22 JANUARY 2021

REMUNERATION APPROVAL REPORT

EZYROL TRADING PTY LTD (IN LIQUIDATION)
ACN 165 223 932 ("COMPANY")

EXPERTS WITH IMPACT™

Introduction

Information included in report

This remuneration approval report provides you with the information that the Corporations Act 2001 ("**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 liquidation of Ezyrol Trading Pty Ltd (In Liquidation) ACN 165 223 932 ("the **Company**"). This report has the following information included:

Part 1: Declaration

We have undertaken a proper assessment of the claim for remuneration as detailed in this report arising from our appointment as joint and several Liquidators of Ezyrol Trading Pty Ltd (In Liquidation) ACN 165 223 932 in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment.

Part 2: Executive Summary

Remuneration

We estimate the total remuneration for this appointment for the Liquidation to 30 June 2021 to be $873,000 plus GST.

The previous remuneration report dated 15 August 2019 sought fee approval for the Liquidation of $789,378.69 plus GST which was approved. Since the fee approval was obtained and drawn, a further $8,794.70 plus GST has been incurred to 15 January 2021.

Approval for interim remuneration of $75,000.00 for the period 14 January 2021 to 30 June 2021 is being, which is an estimate of the work necessary to progress the administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to that lesser amount. Creditors are advised that we may seek fee approval for remuneration post 1 July 2021 at a later date.

Remuneration claimed and previously approved is summarised below in the tables below:

Remuneration for which approval is sought		
Period	**Report Reference**	**Amount (excl. GST)**
Resolution 1: 12 January 2021 to 15 January 2021 (inclusive)	Part 3	$8,794.70
Resolution 2: 16 January 2021 to 30 June 2021 (inclusive)	Part 3	$75,000.00
Estimated Total Liquidation Remuneration		**$83,794.70**

The following remuneration has previously been approved by creditors and paid to date:

Remuneration previously approved and paid	
Provisional Liquidation Period	
28 November 2018 to 14 May 2019 (inclusive)	$531,400.95
Total Provisional Liquidation Period	**$531,400.95**
Liquidation Period	
15 May 2019 to 2 August 2019 (inclusive)	$47,977.74
3 August 2019 to 12 January 2021	$210,000.00
Total Liquidation	**$257,977.74**
Total Remuneration	**$789,378.69**

Disbursements

Internal disbursements which were not charged at cost currently claimed are summarised in the below tables:

Disbursements for which approval is sought		
Period	**Report Reference**	**Amount (excl. GST)**
Resolution 3: 7 August 2019 to 19 November 2020 (inclusive)	Part 4	$20,358.61
Resolution 4: 20 November 2020 to 30 June 2021 (inclusive)	Part 4	$30,000.00
Estimated Total Liquidation Remuneration		**$50,358.61**

Please refer to Part 4 for full details of the calculation and composition of the remuneration and internal disbursements approval sought.

Part 3: Remuneration

Remuneration claim resolutions

We will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are shown immediately below the resolutions and in the schedules to this report.

Resolution 1: Remuneration from 12 January 2021 to 15 January 2021 (inclusive)

> That the remuneration of the Liquidators of Ezyrol Trading Pty Ltd (In Liquidation) ACN 165 223 932 and their staff for the period 12 January 2021 to 15 January 2021 (inclusive) is approved for payment in the sum of $8,794.70 plus GST and that the Liquidators can draw the remuneration immediately or as required. Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates dated 1 April 2020.

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Standard Rates of 1 April 2020 which appear at Schedules 3 to this report.

Resolution 2: Remuneration from 16 January 2021 to 30 June 2021

> That the interim future remuneration of the Liquidators of Ezyrol Trading Pty Ltd (In Liquidation) ACN 165 223 932 and their staff for the period from 16 January 2021 to 30 June 2021 (inclusive) of the liquidation (subject to any further approval) is approved at an initial sum equal to the cost of time spent in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates dated 1 April 2020, up to $75,000.00 plus GST and that the Liquidators can draw the remuneration as required.

