

12 February 2009

MELBOURNE

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CIRCULAR TO CREDITORS AND EMPLOYEES

**NYLEX LIMITED
ACN 009 375 553
AND EACH COMPANY LISTED IN THE ATTACHED SCHEDULE
(ALL ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED WHERE LISTED)
COLLECTIVELY (“THE NYLEX GROUP” OR “THE COMPANIES”)**

ADELAIDE
BRISBANE
NEWCASTLE
PERTH
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
MUMBAI
SHANGHAI
SINGAPORE
TOKYO

Messrs George Georges and John Ross Lindholm of Ferrier Hodgson were appointed Voluntary Administrators (“Administrators”) of the Nylex Group on 11 February 2009. Immediately after our appointment, Messrs Colin Nicol, Johan Vorster and Sam Davies of McGrathNicol were appointed Receivers and Managers (“Receivers”) to the Nylex Group.

AFFILIATED THROUGH
KROLL WORLDWIDE
UNITED STATES
UNITED KINGDOM

It should be noted that the Receivers are in control of the Nylex Group’s assets and its operations. **They will be solely responsible for, and will determine all issues relating to the Companies’ ongoing operations and the manner in which their assets are dealt with.**

We are informed that a separate notification as to the Receivership has been sent to suppliers by the Receivers which explains issues relevant to the manner in which the Receivers will deal with ongoing supply etc. All enquiries you may have in relation to your ongoing dealings with the Companies should be addressed to your normal Nylex Group contact or the Receivers.

As Administrators, we will not be responsible for any aspect of the Nylex Group trading operations.

1 FIRST MEETING OF CREDITORS

We are required under the Corporations Act 2001 to convene a First Meeting of Creditors which will be held on 23 February 2009 at the offices of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne, Victoria, 3000 at 11.00am. Attendance at this meeting is not compulsory. A copy of the minutes of meeting will be posted on the Ferrier Hodgson website, www.ferrierhodgson.com.au.

The purpose of the meeting is to provide creditors with the opportunity to:

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

When replying please quote:

Our Ref: :FH:

Your Ref:

g:\gg\nylex\circular to creditors and employees.doc

Liability limited by a scheme approved under the Professional Standards Legislation
Ferrier Hodgson is an affiliation of independent partnerships

CORPORATE ADVISORY 
FORENSICS 
CORPORATE RECOVERY 



The following information is enclosed for your attention:

1. Notice of Meeting and Agenda of First Meeting of Creditors
2. Declaration of Independence, relevant relationships and indemnities
3. Appointment of Proxy (valid only at First Meeting of Creditors)
4. Proof of Debt for Voting (valid for all meetings)
5. Schedule of hourly rates

With regard to the meeting:

- The meeting will commence at 11.00am. You should arrive for registration 30 minutes prior to the meeting.
- Proof of Debt for Voting and Proxy: A person is not entitled to vote at the meeting unless they have provided particulars of their debt or claim to the Administrators prior to the meeting. The voting form and proxy should be lodged with the Administrators no later than 4pm on the day prior to the meeting. Forms can be sent by facsimile on 03 9642 5887, mailed to this office or scanned and emailed to nylexenquiries@fh.com.au.

2 OTHER INFORMATION

2.1 Employees

Employees are also creditors of the Company.

It is our understanding that the Receivers have corresponded directly with employees in respect of their ongoing employment and will address all queries in this regard.

Generally, employees have a statutory priority of payment for outstanding entitlements such as wages, employer superannuation contributions, holiday pay and long service leave. Directors and other related persons also have a statutory priority of payment for these entitlements. However, their priority is subject to a statutory “cap” of \$2,000 for wages and superannuation contributions and \$1,500 for holiday pay and long service leave entitlements.

We are informed that the Receivers are currently ascertaining the priority position of employee claims to the date of their appointment and will be providing further information directly to employees at the earliest opportunity. We have also requested the Receivers to keep us apprised on developments in this respect.

Employees with enquiries concerning their entitlements should, in the first instance contact the Receivers.



2.2 Consignment Stock, Retention of Title and Liens/Pledges

If you supplied consignment stock to the Nylex Group, or believe you provided stock subject to a 'Retention of Title' clause, **contact the Receivers in the first instance.**

Similarly, if you claim a lien/pledge over any of the Nylex Group's assets, you are asked to **contact the Receivers in the first instance** immediately.

