

23 May 2022



Evolution Traffic Management Pty Ltd (Administrators Appointed)

ACN 638 495 691

("the Company")

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

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1. About this report: a guide for creditors

1.1. Purpose of this report

We are required to prepare this report under the Act and provide creditors with information about the Company's business, property, affairs, and financial circumstances.

This report contains the information we are required by law to include, plus other information considered materially relevant to creditors to enable them to make an informed decision about the Company's future.

This report and its attachments contain details about the forthcoming second meeting of creditors to be held on **Tuesday, 31 May 2022** and our opinion and recommendation about the future of the Company and what is considered to be in the creditors' interests. Creditors are required to decide whether:

- the Company should execute a Deed of Company Arrangement ("DOCA"), or
- the administration of the Company should end, or
- the Company should be wound up.

Alternatively, creditors can vote to adjourn the meeting for up to 45 business.

All details, forms and instructions relating to the meeting have been included with the covering letter and other documents **attached** to this report.

1.2. Key messages and recommendations

- Joanne Dunn, John Park and Kelly-Anne Trenfield were appointed as Voluntary Administrators of the Company on 17 March 2022.
- In our opinion it is in the creditors' best interests the Company execute the proposed DOCA.
- A DOCA has been proposed and is summarised at Section 7.
- An eligible employee meeting is being held prior to the second meeting of creditors for employees to consider the proposed DOCA. Eligible employee creditors have received separate notice of that meeting.
- Our preliminary investigations indicate the Company may have traded whilst insolvent. Recovery actions against the Directors can only be pursued if the Company is placed in liquidation.

Section 2 of this Report summarises the items considered to be the most important for creditors. **Section 3** provides the Administrators' recommendation to creditors on the future of the Company.

1.3. Questions and help

Please contact this office on (07) 3225 4900 or Evolution@fticonsulting.com if you are unsure about any of the matters raised in this report or the impact any decision about the Company's future may have on you.

2. Key messages

2.1 Overview of administration strategy

Administrators' strategy and major actions

Strategy & Trading	■ Stabilised operations and assessed trade-on viability. ■ Trade-on of the Company to pursue a business sale or recapitalisation.	■ Implemented trading controls and established accounts with suppliers to facilitate ongoing trade.	■ Engaged a specialist to undertake a workplace health and safety review to identify issues requiring action.	■ Undertook a sale campaign for the Company's business/assets and engaged with 25 interested parties.	■ Liaised with Directors concerning DOCA proposal, dealt with interested parties regarding final stage offers and calculated return to creditors in each scenario.
Statutory matters & Investigations	■ Attended to all required statutory obligations.	■ Conducted property, company, PPSR, motor vehicle and other searches.	■ Undertook investigations into the performance and position of the Company and reasons for failure.	■ Secured and reviewed Company records to identify voidable transactions and other recoveries realisable in a liquidation scenario.	■ Formed a preliminary opinion on existence of voidable transactions and other claims or breaches of the Act.
Stakeholders	■ Circular and correspondence to c.140 creditors and over 700 employees. ■ Corresponded and met with key stakeholders and clients. ■ Responded to telephone and email queries from creditors, stakeholders, and media.	■ Facilitation of first meeting of creditors via electronic facilities.	■ Calculated employee entitlements and liaised with over 700 employees and former employees regarding outstanding entitlements.	■ Application to Court for the extension of the convening period.	■ Preparation of this report pursuant to s.75-225 of the Insolvency Practice Rules (Corporations) 2016.

2.2 Key messages for creditors

Set out below is a summary of the key messages and recommendations which are detailed in this report. Please read this summary in conjunction with the remainder of the report including the terms of reference contained in **Appendix 1** and any other attachments.

Key areas	Commentary	Analysis
Explanations for the Company's difficulties	Our investigations have identified the following reasons for the Company's failure: ■ COVID-19 lockdowns resulting in reduction and cancellation of projects by clients. ■ Expiring Director Penalty Notices issued by the ATO. ■ Restructure requirements to renew licence with Transport and Main Roads (Qld). ■ Poor management of accounts receivable leading to liquidity and cashflow issues ■ Under capitalisation ■ Over-leveraged balance sheet	Section 4
Estimated date of insolvency	Our preliminary view is the Company was likely insolvent from at least 2 September 2021 and remained so up until the time of our appointment on 17 March 2022.	Section 6.2.1
Voidable transactions	Our preliminary investigations have identified transactions a liquidator could pursue which might result in property or money being recovered for the benefit of creditors. These include unfair preferences to at least two (2) creditors totalling c.\$1.3m. Further review of these voidable transactions will be undertaken should the Company be placed into liquidation.	Section 6.3
Offences by directors	Based on our investigations to date, the following offences under the Act may have been committed by the Directors: ■ s.181 – A director has a duty to exercise their powers and discharge their duties in good faith in the best interests of the Company and for a proper purpose. ■ s.588G – Incurring liabilities while insolvent (subject to safe harbour protections).	Section 13.5.4
Liability for insolvent trading	Based on our preliminary investigations, it is our view: ■ Whilst there may be a claim for insolvent trading against the Directors, they may be protected by the safe harbour provisions in s.588GA of the Act. The commerciality of an insolvent trading claim also needs to be considered by a liquidator, if appointed. ■ We are aware of a Director and Officer insurance policy held by the Directors; however, we do not know whether the policy would respond to an insolvent trading claim.	Section 6.2

Key areas	Commentary	Analysis																								
Proposal for a deed of company arrangement	A proposal for a DOCA has been received from Evolution Group Holdings Limited. The DOCA provides for a Deed Fund to be established which includes – all cash at bank; all debtors outstanding prior to and during the voluntary administration; payment of \$1,025,500; a further contribution of up to \$625,500 for priority creditors, if required. Unsecured creditors have been separated into different classes with differing returns.	Section 7																								
Estimated outcome for creditors	The estimates shown are based on the information presently available, our view of the Company’s estimated realisable value of assets and estimated claims of creditors: <table><tr><td></td><td>Liquidation</td><td>DOCA</td><td>Timing of Payments</td></tr><tr><td>Secured creditors</td><td>Nil</td><td>N/A</td><td>N/A</td></tr><tr><td>Priority employee claims</td><td>Between nil and 10c/\$</td><td>100c/\$</td><td>1-3 months</td></tr><tr><td>Ongoing trade creditors</td><td>Nil</td><td>Nil - 46c/\$</td><td>3 - 4 months</td></tr><tr><td>Ordinary unsecured creditors</td><td>Nil</td><td>Nil - 22c/\$</td><td>3 - 4 months</td></tr><tr><td>Other ordinary unsecured creditors</td><td>Nil</td><td>Nil - 21c/\$</td><td>3 - 4 months</td></tr></table> The key factors and variables impacting the estimated return to creditors in DOCA scenario are: ■ recovery of debtors; ■ extent of voluntary administration trading liabilities and costs; and ■ level of creditor claims. The key factors and variables impacting the estimated return to creditors in liquidation are: recoverability of voidable transaction and insolvent trading claims; ■ validity and recovery of claims against related entities; ■ recovery of debtors; and ■ level of creditor claims.		Liquidation	DOCA	Timing of Payments	Secured creditors	Nil	N/A	N/A	Priority employee claims	Between nil and 10c/\$	100c/\$	1-3 months	Ongoing trade creditors	Nil	Nil - 46c/\$	3 - 4 months	Ordinary unsecured creditors	Nil	Nil - 22c/\$	3 - 4 months	Other ordinary unsecured creditors	Nil	Nil - 21c/\$	3 - 4 months	Section 8
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Remuneration	Under s.449E of the Act, the remuneration of the Administrators (and either the Deed Administrators or Liquidators, if appointed) can be fixed at the second meeting of creditors. Details of our proposed remuneration and resolutions are included in our Remuneration Approval Report.	Appendix 7																								

3. Recommendation on the Company's future

In our opinion it is in the creditors' interests that the Company execute a DOCA in line with the terms proposed. Details of the estimated return to creditors and other information about what creditors can decide at the meeting are provided at **Sections 8 and 9** of this report.

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration end	Option 3: Liquidation
Description	Whether it would be in the creditors' interests for the Company to execute a DOCA	Whether it would be in the creditors' interests for the administration to end	Whether it would be in the creditors' interests for the Company to be wound up
Key factors to considers	- There is less uncertainty under the DOCA proposal compared to a liquidation scenario - The c.700 employees will remain employed because the Company will continue to trade - Priority Creditors will receive payment in full under the DOCA proposal. - It is likely unsecured creditors will potentially receive a greater return under the DOCA proposal than they would if the Company was immediately wound up and within an earlier timeframe than liquidation	The Company is insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding unless a DOCA is implemented.	- A liquidation would likely result in a cessation of trade and an orderly wind down of operations. - In liquidation all employees will have their employment terminated, crystallising entitlements. - Any return to Priority Creditors will be dependent upon recovery of voidable transactions. - Based on our assessment, there would be no return to unsecured creditors.
Our opinion	Is in the creditors' interests that the Company execute a DOCA in line with the terms proposed	Not in the creditors' interests that the administration should end	Not in the creditors' interests that the Company be wound up
Recommended option	Recommended	Not recommended	Not recommended

**Potential to adjourn
the meeting to a
future date**

Creditors may wish to adjourn the second meeting for up to 45 business days.

It is a matter for the Chairperson or creditors to decide if they wish to adjourn the meeting.

4. Background information

4.1 Appointment of Administrators

On 17 March 2022, we John Park, Joanne Dunn and Kelly-Anne Trenfield were appointed joint and several Administrators of the Company in accordance with a resolution passed at a meeting of the Company's Directors pursuant to s.436A of the Act.

In a voluntary administration, the Administrators take control of a company and its affairs, superseding the powers of the directors and officers to make decisions and perform management functions.

We also have a duty to investigate the Company's business, property, affairs, and financial circumstances.

4.2 Outcome of the first meeting of creditors

The first meeting of creditors was held on 29 March 2022 to consider the formation of a Committee of Inspection ("COI") and whether to appoint alternate Administrators of the Company.

No nominations for alternative Administrators were received and no COI was formed.

4.3 Administrators' prior involvement and independence

In accordance with s.436DA of the Act, we provided a DIRRI with our first communication to creditors. This DIRRI included the circumstances which led to our appointment as Administrators.

A copy of our DIRRI was provided in our first circular to creditors dated 21 March 2022 and was referred to at the first meeting of creditors.

There is no change to our assessment regarding our independence or to the information provided in the DIRRI.

4.4 Company information and historical performance

Appendix 2 and **Appendix 3** include statutory information about the Company, a summary of the Company's historical performance and our preliminary analysis and comments about the existence and form of financial statements prepared by the Company.

4.5 History of the Company and events leading to our appointment

The Company was incorporated on 15 January 2020 and commenced operating the traffic control business on 5 May 2020 following settlement of an asset sale agreement with Evolution Traffic Control Pty Ltd (Subject to Deed of Company Arrangement).

The Company is a wholly owned subsidiary of EGH and at the time of our appointment employed 702 employees in Queensland, New South Wales, and Western Australia. The Company is part of the Group and generates the majority of the Group's revenue through the provision of the following services:

- traffic management planning;
- site management;
- traffic control; and
- traffic equipment hire.

Our initial key observations of the operations of the Company are:

- from as early as August 2020 the records of the Company show payment arrangements with creditors;
- considerable negotiations with lenders to obtain extend facilities, payment holidays and agree further payment arrangements continued up to March 2022 (being the date of voluntary administration);
- loss of key personnel, poor management of accounts receivable, decreased support by financiers; and
- escalating ATO and aged payable liabilities.

4.6 Directors' explanation for the Company's difficulties

The Directors of the Company have indicated the current circumstances faced by the Company are a result of the following:

- COVID-19 lockdowns and restrictions leading to cancellation of project works and a reduction in planned works.
- licensing stipulations of Transport and Main Roads (Qld) ("TMR") requiring considerable debt reduction within the Group prior to considering renewal of the Group's licence to operate in Qld (due for renewal in August 2022).
- ATO issued Director Penalty Notices against the Directors for the Company debt.
- poor management of accounts receivable.
- under capitalisation.
- the Company being over-leveraged.

In addition to the above, EGH's FY20 and FY21 annual reports, indicate the following factors were also contributing to the Company's financial difficulties:

- reduction in spending by state government road authorities; and
- adverse weather events in Southeast Queensland in February 2020, February, March and October 2021.

4.7 Administrators' observations of the Company's difficulties

From our investigations to date, we agree with the Directors' stated reasons and have identified the following additional possible causes for the failure of the Company:

- inability to negotiate favourable payment terms or arrangements with some suppliers, resulting in accounts being placed on hold or cash on delivery terms.
- loss of key personnel and their historical knowledge which affected operational controls.

4.8 Opinion about books and records

Section 286 (1) of the Act requires a company to keep written financial records which correctly record and explain its transactions, financial position and performance and would enable true and fair financial statements to be prepared and audited.

In considering compliance with this section, since our appointment we have:

- reviewed various financial reports and management accounts to help us understand the Company's asset and liability position;
- reviewed various correspondence relevant to the Company's financial position and performance;
- undertaken investigations incorporating financial records and data;
- discussed with the Company's management and staff, processes and record keeping practices; and
- reviewed board minutes for the Group since commencement of the Company.

Whilst EGH's financial reports are audited and complete to FY21, the board minutes cited monthly financial reporting delays from September 2021 to January 2022 as well as accuracy concerns and misallocations on numerous occasions since July 2020.

We have experienced some difficulties in extracting timely and accurate reports pertaining to the Company. This is discussed further in **Section 6, Appendix 3** and **Appendix 4**.

Despite complications with obtaining Company information, it is our view, as at the date of our appointment, the financial records of the Company have been maintained in accordance with s. 286 of the Act.

4.9 Outstanding winding up applications and litigation

The following searches were conducted following our appointment:

- ASIC Company register;
- ASIC Insolvency Notices website; and
- State court websites.

These searches confirmed no winding up applications or legal actions against the Company appear to be outstanding. Further, a review of Company records and enquiries made with Company legal representatives did not identify any outstanding winding up applications or statutory demands issued against the Company.

5. Strategy and financial position

5.1 Actions and strategy to date

Since our appointment we have maintained and stabilised business operations and reviewed available options for the Company.

Our key strategies and actions can be viewed below.

5.1.1 Statutory

- Notified applicable statutory and government bodies of our appointment.
- Prepared and issued our Initial Information for Creditors and Suppliers, which included our DIRRI.
- Held the first meeting of creditors of the Company.
- Prepared and attended to lodgement of required ASIC forms.
- Applied to Court for the extension of the convening period to hold the Second Meeting of Creditors.
- Prepared this report pursuant to s.75-225 of the Insolvency Practice Rules (Corporations) 2016.

5.1.2 Investigations

- Conducted and reviewed searches in relation to the Company and its officers.
- Obtained relevant books and records of the Company and access to and backups of systems.
- Reviewed and analysed the Company's financial books and records.
- Reviewed all available books and records and other information concerning the Company to form a preliminary view on any potential breaches of the Act or potential voidable transactions where money or property may be recoverable for the benefit of creditors.

5.1.3 Employees

- Written to all employees advising of their position as creditors of the Company.
- Conducted virtual town hall meetings (initially daily then three (3) times weekly) with key Company staff to discuss any employee queries.
- Liaised directly with employees regarding specific issues and queries.
- Reviewed Company records to quantify employee entitlements and notified employees regarding same.
- Reviewed existing Company employment contract templates and relevant enterprise bargaining agreements.
- Instructing legal advisors to review and amend template employment agreements to ensure appropriateness for hiring requirements during voluntary administration.

- Liaise with portable long service leave providers in the appropriate jurisdictions to assess and review any potential outstanding liabilities and employee requirements.
- Work closely with HR and payroll staff to ensure processing of staff onboarding and cessations.

5.1.4 Debtors and factoring facility

- Established post-appointment debtor factoring facility with Earlypay to provide trade-on funding.
- Managing billing team to prepare weekly invoicing and implementing trading controls for the administration period.
- Daily meetings and discussions with accounts receivable staff to monitor collections and review of debtor ledger.
- Preparing weekly models to forecast timing and quantum of accounts receivable collections and understand impact on cash flow.
- Liaising with Earlypay to establish reporting mechanisms to provide information regarding invoicing and collections activity to facilitate further drawdowns.
- Preparing drawdown requests and uploading invoices to Earlypay to provide working capital for operations.
- Preparing summaries of pre and post-appointment debtor ledgers with ageing breakdown by customer.
- Daily allocation of receipts between pre and post-appointment debtor finance facilities.

5.1.5 Trading

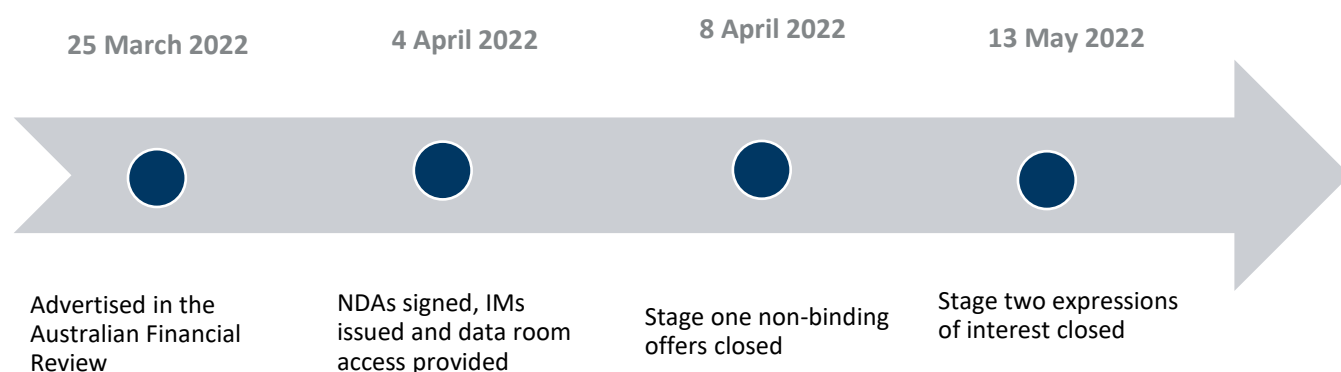
- Notified all suppliers and applicable statutory bodies of our appointment.
- Opened new accounts with the Company's suppliers as required for ongoing trade during the voluntary administration.
- Setup trading protocols and a purchase order system with the Company's procurement and accounts payable team.
- Communicated extensively with the Company's suppliers (and internal procurement team) concerning supply, orders and account balances.
- Frequent communication with the Company's key clients to advise of our appointment, outline the general process of a voluntary administration and to discuss the Company's ongoing service provision during the voluntary administration.

5.1.6 Premises/Landlords

- Corresponded with landlords concerning ongoing occupation and vacation of premises.
- Negotiations with landlords concerning notices to vacate for Toowoomba and Coffs Harbour premises, due to lease expirations.
- Source new premises options for Coffs Harbour and Toowoomba locations; prepare, review, and execute new leases.

5.2 Sale of business

Below is a timeline of key milestones in the sale of business campaign.



We engaged with 25 parties interested in acquiring the business and assets of the Company in whole or part. Although there was considerable external interest in the Company, the sale campaign was complicated by the Company operating as part of a Group structure. For example, the vehicle fleet and plant were not available for sale.

Expressions of interest were received from four (4) parties, the majority of which remain interested in conducting some form of transaction if the opportunity arises.

In addition to the interest received, a DOCA proposal was received from the Company's Directors which is summarised in **Section 7** of this report.

Further details of specific tasks undertaken are included in our Remuneration Approval Report at **Appendix 7**.

5.3 Company's financial position at appointment

5.3.1 Report on Company Activities and Property by the Directors

Immediately following our appointment, we requested the Directors of the Company provided a statement about the Company's business, property, affairs, and financial circumstances in the form of a Report on Company Activities and Property ("ROCAP").

A ROCAP is primarily comprised of two (2) parts being:

1. Part A – a form which details the Company's assets and liabilities.
2. Part B – a questionnaire about the Company's history, operations, books, and records.

Part A of the ROCAP is lodged with ASIC and is publicly available for viewing, whereas Part B is a confidential document for the use of the Administrators in performing their duties.

5.3.2 Report on Company Activities and Property Part A by the Directors

Immediately after appointment, we requested the Directors provide a statement about the Company's business, property, affairs, and financial circumstances in the form of a ROCAP Part A (Form 507) ("ROCAP Part A").

We received a ROCAP Part A completed by the Company's Directors on 6 May 2022. The Administrators note the ROCAP has relied upon the management accounts.

We assisted the Directors by providing schedules to the ROCAP for their consideration. These schedules, which became annexures to the ROCAP, included:

- Depot locations
- Amounts the Company owes to its employees
- Amounts the Company owes to its creditors
- Money owed to the Company

The schedules were prepared based on information extracted by Group staff from Company records. At the time of preparation, we did not have access to the Company's accounting software, and believed the data provided by staff of the Group to be an accurate representation of the Company's position.

The schedules were reviewed and agreed upon by all Directors prior to lodgement with ASIC.

After gaining access to the Company's accounting system, we navigated the software and generated our own reports. It became apparent the reports received from the Company included balances relating to other entities in the Group.

A summary of the Company's ROCAP Part A information is provided at **Appendix 5** along with the Administrators' comments.

5.3.3 Report on Company Activities and Property Part B by the directors

We received a ROCAP Part B from the Directors of the Company on 29 April 2022, which we have utilised when conducting our investigations and completing this report.

5.3.4 Related party loans

In addition to information contained in the ROCAP Parts A and B, we reviewed the Company's financial statements, board papers and spoke with Company staff to determine the origin, existence, and amount of related party loans.

The following related party loans have been identified:

Related party loans	(\$)	Notes
Related party creditors		
Evolution Asset Management Pty Ltd	(9,500,513)	1
Evolution Civil Maintenance Pty Ltd	(3,499,808)	2
Evolution Fleet Services Pty Ltd	(1,260,623)	3
Evolution Training and Safety Pty Ltd	(85,567)	4
Evolution Group Services Pty Ltd	(2,913)	
Evolution Traffic Control NT Pty Ltd	(10)	
Total related party creditors	(14,349,434)	
Related party debtors		
Evolution Group Holdings Limited	11,446,531	5
Evolution Traffic Management (NZ) Pty Ltd	1,906,630	6
ACN 109 656 233 Pty Ltd (FKA Evolution Traffic Control Pty Ltd) (Subject to DOCA)	21,511	7
Evolve Professional Services (EPS) Limited	1,487	8
Total related party debtors	13,376,159	
Net position	(973,276)	

The Administrators make the following general comments in relation to all related party loans:

- We have not conducted an audit or adjudication of the related party loans and as such cannot verify the balances. Factors contributing to the non-verification of these loans include:
 - Lack of robust financial information which can be relied upon.
 - The EGH finance team are unable to explain how these loans are recorded; this is a result of the high turnover in this team and resultant lack of historical knowledge.
- The comments made below in relation to individual loan accounts are with respect to the reasonableness of their existence and not the respective balances.
- We are not aware of any loan documentation to support the balances.
- The nature of the Group's operations result in many expenses being shared and thus allocated based on usage or some other metric. These shared expenses include, but are not limited to insurance, rent, outgoings and software subscriptions.
- It appears funds are often transferred between Group entities to fund working capital, statutory liabilities and payroll by whichever entity may have funds available at a point in time.

