

6 July 2009

MELBOURNE

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DX 125 Melbourne

TO CREDITORS

Dear Sir/Madam

**RE: NYLEX LIMITED
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 009 375 553**

**NYLEX CORPORATION PTY LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 084 725 002**

**NYLEX INDUSTRIAL PRODUCTS PTY LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 053 301 296**

**NYLEX WATER SOLUTIONS PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 004 758 070**

(COLLECTIVELY THE "COMPANIES")

ADELAIDE
BRISBANE
NEWCASTLE
PERTH
SYDNEY
HONG KONG
JAKARTA
KUALA LUMPUR
MANILA
MUMBAI
SHANGHAI
SINGAPORE
TOKYO
affiliated through
Zolfo Cooper
and
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

I refer to the appointment of John Ross Lindholm and me on 11 February 2009 as the Administrators of each Company.

Creditors confirmed the appointment at a first meeting of creditors held on 23 February 2009. At that meeting, creditors also resolved to appoint a Committee of Creditors for each Company.

Enclosed is the Administrators' report to creditors pursuant to section 439A(4)(a) of the Corporations Act 2001. You will note there is no proposal for a Deed of Company Arrangement at this point in time, therefore, the only option available to creditors is to resolve to place the Companies in liquidation.

Whilst there is currently no proposal for a Deed of Company Arrangement, a number of parties have expressed an interest in the recapitalisation of Nylex Limited. The recapitalisation of Nylex Limited can only be undertaken through a Deed of Company Arrangement. Based on the expressions of interest received to date there are real

prospects for a Deed of Company Arrangement to be proposed which in turn is likely to generate a return to unsecured creditors.

I have convened a second meeting of creditors of the Companies to be held on Wednesday **15 July 2009** at 10:00am at the offices of the Institute of Chartered Accountants of Australia Level 3, 600 Bourke Street, Melbourne, Victoria.

It is the Administrators' intention to seek creditors' approval to adjourn the meeting of Nylex Limited for a period of up to 45 business days to enable a Deed of Company Arrangement proposal to be formulated by the interested parties and for the Administrators to assess and report to creditors on the prospective proposal.

In respect of the other three (3) Companies a proposal for a Deed of Company Arrangement is unlikely to be received. It is the Administrators' opinion that the other three (3) Companies should be placed into liquidation.

I enclose the following regarding the meeting of creditors

1. Notice of Meeting. *Please note that the meeting commences at **10:00am**. You should arrive for registration at least **30 minutes** prior to the meeting.*
2. Informal Claim Form for Voting Purposes. If you submitted one of these for the purposes of the first meeting of creditors, you do not need to submit another one for this meeting.

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

3. Appointment of Proxy form. The form enables you to appoint another person to act on your behalf at the meeting. Proxy Forms submitted for the first meeting of creditors are not valid for this meeting.

The Informal Claim Form for Voting Purposes and Proxy Form should be lodged with this office before the meeting and, in any event, not later than 4.00pm on the day prior to the meeting. Forms can be sent by facsimile on **03 9642 5887** marked to the attention of Jason Alabakis or scanned and emailed to jason.alabakis@fh.com.au . However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy Form with the Administrators' office within 72 hours of lodging the faxed/emailed copy.

- 4 Administrators' report to creditors pursuant to section 439A(4)(a) of the Corporations Act 2001 which includes:
 - (a) An opinion, with supporting reasons, on each of the following matters:
 - Whether it would be in the creditors' interests for the Companies to execute a DOCA.

- Whether it would be in the creditors' interests for the Companies to be wound up.
- Whether it would be in the creditors' interests for the administrations to end.

The Administrators' Remuneration

The Administrators' report includes a remuneration report explaining their remuneration claim setting out:

- (a) Details of time spent by category of staff at the rates applicable for such staff; and,
- (b) A summary of the work undertaken by the Administrators and their staff in the administrations.

Remuneration of Liquidators

Where creditors resolve that the Companies be wound up, the Liquidators 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 the hourly rates set out in the schedule accompanying the Notice of Meeting of Creditors sent out for the purposes of the first meeting of creditors. A further copy of the schedule is included in the Administrators' report to creditors together with a schedule setting out the Liquidators' likely tasks.

For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at www.ferrierhodgson.com. Queries regarding the administration should be directed to Jason Alabakis of this office.

Yours faithfully



GEORGE GEORGES
ADMINISTRATOR

Encl.

**FORM 529
CORPORATIONS ACT 2001**

Subregulation 5.6.12(2)

**NYLEX LIMITED
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 009 375 553**

**NYLEX CORPORATION PTY LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 084 725 002**

**NYLEX INDUSTRIAL PRODUCTS PTY LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 053 301 296**

**NYLEX WATER SOLUTIONS PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 004 758 070**

(COLLECTIVELY THE "COMPANIES")

NOTICE OF MEETING OF CREDITORS

NOTICE is given that a meeting of the creditors of the Companies will be held at the offices of Institute of Chartered Accountants of Australia, Level 3, 600 Bourke Street, Melbourne, Victoria on Wednesday 15 July 2009 at 10:00am.

AGENDA

1. To consider a statement by the directors about the Companies business, property, affairs and financial circumstances.
2. To consider the circumstances leading up to the administrations and the various options available to creditors.
3. To determine the remuneration of the Voluntary Administrators.
4. For creditors to resolve upon one of the following:
 - That the Companies execute a Deed of Company Arrangement; or
 - That the administrations should end; or
 - That the Companies be wound up.
5. If the Companies are wound up, to consider the appointment of a Committee of Inspection.
6. If the Companies are wound up and no Committee is appointed, to fix the remuneration of the Liquidators.
7. In respect of Nylex Limited, the Administrators intention is to seek an adjournment of the meeting for up to 45 business days to enable a Deed of Company Arrangement proposal to be formulated by a prospective interested party.
8. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Administrators by 4.00pm on the day prior to the meeting. **A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31 respectively or, by a representative appointed under Section 250D of the Corporations Act 2001.**

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

DATED this 6th day of July 2009

A handwritten signature in blue ink, appearing to be 'G. Georges', written in a cursive style.

GEORGE GEORGES
ADMINISTRATOR

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**NYLEX LIMITED
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 009 375 553**

**NYLEX CORPORATION PTY LTD
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**NYLEX WATER SOLUTIONS PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 004 758 070**

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.

**FORM 532
CORPORATIONS ACT 2001**

Regulation 5.6.29

**NYLEX LIMITED
(ADMINISTRATORS APPOINTED)
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(COLLECTIVELY THE "COMPANIES")**

**NYLEX WATER SOLUTIONS PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 004 758 070**

APPOINTMENT OF PROXY CREDITORS MEETING

*I/*We¹
of
a creditor of(name of Nylex company), appoint²
or in his/her absence as
*my/our *(i) general OR *(ii) special proxy³ to vote at the meeting of creditors to be held on 15 July 2009 at 10:00am, or at any adjournment of that meeting, to vote
(i) on all matters arising at the meeting; OR
(ii) on each of the following kinds of resolution in the manner specified:

	For	Against	Abstain
(a) A resolution to adjourn the meeting of Nylex Limited for a period of up to 45 business days.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) A resolution that the Company be wound up:			
Nylex Limited (Administrators Appointed) (Receivers and Managers Appointed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nylex Corporation Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nylex Industrial Products Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nylex Water Solutions Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) A resolution that the Administration end:			
Nylex Limited (Administrators Appointed) (Receivers and Managers Appointed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nylex Corporation Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nylex Industrial Products Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Nylex Water Solutions Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) A resolution that the remuneration of the Administrators' of Nylex Limited Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) as set out in the Administrators' remuneration report dated 6 July 2009 for	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* Strike out if inapplicable

¹ If a firm, strike out "I" and set out the full name of the firm.

² Insert the name, address and description of the person appointed.

³ If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

the period 11 February 2009 to 30 June 2009, be fixed and paid in accordance with the Ferrier Hodgson schedule of hourly rates in the sum of \$142,115.75 plus GST.

- | | | | | |
|-----|---|--------------------------|--------------------------|--------------------------|
| (e) | In the event that Nylex Limited (Administrators Appointed) (Receivers and Managers Appointed) is wound up a resolution that the Administrators' remuneration for the period from 1 July 2009 to the end of the Administration period be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$15,000 (plus GST if applicable). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (f) | A resolution that the remuneration of the Administrators' of Nylex Corporation Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) as set out in the Administrators' remuneration report dated 6 July 2009 for the period 11 February 2009 to 30 June 2009, be fixed and paid in accordance with the Ferrier Hodgson schedule of hourly rates in the sum of \$38,206.75 plus GST, and also that the Administrators' remuneration for the period from 1 July 2009 to the end of the Administration period be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$5,000 (plus GST if applicable). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (g) | A resolution that the remuneration of the Administrators' of Nylex Industrial Products Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) as set out in the Administrators' remuneration report dated 6 July 2009 for the period 11 February 2009 to 30 June 2009, be fixed and paid in accordance with the Ferrier Hodgson schedule of hourly rates in the sum of \$30,553.75 plus GST, and also that the Administrators' remuneration for the period from 1 July 2009 to the end of the Administration period be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$5,000 (plus GST if applicable). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (h) | A resolution that the remuneration of the Administrators' of Nylex Water Solutions Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) as set out in the Administrators' remuneration report dated 6 July 2009 for the period 11 February 2009 to 30 June 2009, be fixed and paid in accordance with the Ferrier Hodgson schedule of hourly rates in the sum of \$21,941.75 plus GST, and also that the Administrators' remuneration for the period from 1 July 2009 to the end of the Administration period be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$5,000 (plus GST if applicable). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (i) | A resolution that the remuneration of the Liquidators' of Nylex Corporation Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) as set out in the Administrators' remuneration report dated 6 July 2009 be fixed in accordance with the Ferrier Hodgson schedule of hourly rates up to a maximum sum of \$30,000 plus GST but subject to upward adjustment by resolution of creditors / committee of inspection and that the Liquidators be authorised to make any periodic payments on account of such accruing remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (j) | A resolution that the remuneration of the Liquidators' of Nylex Industrial Products Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) as set out in the Administrators' remuneration report dated 6 July 2009 be fixed in accordance with the Ferrier Hodgson schedule of hourly rates up to a maximum sum of \$50,000 plus GST but subject to upward adjustment by resolution of creditors / committee of inspection and that the Liquidators be authorised to make any periodic payments on account of such accruing remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (k) | A resolution that the remuneration of the Liquidators' of Nylex Water Solutions Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) as set out in the Administrators' remuneration report dated 6 July 2009 be fixed in accordance with the Ferrier Hodgson schedule of hourly rates up to a maximum sum of \$20,000 plus GST but subject to upward adjustment by resolution of creditors / committee of inspection | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

and that the Liquidators be authorised to make any periodic payments on account of such accruing remuneration.

- | | | | | |
|---|---|--------------------------|--------------------------|--------------------------|
| (l) | In the event that Nylex Limited (Administrators Appointed) (Receivers and Managers Appointed) is wound up a resolution that the remuneration of the Liquidators' of Nylex Limited (Administrators Appointed) (Receivers and Managers Appointed) as set out in the Administrators' remuneration report dated 6 July 2009 be fixed in accordance with the Ferrier Hodgson schedule of hourly rates up to a maximum sum of \$150,000 plus GST but subject to upward adjustment by resolution of creditors / committee of inspection and that the Liquidators be authorised to make any periodic payments on account of such accruing remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (m) A resolution that a Committee of Inspection be appointed: | | | | |
| | Nylex Limited (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nylex Corporation Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nylex Industrial Products Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nylex Water Solutions Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (n) A resolution that creditors authorise the Liquidator(s) under Section 477(2A) of the Corporations Act 2001, to compromise a debt owed to the company of any amount: | | | | |
| | Nylex Limited (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nylex Corporation Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nylex Industrial Products Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nylex Water Solutions Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (o) A resolution that the books and records of the Companies be disposed of 12 months after the dissolution of the Companies or earlier at the discretion of the ASIC: | | | | |
| | Nylex Limited (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nylex Corporation Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nylex Industrial Products Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | Nylex Water Solutions Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

I am an unsecured creditor and the total amount owed to me is \$

OR

I am a secured creditor and the total amount owed to me is \$

DATED this day of July 2009

.....
Signature⁵ of individual or person⁶
authorised by corporate resolution to
represent the corporation

OR The Common Seal of⁴

was hereunto affixed in the
presence of

.....
Director

.....
Secretary

CERTIFICATE OF WITNESS⁷

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the
person appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED this day of July 2009

.....
Signature of Witness

.....
Description

.....
Place of Residence

⁴ The method of affixing the Common Seal is prescribed in Section 127(2) of the Corporations Act 2001 and, usually, the creditor corporation's constitution.

⁵ The signature of the creditor is not to be attested by the person nominated as proxy.

⁶ A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively or, by a representative appointed under Section 250D of the Corporations Act 2001. Copy of authority/power of attorney to be annexed.

⁷ This certificate is to be completed only where the person giving it is blind.

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(ADMINISTRATORS APPOINTED)
ACN 004 758 070**

(COLLECTIVELY THE “COMPANIES”)

**Report by Administrators Pursuant to
Section 439A(4)(a) of
The Corporations Act 2001**

George Georges

John Ross Lindholm

7 July 2009



FERRIER HODGSON

LEVEL 29, 600 BOURKE STREET, MELBOURNE VIC 3000
PO BOX 290, COLLINS STREET WEST, MELBOURNE VIC 8007
TELEPHONE 03 9600 4922 FACSIMILE 03 9642 5887

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Glossary of Terms

Abbreviation	Description
ABN	Australian Business Number
ACN	Australian Company Number
Act	The Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
AUD	Australian dollar
Companies	Nylex Limited, Nylex Corporation Pty Ltd, Nylex Industrial Products Pty Ltd and Nylex Water Solutions Pty Ltd
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
GEERS	General Employee Entitlements Redundancy Scheme
Group	Companies as listed in Annexure 1 plus Nylex Limited, Nylex Corporation Pty Ltd, Nylex Industrial Pty Ltd and Nylex Water Solutions Pty Ltd
ICAA	Institute of Chartered Accountants in Australia
FY	Financial year ended
Nylex Corporation Pty Ltd	Nylex Corporation Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)
Nylex Group	See Annexure 1
Nylex Industrial Products Pty Ltd	Nylex Industrial Products Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed)
Nylex Ltd	Nylex Ltd (Administrators Appointed) (Receivers and Managers Appointed)
Nylex Water Solutions Pty Ltd	Nylex Water Solutions Pty Ltd (Administrators Appointed)
RATA	Report as to affairs
Receivers	Colin Nicol, Johan Vorster and Sam Davies
SGC	Superannuation Guarantee Charge
Statement	Directors' Statement about the Company's Business, Property, Affairs and Financial Circumstances

Listing of Annexures

Annexure 1	Administrators' Remuneration Report
Annexure 2	Incorporation Date and Company Officers
Annexure 3	Registered Charges
Annexure 4	Group Structure
Annexure 5	Subsidiaries of Nylex Limited
Annexure 6	Statement of Directors as at 11 February 2009
Annexure 7	Group's Consolidated Financial Summaries

1. Executive Summary

My partner, John Ross Lindholm and I were appointed Administrators of the Group on 11 February 2009, pursuant to Section 436A of the Act.

Immediately after our appointments, Messrs Colin Nicol, Johan Vorster and Sam Davies were appointed Receivers and Managers to the Nylex Group where indicated pursuant to the registered charges created by the Companies in favour of ANZ Fiduciary Services Pty Ltd.

This report deals with four (4) Companies within the Group namely, Nylex Limited, Nylex Corporation Pty Ltd, Nylex Industrial Pty Ltd and Nylex Water Solutions Pty Ltd.

The activities of the other 21 companies within the Group have been discussed in the Report to Creditors dated 11 March 2009. At a subsequent meeting of creditors held on 19 March 2009, creditors resolved to place all 21 companies into liquidation.

Creditors ratified our appointment as Administrators of the Companies at the first meeting of creditors held on **23 February 2009**. A Committee of Creditors was also formed at that time.

On **11 March 2009** an Order was made by the Supreme Court of Victoria to extend the period of convening the second meeting of creditors of the Companies **to 8 July 2009**. The Order provides that the second meeting of creditors must be held within 5 business days after the end of the convening period. Effectively, this means that a meeting of creditors of the Companies must be held in the period from **9 July 2009** and prior to **16 July 2009**.

The second meeting of creditors is convened for 15 July 2009, and will be held at the Institute of Chartered Accountants Australia at Level 3, 600 Bourke Street, Melbourne, Victoria at 10:00am.

Our preliminary investigations into the Companies affairs revealed that there may be recoveries available to a liquidator, from unfair preferences, uncommercial transactions or breaches of director duties, however these would require funding and the outcome of such actions is highly uncertain.

There is no DOCA proposal at this point in time however I have entered into discussions with various parties who have expressed an interest in respect of the recapitalisation of Nylex Limited. Therefore, it is my intention to seek an adjournment of the meeting for this Company, for a period of up to 45 business days to enable me to advance these discussions and give parties the opportunity to formalise their DOCA proposals. Based on the information available to me at this point in time, I estimate that a dividend is likely to be paid to unsecured creditors under a DOCA proposal.

In the event that Nylex Limited is wound up, I estimate that no dividend will be paid to any class of creditors.

In respect of the three (3) remaining Companies, being Nylex Corporation Pty Ltd, Nylex Industrial Products Pty Ltd and Nylex Water Solutions Pty Ltd, as no DOCA proposal has been received it is therefore my opinion that it is in the best interest for the creditors for these companies to be wound up.

2. Introduction

2.1. Appointment of Administrators and First Meeting of Creditors

Creditors attended a first meeting of creditors held at these offices on 23 February 2009. At that meeting, creditors ratified our appointment as Administrators of the Companies.

Creditors of each entity elected the following creditors to a committee of creditors of the Companies:

Company	Committee of Creditors	Representative
Nylex Limited	Australian Executor Trustees Limited Citigroup Nominees Pty Ltd Harmony Investment Fund Ltd	Philip John or Walter Joseph John Stragalinos or Mark Critchley John Stragalinos or Mark Critchley
Nylex Industrial Products Pty Ltd	Australian Executor Trustee Ltd Denso International Australia Pty Ltd Textile Clothing & Footwear Union of Australia	Philip John or Walter Joseph Wayne Jenkins Vivienne Wills
Nylex Water Solutions Pty Ltd	National Union of Workers Australian Executor Trustees Limited Courtney Polymers Pty Ltd	Gary Maas Philip John or Walter Joseph Gavin Tanner
Nylex Corporation Pty Ltd	Australian Manufacturing Workers Union The Kara Group of Companies Jay Kay Solutions	John Wieladek Mark Alder John Kendrick

2.2. Second Meeting of Creditors

Pursuant to Section 439A of the Act, the second meeting of creditors of a company must be convened within 28 business days of the commencement of the Administration, unless the court orders otherwise.

As mentioned at the first creditors meeting, it was our intention to seek an extension of the convening period for the second meeting of creditors of the Companies to enable us to progress our investigations and to enable the Receivers to realise the Group's assets.

On 11 March 2009 an Order was made by the Supreme Court of Victoria to extend the period of convening the second meeting of creditors of the Companies to 8 July 2009. The Order provided that the second meeting of creditors must be held within 5 business days after the end of the convening period. Effectively, this means that a meeting of creditors of the Companies must be held in the period from 9 July 2009 and prior to 16 July 2009.

The second meeting of creditors is convened for 15 July 2009, and will be held at the Institute of Chartered Accountants Australia at Level 3, 600 Bourke Street, Melbourne Victoria at 10:00am.

At the second meeting, creditors will decide the Companies future by voting on one of the following options:

- That the administrations should end and control of the Companies revert to its directors;
- That the Companies should be wound up;
- That the Companies execute a DOCA; or
- Extend the convening period for 45 business days.

2.3. Purpose of the Report

Section 439A(4) of the Act explains the purpose of an Administrator's report in providing that the notice (of second meeting) must be accompanied by a copy of:

- (a) *A report by the Administrator about the company's business, property, affairs and financial circumstances; and*
- (b) *A statement setting out the Administrator's opinion about each of the following matters:*
 - Whether it would be in the creditors' interests for the company to execute a Deed of Company Arrangement*
 - Whether it would be in the creditors' interest for the administration to end*
 - Whether it would be in the creditors' interest for the company to be wound up*
 - His or her reasons for those opinions*
- (c) *If a Deed of Company Arrangement is proposed – a statement setting out details of the proposed deed.*

2.4. Declaration of Independence, Relevant Relationships and Indemnities

The Administrators provided a Declaration of Independence, Relevant Relationships and Indemnities to creditors with their first circular to creditors and also tabled the declaration at the first meeting of creditors.

There has been no change in the declaration since that time.

John Ross Lindholm and I are partners of Ferrier Hodgson. Ferrier Hodgson is Australia's and the Asia-Pacific's largest independent corporate restructuring practice with 47 partners and over 440 staff throughout Australia, New Zealand and Asia.

John Ross Lindholm and I are Chartered Accountants, Registered Liquidators and members of the Insolvency Practitioners Association with over 20 year and 19 years experience in corporate insolvency.

Further information regarding Ferrier Hodgson and the Administrators can be obtained from the firm's website at www.ferrierhodgson.com.

2.5. Summary of Receipts and Payments

There have been no receipts and payments during the period 11 February 2009 to the date of this report. Prior to our appointment we received the sum of \$300,000 from Nylex Limited. These funds have been partly used to pay the Administrators costs incurred in conducting the investigations into the Group's affairs and meeting legal costs.

3. Company Information

3.1. Statutory Information

A search of the ASIC database revealed the following information:

3.1.1. Incorporation date and Company Officers

Statutory information detailing incorporation date, company officers and shareholders is set out in **Annexure 2**.

Changes to statutory information in the past 12 months are as follows:

- Terence Charles Frances and Ian Leslie Fraser ceased to be directors on 25 November 2008, having held the position since 30 October 2003 and 18 December 2006, respectively.
- KPMG is the appointed auditor of the Group. The previous auditor of the Group, Deloitte Touch Tohmatsu ceased on 14 March 2008, having held the appointment since 21 October 1996.

Other information in relation to the Companies is set out below:

- The Companies registered office is 50-70 Stanley Drive, Somerton Victoria.
- No Company secretary was appointed for Nylex Corporation Pty Ltd, Nylex Water Solutions Pty Ltd and Nylex Industrial Products Pty Ltd.

A search of the National Personal Insolvency Index maintained by the Insolvency Trustee Service, Australia, shows that the Companies directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966.

3.1.2. Shareholders

As at the time of our appointment Nylex Limited had approximately 51.5 million ordinary shares held by approximately 15,600 shareholders.

The top 20 shareholders of Nylex Limited as at 16 September 2008 disclosed in the annual report are as follows:

Shareholders	Shares Held	%
Citicorp Nominees Pty Limited DRP Account	11,152,278	21.7
Wroxby Pty Ltd	8,316,086	16.2
Pivotal Group (Aust) Pty Ltd	2,200,000	4.3
Trojan Equity Limited	1,759,000	3.4
National Nominees Limited	1,249,923	2.4
HSBC Custody Nominees (Australia) Limited	1,215,409	2.4
Giuseppe Coronica	1,113,168	2.2
UBS Nominees Pty Limited	778,100	1.5
Hishenk Pty Ltd	581,000	1.1
JP Morgan Nominees Australia Limited	513,080	1.0
Inter City Development Corporation Pty Ltd	438,948	0.9
ANZ Nominees Limited <Cash Income A/c>	355,897	0.7
Chembank Pty Limited <Philandron A/c>	350,000	0.7

Shareholders	Shares Held	%
Blamco Trading Pty Ltd	300,000	0.6
Graeme Sampieri	239,036	0.5
Merrill Lynch (Australia) Nominees Pty Limited	235,838	0.5
Valibhoy Group	225,461	0.4
Citicorp Nominees Pty Limited	218,167	0.4
Peter G Bulte and Kathleen A Bulte <PG & KA Bulte Super A/c>	200,000	0.4
Luton Pty Ltd	192,025	0.4
Sub-total	31,633,713	61.7
Other	19,833,961	38.2
Total	51,467,674	100.0

The shareholders of the other 3 companies are as follows:

Company	Shareholder
Nylex Corporation Pty Ltd	Nylex Limited
Nylex Water Solutions Pty Ltd	Nylex Corporation Pty Ltd
Nylex Industrial Products Pty Ltd	National Consolidated Limited

3.1.3. Registered Charges

The registered charges held over the Companies are listed in **Annexure 3**.

We are advised that the debt owed to ANZ Fiduciary Services Pty Ltd as at 11 February 2009 was approximately \$65 million.

Immediately following our appointment, ANZ Fiduciary Services Pty Ltd exercised its rights under its charge and appointed Messrs Colin Nicol, Johan Vorster and Sam Davies as Receivers and Managers to the Companies except for Nylex Water Solutions Pty Ltd. This company was not trading as at the date of appointment.

I have undertaken a preliminary review of the bank's charge and have determined it to be, prima facie, valid.

3.1.4. Outstanding Winding up Applications

There were no winding up applications outstanding as at the date of my appointment.

3.2. Company History

3.2.1. History

Nylex was listed on the Australian Stock Exchange in 1987 under its former name, Austrim Limited. Its sole activity was a 50% investment in Bridge Wholesale Acceptance Corporation, a lease finance provider. Debt and equity raisings facilitated the expansion of the Group's operations by acquisition of numerous businesses over the period from 1996 to 1999 including Australian Highway Plant Services Pty Ltd, Hawker Richardson Ltd and National Consolidated Limited. The trading activities of the businesses acquired included plant hire and manufacture of textiles, building, automotive, plastics and engineering products. In 1998 the company sold its entire interest in Bridge Wholesale Acceptance Corporation. In 1999, the company changed its name to Austrim Nylex Limited.

In 2001, the Group commenced a restructure of its operations which involved re-alignment of its 36 business units into 4 major divisions, namely, automotive, consumer, industrial and plant hire. The restructure also entailed the divestment of non-core businesses and other surplus assets. Over the years from 2001 to 2003 the non-core businesses and assets divested included textiles, engineering products and freehold properties. The Group's consolidated results for FY01 disclosed sales of \$1.1 billion and interest bearing debt of \$495 million.

At the end of year 2003, the company changed its name to Nylex Limited.

In 2005, the Group further restructured its operations with the divestiture of automotive business' deemed non-core and the plant hire business. The acquisition of the water tank manufacturing business led to the refocus of the Group's operations around 3 (three) market segments, namely, lifestyle, solutions and automotive. The Group's consolidated results for FY05 disclosed sales of \$540 million and interest bearing debt of \$155 million.

More recently, a strategic review undertaken in 2008 identified benefits in the Group moving towards a single operating structure as opposed to the current divisional structure. The Group's consolidated performance for the FY08 disclosed sales of \$275 million and a net loss after tax of \$21.3 million. Declining sales due to the deteriorating economic conditions placed pressure on the Group's cash flow. Further the terms of the Group's banking facilities allowed the financiers to bring forward the required repayment date of the Group's principal debt from 31 October 2009 to 11 February 2009.

The Group was unable to refinance or repay the facilities of \$65 million by the due date and was placed in Voluntary Administration on 11 February 2009.

3.2.2. Business Operations

The Group is a diversified manufacturer and distributor of branded plastic and automotive products in Australia and New Zealand.

The structure of the Group is set out in **Annexure 4**.

As mentioned above, from 2005 the trading operations of the Group were conducted under 3 (three) major divisions namely, lifestyle, solutions and automotive. The business operations of each division are as follows:

"Lifestyle" – incorporates the consumer businesses in Australia and New Zealand, the melded carpets fabric businesses and the films and fabric businesses. Branded products include Nylex, Esky, Gardena, Ajax Fasteners, Senco, Melded, Colorino and Frontrunner.

"Solutions" – incorporates the water tank/conservation business and the materials handling (mobile garbage bins, plastic storage containers, recycling crates and plastic container solutions) business;

"Automotive" – includes the fuel tanks systems business, the interior trim systems business, the carpet moulding business and carpet blanks business operated as a joint venture from China, and supplies to car manufacturers and their tier one and tier two suppliers.

3.2.3. Share price

Generally, the share price of a public company reflects the market's perception as to the financial well being of the company in terms of historical performance and future expectations.

Share price information obtained from the CommSec web-site charts the trend in share price over the last 10 years for Nylex Limited as follows:



The share price fell from \$1.10 in March 1999 to \$0.14 in September 2001.

As at the date the Group was placed in administration on 11 February 2009 the share price was trading at 6 cents.

Market capitalisation for Nylex Limited decreased from approximately \$136 million at June 2000 to approximately \$3.3 million at the date Administrators were appointed.

3.3. Decision to Appoint Administrators

Under the terms of the Group's banking facilities, the Group's banking syndicate required repayment of the Group's banking facilities by 31 October 2009. The terms of the facilities were subject to a review being undertaken by the Group's banking syndicate by 31 January 2009 which provided them unfettered discretion to review and vary the terms on which the facilities were provided. Following on from the review, the Group's financiers brought forward the required date for repayment of the facilities from 31 October 2009 to 11 February 2009. The Group was unable to refinance or repay the principal debt by the due date and resolved to appoint Administrators. The appointment took effect on 11 February 2009.

3.4. Current Status

Immediately following our appointment as Administrators, the registered charge holder over the Companies assets and undertakings, ANZ Fiduciary Services Pty Ltd appointed Messrs Colin Nicol, Johan Vorster and Sam Davies as Receivers and Managers to the Companies except for Nylex Water Solutions Pty Ltd. The Receivers and Managers took control of the Companies assets and conduct of business trading.

3.4.1. Administrators' actions

Following our appointment we undertook immediate operational and statutory actions for the conduct of the Voluntary Administration. These included:

- Meetings with directors and officers of Nylex Limited
- Establishment of Administrators' banking facilities
- Review and analysis of the financial position and performance of the Group
- Review of annual reports from FY 2000 to FY 2008
- Dealing with creditor enquiries
- Dealing with noteholder enquiries
- Dealing with shareholder enquiries
- Convening and holding the first meeting of creditors
- Preparation and lodgement of relevant notices with ASIC and the ASX
- Notifying statutory authorities of our appointment
- Applying to the Court for and obtaining an extension of the convening period, and preparing an affidavit to support the extension
- Liaise with solicitors in relation to the ongoing litigations involving the Group
- Conducting investigations into the affairs of all the companies
- Convening the second meeting of creditors
- Preparation of the report to creditors.

3.4.2. Receivers and Managers update

We are advised that following an extensive marketing campaign, the Receivers and Managers received 170 expressions of interest for the sale of the Group's businesses. 144 bidders were shortlisted to receive an information memorandum of which only 43 parties submitted non-binding indicative offers. 20 final binding offers were received.

Our preliminary assessment of the Receivers actions in realising the Group's assets indicate that they have complied with their obligations under Section 420A of the Act. Notwithstanding this preliminary view, our review will continue as assets are realised.

- a. We are further advised that Sale agreements have been executed with various parties (for undisclosed amounts) in respect of the following assets:
 - The Kennon business
 - Nylex's 50% share in the Nylex Chinese joint venture (in the Shanghai free trade zone)
 - Senco and Ajax Australia One Shot (Laserlite)
 - Fuel Tank Systems business
 - Esky business
- b. Final binding offers have been submitted in respect of the following assets:
 - Water tanks, materials handling, melded fabrics and film and fabrics businesses.

- c. Discussions are continuing regarding Senco New Zealand, Ajax New Zealand and Consumer New Zealand.

The Receivers and Managers are not yet in a position to advise on the likely return to the secured creditor.

4. Historical Financial Information

4.1. Preparation of Financial Statements

We obtained the Nylex Limited annual reports which include the Group's audited consolidated financial statements prepared up to 30 June 2008. The consolidated financial statements comprise the financial statements for the companies within the Group. The companies within the Group are listed at **Annexure 5**. It should be noted that as at the time of our appointment the majority of these subsidiaries were dormant and without assets.

The Company also prepared various management accounts and reports on a monthly basis.

We also obtained the following management accounts for the trading entities:

- 1 July 2006 to 30 June 2007
- 1 July 2007 to 30 June 2008
- 1 July 2008 to 11 February 2009

4.1.1. Restatement of audited consolidated financial statements

During the financial year ended 30 June 2008 the Group restated certain balances reported in prior periods as follows:

- a. Restatement of 30 June 2007 balances:
- Inventories of \$0.8 million identified as slow moving/obsolete were written down to net realisable value.
 - Adjustments made to intercompany receivables of \$0.4 million and intercompany payables of \$0.2 million as they had been incorrectly reconciled.
- b. Restatement of 30 June 2006 balances:
- Establishment of accrual of \$0.2 million in respect of loyalty incentive programme operating from the 1998 financial year.
 - Receivables of \$0.6 million identified previously as contractually not collectable were written off directly against retained earnings.

The effect of the restated balances on the Group's consolidated performance for 30 June 2007 was a decrease in profit by \$1.0 million, from the previously reported balance of \$11.9 million to the restated balance of \$10.9 million. The Group's consolidated net assets decreased by \$1.9 million from \$105.8 million to the restated balance of \$103.9 million.

The Group's reclassification of certain balances which did not have an impact on underlying results included the following

- Interest income of \$0.9 million reclassified from revenue to financing costs.
- Withholding tax of \$1.0 million reclassified from accrual to trade and other payables.

4.2. Consolidated Financial Statements

4.2.1. Consolidated Financial Performance

Set out below is a summary of the Group's consolidated profit and loss statement for the past four (4) financial years reflecting the Group's consolidate performance of its continuing operations plus the discontinued operations:

Consolidated Financial Performance AUD'000	30 June 2005 \$	30 June 2006 \$	30 June 2007 \$	30 June 2008 \$
			Restated	
Revenue	327,860	290,375	308,046	274,763
Other income	3,537	3,841	8,571	5,414
Expenses	(339,995)	(326,478)	(307,499)	(291,825)
Finance costs	(10,852)	(7,732)	(9,700)	(7,846)
Profit/(Loss) from continuing operations	(19,450)	(39,994)	(582)	(19,494)
Income tax benefit(expense)	3,184	3,997	11,496	(1,802)
Profit/(Loss) from continuing operations after tax	(16,266)	(35,997)	10,914	(21,296)
Profit/(Loss) from discontinued operations	(29,412)	49,141	-	-
Profit/(Loss)	(45,678)	13,144	10,914	(21,296)

Key comments:

- For FY05, the Group's consolidated loss of \$45.7 million was made up of a loss from continuing operations of \$16.3 million and a loss from discontinued operations of \$29.4 million. The discontinued operations represented divestments of automotive businesses and disposal of some properties.
- For FY06, discontinued operations contributed \$49.1 million to the Group's consolidated profit of \$13.01 million. The discontinued operations represented the Group's divestment of the automotive businesses deemed non-core and the plant hire business.
- FY07 and FY08 reflect no divestiture activity. The Group's consolidated profit for FY07 of \$10.9 million represented an income tax benefit of \$11.5 million arising from tax losses incurred in prior periods. The Groups consolidated loss before the income tax benefit (of \$11.5 million) equated to \$0.6 million.
- For FY08, the Group's consolidated loss after tax of \$21.3 million was due to the following:
 - A decrease in sales of 10.8% (or \$33 million), from \$308 million to \$275 million
 - An increase in expense margins of 1.6% (or \$11 million)

As an alternative to the above, the Group's consolidated performance without differentiating continuing from discounted operations is set out below:

Consolidated Financial Performance AUD'000	30 June 2005 \$	30 June 2006 \$	30 June 2007 \$	30 June 2008 \$
			Restated	
Revenue	539,378	376,018	308,046	274,763
Expenses	(560,451)	(403,966)	(300,871)	286,665
Finance costs	(16,417)	(10,139)	(9,700)	(7,846)
Operating Profit/(Loss) before income tax	(37,490)	(38,087)	(2,525)	(19,494)
Gain/(loss) on disposal of property, plant & equip	(3,601)	1,274	335	-
Gain/(loss) on sale of business	(7,771)	45,960	1,608	-
Profit/(Loss) before income tax	(48,862)	9,147	(582)	(19,494)
Income tax benefit(expense)	3,184	3,997	11,496	(1,802)
Profit/(Loss)	(45,678)	13,144	10,914	(21,296)

Key comments:

- Divestiture activities had the following impact on the Group's performance:
 - Sales decreased by 49% (or \$265 million), from \$539 million in FY05 to \$275 million in FY08.
 - Operating losses contracted by \$18 million, from \$37.5 million in FY05 to \$19.5 million in FY08, there was no notable improvement in profitability.

4.2.2. Consolidated Financial Position

The Group's consolidated balance sheet for the past four (4) financial years is summarised below:

Consolidated Financial Position AUD'000	30 June 2005 \$	30 June 2006 \$	30 June 2007 \$	30 June 2008 \$
			Restated	
Assets				
Current Assets	212,228	116,795	120,003	103,733
Non-Current Assets	122,024	90,260	101,811	85,560
Total Assets	334,252	207,055	221,814	189,293
Liabilities				
Current Liabilities	147,716	132,491	76,288	98,070
Non-Current Liabilities	139,150	4,637	41,589	2,900
Total Liabilities	286,866	134,218	117,877	100,970
Surplus/(Deficiency)	47,386	69,927	103,937	88,323

Key comments:

- The Group's debt to equity ratio improved from 6.05 at FY05 to 1.14 at FY08, primarily due to the net reduction in interest bearing debt from \$183 million in FY05 to \$55 million in FY08.

4.2.3. Consolidated Cash flow

A summary of the Group's consolidated cash flows for the past four (4) financial years is set out below:

Consolidated Cash flow AUD'000	30 June 2005 \$	30 June 2006 \$	30 June 2007 \$	30 June 2008 \$
Net cash from operating activities	(2,172)	(2,105)	(10,557)	584
Net cash from investing activities	(19,595)	72,928	(4,713)	(1,987)
Net cash from financing activities	26,846	(78,850)	23,882	4,519
Net increase/(decrease) in cash & cash equivalents	5,079	(8,027)	8,612	3,116
Cash and cash equivalents at the beginning of the year	(2,264)	2,826	(5,071)	3,541
Effects of exchange rate changes on the balance of held in foreign currencies	11	130	-	-
Cash and cash equivalents at the end of the year	2,826	(5,071)	3,541	6,657

Key comments:

- The consolidated cash flows for the FY05, FY06 and FY07 demonstrate that the Group's operating activities were cash flow negative and relied on financing and investing activities to fund working capital requirements of \$2.2 million, \$2.1 million and \$10.6 million, respectively. For FY08, the Group turned a small cash surplus from operations of \$0.6 million.
- For FY05, the Group's funding requirements were met from the proceeds from shares issued of \$33.9 million which were used to repay interest bearing debt and fund working capital.
- For FY06, the Group's overall net cash decreased by \$8.0 million, resulting in the cash on hand balance at the beginning of the period reducing from \$2.8 million to a cash deficit at the end of the period of \$5.1 million. The decrease in net cash was due to cash inflows totalling \$83.1 million representing the proceeds from shares issued (\$10.1 million) and the surplus produced from investing activities (\$73 million primarily from the divestments of business assets) were less than the cash used to repay interest bearing debt (\$93.6 million and required to meet the Group's working capital requirements (\$2.1 million).
- For FY07, proceeds from shares and convertible notes issued of \$40 million were used to fund the Group's working capital requirement of \$10.6 million and reduce net interest bearing debt by \$13.4 million, the cash balance of \$4.7 million was used for various asset acquisitions. The net increase in cash of \$8.6 million restored the cash deficiency at the beginning of the period of \$5.1 million to a cash surplus at the end of the period of \$3.5 million.
- FY08 produced a cash surplus from operations of \$0.6 million. The overall increase in net cash of \$3.1 million increased the Group's cash on hand at the end of the period to \$6.7 million.

4.3. Segment Performance and Position

4.3.1. Business segments

We have also analysed the Group's performance by business segment. The Group's consolidated financial position and performance for the past two (2) financial years by business segment namely, Lifestyle, Solutions and Automotive, is set out below.

30 June 2007 (Restated)					
Business Segments	Nylex Lifestyle	Nylex Solutions	Nylex Automotive	Unallocated	Total Operations
AUD'000	\$	\$	\$	\$	\$
Revenue					
Total Sales Revenue	158,711	93,684	82,790	-	335,185
Intersegment sales/eliminations	(7,934)	(18,516)	(689)	-	(27,139)
Total Revenue	150,777	75,168	82,101		308,046
Result					
Profit/(Loss) before finance costs and income tax	(1,070)	6,360	2,713	-	8,003
Share of result of equity accounted investment	-	-	248	-	248
Profit/(Loss) before finance cost and income tax	(1,070)	6,360	2,961	-	8,251
Net financing costs					(8,833)
Profit/(Loss) before taxation					(582)
Income tax benefit					11,496
Profit/(Loss) for the period					10,914
Assets					
Segment assets	91,399	54,068	51,325	27,664	224,456
Investment in equity accounted investments			943		943
Eliminations			-		(3,585)
Consolidated assets			52,268		221,814
Liabilities					
Segment liabilities	27,204	17,876	8,239	68,143	121,462
Eliminations					(3,585)
Consolidated Liabilities					117,877

30 June 2008					
Business Segments	Nylex Lifestyle	Nylex Solutions	Nylex Automotive	Unallocated	Total Operations
AUD'000	\$	\$	\$	\$	\$
Revenue					
Total Sales Revenue	123,451	70,707	97,927	-	292,085
Intersegment sales/eliminations	(7,321)	(9,372)	(629)	-	(17,322)
Total Revenue	116,130	61,335	97,298	-	274,763
Result					
Profit/(Loss) before finance costs and income tax	(9,480)	(4,672)	1,763	-	(12,389)
Share of result of equity accounted investment	-	-	487	-	487
Profit/(Loss) before finance cost and income tax	(9,480)	(4,672)	2,250	-	(11,902)
Net financing costs					(7,592)
Loss before taxation					(19,494)
Income tax benefit					(1,802)
Profit/(Loss) for the period					(21,296)
Assets					
Segment assets	72,520	37,508	57,134	22,444	189,606
Investment in equity accounted investments			1,430		1,430
Eliminations			-		(1,743)
Consolidated assets			58,564		189,293
Liabilities					
Segment liabilities	13,795	9,300	17,332	62,286	102,713
Eliminations					(1,743)
Consolidated Liabilities					100,970

Key comments:

- Revenues for FY08 from the Lifestyle and Solutions divisions was down by 23% and 19%, respectively from the prior period whilst revenues from the Automotive division increased by 18% over the prior period.
- The profit for FY07 of \$10.9 million turned to a loss for FY08 of \$21.3 million. Performance declined across all three (3) divisions with the greatest impact evident in the Lifestyle and Solutions segments as follows:
 - Lifestyle segment disclosed a loss for FY08 of \$9.5 million down by \$8.5 million from the loss of \$1.1 million in the prior period; and
 - Solutions segment disclosed a loss for FY08 of \$4.7 million down by \$11.1 million for the profit of \$6.4 million in the prior period.

4.3.2. Geographic segments

The Group's consolidated revenue and assets for the past two (2) financial years by geographic segments is set out below:

30 June 2007			
Geographic Location	Australia	New Zealand	Consolidated
AUD'000	\$	\$	\$
Segment revenue from external customers	283,715	24,331	308,046
Segment assets	209,856	11,958	221,814
Capital expenditure	7,495	63	7,558

30 June 2008			
Geographic Location	Australia	New Zealand	Consolidated
AUD'000	\$	\$	\$
Segment revenue from external customers	257,330	17,433	274,763
Segment assets	179,692	9,601	189,293
Capital expenditure	3,289	26	3,315

The Group's operations in Australia represent over 90% of its consolidated revenues and location of its assets.

4.4. Deed of Company Guarantee Financial Statements

The annual report for 30 June 2008 identifies the entities within the Group that are relieved from the Corporations Act 2001 requirement to prepare and lodge audited financial statements pursuant to ASIC Class Order 98/148 as they have entered into a Deed of Cross Guarantee with Nylex Limited.

Under the Class Order 98/148 wholly-owned entities are not required to prepare and lodged audited financial statements, provided that the entity enters into a deed of cross guarantee with the parent entity and satisfies certain other conditions.

The entities that are party to the Deed of Cross Guarantee with Nylex Limited and relieved from the requirements are listed below.

