

15 March 2019

**ROBAYNE PTY LTD ACN 150 673 475 (ADMINISTRATORS APPOINTED)  
("THE COMPANY")**

**CIRCULAR TO CREDITORS**

I refer to the appointment of Daniel Woodhouse and I, Ian Francis, as Joint and Several Administrators of the Company on 23 January 2019.

**SECOND MEETING OF CREDITORS**

The Administrators are required under the law to convene a second meeting of creditors, at which creditors will vote on the future of the Company.

I advise that the second meeting of creditors of the Company will be held on **Monday, 25 March 2019 at 10am WST** at the Theatrette, Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000.

Please find enclosed the following documents:

1. Administrators' Report pursuant to section 75-225 of the *Insolvency Practice Rules (Corporations) 2016*;
2. Administrators' Remuneration Approval Report;
3. Notice of Second Meeting of Creditors;
4. Appointment of Proxy Form; and
5. Formal Proof of Debt or Claim Form.

Should you have any queries in relation to the second meeting of creditors, the enclosed documents or the voluntary administration generally, please contact Thomas Beek of this office.



**Ian Francis**  
**Joint and Several Administrator**

**FTI Consulting (Australia) Pty Limited**

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## DETAILS AND NOTICES FOR THE SECOND MEETING OF CREDITORS

- **Notice of the Second Meeting of Creditors of Company under Administration**

The agenda for the meeting is set out in the attached notice. Please arrive at the meeting venue at least 15 – 30 minutes before the scheduled commencement time in order to sign-in.

Telephone facilities are available for those creditors wishing to attend by telephone. Please find the following teleconference details:

If you are calling from Australia, please dial in using the following number:

**Australia (toll free): 1800 804 723**

You will then be asked to enter a password, which is as follows:

**Guest Password: 751 154 1864**

If you are planning to attend by telephone, I request that you contact Thomas Beeck to advise.

If you wish to attend by telephone and you reside outside of Australia, please contact Thomas Beeck no later than 4pm, Friday 22 March 2019 so that the necessary arrangements can be made.

- **Appointment of Proxy Form**

This form should be completed if you intend to appoint another person to act on your behalf at the meeting, or if you are a corporate creditor.

- **Formal Proof of Debt or Claim Form**

This form allows you to tell us what you are owed by the Company. You must send us a completed form if you wish to vote for the value of your debt at the meeting.

**Return to:**

Email: [Thomas.beeck@fticonsulting.com](mailto:Thomas.beeck@fticonsulting.com)

Post: PO Box Z5486 St Georges Tce, PERTH WA 6831

Facsimile: (08) 9321 8544



Robayne Pty Ltd  
(Administrators Appointed) ACN 150 673 475



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

15 March 2019

# About this report: a guide for creditors

## Voluntary administrators:

Ian Charles Francis and Daniel Hillston Woodhouse

## Contacts for general queries about this report:

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## Purpose of this report

- The Administrators are required to prepare this report under the *Corporations Act 2001*. We are required to provide creditors with information about the Company's business, property, affairs and financial circumstances.
- This report and its attachments contain details about the forthcoming second meeting of creditors to be held on **Monday, 25 March 2019** 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 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 days to allow more time to make their decision.

## Information included

- 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.
- The *Table of Contents* on the following page lists the sections of this report. A glossary and certain other information, including details about our claim for remuneration, is included in appendices.

## Key messages and recommendations

- Pages 4 to 7 summarises the items considered to be the most important for creditors, and includes our recommendation to creditors.

## Details and forms for the forthcoming creditors' meeting

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

## Questions and help

- Please contact us if you are unsure about any of the matters raised in this report and the impact that any decision about the Company's future may have on you.



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# 1. Key Messages and Recommendations

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

Key areas	Commentary	Analysis
<b>Background</b>	<p>The Company offers and distributes an extensive range of top line coatings and graphical product solutions and brands for:</p> <ul style="list-style-type: none"> <li>▪ Automotive;</li> <li>▪ Industrial and Commercial Graphics; and</li> <li>▪ Equipment.</li> </ul> <p>In the last 2-3 years, the Company expanded its operations with the acquisition of trading centres on the East Coast, Orange, Dubbo, Grafton (closed), and Tamworth in 2017 followed by Wodonga in 2018.</p> <p>At the date of appointment of Administrators, the business continued to operate from 13 strategic locations, employed 80 full time staff, traded with 50 plus suppliers, and sold over 6,000 product lines to an extensive customer base of between 2,000 and 3,000 generating approximately \$3m in monthly turnover.</p>	<b>Section 2</b>
<b>Explanations for the Company's difficulties</b>	<p>The Administrators have identified the following key issues leading to the Company's failure:</p> <ul style="list-style-type: none"> <li>▪ too highly geared, the Company undertook an expansion of its footprint which was funded by debt and vendor finance terms;</li> <li>▪ all profits earned by the business since 2013 were not retained, but distributed by the payment of a dividend to its shareholder, Lucich.</li> <li>▪ paid too much for some and potentially all the businesses it acquired on the East Coast and funded same with a combination of deferred terms (vendor finance) and bank funding;</li> <li>▪ at times poor execution on integration of purchased businesses including ongoing issues with the new ERP system, Epicor; and</li> <li>▪ withdrawal of support by a major supplier which decided to supply its product directly to its own customers, which included Robayne customers.</li> </ul>	<b>Section 2</b>
<b>Historical Financials</b>	<p>The Company was historically profitable. The Company's financial performance declined due to higher borrowing costs, reduced margins and higher fixed costs. The Company experienced a decline in its working capital position of \$757k approximately in the 18 month period, 1 July 2017 to 31 December 2018 (refer <b>Section 3.3</b>).</p>	<b>Section 3</b>