2.3 Legal Proceedings

The appointment of an Administrator stays any proceedings in a Court against a company. You cannot continue or commence proceedings against the Nylex Group companies without our written consent or without leave of the Court.

2.4 Property Used but not Owned by the Company

Under Section 440C of the Act, the lessor or owner of property in the Nylex Group's control is not entitled to take possession of such property without leave of the Court or the Administrator's written consent. We understand that the Receivers will communicate with lessors and owners of property in the Nylex Group's control in relation to ongoing requirements. **Creditors that own property that is being used by the Nylex Group may contact the Receivers for clarification as to the Receivers' ongoing requirements.**

3 REPORT TO CREDITORS AND SECOND MEETING

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

The Second Meeting of Creditors is scheduled to be held by 18 March 2009 unless extended by the Court. At this meeting, creditors will consider resolutions regarding the future of each company, namely:

- Acceptance of a Deed of Company Arrangement
- Liquidation
- End the Administration and return control to the directors

Due to the size of the Nylex Group and complexity of its operations, we envisage that an application will be made to the Court to extend the convening period and consequently the date by which this Meeting of Creditors is to be held.



4 ELECTRONIC NOTIFICATION

You may elect to receive future correspondence from us on this administration by email. Should you wish to do so, please email nylexenquiries@fh.com.au with the following information:

- Your name
- The name of the entity that is the creditor of the Companies
- The email address at which you would like to receive future correspondence

5 ADMINISTRATORS' REMUNERATION

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

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

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

An information sheet concerning approval of remuneration in external administrations can be obtained from www.ipaa.com.au or through this office.

6 FURTHER INFORMATION

Should you require any further information on the Administration, enquiries may be sent to nylexenquiries@fh.com.au or be directed to this office on 03 9600 4922.

Updates will be placed on the Ferrier Hodgson website www.ferrierhodgson.com.au from time to time.

Additionally, publications concerning insolvency information for employees, creditors, directors and shareholders may be downloaded from the Australian Securities and Investments Commission website www.asic.gov.au .

DATED this 12th day of February 2009.

A handwritten signature in blue ink, appearing to read 'G. Georges', written over a faint blue circular stamp.

GEORGE GEORGES
ADMINISTRATOR



**NYLEX LIMITED
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STATEMENT REGARDING REMUNERATION

A. REMUNERATION METHODS

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

Time based/hourly rates

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

Fixed fee

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

Percentage

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

Contingency

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

B. METHOD CHOSEN

Time based remuneration is appropriate in this administration given:

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



C. FEE ESTIMATE

We estimate fees for the administration of the Nylex Group's affairs to be approximately \$400,000 (plus any applicable GST). Please note this is an estimate only and may vary materially given the circumstances of the administration.

DATED this 12th day of February 2009.

A handwritten signature in blue ink, appearing to read 'G. Georges', written over a faint, illegible printed name.

GEORGE GEORGES
ADMINISTRATOR



SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Classification	Rate (\$)	Experience
Partner/Appointee	550	The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Director	460	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	410	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager	340	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	290	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	260	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	230	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	205	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	170	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Senior Secretary	165	Appropriate skills including machine usage.
Junior/Filing	135	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

**Notes:**

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

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	30 cents a copy
Facsimile	\$1 per page
Company Search	At cost
File Set up	\$40
Advertising	At cost
Storage	At cost
Couriers	At cost

The Partners of Ferrier Hodgson Victoria are members of the Insolvency Practitioners Association and follow the IPA Code of Professional Practice

A copy of the IPA Code of Professional Practice may be found on the IPAA website at www.ipaa.com.au.

Company Name	ACN
Nylex Limited (Administrators Appointed) (Receivers & Managers Appointed)	009 375 553
Pitmain Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	009 399 339
Nylex Automotive Investments Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	071 601 315
Jetpur Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	066 054 420
CDA Industries Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	075 723 054
National Consolidated Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	004 222 404
Hawker Richardson Limited (Administrators Appointed)	059 923 705
Austrim Textiles Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	077 622 096
Austrim Properties Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	075 723 072
Nylex Corporation Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	084 725 002
Nylex Water Solutions Pty Ltd (Administrators Appointed)	004 758 070
Nylex Properties Pty Ltd (Administrators Appointed)	084 724 998
Mitemon Pty Ltd (Administrators Appointed)	117 201 037
Ajax Cooke Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	006 926 656
Spurway Cooke Holdings Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	002 528 216
ACN 010 139 223 Pty Ltd (Formerly Steelfast Limited) (Administrators Appointed) (Receivers & Managers Appointed)	010 139 223
ACN 006 630 137 Pty Ltd (Formerly Pryda Aust Pty Ltd) (Administrators Appointed) (Receivers & Managers Appointed)	006 630 137
Nylex Industrial Products Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	053 301 296
Eilloc Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	004 283 729
Ivingham Cross Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	007 223 574
Ekul Investments Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	004 164 998
Natcorp Investments Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	000 007 474
Residual Assco Group Finance Pty Ltd (Administrators Appointed)	008 578 425
ACN 009 656 428 Ltd (Formerly Toowoomba Foundry) (Administrators Appointed) (Receivers & Managers Appointed)	009 656 428
Henderson's Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)	004 285 063

