constituting the Trust.</p> <p>All Trust Claims will be adjudicated by the Trustees.</p> <p>The Trust Fund will be split into two separate sub-funds as follows:</p> <p>(a) for the benefit of the Claims of the Creditors under the RUB DOCA – the sum of \$5 Million from the Distribution Amount;</p> <p>(b) for the benefit of the Claims of the Creditors under the Workforce DOCA – the sum of \$5.1 Million from the Distribution Amount; and</p> <p>(c) for the benefit of the Claims of all Creditors – the balance (if any) of the Trust Fund.</p> <p>Upon receipt of each part payment of the Distribution Amount, the RUB DOCA proportionate amount (\$5.0M divided by \$10.1M) shall be paid into the RUB DOCA sub-fund and the Workforce DOCA proportionate amount (\$5.1M divided by \$10.1M) shall be paid into the Workforce DOCA sub-fund. Each sub-fund shall be kept separate.</p> <p>If only the RUB DOCA is successful at the second creditors' meeting:</p> <p>(a) the Distribution Amount will be \$5 Million only and shall comprise 100% of the Trust Fund for the RUB DOCA; and</p> <p>(b) the periodic instalments referred to in Item 13, including the Initial Fund Amount, will be reduced by the proportionate Workforce DOCA amount (\$5.1M divided by \$10.1m)</p>
19	Creation of the Trust	The Trust will be created upon receipt by the Trustees of the Trust Fund in accordance with item 18 and satisfaction of the Conditions Precedent.
20	Extinguishment and conversion of Claims	Upon Completion, all Claims will be extinguished and released and each Creditor will be entitled to make a claim against the Trust Fund in an amount equal to their released Claim (being a Trust Claim).
21	Distribution of the Trust Fund	<p>Payments from the Trust Fund are to be made in accordance with the priorities and principles set out in section 556 of the Act.</p> <p>Admitted Creditors will have their Admitted Claims paid from the Trust Fund in the following order of priority:</p> <p>(a) first, to the Administrators, Deed Administrators and the Trustees to satisfy liabilities and their remuneration;</p> <p>(b) secondly, in payment of Priority Claims;</p> <p>(c) thirdly, in payment of Admitted Claims (other than Priority Claims, Subordinate Claims and Excluded Claims); and</p> <p>(d) fourthly, in payment of the Subordinate Claims.</p>

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Appendix 4. DOCA Proposals

Polygon Talent Pty Limited

22	Facilitating the admission to proof of Trust Claims	To facilitate the admission to proof and the determination of Trust Claims, the relevant parts of Part 5.6 of the Act (other than section 553B) and the Rules will apply as though the Companies were in liquidation with a commencement date of the Relevant Date. This will include that: <ul style="list-style-type: none"> (a) the priority of Priority Claims (as required by s 444DA of the Act) will be preserved by the Deed Documents; and (b) the Deed Documents will provide for certain superannuation contribution debts to not be provable (as required by section 444DB of the Act).
23	Scottish Pacific facilities and Securities	Nothing in the Deed Documents will affect the liability of the Companies to Scottish Pacific or any debt or claim of Scottish Pacific including any Security held by Scottish Pacific.
24	Other secured claims and owners and lessors of Property	Unless the Secured Creditors (other than Scottish Pacific) or landlords vote in favour of the DOCA Proposal, nothing in the Deed Documents will: <ul style="list-style-type: none"> (a) affect the rights of owners or lessors of property in relation to that property; or (b) prevent a Secured Creditor from realising or otherwise dealing with its Security.
25	Moratorium	During and after the period of the DOCA, the moratorium in sections 440A, 440D and 440F of the Act will apply to bind all Creditors and Members of the Companies in relation to Claims arising on or before the Relevant Date.
26	Extinguishment of Trust Claims	On termination of the Trust, all Trust Claims will be released, discharged and extinguished. Thereafter, and for the avoidance of doubt, Trust Creditors will no longer have a Trust Claim and will no longer have any rights in their capacity as Trust Creditors and Admitted Creditors will no longer have an Admitted Claim and will no longer have any rights in their capacity as Admitted Creditors. <p>All Admitted Creditors must accept their entitlements under the Trust in full and final satisfaction and complete discharge of all Admitted Claims which they have or claim to have against the Trust.</p> <p>Any Trust Claims by Trust Creditors will be deemed to be abandoned if, prior to the declaration of the final dividend to Admitted Creditors, the Trust Creditor has failed to submit a formal proof of debt or claim in accordance with the terms of the Trust or, having submitted one which is rejected, fails to appeal against the rejection within the relevant timeframe set out in, and otherwise in accordance with, the Trust.</p>
27	Termination of the Trust for fulfilling its purpose	The Trust will be terminated once the Trust Fund has been disbursed in full in accordance with the payment waterfall referred to in item 21.
28	Termination of the Trust for other reasons	Until terminated in accordance with terms set out in this Deed Proposal, the Trust will otherwise continue in operation until terminated: <ul style="list-style-type: none"> (a) by an order of the Court; (b) by a resolution of the Admitted Creditors at a meeting duly convened by the Trustees to terminate the Trust; or (c) by 14 days written notice by the Trustees to the Admitted Creditors. <p>If the Trust is terminated for one of these reasons, the extinguishment of Trust Claims provided for by item 26 of this Deed Proposal will not apply.</p>

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29	Prescribed Provisions	The Deed Documents will not include the provisions of schedule 8A to the Regulations.
30	General	The Deed Documents will incorporate the necessary content and mechanics to give effect to this Deed Proposal, including standard boilerplate clauses found in a DOCA, Trust Securities or Trust of this type, which have not otherwise been set out in this term sheet and will include provisions relating to: <ul style="list-style-type: none"> (a) the effect of the Deed Documents on Members of the Companies; (b) liability of the Deed Administrators and Trustees; (c) the reporting requirements of the Deed Administrators and Trustees; (d) the circumstances where the Deed Administrators and/or Trustees may or are required to convene a meeting of creditors; and (e) resignation and replacement of the Deed Administrators and Trustees.
31	Deed Administrators' and Trustees' remuneration	Subject to the requirements set out in the Act regarding approval of remuneration and liabilities, the Deed Administrators and Trustees will be entitled to be indemnified from the Trust Fund, to the extent of the Distribution Fund and the Trust Fund, for their remuneration and liabilities incurred by them, or claims made against them, in their capacity as Administrators and Deed Administrators of the Companies in respect of the Distribution Fund and in their capacity as Trustees in respect of the Trust Fund. <p>The Trustees will have a lien over the Trust Fund to secure their right of indemnity.</p> <p>The Deed Administrators and Trustees will only be remunerated out of the Distribution Fund or Trust Fund for their services at their usual hourly rates in accordance, and/or consistent, with Division 60 of Schedule 2 to the Act.</p>
32	Voluntary Administrators' remuneration and liabilities incurred	Subject to the requirements set out in the Act regarding approval of remuneration and liabilities, the Voluntary Administrators will be entitled to be indemnified from the debtors created prior to the Voluntary Administration and for the period between the commencement of the Administration to the execution of the DOCAs. This entitlement will be limited in recourse to those debtors and shall not be an entitlement against the Companies and their other assets post execution of the DOCA. <p>The Administrators will have a continuing lien against the Companies' debtors created prior to the execution of the DOCA. The lien is limited to the Administrators' remuneration and liabilities incurred up to the execution of the DOCA. This lien will be strictly limited in recourse to those pre DOCA debtors and shall not extend to the Companies' debtors created post execution of the DOCA nor to any other assets.</p>
33	Variation of the Deed Documents and extension of compliance dates	The Deed Documents may only be varied by a resolution passed at meetings of the Admitted Creditors or Deed Administrators convened in a manner that is either consistent with Division 75 of Schedule 2 to the Act or as set out in the relevant Deed Document, but only if the variation is not materially different from a proposed variation set out in a notice of meeting. The Deed Administrators and the Trustees will have power to extend the dates for payment or satisfaction of certain conditions set out in the Deed Documents without a resolution of creditors.

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Appendix 4. DOCA Proposals

Polygon Talent Pty Limited

34	Books and records of the Companies	<p>The Deed Administrators will have full access to all the Companies' books and records until the termination or conclusion of the DOCA, at which time they will hand over such books and records to the directors nominated by Polygon.</p> <p>The Trustees will have access to those books and records of the Companies as are reasonably required for them to fulfil their obligations under the Trust.</p>
35	Governing law	<p>This Deed Proposal is governed by the laws of Queensland.</p>
36	No interdependency	<p>The RUB DOCA and the Workforce DOCA and the associated respective sub-funds referred to in item 18 are not interdependent, so that the avoidance, unenforceability, illegality or termination of one does not affect the validity, enforceability or operation of the other.</p> <p>Furthermore, the approval of only one of Polygon's proposed DOCAs at a creditors' meeting will not affect the validity, enforceability or operation of that DOCA.</p>

Appendix 4. DOCA Proposals

Cashel Financial Services Pty Ltd

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DEED OF COMPANY ARRANGEMENT PROPOSAL

To: Mrs Joanna Dunn and Mr John Park
(The Administrators)
Rubicor Group Limited (A.C.N 110 913 365) and its Australian subsidiaries
(Administrators Appointed) **(the Company)**

In the matter of The Company

Deed of Company Arrangement Proposal

I refer to previous correspondence and confirm our Deed of Company Arrangement **(DOCA)** proposal to the creditors of the DOCA Entities (as defined below) on the terms and conditions set out below.