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Standard Rates of 1 April 2020 which appear at Schedule 3 to this report.

At this stage, based on the information presently available to us, we consider that it may be necessary to convene a further meeting of creditors to seek approval of further information from creditors at a later date.

Details to support resolutions

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedule 1 of this report.

Resolution 1: Remuneration from 12 January 2021 to 15 January 2021 (inclusive)

The below tables set out time charged to each major task area by staff members working on the liquidation for the period 12 January 2021 to 15 January 2021 (inclusive) which is the basis of the remuneration claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule 1.

Calculation of remuneration from 12 January 2021 to 15 January 2021

Appointor/Position	Rate p/hr ($) (excl. GST)	Hours	Total ($) (excl. GST)	Creditors		Investigations		Statutory	
				Hours	($)	Hours	($)	Hours	($)
Ross Blakeley, Liquidator	720.00	0.2	144.00	0.0	0.00	0.2	144.00	0.0	0.00
Senior Director	580.00	4.3	2,494.00	0.9	522.00	3.3	1,914.00	0.1	58.00
Senior Consultant II	470.00	13.1	6,138.20	11.8	5,522.50	0.7	333.70	0.6	282.00
Administration I	185.00	0.1	18.50	0.0	0.00	0.0	0.00	0.1	18.50
Total		**17.7**	**8,794.70**	**12.7**	**6,044.50**	**4.2**	**2,391.70**	**0.8**	**358.50**
GST			879.47		604.45		239.17		35.85
Total (Including GST)			**9,674.17**	**12.7**	**6,648.95**	**4.2**	**2,630.87**	**0.8**	**394.35**

Resolution 2: Remuneration from 16 January 2021 to 30 June 2021 (Inclusive)

Schedule 2 sets out the expected costs for the major tasks likely to be performed by the Liquidators and their staff for the period 16 January 2021 to 30 June 2021 (inclusive) which is the basis of the remuneration claim.

Total remuneration reconciliation

After taking account of the current approvals sought, the total remuneration for this liquidation will approximate $873,000 plus GST to 30 June 2021. Due to the complex nature of the liquidation, further fee resolutions are likely to be sought from creditors.

This is higher than the estimate of costs provided in our previous remuneration approval report of 15 August 2019, which estimated a cost of the Liquidation of $789,378.69 plus GST, as those resolutions were interim and it was anticipated further fee approvals (such as these) would be necessary.

Further investigations are anticipated into the affairs of the Company including which include, but are not limited to, the following:

1. Progressing action in connection with the Fiduciary Breach Proceedings;
2. Possible public examinations of key directors and officers; and
3. Conducting further investigations in relation to substantial payments authorized by the Company’s current and former directors..

This remuneration approval report represents our best estimate of the level of fees and expenses that will be incurred until 30 June 2021. As noted above, we anticipate that we will seek approval from creditors fur further remuneration in due course. Should this be necessary, we will report to creditors accordingly, including preparation of a similar report to this.

Likely impact on dividends

The Act sets the order for payment of claims against the company and it provides for remuneration of the Liquidators to be paid in priority to certain of those claims. This ensures that when there are sufficient funds, the Liquidators receives payment for the work done to recover assets, investigate the Company’s affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

In the event that the Liquidators do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt. This formalises your claim in the Liquidation and is used to determine all claims against the Company

Given the complex nature of the liquidation returns to any class of creditors remain unknown at this stage.

Part 4: Disbursements

Explanatory note on disbursements

Disbursements are divided into three types:

- **Externally provided professional services** - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.

- **Externally provided non-professional costs** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.