Companies party to Deed of Cross Guarantee with Nylex Limited	
Austrim Textiles Pty Ltd	CDA Industries Pty Ltd
Jetpur Pty Ltd	National Consolidated Pty Ltd
Nylex Industrial Products Pty Ltd	Ajax Cooke Pty Ltd
Spurway Cooke Holdings Ltd	Eiloc Pty Ltd
ACN 010 139 223 Pty Ltd (formerly known as Steelfast Pty Ltd)	ACN 006 630 137 Pty Ltd (formerly known as Pryda (Aust) Pty Ltd)
Ekul Investments Pty Ltd	Natcorp Investments Limited
Henderson's Ltd	ACN 009 656 428 Pty Ltd (formerly known as Toowoomba Foundry Pty Ltd)
Nylex Corporation Pty Ltd	Nylex Water Solutions Pty Ltd

Under the Deed of Cross Guarantee each company that is party to the Deed guarantees to each creditor of those companies payment in full of any debt admissible in proof upon a winding up. Essentially, this has the effect of 'pooling' the assets and liabilities of the companies party to the Deed. An eligible creditor of a company being wound up that has no or minimal assets can prove its claim against a company that has assets and is party to the Deed.

The creditors of the closed Group can focus on the consolidated position for the Group rather than the individual financial statements of each wholly-owned entity.

The consolidated financial position and performance for the past four (4) financial years of the entities which are party to the Deed of Cross Guarantee are summarised below:

DOCG Consolidated Financial Performance '000	30 June 2005	30 June 2006	30 June 2007	30 June 2008
	\$	\$	\$	\$
			Restated	
Revenue	234,297	162,823	190,417	257,331
Expenses	(310,055)	(141,081)	(181,362)	(284,265)
Finance costs	(17,061)	(15,430)	(8,724)	4,503
Profit/(Loss) from continuing operations	(92,819)	6,312	331	(22,431)
Income tax benefit(expense)	-	-	12,976	(1,979)
Profit/(Loss) from continuing operations after tax	(92,819)	6,312	13,307	(24,410)
Profit/(Loss) from discontinued operations	12,682	5,111	-	-
Profit/(Loss)	(80,137)	11,423	13,307	(24,410)

DOCG Consolidated Financial Position '000	30 June 2005	30 June 2006	30 June 2007	30 June 2008
	\$	\$	\$	\$
			Restated	
Assets				
Current Assets	112,367	72,130	73,900	94,499
Non-Current Assets	151,128	112,539	127,291	93,043
Total Assets	263,495	184,669	201,191	187,452
Liabilities				
Current Liabilities	81,456	100,048	56,707	96,327
Non-Current Liabilities	133,566	14,712	39,045	2,892
Total Liabilities	215,022	114,760	95,752	99,219
Surplus/(Deficiency)	48,473	69,909	107,274	88,323

Key comments:

- The net asset surplus disclosed in the DOCG consolidated financial position is not materially different to the overall Group's consolidated financial position discussed at section 4.2 of this report.

5. Statement by Directors

5.1. Summary

Section 438B of the Act requires the directors to give an Administrator a statement about each Company's business, property, affairs and financial circumstances. I received the directors' Statement on 20 March 2009 for all Companies except for Nylex Limited.

Despite numerous requests we are yet to receive a RATA from the Directors of Nylex. We have granted the Directors extensions of time to enable them to gain access to the relevant records in order to prepare their RATA, however we are advised by the Directors' legal representative that this has not occurred and that the Group records are now in storage and very difficult to access. This matter is now being reported to ASIC.

However, Mr Ken Latchford, a director of all the Group's subsidiaries and an employee of Nylex Ltd, has provided us with a RATA for this company as at 11 February 2009.

In the Statement, the directors detailed the Companies assets and liabilities at book value and at ERV.

The Statements are detailed at **Annexure 6** for the three (3) trading entities; being:

- Nylex Limited
- Nylex Corporation Pty Ltd; and
- Nylex Industrial Products Pty Ltd

The assets and liabilities detailed in the Statement provided by Mr Latchford for Nylex Limited are summarised as follows.

Nylex Limited	Report ref	Cost or Net Book Value	Directors' ERV ^{NB1}
Statement as at 11 February 2009		\$	\$
Total Assets	5.1.1	1,321,844,682	1,078,432
Liabilities:			
Less: Priority Creditors			
▪ Employee Entitlements Payable in Advance of Secured Creditors	5.1.2	(604,987)	(604,987)
▪ Secured Creditors	5.1.3	(54,923,090)	(54,923,090)
▪ Preferential Creditors	5.1.4	(6,583,959)	(6,583,959)
Total Priority Creditors		(62,112,036)	(62,112,036)
Available to Unsecured Creditors		1,256,769,644	(63,996,606)
Unsecured Creditor Claims	5.1.5	(3,910,192)	(3,910,192)
Estimated Surplus/(Deficiency)		1,255,822,454	(64,943,796)

NB1 We stress that these estimates are not those made by the Directors but by Mr Latchford, an employee of Nylex, from his estimation.

The assets and liabilities described in the directors' Statement for Nylex Corporation Pty Ltd and Nylex Industrial Products Pty Ltd are summarised as follows:

Nylex Corporation Pty Ltd	Report ref	Cost or Net Book Value	Directors' ERV
Statement as at 11 February 2009		\$	\$
Total Assets	5.1.1	540,778,877	43,373,558
Liabilities:			
Less: Priority Creditors			
▪ Employee Entitlements Payable in Advance of Secured Creditors	5.1.2	(16,029,524)	(16,029,524)
▪ Secured Creditors	5.1.3	(54,923,090)	(54,923,090)
▪ Preferential Creditors	5.1.4	(6,583,959)	(6,583,959)
Total Priority Creditors		(77,536,573)	(77,536,573)
Available to Unsecured Creditors		466,081,392	(31,323,927)
Unsecured Creditor Claims	5.1.5	(640,344,278)	(640,344,278)
Estimated Surplus/(Deficiency)		(171,423,798)	(668,829,117)

Nylex Industrial Products Pty Ltd	Report ref	Cost or Net Book Value	Directors' ERV
Statement as at 11 February 2009		\$	\$
Total Assets	5.1.1	77,717,939	29,170,083
Liabilities:			
Less: Priority Creditors			
▪ Employee Entitlements Payable in Advance of Secured Creditors	5.1.2	(10,839,606)	(10,839,606)
▪ Secured Creditors	5.1.3	(54,923,090)	(54,923,090)
▪ Preferential Creditors	5.1.4	(6,583,959)	(6,583,959)
Total Priority Creditors		(72,346,655)	(72,346,655)
Available to Unsecured Creditors		5,491,112	(43,056,744)
Unsecured Creditor Claims	5.1.5	(133,875,246)	(133,875,246)
Estimated Surplus/(Deficiency)		(128,264,306)	(176,812,162)

5.1.1. Assets

The Group's assets are mainly comprised of debtors, stock and plant and equipment, all subject to the fixed and floating charge held by ANZ Fiduciary Services Pty Ltd. It is noted that assets of \$1.9 billion include inter-entity loans and receivables of \$1.6 billion.

5.1.2. Employee Claims

I am advised by the Receivers and Managers that the priority debts owed to employees are circa \$35 million if every employee was terminated and all entitlements were to be paid. Employee claims are afforded priority of repayment pursuant to Section 556 of the Act.

The Act provides that 'Excluded Employees', which includes company directors and their spouses, are each restricted to a total maximum priority claim of \$2,000 for unpaid wages and \$1,500 for annual leave entitlements.

Amounts owed to Excluded Employees that exceed the statutory cap for wages and superannuation and annual leave/long service leave, and all payments owing in respect of retrenchment, being redundancy and payment in lieu of notice, rank for dividend with all other unsecured creditors.

Based on advice received from the Receiver and Manager it appears that sufficient funds will be realised from the floating charge assets to meet priority employee entitlements in full. The relevant distributions will be made by the Receiver and Manager.

5.1.3. Secured Creditors

Annexure 3 sets out the charges held over the Group and registered with ASIC.

At 11 February 2009, the Company owed ANZ Fiduciary Services Pty Ltd circa \$65 million. However, I understand that this amount is likely to be higher due to interest, fees and charges, costs incurred by the Receivers and Managers in trading the businesses and costs of the receivership to date.

5.1.4. Preferential Creditors

Preferential creditors of circa \$6.5 million represent convertible noteholders. Investigations disclosed that noteholders interests are represented by Australian Executors Trustee Limited, the trustee appointed under the convertible note trust Deed. Australian Executors Trustee Limited has a claim in the Group on behalf of all noteholders. I note that claims of noteholders rank as an ordinary unsecured creditor and not as preferential creditor as disclosed in the directors Statement.

5.1.5. Unsecured Creditors

Unsecured creditors of approximately \$778 million include inter-entity loans and payables of \$745 million and contingent liabilities of \$5.8 million.

Informal proofs of debt received to date total \$15.4 million.

5.2. Explanation for Current Financial Position

The directors' explanation for the Companies current financial position is as follows:

- Historically, excessive borrowing of \$600 million by the previous Board of Directors and management.
- More recently, the adverse impact caused by the decline in water tank sales as a result of excessive rain in Queensland, the sharp decline in demand for automotive products due to the deteriorating global economic conditions and the weaker Australian dollar against foreign currency.

My preliminary view is that the Group's failure can be attributed to the following:

- Lack of adequate working capital
- Emphasis on turnover, not profit
- Lack of control over costs and expenditure
- Lack of strategic direction

6. Statutory Investigations

6.1. Nature and Scope of Review

The Act requires an administrator to carry out preliminary investigations into a Company's business, property, affairs and financial circumstances.

Investigations centre on transactions entered into by a Company that a liquidator might seek to void or otherwise challenge where the Company is wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator such that creditors can properly assess whether to accept a DOCA proposal should one be available or resolve to wind up the Company.

Funds recovered would be available to the general body of unsecured creditors including secured creditors but only to the extent of any shortfall incurred after realising their security.

A liquidator may recover funds from each type of voidable transaction detailed in this report. A Deed Administrator does not have recourse to these voidable transactions. A liquidator may also recover funds through other avenues, for example, through action seeking compensation for insolvent trading.

An administrator is not obliged to carry out investigations to the same extent as a liquidator. A liquidator may require many months of investigation and conduct public examinations before forming a concluded view on recovery action.

I investigated matters to the extent possible in the time available. The dividend estimate in a liquidation scenario set out in Section 8 of this report reflects the outcome of my investigations.

The Administrators' knowledge of the Companies affairs comes principally from the following sources:

- Communications with the major unsecured creditors regarding the nature and amount of the debts owed. Those creditors confirmed that the details disclosed by the Companies are substantially correct.
- Communications with the secured creditor regarding the nature and amount of the debt owed.
- The directors' Statement and a detailed questionnaire concerning the Companies affairs prepared by the directors and Mr Latchford.
- Discussions with the directors and their advisors.
- Communications with the Receivers and Managers about the estimated value of the assets and the realisation strategy.
- A search of the ASIC records relating to the Group any related entities.
- An examination of the Companies books and records including its financial statements and management accounts.
- Investigations into the Group's solvency and potential transactions voidable against a liquidator.

6.2. The Company's Solvency

6.2.1. Overview

Proving company's insolvency is an important element in the recovery of funds by a liquidator through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading.

Establishing insolvency is a complex matter due in part to the complexity of corporate financial transactions and the lack of clear prescriptive legal authority on proof of insolvency. Notwithstanding, there are two primary tests used in determining a company's solvency, at a particular date; namely:

- Balance sheet test
- Cash flow or commercial test

The Courts have widely used the cash flow or commercial test in determining a company's solvency at a particular date.

Section 95A of the Act also contains a definition of solvency. That definition reflects the commercial test in stating that a person is solvent if, "*the person is able to pay all the person's debts as and when they become due and payable*".

However, the commercial test is not the sole determinant of solvency. Determining solvency derives from a proper consideration of a company's financial position in its entirety and in the context of commercial reality. Relevant issues include, but are not limited to, the following:

- The degree of illiquidity. A temporary lack of liquidity is not conclusive;
- Regard should be had to:
 - Cash resources
 - Monies available through asset realisations, borrowings against the security of assets or equity/capital raising.
- All a company's assets might not be relevant when considering solvency. For example, where a company proposes selling assets which are essential to its business operations, the proceeds of those assets should not be taken into account.
- The voluntary and temporary forbearance by creditors not to enforce payment terms; and
- It is not appropriate to base an assessment of whether a company can meet its liabilities as and when they fall due on the prospect that a company might trade profitably in the future.

In summary, it is a company's inability using such resources as are available to it through the use of its assets, or otherwise, to meet its debts as they fall due, which indicates insolvency.

6.2.2. Preliminary Determination

Set out below is a summary of my preliminary investigations and my preliminary determination as to the Group's solvency.

For the purpose of assessing the Group's solvency around the time that the main transactions were entered into, I conducted an analysis of the Group's profitability, cash flow and financial position from the financial year ended 30 June 2000 onwards.

Tabled at **Annexure 7** is a summary of the Group's consolidated financial statements for FY 2000 to FY 2008, inclusive being its consolidated financial performance, position and cash flow.

An analysis of the Group's consolidated financial statements for the period from 30 June 2005 to 30 June 2008 was set out in section 4 of this report. Therefore, the analysis set out below primarily focuses on the Group's consolidated financial statements for FY 2000 to FY 2004.

Profitability, cash flow, net assets

Key comments:

- The Group's consolidated financial performance from FY 2001 to FY 2005 disclosed operating losses with a cumulative total of \$640.4 million of which asset write-downs and reorganisation provisions had a cumulative negative impact of \$608.8 million.
- The Group's consolidated financial position at FY 2000 disclosed a net asset surplus of \$502.9 million. A steady contraction in the net asset surplus over the following 3 years (FY 2000 to FY 2003) culminated in the Group at FY 2003 reporting a net asset deficiency of \$6.5 million.
- Over the period from FY 2000 to FY 2003, total assets decreased by \$621.8 million, from \$1,221.8 million to \$600 million. Asset write-downs and reorganisation provisions represented \$455.4 million of the decrease in total assets.
- The Group's consolidated cash flows at FY 2001 disclosed a net cash surplus of \$17.5 million and a cash balance of \$32.4 million. Over the period from FY 2002 to FY 2004, inclusive, the Group reported net cash deficiencies totalling \$34.2 million. The net deficiencies of \$34.2 million resulted in the cash balance at the beginning of FY 2002 of \$32.4 million turning into a funding requirement at FY 2004 of \$2.3 million.
- The Group's interest bearing liabilities at FY 2001 of \$495 million decrease by \$324.5 million to \$170.5 million at FY 2004.
- Over the period from FY 2001 to FY 2004, inclusive, the accelerated pay down of debt of \$324.5 million and the asset write-down and reorganisation provisions of \$546.7 million had a negative impact on the Group's financial position. The sale of the Group's businesses and assets generated cash inflows of \$162.2 million over FY 2001 to FY 2004.
- During FY 2005, an equity raising conducted by the Group generated cash proceeds of \$100 million and restored the Group's consolidated financial position from a net deficiency of \$5.3 million at FY 2004 to a net surplus of \$47.4 million at FY 2005.