# 1. Key Messages and Recommendations

Key areas	Commentary	Analysis
<b>Administrators' actions and strategy</b>	<p>The Administrators have continued to trade the Company's business whilst an urgent sale of business and / or recapitalisation was pursued, together with a potential for a DOCA. The Administrators have:</p> <ul style="list-style-type: none"> <li>▪ undertaken an urgent review of the Company's operations to stabilise the business and assess its available options;</li> <li>▪ taken control of the Company's business and put necessary controls in place to continue trading;</li> <li>▪ conducted a sale process to sell the business as a going concern (<b>Section 5</b>);</li> <li>▪ held discussions with the Director for a potential DOCA/restructure with the Director (<b>Sections 5 and 8</b>).</li> </ul> <p>The Administrators on 12 March 2019 entered into a contract for sale of the business as a going concern with a non related entity, Robayne Industrial Supplies Pty Ltd. A full accounting of the sale will follow shortly. Settlement is expected to occur by close of business 15 March 2019.</p>	<b>Section 5</b>
<b>Estimated date of insolvency</b>	<p>The Administrators' preliminary view is that the Company may have been insolvent between 1 December 2018 and 23 January 2019 and possibly earlier. The Company has been historically profitable. Further investigations are required to be undertaken.</p>	<b>Section 4</b>
<b>Voidable transactions and offences</b>	<p>The Administrators consider there may be transactions that a liquidator could pursue which might result in property or money being recovered for the benefit of creditors (refer <b>Section 4.18</b>).</p>	<b>Section 4</b>
<b>Offences by directors</b>	<p>Based on our investigations to date, the following offence may have been committed by the Director:</p> <ul style="list-style-type: none"> <li>▪ Section 588 – Insolvent Trading – The Administrators have identified the Company may have been insolvent from December 2018, but possibly earlier, and, therefore, the Director may have breached this section. However, the Director may have a defence to any claim on the basis he had agreements in place (verbal or written) with key suppliers for an extension on payment terms and the ongoing support of the secured creditor. Further, in respect of major suppliers Robayne is owed significant sums, being primarily rebates, which can be set off for amounts owed. Notwithstanding, we will investigate this matter further, if appointed liquidators.</li> </ul>	<b>Section 4</b>
<b>Liability for insolvent trading</b>	<p>The Administrators preliminary view is that the Company may have traded insolvent from December 2018 and possibly earlier.</p> <p>Should the Company be placed into Liquidation, further investigations will be conducted to assess any potential claim for insolvent trading against the Director. However, even if such a claim is available our investigations indicate that the Director does not have financial capacity to meet same. Mr Smith denies there is a claim for insolvent trading.</p>	<b>Section 4</b>

# 1. Key Messages and Recommendations

Key areas	Commentary	Analysis								
<b>Estimated outcome for creditors</b>	<p>The estimates shown below are based on the information presently available, our view of the Company's estimated realisable value of assets, subject to the sale as a going concern being completed and estimated claims of creditors:</p> <p style="text-align: center;"><u>Liquidation</u></p> <ul style="list-style-type: none"> <li>■ Priority employee claims    100 cents in the dollar</li> <li>■ Secured creditors            In excess of 50 cents in the dollar</li> <li>■ Unsecured creditors        Unknown</li> </ul> <p>The key factors and variables impacting the estimated return to creditors is the outcome of the sale of the business. There will be no funds available for unsecured creditors from the sale of the Company's business.</p> <p>The beneficiaries of the sale are employees, landlords, customers and secured creditors. At this stage it is unclear if there will be a dividend paid to unsecured creditors.</p>	<b>Section 6</b>								
<b>Timing of payments to creditors</b>	<p>The indicative (estimated) timing of dividends are set out below for each class of creditor under a liquidation scenario:</p> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Liquidation</th> </tr> </thead> <tbody> <tr> <td>Secured Creditors</td> <td>March 2019 to September 2019</td> </tr> <tr> <td>Priority Employee Claims</td> <td>March 2019 to June 2019</td> </tr> <tr> <td>Unsecured Creditors</td> <td>Not applicable</td> </tr> </tbody> </table> <p>The key factors and variables impacting the estimated timing is the timeframe for completion of business sale, collection of receivables and payment of trading liabilities incurred by administrators.</p>		Liquidation	Secured Creditors	March 2019 to September 2019	Priority Employee Claims	March 2019 to June 2019	Unsecured Creditors	Not applicable	<b>Section 6</b>
	Liquidation									
Secured Creditors	March 2019 to September 2019									
Priority Employee Claims	March 2019 to June 2019									
Unsecured Creditors	Not applicable									
<b>Remuneration</b>	<p>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.</p>	<b>Section 7 and Appendix 4</b>								
<b>Proposal for a deed of company arrangement</b>	<p>No proposal for a deed of company arrangement has been received for the Company.</p>	<b>Section 8</b>								

# 1. Key Messages and Recommendations

## Our recommendation to creditors

In our opinion it is in the creditors' interests that the Company be wound up and a liquidator appointed.

Details about the estimated return to creditors and other information about what creditors can decide at the meeting are provided at **Sections 6 and 8** of this report.

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration end	Option 3: Liquidation
<b>Description</b>	<ul style="list-style-type: none"> <li>Whether it would be in the creditors' interests for the Company to execute a DOCA.</li> </ul>	<ul style="list-style-type: none"> <li>Whether it would be in the creditors' interests for the administration to end.</li> </ul>	<ul style="list-style-type: none"> <li>Whether it would be in the creditors' interests for the Company to be wound up.</li> </ul>
<b>Key factors to consider</b>	<ul style="list-style-type: none"> <li>As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time.</li> </ul>	<ul style="list-style-type: none"> <li>The Company is insolvent with no cash to pay all due debts and no confirmed prospects of obtaining external funding.</li> </ul>	<ul style="list-style-type: none"> <li>We have not been provided with a proposal for a DOCA for consideration and it is not appropriate that the administration ends as the Company is insolvent.</li> </ul>
<b>Our opinion</b>	<ul style="list-style-type: none"> <li><b>Not</b> in the creditors' interests that the Company execute a DOCA.</li> </ul>	<ul style="list-style-type: none"> <li><b>Not</b> in the creditors' interests that the administration should end.</li> </ul>	<ul style="list-style-type: none"> <li><b>Is</b> in the creditors' interests that the Company be wound up.</li> </ul>
<b>Recommended option</b>	Not recommended	Not recommended	<b>Recommended</b>
<b>Potential to adjourn the meeting to a future date</b>	<ul style="list-style-type: none"> <li>Creditors may wish to adjourn the second meeting for up to 45 business days to allow time for a DOCA proposal to be submitted by the Director, however at this stage there is no proposal forthcoming.</li> <li>It is matter for creditors to decide if they wish to adjourn the meeting. If, for whatever reason, the sale of the Company's business is delayed, we may need to consider adjourning the second meeting.</li> </ul>		

## 2. Background Overview

### 2.1 Appointment of Administrators

- On 23 January 2019, Ian Francis and Daniel Hillston Woodhouse were appointed Joint and Several Administrators of Robayne Pty Ltd pursuant to section 436A of the Act.
- The Administrators are in control of the Company and its affairs, superseding the Director's management authority.
- The Administrators have a duty to investigate the Company's business, property, affairs and financial circumstances. This report, amongst other things, outlines our investigations.

### 2.2 Administrator's Prior Involvement and Independence

- In accordance with Section 436DA of the Act, we provided a DIRRI with our first report to creditors on 25 January 2019. The DIRRI explained the circumstances that led to our appointment as Administrators.
- Our DIRRI remains unchanged.