1. A DOCA is being proposed by Mr Angus Mason as Director of Cashel Financial Services Pty Ltd (AFSL 306 803) (A creditor of Rubicor Group Limited) **(the Proposer)**.
2. The Administrators will be appointed Deed Administrators of the DOCA.
3. This DOCA is proposed for the following entities only **(DOCA Entities)**:
 - (a) Rubicor Group Limited
 - (b) Xpand Group Pty Ltd
4. On the execution of the DOCA, it is expected that control of the following entities **(Operating Entities)** will be passed to the New Directors (as defined below) and all other subsidiaries will remain under the control of the Administrator. For the purposes of this DOCA the Operating Entities are defined as:
 - (a) Rubicor Group Limited
 - (b) Xpand Group Pty Ltd
 - (c) Rubicor Singapore Pte Ltd
 - (d) Rubicor Hong Kong Pte Ltd
5. If applicable, past employees of the DOCA Entities who are owed employee entitlements as at the date of execution of the DOCA will be entitled to prove in the Deed Fund for the DOCA Entities in accordance with the priorities determined by the Corporations Act 2001 **(the Act)**.
6. The DOCA will bind all unsecured creditors of the DOCA Entities who existed as at 5 August 2019 **(Voluntary Administration Date)**.
7. The DOCA is proposed on the basis that the DOCA Entities will assume and continue with all obligations relating to the finance facilities associated with Scottish Pacific and National Australia Bank (if there is any outstanding).
8. The DOCA is proposed on the basis that there has been no material changes in the clients of the DOCA Entities other than those informed by the Administrator to the Proposer in writing as at the date of this proposal.

9. The DOCA is proposed on the basis that all inter-company loans to and owed by the DOCA Entities will be extinguished under the DOCA.
10. The DOCA is proposed on the basis that all past, current and future claims by any subsidiaries, employees or suppliers is settled between themselves and the DOCA Entities.
11. The distribution of the Deed Fund shall be in full and final settlement of all creditor and employee claims against the DOCA Entities.
12. On the execution of the DOCA the assets being the contractors, candidate and client data base and select employees of Rubicor Professional Pty Ltd will be purchased by Xpand Group Pty Ltd for \$50,000.
13. On the execution of the DOCA for the DOCA Entities, the Administrator will continue to manage the entities that are not the Operating Entities in anyway in order to maximise returns to the creditors of those entities (so long as it does not create monetary costs to the DOCA Entities).
14. The Proposer (and/or its nominees) **(Contributor)** will contribute \$1,750,000 **(Contribution)** to the Deed Fund **(Deed Fund)** for the DOCA Entities to affect the completion of the voluntary administration process for the DOCA Entities. The Deed Fund constitutes the whole of the property available for distribution to creditors of the DOCA Entities. The Contribution will be reduced by any debtor payments received by the Administrator during the Administration within the DOCA Entities.
15. Distributions from the DOCA Entities Deed Fund will be made in the following order:
 - (a) First, to the Administrators' approved remuneration for the conduct of the voluntary administration of the DOCA Entities;
 - (b) Second, the Deed Administrators' approved remuneration for the conduct of the deed administration of the DOCA Entities;
 - (c) Third, in payment to all accrued superannuation and employee entitlements within the DOCA Entities
 - (d) Forth to all other ordinary unsecured creditors of the DOCA Entities will be entitled to prove for a dividend from Deed Fund which dividend is to be distributed on a pro-rata basis
16. The contribution into the Deed Fund will be made via the following:
 - (a) The \$1,750,000 is to be paid following the execution of the DOCA and made by way of the following:
 - Within 30 days via a subscription of redeemable convertible notes by the Contributor (and/or nominee) into Rubicor Group Limited of \$1,250,000 million, and
 - Retained earnings generated over the 12 months following the DOCA execution from the Operating Entities of Xpand Group Pty Ltd, Rubicor Singapore Pte Ltd and Rubicor Hong Kong Ltd.
17. It should be noted that the Contributor may be required to contribute further funds into the Operating Entities on execution of the DOCA in order to ensure that there is sufficient working capital following the management period and expenses of the Administrator.

Appendix 4. DOCA Proposals

Cashel Financial Services Pty Ltd

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18. On the DOCA being approved Mr Sharad Loomba must immediately resign as director and company secretary of Rubicor Group Limited, Xpand Group Pty Ltd, Rubicor Pte Ltd and Rubicor Hong Kong Limited.
19. On the DOCA being approved Mr David Hutchison must subject to reasonable requests from the New Directors resign as director of Rubicor Group Limited and the other Operating Entities.
20. On Mr Loomba resigning in accordance with the above (and following the execution of the DOCA), the Proposer will appoint two directors who have finance, operational and sales experience from the IT Consulting Industry. These directors will hold their position until ratified by the shareholders (**New Directors**).
21. Immediately following the DOCA:
 - (a) Rubicor Group Limited will change its name to Xpand Recruitment Limited (or another name as proposed by the New Directors to the Shareholders).
 - (b) The name of Rubicor will be discontinued.
 - (c) Rubicor Pte Ltd will change its name to Xpand Singapore Pte Ltd, and
 - (d) Rubicor Hong Kong Limited will change its name to Xand Hong Kong Limited.
22. The DOCA is proposed on that basis that only the employees of Xpand Group Pty Ltd are retained and that the Administrator will assign the employees of Rubicor Group Limited to Ruboor Workforce Pty Ltd, other interested parties or be made redundant (unless agreed otherwise).
23. On or before the DOCA is executed, the Administrator must rescind ALL suppliers with the exception of the following for the DOCA Entities:
 - (a) National Australia Bank Limited
 - (b) Scottish Pacific Finance Limited
 - (c) Oracle America Inc
 - (d) Astute Corporation Pty Ltd
 - (e) Job Adder Operations Pty Ltd
 - (f) LinkedIn Singapore Limited
 - (g) Seek Limited
 - (h) Volcanic Technology
 - (i) Office 365 Licenses
 - (j) Ring Central Licenses

For the avoidance of doubt all other leases and supply contracts must be rescinded before the DOCA is executed.
24. On the DOCA being executed the Retained Employees of the DOCA Entities who are retained will be relocated to new office addresses to be confirmed by the New Directors.

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25. Between the time of the DOCA being approved and the DOCA being executed, the New Directors will be given access to Astute, Job Adder and Klugo to complete a hand over of the Accounting, CRM and Payroll Systems.
26. The management and control of the DOCA Entities will return to the New Directors upon execution of the DOCA.
27. Please note that this DOCA is proposed on the basis that we will be provided with reasonable access to Xpand executive to verify our forecast financial assumptions.
28. Upon the DOCA being fully effectuated as a result of the distribution of the Deed Fund, the Deed Administrators will retire from the DOCA Entities.

ANGUS MASON
30 August 2019

Appendix 4. DOCA Proposals

Paul Egan

Deed of Proposal

Confidential – Subject to a Deed being Formalised

1. Paul Egan, or any entity controlled by Paul Egan, will pay the sum of \$2,000,000 into a Deed Fund.
2. Paul Egan, or any entity controlled by Paul Egan, will forgo any right to prove in the administration of the company.
3. All debtors currently within the company will remain the property of the company.
4. All shares within the companies will be transferred to Paul, and Paul will become director of all entities.
5. The creditors will otherwise compromise their debts and will not seek any further contribution outside these amounts.

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Appendix 5 – Polygon DOCA Forecast Budgets

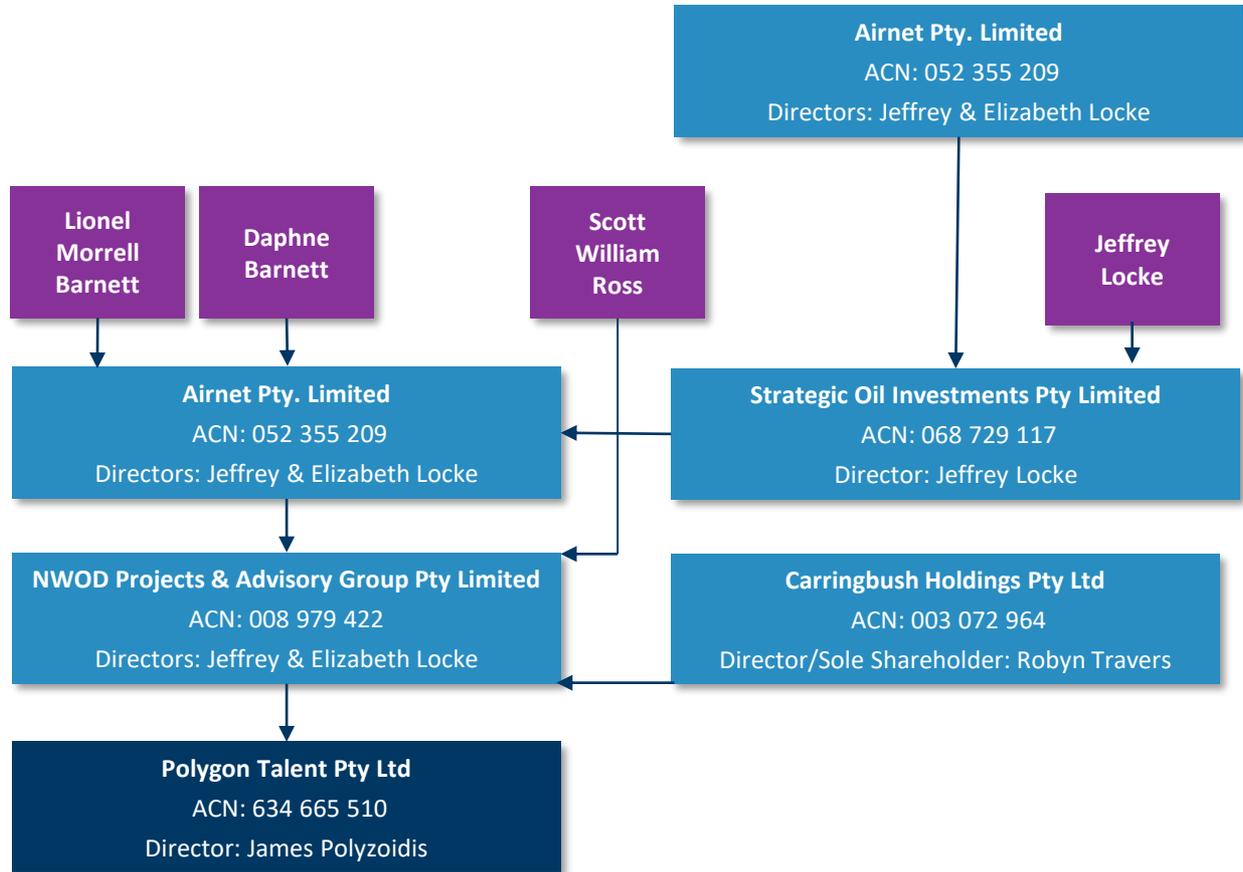
Appendix 5. Polygon DOCA Forecast Budgets

Polygon DOCA

- As highlighted in Section 8 of this report, Polygon is directed by James Polyzoidis, an investment banker and private equity investor.
- Polygon is an 100% subsidiary of NWOD, which is ultimately controlled by Jeffrey Locke, also an investment banker. The structure of Polygon is summarised on the table to the right.
- As the Polygon DOCA proposals are based on funding the instalments through operational cashflows, the Administrators are required to assess the ability of the Operating Entities to meet the payments required under the proposal.

Overview of Budgets

- Budgets have been prepared for 24 months through to August 2021. The budgets have been prepared for Workforce and for the remaining entities.
- Our analysis of the forecast budgets are presented on the following pages.



Appendix 5. Polygon DOCA Forecast Budgets

Presented below are Management Accounts for FY18 and FY19, and the 24 months forecast performance to August 2021 for the Operating Entities (excluding Workforce), Workforce, and combined totals for the forecast period.

Trading Entities (Administrators Appointed)											
Actual/ F/cast P&L \$'000s	Trading Entities (excl. RWF)				Workforce				Combined		Notes
	Mgmt Act. FY18	Mgmt Act. FY19	NTM Aug-20	NTM Aug-21	Mgmt Act. FY18	Mgmt Act. FY19	NTM Aug-20	NTM Aug-21	NTM Aug-20	NTM Aug-21	
Revenue											
Contractor revenue	64,327	46,563	23,655	25,630	102,541	74,539	14,700	16,349	38,355	41,979	1.
Placement fees	5,409	4,177	2,130	3,555	51	36	0	0	2,130	3,555	
Other revenue	2,726	2,464	1,560	1,320	1,179	1,015	0	0	1,560	1,320	
	72,462	53,203	27,345	30,505	103,771	75,591	14,700	16,349	42,045	46,854	
Direct costs	59,849	43,349	21,091	22,852	95,839	69,493	13,298	14,638	34,388	37,490	2.
Gross Profit	12,614	9,854	6,254	7,653	7,931	6,098	1,402	1,711	7,657	9,364	3.
Operating costs											
Consultant wages	5,584	4,098	1,846	2,104	2,941	2,646	755	848	2,601	2,952	
Support staff wages	5,428	5,110	1,433	1,555	83	98	256	256	1,690	1,812	
Super	850	672	221	242	267	245	92	100	313	342	
Payroll tax	574	469	127	140	162	162	53	58	180	197	
Computer, travel & databases	2,017	2,127	902	996	443	451	102	109	1,004	1,106	
Office Rent	1,697	1,490	636	738	243	299	102	118	738	856	
Other operating costs	2,585	4,627	610	736	673	400	186	188	796	924	
	18,734	18,594	5,775	6,512	4,812	4,302	1,546	1,677	7,321	8,189	
Corporate Services Allocation	2,199	4,424	2,334	2,334	(1,455)	(2,631)	0	0	2,334	2,334	4.
EBITDA	(3,921)	(4,316)	2,813	3,476	1,664	(836)	(144)	34	2,669	3,510	5.
Interest & other expenses	5,494	705	(372)	(372)	1,054	790	0	(132)	(372)	(504)	
EBDA	(9,415)	(5,021)	3,185	3,848	611	(1,625)	(144)	167	3,041	4,014	
<i>Gross margin</i>	17.4%	18.5%	22.9%	25.1%	7.6%	8.1%	9.5%	10.5%	18.2%	20.0%	
<i>EBITDA margin</i>	(5.4%)	(8.1%)	10.3%	11.4%	1.6%	(1.1%)	(1.0%)	0.2%	6.3%	7.5%	

Appendix 5. Polygon DOCA Forecast Budgets

Notes

1. Forecast revenue assumptions for the Operating Entities were driven by several factors including a daily estimate of hours invoiced to clients. In particular, for the Operating Entities (excluding Workforce), the budget assumes a rate of 10 billable hours per day per contractor, which may be optimistic. Workforce's forecast daily hours per contractor appeared reasonable. Refer to point 3 regarding sensitivity.
2. Direct costs were based on an assumed gross margin which appears reasonably in-line with the previous financial year.
3. Gross profit in Workforce appears to be relatively consistent with prior periods. The gross profit of the Operating Entities (excluding Workforce) appear higher as a result of point 1.
The Administrators have performed high level sensitivity testing on the gross profit of the Operating Entities (excluding Workforce) to sensitise by 15%, which may reduce the combined EBITDA to c\$938k and c\$1.14m for the NTM ended August 2020 and 2021 respectively.
4. The Operating Entities (excluding Workforce) budget includes an estimated corporate services recharge allocation. The recharge relates to Xpand Singapore, Xpand Hong Kong and Gaultier Russell NZ, which utilise the Group's centralised corporate services (eg payroll function). The recharge appears to be reasonably in-line with the previous financial year, after taking into consideration restructured management of overseas entities. The Group entities will however require Xpand Singapore, Xpand Hong Kong and Gaultier Russell NZ to contribute to the Group's shared services in-line with the recharge placed upon them.
5. At the EBITDA level, the forecasts indicate the Operating Entities (excluding Workforce) would be able to satisfy the minimum (and target) instalments. Although Workforce's budget provides projected profitability is it likely to be reliant on the remaining Group's operational cashflows to meet instalments.

Initiatives

- Polygon advises it has identified a series of cost saving initiatives to improve performance of the Group after the completion of the transaction. These cost savings initiatives are as follows:
 - Reduction and rationalisation of property leases;
 - Reduction of role duplications and streamlining reporting roles;
 - Implement tighter controls on costs and company management
 - Reduction in consultant fees arising from a number of pre-transactions issues experienced by the Group;
 - Consolidate and rationalisation of subscription costs;
 - Reduction in compliance costs required by ASX listed entities resulting from privatisation of the Group.
- Some costs savings have been achieved in the Administration period with a headcount reduction and vacating certain leases. The remaining initiatives will need to be implemented to ensure the Group is right sized for the current operations.

Appendix 6 – Estimated Return to Creditors (excl. Workforce)

Appendix 6. Estimated Return to Creditors (excl. Workforce)

Polygon RUB DOCA

Polygon RUB DOCA Estimated Statement of Position

Below is the estimated statement of position of Polygon RUB DOCA which incorporates all entities in the Group, excluding Workforce, which has a separate DOCA. The below table provides the high and low scenarios under the Polygon RUB DOCA, which can be compared to the possible Liquidation scenarios for each of the Companies in the Group (excluding Workforce) on the following page.

Administrators' Estimated Statement of Position Polygon RUB DOCA			
	Notes	Polygon RUB DOCA Low	Polygon RUB DOCA High
Assets Available			
Projected Trading Position at the end of the Administration	RD1	(727,000)	(527,000)
Equity in Pre-appointment Debtors	RD2	1,193,605	1,326,228
Available Funds Before Costs		466,605	799,228
Administration Costs			
Legal Fees	RD3	130,000	130,000
Administrators' Remuneration and Disbursements	RD4	1,128,352	1,128,352
Available Funds After Costs / (Carried Forward Shortfall)		(791,747)	(459,124)
Polygon RG DOCA			
Creditors' Trust Fund	RD5	5,000,000	5,000,000
Less: Deed Administrators' and Trustees' Remuneration and costs	RD6	(250,000)	(250,000)
Less: Carried forward shortfall from Administration	RD7	(791,747)	(459,124)
Surplus/(Shortfall) Available to Priority Creditors		3,958,253	4,290,876
Priority Creditors			
Wages & Superannuation			
Estimated Distribution for Wages & Superannuation (c/\$)	RD8	3,960,784	3,960,784
Leave Entitlements	RD9	103,495	103,495
Estimated Distribution for Leave Entitlements (c/\$)		Nil	100 c/\$
Redundancy & Payment in Lieu	RD10	119,528	119,528
Estimated Distribution for Redundancy & PILN (c/\$)		Nil	100 c/\$
Surplus/(Shortfall) Available to Unsecured Creditors		(225,554)	107,069
Unsecured creditors			
Trade Creditors	RD11	2,995,285	2,995,285
Statutory Creditors	RD11	1,992,266	1,992,266
Related Party Claims			
Total Unsecured Creditors	RD12	4,987,552	4,987,552
Estimated Distribution for Unsecured creditors (c/\$)		Nil	2 c/\$

Notes

RD1. The projected trading loss under the Administration period for all Australian entities in the Group, excluding Workforce. This loss considers a trading period up to 21 September 2019 and includes payments the Administrators were required to make for periods outside this date to ensure the Group continued to operate business as usual.

RD2. Pre-appointment Debtors (excluding Workforce) less the Scottish Pacific secured debt under the Group's factoring facility. Noting this secured facility is cross-collateralised against the Group.

RD3. Administrators' estimated remuneration and legal fees for the Voluntary Administration period.

RD4. Detailed in Section 8, \$5m to be contributed under the proposal.

RD5. Deed Administrators' and Creditor Trustees' remuneration for administering the DOCA and Creditors Trust

RD6. Any shortfall of available assets to cover costs to be carried forward and paid from the Creditors' Trust Fund.

RD7. Priority Employee entitlements for Wages, Superannuation, Leave, Redundancy and Payment in Lieu to be paid in accordance with the priorities in Section 556 of the Act. Leave entitlements for Continuing Employees will not be effected by the Polygon RUB DOCA proposal and will remain as a liability with the relevant Company.

RD8. Estimate based on the Group's records.

Appendix 6. Estimated Return to Creditors (excl. Workforce)

Operating Entities Liquidation Scenarios

Operating Entities (excluding Workforce) Estimated Statement of Position

Below is the estimated statements of positions for the high and low Liquidation scenarios of all Operating entities, excluding Workforce. The returns provided in these scenarios can be compared to the Polygon RUB DOCA on the previous page. Notes following the next page.

Administrators' Estimated Statement of Position Operating Entities (excluding Workforce)									
	Notes	Rubicor Group		Xpand Group		Choice HR (Logistics)		Rubicor Technical	
		Liquidation Low	Liquidation High	Liquidation Low	Liquidation High	Liquidation Low	Liquidation High	Liquidation Low	Liquidation High
Assets Available									
Projected Trading Position at the end of the Administration	OL1	(619,888)	(476,837)	56,002	80,002	(6,829)	(5,253)	(75,267)	(57,898)
Equity in Pre-appointment Debtors	OL2	-	99,070	-	725,383	-	48,656	-	25,248
Shares in Subsidiaries	OL3	-	TBC	N/A	N/A	N/A	N/A	N/A	N/A
Plant and Equipment	OL4	-	50,828	-	1,849	-	458	-	455
Voidable Recoveries	OL5	106,950	213,900	753,260	1,506,521	110,023	220,046	77,301	154,603
Insolvent Trading Actions	OL6	-	Unknown	-	Unknown	-	Unknown	-	Unknown
Available Funds Before Costs		(512,938)	(113,039)	809,262	2,313,755	103,194	263,906	2,034	122,408
Administration Costs									
Legal Fees	OL7	25,000	50,000	50,000	250,000	25,000	50,000	25,000	50,000
Administrators' Remuneration and Disbursements	OL7	296,635	296,635	198,544	198,544	40,280	40,280	69,577	69,577
Liquidators' Remuneration and Disbursements	OL7	50,000	100,000	250,000	500,000	25,000	75,000	25,000	40,000
Estimated Administration Costs		371,635	446,635	498,544	948,544	90,280	165,280	119,577	159,577
Surplus/(Shortfall) Available to Priority Creditors		(884,573)	(559,675)	310,718	1,365,211	12,914	98,627	(117,543)	(37,169)
Priority Creditors									
Wages & Superannuation	OL8	354,960	354,960	922,635	922,635	149,983	149,983	32,292	32,292
<i>Estimated Distribution for Wages & Superannuation (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>33.6 c/\$</i>	<i>100 c/\$</i>	<i>8.6 c/\$</i>	<i>65.8 c/\$</i>	<i>Nil</i>	<i>Nil</i>
Leave Entitlements	OL8	281,775	281,775	112,331	112,331	-	-	73,537	73,537
<i>Estimated Distribution for Leave Entitlements (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>100 c/\$</i>	<i>N/A</i>	<i>N/A</i>	<i>Nil</i>	<i>Nil</i>
Redundancy & Payment in Lieu	OL8	480,654	480,654	498,355	498,355	-	-	125,822	125,822
<i>Estimated Distribution for Redundancy & PILN (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>66.3 c/\$</i>	<i>N/A</i>	<i>N/A</i>	<i>Nil</i>	<i>Nil</i>
Surplus/(Shortfall) Available to Unsecured Creditors		(2,001,963)	(1,677,064)	(1,222,604)	(168,110)	(137,069)	(51,356)	(349,194)	(268,820)
Unsecured creditors									
Trade Creditors	OL9	2,459,384	2,459,384	201,870	201,870	-	-	52,046	52,046
Statutory Creditors	OL9	165,394	165,394	1,519,183	1,519,183	110,577	110,577	90,969	90,969
Related Party Claims	OL9	8,054,127	8,054,127	1,900,331	1,900,331	1,983,516	1,983,516	9,015,539	9,015,539
Total Unsecured Creditors		10,678,905	10,678,905	3,621,385	3,621,385	2,094,093	2,094,093	9,158,553	9,158,553
<i>Estimated Distribution for Unsecured creditors (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

Appendix 6. Estimated Return to Creditors (excl. Workforce)

Operating Entities Liquidation Scenarios

Operating Entities (excluding Workforce) Estimated Statement of Position (continued)

Below is the estimated statements of positions for the high and low liquidation scenarios of all Operating Entities, excluding Workforce. The returns provided in these scenarios can be compared to the Polygon RUB DOCA on the previous page. Notes on the following page.

Administrators' Estimated Statement of Position Operating Entities (excluding Workforce)							
	Notes	Rubicor Professional		Rubicor Gov		Locher & Associates	
		Liquidation Low	Liquidation High	Liquidation Low	Liquidation High	Liquidation Low	Liquidation High
Assets Available							
Projected Trading Position at the end of the Administration	OL1	(150,296)	(115,612)	33,568	47,955	N/A	N/A
Equity in Pre-appointment Debtors	OL2	-	2,743	-	6,705	-	20,553
Shares in Subsidiaries	OL3	N/A	N/A	N/A	N/A	N/A	N/A
Plant and Equipment	OL4	-	335	-	2,090	-	8,773
Voidable Recoveries	OL5	191,631	383,261	448,423	896,846	16,500	33,000
Insolvent Trading Actions	OL6	-	Unknown	-	Unknown	-	Unknown
Available Funds Before Costs		41,335	270,727	481,991	953,596	16,500	62,326
Administration Costs							
Legal Fees	OL7	25,000	50,000	25,000	50,000	25,000	50,000
Administrators' Remuneration and Disbursements	OL7	63,104	63,104	70,238	70,238	9,955	9,955
Liquidators' Remuneration and Disbursements	OL7	25,000	40,000	50,000	150,000	25,000	40,000
Estimated Administration Costs		113,104	153,104	145,238	270,238	59,955	99,955
Surplus/(Shortfall) Available to Priority Creditors		(71,769)	117,623	336,753	683,358	(43,455)	(37,629)
Priority Creditors							
Wages & Superannuation	OL8	294,246	294,246	2,206,668	2,206,668	-	-
<i>Estimated Distribution for Wages & Superannuation (c/\$)</i>		<i>Nil</i>	<i>40.0 c/\$</i>	<i>15.2 c/\$</i>	<i>31.0 c/\$</i>	<i>N/A</i>	<i>N/A</i>
Leave Entitlements	OL8	3,285	3,285	6,781	6,781	-	-
<i>Estimated Distribution for Leave Entitlements (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>N/A</i>	<i>N/A</i>
Redundancy & Payment in Lieu	OL8	22,435	22,435	29,381	29,381	-	-
<i>Estimated Distribution for Redundancy & PILN (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>N/A</i>	<i>N/A</i>
Surplus/(Shortfall) Available to Unsecured Creditors		(391,736)	(202,343)	(1,906,077)	(1,559,473)	(43,455)	(37,629)
Unsecured creditors							
Trade Creditors	OL9	25,951	25,951	115,469	115,469	42,042	42,042
Statutory Creditors	OL9	188,698	188,698	453	453	53,279	53,279
Related Party Claims	OL9	7,251,579	7,251,579	7,657,859	7,657,859	318,331	318,331
Total Unsecured Creditors		7,466,227	7,466,227	7,773,781	7,773,781	413,651	413,651
<i>Estimated Distribution for Unsecured creditors (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

Appendix 6. Estimated Return to Creditors (excl. Workforce)

Operating Entities Liquidation Scenarios

Notes

OL1. The projected trading loss under the Administration period per entity. This loss considers a trading period up to 21 September 2019 and for certain entities includes payments the Administrators were required to make for periods outside this date to ensure the Group continued to operate business as usual.

OL2. Pre-appointment Debtors less the Scottish Pacific secured debt under the Group's factoring facility. Noting this secured facility is cross-collateralised against the Group.

OL3. RUB holds shares in overseas subsidiaries that could be sold in a Liquidation scenario. Any sale would require a Liquidator implement strategies to assist the subsidiaries in decoupling from the services and systems they rely on from the Group. If RUB is Liquidated a sale campaign could be conducted to realise these shares.

OL4. The Group hold various office and IT equipment, furniture and leasehold improvements. Under a Liquidation scenario this will likely hold limited value.

OL5. The Administrators have conducted preliminary investigations into the Solvency of the Companies within the Group and considered potential actions available to a Liquidator if appointment. Based on the preliminary investigations the Administrators consider certain transaction may be recoverable as preferential payments and have provided assessments on potential recoveries on high liquidation scenario. Should the Company be placed into further investigations would be required in order to pursue recovery of these transactions.

OL6. The Administrators have conducted preliminary investigations into the potential Insolvent Trading claims and the directors' personal financial positions. From the preliminary investigations the Group was likely insolvent from 31 March 2017, which would give rise to a significant Insolvent Trading claim, however, any claim would need to be assessed on a commercial basis and having in mind the directors' ability to meet such a claim. Commentary is provided in Section 7 of this Report with respect to our investigations into a potential claim and the directors' personal financial position. Should any of the Companies in the Group be placed into Liquidation further investigations would be required before Insolvent Trading claims could be pursued.