Review of the Group's banking facilities for the period February 2002 to February 2009

According to the Group's consolidated accounts for FY 2001 the banking syndicate's finance facilities were unsecured in the amount of \$407 million and secured to the extent of \$23 million. It is noted that during October 2001 the Group's banking syndicate sought to secure its finance facilities of circa \$479 million by registering charges over the Group's assets and undertakings with ASIC. We have requested and are yet to be provided with copies of the finance facility agreements dating back to 2001.

The Group's finance facilities over the period from FY 2000 to FY 2008 are summarised below:

Bank facilities '000	30-Jun-00 \$	30-Jun-01 \$	30-Jun-02 \$	30-Jun-03 \$	30-Jun-04 \$	30-Jun-05 \$	30-Jun-06 \$	30-Jun-07 \$	30-Jun-08 \$
Amount utilised	410,752	423,841	423,938	343,510	163,437	151,201	57,026	41,300	45,800
Unused facilities	106,419	55,859	21,346	19,565	1,153	11,300	6,419	17,700	13,200
Total	517,171	479,700	445,284	363,075	164,590	162,501	63,445	59,000	59,000

We are advised by McGrathNicol that they were engaged by the Group's banking syndicate during August 2008 to review the Group's operations and report to the financiers under the terms of the finance facilities.

Investigations also disclosed that the Group's banking syndicate had previously engaged KPMG to undertake similar reviews from as early as February 2002. According to the Board's meeting and correspondence files, it appears that KPMG provided monthly reports to the Group and its financiers in this regard. The minutes also record that a representative from KPMG was a member of the Group's Asset Divestment Steering Committee. The role of the Committee was to report to the Board on the asset divestment processes conducted under its direction.

We have sought copies of the Group's records in respect of the Asset Divestment Steering Committee however, at the time of writing, these have not yet been received. In addition, we have requested from KPMG but have not yet been provided with copies of reports prepared by KPMG in respect of the Group to the lender.

Board meetings and correspondence

We have also reviewed records of the Board's meetings and correspondence mostly covering the period from June 2001 to March 2006 and note the following:

- In or around June 2001 the Group sought legal advice in connection with the director's responsibilities with respect to insolvent trading.
- In or around February 2002, the Board met to discuss concerns regarding the Group's solvency and its ability to sign off on half yearly accounts as at 31 December 2001 which requires the directors to make a declaration that there are reasonable grounds to believe that the company can pay its debts as and when they fall due. In addition, the Board expressed concerns that the Group's banking syndicate amortisation schedule which required the Group to divest assets and reduce the secured debt was affecting the Group's viability.

In February 2002, the Group met with the banking syndicate and its advisors (KPMG), in which it raised its concerns with respect to the above.

To conclude the above analysis, it appears that:

- Uncertainty surrounded the Group with respect to its solvency in years 2001 and 2002.
- Asset divestiture activities over the years from FY 2001 to FY 2004 resulted in the Group's interest bearing liabilities decreasing from \$495 million at FY 2001 to \$170.5 million at FY 2004.
- Between 1 July 2003 and 30 June 2004 the Group failed on both solvency tests (balance sheet and cash flow).
- However, an equity raising conducted by the Group during FY 2005 generated cash proceeds of circa \$100 million and restored the Group's consolidated financial position from a net deficiency of \$5.3 million at FY 2004 to a net surplus of \$47.4 million at FY 2005.
- Therefore, it could be argued that the liquidity problems faced by the Group in 2003/2004 were only temporary and should not be considered when assessing the Group's solvency.

A liquidator would need to conduct further investigations, and possibly conduct public examinations of relevant parties, to ultimately determine the exact date the Group became insolvent.

6.2.3. Presumption of Insolvency – Inadequate Books and Records

Failure to keep or retain adequate books and records in accordance with Section 286 of the Act provides a rebuttable presumption of insolvency under Section 588E of the Act. A liquidator can rely on the presumption of insolvency in litigation including:

- Compensation claims arising from insolvent trading
- Recovery of voidable transactions from related entities

The presumption cannot be relied upon in the recovery of unfair preference from an unrelated entity.

My preliminary view is that the Group maintained adequate books and records in accordance with Section 286. Accordingly, the presumption of insolvency under Section 588E would not be available.

6.3. Voidable Transactions

6.3.1. Unfair Preferences

A payment to a creditor is preferential if it is made at a time when the Company is insolvent and it results in the recipient receiving a greater return than they would receive if the payment were set aside and the creditor lodged a claim in the liquidation.

Should a liquidator establish any such unfair preference payments, these amounts may be recouped thereby increasing the funds available to ordinary unsecured creditors. If a creditor disgorges an unfair preference payment to a liquidator, the creditor is entitled to prove for dividend. Therefore, whilst recovering an unfair preference increases the pool of funds available to creditors, it also increases total creditor claims.

My preliminary investigations into the Company's affairs did not reveal payments made to parties which may be voidable as unfair preferences.

6.3.2. Uncommercial Transactions

A transaction is an uncommercial transaction if it is made at a time when the Company is insolvent and it may be expected that a reasonable person in the Company's circumstances would not have entered into the transaction having regard to:

- The benefits or detriment to the company of entering into the transaction;
- The prospective benefits to other parties to the transaction upon entering into it.

Should a liquidator establish any such uncommercial transactions, those transactions may be set aside thereby increasing the funds available to ordinary unsecured creditors.

During the course of my investigations I have identified a number of transactions involving the disposal of various Group assets and businesses which may fall under the realm of uncommercial transactions.

In particular, between 2002 to 2005, a number of businesses and companies were sold. At this stage, until further investigations are carried out I am not able to categorically say whether these transactions could be considered uncommercial.

Due to commercial sensitivities I am unable to estimate potential recoveries from uncommercial transactions or transactions designed to defeat, delay or interfere with creditors' rights. There is no guarantee that a liquidator will recover funds or that costs ultimately dissipate the benefit to creditors.

6.3.3. Unfair Loans

Section 588FD provides that a loan to a company is unfair if the interest and charges are extortionate. In considering whether interest and charges are extortionate, regard must be had to:

- Risk the lender is exposed to
- Value of security
- Term
- Repayment schedule
- Amount of loan

Based on my investigations to date, the Group was not a party to any unfair loans.

6.3.4. Unreasonable Director-related Transactions

Pursuant to Section 588FDA of the Act, a transaction is an unreasonable director-related transaction of the company if:

- The transaction is a payment, transfer of property, issue of securities or incurring of an obligation by the company.
- Made by the director or close associate of the director.
- That a reasonable person in the company's circumstances would not have entered into having regard to the benefit or detriment to the company or other parties.

Should a liquidator establish any such transactions, they may be set aside thereby increasing the funds available to unsecured creditors.

My investigations did not reveal any unreasonable director related transaction.

6.4. Insolvent Trading

6.4.1. Directors' Liability

Section 588G of the Act imposes a positive duty upon company directors to prevent insolvent trading. If a director is found guilty of an offence in contravening Section 588G, the Court may order him or her to pay compensation to the company equal to the amount of loss or damage suffered by its creditors.

The Court may also impose upon the directors' one of two types of civil penalty orders. The first can include a fine not exceeding \$200,000 or an order prohibiting directors from participating in the management of a company. The second, where there is criminal intent and a conviction, a director could also be imprisoned for up to five years or fined as well.

ASIC usually applies for civil penalty orders while applications for compensation payable to the company are usually made by a liquidator, or in specified circumstances, a creditor.

The substantive elements of Section 588G are:

- A person must be a director of a company at a time when the company incurs a debt.
- The company must be insolvent at that time or becomes insolvent by incurring the debt.
- The director must have reasonable grounds for suspecting that the company is insolvent or would so become insolvent by incurring the debt.

Summarised below are the defences contained in Section 588H:

- The directors had reasonable grounds at the time the debt was incurred to expect the company to be solvent and would remain solvent even after the debt was incurred.
- The directors relied on another person to provide information about whether or not the company was solvent.
- The directors were ill or for some other good reason did not take part in the management of the company.
- The directors took reasonable steps to prevent the incurring of the debt.

A liquidator must form an opinion as to the date the Company became insolvent and determine the debts incurred from that date; thereby quantifying the loss to the Company.

Based on my analysis at Section 6.2 of this report, I indicated that notwithstanding the Group was faced with cash flow difficulties as early as June 2005, it would be very difficult to establish the exact date of insolvency given the continuous support from financiers and the Group's access to the funding available on the capital markets.

Further, should the insolvency date be established, in their defence, the directors could argue:

- No substantial debts were incurred beyond the insolvency date.
- They sought advice which led to the appointment of administrators.
- A reasonable expectation that the Company was or would remain solvent due to:
 - Continuous support from its financiers
 - Funding available on the capital markets

Again, a liquidator would likely seek legal advice on these issues and conduct more investigations possibly including a public examination.

The costs of proceeding with an insolvent trading action must be considered as does the personal financial capacity of the directors to pay a judgement obtained against them.

6.5. Director Duties

Based on preliminary investigations, I have not identified any breaches by the directors of their statutory or fiduciary duties however investigations in this matter would be continued by a liquidator, should one be appointed.

7. Proposal for DOCA

There is no DOCA proposal at this point in time, however, a number of parties have expressed an interest in putting forward a DOCA proposal for the recapitalisation of Nylex Limited.

Based on the interest received to date, the Administrators intend to advertise for indicative offers for the sale of the corporate shell of Nylex Limited which may generate a return to unsecured creditors. A sale of the corporate shell can only be undertaken through a DOCA.

The Administrators intend to seek creditor approval for the second meeting for Nylex Limited to be adjourned for a period of up to 45 business days to enable the Administrators to complete a sale of the corporate shell to one of the interested parties.

8. Creditors' options, dividend estimates and cost estimates

Pursuant to Section 439A(4)(b) of the Act, I am required to provide creditors with a statement setting out my opinion on whether it is in the creditors' interests for the:

- Administrations to end
- Companies to be wound up
- Companies to execute a DOCA

In forming my opinion, it is necessary to consider an estimate of the dividend creditors might expect, and the likely costs, under each option.

8.1. Administrations to end

Creditors may resolve that the administrations should end if it appears the Companies are solvent or, for some other reason, control of the Companies should revert to its directors.

Based on my preliminary investigations and analysis of the Companies financial information, the Companies are insolvent. There appears to be no valid commercial reason why control of the Companies should revert to its directors.

If the administrations were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors. In those circumstances, I am unable to say what the Companies might ultimately pay creditors or what costs might be incurred.

Therefore, my opinion is that it is not in the creditors' interest for the administrations to end. It is appropriate that the Companies affairs be dealt with under Part 5.3A of the Act under one of the options detailed in Section 8.2 or 8.3 below.

8.2. Winding up of Companies

Based upon the information in this report, where the Companies are wound up, I estimate that a dividend will not be payable to any class of creditor. However, should funds become available to enable a liquidator to further investigate and pursue the transactions identified in this report, this could generate a return to unsecured creditors.

8.3. Execution of proposed DOCA

At present it is impossible to calculate the likely return to creditors, as the sale of the corporate shell of Nylex Limited will be sold to the highest bidder (subject to shareholder approval). As discussed earlier, a sale of the corporate shell can only be undertaken through a DOCA.

At the date of this report, a number of expressions of interest have been received for the recapitalisation and relisting of Nylex Limited. Based on the indicative offers received it appears that sufficient funds will be realised to enable a distribution to unsecured creditors.

9. Administrators' opinion

As stated in section 8.1 above, the option of the administrations ending is clearly not viable. The Administrators opinion on the other two options available to creditors is set out below:

9.1. Nylex Limited

A DOCA proposal is currently not available, therefore this is not an option creditors can consider at the forthcoming meeting.

However, as mentioned earlier in this report, the Administrators have entered into discussions with various parties for the recapitalisation of the Company. It is therefore our view that it is in the best interests of Nylex Limited creditors to approve an adjournment of the second meeting for a period up to 45 business days to enable the Administrators to further these discussions and to enable the DOCA proposal terms to be finalised and presented to creditors for consideration at the adjourned meeting

A DOCA proposal for the recapitalisation of Nylex Limited will enable funds to be realised from the sale of the corporate shell which is likely to generate a return for unsecured creditors.

The only other option available to creditors is to wind up Nylex Limited.

However, it should be noted that the sale of the corporate shell would not be available if Nylex Limited was placed in liquidation.

As mentioned earlier there is much uncertainty surrounding the potential recoveries available to the liquidator from unfair preference, uncommercial transactions or breaches of directors duties; therefore there would be no commercial benefit to creditors from this course of action.

9.2. Other Companies

No DOCA proposal has been received in respect of the three (3) remaining Companies and it is our view that one is unlikely to be proposed. Therefore it is our view that it is in the creditors best interest for these companies to be wound up.

10. Administrators' Remuneration Report

Pursuant to Section 446E of the Act, I enclose as Annexure 1 the Administrators' Remuneration Report. At the second meeting of creditors, I intend seeking approval of the remuneration set out in the remuneration report. Details of disbursements incurred are also included in the remuneration report.

11. Further Queries

I will advise creditors in writing, if practicable, of any additional matter that comes to my attention after the dispatch of this report that, in my view, is material to creditors' deliberations.

In the meantime, should creditors have any queries, please do not hesitate to contact Jason Alabakis of this office.

DATED this 6th day of July 2009

A handwritten signature in blue ink, appearing to read 'G. Georges', with a stylized flourish at the end.

GEORGE GEORGES
ADMINISTRATOR



Annexure 1

Administrators' Remuneration Report

**CORPORATIONS ACT 2001****Section 499E**

**NYLEX LIMITED
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 009 375 553**

**NYLEX CORPORATION PTY LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 084 725 002**

**NYLEX INDUSTRIAL PRODUCTS PTY LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 053 301 296**

**NYLEX WATER SOLUTIONS PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 004 758 070**

(COLLECTIVELY THE “COMPANIES”)

REMUNERATION REPORT

The Administrator's Remuneration Report, prepared in accordance with section 499E of the Corporations Act 2001, takes the following format.

Part A

- A1 Schedule of hourly rates and general guide to staff experience
- A2 Tasks undertaken by the Administrators' and remuneration calculation for the period 11 February 2009 to 30 June 2009
- A3 Schedule of the Administrators' anticipated tasks and remuneration estimate for the period 1 July 2009 to 15 July 2009
- A4 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 15 July 2009 to the conclusion of the administration.
- A5 Remuneration approved and drawn to date
- A6 Resolutions to be put to creditors at the meeting convened for 15 July 2009

Part B

- B1 Administrators' Disbursements
- B2 Other creditor information on remuneration

The Remuneration Report must be read in conjunction with the report to creditors dated 6 July 2009.

A1 SCHEDULE OF HOURLY RATES AND GENERAL GUIDE TO STAFF EXPERIENCE

Title	Rate (\$)	Experience
Partner/Principal/ 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 more complex administrative tasks.
Professional Staff Junior	135	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.
Senior Secretary	165	Appropriate skills including machine usage.
Computer Operator	110	Appropriate skills including machine usage.
Clerk	135	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.
Typist	88	Appropriate skills including machine usage.
Office Assistant	60	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.