Described below is the Administrators' understanding of the purpose of the related party loans.

Notes

1. *Evolution Asset Management Pty Ltd ("EAM")*

EAM is an asset holding entity which owns the vast majority of the Group's motor vehicle fleet. We understand the Company uses approximately two-thirds of EAM's fleet. The remainder of the fleet is used by other entities within the Group.

We understand EAM charges the Company on a monthly basis for hire purchase costs, and other motor vehicle running costs. Although the Company actually makes payments to the relevant external parties for the costs of the vehicles, as the inter-company charge is at market rates (which are higher than cost), this results in a loan owed the Company to EAM.

This arrangement is standard practice in corporate groups. In the event of liquidation, it will be investigated further to determine commerciality.

2. *Evolution Civil Maintenance Pty Ltd ("ECM")*

ECM provides civil maintenance services to third party customers. ECM and the Company are complementary businesses as most ECM projects require traffic management and control.

Both ECM and the Company share a client base and work together to deliver bundled services as a holistic infrastructure services provider.

Where these businesses both provide services to a client, the Company supplies the traffic controllers and ECM conducts the relevant maintenance work. The client is invoiced by ECM for all services and the Company invoices ECM for the relevant labour provided. It is therefore unclear why Group records demonstrate the Company owes ECM money. If a claim is made in the administration by ECM, further investigations will be required prior to any admission of debt.

3. *Evolution Fleet Services Pty Ltd ("EFS")*

EFS is a fleet management business with a fleet of over 280 vehicles ranging from standard passenger and commercial vehicles through to fully equipped site-compliant vehicles. The fleet is owned by EAM.

We understand EFS attends to all service and maintenance requirements of vehicles owned by EAM, including those used by the Company. Accordingly, it is reasonable to expect the Company pays EFS for servicing and maintenance. We consider the loan account represents the Company's portion of servicing costs for EAM's fleet.

4. *Evolution Training and Safety Pty Ltd ("ETS")*

ETS is a registered training provider authorised to deliver nationally recognised vocational education and training.

ETS was placed into hibernation during COVID-19 as in person training courses provided to the general public ceased. We understand the Group did not have the resources to facilitate online training and as such ETS remains dormant.

Notwithstanding the general comments made above, it appears the loan arose from ETS charging the Company for training provided to its staff. The courses include:

- First aid;
- Traffic management implementation and renewal courses;
- POD Truck training;
- Construction industry white card;
- RIIWHS206 – Control traffic with portable traffic control devices and temporary traffic signs;

- Certificate IV in WHS; and
- Portable Traffic Control Devices (PTCD) Training

5. *Evolution Group Holdings Limited (“EGH”)*

EGH is the parent entity of the Group. We understand the Company paid EGH’s DOCA contributions for the ETC DOCA and made repayments to NAB in respect of the Group’s loan facility.

As parent, EGH owns all shares in the subsidiary entities in the Group. In the current circumstances, we do not consider any value can be attributed to these shares and accordingly, our preliminary view is the loan would be uncollectible in a liquidation scenario as EGH has no assets of its own.

6. *Evolution Traffic Management (NZ) Pty Ltd (“ETM NZ”)*

From our preliminary review of the loan account, it appears ETM has funded a small quantity of transactions on behalf of the NZ entity.

In the event of liquidation, further investigations will be undertaken to determine collectability.

7. *ACN 109 656 233 Pty Ltd (Formerly known as Evolution Traffic Control Pty Ltd) (Subject to Deed of Company Arrangement) (“ETC”)*

John Park and Kelly-Anne Trenfield were appointed Voluntary Administrators of ETC on 2 June 2020 and subsequently Deed Administrators 10 July 2020. We deem this loan uncommercial to pursue for the following reasons:

- the Deed Administrators currently estimate a dividend of \$0.02 may be paid to unsecured creditors;
- the corresponding loan payable does not appear in the books and records of ETC; and
- taking into consideration the quantum of the loan and the estimated dividend, the cost in obtaining independent adjudication is prohibitive.

8. *Evolve Professional Services (EPS) Limited*

Given the quantum of this loan we consider is uncommercial to pursue.

In the event of liquidation, further investigations would be conducted by the liquidators into all related party creditors and debtors.

6. Investigations, offences, and voidable transactions

6.1 Overview – voidable transactions and insolvency

6.1.1 Duty to investigate

The law requires us to investigate and specify whether there appears to be any voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

We have sought to ascertain whether the Company was insolvent at any particular point in time prior to our appointment as Administrators to determine a point in time from which these provisions may apply.

6.1.2 Relevance of insolvency and liquidation

The ability to challenge voidable transactions and recover money/property for creditors is contingent on two (2) elements:

- The Company being placed into liquidation, and
- A liquidator being able to establish the Company was insolvent at the time it entered into any particular transaction, or the Company became insolvent as a consequence of the transaction.

6.1.3 Work performed

We have made enquiries into the financial affairs of the Company. In this section, we set out our preliminary views and findings regarding:

- Offences which may have been committed.
- The solvency position of the Company.
- Existence of voidable transactions – including unfair preferences/loans, uncommercial transactions, arrangements to avoid employee entitlements, and unreasonable director related transactions.
- Charges that may be voidable.
- Whether there is the prospect of a claim for insolvent trading.

The investigations we have undertaken are only indicative of the actions which may be possible in the event of liquidation and provide no likelihood of our success nor actual quantum of recoverability. Further investigations and analysis, assuming a liquidation, would be required before any actions were undertaken.

6.1.4 Date of insolvency

Our key workings and other analysis are contained in **Appendix 4**.

In the appendix we have also included some general comments and information about recoveries via voidable transactions, insolvent trading and common factors which indicate insolvency.

The summary of our findings and views on the Company's solvency position discussed in **Section 6.2.1**.

6.1.5 Creditors' information sheet and other explanations

Provided at **Appendix 6** is an information sheet to assist creditors in understanding potential offences under the Act, recoverable transactions, and insolvent trading.

Creditors should read this information in conjunction with our comments in this section of the report.

6.1.6 Relevance of liquidation versus DOCA

Voidable transactions and other actions a liquidator can take are not available if the Company executes a DOCA.

As a result, creditors have to assess the advantages to them of a DOCA (and any benefits which may be available to them in this scenario), compared to the likely return in a liquidation (and any recoveries which may be available where a liquidator is appointed).

To help creditors, where a DOCA is proposed, the Estimated Return to Creditors section of this report will include a comparison between liquidation and any DOCA, highlighting the differences in estimated recoveries and outcomes. There may also be timing differences, and these too are discussed as applicable.

6.2 Insolvency and liability for insolvent trading

6.2.1 Summary of findings

Our preliminary view is the Company was likely insolvent from at least 2 September 2021 and remained so up until the time of our appointment on 17 March 2022.

This view was formed as a result of the following:

- In the 20 months between July 2020 and February 2022, the Company only made a small profit in one (1) quarter, being June 2021.
- Insufficient liquid assets were held to meet current liabilities from commencement of operations in May 2020 to our appointment. The liquidity steadily declines from September 2021 to February 2022 when the last complete month-end records can be obtained.
- The Company experienced difficulties in invoicing clients in a timely fashion and collecting monies owed.
- A default on the Company's previous debtor factoring facility resulted in a termination of the facility by the provider, Octet.
- In January 2022, Earlypay reduced the percentage of invoices funded, decreasing operational funding.

- The Company entered into five (5) payment arrangements with the ATO between August 2020 and September 2021. On 2 September 2021 the final and fifth payment arrangement was cancelled, and no further payment terms could be reached, resulting in the full ATO debt of c.\$4.8m becoming due and payable.
- Suppliers and statutory liabilities were not paid within trading terms with the percentage of aged payables over 120 days climbing from 46% in September 2021 to 61% in February 2022.
- Suppliers placed accounts on hold or moved to cash on delivery terms as early as March 2021.
- Largely unsuccessful negotiations with suppliers to reach suitable terms for ongoing supply, leading to a requirement to source more costly alternatives.
- Payment arrangements were negotiated with a number of trade suppliers.
- Other essential accounts were maintained with small but frequent round sum payments to avoid account limits being reached and resultant restriction of supply.
- In January 2022 the Group negotiated a payment holiday with NAB and held back paying supplier accounts in order to pay superannuation of employees.
- The board packs refer to delays in financial reporting from September 2021 and cite accuracy and allocation issues with respect to financial data.
- As evidenced by issues raised in board packs, and from our investigations, the Company had some difficulties in producing timely and accurate financial data, mainly due to loss of key personnel and historical knowledge.

The full analysis can be found at **Appendix 4**.

6.2.2 Preliminary view on liability for insolvent trading

From our preliminary investigations, it appears a liquidator (if appointed) would have a potential insolvent trading claim against the Directors. The quantum of any potential trading claim will depend on the exact date of insolvency.

Based on our estimated date of insolvency, the potential claim for insolvent trading may be in the order of c.\$7.8m, however, it is our view the Directors are likely to be protected from personal liability under the safe harbour laws. This is discussed in **Section 6.2.3** below.

If a liquidator challenges the safe harbour protection and pursues the Directors with an insolvent trading claim, it is very likely a liquidator would need to obtain litigation funding to proceed with the claim. Litigation funders often provide funding if there is a strong chance of success, and their success fee would normally be between 25%-40% of funds received. There would also be significant costs incurred by the liquidator and their legal advisors.

It is our preliminary view a claim against the Directors for insolvent trading would not be pursued.

However, in the event of a liquidation, further work would be performed regarding the solvency position of the Company to determine if there is a benefit to creditors in pursuing the Directors for insolvent trading.

Creditors should refer to **Appendix 4** for additional information regarding insolvency and pursuing insolvent trading claims generally.

6.2.3 Safe harbour

Directors have a duty to prevent the Company trading whilst insolvent and are personally liable for the debts the Company incurs when there were reasonable grounds to suspect the Company was insolvent. Directors can, however, be availed of personal liability for insolvent trading if the Company is undertaking a restructuring plan which is reasonably likely to result in a better outcome than immediately placing the Company into external administration. This process and protection is referred to as safe harbour.

The eligibility requirements for safe harbour protection and our preliminary view on whether the criteria have been met are set out in the below table:

Safe harbour eligibility criteria	Criteria met?	Reference
Are the directors properly informing themselves of the Company's financial position?	Yes	s.588GA(2)(a)
Are the directors taking appropriate steps to prevent any misconduct by officers or employees of the Company that could adversely affect the Company's ability to pay all its debt?	Yes	s.588GA(2)(b)
Are the directors taking appropriate steps to ensure the Company is keeping appropriate financial records consistent with the size and nature of the Company?	Maybe	s.588GA(2)(c)
Are the directors obtaining advice from an appropriately qualified entity who was given sufficient information to give appropriate advice?	Yes	s.588GA(2)(d)
Are the directors developing or implementing a plan for restructuring the Company to improve its financial position?	Yes	s.588GA(2)(e)
Has the Company met and continues to meet its employee entitlement obligations? This includes wages, leave entitlements and superannuation	Likely	s.588GA(2)(a)(i)
Has the Company complied and continues to comply with its tax reporting obligations? Includes returns, notices, statements, applications or other documents as required by taxation laws (within the meaning of the <i>Income Tax Assessment Act 1997</i> (Cth))	Yes	s.588GA(4)(a)(ii)

In addition to the safe harbour provisions ordinarily available to directors in s.588GA, the Federal Government provided temporary relief for businesses in financial distress during the COVID-19 pandemic via *The Coronavirus Economic Response Package Omnibus Act 2020* ("CERPO Act"). The CERPO Act applied to debts incurred by companies in the ordinary course of business from 25 March 2020 to 31 December 2020 and relieved directors of their personal liability from insolvent trading.

The Company commenced operations on 5 May 2020. Our preliminary view is the Company became insolvent on or before 2 September 2021. As the protection provided to directors under the CERPO Act for safe harbour relief ended on 31 December 2020, the safe harbour protection provided by the CERPO Act is not relevant.

In terms of eligibility for safe harbour protection from insolvent trading liabilities, it is our preliminary view safe harbour protection may be available during the period 30 April 2021 to 17 March 2022. Accordingly, the Directors may be able to claim protection for personal liability for insolvent trading from 2 September 2021 when the company became insolvent to 17 March 2022 when the Voluntary Administrators were appointed.

This view is based on the following:

- The Directors engaged safe harbour advisers on 30 April 2021; the better outcome plan included to refinance existing debt facilities.
- The safe harbour advisers agreed the plan would provide a better outcome than an external administration as the business would continue, thereby avoiding crystallisation of employee entitlements and costs of a voluntary administration or liquidation.
- The better outcome plan to refinance existing debt facilities continued to be pursued to the date of appointment and beyond appointment as part of the DOCA proposal.
- In February and March 2022 the ATO issued Director Penalty Notices to at least one (1) of the Directors of the Company. A Director Penalty Notice gives the Directors 21 days from the date of the notice to either repay the ATO debt or appoint an external administrator, failing which they become personally liable to repay the ATO debt.
- The safe harbour advisers determined a sale could not be finalised before the expiry of the Director Penalty Notice expiry date(s) and as a result the Voluntary Administrators' appointment occurred.
- The Company resolved in all board minutes from September 2021 to the date of appointment that all entities have met the eligibility requirements for safe harbour.

6.2.4 Directors' capacity to pay claims by a liquidator

We have requested the Directors provide a statement of their assets and liabilities to assist in our investigations. In addition, title searches and property searches using the platform RP Data have been undertaken in Australian states and territories to identify any property assets held solely or jointly by the Directors.

Two (2) of the three (3) Directors have provided documentation outlining their assets and liabilities. Based on our investigations to date, and information provided by the Directors there appears to be some capacity to meet a successful insolvent trading claim. In the event a liquidator is appointed, further investigations will be required.

We are aware a Directors and Officers insurance policy exists; however, we do not know whether the policy would respond to a claim for insolvent trading.

6.3 Voidable transactions

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

For general information explaining these matters, including a list of applicable offences, please refer to **Appendix 4**.

Area	Our view	Comments
Unfair preferences	Possible claims	We have reviewed the payments made by the Company during the period leading up to appointment, taking into account the potential date of insolvency of the Company. We have identified potential preferential payments made to two (2) parties totalling c.\$1.3m.
Uncommercial transactions	No claims	We have conducted preliminary investigations into the purchase of the business of ETC. Notwithstanding the Company was not insolvent at the time of the transaction, the transaction caused no detriment to the Company. Further commentary on this transaction is included at Appendix 4.
Unfair loans	No claims	Our investigations to date have not identified any unfair loans recoverable for the benefit of creditors.
Unreasonable payments to directors	No claims	Our investigations to date have not found any evidence of unreasonable payments to directors.
Related entity benefit	No claims	Our investigations to date have not revealed any transactions with related entities which would likely result in property being recovered for the benefit of creditors.
Arrangements to avoid employee entitlements	No claims	Our investigations to date have not revealed the existence of any such arrangements.
Voidable charges	None	Our investigations have not revealed any charges or registered security interests which would be void against a liquidator.
Offences by directors	Possible claims	Based on our investigations to date, there are potential offences committed by the directors. These are discussed further in Appendix 4

7. Proposal for a deed of company arrangement

7.1 What is a DOCA?

A DOCA is a formal agreement between a company, its creditors and the proponents of the DOCA.

The proponents are interested parties who wish the creditors to consider their proposal – usually involving a compromise of creditors' claims as opposed to either winding up the company (liquidation) or returning the company to its directors.

A DOCA may involve:

- Maximising the chance of the company continuing in existence; and/or
- Result in a better return for the company's creditors than in a winding up.

7.2 Proposal for a DOCA

A proposal for a DOCA has been received from EGH, the parent entity of the Group.

A copy of the DOCA proposal is attached at **Appendix 8**. Creditors should read the proposal and ask us before the meeting if they have any specific queries not addressed in this report.

The proposal has not yet been drafted into a deed format. As a result, to help creditors, we have highlighted below the key features and provide our comments on the operational aspects of the DOCA proposal, based on our understanding of the proposal as presented and from discussions with its proponents.

7.3 Key features of the proposal

The key features of the DOCA proposed by EGH is as follows:

- The following property of the Company forms part of the Deed Fund:
 - Pre-appointment debtors outstanding at the date of appointment (17 March 2022).
 - Debtors outstanding immediately prior to the execution of the deed ("VA Debtors").
 - Cash at bank or on hand at the date of execution of the deed.
- The Consortium will contribute to the Deed Fund an amount of \$1,025,500 within three (3) business days of execution of the deed.
- The Board of the Company will arrange a further payment of no more than \$625,500 should the above funds be insufficient to pay all Priority Creditors in full.
- The Company will continue to assist in the collection of pre-appointment and VA debtors, at no cost to the Deed Administrators, with proceeds to be paid into the Deed Fund.
- Intercompany and related party creditors totalling c.\$14m will not seek to claim against the Deed Fund but will retain a right to vote at the Second Meeting of Creditors where the DOCA is considered.

- The intercompany and related party creditors will conditionally release their claims against the Company upon execution of the DOCA, with a full release subject to effectuation of the DOCA.
- The Voluntary Administrators will become the Deed Administrators.
- Control of the Company will revert to the Directors upon execution of the DOCA.
- The Directors will report to the Deed Administrators each month to demonstrate compliance with ongoing statutory obligations.
- All unsecured creditors (priority or otherwise) with claims against the Company will be bound by the deed. The return provided under the DOCA will be in full and final satisfaction of their claims against the Company as at 17 March 2022.
- The DOCA prevents any creditor from bringing any action against the Company in respect of previous or current claims.
- The DOCA does not restrict or alter the rights of any secured creditors of the Company and they agree not to claim in the Deed Fund.
- After payment of Earlypay, the fees, costs and liabilities of the Voluntary Administrators and Deed Administrators, the Deed Fund will be distributed in the following priority:

Creditor class	Deed Fund Pool \$	Est. return c/\$	Reference/Notes
1 - Priority Creditors	625,500 ¹	100	Employee entitlements for wages and superannuation in Annexure 1 to the DOCA
2 - Ongoing trade creditors	160,000	Nil - 46	Creditors noted in Annexure 2 to the DOCA
3 - Ordinary unsecured creditors	120,000	Nil - 22	Creditors noted in Annexure 3 to the DOCA
4 - Other ordinary unsecured creditors	120,000 ²	Nil - 21	Creditors noted in Annexure 4 to the DOCA

¹Should Priority Creditors of greater than \$625,500 prove in the DOCA, or insufficient funds are otherwise available, the Board of the Company has agreed to arrange for an additional sum (no greater than \$625,500), to ensure Priority Creditors are paid in full.

²In the event of surplus funds being available in the deed fund, the surplus will be applied to creditors in Class 4 of the DOCA.

7.4 Deed Administrators

- We, John Park, Joanne Dunn and Kelly-Anne Trenfield would be appointed Deed Administrators.
- Upon execution of the DOCA, the control and operations of the Company will revert back to the Directors and the Deed Administrators' role will be to monitor and ensure compliance with the DOCA.

7.5 Termination

- If the Company is unable to comply with any of the fundamental provisions of the DOCA, or the Deed Administrators form the view the Company is unlikely to be able to comply with the terms of the DOCA, including payment of monies due pursuant to the DOCA, the Deed Administrators may use their discretion to either apply to Court or convene a meeting of the Company's creditors at which creditors may resolve to:
 - vary the DOCA; or
 - terminate the DOCA and wind up the Company.
- The DOCA will terminate if all participating creditors have been paid their entitlements under the DOCA and the Deed Administrators have certified the terms of the DOCA have been fully effectuated.

7.6 Our comments on the proposal

7.6.1 Return to creditors

The DOCA offers a return to Priority Creditors of 100 cents in the dollar and a return to certain unsecured creditors (depending on categorisation) of up to 46 cents in the dollar.

Our estimate of the return to the creditors of the Company is discussed separately at **Section 8**. In reviewing this information, creditors should review the detailed statement, our estimate of costs and the anticipated return compared to a liquidation scenario.

There is no alternate DOCA proposal. Accordingly, the only other realistic option for the Company, if the present DOCA (inclusive of any further amendments) was not executed, would be for the Company to be placed into liquidation and an orderly wind down would likely be conducted. We note a return to unsecured creditors is unlikely in a liquidation. Please refer to **Section 8** for further details.

7.6.2 Surplus funds

The DOCA also allows for any surplus in the deed fund to be:

- allocated to Class 4 creditors, until they are paid out in full; and then
- allocated to Class 3 creditors, until they are paid out in full; and then
- allocated to Class 2 creditors, until they are paid out in full; and then
- any remaining surplus to EGH.

Due to the value of creditors in Class 4, it is unlikely there will be any extra return to any creditor class, other than Class 4. The return to Class 4 creditors is estimated to be between nil and 21 cents in the \$ which is dependent on the recovery of debtors.

7.6.3 Creditor considerations

Our estimate of the return to the creditors of the Company is discussed separately at **Section 8**. In reviewing this information, creditors should review the detailed statement, our estimate of costs and the anticipated return compared to a liquidation scenario.

There is no alternate DOCA proposal. Accordingly, the only other realistic option for the Company, if the present DOCA (inclusive of any further amendments) was not executed, would be for the Company to be placed into liquidation. We note a return to unsecured creditors is unlikely in a liquidation. Please refer to **Section 8** for further details.

In forming their own views as to whether or not the DOCA proposal is in their interests, creditors should consider the following items when comparing the DOCA proposal to liquidation:

- Based on preliminary investigations, the DOCA proposal is expected to provide a higher return to all classes of creditors than liquidation and will result in a more timely dividend to creditors of the Company than liquidation.
- The debtors and cash at bank proposed to form part of the Deed Fund are also available in a liquidation scenario.
- The additional funds available in a deed scenario which are not available in liquidation are:
 - \$1,025,500 to be paid by the Consortium within three (3) business days of DOCA execution.
 - Sufficient funds (no greater than \$625,500) to be arranged by the Board of the Company to ensure Priority Creditors are paid in full.
- The DOCA provides the Company will continue collecting debtors on behalf of the Deed Administrators, thereby:
 - Increasing the level of collections due to the Company having the inherent knowledge of the debtor book;
 - Removing the cost of either a liquidator or an external agency performing the collections; and
 - Decreasing the possibility of debtors refusing to pay based on purported breach of contract, which often occurs when a company is placed in liquidation.
- Voidable transactions identified in our investigations to date are only recoverable if the Company was to be placed into liquidation. Please refer to Section **13.5.3** (in **Appendix 4**) for further details.
- Secured creditors can continue to deal with their security unless they agree to be bound by the deed by voting in favour of it.
- Under the DOCA, the business will continue as a going concern with employment of c.700 staff preserved.
- Unsecured creditors gain ongoing trade in addition to any dividend proposed in the DOCA.
- Under the DOCA related party creditors will not seek to claim against the Deed Fund. In a liquidation, related parties are entitled to make a claim as unsecured creditors. Subject to substantiation of these claims, this would diminish the return to unsecured creditors in a liquidation.
- The Fair Entitlements Guarantee “(FEG)” Scheme, operated by the Federal Government, pays certain entitlements of employees whose employment has been terminated as a result of an employer’s liquidation. To be eligible for FEG, the Company must be in liquidation. There are also timing considerations between lodgement of a claim and receiving funds.
- On the other hand, the DOCA proposal provides for ongoing employment and the payment of employee entitlements in the ordinary course following cessation of employment.
- Further FEG does not extend to superannuation liabilities. The DOCA proposal provides for the payment of superannuation liabilities in priority to the claims of any other category of creditor.