### 2.3 Outcome of the First Meeting of Creditors

- The first meeting of creditors was held on 5 February 2019. The purpose of the meeting was to:
  - provide an update on the Administration;
  - decide whether or not to appoint different persons to be the Administrators of the Company; and
  - consider forming a committee of inspection.
- There were no nominations to replace the Administrators, as such the Administrators remained in office.

- The Company's creditors resolved to form a committee of inspection and the following representatives were appointed to the committee:
  - Jotun Australia Pty Ltd;
  - 3M Australia Pty Ltd;
  - Valspar Paint (Australia) Pty Ltd;
  - Akzo Nobel Pty Limited;
  - GPI Automotive Products Pty Ltd;
  - Passila Pty Limited trading as BC Coatings; and
  - BASF Australia Ltd.

- A Committee of Inspection meeting was held on Thursday, 7 March 2019 at which the Committee was provided with a brief report as to status of the voluntary administration process.

### 2.4 Second Meeting of Creditors

- Pursuant to 439A of the Act, the Second Meeting of Creditors will be held on Monday, 25 March 2019 at the **Theatrette, Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000 at 10AM WST.**
- At the Second Meeting, creditors will determine the Company's future by voting on the following options:
  - The Company executes a DOCA; or
  - The Administration of the Company should end; or
  - The Company should be wound up.
- The creditors may also wish to adjourn the second meeting. That only needs to be considered if the sale of the Company's business is delayed for whatever reason (refer **Section 5**).
- Teleconference facilities are available for the meeting.



## 2. Background Overview

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### 2.5 Conduct of the Administration

■ Since the commencement of their appointment, the Administrators have:

- Continued to trade the business, which has included establishing operational controls, liaising with key suppliers for continued support, managed weekly payroll and other duties required to trade the business;
- Discussed the affairs of the Company with the Director and key personnel;
- Attended the Company's head office in Welshpool to address staff, review the operations and the Company's records;
- Visited a number of operations, worked with key management of the Company on a continuous basis;
- Reviewed and assessed the Company's financial position and viability to trade during the administration, whilst a recapitalisation plan or sale of the business was investigated;
- Notified all key stakeholders of our appointment and attended to any questions;
- Placed insurance cover over the Company's assets;
- Dealt with creditors with respect to their pre-appointment claims;
- Calculated outstanding employee entitlements;
- Explored the options available to the Company to maximise the return to creditors, including advertising the business for sale, assessing offers and discussing terms of a potential DOCA with the Director;
- Conducted a sale and marketing campaign for the Company's business of which twenty-seven (27) expressions of interest were received;
- Worked closely with all interested parties by providing any further requested information and obtain final offers;
- Entered into a sale agreement with a non-related entity, RIS, having exhausted an extensive sale process (**Section 5**);

- Undertake all tasks to achieve a sale of the business as a going concern (**Section 5**);
  - Investigated the Company's affairs prior to their appointment.
- Further details of specific tasks undertaken are included in our Remuneration Approval Report at **Appendix 4**.

## 2. Background Overview

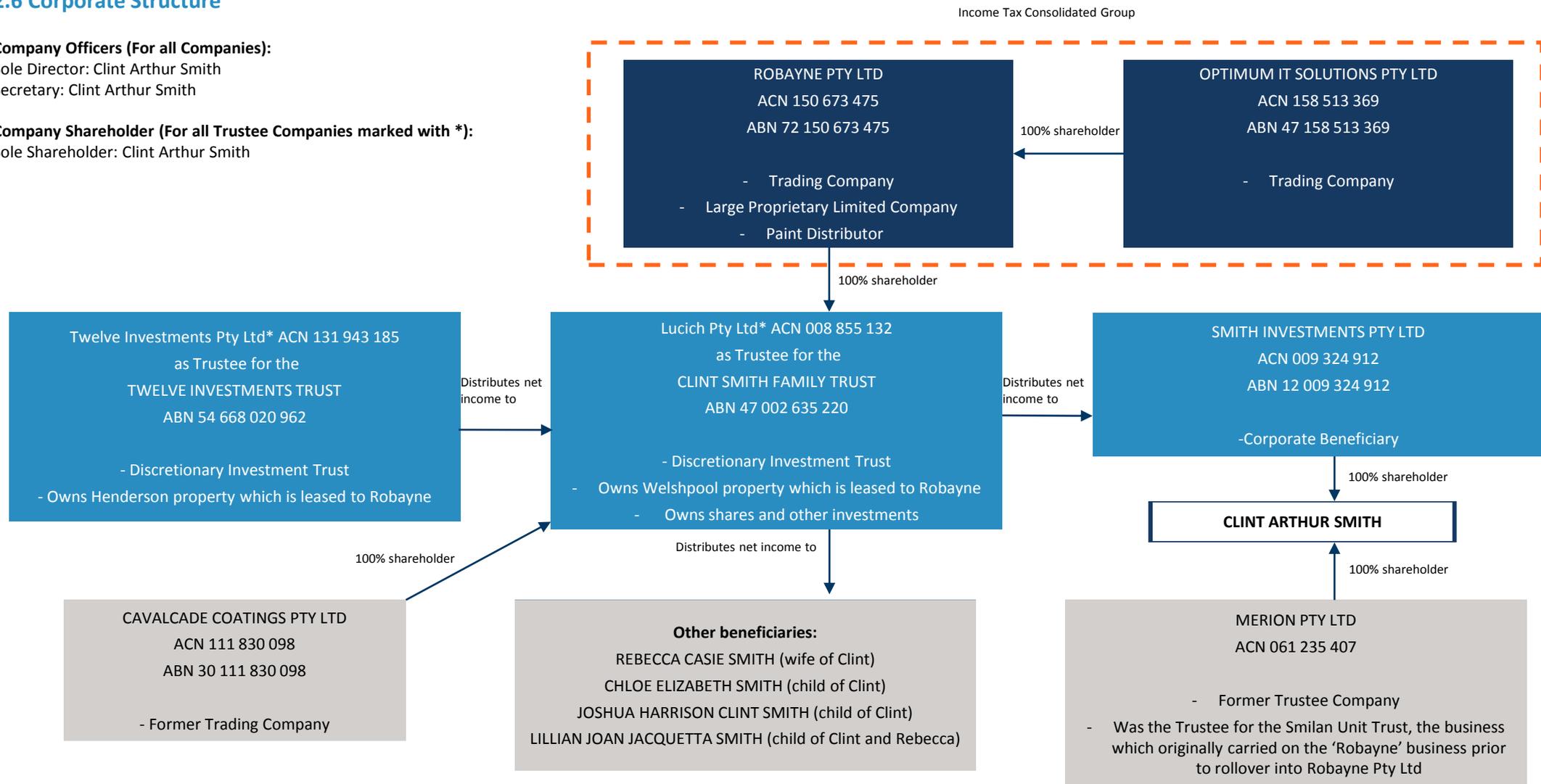
### 2.6 Corporate Structure

#### Company Officers (For all Companies):

Sole Director: Clint Arthur Smith  
 Secretary: Clint Arthur Smith

#### Company Shareholder (For all Trustee Companies marked with \*):

Sole Shareholder: Clint Arthur Smith



## 2. Background Overview

### 2.7 Statutory Information

- Details of the Company's incorporation and office are:

Incorporation and Office	
Date of registration	2 May 2011
Place of registration	Western Australia
Registered Office	119 Ewing Street, Welshpool WA 6106
Principal Place of Business	119 Ewing Street, Welshpool WA 6106

### 2.8 Details of Security Interests and Charges

- Upon appointment, there were seventy-one (71) PPSR Registrations recorded with thirty-seven (37) unique secured parties.
- Fifty-eight (58) of the PPSR Registrations were PMSIs.
- Westpac holds an AIPPAAP security interest.

### 2.9 Company's History and Operations

- The Business was originally established in 1974 as a partnership and operated as a sole distributor for James Hardie products for the automotive industry for panel and paint repairs and has been operating for approximately 45 years.
- Since this date, the Company has expanded its operations and offerings and distributes an extensive range of top line coatings and graphical product solutions and brands for car, industrial and commercial graphics markets.

- The Company has the following key divisions:

- **Automotive**

- The automotive division of the Company has competitive technical representation and varied manufacturer specifications on product ranges across the board. The Company's diverse range, industry insight and capabilities provide customers with a unique commercial opportunity across multiple distribution centres in Australia.

- **Industrial and Commercial Graphics**

- The industrial division of the Company has a diverse range of products for the light industrial, timber, protective coatings and marine industries.
    - The Company is a platinum distributor of 3M products.

- **Equipment**

- The Company is a distributor of MAKES Equipment, an importer of the globally renowned OEM approved products.

- The Company divides its trading operations into three (3) main regions:

Regional Centres						
WA	NSW	VIC	QLD	NT	TAS	SA
West	East Coast		Central			
3	5		5			

- At appointment, the Company operates from 13 strategic locations, with approximately 6,000 product lines and 2,000 to 3,000 customers.
- The Company has a number of supplier agreements with key suppliers.

## 2. Background Overview

### 2.9 Company's History and Operations Cont

#### ■ Schedule of the Company's Acquisitions

Acquisitions Business	FY	Total \$'000	PPE \$'000	Stock \$'000	Financer	Locations
Western Paint Suppliers	2017	1,700	900	800	Westpac	Orange and Dubbo
Wards Auto Suppliers	2017	396	26	370	Vendor	Grafton (closed 2018), Tamworth
Border Crash Suppliers	2018	747	77	670	Vendor	Wodonga

### 2.10 Administrators' Investigations into the Reasons for Failure

- The Administrators have identified the following key issues causing the Company's failure:
  - too highly geared, the Company undertook an expansion of its footprint which was funded by debt and vendor finance terms;
  - all profits earned by the business since 2013 were not retained but withdrawn by the payment of a dividend to its shareholder, Lucich.
  - paid too much for the businesses it acquired on the east coast and funded same with a combination of deferred terms (vendor finance) and bank funding;
  - at times poor execution on integration of purchased businesses including ongoing issues with the new ERP system, Epicor; and
  - withdrawal of support by a major supplier which decided to supply its product directly to its customers which included the Company's customers.

### 2.11 Director's Explanation for the Company's Difficulties

- The Director has indicated to us that the current circumstances faced by the Company is a result of the following:
  - the withdrawal of support by a key supplier, BASF;
  - poor execution at times of acquisitions.

- Failure to implement the ERP system.

### 2.12 Obligations to Maintain Books and Records

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

### 2.13 Opinion About Books and Records

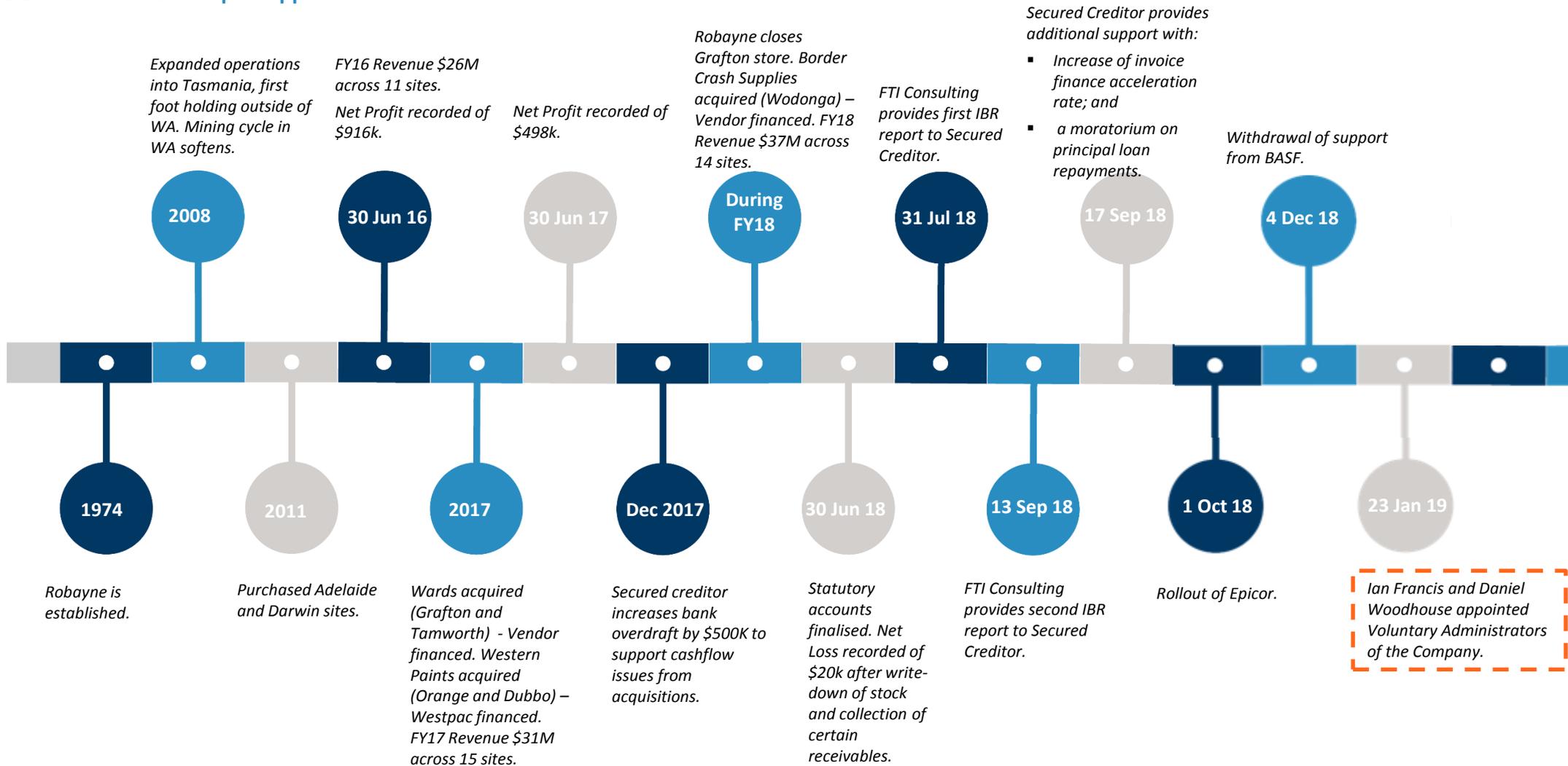
- The Administrators have reviewed the Company's books and records, including:
  - reviewed various financial reports to help us understand the Company's asset and liability positions.
  - reviewed various correspondence files and documents relevant to the Company's financial position and performance of the Company.
  - undertaken investigations and reviews incorporating financial records and data.
  - discussed with the Company's finance function, the processes and record keeping practices.
- In our view, as at the date of our appointment the financial records of the Company appear to have been maintained in accordance with s 286 of the Act however after implementation of a new software programme in October 2018 there was a delay in production of accurate financial information.
- The Company was in the process of changing ERP systems from Emril to Epicor and certain financial information from 1 October 2018 to the date of the Administrators' appointment is incomplete.

### 2.14 Outstanding Winding Up Applications

- Based on searches performed at the time of our appointment, no winding up applications appear to have been lodged with a Court against the Company.

## 2. Background Overview

### 2.15 Timeline – Lead up to Appointment of Administrators



## 3. Historical Financials

### 3.1 Report On Company Activities and Property Part A by the Directors

- Immediately after appointment, we requested that the Director of the Company provide a statement about the Company's business, property, affairs and financial circumstances in the form of a ROCAP.
- We are due to receive a ROCAP from the Director prior to the Second Meeting.
- We prepared a draft financial position based on the Company's records.

#### 3.1.1 Our comments are:

- Note 1 - Stock
  - At the date of appointment a stocktake was performed at all sites by Company staff and was completed on 6 February 2019. The Administrators wrote to all suppliers who may have a security interest over the stock. Post the appointment of the Administrators, stock has been sold and further stock provided.
  - Stock forms part of the sale of the Company's business (**Section 5**), a full accounting will be provided following settlement.
- Note 2 – Debtors and Receivables
  - In the following table we set out below a summary of amounts owed and aged for debtors and receivables that are not the subject of Westpac's non-circulating security:

	Total \$	Current \$	30 Days \$	60 Days \$	90+ Days \$
Customers	297,382	29,526	34,094	17,237	216,526
Suppliers Rebates	1,498,369	376,221	952,050	722	169,377
<b>Total</b>	<b>1,795,751</b>	<b>405,747</b>	<b>986,144</b>	<b>17,959</b>	<b>385,903</b>

- Per the above table, the amount of realisable debtors is unknown however, is likely to be considerably less than \$1.79m.

Draft Financial Position			
Assets	Note	Book Value (\$)	ERV(\$)
<b>Circulating assets</b>			
Cash at bank		Nil	Nil
Cash on hand		3,500	3,500
Stock	1	5,514,202	Commercially Sensitive
Debtors & receivables - not specifically financed	2	1,795,751	Unknown
<b>Total circulating assets</b>		<b>7,313,453</b>	
<b>Non-circulating Assets</b>			
Debtors & receivables (specifically financed)	3	3,768,501	Unknown
Plant and equipment	4	1,884,490	1,202,110
Other assets	5	365,975	Nil
Goodwill		2,800,645	Nil
<b>Total Non Circulating Assets</b>		<b>8,819,611</b>	<b>Unknown</b>
<b>Total assets</b>		<b>16,133,064</b>	<b>Unknown</b>
<b>Creditor Claims</b>			
		<b>Low (\$)</b>	<b>High (\$)</b>
<b>Priority Claims</b>			
(including retrenchment)	6	870,316	870,316
<b>Secured Creditors</b>			
Westpac - Non Circulating & Circulating	7	6,996,612	6,996,612
Suppliers with PMSIs		934,337	934,337
BOQ		78,019	78,019
<b>Unsecured Creditors</b>			
Unsecured Creditor Claims	8	6,337,137	6,418,131
<b>Total creditor claims</b>		<b>15,216,421</b>	<b>15,297,415</b>
<b>Estimated surplus/(Deficiency)</b>		<b>916,643</b>	<b>Unknown</b>

### 3. Historical Financials

■ Note 3 – Debtors and Receivables (Specifically Financed)

- The Company financed its receivables with Westpac. Westpac owns the receivables which were financed by it. All amounts owed, subject to receipt, are payable to Westpac. A summary of the amount owed and ageing of same is below:

	Total \$	Current \$	30 Days \$	60 Days \$	90+ Days \$
Customers	3,768,501	1,478,882	1,426,250	431,405	431,964

■ Note 4 – Plant and Equipment

- The Company own various items of plant and equipment. Following our appointment we engaged Slattery Asset Advisory to list and value sight seen and unseen. A summary of plant as to market value and auction value is below:

	Market Value \$	Auction Value \$
Plant & Equipment	365,800	33,810
Motor Vehicles	1,533,000	1,168,300
<b>Total</b>	<b>1,898,800</b>	<b>1,202,110</b>

- Plant and Equipment forms part of the sale of the Company’s business (**Section 5**). A full accounting will be provided following settlement.

■ Note 5 – Other Assets

- The above balance represents prepayments balance as reported as at 30 June 2018 that are not recoverable.

■ Note 6 – Priority Claims

- The above represents employee entitlements. Please refer to **Section 6** for further information.

■ Note 7 - Secured Creditors

- The Company operated various loan facilities with Westpac. A full schedule and details are set out in **Section 6**.
- Following our appointment we assessed the viability of security held by certain suppliers and based on legal advice we have admitted certain claims.

# 3. Historical Financials

## 3.2 Historical Financial Performance

Profit and Loss					
	Notes	Audited FY16	Audited FY17	Audited FY18	Mgmt FY19*
<b>A\$'000</b>					
Revenue	1	26,148	31,295	36,410	9,995
Cost of sales		16,096	19,891	23,807	6,538
<b>Gross Profit</b>		<b>10,052</b>	<b>11,404</b>	<b>12,603</b>	<b>3,457</b>
Gross Profit %	2	38.4%	36.4%	34.6%	34.6%
Operating expenses	3	8,260	10,118	11,965	2,936
<b>EBITDA</b>		<b>1,792</b>	<b>1,287</b>	<b>637</b>	<b>521</b>
EBITDA %	2	6.9%	4.1%	1.8%	5.2%
Depreciation		475	575	647	221
<b>EBIT</b>		<b>1,317</b>	<b>712</b>	<b>(10)</b>	<b>299</b>
EBIT %	2	5.0%	2.3%	0.0%	3.0%
Income tax		402	214	9.8	0.0
<b>Net Profit</b>	4	<b>916</b>	<b>498</b>	<b>(20)</b>	<b>299</b>
Net profit %	2	3.5%	1.6%	-0.1%	3.0%

Decline in gross margin

Decline in financial performance

\*Actuals from 1 July 2018 to 30 September 2018. As noted earlier in this report, the management accounts are not able to be relied upon from 1 October 2018 due to ongoing issues with the integration of the new ERP system, Epicor.

### Notes:

1. The Company's revenue increased by over \$10m from FY16 to FY18 as Robayne undertook the following acquisitions of:

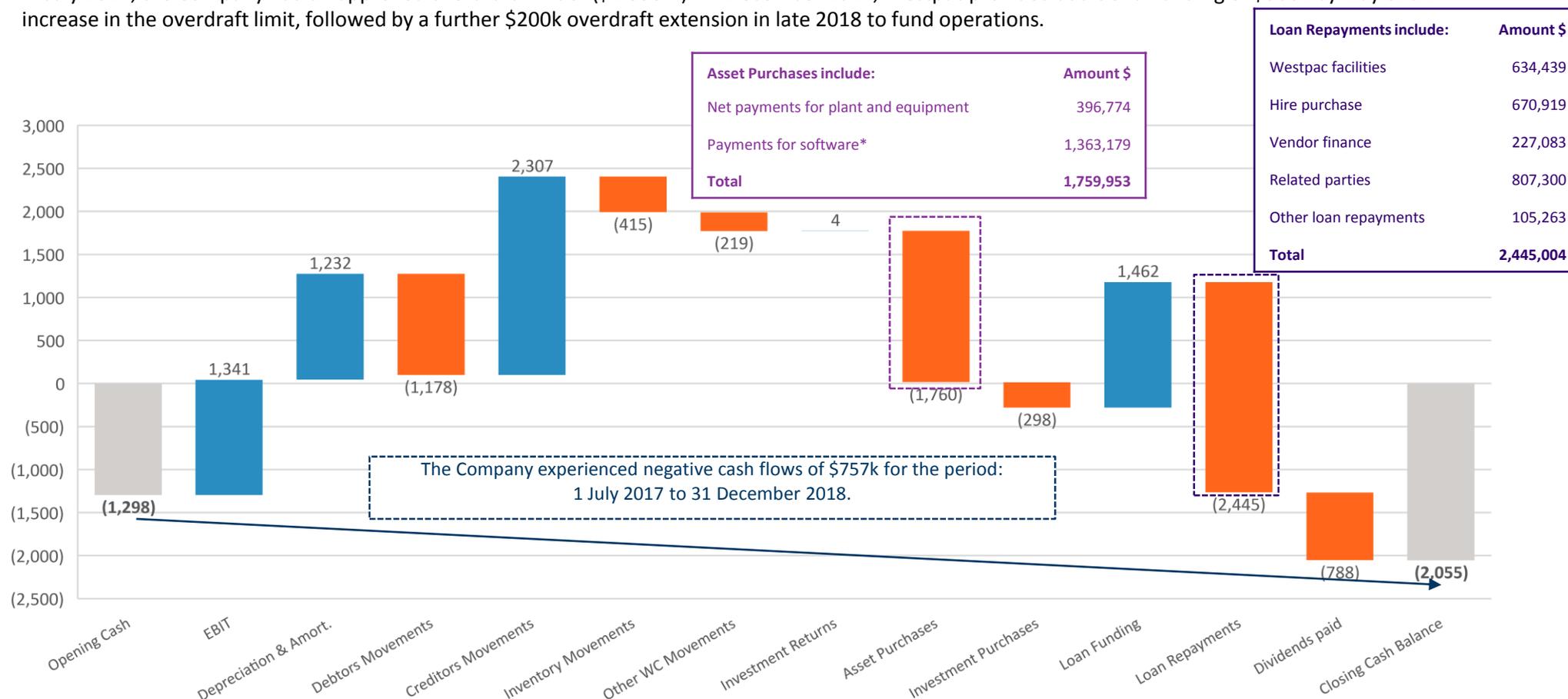
Acquisitions Business	Financial Year
Western Paint Suppliers	2017
Wards Auto Suppliers	2017
Border Crash Suppliers	2018

- Despite the increase in revenue, gross profit, EBITDA, EBIT and net profit, as a percentage of revenue, all declined.
- Operating expenses increased by over \$3.7m from FY16 to FY18, with employee and occupancy costs being the major contributing factors to this increase.
- Whilst revenue increased by over \$10m, net profit declined, over the same period, by \$936k due to:
  - at times, poor integration of acquisitions;
  - increased borrowings;
  - increase in certain fixed overheads; and
  - decline in gross margins.

# 3. Historical Financials

## 3.3 Closing Cash Bridge – 1 July 2017 to 31 December 2018 (18 Months)

- The below graph highlights a decline in the Company’s working capital and cash position across the 18 months to 31 December 2018, primarily due to increased borrowings, declining margins, increases in certain fixed costs within the business, and dividends paid.
- In July 2017, the Company had an approved overdraft limit of (\$1.350m). In December 2017, Westpac provided additional funding of \$500k by way of an increase in the overdraft limit, followed by a further \$200k overdraft extension in late 2018 to fund operations.



\*Amounts per FY19 Management Accounts and have not been independently verified or tested.

# 3. Historical Financials

Payment of dividend to Lucich. Cleared loan balance.