PART A

A2. Tasks undertaken by the Administrators' and remuneration calculation for the period 11 February to 30 June 2009

Assets	Leasing	<ul style="list-style-type: none"> ▪ Reviewing leasing documents ▪ Liaising with owners/lessors ▪ Tasks associated with disclaiming leases
Creditors	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing general reports and circulars to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing proof of debts ("POD's") when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting
	Shareholder enquires	<ul style="list-style-type: none"> ▪ Initial day one letters ▪ Receive and follow up shareholder enquiries via telephone, email and post ▪ Responding to any shareholder legal action
Employees	Employee enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up employee enquiries via telephone ▪ Maintain employee enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post
Investigation	Financial reporting	<ul style="list-style-type: none"> ▪ Reviewing financial statements and annual reports
	Conducting investigation	<ul style="list-style-type: none"> ▪ Collection of company books and records and Report as to Affairs ▪ Reviewing company's books and records ▪ Review and preparation of company nature and history ▪ Conducting and summarising statutory searches ▪ Review of specific transactions ▪ Liaising with directors regarding certain transactions ▪ Preparation of investigation file
	ASIC reporting	<ul style="list-style-type: none"> ▪ Preparing statutory investigation reports ▪ Preparing affidavits seeking non lodgements assistance ▪ Liaising with ASIC
Administration	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Willis regarding initial and ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers

Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505, 524, 911 etc ▪ Correspondence with ASIC regarding statutory forms
ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Notification of appointment ▪ Preparing BAS'
Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage

The remuneration for each Company by tasks undertaken is detailed at A2 (overleaf) and summarised as follows:

Nylex Corporation Pty Ltd

	Assets	Creditors	Employees	Trade On	Investigation	Administration
Hours	2.10	52.98	0.3	2.55	17.17	74.83
Amount (Excl. GST)	\$807.00	\$12,681.92	\$102.00	\$639.33	\$6,154.33	\$17,822.17

Nylex Industrial Products Pty Ltd

	Assets	Creditors	Employees	Trade On	Investigation	Administration
Hours	0	36.68	1.1	2.05	16.67	45.13
Amount (Excl. GST)	\$nil	\$10,623.92	\$374	\$569.33	\$6,303.33	\$12,683.17

Nylex Water Solutions Pty Ltd

	Assets	Creditors	Employees	Trade On	Investigation	Administration
Hours	0	29.28	0	1.25	13.87	29.63
Amount (Excl. GST)	\$nil	\$8,188.42	\$nil	\$379.33	\$5,227.33	\$8,146.67

Nylex Limited

	Assets	Creditors	Employees	Trade On	Investigation	Administration
Hours	3.6	113.45	0	25.55	66.70	226
Amount (Excl. GST)	\$1,469.00	\$33,996.75	\$nil	\$13,708.00	\$25,631.00	\$67,311.00



A2 (cont) Tasks undertaken by the Administrator's and remuneration calculation for the period 11 February 2009 to 30 June 2009

Remuneration Report
 Nylex Corporation Pty Ltd
 Client Code: 4607 Matter Code: 52731
 Date: 11 February 2009 to 30 June 2009

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area											
					Assets		Creditors		Employees		Trade On		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
George Georges	Partner	550.00	2.75	1,512.50	0.00	0.00	0.02	9.17	0.00	0.00	0.00	0.00	0.00	0.00	2.73	1,503.33
Gregory Meredith	Partner	550.00	0.20	110.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	110.00
David Caldwell	Director	460.00	0.40	184.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	184.00	0.00	0.00
Luci Palaghia	Manager 1	410.00	25.67	10,523.33	1.80	738.00	4.25	1,742.50	0.00	0.00	0.00	0.00	8.65	3,546.50	10.97	4,496.33
Melinda Gorman	Manager 1	410.00	0.08	34.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	34.17
Nga Tran	Manager 2	340.00	4.78	1,626.33	0.00	0.00	3.20	1,088.00	0.30	102.00	0.00	0.00	0.00	0.00	1.28	436.33
Justin Geri	Manager 2	340.00	0.47	158.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.47	158.67	0.00	0.00
Valentina Kozovska	Manager 2	340.00	16.35	5,559.00	0.00	0.00	10.52	3,575.67	0.00	0.00	0.00	0.00	4.28	1,456.33	1.55	527.00
Natalie Reid	Supervisor	290.00	0.60	174.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.60	174.00
Russell Adams	Senior 1	260.00	26.73	6,950.67	0.00	0.00	4.90	1,274.00	0.00	0.00	2.30	598.00	2.00	520.00	17.53	4,558.67
Ben Kot	Senior 1	260.00	0.50	130.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	130.00
Ilona Lichomets	Senior 2	230.00	7.35	2,008.67	0.30	69.00	4.42	1,015.83	0.00	0.00	0.00	0.00	0.88	203.17	3.13	720.67
Thomas Mort	Intermediate 1	205.00	3.65	51.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	51.25	0.00	0.00
Andrew Burnett	Intermediate 2	170.00	0.40	68.00	0.00	0.00	0.40	68.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gabrielle Spinelli	Intermediate 2	170.00	12.05	620.50	0.00	0.00	0.20	34.00	0.00	0.00	0.00	0.00	0.00	0.00	3.45	586.50
Jason Alabakis	Intermediate 2	170.00	2.53	2,473.50	0.00	0.00	10.30	1,751.00	0.00	0.00	0.22	36.83	0.08	14.17	3.95	671.50
David Mazzone	Intermediate 2	170.00	3.80	646.00	0.00	0.00	3.80	646.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Marysia Pelc	Senior Secretary	165.00	0.28	5.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	5.50
John Mikhael	CP Operator	110.00	1.75	31.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.28	31.17
Lisa Vella	CP Operator	110.00	0.80	88.00	0.00	0.00	0.20	22.00	0.00	0.00	0.00	0.00	0.00	0.00	0.60	66.00
Courtney Davies	Clerk	135.00	2.10	506.25	0.00	0.00	0.00	0.00	0.00	0.00	0.03	4.50	0.05	6.75	3.67	495.00
Aaron Fisher	Clerk	135.00	1.20	162.00	0.00	0.00	1.20	162.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Mark Tippet	Clerk	135.00	3.10	418.50	0.00	0.00	3.10	418.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jacqueline Chambers	Clerk	135.00	4.55	351.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	13.50	2.50	337.50
Ben Kite	Clerk	135.00	4.70	634.50	0.00	0.00	1.50	202.50	0.00	0.00	0.00	0.00	0.00	0.00	3.20	432.00
Stephanie Young	Clerk	135.00	0.80	108.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80	108.00
Brent Smith	Clerk	135.00	3.50	472.50	0.00	0.00	3.50	472.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Zach Wilson	Clerk	135.00	20.07	2,598.75	0.00	0.00	1.48	200.25	0.00	0.00	0.00	0.00	0.00	0.00	17.77	2,398.50
TOTAL Hours				151.17	2.10		52.98		0.30		2.55		17.17		74.83	
TOTAL \$				38,206.75	807.00		12,681.92		102.00		639.33		6,154.33		17,822.17	
GST \$				3,820.68												
TOTAL (including GST)				42,027.43												
Average hourly rate				252.75	384.29		239.36		340.00		250.72		358.50		238.16	



A2 (cont) Tasks undertaken by the Administrator's and remuneration calculation for the period 11 February 2009 to 30 June 2009

Ferrier Hodgson
Remuneration Report
Nylex Industrial Products Pty Ltd
Client Code: 4607 Matter Code: 52731
Date: 11 February 2009 to 30 June 2009

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area											
					Assets		Creditors		Employees		Trade On		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
George Georges	Partner	550.00	2.85	1,567.50	0.00	0.00	0.02	9.17	0.00	0.00	0.00	0.00	0.00	0.00	2.83	1,558.33
David Caldwell	Director	460.00	0.40	184.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	184.00	0.00	0.00
Luci Palaghia	Manager 1	410.00	29.77	12,204.33	0.00	0.00	6.65	2,726.50	0.00	0.00	0.40	164.00	10.45	4,284.50	12.27	5,029.33
Melinda Gorman	Manager 1	410.00	0.08	34.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	34.17
Nga Tran	Manager 2	340.00	4.68	1,592.33	0.00	0.00	2.30	782.00	1.10	374.00	0.00	0.00	0.00	0.00	1.28	436.33
Justin Geri	Manager 2	340.00	0.47	158.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.47	158.67	0.00	0.00
Valentina Kozovska	Manager 2	340.00	16.35	5,559.00	0.00	0.00	10.52	3,575.67	0.00	0.00	0.00	0.00	4.28	1,456.33	1.55	527.00
Russell Adams	Senior 1	260.00	16.43	4,272.67	0.00	0.00	6.00	1,560.00	0.00	0.00	1.40	364.00	0.00	0.00	9.03	2,348.67
Iona Lichomets	Senior 2	230.00	2.25	835.67	0.00	0.00	1.62	371.83	0.00	0.00	0.00	0.00	0.58	134.17	1.43	329.67
Thomas Mort	Intermediate 1	205.00	3.65	51.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	51.25	0.00	0.00
Gabrielle Spinelli	Intermediate 2	170.00	13.15	807.50	0.00	0.00	0.20	34.00	0.00	0.00	0.00	0.00	0.00	0.00	4.55	773.50
Jason Alabakis	Intermediate 2	170.00	0.03	2,048.50	0.00	0.00	8.90	1,513.00	0.00	0.00	0.22	36.83	0.08	14.17	2.85	484.50
Marysia Pelc	Senior Secretary	165.00	0.28	5.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.03	5.50
John Mikhael	CP Operator	110.00	1.75	31.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.28	31.17
Lisa Vella	CP Operator		0.70	0.00	0.00	0.00	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.60	0.00
Courtney Davies	Clerk	135.00	0.10	236.25	0.00	0.00	0.00	0.00	0.00	0.00	0.03	4.50	0.05	6.75	1.67	225.00
Jacqueline Chambers	Clerk	135.00	2.05	13.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	13.50	0.00	0.00
Ben Kite	Clerk	135.00	2.50	337.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50	337.50
Stephanie Young	Clerk	135.00	0.80	108.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.80	108.00
Zach Wilson	Clerk	135.00	4.57	506.25	0.00	0.00	0.38	51.75	0.00	0.00	0.00	0.00	0.00	0.00	3.37	454.50
TOTAL Hours				102.87	0.00		36.68		1.10		2.05		16.67		45.13	
TOTAL \$				30,553.75	0.00		10,623.92		374.00		569.33		6,303.33		12,683.17	
GST \$				3,055.38												
TOTAL (including GST)				33,609.13												
Average hourly rate				297.02	0.00		289.61		0.00		277.72		378.20		281.02	



A2 (cont) Tasks undertaken by the Administrator's and remuneration calculation for the period 11 February 2009 to 30 June 2009

Ferrier Hodgson
Remuneration Report
Nylex Water Solutions Pty Ltd
Client Code: 4607 Matter Code: 52731
Date: 11 February 2009 to 30 June 2009

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area											
					Assets		Creditors		Employees		Trade On		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
George Georges	Partner	550.00	2.45	1,347.50	0.00	0.00	0.02	9.17	0.00	0.00	0.00	0.00	0.00	0.00	2.43	1,338.33
David Caldwell	Director	460.00	0.40	184.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.40	184.00	0.00	0.00
Luci Palaghia	Manager 1	410.00	17.37	7,120.33	0.00	0.00	3.25	1,332.50	0.00	0.00	0.60	246.00	8.05	3,300.50	5.47	2,241.33
Melinda Gorman	Manager 1	410.00	0.08	34.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.08	34.17
Nga Tran	Manager 2	340.00	3.18	1,082.33	0.00	0.00	2.10	714.00	0.00	0.00	0.00	0.00	0.00	0.00	1.08	368.33
Justin Geri	Manager 2	340.00	0.47	158.67	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.47	158.67	0.00	0.00
Valentina Kozovska	Manager 2	340.00	16.35	5,559.00	0.00	0.00	10.52	3,575.67	0.00	0.00	0.00	0.00	4.28	1,456.33	1.55	527.00
Russell Adams	Senior 1	260.00	5.73	1,490.67	0.00	0.00	2.00	520.00	0.00	0.00	0.00	0.00	0.00	0.00	3.73	970.67
Ilona Lichomets	Senior 2	230.00	5.05	1,479.67	0.00	0.00	1.82	417.83	0.00	0.00	0.40	92.00	0.18	42.17	4.03	927.67
Thomas Mort	Intermediate 1	205.00	3.65	51.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.25	51.25	0.00	0.00
Gabrielle Spinelli	Intermediate 2	170.00	12.05	620.50	0.00	0.00	0.20	34.00	0.00	0.00	0.00	0.00	0.00	0.00	3.45	586.50
Jason Alabakis	Intermediate 2	170.00	0.23	2,082.50	0.00	0.00	9.10	1,547.00	0.00	0.00	0.22	36.83	0.08	14.17	2.85	484.50
Marysia Pelc	Senior Secretary	165.00	0.48	38.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.23	38.50
John Mikhael	CP Operator	110.00	1.75	31.17	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.28	31.17
Lisa Vella	CP Operator	110.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Courtney Davies	Clerk	135.00	0.20	249.75	0.00	0.00	0.10	13.50	0.00	0.00	0.03	4.50	0.05	6.75	1.67	225.00
Jacqueline Chambers	Clerk	135.00	2.05	13.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.10	13.50	0.00	0.00
Zach Wilson	Clerk	135.00	3.77	398.25	0.00	0.00	0.18	24.75	0.00	0.00	0.00	0.00	0.00	0.00	2.77	373.50
TOTAL Hours				75.27	0.00		29.28		0.00		1.25		13.87		29.63	
TOTAL \$				21,941.75	0.00		8,188.42		0.00		379.33		5,227.33		8,146.67	
GST \$				2,194.18												
TOTAL (including GST)				24,135.93												
Average hourly rate				291.52	0.00		0.00		0.00		303.47		376.97		274.92	



A2 (cont) Tasks undertaken by the Administrator's and remuneration calculation for the period 11 February 2009 to 30 June 2009

Ferrier Hodgson
Remuneration Report
Nylex Limited
Client Code: 4607 Matter Code: 52731
Date: 11 February 2009 to 30 June 2009