- The potential additional deed contribution payment, a maximum of \$625,500, provides confidence Priority Creditors will receive 100 cents in the dollar. In a liquidation, these creditors (mostly unpaid superannuation) are unlikely to receive any return.
- The terms of the deed do not offer any security in respect of the deed contribution payments from either the Consortium or the Company. In the event the Consortium or the Company do not make the required payments, the DOCA may be terminated and the Company will be placed into liquidation.
- The payment of the Consortium's contribution must occur within three (3) business days of execution of the DOCA. The brief time period between execution of the DOCA and payment of the contribution decreases the risk of the impact if non-performance occurs.

7.6.4 Ongoing trade

As part of the DOCA proposal, we requested EGH provide a forecast cashflow and business plan including any changes to management and staffing proposed after execution of the DOCA. We have reviewed these documents and our commentary is contained below:

- The Group has received an indicative offer to refinance NAB's debt from Global Credit Investments Pty Ltd ("GCI"). We understand the refinance is well progressed and should be finalised prior to the Second Meeting of Creditors. GCI have also provided us with a letter of support for the DOCA submitted by EGH.
- We have also sighted a letter of intent from Earlypay indicating its ongoing commitment to finance the Group's working capital requirements.
- We were provided with both short (13 week) and long term (4 year) forecast cashflows and budget for the Company and the broader Evolution Group.
- The forecast assumes \$4m will be made available to the Company by the Consortium immediately after creditors vote in favour of the DOCA.
- A number of personnel changes have also been indicated for ongoing trade.
- On the assumption there are no material reductions in revenue during the forecast period, our review of the forecasts indicate:
 - The recapitalisation of the Company by the Consortium provides sufficient working capital for the continued operations of the Group following the execution of the DOCA; and
 - Assumptions underpinning the long-term forecasts appear reasonable and whilst the forecast factors improvements, it does not rely on materially aggressive forecast revenue growth or unrealistic margin improvements or cost savings.

7.6.5 The Consortium

The DOCA proposal defines the Consortium as a consortium of parties who propose to provide monies for contribution to the Deed Fund. Earlier today we were provided with the names of five (5) individuals, all existing shareholders, who constitute the Consortium. Due to time constraints, we have been unable to conduct any qualifying due diligence on the members. The Directors have advised these parties provided c.90% of the funding in a rights issue conducted last year.

As outlined above, external to the DOCA, should creditors vote in favour of the deed, the Consortium will provide further working capital to the Company up to \$4m. Without the provision of this working capital, the Company's ability to continue to trade would be in doubt.

It is important to note, the Consortium is not a party to the deed and therefore is not bound by the terms of the deed. This presents a risk the funds do not get paid to the Deed Fund. We consider the fact the contribution must occur within three (3) business days of execution of DOCA, mitigates any risk presented by the Consortium not being bound by the terms of the deed and the current concerns regarding identity and capacity to complete. Should the contribution not occur as scheduled, upon an application being made to Court or the resolution of a meeting of creditors, the Company will be placed in liquidation.

There does not appear to be any difference between the Company being placed in liquidation now compared to such time the Consortium were to fail to comply with the terms of the deed. Accordingly, we consider the non-binding nature of the Consortium's obligations and the uncertainty of completion capacity, to be risks sufficiently acceptable for the DOCA to be in the best interests of creditors.

Based on the above we consider the DOCA to be in the best interests of creditors.

7.7 Expected timeline of events

If the proposed DOCA is approved by creditors at the Second Meeting of Creditors, the following key events (in sequence) can be expected to occur:

- The DOCA will be executed by the parties to the deed. This is expected to occur shortly after the meeting of creditors, likely by 5 June 2022. At law, there is a maximum time period of 15 business days after the meeting for the deed to be executed. If the deed is not executed within this time, the Company is automatically placed into liquidation.
- A payment of \$1,025,500 is to be made by the Consortium to the Deed Administrators within three (3) business days of execution of the deed.
- Once all costs and expenses of the Administrators and Deed Administrators are settled, if funds on hand are insufficient for Priority Creditors to be paid 100 cents in the dollar, the board of the Company will arrange for a further payment to the Deed Administrators, up to a maximum of \$625,500.
- A dividend process will then commence (conducted in a manner consistent with the provisions of the Act). This involves creditors submitting a proof of debt to substantiate their claim and the Deed Administrators adjudicating on these claims.

7.7 Disclosures: effect on employees

7.7.1 Effect on employees – liquidation

Position as Priority Creditors

Employees are afforded a priority in the winding up of a company compared to ordinary unsecured creditors. The order of priority for typical employee claims is as follows:

Type of Entitlement

Tranche 1	Amounts due in respect of wages, superannuation and superannuation guarantee charge outstanding as at the date of the appointment of Administrators
Tranche 2	Amounts due in respect of leave of absence and other amounts due under the terms of an industrial instrument
Tranche 3	Amounts due as a result of termination of employment, including redundancy and payment in lieu of notice

Return to employees if the Company is wound up

Section 8 includes details about the estimated return to creditors if the Company is wound up and a liquidator appointed.

Government assistance available if the Company is wound up

In the event of liquidation, if insufficient funds are available to employees from the Company's property, eligible employees may be entitled to lodge a claim for their unpaid entitlements under the Federal Government's FEG Scheme. FEG provides financial assistance to eligible employees of companies in liquidation, to cover unpaid wages, annual leave, long service leave, PILN and redundancy, up to prescribed limits.

The Federal Government will subrogate in place of any eligible employees it makes payment to under the FEG Scheme.

Details about FEG can be read at: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>.

It should be noted the FEG Scheme does not extend to unpaid superannuation.

7.7.2 Effect on employees – DOCA

Employees should note the FEG Scheme is not available to employees in the event the Company executes a DOCA.

The DOCA proposal provides for the payment of employee entitlements in the ordinary course following termination/resignation and the continuation of ongoing employment and maintenance of their entitlements.

As the DOCA does not include the usual priority provision in relation to employee claims, either an Eligible Employee Meeting must be held, or the Court must make an order approving the exclusion of the priority provision before the DOCA can become effective.

Our comments on the impact on employees under a DOCA are provided at **Section 8**.

A circular to Eligible Employee creditors has been issued to employees which explains how the DOCA impacts their entitlements and how the DOCA compares to a liquidation scenario.

7.8 Eligible employee meeting

Pursuant to s.444DA of the Act, the Administrators are required to hold an Eligible Employee Meeting prior to the Second Meeting of Creditors, because the DOCA does not contain a provision for Eligible Employees to receive a priority at least equal to what they would have been entitled to under the priority of payment provisions (s.556 of the Act) in a liquidation.

The purpose of the Eligible Employee Meeting is for Eligible Employee creditors to consider and, if thought appropriate, approve the absence of the provision in the DOCA.

A circular has been issued to all Eligible Employee creditors explaining how the proposed DOCA impacts their entitlements and ongoing employment, and how the deed compares to a liquidation scenario.

The Meeting of Eligible Employee creditors will be held on **Tuesday, 31 May 2022 at 10:00AM (AEST)** using virtual meeting facilities.

Should Eligible Employees wish to attend the Eligible Employee Meeting, please complete and return the relevant forms to our office by no later than **4:00PM (AEST) Monday, 30 May 2022**.

Forms for the Eligible Employee Meeting will be available to download from the FTI Consulting Creditor Portal from **5:00PM (AEST) Monday, 23 May 2022**:

<https://www.fticonsulting.com/creditors/evolution-traffic-management-pty-ltd>

8. Estimated return to creditors

8.1 Administrators' estimated statement of position

Administrators' estimated statement of position					
		Liquidation		DOCA	
A\$	Notes	Low return	High return	Low return	High return
Circulating assets					
Cash at bank at appointment		13,323	13,323	13,323	13,323
Surplus from pre-appointment debtors	1	2,840,287	3,375,197	2,840,287	3,375,197
Related party loan debtors	2	-	-	N/A	N/A
Proponent contributions	3	N/A	N/A	1,025,500	1,025,500
Total circulating assets		2,853,610	3,388,520	3,879,110	4,414,020
Trading and administration costs					
Projected trading position	4	(3,401,333)	(2,014,265)	(959,174)	1,028,473
Legal fees	5	(300,000)	(200,000)	(200,000)	(150,000)
Administrators' remuneration and disbursements	6	(1,870,969)	(1,870,969)	(1,870,969)	(1,870,969)
Liquidators' remuneration and disbursements	6	(500,000)	(400,000)	N/A	N/A
Deed administrators' remuneration and disbursements	6	N/A	N/A	(400,000)	(325,000)
Total trading and administration costs		(6,072,302)	(4,485,234)	(3,430,142)	(1,317,496)
Net circulating assets/(shortfall)		(3,218,692)	(1,096,714)	448,968	3,096,524
Liquidator claims					
Voidable recoveries	7	Nil	1,303,914	N/A	N/A
Insolvent trading actions	7	Nil	Unknown	N/A	N/A
Liquidators' remuneration and disbursements	8	Nil	(100,000)	N/A	N/A
Legal fees - claims		Nil	(50,000)	N/A	N/A
Total liquidator claims		-	1,153,914	N/A	N/A
Available to priority creditors		Nil	57,200	448,968	3,096,524
Additional DOCA contribution	3	N/A	N/A	176,380	Nil
Priority Creditors	9				
Wages & superannuation		(550,022)	(550,022)	(550,022)	(550,022)
Leave entitlements		(1,166,271)	(1,166,271)	(75,325)	(75,325)
Redundancy & payment in lieu of notice (PILN)		(1,023,680)	(1,023,680)	N/A	N/A
Total Priority Claims		(2,739,972)	(2,739,972)	(625,348)	(625,348)
Available to unsecured creditors		Nil	Nil	Nil	2,471,177
Creditor claims	10				
All unsecured claims		(12,985,784)	(12,985,784)	Refer below	Refer below
Secured creditor shortfall		(3,533,516)	Nil	N/A	N/A
Ongoing trade creditors		N/A	N/A	(345,920)	(345,920)
Ordinary unsecured creditors		N/A	N/A	(551,254)	(551,254)
Other ordinary unsecured creditors		N/A	N/A	(12,088,610)	(12,088,610)
Related party claims		(14,349,434)	(14,349,434)	N/A	N/A
Total unsecured claims		(30,868,734)	(27,335,218)	(12,985,784)	(12,985,784)

Summary of estimated returns in liquidation		
	Low return	High return
Wages & superannuation	Nil	10 cents/\$
Leave entitlements	Nil	Nil
Redundancy & PILN	Nil	Nil
Unsecured creditors	Nil	Nil

Summary of estimated returns in DOCA		
	Low return	High return
Wages & superannuation	100 cents/\$	100 cents/\$
Leave entitlements	100 cents/\$	100 cents/\$
Ongoing trade creditors	Nil	46 cents/\$
Ordinary unsecured creditors	Nil	22 cents/\$
Other ordinary unsecured creditors	Nil	21 cents/\$

Notes

1. Surplus from Pre-appointment Debtors

At the date of our appointment, pre-appointment debtors totalled c.\$7.7m. The debtors are secured in favour of Earlypay in respect of its debtor finance facility. The Administrators have collected \$4.6m and the Earlypay pre-appointment facility has been repaid in full. We have assessed the collectability of the remaining pre-appointment debtors to determine the surplus available in both a liquidation and DOCA scenario, in the table below.

Surplus from pre-appointment debtors				
A\$	Liquidation		DOCA	
	Low return	High return	Low return	High return
Non-circulating assets				
Pre-appointment debtors (subject to specific security)	5,878,365	6,413,275	5,878,365	6,413,275
Less: Pre-appointment Earlypay invoice finance facility	(3,038,079)	(3,038,079)	(3,038,079)	(3,038,079)
Surplus from pre-appointment debtors	2,840,287	3,375,197	2,840,287	3,375,197

2. Related party loan debtors

Based on preliminary investigations, there is little prospect of recovering related party debtors in a liquidation scenario. These related party debtors are not included in the Deed Fund in a DOCA scenario. Further commentary on related party loans is contained in **Section 5.3.5**.

3. Proponent contributions

The proposed DOCA provides for a payment of \$1,025,500 from the Consortium within three (3) business days of deed execution. Details of the proposed DOCA are contained in **Section 7**. In the event the Deed Fund is insufficient to pay Priority Creditors in full, the Board of the Company will arrange a further contribution, to a maximum of \$625,500 for payment of Priority Creditors.

4. Projected trading position

We have considered high and low scenarios for both a liquidation and a DOCA. Under both scenarios, we have assumed the Administrators trade the business until Sunday, 5 June 2022, with either transition of control back to the Company to be implemented from Monday, 6 June 2022, or cessation of trade in a liquidation scenario.

We have made a detailed assessment of future debtor collections from post appointment sales in both the DOCA and liquidation scenarios. The overall collection assumptions applied to post VA sales in a DOCA are between 85%-100%, on the basis continued trade will assist collections. The collection assumptions in a liquidation are between 70%-80% due to a significant collection risk for major debtors if the Company ceases to operate.

Future cash outflows are higher in a liquidation scenario as additional liabilities will be incurred in staffing and overhead costs beyond 5 June 2022 to ensure debtor collections are maximised. In a DOCA scenario, the Company will assist the Deed Administrators to collect the debtors and will be responsible for ongoing trading liabilities subsequent to 5 June 2022.

5. *Legal fees*

In a liquidation scenario, legal fees are estimated based on potential legal costs to pursue voidable recoveries and insolvent trading claims. In the DOCA scenario, legal fees are estimated based on costs incurred to date and an allowance for finalisation of the deed documentation.

6. *Remuneration and disbursements*

The estimated remuneration and disbursements of the Administrators, Deed Administrators and Liquidators, are subject to the approval of creditors at the Second Meeting of Creditors.

Please refer to the Remuneration Approval Report contained at **Appendix 7** for further details.

7. *Voidable recoveries and insolvent trading action*

These recoveries are only available in the event the Company is placed into liquidation and are subject to further investigations and recovery action.

Further detail regarding recoveries which may be available from voidable transactions or insolvent trading are discussed in **Section 6** and **Appendix 4**.

8. *Liquidators' Remuneration and Disbursements*

The estimated remuneration and disbursements of a liquidator would be subject to the approval of creditors at the Second Meeting of Creditors.

Please refer to the Remuneration Approval Report contained at **Appendix 7** for further details.

9. *Priority Creditors*

The liquidation scenario considers a cessation of trade and ultimate termination of the Company's workforce. Whereas the DOCA scenario has the continuation of the Company's workforce.

The Company owed priority employee entitlements at the date of appointment of Administrators as follows:

- Wages of \$4,469 owed to ex-employees of the Company which were either the subject of dispute or related to a deceased estate.
- SGC shortfall of \$545,552, inclusive of associated interest and administration charges for the quarter ended 31 March 2022, which was not due and payable at the date of our appointment.
- Leave entitlements owed in a DOCA scenario represent the annual leave of employees terminated prior to the administration, or who resigned during the administration.
- Leave entitlements outstanding in a liquidation scenario include annual leave, leave loading and long service leave currently accrued for all employees.

- Redundancy and payment in lieu of notice are not applicable in the DOCA scenario as employees will continue their employment. The liquidation scenario estimates these liabilities based on age and service length of current staff assuming no notice periods are served.

10. *Creditor claims*

All unsecured claims

This amount represents all unsecured claims of the Company based on its records and PODs received to date.

Ongoing trade creditors, ordinary unsecured creditors and other ordinary unsecured creditors

The proposed DOCA creates the following categories of creditors of the Company and designates creditors to a particular category:

- Ongoing trade creditors;
- Ordinary unsecured creditors; and
- Other ordinary unsecured creditors.

A listing of creditors as allocated to a particular category in the proposed DOCA is included at **Appendix 8**.

Secured creditor shortfall

The security held by the NAB is cross-collateralised against the Group. In a liquidation scenario the assets to be recovered is held by other companies within the Group.

In the liquidation high scenario, it is assumed related parties will payout any NAB shortfall. In the liquidation low scenarios it is anticipated asset realisations will be insufficient to repay NAB's debt. The shortfall ranks as an unsecured creditor claim.

Related party claims

The DOCA proposal provides related party creditors will not seek to claim against the Deed Fund and will conditionally release any claims against the Company upon execution of the DOCA, with full release upon effectuation of the DOCA. In the liquidation scenario however, related party creditors will remain creditors and the claims will be subject to the same adjudication process as other creditors. Related party claims are discussed in **Section 5.3.5**.

8.2 Summary of estimated returns

Below is a summary of the estimated returns to Priority Creditors and unsecured creditors in both a DOCA and liquidation scenario. Estimated returns are presented on a cents in the dollar basis.

Creditors must note there is always a measure of imprecision associated with the forecasting of returns in an external administration. The estimates are prepared in good faith but must not be construed as an assurance as to the actual return to creditors.

Summary of estimated returns				
Summary of estimated returns	Liquidation		DOCA	
	Low return	High return	Low return	High return
Wages & superannuation	Nil	10 cents/\$	100 cents/\$	100 cents/\$
Leave entitlements	Nil	Nil	100 cents/\$	100 cents/\$
Redundancy & PILN	Nil	Nil	N/A	N/A
Unsecured creditors	Nil	Nil	N/A	N/A
Ongoing trade creditors	Nil	Nil	Nil	46 cents/\$
Ordinary unsecured creditors	Nil	Nil	Nil	22 cents/\$
Other ordinary unsecured creditors	Nil	Nil	Nil	21 cents/\$

The level of return to the various categories of unsecured creditors in a DOCA is dependent not only on the value of the deed fund, but also on the level of claims submitted. All claims are subject to adjudication.

8.3 Important notes

In summary, the key aspects for consideration by creditors include:

- Although there is the possibility of a small return to certain Priority Creditors in a liquidation, this possibility is subject to considerable uncertainty and is heavily dependent on recoveries from voidable transactions.
- The possible return in a liquidation, in addition to being very low, comes with considerable job losses and uncertainty to collectability of debtors.
- Although the Federal Government's FEG Scheme is available to eligible employees in a liquidation, FEG does not extend to outstanding superannuation.
- The return of 100 cents in the dollar to all Priority Creditors in a deed, although not guaranteed, is much less uncertain and is coupled with continuing employment and no disruption to the ongoing servicing of customers.
- If a DOCA is accepted by creditors, there is no ability to pursue the Directors for potential breaches of the Act.

8.4 Administrators' receipts and payments

A summary of receipts and payments since the date of our appointment on 17 March 2022 to 15 May 2022 is attached at **Appendix 9**.

8.5 Impact of related entity claims on dividend prospects

Should the DOCA be accepted by creditors, related party creditors in excess of \$14m will not seek to claim against the Deed Fund.

In the event of a liquidation, all claims would require adjudication by a liquidator. The quantum of these claims will considerably dilute the pool of funds available to unsecured creditors if the claims are validated.

8.6 Estimated timing of payments to creditors

An indicative range of the estimated timing of dividends under each option (and to each class of creditor) is set out below:

Estimated timing of returns			
	Notes	Liquidation	DOCA
Secured creditors	1	6 mths - 1 yr	N/A
Priority creditors	2	1 year	2 - 3 months
Unsecured creditors	3	No return	N/A
Ongoing trade creditors	3	N/A	3 - 4 months
Ordinary unsecured creditors	3	N/A	3 - 4 months
Other ordinary unsecured creditors	3	N/A	3 - 4 months

Notes

1. Secured creditors

In a liquidation scenario the secured creditors would be paid out from assets subject to their security. This may take up to one (1) year to finalise and they may not be paid in full.

2. Employee entitlements

In a DOCA scenario it is proposed the Deed Fund will make payment of outstanding wages, superannuation and any leave entitlements outstanding.

The timing will be dependent on the collection of the debtors.

In a liquidation, eligible employees will be able to make a claim from the FEG Scheme for outstanding wages, annual and long service leave, redundancy and payment in lieu of notice up to prescribed limits. It should be noted, superannuation is not paid by FEG and will only be paid to employees if there are available assets and voidable transaction recoveries.

3. Unsecured creditors

In a DOCA scenario, the timing of a distribution is dependent on the collection of debtors. The category to which individual creditors have been allocated by the Proponent can be found in the Appendices to the DOCA proposal at **Appendix 8**.

Unsecured creditors in a liquidation scenario are not expected to receive a return.

9. Administrators' opinion and recommendation

9.1 Opinion and recommendation to creditors

9.1.1 What creditors can decide at the meeting

At the Second Meeting of Creditors, creditors are required to decide whether:

- The Company should execute a DOCA
- The administration of the Company should end, or
- The Company should be wound up.

In accordance with the requirements of s.75-225 of the Insolvency Practice Rules (Corporations) 2016, the Administrators must provide an opinion on each of the above options, and whether the option is in the creditors' interests.

9.1.2 Administrators' opinions on the options available to creditors

9.1.2.1 *Execution of a deed of company arrangement*

We consider it would be in the creditors' interests for the Company to execute a DOCA on the terms proposed – there appears to be less uncertainty under the DOCA proposal compared to a liquidation scenario, priority creditors will receive a greater return in a DOCA scenario, and it is likely creditors will potentially receive a greater return under the DOCA proposal than they would if the Company was immediately wound up.

The execution of the DOCA also provides ongoing employment for employees of the Company and the wider Group. Customers of the Group will also benefit from uninterrupted provision of services in a DOCA.

9.1.2.2 *The Administration comes to an end*

If the creditors vote for this alternative, control of the Company would revert to the Directors following the forthcoming meeting of creditors.

The Company is insolvent with no cash to pay the Company's debts and no prospects of obtaining external funding unless a DOCA is voted for by creditors. Therefore, we do not consider it would be in the creditors' interests for the administration to end.

9.1.2.3 *The Company is wound up*

We do not consider it would be in the creditors' interests for the Company to be wound up as the proposed DOCA will likely provide a higher cent in the dollar return for creditors than they may receive in a winding up.

Further, if the Company is wound up, there would be considerable job losses, not only of the Company's employees but also employees of the wider Group as it is likely the other entities in the Group would incur the same fate. There would also be significant disruption to the continuity of services to the Group's customers.

9.1.3 Administrators' opinion on voidable transactions

It is the opinion of the Administrators there are payments made by the Company which could be considered voidable as against the liquidators. This has been discussed in **Section 6.3**.

9.1.4 Contact Details

Should you have any queries, please contact this office by email at Evolution@fticonsulting.com or by phone on (07) 3225 4900

Dated: 23 May 2022



Joanne Dunn
Administrator



John Park
Administrator



Kelly-Anne Trenfield
Administrator

10. Appendix 1 – Glossary and terms of reference

Item	Definition
Act	Corporations Act 2001
ASA	Asset Sale Agreement
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office (incorporating the Deputy Commissioner of Taxation, as applicable)
Board packs	Comprise board minutes, reports from the Chief Operating Officer and Chief Financial Officer.
c.	Circa
COI	Committee of inspection
Company	Evolution Traffic Management Pty Ltd or ETM
Directors	Kevin Chin, Kerry Daly and Steven Thomas
DIRRI	Declaration of independence, relevant relationships and indemnities
DOCA	Deed of company arrangement
EAM	Evolution Asset Management Pty Ltd
Earlypay	Cashflow Finance Australia Pty Ltd trading as Earlypay
EBIT / EBITDA	Earnings before interest and tax / Earnings before interest, tax, depreciation, and amortisation
ECM	Evolution Civil Maintenance Pty Ltd
EFS	Evolution Fleet Services Pty Ltd
EGH	Evolution Group Holdings Limited
ERV	Estimated realisable value
ETC	ACN 109 656 233 Pty Ltd (Formerly known as Evolution Traffic Control Pty Ltd) (Subject to Deed of Company Arrangement)
ETM NZ	Evolution Traffic Management (NZ) Pty Ltd
ETS	Evolution Training and Safety Pty Ltd
FY20	Financial year ending 30 June 2020
FY21	Financial year ending 30 June 2021
FY22	Financial year ending 30 June 2022
Group	Includes: Evolution Group Holdings Limited Queensland Infrastructure Capital Pty Limited Evolution Traffic Management Pty Ltd Evolution Traffic Control NT Pty Ltd Evolution Training and Safety Pty Ltd Evolution Civil Maintenance Pty Ltd Evolution Graffiti Solutions Pty Ltd Evolution Training & Safety NSW Pty Ltd Evolution Fleet Services Pty Ltd Evolution Road Services Pty Ltd Evolution Road Services Group Limited Evolution Traffic Management Limited Evolution Professional Services (EPS) Limited Evolution Civil Limited
GST	Goods and Services Tax, as applicable in Australia

Item	Definition
HR	Human Resources
IP	Intellectual Property
m	Million
Management	The senior officers, employees and advisors of the Company including Kerry Daly, Kevin Chin and Steven Thomas
NAB	National Australia Bank
NPAT	Net profit after tax
PPSR	Personal Property Securities Register
Pronto	Pronto accounting software used by the Company to produce management accounts
ROCAP	Report on Company Activities and Property
s.	Section
SEQ	Southeast Queensland
SGC	Superannuation Guarantee Charge
VA	Voluntary Administration
WHS	Workplace Health & Safety
YTD	Year to date

10.1 Terms of reference

This report has been prepared for the creditors of the Company to assist them in evaluating their position as creditors and in deciding the Company's future. None of the Administrators, FTI Consulting and its staff shall assume any responsibility to any third party to which this report is disclosed or otherwise made available.

This report is based on information obtained from the Company's records, the Directors and management of the Company and from our own enquiries. While we have no reason to doubt the veracity of information contained in this report, unless otherwise stated we have proceeded on the basis the information provided, and representations made to us are materially accurate, complete and reliable. We have not carried out anything in the nature of an audit, review, or compilation.

This report may contain prospective financial information, including estimated outcomes for creditors, and other forward-looking information. As events and circumstances frequently do not occur as expected, there may be material differences between estimated and actual results. We take no responsibility for the achievement of any projected outcomes or events.

We reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the forthcoming meeting of creditors.

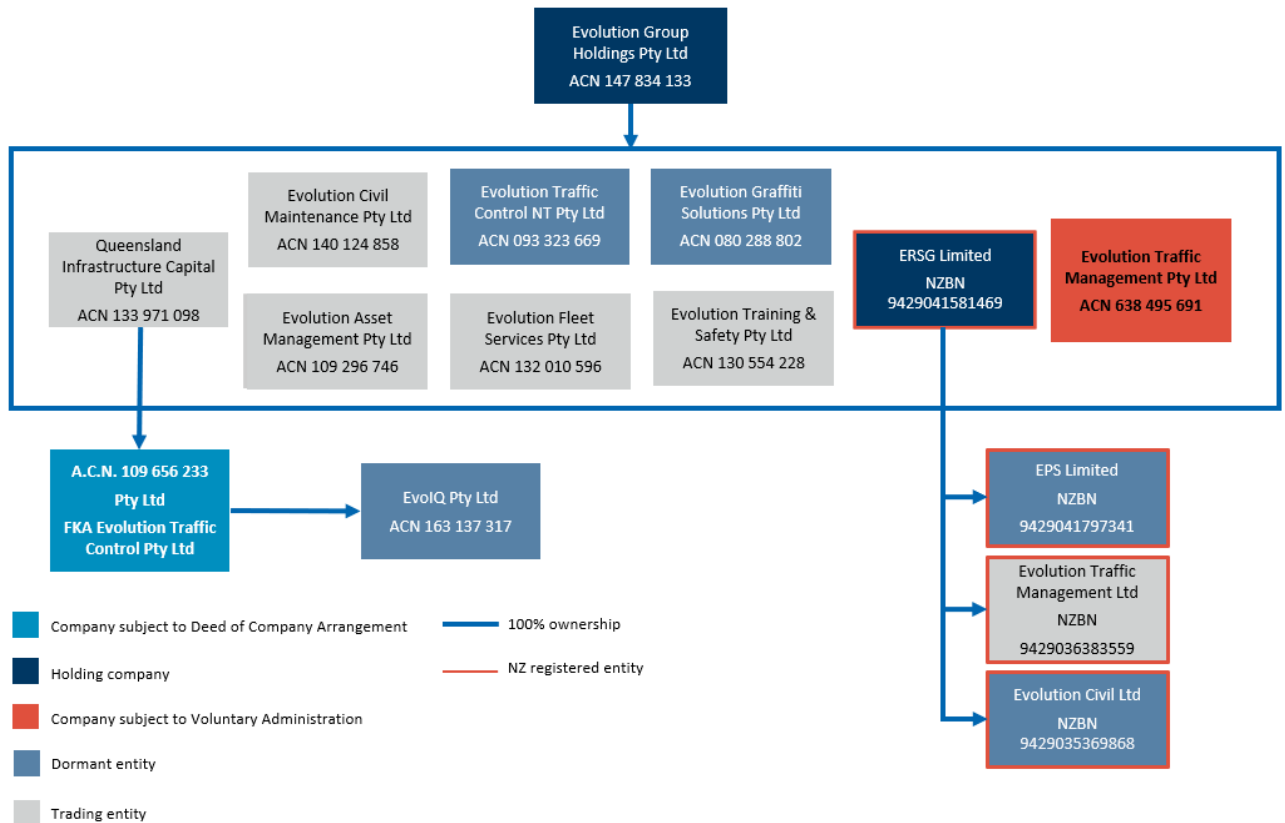
Creditors should seek their own advice if they are unsure how any matter in this report affects them.

11. Appendix 2 – Company information

11.1 Statutory Information

ACN	638 495 691		
Incorporation Date	15 January 2020		
Registered Address	572 Curtin Ave East EAGLE FARM QLD 4009		
Principal Place of Business	572 Curtin Ave East EAGLE FARM QLD 4009		
Directors and Officers	Role	Name	Appointment Date
	Director	Kevin Tser Fah Chin	15/01/2020
	Director	Steven Antony Thomas	15/01/2020
	Director	Kerry John Daly	15/01/2020
Shareholders	The Company has \$1.00 in paid up capital and 1 share on issue and is a wholly owned subsidiary of EGH.		
Related entities	The related entities are summarised in the corporate structure contained overleaf.		
Description of trading activities	The Company provides a comprehensive range of traffic management services and supporting processes such as site management and traffic management planning, control, and traffic equipment hire.		

11.2 Group Structure



11.3 Details of security interests and charges

Below are details the security interests registered on the PPSR.

Registration Number	Secured Party	Date Registered	Collateral Class
202012180083011	Coates Hire Operations Pty Ltd	18 Dec 2020	Other Goods
202006180066196	Fujifilm Leasing Australia Ltd Fujifilm Business Innovation Australia Pty Ltd	18 Jun 2020	Other Goods
202012180083024	Coates Hire Operations Pty Ltd	18 Dec 2020	Motor Vehicle
202109220051526	Cashflow Finance Australia Pty Ltd	22 Sep 2021	All PAAP No Except
202003180034131	National Australia Bank Limited	18 Mar 2020	All PAAP No Except
202109220051535	Cashflow Finance Australia Pty Ltd	22 Sep 2021	Account
202104060041639	GPC Asia Pacific Pty Ltd	06 Apr 2021	Other Goods
202110190048383	Cashflow Finance Australia Pty Ltd	19 Oct 2021	Account

12. Appendix 3 – Historical Financial Statements

12.1 Historical financial information

12.1.1 Balance Sheet Summary

AUD \$	Notes	Jun-21	Dec-21	Feb-22
Assets				
Current assets				
Cash		1,243,796	1,056,372	48,219
Accounts receivable		6,083,706	6,818,316	6,078,756
Other receivables		(24,431)	(20,392)	(21,029)
Accrued income		1,210,241	1,519,910	2,482,416
Prepayments		678,177	648,768	452,315
Inventory	1	178,014	179,471	179,471
Intercompany loans		(706,925)	440,770	(973,276)
Total current assets		8,662,577	10,643,214	8,246,871
Non-current assets				
Asset clearing account	2	(0)	31,911	0
Intangibles	3	1,863,597	1,852,347	1,848,597
Deposits paid		145,773	136,666	137,348
Deferred tax asset	4	3,007,260	3,007,260	3,007,260
Total non-current assets		5,016,631	5,028,184	4,993,205
Total assets		13,679,208	15,671,398	13,240,076
Liabilities				
Current liabilities				
Accounts payable		(7,490,603)	(10,967,361)	(12,627,993)
Accrued expenses		(1,287,082)	(703,598)	(1,176,850)
Unearned revenue	5	(29,228)	(29,228)	(29,228)
Provisions	6	(75,195)	(93,818)	193,171
GST liability		(436,682)	(409,486)	(272,640)
Employee provisions		(2,617,816)	(2,668,236)	(2,229,915)
Borrowings	7	(4,734,666)	22,978	22,978
Total current liabilities		(16,671,272)	(14,848,749)	(16,120,476)
Non-current liabilities				
Deferred tax liability		(1,826,062)	(1,826,062)	(1,826,062)
Total non-current liabilities		(1,826,062)	(1,826,062)	(1,826,062)
Total liabilities		(18,497,334)	(16,674,811)	(17,946,538)
Net assets		(4,818,126)	(1,003,413)	(4,706,462)

Despite complications with obtaining Company information, it is our view, as at the date of our appointment, the financial records of the Company have been maintained in accordance with s.286 of the Act; this is discussed above in **Section 4.8**. The balance sheet in particular, included assets the Company does not own and other assets which have no realisable value. As such, we undertook detailed investigations into these accounts to prepare an adjusted balance sheet which formed the basis of our investigations in **Section 6** and **Appendix 4**.

Notes: Balance Sheet Summary

1. *Other receivables*

Other receivables are comprised solely of employee deductions pending, which relates to monies held to be paid for salary sacrificing arrangements including novated leases and garnishees.

2. *Accrued income*

Accrued income relates to services provided but not yet invoiced to the customer.

3. *Prepayments*

Prepayments relates to subscription services, workers compensation insurance, upfront bonds and motor vehicle registrations which have little, if any, realisable value.

4. *Intercompany loans*

Intercompany loans are representative of the net position with respect to related parties. All related party loans are discussed in detail in **Section 6**.

5. *Intangible assets*

Intangible assets are comprised of goodwill and capitalised borrowing costs. This asset will have negligible value in the event the Company is wound up.

6. *Deposits paid*

Deposits paid are in respect of upfront bonds for rented premises. In a liquidation scenario, bonds are often uncollectible as the landlord will seek to draw upon the bond to cover unpaid pre-appointment rent.

12.1.2 Administrators' adjustments to the Balance Sheet

AUD \$	Notes	Jun-21	Dec-21	Feb-22
Opening balance of net assets per Company balance sheet		(4,818,126)	(1,003,413)	(4,706,462)
Administrators' adjustments to the balance sheet				
Assets				
Current assets				
Inventory	1	(178,014)	(179,471)	(179,471)
Total current assets after Administrators' adjustments		8,484,563	10,463,743	8,067,400
Non-current assets				
Asset clearing account	2	0	(31,911)	0
Intangibles	3	(1,826,722)	(1,826,722)	(1,826,722)
Deferred tax asset	4	(3,007,260)	(3,007,260)	(3,007,260)
Total non-current assets after Administrators' adjustments		182,649	162,291	159,223
Liabilities				
Current liabilities				
Unearned revenue	5	29,228	29,228	29,228
Uncleared bank entry	6	24,173	42,797	(244,192)
Borrowings	7	(22,978)	(5,099,740)	(2,463,437)
Total non-current liabilities after Administrators' adjustments		(16,640,849)	(19,876,464)	(18,798,878)
Total Administrators' adjustments to net assets		(4,981,574)	(10,073,078)	(7,691,854)
Adjusted net assets		(9,799,700)	(11,076,491)	(12,398,316)

Notes: Administrators' adjustments to the Balance Sheet

Our adjustments to the balance sheet and reasons for same are included below.

1. *Inventory*

As discussed in **Section 7**, the Company does not own any inventory, accordingly this account was removed.

2. *Asset clearing account*

From our review, we believe this account was used to hold equipment prior to it being transferred to other Group entities. Given the Company has no inventory this account has been removed.

3. *Intangibles*

Intangibles is comprised of capitalised borrowing costs and goodwill. The portion which relates to goodwill has been removed as the account balance had not changed since it was recorded as a brought forward balance in July 2020. We understand this is related to goodwill due to the purchase of ETC's business. In a liquidation scenario goodwill has negligible, if any, value.

4. *Deferred tax asset*

Similar to goodwill, this account recorded a brought forward balance in July 2020 and the balance remained constant since that time. Given the Company only commenced trading in May 2020, it is highly unlikely a deferred tax asset of this quantum could have arisen. Accordingly, this account was removed in its entirety.

5. *Unearned revenue*

Unearned revenue is money a customer pays upfront for a good or service not yet delivered. There has been no movement in this account, aside from a brought forward balance in July 2020. Given the age, the work has likely been performed and the liability not removed from the balance sheet due to an oversight.

6. *Uncleared bank entry*

This category is comprised of provisions for fringe benefits tax, audit/accounting fees and uncleared bank entries. The latter account has been removed as it appears to have been used as a suspense account for credit card expenses. Its inclusion in the balance sheet is overstating assets by approximately \$244,000. Accordingly, the account has been removed in its entirety.

7. *Borrowings*

Borrowings is comprised of debtor finance facilities and insurance premium funding.

The Company's balance sheet does not include any liability owed to Earlypay since inception of the facility in September 2021. Whilst the Earlypay account was included in some reporting functions, the account did not pull through to the balance sheet reporting. Accordingly, we added the monthly balance from the general ledger to the balance sheet. At September 2021, the omission of this account understated the liabilities of the Company by c.\$6.7m.

Insurance premium funding involves borrowing an amount to cover the cost of the Company's insurance premiums, plus interest. In practice, the full amount of the loan is recorded in the first month and then expensed in subsequent months reducing the balance over time. In April 2021, movements to this account ceased.

We undertook considerable enquiries of the Company's records and of the Company's insurance broker to understand whether the loan had ceased in April 2021. As a result of these enquiries, it was found two (2) insurance loans were accounted for incorrectly in both timing and quantum.

Another insurance loan, which commenced in October 2021 and continued post-appointment, was not included on the Company's balance sheet. The balance of the borrowings account in the Administrators' adjusted balance sheet includes the correct accounting treatment of the two (2) pre-appointment insurance loans and the insurance loan which continued post-appointment. As at October 2021, the incorrect accounting treatment understated the Company's liabilities by approximately \$600,000.

12.1.3 Profit and loss summary

Profit & Loss			
AUD \$	Notes	FY21	FY22 (February 2022)
Revenue	1	64,574,782	39,249,055
Other income		18,512	171
Cost of sales	2	(49,669,044)	(29,338,020)
Gross profit		14,924,250	9,911,206
Expenses			
General expenses	3	(2,040,800)	(1,575,247)
Employee expenses	4	(6,546,722)	(4,191,718)
Motor vehicle expenses	5	(7,932,675)	(4,740,495)
Occupancy expenses		(1,636,386)	(1,190,039)
Depreciation		(812,160)	(209,804)
Finance expenses		(543,615)	(326,314)
Total expenses		(19,512,358)	(12,233,617)
Gains/Losses		(76,276)	(66,973)
Net profit before tax		(4,664,385)	(2,389,384)

Notes: Historical profit & loss

1. *Revenue*

Due to billing issues, mainly as a result of staff attrition, the Company experienced delays in recognition of revenue. The majority of the invoicing backlog has been billed however the YTD FY22 figures are slightly understated.

2. *Cost of sales*

Cost of sales is representative of wages, motor vehicle running costs and other expenses directly attributable to the provision of traffic control services and management.

3. *General expenses*

General expenses of note include professional services, telephone, insurance, and license fees.

4. *Employee expenses*

Employee expenses include monthly management fees of c.\$180,000 to c.\$220,000 for the use of head office staff employed by EGH.

5. *Motor vehicle expenses*

Motor vehicle expenses include lease charges, payable to EAM, repairs, maintenance, and servicing of vehicles, mostly payable to EFS.

In FY19 a new accounting standard for leases was introduced, requiring the recognition of right-of-use assets and liabilities. These are non-cash accounting entries to comply with International Financial Reporting Standards.

It appears the Company may have incorrectly accounted for rent paid as an expense instead of reclassifying the lease cost to the balance sheet. It does appear, however, the depreciation of these leases is recorded as an expense in the profit and loss statement.

13. Appendix 4 – Investigations – analysis and information

13.1 General information and considerations

13.1.1 Date of insolvency

In order to ascertain if there were any insolvent transactions entered into by a company, it is first necessary to determine the date the company became insolvent.

Proving the date on which, a company became insolvent is an essential element of recovery actions with respect to unfair preferences, uncommercial transactions and insolvent trading.

Recovery actions require the liquidator to prove the particular company was insolvent at the time of the transaction, or in the case of an insolvent trading action, when the debt was incurred.

13.1.2 What is insolvency?

Solvency is defined in s.95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company which is not solvent is insolvent.

Whether a company is able to meet its debts as they become due is essentially a “cash flow” test rather than a “balance sheet” test (although the company’s balance sheet position is still relevant).

Consideration of the entire financial position of a company is required to establish if it is insolvent at a particular date. This includes factors such as the value of the company’s assets relative to its liabilities and the nature of these assets and liabilities. Also, the extent to which cash is expected to be generated from future trading activities, or available from alternative sources, is relevant to considering a company’s solvency position.

13.1.3 General and commercial considerations

Proving insolvency is often a complex exercise and usually involves considerable time and expense in thoroughly investigating all aspects of claims. Legal advice on the merits of claims is generally required.

Typically, insolvent trading claims are defended, and directors may seek to rely on the statutory defences available to them.

Legal proceedings are often necessary for liquidators to pursue claims. This adds to the time and costs involved in pursuing claims. There is also inherent uncertainty involved with any litigation. As a result, commercial considerations are relevant, including whether the amount of the claim is large enough to pursue on a cost and risk/benefit basis.

The capacity of a party to pay any successful claim to a liquidator is also a relevant consideration in determining whether or not pursuing an action is likely to be in the interest of creditors.

Liquidators may not have funds to pursue actions. At other times, the liquidator may view the risks/benefits of pursuing an action not to be in the interest of creditors (for example, in cases where pursuing an action would use up the available cash/assets when otherwise a small dividend to creditors could be paid). In these

circumstances, it is possible a creditor or a litigation funder may wish to fund an action to pursue a claim. This typically occurs only when there is a very strong case and high prospect of success.

13.2 Indicators of potential insolvency

13.2.1 Factors to take into account

We have considered the following usual indicia of insolvency in our analysis. Relevant indicia are discussed in the following pages:

- The company has a history of continuing trade losses.
- The company is experiencing cash flow difficulties.
- The company is experiencing difficulties selling its stock, or collecting debts owed to it.
- Creditors are not being paid on agreed trading terms and/or are either placing the company on cash-on-delivery terms or requiring special payments on existing debts before they will supply further goods and services.
- The company is not paying its Commonwealth and state taxes when due (e.g. pay-as-you-go withholdings are outstanding, goods and services tax (GST) is payable, or superannuation guarantee contributions are payable).
- Cheques are being returned dishonoured.
- Legal action is being threatened or has commenced against the company, or judgments are entered against the company, in relation to outstanding debts.
- The company has reached the limits of its funding facilities and is unable to obtain appropriate further finance to fund operations – for example, through:
 - negotiating a new limit with its current financier: or
 - refinancing or raising money from another party.
- The company is unable to produce accurate financial information on a timely basis which shows the company's trading performance and financial position or can be used to prepare reliable financial forecasts.
- Company directors have resigned, citing concerns about the financial position of the company or its ability to produce accurate financial information on the company's affairs.
- The company auditor has qualified their audit opinion on the grounds there is uncertainty the company can continue as a going concern.
- The company has defaulted, or is likely to default, on its agreements with its financier.
- Employees, or the company's bookkeeper, accountant or financial controller, have raised concerns about the company's ability to meet, and continue to meet, its financial obligations.
- It is not certain there are assets which can be sold in a relatively short period of time to provide funds to help meet debts owed, without affecting the company's ongoing ability to continue to trade profitably.
- The company is holding back cheques for payment or issuing post-dated cheques.

13.2.2 Solvency review – indicators of insolvency

The following summarises the indicia of insolvency identified in our investigations to date.

Key

Item	Symbol
Indicator present	✓
Indicator not considered present	✗

Indicator	FY21	FY22 YTD
Continuing losses/insufficient cash flow	✓	✓
Liquidity ratios below 1	✓	✓
Difficulties in selling stock or collecting debts	✓	✓
Suppliers placing the company on COD, or demanding payments to resume supply	✓	✓
Creditors paid outside terms	✓	✓
Special arrangements with selected creditors	✓	✓
Payments to creditors of rounded sums not reconcilable to specific invoices.	✓	✓
Overdue Commonwealth and State Taxes	✓	✓
Legal action threatened or commenced	✗	✗
Cheques are being post-dated/returned dishonoured/ payments are dishonoured	N/A	N/A
Inability to obtain alternative funding	✓	✓
Inability to raise further equity capital	✗	✓
Inability to produce accurate financial information	✓	✓
Resignation of directors or other senior management	✓	✓
Finance staff raise solvency concerns	✓	✓
Qualified audit opinion	✓	N/A
Poor relationship with financiers, including inability to borrow further	✗	✓

13.3 Solvency analysis

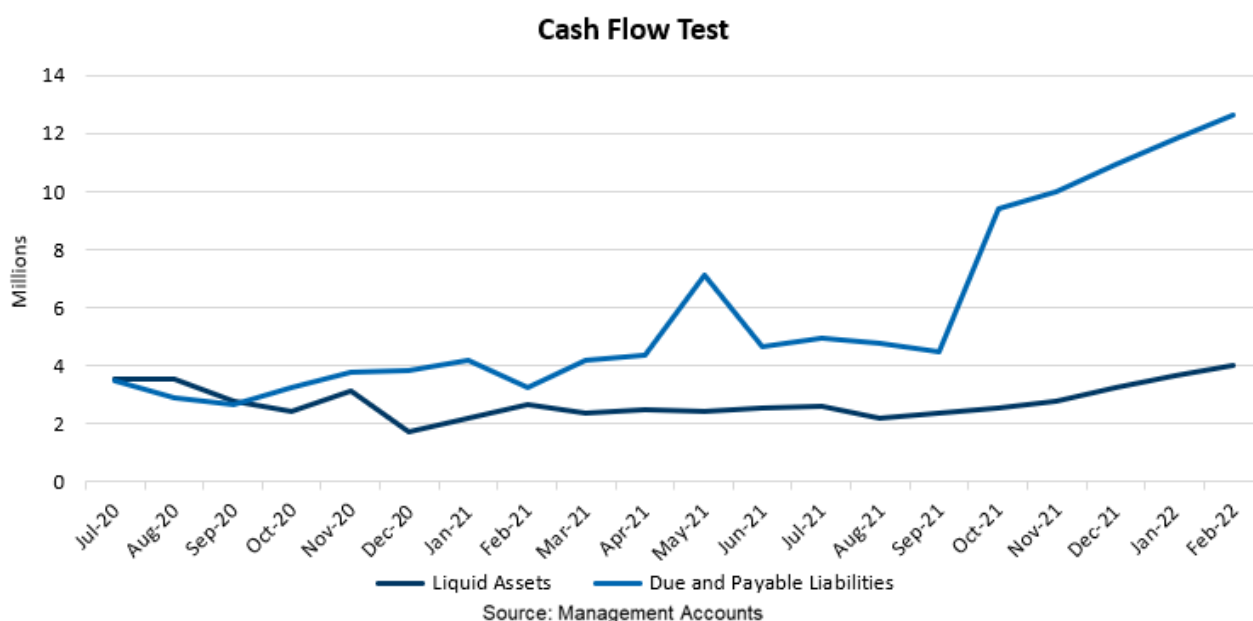
13.3.1 Our approach to solvency

We have assessed the solvency of the Company by examining whether the Company:

- was solvent under the cash flow or balance sheet tests of insolvency; and
- exhibited any of the usual indicia of insolvency.

13.3.2 Cash flow test

In conducting the cash flow test, we have considered the ability of the Company to pay its due and payable liabilities with its liquid assets. A liquid asset is an asset which can easily be converted to cash in a short amount of time. In essence, when considering the statutory definition of insolvency, this is a key requirement a company is required to meet to remain solvent under law.



The above graph illustrates the Company has been unable to meet due and payable liabilities from liquid assets since September 2020. A considerable spike in due and payable liabilities compared to liquid assets can be observed from the determined date of insolvency of 2 September 2021.

In conducting the cash flow test, liquid assets comprise cash at bank and debtors. Due and payable liabilities include accounts payable and the debtor finance facility. Whilst the Company's balance sheet included inventory, following considerable investigations, we are satisfied there are no liquid inventory assets owned by the Company. As such inventory has not been included as a liquid asset in conducting the cash flow test.

13.3.3 Balance sheet test

Distinct from the cash flow test which examines a company's ability to pay its debts as and when they fall due from liquid assets, the balance sheet test looks at whether the company can meet all current liabilities, irrespective of when they are due and payable from current assets. It is generally accepted the ideal ratio of current assets to current liabilities is 2:1, with anything below 1:1 being indicative of insolvency.

Our review of the Company's historical net asset and working capital position is set out below:

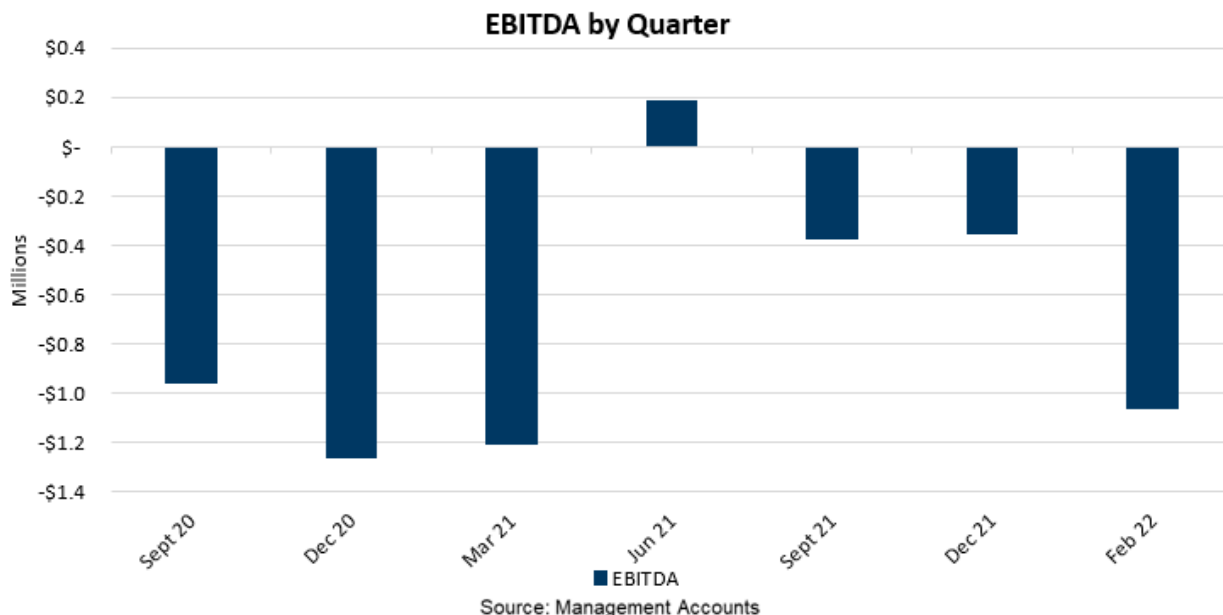
Balance Sheet Test (\$)							
	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Feb-22
Total current assets	8,737,274	6,787,753	8,014,101	8,508,994	10,577,077	10,484,135	8,088,430
Total non-current assets	261,787	266,770	271,493	182,648	177,023	162,291	159,223
Total assets	8,999,060	7,054,523	8,285,593	8,691,643	10,754,100	10,646,426	8,247,653
Total current liabilities	13,737,947	13,485,601	16,151,014	16,665,279	19,317,579	19,896,855	18,819,906
Total non-current liabilities	1,826,062	1,826,062	1,826,062	1,826,062	1,826,062	1,826,062	1,826,062
Total liabilities	15,564,009	15,311,664	17,977,077	18,491,342	21,143,641	21,722,918	20,645,969
Net assets	(6,564,949)	(8,257,141)	(9,691,483)	(9,799,699)	(10,389,541)	(11,076,491)	(12,398,316)
Ratios							
Current ratio	0.636	0.503	0.496	0.511	0.548	0.527	0.430

The current ratios is used to determine liquidity. The current ratio compares current assets to current liabilities. A ratio under one (1) is indicative of insolvency.

It is apparent for the entire period analysed (1 September 2020 to 28 February 2022) the current ratio is below 1, indicating the Company has been unable to meet current liabilities from current assets.

13.3.4 Continued trading losses

The graph below illustrates the Company's earnings/(loss) before interest, tax, depreciation and amortisation (EBITDA) in the quarters ended 30 September 2020 to 31 December 2021 and the part quarter from 1 January 2022 to 28 February 2022.



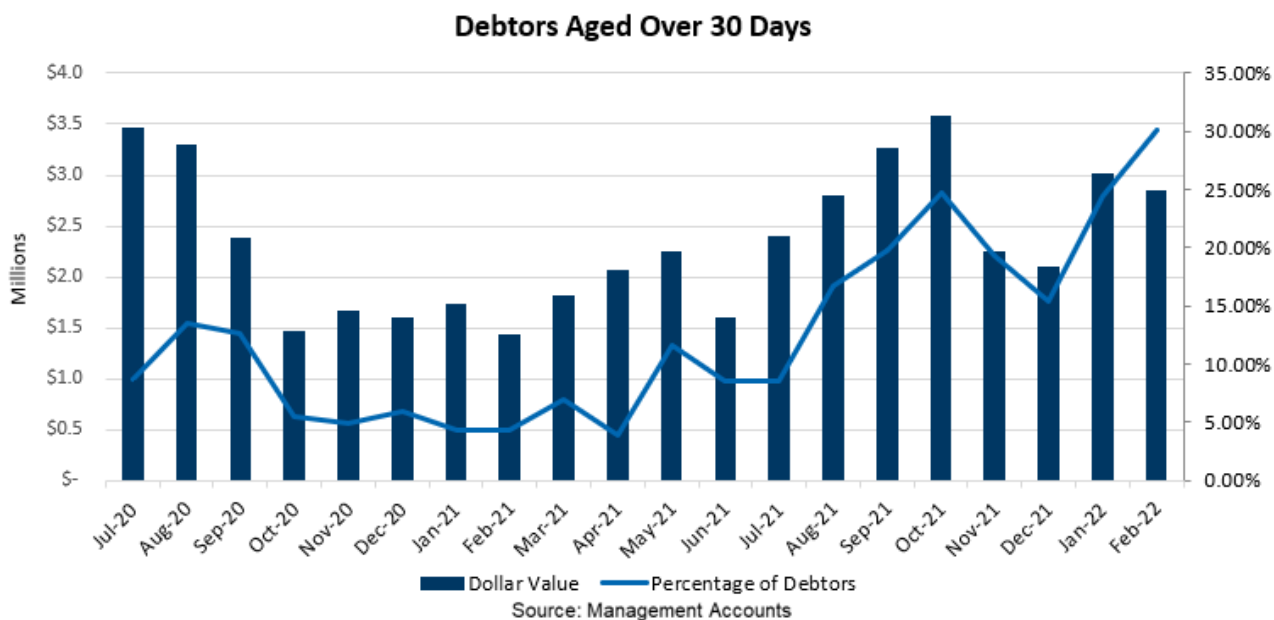
With the exception of June quarter 2021, the Company reports negative EBITDA. A reduction in the EBITDA loss can be noted in December quarter 2021 compared to other months. According to board pack documents, this is as a result of three months of catch-up billing from September to November 2021 where the costs associated with that billing were paid in prior months. In December 2021 the Company also had lower wage costs as a result of the Christmas period.

Whilst the Company operated at a profit in three separate months within the analysed period; when financial performance is reviewed on an annual basis for FY21 and FY22 (to February 2022), the Company is in a significant loss position as can be seen in the profit and loss statement in **Appendix 3**.

13.3.5 Aged receivables

The Company's failure to invoice customers promptly and accurately, and to collect debtors is a major reason for its financial difficulties.

The below graph represents the ageing profile of the Company's debtor book in both dollar and percentage terms.

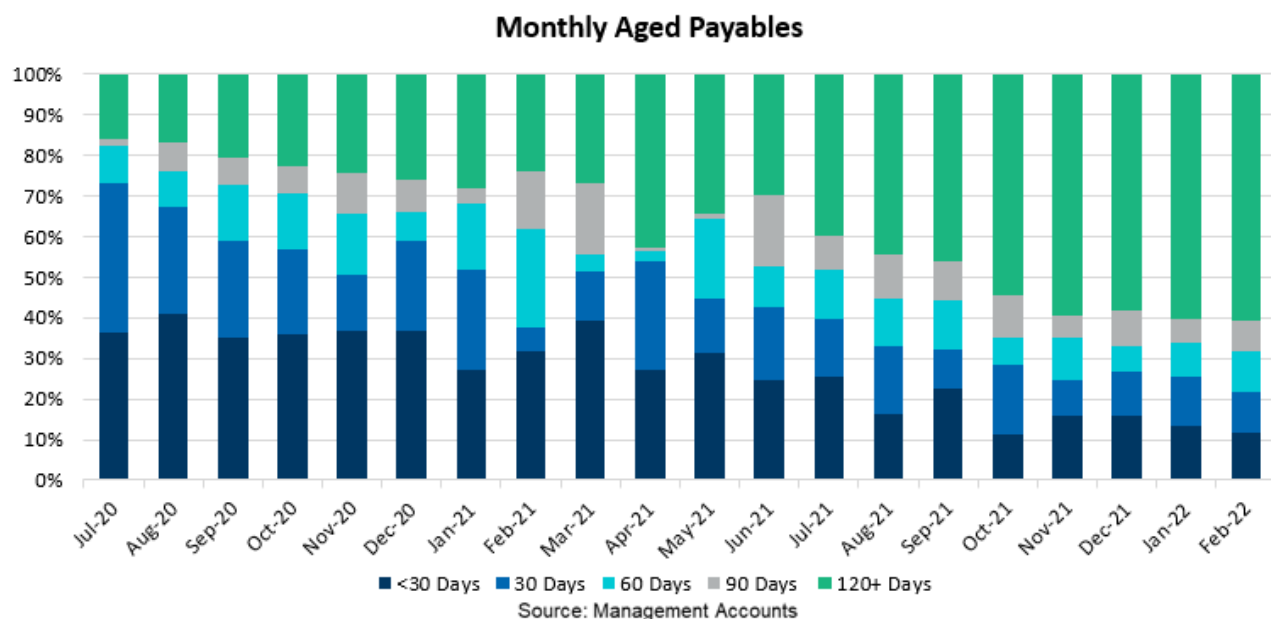


Since August 2021, debtors in excess of standard 30-day payment terms, consistently account for greater than 15% of the Company's total debtor book. A peak in the 30 plus category occurred in February 2022 reaching over 30% of total debtors.

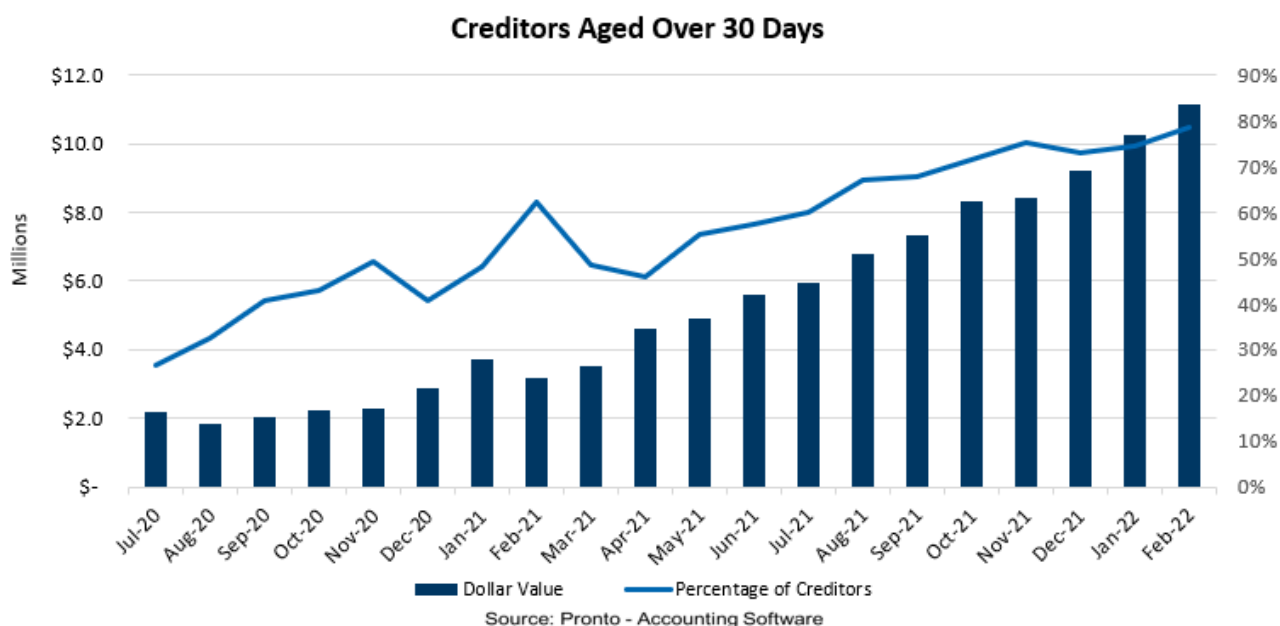
The Company's processes and practices for the invoicing and collection of its receivables has significantly contributed to cash flow and working capital restraints and a resultant failure to pay debts as and when they fall due.

13.3.6 Aged payables

The table below summarises the breakdown of aged payables extracted from the Group's accounting software.



Aged payables outstanding for greater than 120 days account for a significant portion of the Company's total aged payables, particularly since September 2021.



Since September 2021, creditors paid outside of trading terms exceeded 68% of total aged payables, further evidencing the Company was unable to pay its debts as and when they fell due.

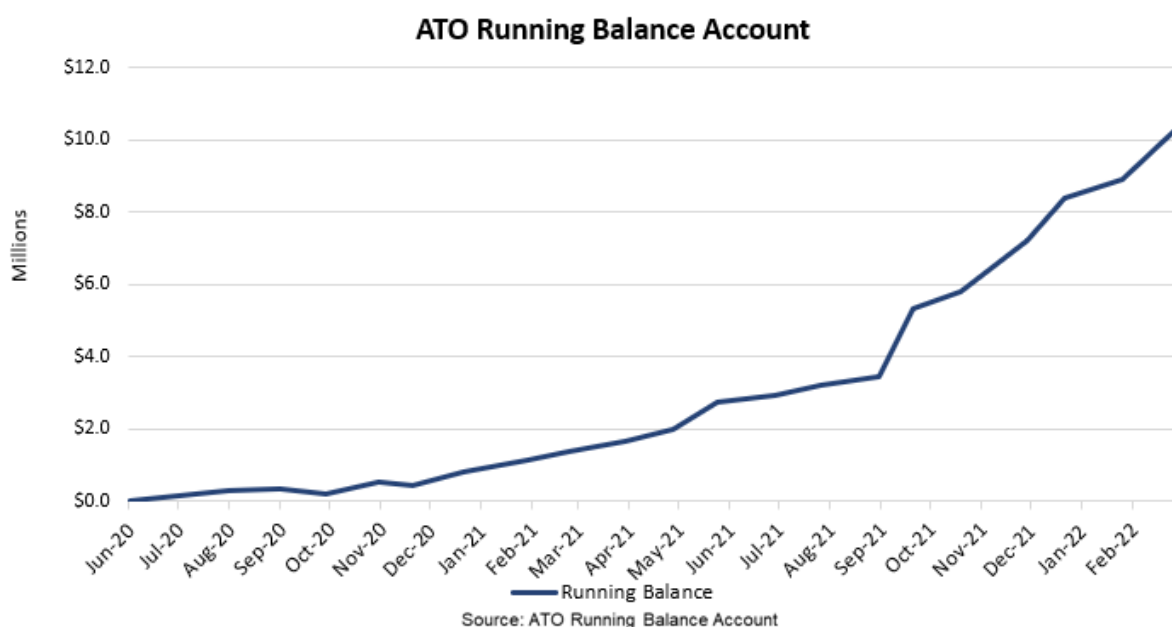
13.3.7 Arrangements with creditors

The Company entered into several arrangements with two (2) creditors, the earliest of which was entered into in August 2020. From July 2020, the Company was in ongoing discussions with its vendors and suppliers to negotiate terms to facilitate ongoing supply. Whilst the records do not evidence how many creditors were being negotiated with, or who those creditors were, the records show these negotiations were somewhat unsuccessful and the Company was forced to source alternate, more expensive suppliers. Further, board minutes from March 2021 indicate suppliers had placed the Company accounts on hold, or on cash on delivery basis.

A change to terms of trade, cut off of supply and the entering into payment arrangements are further indicia of insolvency.

13.3.8 Arrears of statutory liabilities

The Company owed significant statutory liabilities to the ATO and other statutory bodies at the date of our appointment. An illustration of the Company's escalating running balance account with the ATO is as follows:



The Company attempted to repay the outstanding ATO debt by entering into five payment arrangements between August 2020 and June 2021. Despite making repayments against some of the arrangements, the Company failed to meet a single payment plan in its entirety and was no longer able to reach an agreement to repay amounts owed by instalment following the ATO's cancellation of the Company's fifth payment arrangement on 2 September 2021. The Company also sought to conduct a capital raising to repay the outstanding ATO debt and provide working capital, though was unsuccessful.

The ATO lodged a claim in the administration for outstanding running balance account debts totalling \$10,783,301.

13.3.9 Inability to produce accurate financial reports

Further to our commentary regarding the Company's inability to produce accurate and timely financial reports in **Section 6.2** and **Appendix 3** of this report, our review of Company records highlighted some issues and discrepancies in the financial reports:

- Balance sheet and profit and loss information obtained from senior management differs from balance sheet and profit and loss information extracted from the Company's accounting software;
- The Company does not invoice customers using its accounting software. The invoicing system requires manual assistance for that information to be recognised by the accounting software;
- Some reports extracted from the accounting system in respect of the Company, included Group information; and
- Board reports indicate reporting delays occurred on numerous occasions, specifically each month from September 2021 to January 2022, as well as staff raising concerns over misallocations and inaccuracy of balances of accounts receivable.

13.3.10 Staff attrition

The Company experienced considerable staff attrition from inception to our appointment, which compounded the difficulties observed in finance and billing teams. The loss of staff led to the Company engaging employees on a contract basis with short notice periods and combining roles causing remaining staff to be over-utilised and under resourced.

A timeline of key events follows:

Timing	Notes
August 2020	Changes to the billing department resulting in delays in customer invoicing.
April 2021	Group Chief Operating Officer departs.
June 2021	Long-term payroll and billing team resigned, straining the new and reduced team.
August 2021	Accounts receivable officer resigned. Position being filled with temporary staff. Previous accounts payable officer transitioned into payroll function whilst still performing accounts payable role. Group Human Resources Manager made redundant.
December 2021 to January 2022	Key employee resignations in the Finance and Accounting department, including the Finance Manager, Payroll & Billing Manager, Senior Accountant and two (2) Senior Billing Officers. As a result of these changes, management combined the billing and accounts receivable roles into one. Management engaged credit management specialist for two (2) months.
February 2022	Group Financial Controller resigns.

Staff attrition has significantly contributed to the Company's problems both in producing timely and accurate financial information and in billing and collecting revenue.

13.4 Date of insolvency

When considering all of the aforementioned analysis into the Company's affairs, it is our preliminary view the Company was likely insolvent from at least 2 September 2021 and remained so up until the date of administration, being 17 March 2022.

13.4.1 Insolvent trading claim

The potential value of the insolvent trading claim (before consideration of litigation funding costs) is approximately \$7.8m. This represents the amount of debt incurred after 2 September 2021 which remains outstanding at the date of appointment.

As mentioned in **Section 6.2.3** of this report, if the Directors are eligible for safe harbour protection for the period 2 September 2021 to 17 March 2022, this claim will reduce to nil. In the event a liquidator is appointed, further investigations will be undertaken as to the recoverability of a successful insolvent trading claim.

13.5 Voidable transactions

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

13.5.1 Unfair preferences

We have reviewed the payments made by the Company during the period leading up to appointment, considering the potential date of insolvency of the Company. We have identified two (2) potential unfair preferences totalling c.\$1.3m.

Further investigations in relation to the available defences, including whether the creditors could have reasonably expected the Company to be insolvent, would need to be undertaken should the Company be placed into liquidation.

13.5.2 Unfair loans

Pursuant to s.588FD of the Act, a liquidator can treat an unfair loan as voidable. A loan is considered unfair if:

- the interest on the loan was extortionate; or
- the charges associated with the loan were/are extortionate.

At this stage, based on our preliminary review, we do not believe the intercompany loans constitute unfair loans for the following reasons:

- The intercompany loans do not charge interest.
- The EAM loan relates to the on-charging, on a monthly basis, for hire purchase liabilities and other motor vehicle running costs, for vehicles used by ETM.

- Based on our investigations, we do not believe the charges associated with the EAM loan were/are extortionate and appear to be for legitimate business purposes.
- The loan accounts arose due to intra-group debts between the entities in the operation of their respective businesses.

13.5.3 Uncommercial transactions

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

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

On 5 May 2020 the Company purchased the business and assets of ETC. The consideration paid for this acquisition was \$10.

For a transaction to be deemed an uncommercial transaction and therefore voidable as against a subsequently appointed liquidator, the company must have been insolvent at the time of the transaction or become insolvent because of the transaction.

As outlined above, it has been determined the Company likely became insolvent on 2 September 2021. Accordingly, the purchase of the business and assets of ETC on 5 May 2020 does not meet the criteria of an uncommercial transaction.

Notwithstanding the determined date of insolvency occurring 16 months after the purchase, we reviewed the transaction and set out below are the relevant benefits the transaction caused for the Company and the broader Group, and any detriments.

Assets and Liabilities assumed	Relevant benefit or detriment to Company
Assets	
Customer contracts	The Company was assigned the benefit of all customer contracts From 1 July 2020 to 28 February 2022 revenue from these contracts amounted to \$103m.
Intangible assets	Intangible assets included business names, domain names, website, intellectual property and goodwill. While their value is not easily ascertainable, acquiring these assets facilitated the smooth running of the business from the day of the purchase. The customer contracts and intangible assets, together with the assets owned by other group members (e.g. vehicles, software licences, head office staff), enabled the Company to conduct a fully operational business immediately.
Liabilities	
Employee entitlements	Assumed liability but received benefit of agile workforce able to continue operations and meet customer demands from the day of purchase. While it is not yet determined if the value was reasonable, the customer contracts assumed, and resultant revenue, would considerably outweigh the value of employee entitlements assumed. It is common practice in a sale of business for the incoming party to assume employee entitlements.
Property leases	In taking on this liability the Company directly benefited from the right to use and trade from the premises. The leases assumed were all with arms-length parties and thus assumed to be at market value.
Premium funding insurance loan	As a result of taking on this liability the Company received the future benefit of ongoing funded insurance premiums.
Cross collateralised NAB group debt	If the Company did not take on the cross guarantee of the Group debt, NAB would not have extended its facilities which enabled the Group to continue to trade as a going concern and secure ongoing funding for operations. The ability of the Group to continue trading as a going concern has a tangible, though indeterminable, value to the Company. It is common practice for groups to centrally fund operations. The Company is the main revenue generator in the Group, as such it is reasonable it would guarantee the Group's debt. However, there are other revenue generating entities in the Group and the burden of the guarantee did not fall solely on the Company. By assuming the liability, the Company was able to continue to use the vehicles owned by EAM which are crucial for the ongoing operations of the Company.
Trade creditors	The Company was not obligated to take on any trade creditors but presumably chose to do so to promote goodwill and ensure productive supplier relations.

It is important to note Directors have obligations to consider the interests of not only the Company but also to consider the group as a whole, hence our review included the detriment and benefit to the Group as well as the Company.

While the consideration paid was negligible, the liabilities assumed formed the consideration paid.

From reviewing the assets and liabilities assumed it is our preliminary opinion, on balance, the sale transaction does not meet the criteria of an uncommercial transaction.

13.5.4 Offences by directors

The Directors owe the duties described below to the Company:

■ Section 180 – Act with care and diligence

The Directors must exercise their powers and discharge their duties with the degree of care and diligence a reasonable person would exercise if they:

- (a) were a director or officer of a corporation in the company's circumstances; and
- (b) occupied the office held by, and had the same responsibilities with the corporation as, the director or officer.

Our preliminary view is the Directors **may** have breached this section 1 by failing to exercise the powers and discharge duties with the degree of care and diligence a reasonable person would exercise in the Director's position. Our preliminary view is based on the conflict between the:

- systemic issues in the invoicing and collection of revenue driven by high staff attrition; and
- the need to reduce overheads by making considerable redundancies in head office functions including finance.

■ Section 181 – Act in good faith

The Directors are required to act in good faith in the best interests of the Company and for a proper purpose. Acting in the best interest of the Company requires a belief, at the time a decision is made, the course of action will result in a benefit to the Company.

At this stage, we believe the Directors **may** have contravened this section by potentially allowing employees to engage in conduct knowing it was not in the interests of the Company, such as private use of Group vehicles, personal use of Company credit cards and use of short-term contracts for key finance staff. Our preliminary view is based on anecdotal evidence observed since appointment and may warrant further investigation should the Company be placed into liquidation.

■ Section 182 – Use of position

The Directors must not improperly use their position, or information they obtain because they are a director, to gain an advantage for themselves or someone else, or cause detriment to the Company.

Based on our investigations to date we have not identified any instances which indicate a breach of this duty.

■ Section 183 – Use of information

The Directors owe a duty to the Company to not improperly use information to gain an advantage for themselves or cause detriment to the Company.

Based on our investigations to date we have not identified any instances which indicate a breach of this duty.

■ Section 588G – Duty to prevent insolvent trading

The Directors have a duty to prevent the Company from trading while insolvent. If the Directors traded the Company whilst insolvent and are unable to avail themselves of the safe harbour provisions as defined in s.588GA of the Act or the defences in s.588G of the Act, they can be held liable for debts incurred by the Company while trading insolvent.

Based on our preliminary investigations, and as detailed in **Appendix 4** and **Section 6**, it appears the Company traded while insolvent since 2 September 2021.

Further investigations in this regard will be required to determine the exact date of insolvency if the Company is placed into liquidation. However, we note the Directors may intend to claim safe harbour protection from personal liability for insolvent trading.

Our preliminary view of the ability to claim safe harbour protection is detailed in **Section 6.2.3**.

14. Appendix 5 - Summary of ROCAP Part A

Summary of the ROCAP Part A and Administrators' ERV as at 17 March 2022

	Notes	Book value (\$)	Directors' ERV (\$)	Administrators' Low ERV (\$)	Administrators' High ERV (\$)
Assets					
Cash at bank	1	13,323	13,323	13,323	13,323
Pre-appointment debtors	2	6,078,755	10,203,786	5,823,089	6,323,089
Inventory	3	179,471	-	-	-
Prepayments	4	452,315	-	-	Unknown
Intangible assets	5	1,848,597	-	-	-
Related party debtors	6	13,376,159	-	-	-
Total assets		21,948,621	10,217,110	5,836,412	6,336,412
Liabilities					
Employee entitlements	7	(1,014,391)	(3,169,720)	(1,709,325)	(1,709,325)
Unsecured creditors	8	(2,261,833)	(3,031,689)	(3,007,984)	(3,007,984)
Secured creditors	9	(2,123,417)	-	(6,656,348)	(3,122,832)
Related party creditors	10	(14,349,434)	-	-	-
Statutory liabilities	11	(10,366,245)	(10,522,459)	(10,486,434)	(10,486,434)
Total liabilities		(30,115,320)	(16,723,868)	(21,860,091)	(18,326,575)
Net assets		(8,166,700)	(6,506,759)	(16,023,679)	(11,990,163)

We assisted the Directors by preparing annexures to the ROCAP for their consideration. The annexures were prepared based on information extracted by Group staff from Company records. At the time of preparation, we did not have access to the Company's accounting software and believed the data provided by staff of the Group to be accurate and representative of the Company's position.

Once we obtained access to the Company's accounting system, we generated their own reports, and it became apparent the reports received from the Company included balances relating to other entities in the Group.

The Directors' ERV figures represent the ROCAP figures based on annexures prepared using records provided by Group staff.

The Book Values are the figures obtained by us from the Company accounting system.

Notes

1. Cash at bank

Notifications were issued to all major financial institutions instructing them to freeze accounts held in the name of the Company. Only the NAB advised of one (1) bank account held with a balance of \$13,323.03 as at 17 March 2022.

2. Debtors

The book value of debtors is representative of records obtained from the Company's accounting system.

The Administrators' ERV represents our high-level estimate of the collectability of these debtors. We note Earlypay holds security over the Company's debtors pursuant to its factoring facility, which is discussed further at Note 9 below.

3. Inventory

Considerable enquiries were made with the Directors, management and staff in relation to inventory purported to be owned by the Company. We consider the inventory recorded on the balance sheet may have been in relation to the Company's right to use assets of other Group entities. Accordingly, the ERV is nil.

4. Prepayments

Prepayments are comprised of upfront bonds paid for the Company's leased premises and depots, workers compensation insurance in New South Wales ("NSW"), Queensland ("QLD") and Western Australia ("WA"), motor vehicle registrations and subscription-based services.

The Administrators have recovered pre-appointment refunds for workers compensation in QLD of \$7,806.43. The pre-appointment policies in NSW and WA are in the process of being finalised. At this stage we are unable to comment on future recoveries.

The Administrators' high ERV at this stage is unknown as we cannot estimate the number of upfront bonds which may be realised. This is dependent on the debts of certain creditors and whether trading arrangements continue.

5. Intangible assets

Intangible assets are comprised of goodwill and capitalised borrowing costs.

The Administrators do not anticipate any recoveries from intangible assets, and this is reflected in the Administrators' ERV figures.

6. Related party debtors

Related party debtors are discussed in detail above at **Section 5.3.5**.

7. Employee entitlements

At the date of appointment there were 702 employees across QLD, NSW and WA.

A breakdown the Administrators ERV is provided in the table below and is based on Company records.

Employee entitlements	Amount (\$)
Wages	4,470
Superannuation	545,552
Annual Leave incl. leave loading	1,115,316
Long service leave	43,987
Total	1,709,325

Wages are owed to ex-employees of the Company, the amounts of which were subject to dispute or owed to a deceased estate.

Superannuation owed is in relation to the quarter ended 31 March 2022. At the time of our appointment, the superannuation for the quarter was not due and payable. The ATO will make a claim for outstanding superannuation on behalf of employees in a liquidation or DOCA scenario.

The book value is based on the Company's management accounts and includes provision for annual leave and long service leave.

The Directors' ERV included annual leave, long service leave, personal leave, and superannuation. They also included amounts owed to employees of other Group entities.

8. Unsecured creditors

The Administrators' ERVs represent amounts outstanding at the date of appointment as well as the PODs received in the administration. We note PODs have not been adjudicated and are subject to change.

9. Secured creditors

Upon appointment, PPSR searches were conducted, and correspondence issued to all secured parties noted on the PPSR. The security registrations are summarised at **Appendix 2**.

The book value represented includes only the debt owed to Earlypay as recorded in the Company's accounting system. NAB holds substantial security pursuant to a cross-collateralised group facility which the Company has guaranteed.

The Administrators' high and low ERVs are based on PODs received in the administration. With respect to NAB, the low ERV includes the expected shortfall to NAB whereas the high ERV assumes no shortfall.

10. Related party creditors

Related party creditors are discussed in detail above in at **Section 5.3.5**.

11. Statutory liabilities

The Administrators' ERVs is representative of the POD the ATO submitted in the amount of \$10,486,434 in respect of outstanding GST and PAYG.

The book value is the superannuation provision and taxation liabilities as at 28 February 2022 as reflected in the Company's accounting system.

The Directors ERV is based on a supplier listing provided by the Company prior to receiving access to the Company's accounting system.

15. Appendix 6 – Creditor Information Sheet

Voluntary Administration

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

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

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
588G	Incurring liabilities while insolvent
588GAB	Officer's duty to prevent creditor-defeating disposition
588GAC	A person must not procure a company to make a creditor-defeating disposition
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.
596AB	Entering into an agreement or transaction to avoid employee entitlements.

Recoverable Transactions

Preferences

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

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

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to the benefit or detriment to the company; the respective benefits to other parties; and any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

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

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person or from members of a corporate group (Contribution Order).

Unreasonable payments to directors

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

Voidable charges

Certain charges over company property are voidable by a liquidator:

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

Insolvent trading

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

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

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

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

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

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

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

Queries about the voluntary administration should be directed to the administrator's office.

16. Appendix 7 – Remuneration Approval Report

23 May 2022



Remuneration Approval Report

Evolution Traffic Management Pty Ltd
(Administrators Appointed)
ACN 638 495 691
("the Company")

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Summary

This remuneration approval report provides you with the information the Corporations Act 2001 (“the Act”) and the Code of Professional Practice published by the Australian Restructuring Insolvency and Turnaround Association (ARITA) requires creditors to receive to make an informed decision regarding the approval of our remuneration for undertaking the Administration of Evolution Traffic Management Pty Ltd (Administrators Appointed) ACN 638 495 691 (“the Company”).

We are asking creditors to approve the following remuneration and disbursements:

Appointment type/Period	Remuneration (excl. GST)	Disbursements (excl. GST)
Voluntary Administration Resolution 1 & Resolution 3: 17 March 2022 to 15 May 2022	\$1,380,968.50	\$1,507.82
Voluntary Administration Resolution 2 & Resolution 4: 16 May 2022 to execution of Deed of Company Arrangement (“DOCA”) or Liquidation	\$490,000.00	\$2,000.00
Deed of Company Arrangement Resolution 5 & Resolution 6: Execution of DOCA to Effectuation	\$400,000.00	\$1,000.00
Total	\$2,270,968.50	\$4,507.82

We estimate the total cost of the Voluntary Administration of the Company will be \$1,870,968.50. This has increased by \$570,968.50 from our previous estimate of \$1,300,000.00 for the following reasons:

- Extension of the convening period from 26 April 2022 to 24 May 2022 to enable a DOCA to be proposed. This resulted in the following additional work:
 - Application to Court for the extension of the convening period.
 - Drafting and settling affidavit material associated with the application to Court.
 - Attendance at the Court hearing
 - Draft and issue additional correspondence to creditors of the Company concerning the application and outcome thereof.
 - Holding employee town halls to discuss the extension to the convening period and what this meant for employees of the Company.
 - Trading of the Company for an additional month.

This is our final remuneration approval request for the Voluntary Administration of the Company. The same is likely for the execution of the DOCA to effectuation, assuming a favourable vote and the absence of any unforeseen circumstances that prolong the duration of its execution.

Declaration

We, John Park, Kelly-Anne Trenfield and Joanne Dunn, of FTI Consulting, have undertaken a proper assessment of the claims for remuneration for the appointment as Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied the remuneration and disbursements claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment and further, the disbursements have been incurred in the conduct of the external administration are necessary and proper.

Remuneration sought

We will only seek approval of resolutions for the Deed of Company Arrangement (DOCA) if creditors agree to the proposal offered. We are not seeking approval of fees, at this time, in the even the Company is placed into liquidation.

For	Period	Amount \$ (excl. GST)	Applicable rates	Timing of payment
Work already completed	17 March 2022 to 15 May 2022	\$1,380,968.50	As per the attached hourly rates in Schedule E	When funds are available
Future work to finalise Voluntary Administration	16 May 2022 to finalisation of Voluntary Administration	\$490,000.00	As per the attached hourly rates in Schedule E	When funds are available
Voluntary Administration Total		\$1,870,968.50		
Future work from the Execution of Deed of Company Arrangement to Effectuation	Execution to effectuation of Deed of Company Arrangement	\$400,000.00	As per the attached hourly rates in Schedule E	When funds are available
DOCA Total		\$400,000.00		
Total Remuneration Sought		\$2,270,968.50		

Details of the work already done and future work we intend to do are **enclosed** at **Schedule A**.

Schedule B includes a breakdown of time spent by staff members on each major task for work we have already done.

Actual resolutions to be put to the meeting are included at **Schedule C** for your information. These resolutions also appear in the proxy form for the meeting provided to you.

Disbursements

We are not required to seek creditor approval for costs paid to third parties or where we are recovering a cost incurred on behalf of the administration, but we must provide details to creditors. Details of these amounts are included in the receipts and payments contained as **Appendix 9** of the report to creditors.

Creditor approval is not required in relation to internally or externally provided professional or non-professional costs or disbursements charged at cost.

The table below provides a breakdown of the external disbursements claimed in the Voluntary Administration for the period 17 March 2022 to 15 May 2022:

External Disbursements Claimed	Basis of Charge	Amount \$ (excl. GST)
Staff Travel – Parking	At cost	\$12.40
Staff Travel – Taxi	At cost	\$260.70
Staff Food	At cost	\$226.42
Postage	At cost	\$1,037.61
Virtual Meeting Facilities	At cost	\$410.74
Search Fees	At cost	\$365.31
Australian Financial Review Advertisement	At cost	\$3,018.73
Office Supplies	At cost	\$210.75
Total (excl. GST)		\$5,542.64
GST		\$554.26
Total (Incl. GST)		\$6,096.90

We are required to obtain creditors' consent for the payment of a disbursement where we, or a related entity, may directly or indirectly obtain a profit.

The below table provides details of the internal disbursements we would like creditors to approve:

For	Period	Amount \$ (excl. GST)
Disbursements already incurred	17 March 2022 to 15 May 2022	\$1,507.82
Future disbursements	16 May 2022 to finalisation of Voluntary Administration	\$2,000.00
Future disbursements	Execution to effectuation of Deed of Company Arrangement	\$1,000.00
Total (excl. GST)		\$4,507.82
GST		\$450.78
Total (Incl. GST)		\$4,958.60

Details of the disbursements incurred, and future disbursements are included at **Schedule D**. Actual resolutions to be put to the meeting are included at **Schedule C**. These resolutions also appear in the proxy form for the meeting provided to you.

Likely impact on dividends

The Act sets the order for payment of claims against the Company, and it provides for remuneration of the Administrator to be paid in priority to other claims. This ensures when there are sufficient funds, the Administrator receives payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds.

Based on:

- Realisations to date;
- Estimated future realisations;
- Estimated remuneration to complete the Administration; and
- The estimated total of creditor claims based on the Company's records and claims lodged.

The estimated dividend is subject to the outcome of the Second Meeting of Creditors and the quantum of claims admissible. Please refer to **Section 8** of the Report to Creditors for further detail.

Summary of receipts and payments

A summary of the receipts and payments for the Voluntary Administration for the period 17 March 2022 to 15 May 2022 contained at **Appendix 9** of the second report to creditors.

Queries

Further supporting documentation for our remuneration claim can be provided to creditors on request.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for INFO 85)

If you have any queries in relation to the information in this report, please contact this office (07) 3225 4900 or by email at Evolution@fticonsulting.com.

Yours faithfully



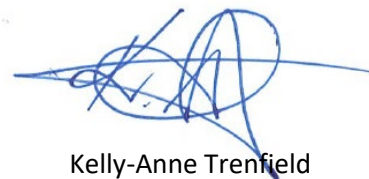
John Park

Administrator



Joanne Dunn

Administrator



Kelly-Anne Trenfield

Administrator

Attachments:

Schedule A – Details of work

Schedule B – Time spent by staff on each major task (work already done)

Schedule C – Resolutions

Schedule D – Disbursements

Schedule E – FTI Consulting schedule of rates effective 1 July 2021

13Schedule A – Details of work

Task area/General description	Work already done	Future work to finalise Voluntary Administration	Future work from the Execution of Deed of Company Arrangement to Effectuation
Period	17 March 2022 to 15 May 2022	16 May 2022 to finalisation of Voluntary Administration	Execution to effectuation of Deed of Company Arrangement
Amount \$ (excl GST)	\$1,380,968.50	\$490,000.00	\$400,000.000
Assets	193.30 hours \$108,041.50	\$34,715.10	\$165,000.00
Sale of business as a going concern	■ Liaising with Company staff concerning information required for information memorandum and data room ■ Drafting Australian Financial Review advertisement published on 25 March 2022 ■ Reviewing and amending information memorandum ■ Prepare and review non-disclosure agreements ■ Collating and verifying information obtained from the Company for input to data room ■ Attending to interested party queries ■ Review stage one non-binding offers ■ Correspond with shortlisted parties post stage one offers to refine terms ■ Review stage two offers and liaise further with these parties ■ Internal meetings to discuss/review offers received ■ Consider DOCA proposal received ■ Meet with director representatives concerning particulars of DOCA	■ Liaising with purchasers on final offer terms ■ Internal meetings to discuss/review offers received	

Task area/General description	Work already done	Future work to finalise Voluntary Administration	Future work from the Execution of Deed of Company Arrangement to Effectuation
	■ Drafting of DOCA specific information for second report to creditors		
Real Estate	■ Review of lease documents ■ Create leasing schedule ■ Issuing notices concerning ongoing occupation of premises ■ Issue notices not to exercise property rights with respect to premises ■ Discussions with landlords and their representatives concerning arrears ■ Liaise with landlords and their representatives concerning month-to-month arrangements ■ Dealing with notices to vacate premises at Toowoomba and Coffs Harbour depots ■ Review and finalise lease for new Toowoomba Premises ■ Liaising with staff concerning options for Coffs Harbour depot post vacation ■ Conduct property search in the name of the Company	■ Ongoing discussions with landlords concerning ongoing and new rental arrangement as required ■ Undertake any required work concerning ongoing occupation of premises contemplated by the DOCA	■ Undertake any required work concerning ongoing occupation of premises contemplated by the DOCA
Plant & equipment	■ Review of Company records and enquiries with Company staff concerning and plant and equipment owned by the Company		
Inventory	■ Make enquiries with staff to obtain listing of inventory contained in Company records ■ Discussions with staff concerning ownership and location of inventory		
Debtors	■ Reviewing Company books and records to determine debtors outstanding	■ Correspondence with debtors ■ Reviewing and assessing debtors' ledgers ■ Receipting debtor monies	■ Assistance concerning debtor collection as required to enable effectuation of DOCA

Task area/General description	Work already done	Future work to finalise Voluntary Administration	Future work from the Execution of Deed of Company Arrangement to Effectuation
	■ Liaising with EarlyPay/Cashflow Finance regarding debtors and registered security interest for debtor factoring facility ■ Identification of pre and post appointment debtors for the purposes of reporting to EarlyPay on collections ■ Receipting debtor monies ■ Implementing trading controls to facilitate prompt collection of aged debtors	■ Reporting to EarlyPay on collections ■ Preparation of handover information concerning debtors post DOCA execution	
Other assets	■ Review of Company records and conduct searches to identify any other assets owned by the Company		
Creditors	318.00 hours \$160,498.00	\$56,520.53	\$40,000.00
Creditor Enquiries	■ Setup Evolution@fticonsulting.com address for creditor enquiries ■ Create and maintain call register ■ Prepare FAQs to assist in responses to creditor queries ■ Review and prepare initial correspondence to creditors and their representatives ■ Responding to queries via email and telephone	■ Receive and respond to creditor enquiries ■ Maintaining call register ■ Preparation of further correspondence to creditors including the second report to creditors ■ Responding to queries via email and telephone ■ Attending to enquiries relating to the second creditors meeting	■ Receive and respond to creditor enquiries ■ Maintaining call register ■ Responding to queries via email and telephone
Retention of Title Claims	■ Search to the PPSR register ■ Notify PMSI creditors identified from PPSR register ■ Follow up correspondence to PPSR creditors for failure to provide documentation in support of PPSR registration ■ Maintain register of PPSR responses	■ Further correspondence to PPSR claimant if required ■ Review and resolve any valid PPSR claim ■ Maintain register of PPSR responses	■ Further correspondence to PPSR claimant if required ■ Review and resolve any valid PPSR claim creditor's intention to claim ■ Maintain register of PPSR responses

Task area/General description	Work already done	Future work to finalise Voluntary Administration	Future work from the Execution of Deed of Company Arrangement to Effectuation
Secured creditor reporting	■ Notifying PPSR registered creditors of appointment ■ Preparing various reports to secured creditors EarlyPay and NAB ■ Setup of new EarlyPay debtor factoring facility for Voluntary Administrators ■ Meetings with secured parties concerning trade on and security status and account balance of debtor factoring facility	■ Preparing various reports to secured creditors EarlyPay and NAB ■ Meetings with secured parties concerning trade on and security status and account balance of debtor factoring facility ■ Necessary work, reporting and meetings to discharge pre-appointment debtor factoring facility with EarlyPay ■ Work incidental to assisting DOCA proponents with secured parties and DOCA funding requirements	■ Preparing various reports to secured creditors EarlyPay and NAB ■ Meetings with secured parties concerning close out of trade on matters ■ Necessary work, reporting and meetings to finalise voluntary administration debtor factoring facility with EarlyPay ■ Work incidental to close out of secured party issues of Administrators and transition to DOCA
Creditor reports	■ Preparing and providing DIRRI and initial remuneration notice to creditors ■ Detailed information provided to all employee and trade creditors on meeting process via virtual facilities ■ Lodgement of DIRRI with ASIC ■ Preparing, reviewing and issuing initial circular to creditors calling first meeting of creditors ■ Separate circular to creditors prepared containing information for suppliers on trading ■ Distribution of correspondence via email and mail ■ Drafting of second report to creditors	■ Detailed information provided to all employee and trade creditors on meeting process via virtual facilities ■ Drafting of second report to creditors ■ Draft correspondence to creditors concerning application for extension to convening period. ■ Distribution of correspondence via email and mail	■ Preparation and issue of circular to creditors concerning DOCA effectuation
Dealing with proofs of debt	■ Receipting, entering into MYOB Insol and filing PODs received ■ Contacting creditors to assist in meeting registration and attendance process where POD not lodged	■ Receipting, entering into MYOB Insol and filing PODs received ■ Contacting creditors to assist in meeting registration and attendance process where POD not lodged ■ Dealing with PODs as required for DOCA	■ Receipting, entering into MYOB Insol and filing PODs received ■ Dealing with PODs as required for DOCA

Task area/General description	Work already done	Future work to finalise Voluntary Administration	Future work from the Execution of Deed of Company Arrangement to Effectuation
Meeting of Creditors	■ Preparation of meeting notices, proxies and advertisements ■ Preparation of detailed process document for requirements to attend meeting ■ Forward notice of meeting to all known creditors via email and mail ■ Preparation of first creditor meeting file, including agenda, certificate of posting of notice of meeting, attendance register, list of creditors, reports to creditors, advertisement of meeting, draft minutes of meeting, meeting slides, polling spreadsheet if required. ■ Establishing Zoom webinar facility to hold first and second meeting of creditors via electronic means ■ Tailoring webinar parameters on Zoom to ensure a smooth First Creditors Meeting including test meeting with engagement team to test QR codes and other documentation and meeting facilities are in working order with settings in Zoom ■ Preparation and lodgement of minutes of meetings with ASIC ■ Send meeting minutes to creditors on request ■ Holding first meeting of creditors ■ Responding to queries from the ATO prior to the meeting ■ Responding to stakeholder queries and questions following meeting	■ Preparation of meeting notices, proxies and advertisements ■ Preparation of detailed process document for requirements to attend meeting ■ Forward notice of meeting to all known creditors via email and mail ■ Preparation of second creditor meeting file, including agenda, certificate of posting of notice of meeting, attendance register, list of creditors, reports to creditors, advertisement of meeting, draft minutes of meeting, meeting slides, polling spreadsheet if required. ■ Tailoring webinar parameters on Zoom to ensure a smooth second creditor meeting including test meeting with engagement team to test QR codes and other documentation and meeting facilities are in working order with settings in Zoom ■ Preparation and lodgement of minutes of meetings with ASIC ■ Send meeting minutes to creditors on request ■ Holding second meeting of creditors ■ Responding to queries received prior to the meeting ■ Responding to stakeholder queries and questions following meeting	■ Preparation and lodgement of minutes of meeting with ASIC ■ Send meeting minutes to creditors on request ■ Responding to stakeholder queries and questions immediately following meeting ■ Any tasks incidental to holding a creditor meeting for variation or termination of DOCA, if required

Proposals to Creditors

Employees	217.80 hours \$98,669.00	\$35,381.90	\$40,000.00
Employee enquiries	■ Receive and follow up employee enquiries via telephone and email ■ Review and prepare correspondence to employees including notification of appointment and entitlements circular ■ Issuing correspondence via email and post ■ Liaising with employees concerning their entitlements, termination and resignation queries ■ Dealing with outstanding employee issues which remained on foot at appointment date ■ Liaising with legal representatives of employees and the Company to resolve outstanding employee matters ■ Conducted virtual town hall meeting with employees, initially daily, then three (3) times per week to discuss employee issues and queries ■ Converse directly with employees regarding specific employee queries and issues ■ Review company records to quantify employee entitlements to be provided in entitlements correspondence ■ Reviewing employee contracts and EBAs ■ Engagement of lawyers to assist in drafting employment contracts for employees employed in voluntary administration ■ Correspondence with portable long service leave providers in QLD, NSW and WA ■ Work closely with HR and payroll staff concerning employee issues and staff onboarding and offboarding	■ Receive and follow up employee enquiries via telephone and email ■ Review and prepare correspondence to employees including entitlements circular ■ Issuing correspondence via email and post ■ Liaising with employees concerning their entitlements, termination and resignation queries ■ Dealing with outstanding employee issues which remained on foot at appointment date ■ Liaising with legal representatives of employees and the Company to resolve outstanding employee matters ■ Conduct virtual town hall meeting three (3) times per week to discuss employee issues and queries ■ Converse directly with employees regarding specific employee queries and issues ■ Finalising employee entitlements owed at the date of appointment ■ Work closely with HR and payroll staff concerning employee issues and staff onboarding and offboarding and transition of employees in DOCA	■ Receive and follow up employee enquiries via telephone and email ■ Liaising with employees concerning their entitlements, termination and resignation queries ■ Liaising with legal representatives of employees and the Company to resolve outstanding employee matters ■ Conduct virtual town hall meetings to discuss employee issues and queries ■ Converse directly with employees regarding specific employee queries and issues ■ Work closely with HR and payroll staff concerning employee issues and staff onboarding and offboarding and transition of employees in DOCA

FEG	■ Advise FEG representatives of appointment ■ Answering queries from FEG concerning Administration	■ Answering queries from FEG concerning Administration, any impact of any proposed DOCA or Liquidation on FEG and level of entitlements which may need to be advanced to employees	■ Correspondence with FEG as required concerning DOCA
Calculation of entitlements	■ Calculating employee entitlements ■ Reviewing employee files and company's books and records ■ Reconciling superannuation accounts ■ Reviewing awards, national employment standard and EBAs ■ Liaising with solicitors regarding entitlements where required	■ Calculating employee entitlements ■ Reviewing employee files and company's books and records ■ Reconciling superannuation accounts ■ Reviewing awards, national employment standard and EBAs ■ Liaising with solicitors regarding entitlements where required	■ Correspondence to employees concerning their entitlements and impact of DOCA ■ Calculating entitlements accrued in Voluntary Administration period ■ Draft and review correspondence concerning entitlements
Employee dividend			■ Correspondence with employees regarding funds to be paid with respect to their entitlements per the DOCA proposal ■ Correspondence with ATO regarding SGC proof of debt and payments as part of DOCA proposal with respect to SGC
Workers' compensation	■ Obtain and review insurance policies ■ Liaising with insurers and solicitors regarding claims ■ Identification of potential issues requiring attention of insurance specialists ■ Engage workplace health and safety specialist and provide information required to conduct review and advise of any matters requiring attention ■ Correspondence with insurance broker and WorkCover Queensland, iCare and CGU regarding initial and ongoing workers compensation insurance requirements for QLD, NSW and WA	■ Ongoing liaison with insurers as required for ongoing trade ■ Attending to premium payments and revisions which may be required to projected wages in calculation of premiums payable ■ Any tasks incidental to workers compensation required for DOCA	■ Ongoing liaison with insurers as required for ongoing trade ■ Attending to premium payments and revisions which may be required to projected wages in calculation of premiums payable ■ Any tasks incidental to workers compensation required for DOCA

	■ Preparation of workers' compensation insurance documents and wages declarations for ongoing trade in QLD, NSW and WA ■ Correspondence with previous brokers and VA brokers on insurance requirements and notations required to reflect appointment on existing policies ■ Attending to insurance issues concerning claims float for claims management by insurer		
Other employee issues	■ Correspondence with Child Support ■ Correspondence with Centrelink ■ Dealing with other incidental employee issues	■ Correspondence with Child Support ■ Correspondence with Centrelink ■ Dealing with other incidental employee issues	■ Correspondence with Child Support ■ Correspondence with Centrelink ■ Dealing with other incidental employee issues
Trade On	1,570.80 hours \$784,864.00	\$275,998.11	\$80,000.00
Trade on management	■ Establishment of Voluntary Administrator EarlyPay debtor factoring ■ Liaising with suppliers concerning appointment and trading accounts ■ Liaising with management and staff ■ Attendance on site ■ Implementation of trading controls ■ Considerable work in maintaining debtor reporting, issuing of invoices and required EarlyPay reporting ■ Authorising purchase orders ■ Maintaining purchase order registry ■ Preparing and authorising receipt vouchers ■ Preparing and authorising payment vouchers ■ Liaising with superannuation funds regarding contributions, termination of employment and resignations ■ Liaising with OSR regarding payroll tax issues	■ Establishment of Voluntary Administrator EarlyPay debtor factoring ■ Liaising with suppliers concerning appointment and trading accounts ■ Liaising with management and staff ■ Attendance on site ■ Implementation of trading controls ■ Considerable work in maintaining debtor reporting, issuing of invoices and required EarlyPay reporting ■ Authorising purchase orders ■ Maintaining purchase order registry ■ Preparing and authorising receipt vouchers ■ Preparing and authorising payment vouchers ■ Liaising with superannuation funds regarding contributions, termination of employment and resignations ■ Liaising with OSR regarding payroll tax issues	■ Finalisation of all trading matters and accounts to facilitate handover to DOCA proponents ■ Calculate entitlements of employees accrued in voluntary administration period and attend to payment of those entitlements

Budgeting and financial reporting	■ Reviewing company's cashflow, budgets and financial statements ■ Preparing cashflow on a daily and forecasted basis ■ Preparing at least weekly updates on trading status and critical issues ■ Meetings to discuss trading position	■ Preparing cashflow on a daily and forecasted basis ■ Preparing at least weekly updates on trading status and critical issues ■ Meetings to discuss trading position	■ Finalising voluntary administration cash flow actuals ■ Preparing updates as required ■ Meetings to discuss final trading position and DOCA handover
Investigations	286.20 hours \$136,499.00	\$48,482.70	\$0.00
Conducting investigation	■ Collection of company books and records ■ Obtaining access to Company systems and contacting multiple external and internal parties to obtain system backups and reports ■ Send to and follow up directors' request for Report on Company Affairs and Property ■ Documenting extension requests ■ Reviewing company's books and records ■ Review and preparation of company nature and history ■ Conducting and summarising statutory search results received including property searches, company searches, PPSR searches, personal name searches, and motor vehicle searches ■ Preparation of financial analysis from company books and records ■ Arranging viewing access to pre-appointment bank accounts and obtain statements ■ Reviewing of board minutes and group financials to provide context to position of the Company and its' reasons for failure ■ Preparation of estimated statement of position based on company records and Administrator investigations	■ Continue review of Company records and finalise investigations for the purposes of issuing the second report to creditors ■ Summarise further search results received ■ Review and summarise findings from freedom of information request	

	■ Liaising with management to obtain further information needed for investigations ■ Issue freedom of information request to Deputy Commissioner of Taxation ■ Review of specific transactions and liaising with management regarding certain transactions ■ Preparation of investigation file ■ Enquiries to obtain information concerning ongoing legal action at date of appointment ■ Court searches to ascertain any statutory demands or other proceedings on foot at appointment date		
ASIC reporting		■ Lodgement of ASIC form 530 concerning second meeting of creditors	
Dividend	N/A	N/A	\$60,000.00
Processing proofs of debt (POD)			■ Preparation of correspondence to potential creditors inviting lodgement of POD ■ Receipt of POD ■ Maintain POD register ■ Adjudicating POD ■ Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
Dividend procedures			■ Preparation of correspondence to creditors advising of intention to declare dividend ■ Advertisement of intention to declare dividend ■ Obtain clearance from ATO to allow distribution of company's assets ■ Preparation of dividend calculation ■ Preparation of correspondence to creditors announcing declaration of dividend

			■ Advertise announcement of dividend ■ Preparation of distribution ■ Preparation of dividend file ■ Preparation of payment vouchers to pay dividend ■ Preparation of correspondence to creditors enclosing payment of dividend
Administration	209.50 hours \$77,884.50	\$38,901.66	\$15,000.00
Correspondence	■ General correspondence with various parties	■ General correspondence with various parties	■ General correspondence with various parties
Document maintenance/file review/checklist	■ Filing of documents ■ Updating checklist ■ File reviews ■ Internal engagement team meetings	■ Filing of documents ■ Updating checklist ■ File reviews ■ Internal engagement team meetings	■ Filing of documents ■ Updating checklist ■ File reviews ■ Internal engagement team meetings
Insurance	■ Identification of potential issues requiring attention of insurance specialists ■ Correspondence with insurer and our broker regarding initial and ongoing insurance requirements and notifications needed on group policies to reflect appointment ■ Correspondence with premium funder Attvest ■ Reviewing insurance policies ■ Correspondence with previous brokers direct and via our broker ■ Dealing with payments required to maintain claims management float ■ Ensure adequate coverage for trade on and for entering into leasing arrangements ■ Management of outstanding claims	■ Ongoing insurer correspondence as required for trade on and to manage claims and payments required and payments required ■ Dealing with any insurance issues arising in proposed DOCA	■ Ongoing insurer correspondence as required for trade on and to manage claims and payments required ■ Dealing with any insurance issues arising in DOCA ■ Finalise insurance matters post DOCA effectuation from a trading perspective

Funds handling	■ Preparing correspondence opening accounts and requesting sweep of funds from pre-appointment to post-appointment account ■ Entering receipts and payments into accounting system ■ Requesting bank statements ■ Bank account reconciliations ■ Correspondence with bank regarding specific transfers and with EarlyPay regarding funding releases	■ Preparing correspondence requesting sweep of funds from pre-appointment to post-appointment account ■ Entering receipts and payments into accounting system ■ Bank account reconciliations ■ Correspondence with bank regarding specific transfers and with EarlyPay regarding funding releases	■ Preparing correspondence requesting sweep of funds from pre-appointment to post-appointment account ■ Entering receipts and payments into accounting system ■ Bank account reconciliations ■ Correspondence with bank regarding specific transfers and with EarlyPay regarding funding releases ■ Any funds handling work required to facilitate DOCA requirements
ASIC Forms and lodgements	■ Preparing and lodging ASIC forms including 505 and 5011 ■ Correspondence with ASIC regarding statutory forms	■ Preparing and lodging ASIC forms including 507, 5011 and 530. ■ Correspondence with ASIC regarding statutory forms	■ Preparing and lodging ASIC forms including 505, 5603, 5011 and 911 etc. ■ Correspondence with ASIC regarding statutory forms
ATO and other statutory reporting	■ Notification of appointment ■ Preparing BASs ■ Completing STP reporting obligations	■ Preparing BASs ■ Completing STP reporting obligations	■ Preparing BASs ■ Completing STP reporting obligations
Finalisation			■ Notifying ATO of finalisation post DOCA effectuation ■ Cancelling ABN / GST / PAYG registration ■ Completing checklists ■ Finalising WIP
Planning / Review	■ Discussions regarding status of administration ■ Ongoing review of checklist ■ Internal planning and review meetings	■ Discussions regarding status of administration ■ Ongoing review of checklist ■ Internal planning and review meetings	■ Discussions regarding status of administration ■ Ongoing review of checklist ■ Internal planning and review meetings
Books and records / storage	■ Dealing with records in storage	■ Dealing with records in storage	■ Dealing with records in storage ■ Sending job files to storage

Strategic Communications		22.50 hours			
		\$14,512.50		Nil	Nil
Correspondence	■ Liaising and monitoring media concerning the Company.				

Schedule B – Time spent by staff on each major task (work already done)

Employee	Position	\$ /hour (excl GST)	Total actual hours	Total \$ (excl GST)	Task Area											
					Assets		Creditors		Employees		Trade on		Investigation		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
John Park	Senior Managing Director	\$720	48.9	\$35,208	15.6	\$11,232	4.4	\$3,168	0.0	\$0	21.1	\$15,192	1.8	\$1,296	6.0	\$4,320
Joanne Dunn	Senior Managing Director	\$720	132.7	\$95,544	2.4	\$1,728	33.8	\$24,336	0.0	\$0	69.8	\$50,256	17.8	\$12,816	8.9	\$6,408
Kelly-Anne Trenfield	Senior Managing Director	\$720	21.8	\$15,696	2.7	\$1,944	0.3	\$216	4.0	\$2,880	6.0	\$4,320	0.0	\$0	8.8	\$6,336
Christopher Hill	Senior Managing Director	\$720	0.1	\$72	0.1	\$72	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0
Matthew Glennon	Managing Director	\$660	309.7	\$204,402	15.0	\$9,900	2.1	\$1,386	0.4	\$264	283.1	\$186,846	6.1	\$4,026	3.0	\$1,980
Carla Fairweather	Managing Director	\$660	202.7	\$133,782	70.0	\$46,200	18.4	\$12,144	55.7	\$36,762	55.7	\$36,762	0.9	\$594	2.0	\$1,320
Renee Lobb	Managing Director	\$660	206.1	\$136,026	19.8	\$13,068	63.5	\$41,910	5.1	\$3,366	37.9	\$25,014	71.4	\$47,124	8.4	\$5,544
Nathan Stubing	Managing Director	\$660	2.1	\$1,386	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0	2.1	\$1,386
Neil Dempster	Senior Director	\$580	185.4	\$107,532	0.1	\$58	0.0	\$0	0.0	\$0	185.3	\$107,474	0.0	\$0	0.0	\$0
Neil Dempster	Director	\$530	72.8	\$38,584	0.0	\$0	0.0	\$0	0.0	\$0	72.8	\$38,584	0.0	\$0	0.0	\$0
Marco Bozzetto	Director	\$530	3.6	\$1,908	0.0	\$0	0.0	\$0	3.6	\$1,908	0.0	\$0	0.0	\$0	0.0	\$0
Marco Bozzetto	Senior Consultant II	\$480	2.7	\$1,296	0.0	\$0	2.6	\$1,248	0.1	\$48	0.0	\$0	0.0	\$0	0.0	\$0
Alexa Sutherland	Senior Consultant II	\$480	167.8	\$80,544	8.4	\$4,032	66.9	\$32,112	3.7	\$1,776	15.2	\$7,296	71.5	\$34,320	2.1	\$1,008
Alexa Sutherland	Senior Consultant I	\$435	68.6	\$29,841	4.8	\$2,088	45.7	\$19,880	2.6	\$1,131	9.3	\$4,046	4.0	\$1,740	2.2	\$957
Julian Gowdie	Senior Consultant II	\$480	214.8	\$103,104	0.0	\$0	0.6	\$288	0.0	\$0	198.2	\$95,136	0.0	\$0	16.0	\$7,680
Julian Gowdie	Senior Consultant I	\$435	84.6	\$36,801	0.0	\$0	0.0	\$0	0.0	\$0	75.7	\$32,930	0.0	\$0	8.9	\$3,872
Kathleen O'Connor	Senior Consultant I	\$435	0.2	\$87	0.0	\$0	0.0	\$0	0.0	\$0	0.2	\$87	0.0	\$0	0.0	\$0
Brooke Petersen	Consultant II	\$390	120.7	\$47,073	0.0	\$0	0.0	\$0	0.0	\$0	120.7	\$47,073	0.0	\$0	0.0	\$0
Brooke Petersen	Consultant I	\$360	74.2	\$26,712	0.0	\$0	0.0	\$0	0.0	\$0	74.2	\$26,712	0.0	\$0	0.0	\$0
Nicholas Hawthorne	Consultant I	\$360	183.5	\$66,060	22.1	\$7,956	4.5	\$1,620	132.6	\$47,736	14.7	\$5,292	8.1	\$2,916	1.5	\$540
Sandesh Pereira	Associate II	\$335	0.1	\$34	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0	0.1	\$34
Samuel Dennis	Associate II	\$335	89.6	\$30,016	2.1	\$704	0.3	\$101	0.4	\$134	78.6	\$26,331	8.2	\$2,747	0.0	\$0
Samuel Dennis	Associate I	\$300	63.1	\$18,930	18.0	\$5,400	0.9	\$270	4.4	\$1,320	36.4	\$10,920	2.4	\$720	1.0	\$300
Matthew van der Vlugt	Associate I	\$300	108.2	\$32,460	5.1	\$1,530	42.1	\$12,630	1.0	\$300	17.9	\$5,370	36.7	\$11,010	5.4	\$1,620
Tobias Robinson	Associate I	\$300	98.7	\$29,610	2.1	\$630	27.5	\$8,250	1.5	\$450	2.3	\$690	57.3	\$17,190	8.0	\$2,400
Isabella Jansen	Associate I	\$300	198.5	\$59,550	5.0	\$1,500	0.0	\$0	0.0	\$0	193.5	\$58,050	0.0	\$0	0.0	\$0
Various	Treasury	\$290	77.5	\$22,475	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0	0.0	\$0	77.5	\$22,475
Sam Hull	Junior Associate	\$220	2.6	\$572	0.0	\$0	1.0	\$220	0.0	\$0	1.6	\$352	0.0	\$0	0.0	\$0
Various	Administration II	\$220	31.6	\$6,952	0.0	\$0	2.6	\$572	2.7	\$594	0.6	\$132	0.0	\$0	25.7	\$5,654
Various	Administration I	\$185	22.7	\$4,200	0.0	\$0	0.8	\$148	0.0	\$0	0.0	\$0	0.0	\$0	21.9	\$4,052
Total (ex GST)				\$1,366,456	193.3	\$108,042	318.00	\$160,498	217.80	\$98,669	1570.80	\$784,864	286.20	\$136,499	209.50	\$77,885
GST				\$136,646												
Total (Incl GST)				\$1,503,102												
Total hours					193.30		318.00		217.80		1570.80		286.20		209.50	

The below table sets out work performed by other professional services provided by the firm for the period 17 March 2022 to 15 May 2022:

Employee	Position	\$ /hour (excl GST)	Total actual hours	Total \$ (excl GST)	Non-Insolvency Services	
					Strategic Communications	
					hrs	\$
Stuart Carson	Managing Director	660	21.00	\$ 13,860.00	21.00	\$ 13,860.00
Lucy Wigney	Senior Consultant	435	1.50	\$ 652.50	1.50	\$ 652.50
Total (ex GST)				\$ 14,512.50		\$ 14,512.50
GST				\$ 1,451.25		
Total (Incl GST)				\$ 15,963.75		
Total hours			22.50		22.50	
Avg hourly rate (ex GST)				645		645

Schedule C – Resolutions

Voluntary Administrators' remuneration and disbursements

Resolution 1 – Remuneration from 17 March 2022 to 15 May 2022

"That the remuneration of the Voluntary Administrators of Evolution Traffic Management Pty Ltd (Administrators Appointed) ACN 638 495 691, their partners and staff, for the period 17 March 2022 to 15 May 2022, calculated at the hours spent at the rates detailed in the FTI Consulting Standard Rates (Corporate Finance & Restructuring Effective 1 July 2021), is approved for payment in the amount of \$1,380,968.50 (exclusive of GST), to be drawn from available funds immediately or as funds become available."

Resolution 2- Remuneration from 16 May 2022 to execution of DOCA or Liquidation

"That the future remuneration of the Voluntary Administrators of Evolution Traffic Management Pty Ltd (Administrators Appointed) ACN 638 495 691, for the period from 16 May 2022 to the execution of the DOCA, or Liquidation, is determined at a sum equal to the cost of time spent by the Voluntary Administrators and their partners and staff, calculated at the hourly rates as detailed in the FTI Consulting Standard Rates (Corporate Finance & Restructuring Effective 1 July 2021), up to a capped amount of \$490,000.00 (exclusive of GST), (exclusive of GST), and that the Voluntary Administrators can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."

Resolution 3- Disbursements from 17 March 2022 to 15 May 2022

"That the internal disbursements of the Voluntary Administrators of Evolution Traffic Management Pty Ltd (Administrators Appointed) ACN 638 495 691, their partners and staff, for the period 17 March 2022 to 15 May 2022, calculated at the ATO prescribed cents per kilometre rate for 2021 to 2022, are approved for payment in the amount of \$1,507.82 (exclusive of GST), to be drawn from available funds immediately or as funds become available."

Resolution 4- Disbursements from 16 May 2022 to execution of DOCA or Liquidation

"That the future internal disbursements of the Voluntary Administrators of Evolution Traffic Management Pty Ltd (Administrators Appointed) ACN 638 495 691, their partners and staff, for the period 16 May 2022 to the execution of the DOCA, or Liquidation, calculated at the ATO prescribed cents per kilometre rate for 2021 to 2022, are approved up to a capped amount of \$2,000.00 (exclusive of GST), and that the Voluntary Administrators can draw the disbursements from available funds as incurred or as funds become available."

Deed Administrators' remuneration and disbursements

Resolution 5- Remuneration from Execution of DOCA to Effectuation

"That the future remuneration of the Deed Administrators of Evolution Traffic Management Pty Ltd (Subject to DOCA) ACN 638 495 691, for the period from the execution of DOCA to effectuation of the DOCA, is determined at a sum equal to the cost of time spent by the Deed Administrators and their partners and staff, calculated at the hourly rates as detailed in the FTI Consulting Standard Rates (Corporate Finance & Restructuring Effective 1 July 2021), up to a capped amount of \$400,000.00 (exclusive of GST), and that the Deed Administrators can draw the remuneration from available funds as time is incurred on a monthly basis or as funds become available."

Resolution 6- Disbursements from Execution of DOCA to Effectuation

“That the future internal disbursements of the Deed Administrators of Evolution Traffic Management Pty Ltd (Subject to DOCA) ACN 638 495 691, their partners and staff, for the period from the execution of DOCA to effectuation of the DOCA, calculated at the ATO prescribed cents per kilometre rate for 2021 to 2022, are approved up to a capped amount of \$1,000.00 (exclusive of GST), and that the Deed Administrators can draw the disbursements from available funds as incurred or as funds become available.”

Schedule D – Disbursements

	Disbursements already incurred	Future disbursements to finalise Voluntary Administration	Future disbursements from the Execution of Deed of Company Arrangement to Effectuation
Period	17 March 2022 to 15 May 2022	16 May 2022 to finalisation of Voluntary Administration	Execution to effectuation of Deed of Company Arrangement
Total Amount \$ (excl GST)	\$1,507.82	\$2,000.00	\$1,000.00
Mileage	■ Mileage reimbursement calculated at 72 cents per kilometre in accordance with ATO prescribed rate for 2021 to 2022	■ Mileage reimbursement calculated at 72 cents per kilometre in accordance with ATO prescribed rate for 2021 to 2022	■ Mileage reimbursement calculated at 72 cents per kilometre in accordance with ATO prescribed rate for 2021 to 2022

Schedule E – FTI Consulting schedule of rates effective 1 July 2021

Typical classification	Standard Rates \$/hour	General guide to classifications
Senior Managing Director/Appointee	720	Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	660	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	580	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	530	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	480	Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	435	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	390	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	360	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	335	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Treasury	290	Typically, qualified accountant and/or bookkeeper working in a treasury function. Undertakes treasury activities and is skilled in all aspects of bookkeeping, funds handling, banking, payroll, tax compliance, accounts receivable and accounts payable.
Junior Associate	220	Undergraduate in the latter stage of their university degree.
Administration 2	220	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.
Administration 1	185	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.
Junior Accountant	180	Undergraduate in the early stage of their university degree.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review. The above standard rates also apply to work conducted by the Strategic Communications practice on this matter.

17. Appendix 8 – Draft DOCA proposal

21 May 2022

John Park
Kelly-Anne Trenfield
Joanne Dunn
Voluntary Administrators
C/ FTI Consulting
GPO Box 3127
Brisbane Qld 4001

To the Administrators,

**RE: EVOLUTION TRAFFIC MANAGEMENT PTY LTD
ACN: 638 495 691
(ADMINISTRATORS APPOINTED)**

PROPOSAL FOR A DEED OF COMPANY ARRANGEMENT

1. In this document, the following definitions apply unless the context requires otherwise:
 - (a) **Act** means Corporations Act 2001 (Cth).
 - (b) **Appointment Date** means 17 March 2022;
 - (c) **Claim** means all debts payable by and all claims against the Company (arising at law, in equity or under any statute, present or future, certain or contingent, ascertained or sounding only in damages), the circumstances giving rise to which occurred on or before the Appointment Date, including all actions, claims, suits, causes of action, arbitrations, debts, costs, demands, penalties or fines (as long as the conduct giving rise to the penalty or fine occurred on or before the Appointment Date, even if the decision imposing the penalty or fine occurred after the Appointment Date), verdicts and judgments at law, in equity or under any statute, whether certain or contingent, present or future, ascertained or sounding only in damages;
 - (d) **Class** means the classes of creditors as detailed at clause 9 of this proposal;
 - (e) **Company** means Evolution Traffic Management Pty Ltd ACN: 638 495 691 (Administrators Appointed);
 - (f) **Consortium** means a consortium of parties who propose to provide monies for contribution to the Deed Fund;
 - (g) **Deed** means a deed of company arrangement as proposed by EGH by this document;
 - (h) **Deed Administrators** means John Park, Joanne Dunn and Kelly-Anne Trenfield of FTI Consulting;
 - (i) **Deed Fund** has the meaning given to it in clause 8;

- (j) **Early Pay** means Cashflow Finance Australia Pty Ltd;
 - (k) **EGH** means Evolution Group Holdings Limited;
 - (l) **ETM** has the same meaning as Company;
 - (m) **GCI** means Global Credit Investments Pty Ltd ABN: 69 604 417 647
 - (n) **Priority Creditors** means the past and present employees of ETM; and
 - (o) **Voluntary Administrators** means John Park, Joanne Dunn and Kelly-Anne Trenfield of FTI Consulting in their capacity as voluntary administrators of the Company.
2. EGH proposes that the Company enter into a Deed. The objectives of the Deed are for the priority creditors of the Company to be paid in full, for the Company to thereafter continue to pay the entitlements (as that term is defined in section 596AA of the Act) of those employees, and for the ordinary unsecured creditors of the Company to receive a higher dividend than would be the case under liquidation, albeit that classes of creditors will receive different distributions.
 3. The parties to the Deed will be the Deed Administrators, EGH and the Company.
 4. All unsecured creditors of the Company with Claims against the Company as at the Appointment Date will be bound by the Deed.
 5. Whilst the DOCA is on foot, there will be a moratorium on unsecured creditors continuing with, commencing or taking any proceedings or actions against the Company in relation to their Claims.
 6. The Deed will not restrict or alter the rights, security and/or debts of any secured creditors of the Company, including without limitation any debts accruing after the approval and execution of the Deed (e.g. interest, costs or fees).
 7. Until Early Pay has been paid in full in relation to its secured finance facility provided to the Company, it will have a first ranking right to:
 - (a) all available cash at bank or on hand for the Company as at the execution date of the Deed which is the proceeds of collected invoices issued by the Company over which Early Pay has security, including any funds in NAB Bank Account BSB: 084-004, Acc No: 33-157-6303; and
 - (b) any receipts on or after the execution date of the Deed from payments of debts owing to the Company over which Early Pay has security.

8. Subject to Early Pay being paid in full in relation to its secured finance facility provided to the Company, the assets available to pay the fees, costs and liabilities of the Voluntary Administrators, Deed Administrators and all classes of unsecured creditors' Claims under the Deed (**Deed Fund**) will be as follows:
 - (i) Any debtors and unbilled work in progress of the Company outstanding immediately prior to the Appointment Date;
 - (ii) Any debtors and unbilled work in progress of the Company outstanding immediately prior to the execution of the Deed;
 - (iii) Any residual cash at bank or on hand for the Company at the execution date of the Deed;
 - (iv) A payment of \$1,025,500.00 within 3 business days of execution of the Deed by the Consortium; and
 - (v) If required (given clause 10(a) of this Deed), a further amount of no more than a further \$625,500 to be arranged by the Board of ETM.
9. Under the Deed, the creditors of ETM are to be designated by reference to the following classes:
 - (a) Priority Creditors (see Annexure "1" of this Proposal for a list of such creditors)
 - (b) Ongoing trade creditors (see Annexure "2" of this Proposal for a list of such creditors)
 - (c) Ordinary unsecured creditors (see Annexure "3" of this Proposal for a list of such creditors)
 - (d) Other ordinary unsecured creditors (see Annexure "4" of this Proposal for a list of such creditors)
10. Subject to Clause 11, under the Deed each Class of creditor will participate in the Deed Fund in the following manner
 - (a) Priority Creditors in the fund amount of \$625,500, estimated to be 100 cents in the dollar¹
 - (b) Ongoing trade creditors in the fund amount of \$160,000, estimated to be 50 cents in the dollar
 - (c) Ordinary unsecured creditors in the fund amount of \$120,000, estimated to be 20 cents in the dollar
 - (d) Other ordinary unsecured creditors in the fund amount of \$120,000, estimated to be 1 cents in the dollar

¹ For all entitlements as that term is defined in section 596AA (2) of the Act due and payable at the date of the Deed.

11. Any surplus in the Deed Fund after applying the proceeds in accordance with clause 10, and subject to all known employee claims being paid in full, are to be applied in the following order:
 - (a) First to remaining claims of other ordinary unsecured creditors (see Annexure "4" of this Proposal for a list of such creditors) on a pari-passu basis until such claims are paid in full and
 - (b) Secondly to remaining claims of ordinary unsecured creditors (see Annexure "3" of this Proposal for a list of such creditors) on a pari-passu basis until such claims are paid in full and
 - (c) Thirdly to remaining claims of ongoing trade creditors (see Annexure "2" of this Proposal for a list of such creditors) and
 - (d) Finally, any remaining surplus to EGH.
12. Upon execution of the Deed, ETM agrees to continue collecting debtors on behalf of the Company at no cost to expedite the collection process so as to ensure that the fees, costs and liabilities of the Voluntary Administrators and the Deed Administrators as well as unsecured creditors' Claims under the Deed are satisfied in accordance with the terms of his proposal.
13. Early Pay's rights to be repaid its secured finance facility provided to the Company (but not the Voluntary Administrators), will be limited to the funds set out in clause 7 and Early Pay will not seek to claim against the Deed Fund.
14. All intercompany and related party creditors will not seek to claim against the Deed Fund and agree to release all their claims against the Company upon execution of the Deed.
15. Participating creditors of the Company will be entitled to make a claim against the Deed, and in accordance with the Deed must accept their entitlement under the Deed in full satisfaction of their claims against the Company as at the Appointment Date.
16. The Deed will terminate if all participating creditors have been paid their entitlements under the Deed and the Deed Administrators have certified that the terms of the Deed have been fully effectuated.
17. Additional to any power of the Deed Administrators at law, if the Company is unable to comply with any of the fundamental provisions of the Deed, or the Deed Administrators form the view that the Company is unlikely to be able to comply with the terms of the Deed, including payment of monies due pursuant to the Deed, then the Deed Administrators are entitled to use their discretion to apply to a Court or convene a meeting of the Company's creditors at which creditors may resolve to:
 - (a) vary the Deed; or
 - (b) terminate the Deed and wind up the Company.
18. Control of ETM will revert to the directors upon execution of the Deed and the then deed administrators' role will be to monitor and ensure compliance with the Deed – although the (then) Deed Administrators will be entitled to full access to the accounts and accounts staff so as to monitor recovery of debtors incurred or generated during the period of administration.

19. Any other term which is necessary to give effect to the above proposal that is agreed to by the parties to the Deed.
20. Although not a term of the Deed, the Board of EGH discloses that should the creditors vote in favour of the Deed then:
- (a) The Consortium will provide further working capital to ETM in the amount of up to \$4,000,000 (**Working Capital Loan**) as needed;
 - (b) Subject to further negotiations with Noteholders, EGH may be placed into administration;
 - (i) Thereafter, the Board of EGH will propose a deed of company arrangement in EGH by which:
 - (ii) Global Credit Investments, who it is proposed will acquire the EGH Group debt (including that of ETM) from National Australia Bank will, subject to Court and ASIC approval, become a 100% shareholder of EGH; and
 - (iii) Thereafter, the Working Capital Loan and the amount to be provided to the Deed Fund by the Consortium pursuant to clause 8 (iv) of this proposal will be converted into 70% equity in EGH such that GCI will then hold only 30% of the equity in EGH.

Signed:

A handwritten signature in black ink, appearing to read 'K Daly', is written over a horizontal line.

Kerry Daly
Director

Evolution Group Holdings Ltd
PO Box 432 Northgate 4013

Annexure 1	
Employee Entitlements	Debt (\$)
Wages	4,469.78
Superannuation	545,552.32
Annual Leave	75,325.43
	625,347.53

Annexure 2	
Ongoing Trade Creditors	Debt (\$)
PREMAIR SERVICES P/L	188,253.23
CALTEX AUSTRALIA PETROLEUM P/L	0.00
AEROMETREX LTD	6,966.68
QUEENSLAND MOTORWAYS MNGMT P/L	57,617.61
BURSON AUTOMOTIVE P/L	16,272.41
MOUNT COOLON HOTEL	10,688.00
ESENDEX AUSTRALIA P/L	0.00
MANSTAT P/L	7,700.00
GAF TRAFFIC	6,380.00
CLASSIC HIRE	14,698.56
QUEENSLAND POLICE SERVICE	4,728.71
SCI FLEET MOTORS PTY LTD	5,393.73
PARKSIDE MOTEL	2,952.00
THE READY TOWING GROUP	3,087.74
Local Government Procurement	3,419.03
Napa Virginia	3,116.12
Big Wheels Truck Alignment	2,929.30
Grs Towing	2,155.25
Dane Auto Electrical P/L	1,643.10
Ior Petroleum P/L	1,409.63
National Truck Repairs & Towing	1,082.95
Mctrucks Pty Ltd Midcoast	992.42
Herbert Valley Motel	660.00
Os1 Onsite Auto Electrical	632.50
Drive Accident Solutions	462.00
Bunnings Group Limited	365.83
Tdda (Qld Drug Detection)	250.25
Clermont Caravan Park	220.00
J1-Led Enterprises P/L	208.12
Julia Creek Motel	198.00
Julia Creek Villas	198.00
Sunflower Motel	190.00
Southeast Fasteners	130.02
Napa Beresfield	63.95
Colosseum Creek Motel	855.00
	345,920.14

Annexure 3	
Trade Creditors	Debt (\$)
TDS PROPERTY GROUP	140.22
INDUSTRIAL ZONE REAL ESTATE	163,178.62
UP HIRE PTY LTD	70,623.93
GPC Asia Pacific	69,701.49
BETTA HIRE	21,356.50
Coates Hire Operations Pty Limited	15,051.53
Ivanhoe Nominees Pty Ltd	13,949.70
EUREKA MANGEMENT PTY LTD	20,605.12
The Trustee for the Adaptive Trust T/As	8,123.61
MLV REAL ESTATE REBA	14,794.19

Am Richmond Superannuation	8,684.27
Jc Superannuation Fund	10,170.85
ARROWES ROADING SAFETY	6,428.40
NORTH COAST COMMERCIAL PROP	11,090.80
ACCUMAX GLOBAL PTY LTD	4,814.92
KENNARDS HIRE P/L	2,577.00
SUPERCARE CLEANING PTY LTD	2,509.60
FUJIFILM BUSIN INNOV	4,136.34
G & L KENNY SUPERANNUATION	3,785.83
NEW ENGLAND INSTRUMENT CO	3,740.00
CROTHERS AND HARTMANN PTY LTD	3,907.00
SEEK LIMITED	3,633.47
CREDITOR WATCH	3,499.66
EPROPERTY CONSULTANTS	6,893.34
ENTIRE WORKWEAR	3,362.18
OSBORNE MOTOR BODIES	3,190.00
DYNA GROUP PTY LTD	3,026.85
STEPPE P/L (LOVE FAMILY	2,882.66
ROYAN TRUCK & TRAILER REPAIRS	2,674.70
FMG SUPERANNUATION P/L	2,647.97
TYRES 4U P/L	1,432.20
NEXT BUSINESS ENERGY	4,125.43
STEVE MUDGE AUTO ELECTRICS	2,872.06
AGL SALES (AC 1194 6506)	2,027.00
ALLCOTT HIRE	4,956.21
Twin Cities Auto Electrical	5,445.00
Ultra Tune Toowoomba West	3,948.44
Tyre And Auto T/As Mycar	3,351.71
Platinum Traffic Services	2,695.87
Automotive Assistance Services	2,537.50
Queensland Signs	2,508.00
Class 1 Auto Electrics	1,936.55
Banana Hotel Motel	1,740.00
Innov8 Equipment Pty Ltd	1,731.40
Fitzroy Towing And Transport	1,585.10
Auto One Chipping Norton	1,517.90
Your Finance Dept	1,320.00
Dept Of Transport & Main Roads	1,258.59
Assure Programs	1,254.00
Wormald Fire (Mackay)	1,216.64
Summit Software P/L	1,155.00
Mail Plus Eagle Farm	1,134.62
Corporate Supply Solutions	986.70
Southside Truck Centre	904.18
Trans-Plant Training Pty Ltd	900.00
Flaming North Fire Protection	836.00
City Vehicle Services	660.00
Swift Office Solutions Pty Ltd	598.00
National Central Mechanical	525.00
Direct Distribution	492.80
Local Buypty Ltd	424.82
Plan A Glass And Aluminium	420.00
Employee Reimbursements	351.22
Domain Name Services	249.00
Australia Post	205.00
Tnt Express Australia	156.60
Hortons Auto Electrical	151.25
Sapio Pty Ltd	114.81
Uniting Care Community	96.00
Mccanns Airconditioning Serv	90.75

Motive Mechanical	86.20
Ergon Energy	49.44
Western Aust Local Gov Assoc	26.06
	\$551,253.80

Annexure 4	
Trade Creditors	Debt (\$)
AUSTRALIAN TAXATION OFFICE	10,486,433.77
OFFICE OF STATE REVENUE - NSW	509,380.59
TELSTRA	275,321.15
Workers Compensation Nominal Insurer (Insurance & Care NSW)	651,029.47
BRISBANE CITY COUNCIL	3,892.70
WORKCOVER QUEENSLAND	46,075.80
PITNEY BOWES AUSTRALIA	16,475.94
MOTORPASS	21,485.07
IRON MOUNTAIN AUSTRALIA GROUP	11,256.28
OLYMPIC FIRE SERVICES	6,521.74
CITY CAR RENTALS	4,563.90
ABC TOWING SERVICES PTY LTD	990.00
CITY OF IPSWICH	0.00
RAINE&HORNE TOOWOOMBA	3,208.33
JUNGHEINRICH AUSTRALIA PTY LTD	2,668.66
RENAE LEA & SHANNON DALE WALSH	2,200.00
Office Of State Revenue - WA	14,708.83
Recoveries Corporation	9,216.90
Perfect One Services Pty Ltd	4,148.82
Appliance Tagging Services P/L	3,304.24
Fresh & Clean (Meadowbrook)	2,607.30
Initial Hygiene	2,375.20
Novus Autoglass	2,223.60
Newcastle Commercial Vehicles	1,648.28
Jaybro	1,047.90
Goldstar Smash Repairs	758.89
Neverfail S/Water	751.35
Arbor Training & Consulting	550.00
S&J Australian Scrap Tyre Disp	408.35
Nerang Auto Electrical Engineers	348.37
Cure-All Pest Control P/L	340.00
Nomak Windscreens & Autoglass	320.00
Sydney Water	317.78
Eco Test And Tag	314.22
Jacky Auto Glass Pty Ltd	308.00
The Windscreen Man	265.00
Raymond Terrace Radiator Serv	250.00
Cleanaway	239.22
Flick Anticimex Pty Ltd	220.00
Bundy Windscreens	200.00
Superior Pest Management	165.00
Wash Depot (Tamburlaine)	69.00
	\$12,088,609.65

18. Appendix 9 – Receipts and Payments

Receipts and payments for the period 17 March 2022 to 15 May 2022.

Receipts	(\$)
Trading receipts	3,324,254.27
Wages & salaries: Salary sacrifice	3,866.53
Workcover claims	33,659.91
Accounts receivable (Pre-appointment)	1,728,248.75
Cash at bank (NAB)	13,323.03
GST control: GST Paid (Received)	4,275.00
Refund of pre-appointment expenses	3,822.67
Total receipts	5,111,450.16
Payments	(\$)
Advertising	(8,448.45)
Allowances	(581,074.89)
Bank charges	(81.84)
Cleaning	(3,612.72)
Consultant expenses	(99,117.48)
Equipment hire	(844.12)
General office supplies	(267.90)
Hire & leasing	(121,510.08)
Insurance expense	(266,082.57)
Long service leave levy	(985.04)
Motor vehicle expenses, fuel & oil	(280,824.53)
Narcotic testing services	(977.90)
PAYG control (Trading)	346,083.00
Payroll tax	(157,079.99)
Rent, rates and property outgoings	(331,421.60)
Repairs & maintenance	(371.00)
Shared corporate function contribution	(340,789.59)
Software programs & subscriptions	(35,520.22)
Staff training & accommodation expenses	(41,093.19)
Superannuation	(119,635.93)
Utilities, telephone & fax	(113,160.54)
Tolls & permits	(77,291.31)
Trade consumables expense	(34,729.69)
Wages & salaries	(6,206,704.14)
Appointee disbursements	(24,298.87)
Earlypay expenses	(35,629.63)
Garnishee payments	(3,198.77)
Payroll deductions withheld	5,140.49
Total payments	(8,533,528.50)
Net receipts	(3,422,078.34)
Comprised of	
Cash at bank at 15 May 2022	1,544,239.49
Debt owed to Earlypay at 15 May 2022	(4,966,317.83)