**FORM 529A
CORPORATIONS ACT 2001**

Paragraph 5.6.12(2)(aa)

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

1. Notice is given that on 11 February 2009, the Company, under Section 436A, appointed George Georges and John Ross Lindholm of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne, Victoria as the Administrators of the Company.
2. Notice also is given that a meeting of the creditors of the company will be held at the office of Ferrier Hodgson, Level 29, 600 Bourke Street, Melbourne, Victoria on 23 February 2009 at 11:00am.
3. The purpose of the meeting is to determine:
 - 3.1 Whether to appoint a committee of creditors
 - 3.2 If so, who are to be the committee's members
4. At the meeting, creditors may also, by resolution:
 - 4.1 Remove the Administrators from office
 - 4.2 Appoint someone else as Administrator of the company

DATED this 12th day of February 2009



**GEORGE GEORGES
ADMINISTRATOR**



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DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

Independence

We, George Georges and John Ross Lindholm have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Administrators of the Company. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

Relevant Relationships

Subject to the disclosures detailed herein, neither us, nor our firm, have, or have had within the preceding 24 months, any relationships with any company within the Nylex Group, an associate of any company within the Nylex Group, a former insolvency practitioner appointed to any company within the Nylex Group or any other person or entity that has a charge on the whole or substantially whole of the Nylex Group's property.

Disclosures

- In approximately mid December 2008, Mr John Nicholls engaged Mr Martin Jones of our Perth office to assist the Companies in a presentation to its bankers seeking an extension of the forbearance arrangement until 30 March 2009.
- Mr Jones spent some time working with management on the report to the Bank and attended meetings with Management and the Bankers.
- The Companies then commenced work on their turnaround plan without further assistance.
- Mr Jones did not provide any formal advice to the Companies but did discuss with the directors the need to be reasonably assured that short term funding would be available and that the Banks would extend the facilities.
- Mr Jones invoiced and has received payment in the sum of \$20,000.

Prior Engagements with the Insolvent

Neither us, nor our firm, have undertaken any prior engagements other than that referred to above for the Nylex Group.

There are no other prior professional relationships or engagements that should be disclosed.

Indemnities

We have received \$300,000 in the Ferrier Hodgson Trust Account to be applied in respect of approved remuneration, plus reasonable outlays and legal expenses to conduct the voluntary administrations of the companies of the Nylex Group to which we have been appointed.

This does not include statutory indemnities.

Dated: 12 February 2009



GEORGE GEORGES
ADMINISTRATOR



JOHN ROSS LINDHOLM
ADMINISTRATOR

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

**FORM 532
CORPORATIONS ACT 2001**

Regulation 5.6.29

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APPOINTMENT OF PROXY CREDITORS MEETING

I/Weⁱ

of

a creditor of

appoint

or in his absence

as *my/our *general/special proxy to vote at the meeting of creditors to be held on 23 February 2009, or at any adjournment of that meetingⁱⁱ, to vote on each of the following kinds of resolution:

	For	Against	Abstain
a. that in the event that an Administrator is proposed, that the existing Administrators be replaced and (<i>Alternative Appointee</i>) be appointed in their stead.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. that a committee of creditors be appointed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this day of February 2009

.....

Signature of Individual^{iv} or person^v
authorised by corporate resolution
to represent the corporation.

OR

The Common Sealⁱⁱⁱ of

was hereunto affixed in the presence of:

.....
Director

.....
Secretary

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

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Nylex Group company name:

ACN:

Name of creditor:

Amount of debt claimed:

(see note)

Consideration for debt:

Whether debt secured or unsecured:

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

Balance, if any, after deducting value of security (see note):

.....
Creditor (or person authorised by creditor)

NOTE:

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

- a. his claim has been admitted, wholly or in part, by the Administrator; or
- b. he has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrator.