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# **Deed Administrators' Report**

**Pursuant to Section 445F of the Corporations Act 2001**



**WESTERN KINGFISH LIMITED**  
**ACN 122 711 880**  
**(Subject to Deed of Company Arrangement)**

**Andrew Saker**

**Garry Trevor**

**Martin Jones**

**22 June 2009**





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## GLOSSARY OF TERMS

Abbreviation	Description
Act	The Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
YTK	Yellow Tail Kingfish

## LISTING OF ANNEXURES

<b>Annexure 1</b>	Deed Administrators' / Trustees' Remuneration
	Liquidators' Remuneration
	The Firm's Schedule of Hourly Rates & General Guide to Staff Experience



## EXECUTIVE SUMMARY

This report should be read in conjunction with the Administrators' previous reports to creditors dated 6 January 2009 and 13 March 2009.

Andrew Saker, Martin Jones and Garry Trevor were appointed as Joint and Several Administrators of Western Kingfish Limited ("WKL") on 2 December 2008, pursuant to Section 436A of the Corporations Act ("the Act") and were subsequently appointed Joint and Several Deed Administrators on 14 April 2009.

At a meeting of creditors of WKL held on Friday, 20 March 2009, creditors passed a resolution requiring the company to execute a Deed of Company Arrangement ("DOCA") pursuant to Part 5.3A of the Act. The DOCA was executed by WKL on 14 April 2009 and has been lodged with the Australian Securities and Investments Commission ("ASIC") as required.

The purpose of this report is to put forward a proposal to creditors of WKL to vary the DOCA as proposed by the DOCA proponent, Trident Capital Pty Ltd ("Trident") and to provide creditors with an update regarding the sale of WKL's assets and administration in general.

The Deed Administrators have now realised the majority of WKL's assets by way of an on-site auction which occurred on 2 April 2009. To date, we have realised an amount of \$680,699 from the realisation of plant and equipment after applicable realisation costs. We estimate that a further \$30,000 may be available for remaining items of plant and equipment. We note that we are currently confirming the Minister for Transport's position as to whether WKL may proceed to sell the Baudin Street Shed which would increase the amount to be realised for WKL's remaining plant and equipment.

Trident has put forward a number of variations to WKL's DOCA as discussed in section 5 of this report. The variations proposed relate to proposed changes to the share structure of WKL and thus resolutions that need to be approved by WKL's shareholders. In summary, it is proposed that WKL will acquire all shares in Traffic Investor Group Pty Ltd and in consideration for this acquisition WKL will issue Traffic Investor Group Pty Ltd with 20 million shares free of any cash consideration, plus an additional 10 million bonus shares under certain circumstances. There are also several additional changes to the proposed share structure of WKL under the DOCA which are detailed in section 5 of this report.

The Deed Administrators have considered the proposed variations to the DOCA put forward by Trident and recommend that creditors accept the proposed variations to the DOCA for the following key reasons:

1. Unsecured creditors of WKL are expected to receive a dividend in the range of 43.7 to 60.8 cents in the dollar in respect of their debts owing as at 2 December 2008 under Trident's varied DOCA proposal. This anticipated return is greater than in a liquidation scenario where the estimated dividend range is 22.2 to 39.3 cents in the dollar to unsecured creditors;



2. If Trident's proposed DOCA variations are not accepted by creditors WKL will proceed into liquidation and it is very unlikely any value will be realised for WKL's corporate shell;
3. Trident have received support from Summermor and a number of existing major shareholders of WKL in favour of the proposed DOCA variations; and
4. We are of the opinion that with Traffic Investor Group Pty Ltd becoming a 100% owned subsidiary of WKL that this may improve WKL's ability to raise capital given that WKL will then have a more diversified business structure and own a business that currently operates, thus potentially enhancing the attractiveness of investing in WKL and increasing the likelihood of WKL being able to successfully complete the capital raising contemplated under the DOCA.

A meeting of creditors of WKL has been convened for Monday, 29 June 2009 at 10.00 am WST at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George's Terrace, Perth, Western Australia. At this meeting, the following options are available to creditors regarding WKL's future:

- That the company vary the existing DOCA; or
- That the company should be wound up.

## **1. INTRODUCTION**

### **1.1 Reconvened Second Meeting of Creditors**

The reconvened second meeting of creditors of WKL was held on Friday, 20 March 2009 at the Jurien Bay Community Centre, Bashford Street, Jurien Bay, Western Australia at 11:00 am WST.

At the second meeting, creditors resolved to accept Trident's DOCA proposal. The DOCA was executed on 14 April 2009.

### **1.2 Purpose of Report**

Section 445A of the Act provides that a DOCA may be varied by a resolution passed at a meeting of the company's creditors convened under section 445F of the Act, but only if the variation is not materially different from a proposed variation set out in the notice of meeting. This report sets out the following:

- (a) *A statement setting out the Deed Administrators' opinion about each of the following matters:*



- *Whether it would be in the creditors' interests for the company to execute a deed to reflect the proposed variations to the DOCA;*
- *Whether it would be in the creditors' interest for the company to be wound up;*
- *The Deed Administrators' reasons for those opinions; and*

(b) *A statement setting out details of the proposed variations to the DOCA.*

### **1.3 Statement of Independence**

We considered the question of our independence prior to accepting our appointment as Administrators and subsequently Deed Administrators of WKL. To the best of our knowledge, the following relationships existed prior to our appointment:

1. Garry Trevor and Andrew Saker first provided verbal solvency advice to the directors of WKL on 13 November 2008; and
2. Andrew Saker discussed the financial position of WKL with the directors on 1 December 2008.

We also confirm that we have not been provided with any indemnity, guarantee or contribution from the Directors or their associated businesses or a creditor for any of our fees and expenses. We do note however, that Trident has agreed to forward an amount of \$10,000.00 including GST to WKL as a contribution towards our professional fees and legal costs of putting forward the proposed DOCA variations to WKL's creditors.

Martin Jones, Andrew Saker and Garry Trevor are partners of Ferrier Hodgson. Ferrier Hodgson is Australia's and the Asia-Pacific's largest independent corporate restructuring practice with 40 partners and over 300 staff throughout Australia and Asia. Ferrier Hodgson does not provide accounting, audit, legal or taxation services.

Andrew Saker is a Chartered Accountant, Registered Liquidator and member of the Insolvency Practitioners Association of Australia with over 20 years experience in corporate insolvency.

Martin Jones is a Chartered Accountant, Registered Liquidator and member of the Insolvency Practitioners Association of Australia with over 25 years experience in corporate insolvency.

Garry Trevor is a Chartered Accountant, Registered Liquidator and member of the Insolvency Practitioners Association of Australia with over 30 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](http://www.ferrierhodgson.com).



## 2. STATEMENT OF POSITION

### 2.1 Summary

The following table summarises the Deed Administrators' updated estimated statement of position under a liquidation scenario in comparison to the varied DOCA proposal put forward by Trident which the Deed Administrators recommend creditors resolve to accept:

Statement of Position	Para Ref	Deed Administrators' ERV Liquidation Scenario (\$)	Deed Administrators' ERV Trident DOCA Scenario (\$)
<b>Floating Charge Assets</b>			
Cash at Bank (After Administration Costs, Including Legal Fees)	2.1.1	424,756	424,756
Cash Contribution from Trident	2.1.2	-	350,000
<b>Sub Total</b>		<b>424,756</b>	<b>774,756</b>
<b>Fixed Charge Assets</b>			
Plant and Equipment (Remaining)	2.1.3	30,000	30,000
<b>Sub Total</b>		<b>30,000</b>	<b>30,000</b>
<b>Total Assets Available</b>		<b>454,756</b>	<b>804,756</b>
<b>Less: Priority Creditors</b>			
Employee Entitlements	2.1.4	-	-
Provision for Administrators' Fees		(27,185)	(27,185)
Provision for Future Deed Administrators' / Trustees' or Liquidators' Fees		(75,000)	(85,000)
<b>Total Assets Available for Unsecured Creditors</b>		<b>352,571</b>	<b>692,571</b>
<b>Unsecured Creditors</b>	2.1.5		
Trade Creditors		(460,000)	(460,000)
Directors' Non-Priority Entitlements		(354,692)	(354,692)
Contingent Claims – Summermor (Property Lease)		(745,896)	(745,896)
Other Contingent Claims - Leases		(22,482)	(22,482)
<b>Total Unsecured Creditor Claims</b>		<b>(1,583,070)</b>	<b>(1,583,070)</b>
<b>Estimated Surplus / (Deficiency)</b>		<b>(1,230,499)</b>	<b>(890,499)</b>
<b>Estimated Return to Unsecured Creditors (Cents in Dollar)</b>		<b>22.2 cents in \$</b>	<b>43.7 cents in \$</b>
Add: Contingent Asset – Tax Refund	2.1.6	270,000	270,000
<b>Estimated Surplus / (Deficiency)</b>		<b>(960,499)</b>	<b>(620,499)</b>
<b>Estimated Return to Unsecured Creditors (Cents in Dollar) with Contingent Asset</b>		<b>39.3 cents in \$</b>	<b>60.8 cents in \$</b>

Please refer to the Administrators' Reports to Creditors dated 6 January 2009 and 13 March 2009 for details regarding the figures depicted in the Statement of Position above.



***We note that the existence and value of creditor claims above are not admitted but are subject to the receipt and formal adjudication of final proofs of debt from those creditors. The value of claims represented in the above table may also change if further creditor claims are received by the Deed Administrators, Trustees or Liquidators as the case may be, on or after the date of this report.***

Additionally, we make the following comments:

#### 2.1.1 Cash at Bank

The estimated cash at bank balance of \$424,756 represents cash available following recent asset sales less further administration costs including final Administrators' trading expenses and legal fees. Further details regarding the realisation of plant and equipment are discussed below.

We note that an additional amount of \$118,199 is to be paid to the contractor engaged to disassemble the system farm and related infrastructure located at sea off the coast of Jurien Bay, including removal of sea anchors and sea markers. This additional cost was due to adverse weather conditions which resulted in the contractor taking additional time to complete the work above. We also note that sections of the system farm broke away and became adrift of which were collected by the contractor. Whilst this cost is well in excess of our initial cost estimate we consider that the overall cost was reasonable and the work performed was appropriate in order to satisfy WKL's environmental obligations (as well as minimise any public liability risk issues in the event that an accident occurred due to floating debris from the system farm until collected). We note that WKL was not insured for such incidents given the unusual nature of its operations and lack of available insurance products to cover such risk.

#### 2.1.2 Cash Contribution from Trident

This amount represents the cash contribution the DOCA Proponent will contribute to the proposed Creditors' Trust for distribution to creditors of WKL, if successful. This amount is consistent with Trident's original DOCA proposal, however timing of receipt of this contribution is anticipated in August 2009 (rather than July 2009) under the proposed varied DOCA.

#### 2.1.3 Plant and Equipment (Remaining)

As previously advised an independent valuation of WKL's assets was completed by Beevis and Co Auctioneers and Valuers. An amount of \$960,000 was previously estimated as realisable from the sale of WKL's assets after applicable realisation costs. To date, we have realised an amount of \$680,699 from the realisation of plant and equipment after applicable realisation costs.

We estimate that a further \$30,000 may be available for remaining items of plant and equipment. We note that we are currently confirming the Minister for Transport's position as to whether WKL may proceed to sell the Baudin Street Shed which would increase the amount to be realised for WKL's remaining plant and equipment.



#### 2.1.4 Employee Entitlements

Sufficient assets of WKL were realised to enable a distribution to priority creditors of WKL. In this regard, a dividend to satisfy all admitted priority claims of former employees of WKL in full was declared on 12 June 2009 and funds have since been distributed to respective claimants.

#### 2.1.5 Unsecured Creditors

This amount represents likely unsecured creditor claims based on WKL's records and proofs of debt received to date. The final amount will be subject to the formal adjudication of creditors' claims by the Deed Administrators, Trustees or Liquidators as the case may be.

#### 2.1.6 Contingent Asset – Tax Refund

This amount represents a research and development tax rebate which may be available to WKL in respect of certain expenditure incurred for the 2009 financial year. An application will be prepared and lodged with the Australian Taxation Office following the end of the 2009 financial year as we understand that the refund may only be paid following lodgement of WKL's 2009 financial year income tax return. It is anticipated that this refund may be received in late August 2009.

A refund of \$303,396 was received by WKL during May 2009 with respect to a research and development tax rebate for the 2008 financial year. This amount was consistent with our estimate as disclosed in our previous Report to Creditors dated 13 March 2009.

### **3. SALE OF ASSETS**

#### **3.1 Auction Held at Jurien Bay**

Beevis and Co Auctioneers and Valuers were engaged to conduct an on-site auction of the majority of WKL's plant and equipment which occurred on 2 April 2009. An on-site auction was also held in Henderson on 31 March 2009 where WKL's custom built boat was auctioned.

A marketing campaign was commenced by Beevis and Co Auctioneers and Valuers three weeks prior to the auctions which included advertisements in The West Australian, The Australian, Tasmanian Mercury and Aquaculture Industries publications as well as advertisements on Beevis and Co Auctioneers and Valuers' website. Management of WKL also assisted by making contact with various parties they deemed appropriate regarding the sale of WKL's assets.

As discussed earlier, to date, we have realised an amount of \$680,699 from the realisation of plant and equipment after applicable realisation costs. We estimate that a further \$30,000 may be available for remaining items of plant and equipment. We note that we are currently confirming the Minister for Transport's position as to



whether WKL may proceed to sell the Baudin Street Shed which would likely increase the amount to be realised for WKL's remaining plant and equipment.

As you will note, an amount of \$960,000 was previously estimated as realisable from the sale of WKL's assets after applicable realisation costs. However, actual realisations have been considerably lower than anticipated for the following key reasons:

- Damage to the system farm as a result of adverse weather conditions thus diminishing the value of this major asset; and
- General current market conditions for aquaculture type assets within Australia resulting in a limited number of buyers for such assets.

*[This space has been left blank intentionally]*



### 3.2 Summary of Receipts and Payments

A summary of the receipts and payments of the administration for the period 2 December 2008 to 12 June 2009 is tabled below:

Summary of Receipts and Payments	Amount (\$)
<b>Receipts</b>	
Cash at Bank – Pre-appointment Account	543,015.25
Bank Interest	500.06
Sale of Plant and Equipment	916,474.06
Sale of YTK Brood Stock	13,200.00
Sale of YTK Cohort	207.00
Research and Development Tax Refund	303,396.35
<b>Total Receipts</b>	<b>1,776,792.72</b>
<b>Payments</b>	
Bank Charges	585.90
Auctioneer's Costs and Commissions	122,618.01
Priority Payment to Creditor Holding Lien	90,323.55
Priority Dividend to Employees	110,180.69
Consumables	2,955.90
Employee Expense Claims	3,235.91
Freight	4,408.87
Fuel & Oil	6,108.87
Hire & Leasing	91,541.02
Insurance	7,005.76
Legal Fees	70,073.61
Motor Vehicle Expenses	2,116.38
Printing & Stationery	200.00
Rent & Rates	45,221.23
Repairs & Maintenance	39,007.54
Subcontractors	33,767.79
Sundry Expenses	7,094.68
Superannuation	21,033.22
Telephone & Fax	3,347.58
Utilities	7,912.02
Wages & Salaries	283,505.08
Advertising	21,884.20
Administrators' Remuneration	157,356.30
Administrators' Disbursements	22,321.57
GST Control	1,076.00
PAYG Control	2,458.00
<b>Total Payments</b>	<b>1,157,339.68</b>
<b>Net Cash at Bank</b>	<b>\$619,453.04</b>



## 4. STATUTORY INVESTIGATIONS

Please refer to the Administrators' Report to Creditors dated 6 January 2009 for details regarding the Administrators' statutory investigations and potential recoveries available in a liquidation scenario.

For ease of reference, we summarise below the likely date of insolvency of WKL:

Indicators	Earliest Estimated Date
Ageing of Trade Payables	30 November 2008
Working Capital	N/A
Profit and Loss Statements	30 June 2007
Statutory Payments	N/A

**Based on the above analysis, it is our preliminary view that WKL was not insolvent at the time of our appointment, however given the unavailability of additional capital, the ongoing trading costs, no current revenue stream and costs already incurred due for payment on or before 31 December 2008 it is likely that the company would have become insolvent shortly thereafter in January 2009.**

A Liquidator would need to conduct further investigations, and possibly conduct public examinations of relevant parties, to ultimately determine this position.

Our preliminary investigations did not identify any voidable transactions (unfair preferences or uncommercial transactions) that may be recoverable by a Liquidator. Again, a Liquidator would need to conduct further investigations, and possibly conduct public examinations of relevant parties, to ultimately determine this position.

*[This space has been left blank intentionally]*

## 5. PROPOSED VARIATIONS TO DEED OF COMPANY ARRANGEMENT (DOCA)

### 5.1 Summary of Proposed Variations

#### Trident varied DOCA proposal

We table below the proposed variations to the DOCA put forward by Trident. We note that the majority of variations proposed relate to the revised proposed share structure of WKL and thus shareholder resolutions that are required to be approved.

We note that the cash contribution to the Creditors' Trust of \$350,000.00, subject to the successful recapitalisation of WKL has not altered from Trident's original DOCA.

Key Elements	Trident Proposed Variations to DOCA
Conditions of Offer:	<ul style="list-style-type: none"> <li>• WKL to consolidate its existing share capital on a 1 for 60 basis, subject to shareholder approval.</li> <li>• Trident and its associates to undertake a capital raising of up to \$5.0 million with a minimum subscription of \$2.0 million through issue of up to 25 million shares in WKL at an issue price of 20 cents, subject to shareholder approval.</li> <li>• 1 million consolidation shares are to be issued to Summeror for nil consideration, subject to shareholder approval. These shares will carry an escrow period of not less than 6 months.</li> <li>• 500,000 post consolidation shares are to be issued to Trident and its nominees for nil consideration, subject to shareholder approval. These shares are not subject to escrow, rather they are subject to orderly disposal rules and informed market protocols.</li> <li>• Pursuant to sections 256B and 258F of the Act that the capital of WKL be reduced by applying a portion of the accumulated losses of the company against the share capital which is considered permanently lost, subject to shareholder approval.</li> <li>• WKL to acquire all of the issued capital of Traffic Investor Group Pty Ltd in consideration for the issue of 20 million post consolidation shares (an additional 10 million shares are to be issued to Traffic Investor Group Pty Ltd in the event that WKL can achieve a financial return on capital employed of at least 15% before the end of the 2011 financial year), subject to shareholder approval. Note Trident are to complete their due diligence investigations in respect of Traffic Investor Group Pty Ltd (expected to be completed by 30 June 2009).</li> <li>• An amount of \$350,000.00 will be made available to the Trustee of the Creditors' Trust from the successful capital raising (if the minimum subscription is achieved) for the benefit of creditors of WKL at completion.</li> <li>• The above conditions are to be satisfied by 31 August 2009 otherwise this DOCA proposal terminates unless any</li> </ul>

Key Elements	Trident Proposed Variations to DOCA
	of the unsatisfied conditions are waived by agreement between Trident, the Deed Administrators and creditors as appropriate.
Proponent Directors:	<ul style="list-style-type: none"> <li>Trident requires that the Deed Administrators shall procure the resignation of all current directors and Trident shall appoint not less than 3 new directors on or before termination of the DOCA.</li> </ul>
Estimated Total Assets Available to Unsecured Creditors from Bid Price, Surplus Assets, and Deed Administrators' Net Working Capital:	<ul style="list-style-type: none"> <li>\$692,571 to \$962,571</li> </ul>
Proposed Completion Date:	<ul style="list-style-type: none"> <li>By 31 August 2009.</li> </ul>
Likely Dividend Range to Creditors	<ul style="list-style-type: none"> <li>Priority Creditors: 100 cents in dollar.</li> <li>Unsecured Creditors: 43.7 to 60.8 cents in dollar.</li> </ul>

## 5.2 Background to Traffic Investor Group Pty Ltd

Based upon advice from Trident we understand the following in relation to Traffic Investor Group Pty Ltd:

Traffic Investor Group Pty Ltd's core business is the manufacturing of traffic and corporate signage and the provision of street sweeping services for the road construction and maintenance industry. Traffic Investor Group Pty Ltd has operations in Western Australia, South Australia, Victoria, Queensland and the Australian Capital Territory.

Traffic Investor Group Pty Ltd was established in September 2007 by its founder and managing director Con Scrinis in order to consolidate the fragmented traffic products and services industry and take advantage of other opportunities that exist in the growing road construction and maintenance sector.

In November 2007 Traffic Investor Group Pty Ltd through its subsidiary Traffic Products Group Pty Ltd established a traffic sign manufacturing business in Western Australia. This business has expanded over the past twelve months to include the acquisitions of Allpack Signs in South Australia in July 2008 and Road Safety Shop in Western Australia in February 2009. This division now trades as Allpack Signs in Western Australia, South Australia, Victoria, Queensland and the Australian Capital Territory and will look to further consolidate the traffic signage industry.

In February 2008 Traffic Investor Group Pty Ltd acquired the business of Cleansweep in Western Australia. Cleansweep is now the largest privately owned



street sweeping business in Western Australia. The company has plans to grow the business both organically and by acquisition over the coming years as local council continues to outsource this primary service.

In October 2008 Traffic Investor Group Pty Ltd acquired the business of Russell Signs in South Australia. Russell is the largest corporate sign manufacturer in South Australia and the company has plans to expand this business both organically and by acquisition into the national sign market.

The Traffic Investor Group Pty Ltd currently employs approximately 80 permanent staff.

### **5.3 Key Commercial Features**

We summarise below the conditions precedent to completion of the DOCA:

- Approval by creditors at the meeting of creditors convened for Monday, 29 June 2009 to give effect to Trident's varied DOCA;
- WKL's shareholders giving the necessary shareholder approvals to give effect to the proposal (July 2009);
- The ASX providing conditional approval in terms acceptable to the proponent and the Deed Administrators for WKL to relist (July 2009);
- The successful completion of the capital raising (August 2009); and
- Execution of the Creditors' Trust Deed and transfer of company's assets to the Trustees in accordance with the DOCA (August 2009).

In the event that the recapitalisation of WKL is not successful in any way (i.e. any of the conditions precedent to completion of the DOCA are not satisfied by 31 August 2009 or become unlikely to be satisfied for whatever reason in the Deed Administrators' opinion) then the Deed Administrators may assume control of WKL, the DOCA will terminate and WKL will enter into liquidation unless the DOCA is varied following approval by creditors of WKL. In the event that any of the conditions precedent to completion of the DOCA of WKL become unlikely to be achieved (in the Deed Administrators' opinion), the Deed Administrators will as soon as practicable issue a report to creditors explaining the relevant circumstances and convene a meeting to consider a resolution to vary or terminate the DOCA.

The Trident offer would also see the preservation of some value for existing shareholders if the ASX approves the relisting of its securities.

In view of the above, the Deed Administrators recommend that creditors accept the proposed variations to the DOCA put forward by Trident for the following key reasons:



1. Unsecured creditors of WKL are expected to receive a dividend in the range of 43.7 to 60.8 cents in the dollar in respect of their debts owing as at 2 December 2008 under Trident's varied DOCA proposal. This anticipated return is greater than in a liquidation scenario where the estimated dividend range is 22.2 to 39.3 cents in the dollar to unsecured creditors;
2. If Trident's proposed DOCA variations are not accepted by creditors WKL will proceed into liquidation and it is very unlikely any value will be realised for WKL's corporate shell;
3. Trident have received support from Summermor and a number of existing major shareholders of WKL in favour of the proposed DOCA variations; and
4. We are of the opinion that with Traffic Investor Group Pty Ltd becoming a 100% owned subsidiary of WKL that this may improve WKL's ability to raise capital given that WKL will then have a more diversified business structure and own a business that currently operates, thus potentially enhancing the attractiveness of investing in WKL and increasing the likelihood of WKL being able to successfully complete the capital raising contemplated under the DOCA.

We note that Trident has agreed to forward an amount of \$10,000.00 including GST to WKL as a contribution towards the professional and legal costs of putting forward the proposed DOCA variations to WKL's creditors. Whilst we anticipate that these costs will be greater, this contribution provides us with a level of confidence that Trident can fulfil its obligations under the DOCA. The contribution towards costs also ultimately increases the pool of funds available to WKL's creditors.

## **6. ASIC'S GUIDE TO DOCA'S INVOLVING CREDITORS' TRUSTS**

As previously advised, the ASIC has issued a guide for Registered Liquidators recommending the provision of certain information to creditors when they are considering approving a DOCA which also includes a Creditors' Trust being implemented.

Consistent with Trident's original DOCA proposal, the varied Trident recapitalisation offer will also require that WKL enter into a Creditors' Trust.

### **6.1 What is a Creditors' Trust?**

A Creditors' Trust in a DOCA is a mechanism used to accelerate a company's exit from external administration. Typically under the terms of the DOCA and one or more interconnected deeds, a Trust entity is created and the company's obligations to some or all of its creditors bound by the DOCA are compromised and transferred to the Trust. Those creditors become beneficiaries of the Trust.



Usually, the DOCA is “effectuated” (and terminates) after the creditors’ claims against the company have been removed in this way. In most cases, the DOCA terminates immediately upon creation of the Trust, which usually occurs when or shortly after the DOCA is executed.

When the DOCA terminates, the company ceases to be externally administered, the directors (in this case new directors) regain full control of the company and the company is no longer required to use the notification “Subject to Deed of Company Arrangement” on its public documents as otherwise would be required by Section 450E(2) of the Act.

## **6.2 Reasons for a Creditors’ Trust**

The main reason for the inclusion of a Creditors’ Trust with the DOCA is to allow WKL to become relisted on the ASX. A company cannot requote on the ASX if it is subject to a DOCA.

The Creditors’ Trust provides a structure whereby creditors’ claims can be dealt with by the Trustees of the Creditors’ Trust and the DOCA can end, thereby allowing the company to be requoted on the ASX.

Without WKL being requoted on the ASX, the interest of parties wanting to restructure the company would be limited.

For the ASX to lift WKL’s suspension, the company must be able to comply with a number of conditions including continuity of its business. This is likely to be satisfied with WKL maintaining its aquaculture licences.

### **Key Events and Terms**

We summarise below the conditions precedent to completion of the DOCA and WKL’s ultimate relisting on the ASX:

- Approval by creditors at the meeting of creditors convened for Monday, 29 June 2009 to give effect to Trident’s varied DOCA;
- WKL’s shareholders giving the necessary shareholder approvals to give effect to the proposal (July 2009);
- The ASX providing conditional approval in terms acceptable to the proponent and the Deed Administrators for WKL to relist (July 2009);
- The successful completion of the capital raising (August 2009); and
- Execution of the Creditors’ Trust Deed and transfer of company’s assets to the Trustees in accordance with the DOCA (August 2009).

In the event that the recapitalisation of WKL is not successful in any way (i.e. any of the conditions precedent to completion of the DOCA are not satisfied by 31 August



2009 or become unlikely to be satisfied for whatever reason in the Deed Administrators' opinion) then the Deed Administrators may assume control of WKL, the DOCA will terminate and WKL will enter into liquidation unless the DOCA is varied following approval by creditors of WKL. In the event that any of the conditions precedent to completion of the DOCA of WKL become unlikely to be achieved (in the Deed Administrators' opinion), the Deed Administrators will as soon as practicable issue a report to creditors explaining the relevant circumstances and convene a meeting to consider a resolution to vary or terminate the DOCA.

### **Anticipated Return**

Based upon the records of WKL and our estimate of the likely realisable value of WKL's assets, it is estimated that under Trident's varied DOCA proposal a return in the range of 43.7 to 60.8 cents in the dollar would be distributed to unsecured creditors of WKL.

In the event that the DOCA proceeds and is completed by 31 August 2009 as proposed, we anticipate that a dividend will be declared and funds distributed to creditors around September 2009 (allowing for statutory requirements surrounding payment of a dividend). An interim distribution may be made earlier than this timeframe pending the realisation of WKL's remaining assets in the meantime.