## 3.4 Historical Financial Position

### Balance Sheet

Notes	Audited FY16 A\$'000	Audited FY17 A\$'000	Audited FY18 A\$'000	Mgmt Sept-19 A\$'000
<b>Current Assets</b>				
Trade and other receivables	3,317	4,526	4,725	4,999
Inventories	4,047	5,054	5,039	4,700
Other current assets	10	144	185	70
<b>Total Current Assets</b>	<b>7,374</b>	<b>9,724</b>	<b>9,949</b>	<b>9,770</b>
<b>Non-Current Assets</b>				
Trade and other receivables	1	2,493	2,562	0
Property, plant and equipment		1,902	2,114	1,738
Intangible assets	2	1,994	2,801	3,368
Tax assets		144	224	293
Other non-current assets		0	145	181
<b>Total Non-Current Assets</b>	<b>6,532</b>	<b>7,845</b>	<b>5,406</b>	<b>5,619</b>
<b>Total Assets</b>	<b>13,906</b>	<b>17,569</b>	<b>15,355</b>	<b>15,388</b>
<b>Current Liabilities</b>				
Overdraft	3	696	1,298	1,788
Trade and other payables	4	3,641	5,269	5,135
Financial liabilities	5	3,172	4,359	3,906
Provisions		465	447	528
Tax liabilities		204	(7)	69
Other current liabilities		7	31	13
<b>Total Current Liabilities</b>	<b>8,185</b>	<b>11,397</b>	<b>12,261</b>	<b>11,787</b>
<b>Non-Current Liabilities</b>				
Financial liabilities	6	765	1,137	1,340
Provisions		128	148	172
Other non-current liabilities		0	0	252
<b>Total Non-Current Liabilities</b>	<b>893</b>	<b>1,285</b>	<b>1,517</b>	<b>1,910</b>
<b>Total Liabilities</b>	<b>9,078</b>	<b>12,682</b>	<b>13,778</b>	<b>13,697</b>
<b>Net Assets</b>	<b>4,829</b>	<b>4,887</b>	<b>1,577</b>	<b>1,691</b>

### Notes:

1. Non-current trade and other receivables consisted of a Division 7A Loan provided to related entity, Lucich. This increased by a further \$728K during FY18 to a total of \$3.29m. The audited financial statements indicate this loan was repaid in full during FY18 through issuance of a fully franked dividend. It was observed there was no cash involved and was a book entry only.
2. Intangible assets include goodwill as part of the business acquisitions, which the Company has undertaken since FY16. It also includes the new ERP systems', Epicor, capitalised development costs with integration commencing in FY18.
3. The overdraft facility increased by nearly \$1.1m over FY16 to FY18 as the secured creditor increased the loan facility from \$1.35m to \$1.8m to assist with the business acquisitions and cashflow difficulties as a result of the acquisitions which are summarised below:

Acquisitions Business	FY	Total \$'000	PPE \$'000	Stock \$'000	Financier	Locations
Western Paint Suppliers	2017	1,700	900	800	Westpac	Orange and Dubbo
Wards Auto Suppliers	2017	396	26	370	Vendor	Grafton (closed 2018), Tamworth
Border Crash Suppliers	2018	747	77	670	Vendor	Wodonga

4. From FY16 to FY18, trade payables increased by \$2.3m, predominantly due to the business acquisitions previously discussed in this report.
5. Current and non-current financial liabilities increased by over \$1.5m and relates to a loan provided by the secured creditor to fund the acquisition of Western Paint Suppliers in FY17 as summarised in the table above.

Decline in net asset position as to book value, prime reason is payment of dividend to Lucich.

## 4. Investigations, Offences and Voidable Transactions

### 4.1 Duty to Investigate

- The law requires us to investigate and specify whether there appear 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, in order to determine a point in time from which these provisions may apply.

### 4.2 Relevance of Insolvency and Liquidation

- The ability to challenge voidable transactions and recover money/property for creditors is contingent on two elements:
  - The Company being placed into liquidation, and
  - A liquidator being able to establish that the Company was insolvent at the time it entered into any particular transaction, or that the Company became insolvent as a consequence of that transaction.

### 4.3 Work Performed

- We have made enquiries into the financial affairs of the Company. In this section, we set out our preliminary views and findings about:
  - Offences that 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.
- Please note the investigations we have undertaken are only indicative of the actions that may be possible in the event of liquidation.

### 4.4 Date of Insolvency

- Our findings, key workings and other analysis on the Company's solvency position are set out on the following pages and reference should also be made to **Appendix 2**.
- We have also included in **Appendix 2** some general comments and information about recoveries via voidable transactions, insolvent trading and common factors that indicate insolvency.

### 4.5 Creditors' Information Sheet and Other Explanations

- Provided at **Appendix 3** 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.

### 4.6 Relevance of Liquidation Versus DOCA

- Voidable transactions and other actions that a liquidator can make are not available if the Company executes a DOCA; albeit, no DOCA has been proposed. Accordingly, creditors are not required to assess the alternate outcomes between a liquidation and DOCA at this time.

### 4.7 Potential Offences

- Given the Company's circumstances, the Administrators consider it likely that certain contraventions of the Act may have been committed.
- Whilst not specifically commenting on the severity of these offences, it is the Administrators' professional experience that contraventions of this nature are commonly associated with failed companies, and do not necessarily reflect any fraudulent or other criminal wrongdoing.
- Additionally, the Administrators note that the Director has been cooperative throughout the Administration, and attended to the Administrators' requests.

## 4. Investigations, Offences and Voidable Transactions

### 4.8 Care and Diligence (Section 180 of the Act) and Insolvent Trading (Section 588G of the Act)

- Section 180 of the Act requires a director or other officer of a corporation to exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:
  - were a director of a corporation in the corporation's circumstances; and
  - occupied the office held by, and had the same responsibilities within the corporation as, the director or officer.
- Section 588G of the Act provides that a director has a duty to prevent insolvent trading. The section applies if:
  - A person is a director of the Company at the time when the company incurs a debt;
  - The Company is insolvent at that time, or becomes insolvent by incurring that debt or by incurring at that time debts including that debt; and
  - At that time, there are reasonable grounds for suspecting that the company is insolvent, or would so become insolvent, as the case may be.

#### 4.8.1 Findings

- The Administrators are of the view that the Director may have breached Section 180 and 588G of the Act, primarily as he allowed the Company to trade whilst insolvent.
- The Administrators are of the view the Company may have been insolvent from December 2018, but possibly earlier. The reasons for our opinion are outlined in **Sections 4.9 to 4.11**.
- Notwithstanding the above, the Director may have a defence to any claim, on the basis that he relied on:
  - Agreements with key suppliers that were in place for an extension on payment terms; and

- Ongoing support of the secured creditor.
- When the Company was no longer able to obtain funding or continued support, the Director placed the Company into Voluntary Administration.
- Mr Clint Smith's position is the Company has been historically profitable, was on trajectory of sustained growth however working capital pressures and the withdrawal of key supplier support gave rise to the demise of the business.