- **Internal disbursements** such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

Creditor approval is not required for payment of internal disbursements which have been charged at cost. Internal disbursements <u>not</u> charged at cost, however, must be approved by creditors before we can draw the cost of those disbursements from this external administration. Approval from creditors for FTI-generated internal disbursements for FTI Consulting's Technology Department online hosting fees for the Company records and FTI Consulting's Strategic Communications Department, which were not charged at cost, for the period 7 August 2020 to 19 November 2020 is now being sought. For all other internal disbursements which have not been charged at cost, we have chosen not to charge the external administration for these disbursements.

Creditor approval is not required in relation to externally provided professional and non-professional costs or disbursements charged at cost. Where payments to third parties have been made from the bank account of the external administration, those payments are disclosed in the summary of receipts and payments. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court.

A summary of FTI Consulting's Disbursement Rates is outlined below.

The following disbursements have been incurred and remain outstanding up until 19 November 2020:

Disbursements from 7 August 2020 to 19 November 2020	
Type	**Amount ($) (excl. GST)**
External Professional Fees	**Nil**
External Non-Professional Fees	**Nil**
Internal Non-Professional Fees	
Strategic Communications	1,955.00
Online Hosting Fees - Record Storage	18,403.61
	20,358.61
Total Disbursements (Excluding GST)	**20,358.61**

We will be seeking approval of the following resolutions with respect to our internal disbursements (which were not charged at cost) incurred and expected to be incurred in the period 20 November 2020 to 30 June 2021. Details to support these resolutions are shown immediately below the resolutions and in the schedules to this report.

Resolution 3: Internal disbursements from 7 August 2019 to 19 November 2020 (inclusive)

> The cost of the internal disbursements of the Liquidators of Ezyrol Trading Pty Ltd (In Liquidation) ACN 165 223 932 for the period 7 August 2019 to 19 November 2020 (inclusive) be calculated at the rates set out in the Schedule of FTI Consulting Internal Disbursement Rates and is determined and approved for payment in the amount of $20,358.61 plus GST and the Liquidators can draw the cost of those internal disbursements.

Resolution 4: Internal disbursements from 20 November 2019 to 30 June 2021 (inclusive)

> The cost of the internal disbursements of the Liquidators of Ezyrol Trading Pty Ltd (In Liquidation) ACN 165 223 932 for the period 20 November 2019 to 30 June 2021 (inclusive) be calculated at the rates set out in the Schedule of FTI Consulting Internal Disbursement Rates and is determined and approved for payment in the amount of $30,000.00 plus GST and the Liquidators can draw the cost of those internal disbursements.

Future basis of disbursements

Future disbursements will be charged to the administration on the basis shown in the Schedule FTI Consulting's Disbursement Rates as shown in the table below.

Schedule of FTI Consulting Disbursement Rates

Disbursement type	Charge Type	Charge Rate (excl GST)
Advertising	External, non-professional	At cost
ASIC Industry Funding Levy – registered liquidator metric events	External, non-professional	At cost (at prescribed ASIC rates)
Couriers and deliveries	External, non-professional	At cost
Data Room Charges	External, professional	At cost
Facsimile	Internal (FTI)	Not charged
Legal Fees	External, professional	At cost
Online Record Hostage	Internal (FTI)	At cost
Technology consulting	Internal (FTI)	Time and costs
Strategic Communications	Internal (FTI)	Time and costs
Postage	External, non-professional	At cost
Photocopying – internal	Internal (FTI)	Not charged
Photocopying – outsourced	External, non-professional	At cost
Printing – internal	Internal (FTI)	Not charged
Printing – outsourced	External, non-professional	At cost
Records costs – storage, destruction, boxes	External, non-professional	At cost
Search fees	External, non-professional	At cost
Staff motor vehicle use – mileage	Cents per km	At prescribed ATO rates
Staff travel – accommodation, meals etc	External, non-professional	At cost
Stationery and other incidental disbursements	External, non-professional	At cost
Telephone	Internal (FTI)	Not charged
Valuation Fees	External, professional	At cost
Other externally provided professional services		At cost
Other externally provided non-professional services		At cost

Part 5: Summary of Receipts and Payments

A summary of receipts and payments as at 14 January 2021 is provided below:

Summary of Receipts and Payments 1 August 2019 to 14 January 2021	
Cash at Bank as at 1 August 2019	**2,249,019**
Receipts	
GST Refunds	108,657
Interest Income	22,994
Total Receipts	**131,651**
Payments	
Bank Charges	(1,532)
Insurance	(3,639)
Legal Fees (inc GST)	(408,446)
Liquidators' Disbursements (inc GST)	(64,968)
Liquidators' Fees (inc GST)	(868,317)
PAYG Withholding	(14,872)
Total Payments	**(1,346,902)**
Cash at Bank as at 14 January 2021	**1,033,768**

If any large or exceptional receipts and payments are received or made after this report is prepared but before the meeting at which this claim for remuneration will be considered, additional information will be provided at the meeting.

Part 6: Queries

If you have any queries or require any further information concerning our claim for remuneration please contact James Mazzone on (03) 9604 0626 or via email on james.mazzone@fticonsulting.com.

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 “insolvency information sheets”).

Yours faithfully
Ezyrol Trading Pty Ltd
(In Liquidation)

Ross Blakeley
Liquidator

Schedule 1: Table of major tasks for resolution of Liquidator remuneration approval

The below table provides a description of the work undertaken in each major task area for the period 12 January 2021 to 15 January 2021 (inclusive).

<table>
<tr><th colspan="6">Resolution 1 for work completed from 12 January 2021 to 15 January 2021 (inclusive)</th></tr>
<tr><td>Company</td><td>Ezyrol Trading Pty Ltd
(In Liquidation)
ACN 165 223 932</td><td>From</td><td>12 January 2021</td><td>To</td><td>15 January 2021</td></tr>
<tr><td>Practitioner</td><td>Ross Blakeley and Joseph Hansell</td><td>Firm</td><td colspan="3">FTI Consulting</td></tr>
<tr><td colspan="2">Administration Type</td><td colspan="4">Liquidation</td></tr>
<tr><td>Task Area</td><td>General Description</td><td colspan="4">Includes</td></tr>
<tr><td>Creditors
12.7 hours
$6,044.50</td><td>Creditor reports</td><td colspan="4">▪ Preparing Reports to Creditors; and
▪ Preparing Remuneration Notice.</td></tr>
<tr><td rowspan="2">Investigation
4.2 hours
$2,391.70</td><td>Victorian Petfoods Processors</td><td colspan="4">▪ Tasks associated with monitoring compliance with Deed.</td></tr>
<tr><td>Unfair Preference Transactions</td><td colspan="4">▪ Preparation of unfair preference file note.</td></tr>
<tr><td rowspan="2">Administration
0.8 hours
$358.50</td><td>Billing</td><td colspan="4">▪ Preparing billing.</td></tr>
<tr><td>ATO lodgements</td><td colspan="4">▪ Preparation and submission of BAS.</td></tr>
</table>

Schedule 2: Table of major tasks for resolution of Liquidator remuneration approval

The below table provides a description of the work undertaken in each major task area for the period 16 January 2021 to 30 June 2021.

<table>
<tr><th colspan="6">Resolution 2 for work completed from 16 January 2021 to 30 June 2021 (inclusive)</th></tr>
<tr><td>Company</td><td>Ezyrol Trading Pty Ltd
(In Liquidation)
ACN 165 223 932</td><td>From</td><td>16 January 2021</td><td>To</td><td>30 June 2021</td></tr>
<tr><td>Practitioner</td><td>Ross Blakeley and Joseph Hansell</td><td>Firm</td><td colspan="3">FTI Consulting</td></tr>
<tr><td colspan="2">Administration Type</td><td colspan="4">Liquidation</td></tr>
<tr><td>Task Area</td><td>General Description</td><td colspan="4">Includes</td></tr>
<tr><td rowspan="4">Creditors
20 hours
$10,000.00</td><td>Creditor reports</td><td colspan="4">▪ Preparing Reports to Creditors;
▪ Preparing Remuneration Notice; and
▪ Forwarding Reports to Creditors.</td></tr>
<tr><td>Creditor Enquiries, Requests & Directions</td><td colspan="4">▪ Receive and respond to creditor enquiries;
▪ Maintaining creditor request log; and
▪ Compiling information requested by creditors.</td></tr>
<tr><td>Dealing with proofs of debt</td><td colspan="4">▪ Receipting and filing POD; and
▪ Reviewing and assessing POD claims.</td></tr>
<tr><td>Meeting of Creditors</td><td colspan="4">▪ Preparation of meeting notices, proxies and advertisements;
▪ Forward notice of meeting to all known creditors;
▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting;
▪ Preparation and lodgement of minutes of meetings with ASIC; and
▪ Responding to stakeholder queries and questions immediately following meeting.</td></tr>
<tr><td>Assets
5 hours
$2,500.00</td><td>Victorian Petfoods Processors</td><td colspan="4">▪ Tasks associated with monitoring compliance with Deed.</td></tr>
<tr><td>Investigation
115 hours
$57,500.00</td><td>Fiduciary Breaches Proceedings</td><td colspan="4">▪ Reviewing company's books and records;
▪ Review of connection with related parties;
▪ Conducting searches;
▪ Reviewing and summarising subpoena material and other documentation;
▪ Review of specific transactions and liaising with the Australian Taxation Office and solicitors regarding certain transactions;
▪ Internal meetings to discuss and assess claims;
▪ Preparation of investigation file;
▪ Respond to any tasks associated with the proceedings; and
▪ Tasks associated with prosecuting any claims as necessary.</td></tr>
</table>

	Potential Antecedent Transaction Recoveries	▪ Analysing transactions warranting further investigations; ▪ Reviewing the Company's records regarding potential claims; ▪ Internal meetings to discuss and assess claims; ▪ Liaising with and preparing brief to solicitors regarding transactions; ▪ Tasks associated with prosecuting any claims as necessary.
	Equitable Interest in Property	▪ Conducting and summarising statutory searches including Land Titles Office and ASIC; ▪ Reviewing and summarising subpoena material and other documentation; ▪ Assessing available equity; ▪ Internal meetings to discuss and assess claims; ▪ Liaising with and preparing brief to solicitors regarding potential claims including lodging caveats; ▪ Liaising with valuers, agents and strata agents; and ▪ Attending to tasks associated to realising property including attendance at auction.
	ASIC reporting	▪ Preparing supplementary report to ASIC; ▪ Communications with ASIC concerning investigations.
Administration 10 hours $5,000.00	Correspondence	▪ Receiving, reviewing and preparing general correspondence; ▪ Word processing including correspondence, file notes, agendas and minutes; and ▪ Care and maintenance of the file.
	Document maintenance/file review/checklist	▪ Administration review; ▪ Filing of documents; ▪ File reviews; and ▪ Updating checklists.
	ASIC Lodgements	▪ Bank account reconciliations; ▪ Procuring and reviewing bank account statements; and ▪ Communications concerning bank account transactions.
	Bank accounts	▪ Preparation and lodging necessary forms with ASIC; and ▪ General communications with ASIC.
	ATO lodgements	▪ Preparation and submission of BAS.
	Planning / Review	▪ Discussions regarding status of administration.
	Books and records / storage	▪ Dealing with records.

Schedule 3: FTI Consulting Rates effective 1 April 2020

FTI Consulting CF&R Standard Rates effective 1 April 2020 (excluding GST)		
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	520	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	470	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	430	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.
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.
Junior Accountant	170	Undergraduate in the early stage of their university degree.
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.