Preservation of WKL's corporate shell and ultimate relisting on the ASX will preserve some benefit for existing shareholders. If the DOCA proposal did not involve a Creditors' Trust, WKL would not be able to relist on the ASX as proposed under the DOCA and thus it likely that Trident (or any other party for that matter) would be reluctant to put forward a DOCA as proposed on similar terms.

### **Trustees' Particulars**

It is proposed that the current Deed Administrators will assume the role of Trustees of the Creditors' Trust should it be approved. By appointing the current Deed Administrators as Trustees of the Trust, there is a cost saving compared with appointing a different Trustee. The Administrators have detailed knowledge of the background to the restructure which a different Trustee would have to acquire at a substantial cost to the Trust.

Under a DOCA, creditors may apply to the Court for orders in relation to the Deed Administrators' performance of their duties under the Act. A beneficiary under a Creditors' Trust could also apply to the Court under the Trustees Act 1962 (WA) in relation to the Trustees' performance of their duties.



## Remuneration and Indemnities

It is proposed that the Trustees would be remunerated on a time incurred basis calculated at rates set down by Ferrier Hodgson from time to time. The current rates as at June 2009 (excluding GST) are as follows:

	Rate per hour (\$)
Partner	500
Director	425
Manager 1	350
Manager 2	310
Supervisor	270
Senior 1	240
Senior 2	225
Intermediate 1	175
Intermediate 2	150
Junior / Clerk	125 / 110
Secretary	150

The estimated fees likely to be incurred under the DOCA and a Creditors' Trust are estimated at \$95,000.00 excluding GST. As previously advised, Trident has agreed to advance an amount of \$10,000.00 inclusive of GST to WKL in respect of the costs incurred to put forward the proposed variations to the DOCA to WKL's creditors for consideration. Thus the ultimate cost to WKL is now estimated at \$85,909.00 excluding GST. We note that we previously estimated that the fees likely to be incurred under the DOCA and a Creditors' Trust would be \$75,000.00 excluding GST. The increase in our current estimate is as a result of additional professional work (Deed Administrators' and legal costs) required to put forward Trident's proposed DOCA variations to WKL's creditors and call the meeting of creditors convened for Monday, 29 June 2009 to consider the same.

It should be noted that this amount is an estimate only and should the actual costs be lower, then it is likely that this will ultimately result in more funds being made available for distribution to creditors and potentially shareholders of the company.

As part of the proposed DOCA and Creditors' Trust, the Deed Administrators and Trustees would have an indemnity secured by a lien over the assets of the company and the Trust fund respectively.

## Powers

The Trustees of the new Trust become solely responsible to the former creditors (now beneficiaries) for:

- Ensuring that the company and / or other third parties perform their obligations to the Trustees;



- Determining how much each of the former creditors is entitled to receive from the Trust; and
- In due course, making any distribution to those former creditors.

In addition to the above, the Trustees are likely to have the following powers:

- To administer the Trust Fund;
- To ensure that the company fulfils its obligations under the DOCA and to take such legal proceedings or other steps as the Trustees think fit to enforce those obligations;
- To fulfil the Trustees' obligations in terms of the DOCA;
- To admit claims to proof in accordance with the provisions of the DOCA and the Trust Deed;
- To make interim or other dividend payments to creditors or distributions of the Trust Fund;
- To appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustees are unable to do or that it is unreasonable to expect the Trustees to do in person;
- To appoint a solicitor, accountant or other professionally qualified person to assist the Trustees;
- To compromise any claim on such terms as the Trustees consider fit;
- Having taken an assignment of all causes of action, to prosecute such of those actions as the Trustees consider fit; and
- To do anything else that is necessary or convenient for administering the Trust.

These powers are provided for the benefit of creditors in determining whether to accept the proposed DOCA. However these powers may be varied prior to finalisation of the Trust Deed.

## **Claims**

Creditors will no longer be creditors under the DOCA but will instead become beneficiaries of the Creditors' Trust. For the purpose of determining the admissibility and ranking of creditors'/beneficiaries' claims in the Trust, regulations 5.6.39 to 5.6.72 and Sub-divisions A to E of Division 6 of Part 5.6 of the Act and Regulations shall apply to the Trust and the Trustees as if the references to a Liquidator were references to the Trustees, references to winding up were references to the Trust and with such other modifications as are necessary to give effect to the Trust. To



ensure that those provisions apply to the Creditors' Trust, they will be incorporated into the Creditors' Trust to apply as contractual provisions.

For the purposes of any distribution to priority creditors detailed above, any reference to a Liquidator or liquidation under Section 52 of the Superannuation Guarantee (Administration) Act 1992 (Cth), shall read Deed Administrators or Deed Administration respectively for the purposes of the DOCA and Creditors' Trust respectively for the purpose of the Trust Deed.

Creditors, including secured creditors to the extent of the unsecured portion of their debts, will not be permitted to take recovery action against the company for pre-administration debts during the period of the DOCA.

### **Compliance Opinion**

In our opinion, and based upon our discussions with and knowledge of Trident, we believe that they are capable of complying with the terms of the DOCA and their obligations to the Trustee if the DOCA variations are accepted by creditors.

### **Solvency Statement**

At the time the DOCA will be wholly effectuated, WKL will be solvent. This will occur as a result of:

1. After the proposed capital raising of up to \$5.0 million and after costs associated with the DOCA, WKL is estimated to hold a cash balance of at least approximately \$1.25 million (assuming the minimum subscription of \$2.0 million is achieved); and
2. Effect on the DOCA on claims against the company, i.e. pre-administration claims being transferred to the Creditors' Trust and as such WKL will have no liabilities other than those incurred by the recapitalised WKL moving forward.

### **Tax (company/trust)**

Creditors should note that there may be income tax and stamp duty implications for the company and the Trust associated with the abovementioned proposal.

The Trust may be required to register for GST purposes and apply for a new Tax File Number. In addition, the Trustees may also be responsible for lodging income tax returns for the Trust with the Australian Taxation Office.

It should be noted that any carry forward income or capital losses in WKL will not be available for offset against any assessable income made by the Trust.

### **Tax (creditor/beneficiary)**

Our preliminary view is that by assigning creditors' claims to the Trust any dividend paid to creditors would be treated the same as if creditors had received the dividend



from the company under Administration. That is, we do not foresee any tax disadvantages to creditors with the proposed DOCA and Creditors' Trust.

The proposed DOCAs and Creditors' Trust also enables the Trustees to make distributions to the beneficiaries of the Trust (as opposed to the repayment of creditors' claims outlined above). Under this scenario however, the Trustees may be required to withhold tax from distributions to non-resident beneficiaries at the applicable tax rates.

Creditors are encouraged to seek their own independent legal advice in relation to the possible taxation consequences of receiving a distribution from the proposed Creditors' Trust.

### **Other**

A copy of the Deed of Variation to the DOCA, if approved, will be lodged with ASIC as required and will be available for inspection upon request.

## **7. CREDITORS' OPTIONS, DIVIDEND ESTIMATES AND COST ESTIMATES**

We herewith set out our opinion on whether it is in the creditors' interests for the:

- That the company vary the existing DOCA; or
- That the company should be wound up.

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

### **7.1 Winding up of Company**

We note that the current assets of WKL which are available for realisation for the benefit of creditors of WKL under the proposed DOCA are the same assets which would be available in a liquidation scenario. Trident's DOCA proposal provides for additional assets to be made available (i.e. cash contribution of \$350,000.00).

If the company was now to be wound up, we estimate that our costs would be approximately \$86,860.00 excluding GST.

Accordingly, given that the DOCA proposal put forward by Trident proposes a greater return to creditors of WKL than in a liquidation scenario, as set out in section 2 of this report, we are of the opinion that the company should not be wound up.



## 7.2 Proposed Variations to DOCA

As discussed above in section 5 of this report, the Deed Administrators have conducted an assessment of the proposed variations to the DOCA put forward by Trident and recommend that creditors resolve to accept the variations for the following key reasons:

1. Unsecured creditors of WKL are expected to receive a dividend in the range of 43.7 to 60.8 cents in the dollar in respect of their debts owing as at 2 December 2008 under Trident's varied DOCA proposal. This anticipated return is greater than in a liquidation scenario where the estimated dividend range is 22.2 to 39.3 cents in the dollar to unsecured creditors;
2. If Trident's proposed DOCA variations are not accepted by creditors WKL will proceed into liquidation and it is very unlikely any value will be realised for WKL's corporate shell;
3. Trident have received support from Summermor and a number of existing major shareholders of WKL in favour of the proposed DOCA variations; and
4. We are of the opinion that with Traffic Investor Group Pty Ltd becoming a 100% owned subsidiary of WKL that this may improve WKL's ability to raise capital given that WKL will then have a more diversified business structure and own a business that currently operates, thus potentially enhancing the attractiveness of investing in WKL and increasing the likelihood of WKL being able to successfully complete the capital raising contemplated under the DOCA.

We note that Trident has agreed to advance an amount of \$10,000.00 inclusive of GST to WKL as a contribution towards the professional and legal costs of putting forward the proposed DOCA variations to WKL's creditors for consideration. Whilst we anticipate that these costs will be greater, this contribution provides us with a level of confidence that Trident can fulfil its obligations under the DOCA. The contribution towards costs also ultimately increases the pool of funds available to WKL's creditors.

Accordingly, the Deed Administrators recommend creditors resolve to accept the proposed variations to the DOCA put forward by Trident.

## 8. DEED ADMINISTRATORS' OPINION

From our calculations in section 2 of this report, we estimate that the return to unsecured creditors of WKL under Trident's varied DOCA scenario will be in the range of 43.7 to 60.8 cents in the dollar which is greater than in a liquidation scenario (estimated dividend range of 22.2 to 39.3 cents in the dollar).

Accordingly, it is our opinion that it is in creditors' best interests to resolve to accept the proposed variations to the DOCA put forward by Trident.

In forming our recommendation to creditors throughout this report, we have considered the following:

- The level of return available to creditors under each option;
- Relevant ASX Listing Rules and Act requirements applicable to the terms of the proposed variations to the DOCA put forward by Trident;
- The degree of certainty of completion of the DOCA and assessment of risks;
- The timing of payment of a dividend to creditors; and
- Financial expertise of Trident.

We set out below a comparison of the effect on stakeholders of WKL under the restructured WKL:

Stakeholder	Effect of Restructuring	Liquidation
<b>Unsecured Creditors</b>	<ul style="list-style-type: none"> <li>• Dividend range of between 43.7 and 60.8 cents in the dollar.</li> <li>• Distribution pending realisation of WKL's assets and success of DOCA, likely to be September 2009. An interim dividend may be paid earlier pending the realisation of WKL's assets.</li> </ul>	<ul style="list-style-type: none"> <li>• Dividend range of between 22.2 and 39.3 cents in the dollar.</li> <li>• Distribution pending realisation of WKL's assets (September 2009).</li> </ul>
<b>Shareholders</b>	<ul style="list-style-type: none"> <li>• Subject to share dilution following issue of options but equity interest preserved.</li> </ul>	<ul style="list-style-type: none"> <li>• Unlikely to be any return.</li> </ul>

Having regard to the above, it is our recommendation to creditors that the proposed variations to the DOCA put forward by Trident be approved by creditors of the company.



## **9. REMUNERATION AND DISBURSEMENTS**

At the meeting of creditors convened for Monday, 29 June 2009, we intend seeking approval of the following remuneration.

### **Administrators' Remuneration**

Administrators' remuneration for the period 7 March 2009 to 19 March 2009 in the amount of \$21,327.75 excluding GST in accordance with the summary as set out in Annexure 1.

Administrators' remuneration for the period 20 March 2009 to 13 April 2009 in the amount of \$25,857.67 excluding GST in accordance with the summary as set out in Annexure 1.

In respect of the two resolutions above, we note that creditors previously approved a total of \$40,000.00 excluding GST for the period 7 March 2009 to 13 April 2009. However, as you will note above, actual fees were an additional \$7,185.42 excluding GST for the period 7 March 2009 to 13 April 2009 and we now seek approval of the same.

### **Prospective Deed Administrators' / Trustees' Remuneration**

If creditors approve the proposed variations to the DOCA put forward by Trident, that a provision for the Deed Administrators' / Trustees' remuneration for the period of the DOCA in the amount of \$95,000.00 excluding GST be approved. The amount is an estimate only as it is not possible, at this stage, to state a precise amount.

To date, actual fees of \$28,842.49 excluding GST for the period of the DOCA from 14 April 2009 to 31 May 2009 have been incurred as detailed in Annexure 1.

A further actual fee summary will be presented to creditors at a later date. A summary of the future anticipated tasks under the DOCA is set out in Annexure 1.

As previously advised, Trident has agreed to advance an amount of \$10,000.00 inclusive of GST to WKL in respect of the costs incurred to put forward the proposed variations to the DOCA to WKL's creditors for consideration. Thus the ultimate cost to WKL is now estimated at \$85,909.00 excluding GST. We note that we previously estimated that the fees likely to be incurred under the DOCA and a Creditors' Trust would be \$75,000.00 excluding GST. The increase in our current estimate is as a result of additional professional work (Deed Administrators' and legal costs) required to put forward Trident's proposed DOCA variations to WKL's creditors and call the meeting of creditors convened for Monday, 29 June 2009 to consider the same.

### **Prospective Liquidators' Remuneration**

In the event creditors vote to wind up the company, that a provision for the Liquidators' remuneration in the amount of \$86,860.00 excluding GST be approved. The amount is an estimate only as it is not possible, at this stage, to state a precise



amount. An actual fee summary will be presented to creditors for approval. A summary of the anticipated tasks is set out in Annexure 1.

The Administrators, Deed Administrators (or, where appointed, Liquidators) seek approval of their remuneration on a time basis in accordance with Ferrier Hodgson's schedule of hourly rates set out in Annexure 1.

To date, the Administrators / Deed Administrators have drawn \$151,112.09 excluding GST in fees as approved by creditors.

Details of the basis on which disbursements are charged are contained in Annexure 1.

## **10. FURTHER QUERIES**

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

In the meantime, should creditors have any queries, please do not hesitate to contact either Andrew Smith or Jamie Gunnis at this office.

DATED this 22nd day of June 2009.

A handwritten signature in black ink, appearing to read 'A Saker'.

ANDREW SAKER  
Joint and Several Deed Administrator of  
Western Kingfish Limited

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# **Annexure 1**

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**Deed Administrators' / Trustees' Remuneration**

**Liquidators' Remuneration**

**The Firm's Schedule of Hourly Rates**

**Western Kingfish Limited**  
**ACN 122 711 880**  
**(Subject to Deed of Company Arrangement)**

**REMUNERATION REPORT**

The Deed Administrators' Remuneration Report, prepared pursuant to Section 449E 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 claimed for the period 7 March 2009 to 19 March 2009
- A3 Tasks undertaken by the Administrators and remuneration claimed for the period 20 March 2009 to 13 April 2009
- A4 Tasks undertaken by the Deed Administrators and remuneration claimed for the period 14 April 2009 to 31 May 2009
- A5 Deed Administrators anticipated tasks and remuneration estimate for the period 1 June 2009 to the end of the DOCA period
- A6 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 29 June 2009 to the conclusion of the liquidation
- A7 Remuneration approved and drawn to date
- A8 Resolutions regarding remuneration to be put to creditors at the meeting convened for 29 June 2009

**Part B**

- B1 Deed Administrators' disbursements
- B2 Summary of Receipts and Payments
- B3 Other creditor information on remuneration
- B4 Initial advice to creditors

The Remuneration Report must be read in conjunction with the report to creditors dated **22 June 2009**.

## PART A

### A1 SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Title	Rate (\$)	Experience
Partner/Principal/ Appointee	500	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 <a href="http://www.ferrierhodgson.com">www.ferrierhodgson.com</a>
Director	425	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	350	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	310	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	270	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	240	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	225	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, commenced ICAA's CA program.
Intermediate 1	175	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.
Intermediate 2	150	0 to 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more detailed administrative tasks.
Professional Staff Junior	125	0 to 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	150	Appropriate skills including machine usage.
Computer Operator	100	Appropriate skills including machine usage.
Clerk	110	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.
Typist	80	Appropriate skills including machine usage.
Office Assistant	80	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day fieldwork 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.

## A2. Tasks undertaken by the Administrators and remuneration claimed for the period 7 March 2009 to 19 March 2009

Administrators' fees, based on the tasks detailed below and covering the above period are \$21,327.75 (excl. GST)

Task Area	General Description	Includes
<b>Assets</b>  <b>\$4,900.50</b>	Sale of business as a going concern	<ul style="list-style-type: none"> <li>▪ Liaised with interested parties</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accepted and settled offers for resolution by creditors</li> <li>▪ Attended site with auctioneer to commence auction process</li> </ul>
	Plant and equipment	<ul style="list-style-type: none"> <li>▪ Liaised with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accepted and settled offers</li> </ul>
<b>Creditors</b>  <b>\$8,080.00</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Received and followed up creditor enquiries via telephone</li> <li>▪ Reviewed and prepared correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Retention of Title Claims	<ul style="list-style-type: none"> <li>▪ Maintained retention of title file</li> <li>▪ Adjudicated retention of title claim</li> <li>▪ Forwarded correspondence to claimant notifying outcome of adjudication</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Prepared meeting notices, proxies and advertisements</li> <li>▪ Forwarded notice of meeting to all known creditors</li> <li>▪ Prepared and maintained register of proxies</li> <li>▪ Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Prepared circular to creditors</li> <li>▪ General reporting to creditors</li> <li>▪ Prepared second Administrators report</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Received and filed POD's when not related to a dividend</li> </ul>
<b>Employees</b>  <b>\$175.00</b>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Received and followed up employee enquiries via telephone</li> </ul>
	Other employee issues	<ul style="list-style-type: none"> <li>▪ Corresponded with Child Support</li> <li>▪ Corresponded with Centrelink</li> </ul>



Task Area	General Description	Includes
<b>Trade On</b>  <b>\$2,886.00</b>	Trade On Management	<ul style="list-style-type: none"> <li>▪ Liaised with suppliers</li> <li>▪ Liaised with management and staff</li> <li>▪ Authorised purchase orders</li> <li>▪ Maintained purchase order registry</li> <li>▪ Prepared and authorised receipt vouchers</li> <li>▪ Prepared and authorised payment vouchers</li> </ul>
	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Entered receipts and payments into accounting system</li> </ul>
	Budgeting & financial reporting	<ul style="list-style-type: none"> <li>▪ Prepared working capital position</li> <li>▪ Meetings to discuss trading position</li> </ul>
<b>Administration</b>  <b>\$4,976.25</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Updated checklists</li> <li>▪ Filed documents</li> <li>▪ File reviews</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Corresponded with bank regarding specific transfers</li> </ul>
	ASIC Forms	<ul style="list-style-type: none"> <li>▪ Corresponded with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ BAS and taxation reporting</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status of administration</li> </ul>
<b>Investigations</b>  <b>\$310.00</b>	Conduct Investigations	<ul style="list-style-type: none"> <li>▪ Review correspondence regarding a potential pre appointment claim</li> </ul>



## A2 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 7 March 2009 to 19 March 2009

Employee	Position	Charge Rate \$	Total		Assets		Creditors		Administration		Employees		Trade On		Investigations	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Andrew Saker	Partner	500.00	4.30	2,150.00	0.30	150.00	0.80	400.00	2.30	1,150.00	-	-	0.90	450.00	-	-
Andrew Smith	Manager	310.00	22.90	7,099.00	4.30	1,333.00	11.00	3,410.00	1.50	465.00	-	-	5.10	1,581.00	1.00	310.00
Kate Dempster	Senior 2	225.00	0.40	90.00	-	-	-	-	0.40	90.00	-	-	-	-	-	-
Jamie Gunnis	Intermediate 1	175.00	52.60	9,205.00	19.10	3,342.50	20.80	3,640.00	6.90	1,207.50	1.00	175.00	4.80	840.00	-	-
Derek Keir	Intermediate 2	150.00	7.80	1,170.00	-	-	-	-	7.70	1,155.00	-	-	0.10	15.00	-	-
Adam Puddy	Intermediate 2	150.00	4.80	720.00	0.50	75.00	4.10	615.00	0.20	30.00	-	-	-	-	-	-
Geoff Webb	Intermediate 2	150.00	0.10	15.00	-	-	0.10	15.00	-	-	-	-	-	-	-	-
Adrian Di Menna	Intermediate 2	150.00	0.58	87.50	-	-	-	-	0.58	87.50	-	-	-	-	-	-
Melissa Kroon	Secretary	150.00	2.40	360.00	-	-	-	-	2.40	360.00	-	-	-	-	-	-
Kate Martin	Clerk	110.00	3.13	343.75	-	-	-	-	3.13	343.75	-	-	-	-	-	-
Dorothy Radisich	Clerk	110.00	0.80	87.50	-	-	-	-	0.80	87.50	-	-	-	-	-	-
<b>Total</b>			<b>99.80</b>	<b>21,327.75</b>	<b>24.20</b>	<b>4,900.50</b>	<b>36.80</b>	<b>8,080.00</b>	<b>25.90</b>	<b>4,976.25</b>	<b>1.00</b>	<b>175.00</b>	<b>10.90</b>	<b>2,886.00</b>	<b>1.00</b>	<b>310.00</b>
GST				2,132.78		490.05		808.00		497.63		17.50		288.60		31.00
<b>TOTAL (including GST)</b>				<b>23,460.53</b>		<b>5,390.55</b>		<b>8,888.00</b>		<b>5,473.88</b>		<b>192.50</b>		<b>3,174.60</b>		<b>341.00</b>
<i>Average hourly rate</i>			<i>213.70</i>		<i>202.50</i>		<i>219.57</i>		<i>192.11</i>		<i>175.00</i>		<i>264.77</i>		<i>310.00</i>	



### A3 Tasks undertaken by the Administrators and remuneration claimed for the period 20 March 2009 to 13 April 2009

Administrators' fees, based on the tasks detailed below and covering the above period are \$25,857.67 (excl. GST)

Task Area	General Description	Includes
<b>Assets</b>  <b>\$1,995.00</b>	Plant and equipment	<ul style="list-style-type: none"> <li>▪ Liaised with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accepted and settled offers</li> <li>▪ Liaised with auctioneer on the auction process and setup</li> </ul>
<b>Creditors</b>  <b>\$5,765.00</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Received and followed up creditor enquiries via telephone</li> <li>▪ Reviewed and prepared correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Attendance at creditors meeting</li> </ul>
	Retention of Title Claims	<ul style="list-style-type: none"> <li>▪ Maintained retention of title file</li> <li>▪ Adjudicated retention of title claim</li> <li>▪ Forwarded correspondence to claimant notifying outcome of adjudication</li> <li>▪ Finalise all outstanding ROT's</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Prepared meeting minutes</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Prepared circular to creditors</li> <li>▪ General reporting to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipted and filed POD's when not related to a dividend</li> </ul>
<b>Employees</b>  <b>\$875.00</b>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Received and followed up employee enquiries via telephone</li> <li>▪ Reviewed and prepared correspondence to employees and their representatives via facsimile, email and post</li> <li>▪ Prepared letters to employees advising of their entitlements and options available</li> </ul>
	Calculation of entitlements	<ul style="list-style-type: none"> <li>▪ Finalised employee entitlements</li> <li>▪ Reconciled superannuation accounts</li> <li>▪ Reviewed awards</li> </ul>
	Other employee issues	<ul style="list-style-type: none"> <li>▪ Corresponded with Child Support</li> </ul>



Task Area	General Description	Includes
<b>Trade On</b>  <b>\$6,098.50</b>	Trade On Management	<ul style="list-style-type: none"> <li>▪ Liaised with suppliers</li> <li>▪ Liaised with management and staff</li> <li>▪ Authorised purchase orders</li> <li>▪ Maintained purchase order registry</li> <li>▪ Prepared and authorised receipt vouchers</li> <li>▪ Prepared and authorised payment vouchers</li> </ul>
	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Entered receipt and payments into accounting system</li> </ul>
	Budgeting & financial reporting	<ul style="list-style-type: none"> <li>▪ Prepared weekly working capital positions</li> <li>▪ Meetings to discuss trading position</li> </ul>
<b>Administration</b>  <b>\$11,124.17</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> <li>▪ Finalise DOCA documents</li> <li>▪ Liaising with DOCA party for execution of the DOCA</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Updating checklists</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Corresponding with bank regarding specific transfers</li> </ul>
	ASIC Forms	<ul style="list-style-type: none"> <li>▪ Corresponding with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ BAS and taxation reporting</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status of administration</li> </ul>


**A3 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 20 March 2009 to 13 April 2009**

Employee	Position	Charge Rate \$	Total		Assets		Creditors		Administration		Employees		Trade On	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Andrew Saker	Partner	500.00	13.90	6,950.00	0.50	250.00	2.80	1,400.00	9.50	4,750.00	-	-	1.10	550.00
Andrew Smith	Manager	310.00	21.60	6,696.00	-	-	-	-	11.00	3,410.00	-	-	10.60	3,286.00
Jamie Gunnis	Intermediate 1	175.00	52.60	9,205.00	9.80	1,715.00	16.20	2,835.00	9.70	1,697.50	5.00	875.00	11.90	2,082.50
Derek Keir	Intermediate 2	150.00	0.40	60.00	-	-	0.20	30.00	0.20	30.00	-	-	-	-
Adam Puddy	Intermediate 2	150.00	10.00	1,500.00	-	-	10.00	1,500.00	-	-	-	-	-	-
Geoff Webb	Intermediate 2	150.00	0.20	30.00	0.20	30.00	-	-	-	-	-	-	-	-
Adrian Di Menna	Intermediate 2	150.00	2.50	375.00	-	-	-	-	1.30	195.00	-	-	1.20	180.00
Melissa Kroon	Secretary	150.00	2.50	375.00	-	-	-	-	2.50	375.00	-	-	-	-
Kate Martin	Clerk	125.00	3.83	479.17	-	-	-	-	3.83	479.17	-	-	-	-
Dorothy Radisich	Clerk	125.00	1.50	187.50	-	-	-	-	1.50	187.50	-	-	-	-
<b>Total</b>			<b>109.03</b>	<b>25,857.67</b>	<b>10.50</b>	<b>1,995.00</b>	<b>29.20</b>	<b>5,765.00</b>	<b>39.53</b>	<b>11,124.17</b>	<b>5.00</b>	<b>875.00</b>	<b>24.80</b>	<b>6,098.50</b>
GST				2,585.77		199.50		576.50		1,112.42		87.50		609.85
<b>TOTAL (including GST)</b>				<b>28,443.44</b>		<b>2,194.50</b>		<b>6,341.50</b>		<b>12,236.59</b>		<b>962.50</b>		<b>6,708.35</b>
<i>Average hourly rate</i>				237.15		190.00		197.43		281.39		175.00		245.91



#### A4 Tasks undertaken by the Deed Administrators and remuneration calculation for the period 14 April 2009 to 31 May 2009

Based on the following tasks of the Deed Administrators, our fees for the above period were \$28,842.49 (excluding GST)

Task Area	General Description	Includes
<b>Assets</b>  <b>\$1,192.00</b>	Plant and equipment	<ul style="list-style-type: none"> <li>▪ Liaised with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accepted and settled offers</li> <li>▪ Liaised with auctioneer in relation to the auction</li> </ul>
<b>Creditors</b>  <b>\$2,244.50</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Received and followed up creditor enquiries via telephone</li> <li>▪ Reviewed and prepared correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Prepared circular to creditors</li> <li>▪ General reporting to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipted and filed POD's when not related to a dividend</li> </ul>
<b>Employees</b>  <b>\$1,487.50</b>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Received and followed up employee enquiries via telephone</li> <li>▪ Reviewed and prepared correspondence to employees and their representatives via facsimile, email and post</li> </ul>
	Calculation of entitlements	<ul style="list-style-type: none"> <li>▪ Finalised employee entitlements</li> <li>▪ Reviewed employee files and company's books and records</li> <li>▪ Reconciled superannuation accounts</li> <li>▪ Reviewed awards</li> <li>▪ Liaised with solicitors regarding entitlements</li> </ul>
	Other employee issues	<ul style="list-style-type: none"> <li>▪ Correspondence with Child Support</li> </ul>



Task Area	General Description	Includes
<b>Trade On</b> <b>\$3,952.50</b>	Trade On Management	<ul style="list-style-type: none"> <li>▪ Liaised with suppliers in closing accounts and satisfying accounts</li> <li>▪ Prepared and authorised receipt vouchers</li> <li>▪ Prepared and authorised payment vouchers</li> </ul>
	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Entered receipt and payments into accounting system</li> </ul>
<b>Dividend</b> <b>\$1,452.50</b>	Processing proofs of debt	<ul style="list-style-type: none"> <li>▪ Prepared correspondence to potential creditors inviting lodgement of POD</li> <li>▪ Receipted PODs</li> <li>▪ Maintained POD register</li> <li>▪ Adjudicated PODs</li> </ul>
	Dividend procedures	<ul style="list-style-type: none"> <li>▪ Prepared correspondence to priority creditors advising of intention to declare dividend</li> <li>▪ Advertised intention to declare priority dividend</li> <li>▪ Prepared dividend calculation</li> <li>▪ Prepared correspondence to priority creditors announcing declaration of dividend</li> <li>▪ Advertised announcement of dividend</li> <li>▪ Prepared distribution to priority creditors</li> <li>▪ Prepared payment vouchers to pay dividend</li> <li>▪ Prepared correspondence to priority creditors enclosing payment of dividend</li> </ul>
<b>Administration</b> <b>\$18,513.49</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> <li>▪ Liaised with Proponent regarding relisting requirements</li> <li>▪ Liaised with Proponent regarding amendments to DOCA</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Updated checklists</li> <li>▪ Filed of documents</li> <li>▪ File reviews</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Corresponded with bank regarding specific transfers</li> <li>▪ Corresponded with bank to open new Deed Administrator accounts</li> </ul>
	ASIC Forms	<ul style="list-style-type: none"> <li>▪ Corresponded with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ BAS and taxation reporting</li> <li>▪ Gather and forward information Proponent to produce statutory Half Yearly accounts</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status of administration</li> </ul>


**A4 (cont) Tasks undertaken by the Deed Administrators and remuneration calculation for the period 14 April 2009 to 31 May 2009**

Employee	Position	Charge Rate \$	Total		Assets		Creditors		Administration		Employees		Trade On		Dividend	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Andrew Saker	Partner	500.00	3.20	1,600.00	-	-	-	-	1.20	600.00	-	-	2.00	1,000.00	-	-
Garry Trevor	Partner	500.00	0.50	250.00	-	-	-	-	0.50	250.00	-	-	-	-	-	-
Andrew Smith	Manager	310.00	30.00	9,300.00	1.70	527.00	0.20	62.00	26.10	8,091.00	-	-	2.00	620.00	-	-
Jamie Gunnis	Intermediate 1	175.00	84.50	14,787.50	3.80	665.00	11.40	1,995.00	39.60	6,930.00	8.50	1,487.50	12.90	2,257.50	8.30	1,452.50
Derek Keir	Intermediate 2	150.00	3.60	540.00	-	-	-	-	3.60	540.00	-	-	-	-	-	-
Adam Puddy	Intermediate 2	150.00	2.60	390.00	-	-	-	-	2.60	390.00	-	-	-	-	-	-
Geoff Webb	Intermediate 2	150.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adrian Di Menna	Intermediate 2	150.00	1.10	165.00	-	-	-	-	0.60	90.00	-	-	0.50	75.00	-	-
Melissa Kroon	Secretary	150.00	6.40	960.00	-	-	-	-	6.40	960.00	-	-	-	-	-	-
Jessica Hoskins	Clerk	110.00	2.95	325.00	-	-	1.70	187.50	1.25	137.50	-	-	-	-	-	-
Kate Martin	Clerk	110.00	4.39	483.35	-	-	-	-	4.39	483.35	-	-	-	-	-	-
Dorothy Radisich	Clerk	110.00	0.38	41.64	-	-	-	-	0.38	41.64	-	-	-	-	-	-
<b>Total</b>			<b>139.63</b>	<b>28,842.49</b>	<b>5.50</b>	<b>1,192.00</b>	<b>13.30</b>	<b>2,244.50</b>	<b>86.62</b>	<b>18,513.49</b>	<b>8.50</b>	<b>1,487.50</b>	<b>17.40</b>	<b>3,952.50</b>	<b>8.30</b>	<b>1,452.50</b>
GST				2,884.25		119.20		224.45		1,851.35		148.75		395.25		145.25
<b>TOTAL (including GST)</b>				<b>31,726.74</b>		<b>1,311.20</b>		<b>2,468.95</b>		<b>20,364.84</b>		<b>1,636.25</b>		<b>4,347.75</b>		<b>1,597.75</b>
<i>Average hourly rate</i>				206.57		216.73		168.70		213.73		175.00		227.16		175.00



**A5 Deed Administrators anticipated tasks and remuneration estimate for the period 1 June 2009 to the end of the DOCA period**

Based on the following anticipated tasks of the Deed Administrators, we estimate fees for the above period to be \$66,157.51 (excluding GST)

Task Area	General Description	Includes
<b>Assets</b>  <b>\$10,387.51</b>	Plant and equipment	<ul style="list-style-type: none"> <li>▪ Liaise with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accept and settle offers</li> </ul>
<b>Creditors</b>  <b>\$13,020.00</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Prepare circular to creditors</li> <li>▪ General reporting to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipt and file POD's when not related to a dividend</li> </ul>
<b>Employees</b>  <b>\$1,540.00</b>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up employee enquiries via telephone</li> <li>▪ Review and prepare correspondence to employees and their representatives via facsimile, email and post</li> </ul>
	Calculation of entitlements	<ul style="list-style-type: none"> <li>▪ Finalise employee entitlements</li> <li>▪ Review employee files and company's books and records</li> <li>▪ Reconcile superannuation accounts</li> </ul>



Task Area	General Description	Includes
<b>Trade On</b> <b>\$1,285.00</b>	Trade On Management	<ul style="list-style-type: none"> <li>▪ Liaise with suppliers in closing final accounts and satisfying accounts</li> <li>▪ Prepare and authorised receipt vouchers</li> <li>▪ Prepare and authorised payment vouchers</li> </ul>
	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Enter receipt and payments into accounting system</li> </ul>
<b>Dividend</b> <b>\$12,400.00</b>	Processing proofs of debt	<ul style="list-style-type: none"> <li>▪ Prepare correspondence to potential creditors inviting lodgement of POD</li> <li>▪ Receipt PODs</li> <li>▪ Maintain POD register</li> <li>▪ Adjudicate PODs</li> </ul>
	Dividend procedures	<ul style="list-style-type: none"> <li>▪ Prepare correspondence to creditors advising of intention to declare dividend</li> <li>▪ Advertise intention to declare dividend</li> <li>▪ Prepare dividend calculation</li> <li>▪ Prepare correspondence to creditors announcing declaration of dividend</li> <li>▪ Advertise announcement of dividend</li> <li>▪ Prepare distribution to creditors</li> <li>▪ Prepare payment vouchers to pay dividend</li> <li>▪ Prepare correspondence to creditors enclosing payment of dividend</li> </ul>
<b>Administration</b> <b>\$27,525.00</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> <li>▪ Liaise with Proponent regarding relisting requirements</li> <li>▪ Liaise with Proponent regarding amendments to DOCA</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Update checklists</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Correspond with bank regarding specific transfers</li> <li>▪ Correspond with bank to open new Deed Administrator accounts</li> </ul>
	ASIC Forms	<ul style="list-style-type: none"> <li>▪ Correspond with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ BAS and taxation reporting</li> <li>▪ Gather and forward information Proponent to produce statutory Half Yearly accounts</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status of administration</li> </ul>



**A5 (cont) Deed Administrators anticipated tasks and remuneration estimate for the period 1 June 2009 to the end of the DOCA period**

Employee	Position	Charge Rate \$	Total		Assets		Creditors		Employees		Trade On		Dividend		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Andrew Saker	Partner	500.00	27.00	13,500.00	6.00	3,000.00	7.00	3,500.00	0.50	250.00	1.00	500.00	4.50	2,250.00	8.00	4,000.00
Andrew Smith	Manager	310.00	73.00	22,630.00	11.00	3,410.00	12.00	3,720.00	1.50	465.00	1.00	310.00	15.00	4,650.00	32.50	10,075.00
Jamie Gunnis	Intermediate 1	175.00	84.00	14,700.00	15.00	2,625.00	16.00	2,800.00	3.00	525.00	1.00	175.00	16.00	2,800.00	33.00	5,775.00
Geoff Webb	Intermediate 2	150.00	36.00	5,400.00	4.00	600.00	10.00	1,500.00	1.00	150.00	1.00	150.00	9.00	1,350.00	11.00	1,650.00
Derek Keir	Intermediate 2	150.00	37.02	5,552.51	5.02	752.51	10.00	1,500.00	1.00	150.00	1.00	150.00	9.00	1,350.00	11.00	1,650.00
Melissa Kroon	Secretary	150.00	15.00	2,250.00	-	-	-	-	-	-	-	-	-	-	15.00	2,250.00
Kate Martin	Clerk	125.00	10.00	1,250.00	-	-	-	-	-	-	-	-	-	-	10.00	1,250.00
Dorothy Radisich	Clerk	125.00	7.00	875.00	-	-	-	-	-	-	-	-	-	-	7.00	875.00
<b>Total</b>			<b>289.02</b>	<b>66,157.51</b>	<b>41.02</b>	<b>10,387.51</b>	<b>55.00</b>	<b>13,020.00</b>	<b>7.00</b>	<b>1,540.00</b>	<b>5.00</b>	<b>1,285.00</b>	<b>53.50</b>	<b>12,400.00</b>	<b>127.50</b>	<b>27,525.00</b>



**A6 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 29 June 2009 to the conclusion of the liquidation**

Based on the following anticipated tasks of the Liquidation, we estimate the Liquidators' fees to be \$86,860.00 (excluding GST).