OL7. Administrators' estimated remuneration for the Voluntary Administration period. Legal fees are an estimate based on potential cost to pursue voidable transactions and for any work required in collection of debtors. Estimated Liquidators remunerations, the quantum is dependant on the level of work required to wind down the affairs of the relevant Company and pursue voidable transactions and insolvent trading claims.

OL8. Priority Employee entitlements for Wages, Superannuation, Leave, Redundancy and Payment in Lieu to be paid in accordance with the priorities in Section 556 of the Act. Under a Liquidation scenario employee may be eligible to claim under the FEG scheme.

OL9. Estimate based on the Group's records.

Appendix 6. Estimated Return to Creditors (excl. Workforce) Non-Operating Entities Liquidation Scenarios

Non-Operating Entities Estimated Statement of Position

Below is the estimated statements of positions for the high and low Liquidation scenarios of all non-operating entities. The returns provided in these scenarios can be compared to the Polygon RUB DOCA on the previous page. Notes on the following the next page.

Administrators Estimated Statement of Position Non-Operating Entities								
	Notes	RUB (T1)	JG & Associates	Careers Unlimited	RWF (WA)	Dolman Group	Cadden Crowe (QLD)	Skillsearch Contracting
Assets Available	NO1	-	-	-	-	-	-	-
Other recoveries	NO2	-	-	-	-	-	-	-
Available Funds in Administration		-	-	-	-	-	-	-
Administration Costs	NO3	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Surplus/(Shortfall)		(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Priority Creditors	NO4	-	-	-	-	-	-	-
Trade Creditors	NO5	-	-	-	116,565	-	-	-
Statutory Creditors	NO5	-	-	-	-	-	-	-
Related Party Claims	NO6	61,394,648	908,718	3,879,838	-	2,664,913	-	61,394,648
Estimated Distribution for Priority and Unsecured Creditors		Nil	Nil	Nil	Nil	Nil	Nil	Nil

Administrators Estimated Statement of Position Non-Operating Entities								
	Notes	CIT Professionals	Rubicor CRS	SMF Recruitment	Rubicor SW Personnel	A.C.N. 101 254 022 Pty Ltd	CHR (Penrith)	Locher Holdings
Assets Available	NO1	-	-	-	137	-	-	-
Other recoveries	NO2	-	-	-	-	-	-	-
Available Funds in Administration		-	-	-	137	-	-	-
Administration Costs	NO3	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Surplus/(Shortfall)		(6,000)	(6,000)	(6,000)	(5,863)	(6,000)	(6,000)	(6,000)
Priority Creditors	NO4	-	-	-	-	-	-	-
Trade Creditors	NO5	-	227	-	196	-	-	-
Statutory Creditors	NO5	-	-	-	-	-	-	-
Related Party Claims	NO6	12,451,569	3,015,002	5,427,684	2,123,685	-	67,646	-
Estimated Distribution for Priority and Unsecured Creditors		Nil	Nil	Nil	Nil	Nil	Nil	Nil

Appendix 6. Estimated Return to Creditors (excl. Workforce) Non-Operating Entities Liquidation Scenarios

Non-Operating Entities Estimated Statement of Position

Below is the estimated statements of positions for the high and low Liquidation scenarios of all non-operating entities. The returns provided in these scenarios can be compared to the Polygon RUB DOCA on the previous page. Notes on the next page.

Administrators Estimated Statement of Position Non-Operating Entities								
	Notes	CHR (Maitland)	Rubicor Gemteq	Choice HR Pty Ltd	CHR (Parramatta)	ACN 072 437 364 Pty Ltd	135 999 709 Pty Ltd	Cadden Crowe (VIC)
Assets Available	NO1	-	-	212	-	-	-	-
Other recoveries	NO2	-	-	-	-	-	-	-
Available Funds in Administration		-	-	212	-	-	-	-
Administration Costs	NO3	6,000	6,000	6,000	6,000	6,000	6,000	6,000
Surplus/(Shortfall)		(6,000)	(6,000)	(5,788)	(6,000)	(6,000)	(6,000)	(6,000)
Priority Creditors	NO4	-	-	-	-	-	-	-
Trade Creditors	NO5	-	-	23,577	-	-	-	-
Statutory Creditors	NO5	-	-	-	-	-	-	-
Related Party Claims	NO6	96,716	6,446,393	53,164,215	55,367	-	-	-
Estimated Distribution for Priority and Unsecured Creditors		Nil	Nil	Nil	Nil	Nil	Nil	Nil

Administrators Estimated Statement of Position Non-Operating Entities							
	Notes	Rub Services (Aus)	CHR (Liverpool)	The APC	CHR (Newcastle)	Dolman Group	Dolman F-lex
Assets Available	NO1	961	-	-	-	-	-
Other recoveries	NO2	-	-	-	-	-	-
Available Funds in Administration		961	-	-	-	-	-
Administration Costs	NO3	6,000	6,000	6,000	6,000	6,000	6,000
Surplus/(Shortfall)		(5,039)	(6,000)	(6,000)	(6,000)	(6,000)	(6,000)
Priority Creditors	NO4	-	-	-	-	-	-
Trade Creditors	NO5	-	-	-	-	-	-
Statutory Creditors	NO5	-	-	-	-	-	-
Related Party Claims	NO6	-	124,597	-	436,396	1,254,897	1,431,090
Estimated Distribution for Priority and Unsecured Creditors		Nil	Nil	Nil	Nil	Nil	Nil



Appendix 6. Estimated Return to Creditors (excl. Workforce) Non-Operating Entities Liquidation Scenarios

Notes

NO1. No assets identified that could be recoverable in a Liquidation scenario.

NO2. No other recoveries, specifically voidable transactions or insolvent trading claims identified in the non-operating entities.

NO3. Estimate of Administration costs including any potential Liquidation costs.

NO4. No priority employee entitlements have been identified as outstanding in the non-operating entities.

NO5. Limited trade creditors identified in RWF (WA), Rubicor SW Personnel, Rubicor CRS.

NO6. Related party claims are the inter-company loan accounts.

Appendix 7 – Estimated Return to Creditors (Workforce)

Appendix 7. Estimated Return to Creditors (Workforce)

Polygon Workforce DOCA and Liquidation Scenarios

Polygon Workforce DOCA and Liquidation Estimated Statement of Positions

Below is the comparative estimated statement of position for the Polygon Workforce DOCA and the Workforce Liquidation scenarios. The below table provides the high and low scenarios under the Polygon Workforce DOCA and Liquidation scenarios relevant only to Workforce. Notes on the following page.

Administrators Estimated Statement of Position Rubicor Workforce Pty Ltd (Administrators Appointed)					
	Notes	Liquidation Low	Liquidation High	Polygon Workforce DOCA Low	Polygon Workforce DOCA High
Assets Available					
Projected Trading Position at the end of the Administration	W1	(50,000)	(38,000)	(100,000)	(38,000)
Equity in Pre-appointment Debtors	W2	-	719,009	647,108	719,009
Plant and Equipment	W3	-	4,174		
Voidable Recoveries	W4	1,726,880	3,453,760		
Insolvent Trading Actions	W5	-	Unknown		
Available Funds Before Costs		1,676,880	4,138,942	547,108	681,009
Administration Costs					
Legal Fees	W6	100,000	700,000	20,000	20,000
Administrators' Remuneration and Disbursements	W6	173,128	173,128	247,381	247,381
Liquidators' Remuneration and Disbursements	W7	250,000	750,000		
Available Funds After Costs / (Shortfall)		1,153,752	2,515,814	N/A	N/A
Polygon RWF DOCA					
Creditors' Trust Fund	W8			5,100,000	5,100,000
Less: Deed Administrators' and Trustees' Remuneration and costs	W9			(150,000)	(150,000)
Surplus/(Shortfall) Available to Priority Creditors		1,153,752	2,515,814	4,950,000	4,950,000
Priority Creditors					
Wages & Superannuation	W10	7,163,710	7,163,710	7,163,710	7,163,710
<i>Estimated Distribution for Wages & Superannuation (c/\$)</i>		<i>16.1 c/\$</i>	<i>35.1 c/\$</i>	<i>69.1 c/\$</i>	<i>69.1 c/\$</i>
Leave Entitlements	W10	304,404	304,404	174,301	174,301
<i>Estimated Distribution for Leave Entitlements (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Redundancy & Payment in Lieu	W10	341,631	341,631	133,194	133,194
<i>Estimated Distribution for Redundancy & PILN (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>
Surplus/(Shortfall) Available to Unsecured Creditors		(6,655,993)	(5,293,931)	(2,521,205)	(2,521,205)
Unsecured creditors					
Trade Creditors	W11	210,598	210,598	210,598	210,598
Statutory Creditors	W11	1,992,266	1,992,266	1,992,266	1,992,266
Related Party Claims	W11	10,892,300	10,892,300		
Total Unsecured Creditors		13,095,164	13,095,164	2,202,864	2,202,864
<i>Estimated Distribution for Unsecured creditors (c/\$)</i>		<i>Nil</i>	<i>Nil</i>	<i>Nil</i>	<i>Nil</i>

Appendix 7. Estimated Return to Creditors (Workforce)