Employee	Position	\$ /hour (ex GST)	Total actual hours	Total (\$)	Task Area											
					Assets		Creditors		Employees		Trade On		Investigation		Administration	
					hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$	hrs	\$
Georges, George	Partner	550.00	58.65	32,257.50	0.70	385.00	3.85	2,117.50	0.00	0.00	24.40	13,420.00	0.00	0.00	29.70	16,335.00
David Caldwell	Director	460.00	1.20	552.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.20	552.00	0.00	0.00
Michael Cave	Director	460.00	6.00	2,760.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	2,760.00
Luci Palaghia	Manager 1	410.00	117.90	48,339.00	1.00	410.00	20.95	8,589.50	0.00	0.00	0.40	164.00	47.35	19,413.50	48.20	19,762.00
Melinda Gorman	Manager 1	410.00	18.85	7,728.50	0.40	164.00	9.30	3,813.00	0.00	0.00	0.00	0.00	0.00	0.00	9.15	3,751.50
Nga Tran	Manager 2	340.00	19.75	6,715.00	1.50	510.00	3.30	1,122.00	0.00	0.00	0.00	0.00	0.00	0.00	14.95	5,083.00
Justin Geri	Manager 2	340.00	1.40	476.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.40	476.00	0.00	0.00
Valentina Kozovska	Manager 2	340.00	49.05	16,677.00	0.00	0.00	31.55	10,727.00	0.00	0.00	0.00	0.00	12.85	4,369.00	4.65	1,581.00
Russell Adams	Senior 1	260.00	2.90	754.00	0.00	0.00	0.90	234.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	520.00
Ilona Lichomets	Senior 2	230.00	17.55	4,991.00	0.00	0.00	5.25	1,207.50	0.00	0.00	0.00	0.00	2.45	563.50	14.00	3,220.00
Thomas Mort	Intermediate 1	205.00	10.95	153.75	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.75	153.75	0.00	0.00
Gabrielle Spinelli	Intermediate 2	170.00	36.15	1,861.50	0.00	0.00	0.60	102.00	0.00	0.00	0.00	0.00	0.00	0.00	10.35	1,759.50
Jason Alabakis	Intermediate 2	170.00	1.70	6,417.50	0.00	0.00	28.30	4,811.00	0.00	0.00	0.65	110.50	0.25	42.50	8.55	1,453.50
Nancy Stavropoulos	Senior Secretary	165.00	17.50	2,887.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	17.50	2,887.50
Marysia Pelc	Senior Secretary	165.00	0.95	33.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.20	33.00
John Mikhael	CP Operator	110.00	5.25	93.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.85	93.50
Lisa Vella	CP Operator	110.00	0.70	77.00	0.00	0.00	0.10	11.00	0.00	0.00	0.00	0.00	0.00	0.00	0.60	66.00
Courtney Davies	Clerk	135.00	3.00	1,073.25	0.00	0.00	0.00	0.00	0.00	0.00	0.10	13.50	0.15	20.25	7.70	1,039.50
Ben Kite	Clerk	135.00	32.90	4,441.50	0.00	0.00	8.20	1,107.00	0.00	0.00	0.00	0.00	0.00	0.00	24.70	3,334.50
Jacqueline Chambers	Clerk	135.00	6.15	40.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.30	40.50	0.00	0.00
Zach Wilson	Clerk	135.00	30.50	3,786.75	0.00	0.00	1.15	155.25	0.00	0.00	0.00	0.00	0.00	0.00	26.90	3,631.50
TOTAL Hours				439.00	3.60		113.45		0.00		25.55		66.70		226.00	
TOTAL \$				142,115.75	1,469.00		33,996.75		0.00		13,708.00		25,631.00		67,311.00	
GST \$				14,211.58												
TOTAL (including GST)				156,327.33												
Average hourly rate				323.73	0.00		299.66		0.00		536.52		384.27		297.84	



A3

Schedule of anticipated tasks and Administrators' estimated prospective remuneration for the period 1 July 2009 to 15 July 2009

Based on the following estimated tasks, I estimate the Administrators' fees for the above period at \$5,000 per Company as follows:

- Nylex Corporation Pty Ltd
- Nylex Industrial Products Pty Ltd
- Nylex Water Solutions Pty Ltd

The prospective remuneration for Nylex Limited will be discussed at the adjourned meeting. In the event, however, that Nylex Limited is wound up I estimate the Administrators' fees for the period from 1 July 2009 to 15 July 2009 at \$15,000.

Creditors	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing report and circular to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend ▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting
Administration	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents ▪ Updating checklists
	Bank account administration	<ul style="list-style-type: none"> ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers



A4 Schedule of anticipated tasks and Liquidators' estimated prospective remuneration for the period 15 July 2009 to conclusion

Based on the anticipated tasks of the Liquidation, I estimate the Liquidators' fees per Company as follows:

- Nylex Corporation Pty Ltd: \$30,000
- Nylex Industrial Products Pty Ltd: \$50,000
- Nylex Water Solutions Pty Ltd: \$20,000
- Nylex Limited: \$150,000

Creditors	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing general reports and circulars to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend ▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting
	Shareholder enquires	<ul style="list-style-type: none"> ▪ ITAA Section 104-145(1) declarations ▪ Responding to any shareholder legal action
Investigation	Conducting investigation	<ul style="list-style-type: none"> ▪ Collection of company books and records ▪ Correspondence with ASIC to receive assistance in obtaining books and records ▪ reconstruction of financial statements ▪ company's books & records and Report as to Affairs ▪ Reviewing company's books and records ▪ Review and preparation of company nature and history ▪ Conducting and summarising statutory searches ▪ Preparation of comparative financial statements ▪ Preparation of deficiency statement ▪ Review of specific transactions and liaising with directors regarding certain transactions ▪ Liaising with directors regarding certain transactions ▪ Preparation of investigation file ▪ Lodgement of report with the ASIC pursuant to section 533 of the Act ▪ Preparation and lodgement of supplementary report if required



	Examinations	<ul style="list-style-type: none"> ▪ Preparing brief to solicitor ▪ Liaising with solicitor(s) regarding examinations ▪ Attendance at examination ▪ Reviewing examination transcripts ▪ Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / Recoveries	<ul style="list-style-type: none"> ▪ Internal meetings to discuss status of litigation ▪ Preparing brief to solicitors ▪ Liaising with solicitors regarding recovery actions ▪ Attending to negotiations ▪ Attending to settlement matters
	ASIC reporting	<ul style="list-style-type: none"> ▪ Preparing statutory investigation reports ▪ Preparing affidavits seeking non lodgements assistance ▪ Liaising with ASIC
Administration	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ First month, then 6 monthly administration review ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Willis regarding initial and ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505, 524, 911 etc ▪ Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Notification of appointment ▪ Preparing BAS' ▪ Completing group certificates
	Finalisation	<ul style="list-style-type: none"> ▪ Notifying ATO of finalisation ▪ Cancelling ABN / GST / PAYG registration ▪ Completing checklists ▪ Finalising WIP
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage

Please note that the above is an estimate only. If costs exceed the estimate, I will advise creditors accordingly and seek further approval.



A5 Remuneration approved and drawn to date.

Creditors have not approved any remuneration to the date of this report.

A6 Resolutions to be put to creditors at the meeting convened for Wednesday 15 July 2009

At the meeting of creditors convened for Wednesday 15 July 2009, creditors will be asked to consider the following resolutions:

Administrators' Remuneration

"That the remuneration of the Administrator of Nylex Limited (Administrators Appointed), as set out in the Administrators' remuneration report dated 6 July 2009, for the period from 11 February 2009 to 30 June 2009 be fixed in the sum of \$142,115.75 plus any applicable GST"

In the event that creditors resolve to wind up Nylex Limited, the following resolution is proposed in addition to the above:

"and also that the Administrators' remuneration for the period from 1 July 2009 to the end of the Administration period be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$15,000 (plus GST if applicable)"

"That the remuneration of the Administrator of Nylex Corporation Pty Ltd (Administrators Appointed), as set out in the Administrators' remuneration report dated 6 July 2009, for the period from 11 February 2009 to 30 June 2009 be fixed in the sum of \$38,206.75 plus any applicable GST, and also that the Administrators' remuneration for the period from 1 July 2009 to the end of the Administration period be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$5,000 (plus GST if applicable)"

"That the remuneration of the Administrator of Nylex Industrial Products Pty Ltd (Administrators Appointed), as set out in the Administrators' remuneration report dated 6 July 2009, for the period from 11 February 2009 to 30 June 2009 be fixed in the sum of \$30,553.75 plus any applicable GST, and also that the Administrators' remuneration for the period from 1 July 2009 to the end of the Administration period be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$5,000 (plus GST if applicable)"

"That the remuneration of the Administrator of Nylex Water Solutions Pty Ltd (Administrators Appointed), as set out in the Administrators' remuneration report dated 6 July 2009, for the period from 11 February 2009 to 30 June 2009 be fixed in the sum of \$21,941.75 plus any applicable GST, and also that the Administrators' remuneration for the period from 1 July 2009 to the end of the Administration period be fixed in accordance with the Ferrier Hodgson hourly rates to a maximum sum of \$5,000 (plus GST if applicable)"

Liquidators' Remuneration

"That the remuneration of the Liquidators' Nylex Corporation Pty Ltd, as set out in the Administrators' remuneration report dated 6 July 2009, for the period from be fixed in accordance with the Ferrier Hodgson schedule of hourly rates to a maximum sum of \$30,000 plus GST but subject to upward adjustment by resolution of creditors committee of inspection and that the Liquidators be authorised to make any periodic payments on account of such accruing remuneration."



"That the remuneration of the Liquidators' Nylex Industrial Products Pty Ltd, as set out in the Administrators' remuneration report dated 6 July 2009, for the period from be fixed in accordance with the Ferrier Hodgson schedule of hourly rates to a maximum sum of \$50,000 plus GST but subject to upward adjustment by resolution of creditors committee of inspection and that the Liquidators be authorised to make any periodic payments on account of such accruing remuneration."

"That the remuneration of the Liquidators' Nylex Water Solutions Pty Ltd, as set out in the Administrators' remuneration report dated 6 July 2009, for the period from be fixed in accordance with the Ferrier Hodgson schedule of hourly rates to a maximum sum of \$20,000 plus GST but subject to upward adjustment by resolution of creditors committee of inspection and that the Liquidators be authorised to make any periodic payments on account of such accruing remuneration."

In the event that creditors resolve to wind up Nylex Limited the following resolution is proposed:

"That the remuneration of the Liquidators' Nylex Limited, as set out in the Administrators' remuneration report dated 6 July 2009, for the period from be fixed in accordance with the Ferrier Hodgson schedule of hourly rates to a maximum sum of \$150,000 plus GST but subject to upward adjustment by resolution of creditors committee of inspection and that the Liquidators be authorised to make any periodic payments on account of such accruing remuneration."



PART B

B1 Administrators' disbursements

Disbursements are divided into three types **D1**, **D2** and **D3**.

- D1 Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2 Disbursements are externally provided non professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3 Disbursements are internally provided non professional costs such as photocopying and document storage. D3 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	30 cents per copy
Facsimile	\$1 per page
File Set Up	At cost
Advertising	At cost
Storage – Per Box	At cost
Storage – Per File	At cost
Couriers	At cost

Disbursements incurred to date are shown in the Summary of Receipts and Payments. Creditor approval for the payment of disbursements is not required. However, the Administrator must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.

B2 Other creditor information on remuneration

The partners of Ferrier Hodgson Melbourne are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at www.ipaa.com.au

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.



If you require further information concerning remuneration or have any queries, please contact Mr Russell Adams of this office.

Dated this 6th day of July 2009

A handwritten signature in blue ink, appearing to read 'G. Georges', written in a cursive style.

GEORGE GEORGES
ADMINISTRATOR



Annexure 2

Incorporation Date and Company Officers

Company Name	Incorporation Date	Director	Appointment Date	Cease Date	Company Secretary	Appointment Date	Cease Date	Shareholders			
Nylex Limited ACN 009 375 553	16/03/1989	Leslie Bert Chaplin	25/11/2008	-	Desmond John Kelly	2/06/2006	-	ASX listed			
		John Robert Nicholls	18/12/2006	-	Anthony Gerard Serong	28/04/2005	16/5/2006				
		Suresh Withana	18/12/2006	-	Neil Sherrin Christensen	29/1/2002	28/04/2005				
		Peter George	2/06/2004	-	Bronwyn Margaret Contance	25/03/2002	4/11/2003				
		Terence Charles Francis	30/10/2003	25/11/2008	Graeme Douglas Norman	21/03/2001	29/01/2002				
		Ian Leslie Fraser	18/12/2006	25/11/2008	Phillip John Kershaw	26/07/1996	21/03/2001				
		Brian Francis O'Donnell	21/03/2001	31/08/2007	Frederick George Stone	9/01/1987	15/10/1996				
		Kenneth Henry Parker	1/09/1997	20/06/2006	Harold Edward Walters	25/02/1987	15/10/1996				
		Glen Francis Casey	31/01/2003	31/03/2006	David Milne Whitehead	9/01/1987	28/2/1991				
		Raymond Charles King	30/10/2003	30/01/2006							
		Richard Daniel Nito	27/08/2001	15/06/2004							
		David Basyi Stobart	28/05/1998	30/09/2003							
		Bronwyn Margaret Constance	1/06/2001	11/04/2003							
		Peter Charles Crowley	12/02/2001	31/01/2003							
		John Arthur Moule	1/09/2000	30/01/2002							
		Suan Sim Vidal	1/09/2000	30/01/2002							
		William George Rayner	1/09/1987	27/08/2001							
		Alan Robert Jackson	4/09/1990	8/06/2001							
		Phillip John Kershaw	28/05/1998	21/03/2001							
		Gregory Lofgren Beatty	9/01/2000	1/08/2001							
		John Mervyn Gross	15/10/1996	1/05/2001							
		Peter Duncombe Benetto	26/04/1990	16/02/2000							
		Kerry Matthew Stokes	9/01/1987	15/10/1996							
		Ryan Kerry Stokes (Alternate)	27/01/2005	20/6/2006							
		Kerry Matthew Stokes (Alternate)	15/10/1996	27/01/2005							
		Brian Francis O'Donnell (Alternate)	20/03/2001	27/08/2001							
		Nylex Corporation Pty Ltd ACN 084 725 002	13/10/1998	Kenneth Arthur Latchford	16/07/2007	-	None disclosed		-	-	Nylex Limited
Peter George	2/03/2006			-	Anthony Gerard Serong	29/4/2005	16/5/2006				
Peter Stephan White	26/12/1963			16/07/2007	Graeme Douglas Norman	20/3/2001	20/4/2006				
Anthony Gerard Strong	29/04/2005			16/05/2006	Neil Sherrin Christensen	30/7/2002	29/4/2005				
Glen Francis Casey	31/01/2003			31/03/2006	Phillip John Kershaw	19/10/1998	20/3/2001				
Neil Sherrin Christensen	30/07/2002			29/04/2005	Sandra Mary McGarry	13/10/1998	19/10/1998				
Phillip Mark Gibbs	2/05/2004			22/10/2004							
Bronwyn Margaret Constance	6/04/2001			4/11/2003							
Peter Charles Crowley	27/6/2001			31/1/2003							
Graeme Douglas Norman	29/1/2001			30/7/2002							
David Basyi Stobart	19/10/1998			27/6/2001							
Phillip John Kershaw	19/10/1998			20/3/2001							
Alan Robert Jackson	19/10/1998			2/02/2000							
Sandra Mary McGarry	13/10/1998			19/10/1998							
Kathleen Mary Russell	13/10/1998			19/10/1998							
Nylex Water Solutions Pty Ltd ACN 004 758 070	13/01/1969			Kenneth Arthur Latchford	16/07/2007	-	None disclosed	-	-	Nylex Corporation Pty Ltd	
				Peter George	2/03/2006	-	Anthony Gerard Serong	29/4/2005	16/5/2006		
		Peter Stephan White	22/10/2004	16/7/2007	Graeme Douglas Norman	6/01/2004	20/4/2006				
		Anthony Gerard Strong	29/4/2005	16/5/2006	Neil Sherrin Christensen	6/01/2004	29/4/2005				
		Glen Francis Casey	6/01/2004	31/3/2006	David Peter Stoopman	8/11/1993	6/01/2004				
		Neil Sherrin Christensen	6/01/2004	29/4/2005	Lloyd Henry Thomas	17/4/1984	8/11/1993				
		Phillip Mark Gibbs	6/01/2004	22/10/2004	Jennifer Phare Harris	13/1/1969	17/4/1984				
		Andrew John Page	8/11/1993	6/01/2004							
		David Peter Stoopman	8/11/1993	6/01/2004							
		Lloyd Henry Thomas	13/1/1969	8/11/1993							
		David Lloyd Thomas	17/4/1984	8/11/1993							
		Jennifer Phare Harris	13/1/1969	17/4/1984							
		Nylex Industrial Products Pty Ltd ACN 053 301 296	29/08/1991	Kenneth Arthur Latchford	16/07/2007	-	None disclosed	-	-		National Consolidated Pty Ltd
Peter George	2/03/2006			-	Anthony Gerard Serong	29/4/2005	16/5/2006				
Peter Stephan White	22/10/2004			16/7/2007	Graeme Douglas Norman	20/3/2001	20/4/2006				
Anthony Gerard Strong	29/4/2005			16/5/2006	Neil Sherrin Christensen	30/7/2002	29/4/2005				
Glen Francis Casey	31/1/2003			31/3/2006	Phillip John Kershaw	29/6/1998	20/3/2001				
Neil Sherrin Christensen	30/7/2002			29/4/2005	Thomas Neville Trevena	30/8/1991	29/6/1998				
Phillip Mark Gibbs	2/05/2004			22/10/2004	Karen Leanne Clarke	29/8/1991	30/8/1991				
Bronwyn Margaret Constance	6/04/2001			4/11/2003							
Peter Charles Crowley	27/6/2001			31/1/2003							
Graeme Douglas Norman	12/08/2000			30/7/2002							
David Basyi Stobart	27/1/1999			27/6/2001							
Phillip John Kershaw	29/6/1998			20/3/2001							
Alan Robert Jackson	30/10/2000			31/10/2000							
Alan Robert Jackson	29/6/1998			2/02/2000							
Thomas Neville Trevena	30/8/1991			29/6/1998							
Diane Hayley Di Gemma	30/8/1991			29/6/1998							
Anthony James O'Neil	29/6/1998			29/6/1998							
Timothy Hunter Watkin	29/8/1991			30/8/1991							
Karen Leanne Clarke	29/8/1991			30/8/1991							



Annexure 3

Registered Charges

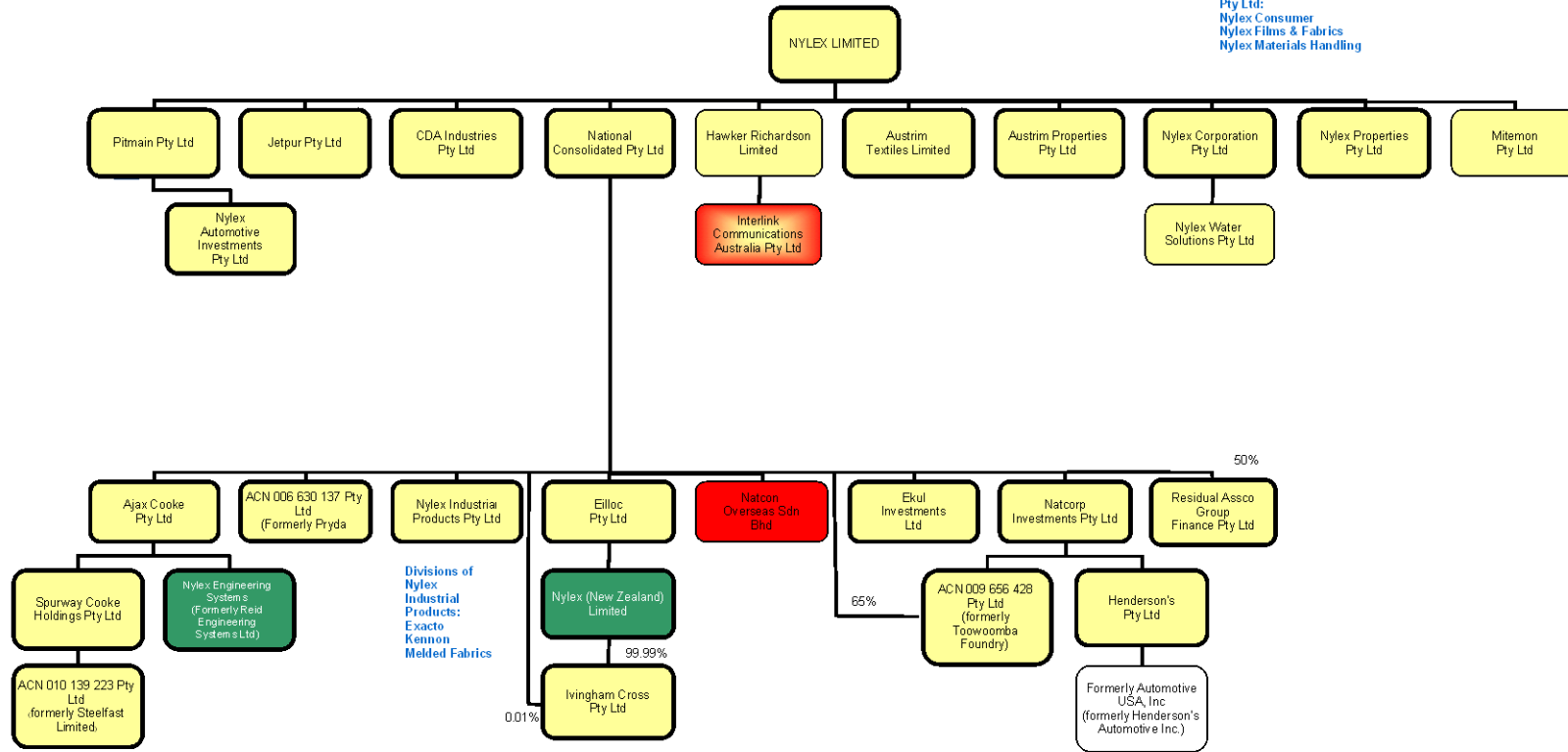
Company Name	ASIC Charge Number	Chargee	Created Date	Registered Date	Type
Nylex Limited	829349	ANZ Fiduciary Services Pty Ltd	31/10/2001	2/11/2001	Fixed and floating
	829373	ANZ Fiduciary Services Pty Ltd	31/10/2001	2/11/2001	Fixed and floating
Nylex Corporation Pty Ltd	829360	ANZ Fiduciary Services Pty Ltd	31/10/2001	2/11/2001	Fixed and floating
	829414	ANZ Fiduciary Services Pty Ltd	31/10/2001	2/11/2001	Fixed and floating
Nylex Water Solutions Pty Ltd	896420	Esanda Finance Corporation Limited	29/08/2002	14/10/2002	Fixed
Nylex Industrial Products Pty Ltd	829354	ANZ Fiduciary Services Pty Ltd	31/10/2001	2/11/2001	Fixed and floating
	829406	ANZ Fiduciary Services Pty Ltd	31/10/2001	2/11/2001	Fixed and floating



Annexure 4

Group Structure

Divisions of Nylex Corporation Pty Ltd:
 Nylex Consumer
 Nylex Films & Fabrics
 Nylex Materials Handling



LEGEND:			
 	Australian Company	 	USA Company
 	NZ Company	 	Brunei Company
 			Unable to identify

Annexure 5

Subsidiaries of Nylex Limited

Company Name	ACN
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
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
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
Nylex Properties Pty Ltd (Administrators Appointed)	084 724 998



Annexure 6

Statement of Directors as at 11 February 2009

Statement as at 11 February 2009	Report Reference	Nylex Ltd			Nylex Corporation Pty Ltd			Nylex Industrial Products Pty Ltd		
		Cost or Net Book Value	Directors'	ERV	Cost or Net Book Value	Directors'	ERV	Cost or Net Book Value	Directors'	ERV
		\$	\$		\$	\$		\$	\$	
Assets:										
Interest in Land	5.1.1	0	0	0	0	0	0	0	0	0
Sundry Debtors	5.1.2	1,064,593,552	1,028,232	490,098,156	18,357,648	41,998,317	14,777,627			
Cash on Hand	5.1.3	200	200	15,910	15,910	6,900	6,900			
Cash at Bank	5.1.3	0	0	0	0	0	0			
Stock on Hand	5.1.4	0	0	19,571,861	15,000,000	4,121,966	4,121,966			
Work in Progress	5.1.5	0	0	7,240,075	3,000,000	8,158,977	3,263,590			
Plant & Equipment	5.1.6	301,652	50,000	17,566,962	5,000,000	20,797,568	5,000,000			
Motor Vehicles	5.1.7	0	0	0	0	0	0			
Deposits & Investments	5.1.8	256,949,278	0	0	0	0	0			
Other Assets	5.1.9	0	0	6,285,913	2,000,000	2,634,211	2,000,000			
Sub Total		1,321,844,682	1,078,432	540,778,877	43,373,558	77,717,939	29,170,083			
Assets Subject to Specific Charges	5.1.10	0	0	0	0	0	0			
Less Amounts owing under Charges		()	()	0	0	0	0			
Total Available Assets		1,321,844,682	1,078,432	540,778,877	43,373,558	77,717,939	29,170,083			
Liabilities:										
Less: Priority Creditors										
- Employee Entitlements Payable in Advance of Secured Creditors	5.1.12	(604,987)	(604,987)	(16,029,524)	(16,029,524)	(10,839,606)	(10,839,606)			
- Secured Creditors	5.1.13	(54,923,090)	(54,923,090)	(54,923,090)	(54,923,090)	(54,923,090)	(54,923,090)			
- Preferential Creditors	5.1.14	(6,583,959)	(6,583,959)	(6,583,959)	(6,583,959)	(6,583,959)	(6,583,959)			
Total Priority Creditors		(62,112,036)	(62,112,036)	(77,536,573)	(77,536,573)	(72,346,655)	(72,346,655)			
Contingent Assets	5.1.11	0	0	0	0	0	0			
Contingent Liabilities	5.1.16	(2,963,002)	(2,963,002)	2,839,088	2,839,088	119,828	119,828			
Available to Unsecured Creditors		1,256,769,644	(63,996,606)	466,081,392	(31,323,927)	5,491,112	(43,056,744)			
Ordinary Unsecured Creditor Claims	5.1.15	(947,190)	(947,190)	(637,505,190)	(637,505,190)	(133,755,418)	(133,755,418)			
Estimated Surplus/(Deficiency)		1,255,822,454	(64,943,796)	(171,423,798)	(668,829,117)	(128,264,306)	(176,812,162)			



Annexure 7

Group's Consolidated Financial Summaries

Consolidated Financial Performance '000	30-Jun-00	30-Jun-01	30-Jun-02	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08
	\$	\$	\$	\$	\$	\$	\$	\$	\$
								Restated	
Revenue	942,386	1,023,941	1,021,528	938,969	749,833	539,378	376,018	308,046	274,763
Other income	97,487	61,432	27,991	108,245	150,688	30,471	3,841	8,571	5,414
Expenses	(915,903)	(1,039,708)	(1,032,831)	(1,007,565)	(878,428)	(543,629)	(348,082)	(306,474)	(281,685)
Asset writedowns and reorganisation provisions	0	(279,409)	(97,932)	(78,077)	(91,302)	(62,110)	(12,549)	0	(10,140)
Finance costs	(34,814)	(40,068)	(38,112)	(32,997)	(21,003)	(16,465)	(10,081)	(9,700)	(7,846)
Operating Profit/(Loss) before income tax	89,156	(273,812)	(119,356)	(71,425)	(90,212)	(52,355)	9,147	443	(19,494)
Income tax benefit(expense)	(22,058)	2,009	(33,418)	1,602	(5,400)	1,948	3,997	11,496	(1,802)
Profit/(Loss)	67,098	(271,803)	(152,774)	(69,823)	(95,612)	(50,407)	13,144	11,939	(21,296)
Net Profit/(Loss) attributed to outside equity interests	1,138	2,568	791	1,228	1,334	885	0	0	0
Net Profit/(Loss)	68,236	(269,235)	(151,983)	(68,595)	(94,278)	(49,522)	13,144	11,939	(21,296)

Consolidated Financial Position '000	30-Jun-00	30-Jun-01	30-Jun-02	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08
	\$	\$	\$	\$	\$	\$	\$	\$	\$
								Restated	
Assets									
Current assets	416,583	415,528	354,321	326,716	231,714	212,228	116,795	120,003	103,733
Non-current assets	805,200	544,335	425,423	273,270	171,948	122,024	90,260	101,811	85,560
Total Assets	1,221,783	959,863	779,744	599,986	403,662	334,252	207,055	221,814	189,293
Liabilities									
Current liabilities	242,228	230,299	217,961	192,122	274,199	147,716	132,491	76,288	98,070
Non-current liabilities	476,613	510,811	494,476	414,389	134,739	139,150	4,637	41,589	2,900
Total Liabilities	718,841	741,110	712,437	606,511	408,938	286,866	134,218	117,877	100,970
Net Surplus/(Deficiency)	502,942	218,753	67,307	(6,525)	(5,276)	47,386	69,927	103,937	88,323

Consolidated Cash flow '000	30-Jun-00	30-Jun-01	30-Jun-02	30-Jun-03	30-Jun-04	30-Jun-05	30-Jun-06	30-Jun-07	30-Jun-08
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Net cash from operating activities	55,155	20,830	(11,617)	26,572	(21,819)	(2,172)	(2,105)	(10,557)	584
Net cash from investing activities	(123,695)	10,850	7,102	41,361	102,940	(19,595)	72,928	(4,713)	(1,987)
Net cash from financing activities	79,554	(14,149)	(11,520)	(80,424)	(86,780)	26,846	(78,850)	23,882	4,519
Net increase/(decrease) in cash & cash equivalents	11,014	17,531	(16,035)	(12,491)	(5,659)	5,079	(8,027)	8,612	3,116
Cash and cash equivalents at the beginning of the year	3,450	14,658	32,394	16,468	3,330	(2,264)	2,826	(5,071)	3,541
Effects of exchange rate changes on the balance of held in foreign currencies	194	205	109	(647)	65	11	130	-	-
Cash and cash equivalents at the end of the year	14,658	32,394	16,468	3,330	(2,264)	(2,253)	2,956	(5,071)	3,541