Task Area	General Description	Includes
<b>Assets</b>  <b>\$15,980.00</b>	Possible Recapitalisation of WKL	<ul style="list-style-type: none"> <li>▪ Liaising with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accept and settle offers</li> </ul>
	Plant and Equipment	<ul style="list-style-type: none"> <li>▪ Liaising with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accept and settle offers</li> </ul>
<b>Creditors</b>  <b>\$16,580.00</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone</li> <li>▪ Maintaining creditor enquiry register</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Attendance of creditors meeting</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Preparing circular to creditors following resolution of liquidation</li> <li>▪ General reporting to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipting and filing POD's</li> <li>▪ Maintaining POD register</li> <li>▪ Adjudicating POD's</li> </ul>



Task Area	General Description	Includes
<b>Trade On</b>  <b>\$15,750.00</b>	Trade On Management	<ul style="list-style-type: none"> <li>▪ Liaising with suppliers</li> <li>▪ Liaising with management and staff</li> <li>▪ Authorising purchase orders</li> <li>▪ Maintaining purchase order registry</li> <li>▪ Preparing and authorising receipt vouchers</li> <li>▪ Preparing and authorising payment vouchers</li> </ul>
	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system</li> </ul>
	Budgeting & financial reporting	<ul style="list-style-type: none"> <li>▪ Finalising trading profit or loss</li> <li>▪ Meetings to discuss trading position</li> </ul>
<b>Dividend</b>  <b>\$14,330.00</b>	Processing proofs of debt	<ul style="list-style-type: none"> <li>▪ Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>▪ Receipt of PODs</li> <li>▪ Maintain POD register</li> <li>▪ Adjudicating PODs</li> <li>▪ Request further information from claimants regarding POD</li> <li>▪ Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>
	Dividend procedures	<ul style="list-style-type: none"> <li>▪ Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>▪ Advertisement of intention to declare dividend</li> <li>▪ Obtain clearance from ATO to allow distribution of company's assets</li> <li>▪ Preparation of dividend calculation</li> <li>▪ Preparation of correspondence to creditors announcing declaration of dividend</li> <li>▪ Advertise announcement of dividend</li> <li>▪ Preparation of distribution</li> <li>▪ Preparation of dividend file</li> <li>▪ Preparation of payment vouchers to pay dividend</li> <li>▪ Preparation of correspondence to creditors enclosing payment of dividend</li> </ul>
<b>Administration</b>  <b>\$24,220.00</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Updating checklists</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Corresponding with bank regarding specific transfers</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including 524 and 911 etc</li> <li>▪ Corresponding with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ BAS and taxation reporting</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status of administration</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>▪ Dealing with records in storage</li> <li>▪ Sending job files to storage</li> </ul>



**A6 (cont) Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 26 June 2009 to the conclusion of the liquidation**

Employee	Position	Charge Rate \$	Total		Assets		Creditors		Trade On		Dividend		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Andrew Saker	Partner	500.00	25.00	12,500.00	5.00	2,500.00	5.00	2,500.00	4.00	2,000.00	5.00	2,500.00	6.00	3,000.00
Andrew Smith	Manager	310.00	91.00	28,210.00	18.00	5,580.00	18.00	5,580.00	20.00	6,200.00	13.00	4,030.00	22.00	6,820.00
Jamie Gunnis	Intermediate 1	175.00	141.00	24,675.00	28.00	4,900.00	28.00	4,900.00	26.00	4,550.00	24.00	4,200.00	35.00	6,125.00
Geoff Webb	Intermediate 2	150.00	57.00	8,550.00	10.00	1,500.00	12.00	1,800.00	10.00	1,500.00	12.00	1,800.00	13.00	1,950.00
Derek Keir	Intermediate 2	150.00	57.00	8,550.00	10.00	1,500.00	12.00	1,800.00	10.00	1,500.00	12.00	1,800.00	13.00	1,950.00
Melissa Kroon	Secretary	150.00	15.00	2,250.00	-	-	-	-	-	-	-	-	15.00	2,250.00
Kate Martin	Clerk	125.00	10.00	1,250.00	-	-	-	-	-	-	-	-	10.00	1,250.00
Dorothy Radisich	Clerk	125.00	7.00	875.00	-	-	-	-	-	-	-	-	7.00	875.00
<b>Total</b>			<b>403.00</b>	<b>86,860.00</b>	<b>71.00</b>	<b>15,980.00</b>	<b>75.00</b>	<b>16,580.00</b>	<b>70.00</b>	<b>15,750.00</b>	<b>66.00</b>	<b>14,330.00</b>	<b>121.00</b>	<b>24,220.00</b>



If costs exceed the estimates made above, we will advise creditors accordingly and seek further approval from creditors.

**A7 Remuneration approved and drawn to date**

Period	Amount Approved (\$)	Amount Drawn (\$)
2 December 2008 to 31 December 2008	\$60,250.67 (Excl GST)	\$60,250.67 (Excl GST)
1 January 2009 to 15 January 2009	\$26,906.67 (Excl GST)	\$26,906.67 (Excl GST)
16 January 2009 to 6 March 2009	\$43,954.75 (Excl GST)	\$43,954.75 (Excl GST)
7 March 2009 to 19 March 2009	\$20,000.00 (Excl GST)	\$20,000.00 (Excl GST)
<b>Total</b>	<b>\$151,112.09 (Excl GST)</b>	<b>\$151,112.09 (Excl GST)</b>

**A8 Resolutions regarding remuneration to be put to creditors at the meeting convened for 20 March 2009.**

**At the meeting of creditors convened for 29 June 2009, creditors will be asked to consider the following resolutions in relation to remuneration:**

**Administrators' Remuneration**

"That the Administrators' remuneration, as set out in the Deed Administrators' remuneration report for the period 7 March 2009 to 19 March 2009 in the amount of \$21,327.75 excluding GST be approved."

"That the Administrators' remuneration, as set out in the Deed Administrators' remuneration report for the period 20 March 2009 to 13 April 2009 in the amount of \$25,857.67 excluding GST be approved."

In respect of the two resolutions above, we note that creditors previously approved a total of \$40,000.00 excluding GST for the period 7 March 2009 to 13 April 2009. However, as you will note above, actual fees were an additional \$7,185.42 excluding GST for the period 7 March 2009 to 13 April 2009 and we now seek approval of the same.

**Prospective Deed Administrators' / Trustees' Remuneration**

If creditors approve the proposed variations to the DOCA put forward by Trident;

"That a provision for the Deed Administrators' / Trustees' remuneration for the period of the DOCA in the amount of \$95,000.00 excluding GST be approved subject to upward or downward adjustment by resolution of creditors and that the Deed Administrator / Trustee be authorised to draw their fees monthly in arrears."

We note that creditors previously approved an amount of \$75,000.00 excluding GST for the period of the DOCA, however in light of the additional costs to put forward Trident's proposed variations to the DOCA this fee estimate has been revised to \$95,000.00 excluding GST. We note that Trident have agreed to advance \$10,000.00 including GST as a contribution towards these additional costs.

**Prospective Liquidators' Remuneration**

In the event creditors vote to wind up the company;

"That a provision for the Liquidators' remuneration in the amount of \$86,860.00 excluding GST be approved subject to upward or downward adjustment by resolution of creditors / committee of inspection and that the Liquidators be authorised to draw their fees monthly in arrears."



## **PART B**

### **B1 Deed 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 and printing 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
Document Production	35 cents per copy
Facsimile	At cost
Advertising	At cost
Storage – Per Box	At cost
Storage – Per File	At cost
Couriers	At cost

Creditor approval for the payment of disbursements is not required, however the Administrators must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.

### **B2 Summary of Receipts and Payments for the period 2 December 2008 to 12 June 2009**

Refer to Section 3.2 of the Deed Administrators' Report dated 22 June 2009 for the summary of Receipts and Payments.

### **B3 Other creditor information on remuneration**

The partners of Ferrier Hodgson Perth 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](http://www.ipaa.com.au)

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



## **B4 Initial Advice to Creditors**

### **Remuneration Methods**

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

- 1. Time based / hourly rates**  
This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- 2. Fixed Fee**  
The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.
- 3. Percentage**  
The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- 4. Contingency**  
The practitioner's fee is structured to be contingent on a particular outcome being achieved.

### **Method chosen**

Given the nature of this administration we propose that our remuneration be calculated on the time based / hourly rates method.

This method was selected as it is the most practical method, and provides the most transparency to creditors given the nature of this administration.

Dated this 22nd day of June 2009

A handwritten signature in black ink, appearing to read 'A Saker', written in a cursive style.

ANDREW SAKER  
Joint and Several Deed Administrator of  
Western Kingfish Limited