Polygon Workforce DOCA and Liquidation Scenarios

Notes

- W1.** The projected trading loss under the Administration period. This loss considers a trading period up to 21 September 2019 and includes certain payments the Administrators were required to make for periods outside this date to ensure the Company continued to operate business as usual.
- W2.** Pre-appointment Debtors (excluding Workforce) less the Scottish Pacific secured debt under the Group's factoring facility. Noting this secured facility is cross-collateralised against the Group.
- W3.** Workforce holds various office and IT equipment, furniture and leasehold improvements. Under a Liquidation scenario this will likely hold limited value.
- W4.** The Administrators conducted preliminary investigations into the Solvency of companies within the Group and considered potential actions available to a Liquidator if appointment. Based on the preliminary investigations the Administrators consider certain transaction may be recoverable as preferential payments and have provided assessments on potential recoveries on high liquidation scenario. Should Workforce be placed into Liquidation further investigations would be required in order to pursue recovery of these transactions.
- W5.** The Administrators have conducted preliminary investigations into the potential Insolvent Trading claims and the directors' personal financial positions. From the preliminary investigations, the Group was likely insolvent from 31 March 2017 which would give rise to a significant Insolvent Trading claim, however, any claim would need to be assessed on a commercial basis and having in mind the directors' ability to meet such claims. Commentary is provided in **Section 7** of this Report with respect to our investigations into a potential claim and the directors' personal financial position. Should Workforce be placed into Liquidation further investigations would be required before Insolvent Trading claims could be pursued.
- W6.** Administrators estimated remuneration for the Voluntary Administration period. Legal fees under the Liquidation scenario are an estimate based on potential cost to pursue voidable transactions and for any work required in collection of debtors.
- W7.** Estimated Liquidators remunerations, the quantum is dependant on the level of work required to wind down the affairs of Workforce and pursue voidable transactions and insolvent trading claims.
- W8.** Detailed in **Section 8**, \$5.1m to be contributed under the Polygon Workforce DOCA proposal.
- W9.** Deed Administrators' and Creditor Trustees' remuneration for administering the Polygon Workforce DOCA and Creditors' Trust
- W10.** Priority Employee entitlements for Wages, Superannuation, Leave, Redundancy and Payment in Lieu to be paid in accordance with the priorities in Section 556 of the Act. Leave entitlements for Continuing Employees will not be effected by the Polygon Workforce DOCA proposal and will remain as a liability with the Company.
- W11.** Estimate based on the Group's records.

Appendix 8 – Information about Creditors' Trust

Appendix 8. Information about Creditors' Trust

Introduction on Creditors' Trust

- The use of a Creditors' Trust involves potential risks and disadvantages when compared with the Companies in the Group remaining subject to a DOCA. We explain those potential risks and disadvantages below.
- We also provide the additional information required by ASIC in accordance with Regulatory Guide 82 entitled "External Administrations: Deeds of Company Arrangement involving a Creditors' Trust". A copy of the regulatory guide is available from the ASIC website at <http://www.asic.gov.au/media/1239881/rg82.pdf> or from FTI Consulting on request.

Risks and disadvantages

- The Trustees will have a limited role under the Creditors' Trust. Their role is to:
 - adjudicate and make a final determination on claims; and
 - distribute the Trust Fund to Priority and Ordinary Creditors.
- In those circumstances, and for the reasons set out below, the Administrators do not consider that any potential risks associated with the proposed Creditors' Trust will have a material adverse effect on creditors in this case.
- The risks of a creditors' trust compared to a company remaining subject to a DOCA can include:
 - Creditors' claims against a company may be extinguished before the amount available for distribution to creditors has been ascertained. In this case, however, the minimum amount of the trust fund is ascertained at \$10.1m.
 - Creditors' claims against a company may be extinguished before all or some of the trust funds are received. Funds of \$500,000 will be received prior to extinguishment of the creditors' claims against the company. However, upon extinguishment of the claims against the company, new rights are created, as beneficiaries under the Creditors Trust. Further, the Trustees of the Creditors Trust will hold security interests over the property of the Companies and have the ability to appoint receivers to realise the Group's assets should the Companies fail to make the required instalment payments on time.

Risks and disadvantages (cont.)

- The Trustees not having any right to terminate or vary the DOCA should the company not perform its contractual obligations under the DOCA. In this case, the Trustees will hold security interests over the property of the Companies and have the ability to appoint receivers to realise the Companies' assets should the Companies fail to make the required instalment payments on time.
- Creditors forgo their statutory rights under the Act to seek the assistance of the Court, including the right to seek orders to terminate or vary the DOCA and to appeal against the adjudication of claims. However, creditors will have rights as beneficiaries under the relevant trusts legislation and under the DOCA proposal, and the Trustees would have power to convene a meeting of beneficiaries to vary the trust.
- Creditors may agree to the DOCA proposal without being aware of the implications of a creditors' trust. In this case, this report provides disclosure of material information about the DOCA and the creditors' trust.
- The additional complexity of the legal and documentary arrangements needed to support the use of a creditors' trust under a DOCA.
- The Trustees' identity, skills, remuneration and insurance arrangements – these factors are addressed in the table commencing on the following page. For the reasons set out in the table, we do not believe the Trustees' identity, skills, remuneration and insurance arrangements pose a risk to creditors in this instance.
- Non-uniformity of the State and Territory Trustee Acts governing trusts and trustees - the Creditors' Trust will be governed by the Trusts Act 1973 (Qld). We do not believe the application of this Act poses any risk for creditors.
- Differences in the ways trustees and registered liquidators are regulated and supervised, which may cause potential difficulties for ASIC and creditors to monitor and enforce proper conduct of the trustee. In a DOCA, creditors have the right to seek ASIC or court assistance under the Act. In a creditors' trust, the creditors (as beneficiaries) would not have those statutory rights and instead would have rights under the Trust Deed, in law or in equity. However, as the proposed trustees are registered liquidators, creditors will still be able to seek assistance from ASIC and the supervisory jurisdiction the Court has over trustees. Accordingly we do not believe this difference creates a material risk for creditors.

Appendix 8. Information about Creditors' Trust

ASIC Regulatory guide 82

■ This table provides creditors with the information about the proposed Creditors' Trust that ASIC requires Creditors to receive pursuant to Regulatory Guide 82.

Item	Details
Reasons for Creditors' Trust	<p>A Creditors' Trust is required to:</p> <ol style="list-style-type: none"> 1. expedite the return of the Group to trading without the stigma of the administration process. Placement of the Group into VA has already negatively impacted on trading performance. If the Group were required to continue to trade subject to a Deed of Company Arrangement (as opposed to the Creditors' Trust structure), we consider the proposed DOCAs would not be viable; 2. enable control of the Group to pass to its new governance structure; and 3. give the Group the best prospects of negotiating a return to usual trading terms with suppliers, following the imposition of relatively onerous terms during the Administrations.
Key Events	<p>If creditors vote in favour of the DOCA Proposals at the Second Meeting:</p> <ol style="list-style-type: none"> 1. Within 15 Business Days of the Second Meeting, DOCAs and a Trust Deed that conform materially to the DOCA Proposal will be executed; 2. Polygon will obtain approval from ASIC and ASX for the acquisition of the RUB shares, including ASIC relief from Section 606 of the Act, thereby removing RUB from the ASX; 3. The Deed Administrators will obtain the leave of the Court pursuant to section 444GA of the Act to transfer the RUB shares to Polygon; 4. The Group will cause the employment of certain Non-Continuing Employees to be terminated; 5. Polygon will make payment of \$500,000 to establish the Deed Fund/Trust Fund; 6. The appointment of Angus Mason as non-executive director of RUB will be terminated; 7. The DOCAs will be effectuated, the Creditors' Trust will be settled, and the Deed Administrators will become the Trustees of the Creditors' Trust; 8. The balance of the Deed Fund will be transferred to the Trustees of the Creditors' Trust. The Trustees will hold that Deed Fund in accordance with the terms of the trust deed. 9. Following effectuation of the DOCAs, the Group will no longer be under external administration and will not be required to use the notification 'Subject to Deed of Company Arrangement' on public documents. 10. Upon effectuation of the DOCAs and the simultaneous creation of the Creditors' Trust, the claims of all participating Creditors who are bound by the DOCAs will be converted from a claim against the Group and a right to prove as creditor in the relevant DOCA, to the right to participate as a beneficiary of the relevant Creditors' Trust. The effect of this is that all Creditors' rights against the relevant Company in the Group are released and Creditors' only recourse are as a passive beneficiary of the Creditors' Trust. 11. On a yearly basis commencing 30 September 2020 and ending 30 September 2024, the Group will pay instalments to the Trust Fund that together with the initial instalment, total \$10.1 million. 12. As soon as practicable, dividends will be paid to admitted Priority and Ordinary Creditors, unless any creditor appeals the adjudication of its submitted proof of debt. Any dividend payment may be delayed if an appeal is commenced against an adjudication. 13. On payment of the final dividend, the Creditors' Trust will then be dissolved.

Appendix 8. Information about Creditors' Trust

Item	Details
Return to Creditors	The forecast returns to Creditors under the Creditors' Trust is discussed in Section 9 .
Trustee Particulars	The Administrators will be the Trustees of the Creditors' Trust. The Administrators are registered liquidators, have the relevant skills and experience to perform the required duties and functions and have acted previously as trustees of Creditors' Trusts. The Administrators consider that there is no conflict of interest in them acting as Trustees and that they have adequate civil liability insurance (including professional indemnity and fidelity) that will cover conduct by them in their capacity as Trustees of the trust. ASIC will have certain supervisory powers (including the power to direct a registered liquidator to do certain things and disciplinary powers) in relation to the conduct of the Trustees. The Administrators will require that any replacement trustee (if required) will also be a registered liquidator.
Remuneration and costs	<p>The Creditors' Trust will provide for payment of the following from Trust Funds in priority to any distribution to Creditors:</p> <ol style="list-style-type: none"> 1. Any approved remuneration owing to the Deed Administrators and the Administrators which remains unpaid as at the date of the DOCAs being terminated and the Creditors' Trust coming into effect. 2. Remuneration and costs due to the Trustees. The Trustees' Remuneration will be based on the hours spent by the Trustees, calculated in accordance with the FTI Consulting Standard Rates effective 1 May 2019, which is enclosed as Schedule 4 of the Remuneration Approval Report found in Appendix 11 of this Report. We have estimated the remuneration and costs of the Trustees to be between \$250,000 and \$400,000. This estimate assumes that the adjudication of creditor claims does not require litigation or protracted negotiations, that the distributions from the Trust Fund occur in the timeframes proposed. <p>It is not possible to estimate the quantum of Trustee fees which may otherwise be incurred. We do not consider that additional professional fees will be incurred as a result of the use of the Creditors' Trust, compared with the position if any of the Companies in the Group remain subject to DOCAs. In a DOCA, the Deed Administrators' remuneration must be agreed by the Committee of Inspection or approved by resolution of creditors or by the Court. A creditor (among other parties) may apply to the Court to review the remuneration. In a Creditors' Trust, there is no equivalent statutory procedure in the Trusts Act 1973 (Qld) pursuant to which beneficiaries, the Committee of Creditors or the Court must agree or approve the Trustee's remuneration. A beneficiary can seek to review or challenge the Trustee's remuneration by application to the Supreme Court of Queensland, including pursuant to Part 54 of the Uniform Civil Procedure Rules 2005.</p>
Indemnities	The Creditors' Trust will provide that the Trustees are entitled to be indemnified out of the Trust Fund for all actions, suits, proceedings, accounts, claims and demands arising out of or relating to the Administration, DOCA or Creditors' Trust which may be commenced, incurred by or made on the Trustees by any person and against all costs, charges and expenses incurred by the Trustees in respect of them, provided that the Trustees shall not be entitled to an indemnity in respect of any liabilities or demands to the extent that the indemnification contravenes the <i>Corporations Act</i> or the <i>Trusts Act</i> or if the Trustees, or any partner, employee, authorised agent or delegate of the Trustees have acted negligently, in breach of fiduciary duty or in breach of trust. Accordingly, fees and costs of the Trustees, and costs associated with any legal actions that are required to be defended or taken will be a cost of the Trust Fund. These fees and costs may diminish the return to creditors. Given the Trustees' limited role (being to adjudicate claims and distribute the Trust Fund) we do not envisage any material legal actions. The indemnity is continuing and takes effect from the commencement date of the DOCAs. No other indemnity has been or is to be provided to the Trustees by any related or third party.

Appendix 8. Information about Creditors' Trust

Item	Details
Powers	<p>The Trustees will have all the powers of a natural person or a corporation in connection with the exercise of their rights and compliance with their obligations under the Creditors' Trust. The Trustees may exercise their rights and comply with their obligations under the Creditors' Trust in any manner they think fit. A deed administrator is governed by the Act whilst a trustee is governed by the Trust Deed and the Trusts Act 1973 (Qld). The proposed role of the Trustees here is limited to calling for and adjudicating on claims, and distributing the Trust Funds. The Administrators will require that the Trust Deed will incorporate the same powers that would usually also apply to a Deed Administrator. There are unlikely to be any deficiencies in the power of the Trustees to perform their limited functions, which may lead to applications to Court.</p>
Claims of Priority and Ordinary Creditors	<p>The claims of priority and ordinary creditors will be dealt with in accordance with the terms of the DOCAs and the Creditors' Trust. The values of the claims are to be determined by the trustees. The trustees will have unrestricted and free access to all the books and records of the Companies necessary to determine claims.</p> <p>The Creditors' priorities (as beneficiaries of the relevant trust) will follow the priorities set out in s556 of the Act.</p> <p>Upon creation of the Creditors' Trust all participating Creditors' Claims which were bound by the DOCAs will be converted from claims against the Companies and a right to prove as creditors in the DOCAs to the right to participate as a beneficiary under the relevant trust fund. The effect of this is that all Creditors' rights against the Company are extinguished and Creditors' only recourse is as a passive beneficiary of the trust fund.</p>
Other Creditor / Beneficiary differences	<p>The Creditors' Trust provides some differences for creditors compared to a DOCA, which include:</p> <ol style="list-style-type: none"> 1. Any appeal to the Trustees' decision to reject a claim must be made within 14 days of the Trustees giving notice of rejection, or such longer period as the Trustees permit. In a liquidation, the Act (Regulation 5.6.54(1)(b)(i)) stipulates that the appeal must be made within 14 days of the liquidator giving notice of rejection, or such longer period as the court permits. Beneficiaries of a creditors' trust do not have statutory powers to call creditor meetings like they do in a DOCA. However, the Trust Deed stipulates that the requirements of the Act and Regulations relating to creditors' meetings, and the ability of the creditors to require a meeting to be held, will also apply to the Creditors' Trust. 2. In a DOCA, creditors have rights to call a meeting of creditors, or apply to the court to vary or terminate the DOCA. In a creditors' trust, creditors do not have this right. However, the Trust Deed stipulates that the requirements of the Act and Regulations relating to creditors' meetings, and the ability of the creditors to require a meeting to be held, will also apply to the Creditors' Trust. 3. Beneficiaries of the Creditors' Trust will have the same ability to report the conduct of the Trustees to ASIC as they would in a DOCA, as the Trustees are registered liquidators. We do not consider that these differences will have a material adverse effect on creditors.
FEG	<p>Current and former employees should note that effectuation of the DOCA will prohibit their ability to access the FEG scheme for any outstanding entitlements, in particular leave and retrenchment, as the FEG scheme is only available if a company goes into liquidation.</p> <p>Through the DOCAs and Creditors' Trust, a return is anticipated for outstanding superannuation, which is not covered by the FEG scheme.</p> <p>Continuing employees will retain their leave and retrenchment entitlements with the Companies through the DOCAs and Creditors' Trust.</p>

Appendix 8. Information about Creditors' Trust

Item	Details
Compliance opinion	<p>The Administrators conducted a detailed review of the financial forecasts prepared by the Group's financial consultants and reviewed by Polygon when submitting the RUB DOCA proposal and Workforce DOCA proposal. A summary of the Administrators' analysis is contained at Section 8 and Appendix 6. Based on the information provided and the analysis conducted, the Administrators consider that Polygon is capable of complying, and is likely to comply with its obligations to the Trustee, if the DOCA proposal is approved by creditors.</p> <p>The Polygon Proposal requires ASIC to approve takeover relief pursuant to Section 606 of the Act. Without discussing the matter with ASIC, the Administrators are unable to say whether ASIC will grant this waiver.</p>
Solvency Statement	<p>The Deed Administrators have formed the opinion that the Group will be solvent at the date of effectuation of the DOCAs, if the DOCAs are wholly effectuated on the terms proposed, as all claims of Creditors' will be extinguished against the Company and will be transferred to the Creditors' Trust. We have reviewed financial forecasts prepared by Polygon (refer Section 8 and Appendix 5) and consider that sufficient resources are available for ongoing viable trading.</p>
Tax (company/trust)	<p>The creation of a Creditors' Trust creates the potential for some taxation issues to arise, as compared to an ordinary DOCA proposal. These may mean that the funds available to creditors are reduced in order to account for any taxation liabilities associated with the administration of the distribution process under a trust structure. The Trustees will ensure that the DOCAs provide for the costs of any forecast taxation liability to be paid into the Deed Fund. We do not expect that there will be any material changes to the funds available for distribution as a result of the Creditors' Trust structure, or that any taxation, capital gains or stamp duty liabilities will arise.</p>
Tax (creditor/beneficiary)	<p>There may be some implications for admitted Creditors as a result of receiving a distribution from a trust in respect of a bad or doubtful debt, rather than from the debtor company being administered under a DOCA. Creditors are advised to seek their own tax advice as to their particular tax position – the Administrators are unable to provide advice on this issue.</p>
Other	<p>We have not identified any other material aspects or implications of the Creditors' Trust.</p>

Appendix 9 – FEG Information Sheet – General Information for Claimants

Appendix 9. FEG Information Sheet



General Information for Claimants

What is the Fair Entitlements Guarantee?

The Fair Entitlements Guarantee (FEG) is a scheme of last resort that provides financial assistance for unpaid employee entitlements in insolvency. FEG assistance is only available where there is no other source of funds to pay employment entitlements to eligible employees retrenched due to liquidation of bankruptcy of the employer.

FEG is administered by the Commonwealth Department of Jobs and Small Business (the department). Decisions about eligibility for FEG assistance are made in accordance with the *Fair Entitlements Guarantee Act 2012* (FEG Act).

What can I claim?

The department can pay what is owed to you under your terms and conditions of employment for the five basic entitlements below. Some caps apply.

- wages – capped at 13 weeks
- annual leave
- long service leave
- payment in lieu of notice – capped at 5 weeks
- redundancy pay – capped at 4 weeks per full year of service.

Note: FEG does not cover unpaid Superannuation Guarantee Contributions owed by the employer. If you have unremitted employer superannuation contributions you should:

- contact the insolvency practitioner managing your former employer's affairs to discuss your rights as an employee creditor
- visit the [ATO website](http://www.ato.gov.au/super) (www.ato.gov.au/super)

For further information please refer to the [What assistance can FEG provide?](#) fact sheet (docs.jobs.gov.au/documents/what-assistance-can-feg-provide) available at the [FEG website](http://www.jobs.gov.au/FEG) (www.jobs.gov.au/FEG).

Am I eligible for FEG assistance?

You may be eligible for FEG assistance if:

- you have lodged an effective claim within 12 months of either you losing your job or the liquidation/bankruptcy of your former employer (whichever is later), and
- you have lost your job due to, or less than six months before, your employer's liquidation or bankruptcy, and
- you are owed one or more of the entitlements mentioned above, and
- you were an Australian citizen or the holder of a permanent visa or special category visa that allows you to stay and work in Australia at the time your employment ended.

You will not be eligible if, for example:

- you were a contractor (Textile, clothing and footwear (TCF) contract outworkers may be eligible—see the [FEG website](http://www.jobs.gov.au/feg) (www.jobs.gov.au/feg) for further information)
- you are (or were within 12 months before liquidation/bankruptcy) a director of the company, or a spouse or close relative of a director of the company who was also an employee.

For further information please refer to the [Eligibility for FEG assistance](#) fact sheet (docs.jobs.gov.au/documents/eligibility-feg-assistance-fact-sheet) available at the [FEG website](http://www.jobs.gov.au/FEG) (www.jobs.gov.au/FEG).

How do I make a claim?

You must make an effective claim to be eligible for FEG assistance. It is important that you submit your claim as soon as possible because FEG has strict time limits.

To make an effective claim, you must:

- lodge a FEG claim form (online lodgement is preferred)
- include all mandatory information and documentation requested on the form
- lodge your claim no more than 12 months after the end of your employment or the date your employer entered liquidation or bankruptcy (whichever is later) and
- lodge your claim before the discharge of your former employer's bankruptcy (if your employer was a bankrupt sole trader or partnership).

If your claim is not made within this timeframe, or does not include all required information and documentation, it will not be effective and you will not be eligible for FEG assistance.

For further information please refer to the [How do I apply for FEG assistance](#) (docs.jobs.gov.au/documents/how-do-i-apply-feg-assistance-fact-sheet) and [How do I access FEG Online Services](#) (docs.jobs.gov.au/documents/how-do-i-access-feg-online-services-fact-sheet) fact sheets available at the [FEG website](http://www.jobs.gov.au/FEG) (www.jobs.gov.au/FEG).

What if I can't make a claim online?

You can print and complete the [FEG Claim Form](#) (docs.jobs.gov.au/documents/feg-claim-form) and send it to department by email, post or fax. Alternatively, you can call the FEG Hotline and we will post the claim form to you. If submitting a paper form, you should include a copy of your identity documents, **not** originals.

How does the department assess claims?

Once we have received your FEG claim, we take a number of steps to assess it in accordance with the requirements of the FEG Act. A number of investigations need to be undertaken to confirm eligibility, the financial affairs of your former employer, and the terms and conditions of your employment from the records of your employer.

For further information please refer to the [How we assess FEG claims Fact Sheet](#) (docs.jobs.gov.au/documents/how-we-assess-feg-claims-fact-sheet) and the FEG Service Charter available at the [FEG website](http://www.jobs.gov.au/FEG) (www.jobs.gov.au/FEG).

Privacy and protecting your personal information

Your personal information is protected by law, including the *Privacy Act 1988* (Cth) (Privacy Act). Your personal information is collected by the department for the purposes of administering the FEG program. The department may also collect your personal information from third parties including other Commonwealth agencies, your former employer, insolvency practitioners, or contracted service providers, for the purposes of administering the FEG program.

The department's Privacy Policy contains more information about the way in which we will manage your personal information, including information about how you may access your personal information held by the department and seek correction of such information. A copy of the department's Privacy Policy can be found at www.jobs.gov.au/privacy or by requesting a copy from the department via email at privacy@jobs.gov.au.

For further information about steps you should take to protect your personal information during your FEG claim please refer to the [Protecting your information](#) fact sheet (docs.jobs.gov.au/documents/protecting-your-information) available at the [FEG website](http://www.jobs.gov.au/FEG) (www.jobs.gov.au/FEG).

Where can I find more information or contact FEG?

- Visit [FEG website](http://www.jobs.gov.au/feg) (www.jobs.gov.au/feg).
- Call the FEG Hotline on 1300 135 040, Mon - Fri, 9 am - 5 pm (AEST/ADST)
- Email us at feg@jobs.gov.au
- Fax us on (02) 6276 8717
- Post documents to us at:

FEG Branch
Department of Jobs and Small Business
PO Box 9880
CANBERRA ACT 2601

The information contained in this fact sheet is of a general nature and explains, in summary form, the intended operation of the *Fair Entitlements Guarantee Act 2012*. It is not legal advice. Where necessary, you should seek your own independent legal advice relevant to your particular circumstances. The Commonwealth does not make any representation or warranty about the accuracy, reliability, currency or completeness of the information contained in this fact sheet and is not liable for any loss resulting from any action taken or reliance made by you on the information contained in this fact sheet.

Updated: February 2019

Updated: February 2019

Appendix 10 - Receipts and Payments

Appendix 10. Receipts and Payments

Summary of Receipts and Payments

■ The Voluntary Administrators have included a summary of the Receipts and Payments which have been incurred for the period from 5 August 2019 to 29 August 2019.

Rubicor Group Limited (Administrators Appointed)	
Receipts and Payments: 5 August 2019 to 29 August 2019	
	(\$)
Receipts	
Amounts Swept from Pre-Appointment Bank Account	23,192
Intergroup Funding (Overseas)	226,921
Intergroup Funding (VA Entities)	90,000
Total Receipts	340,113
Payments	
Data Room Storage Expense	(1,054)
Insurance Expense	(27,681)
PAYG Control (Trading): PAYG Paid (Received)	(3,223)
Telephone & Fax	(6,275)
Pre-Appointment Wages & Salaries	(45,138)
Post-Appointment Wages & Salaries	(64,674)
Venue Hire	(695)
IT Expenses	(6,539)
Intergroup Funding (VA Entities)	(3,000)
Total Payments	(158,280)
Net Receipts (Payments)	181,834

Rubicor Workforce Pty Ltd (Administrators Appointed)	
Receipts and Payments: 5 August 2019 to 29 August 2019	
	(\$)
Receipts	
Debtor Factoring Facility Receipts	817,293
Amounts Swept from Pre-Appointment Bank Account	9,078
Refunds	150
Other Income	10,241
Total Receipts	836,763
Payments	
Pre-Appointment Wages and Salaries	(358,076)
Post-Appointment Wages and Salaries	(309,869)
Repairs and Maintenance	(308)
Telephone and Fax	(6,453)
PAYG Control (Trading): PAYG Paid (Received)	(42,161)
Total Payments	(716,867)
Net Receipts (Payments)	119,895

Appendix 10. Receipts and Payments

Xpand Group Pty Ltd (Administrators Appointed)

Receipts and Payments: 5 August 2019 to 29 August 2019 (\$)

Receipts	
Debtor Factoring Facility Receipts	1,795,996
Intergroup Funding (VA Entities)	11,383
Total Receipts	1,807,379
Payments	
Recruitment Software Expense	(5,059)
PAYG Control (Trading): PAYG Paid (Received)	(228,657)
Intergroup Funding (VA Entities)	(26,000)
IT Expenses	(45,227)
Pre-Appointment Wages and Salaries	(904,537)
Post-Appointment Wages and Salaries	(514,590)
Total Payments	(1,724,070)
Net Receipts (Payments)	83,309

Locher & Associates Pty Ltd (Administrators Appointed)

Receipts and Payments: 5 August 2019 to 29 August 2019 (\$)

Receipts	
Rent Received	6,453
Total Receipts	6,453
Payments	
	Nil
Total Payments	Nil
Net Receipts (Payments)	6,453

Rubicor Professional Pty Ltd (Administrators Appointed)

Receipts and Payments: 5 August 2019 to 29 August 2019 (\$)

Receipts	
Amounts Swept from Pre-Appointment Bank Account	1,172
Intergroup Funding (Overseas)	13,352
Debtor Factoring Facility Receipts	82,900
Total Receipts	97,425
Payments	
Pre-Appointment Wages and Salaries	(17,354)
Post-Appointment Wages and Salaries	(21,229)
Recruitment Software Expense	(306)
Intergroup Funding (VA Entities)	(40,000)
Total Payments	(78,889)
Net Receipts (Payments)	18,535

Choice HR (Logistics) Pty Ltd (Administrators Appointed)

Receipts and Payments: 5 August 2019 to 29 August 2019 (\$)

Receipts	
Amounts Swept from Pre-Appointment Bank Account	50
Intergroup Funding (VA Entities)	3,000
Debtor Factoring Facility Receipts	47,600
Total Receipts	50,650
Payments	
Intergroup Funding (VA Entities)	(11,383)
Post-Appointment Wages and Salaries	(31,178)
PAYG Control (Trading): PAYG Paid (Received)	(3,770)
Total Payments	(46,331)
Net Receipts (Payments)	4,319

Appendix 10. Receipts and Payments

Rubicor Technical Pty Ltd (Administrators Appointed)

Receipts and Payments: 5 August 2019 to 29 August 2019		(\$)
Receipts		
Amounts Swept from Pre-Appointment Bank Account	12,595	
Intergroup Funding (Overseas)	2,702	
Intergroup Funding (VA Entities)	26,000	
Total Receipts	41,297	
Payments		
IT Expenses	(613)	
Pre-Appointment Wages and Salaries	(17,235)	
Post-Appointment Wages and Salaries	(16,143)	
PAYG Control (Trading): PAYG Paid (Received)	(651)	
Total Payments	(34,642)	
Net Receipts (Payments)	6,655	

Rubicor Gov Pty Ltd (Administrators Appointed)

Receipts and Payments: 5 August 2019 to 29 August 2019		(\$)
Receipts		
Debtor Factoring Facility Receipts	124,400	
Total Receipts	124,400	
Payments		
Recruitment Software Expense	(690)	
Pre-Appointment Wages and Salaries	(17,764)	
Post-Appointment Wages and Salaries	(46,942)	
PAYG Control (Trading): PAYG Paid (Received)	(6,654)	
Intergroup Funding (VA Entities)	(50,000)	
Total Payments	(122,050)	
Net Receipts (Payments)	2,350	

Appendix 11 – Remuneration Approval Report



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