# 4. Investigations, Offences and Voidable Transactions

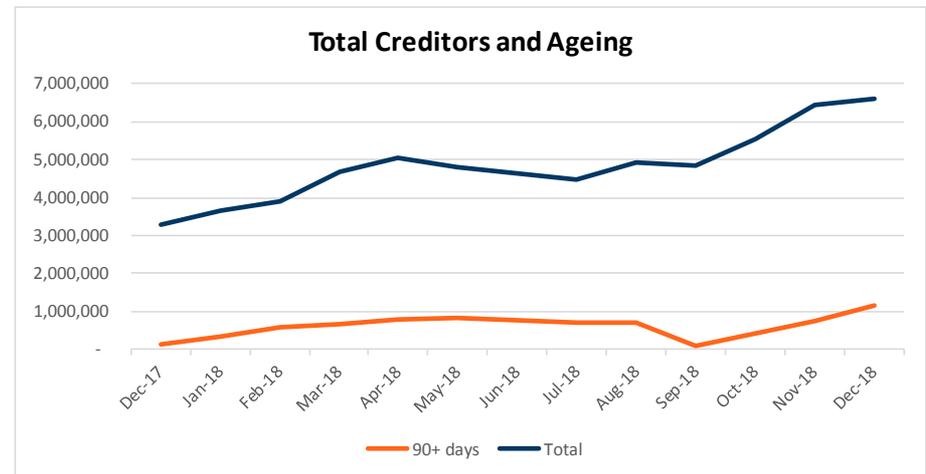
## 4.9 Solvency Analysis

- We provide a summary of our findings on the key indicators of insolvency as follows:

Indicators of Insolvency	
<b>Insufficient Cashflow</b>	<p>Despite the Company recording profits of \$916K in FY16 and \$498K in FY17 and a small \$20K loss in FY18, it has been unable to generate sufficient cash to deleverage its balance sheet. In this regard, we note the Company has relied upon support from:</p> <ul style="list-style-type: none"> <li>■ its secured creditor via: <ul style="list-style-type: none"> <li>▪ an overdraft facility; and</li> <li>▪ WIF Facility.</li> </ul> </li> <li>■ its key suppliers for extensions on payment terms.</li> </ul>
<b>Creditor Ageing</b>	<p>90+ day creditors regularly made up more than 13% of all creditors however please note this is before any set off for unpaid rebates and commissions (refer <b>Section 4.10</b>).</p>
<b>Alternate Funding</b>	<p>While the secured creditor increased the overdraft facility by \$200K on 20 December 2018, the Company could not source any further funding.</p>
<b>Liquidity</b>	<p>The Company had a liquidity ratio of less than 1 from at least 30 June 2015. This indicates that its liabilities (i.e. payables) were more than its realisable assets to pay those liabilities.</p>
<b>Loss of Key Supplier</b>	<p>On 1 December 2018, the Company was advised by BASF that it was terminating the trading relationship with the Company.</p>

## 4.10 Creditor Analysis

- Based on our investigations, the Company was under cashflow pressure from at least August 2018 up to the date of the Administrators' appointment. As a result, creditors increased from \$4.9m in August 2018 to a peak indebtedness of \$6.6m in December 2018 as shown below:

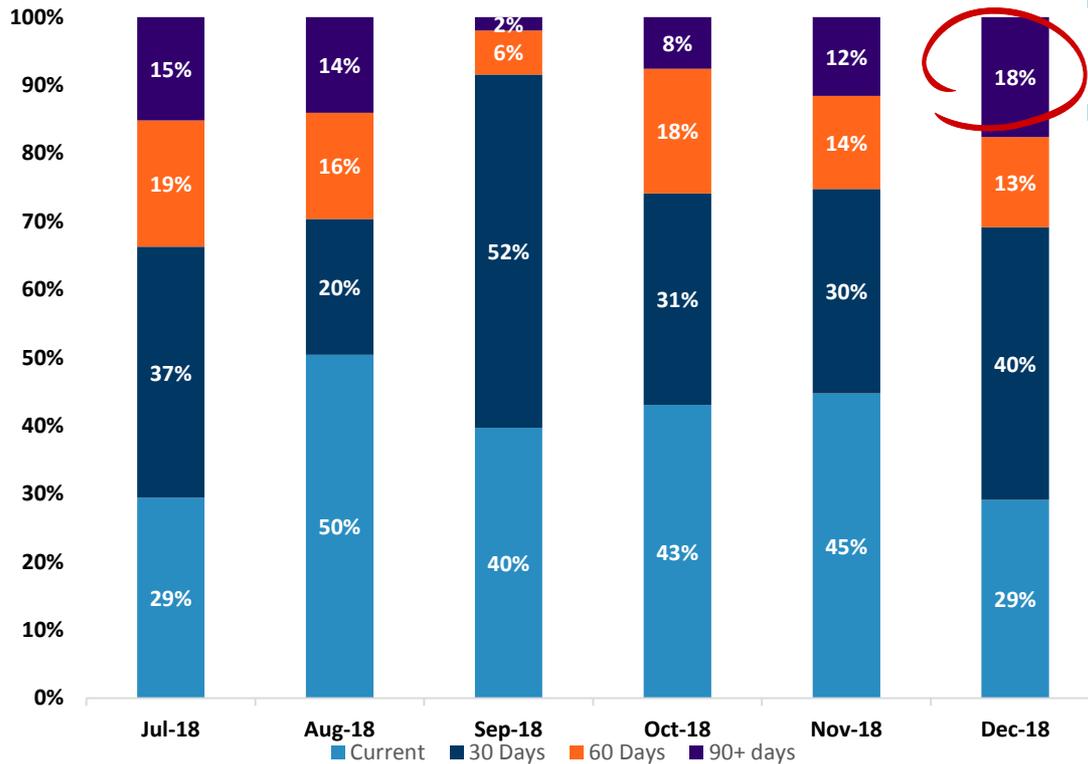


- The Company was able to reduce the 90+ day creditors to \$93K in September 2018, before increasing significantly to \$1.16m in December 2018. Please note that the above liabilities are before deduction and set off of claims for rebates and commissions from major suppliers including Valspar and BASF.

# 4. Investigations, Offences and Voidable Transactions

## 4.10 Creditor Analysis

The below chart sets out the monthly total creditor ageing from July 2018 to December 2018:



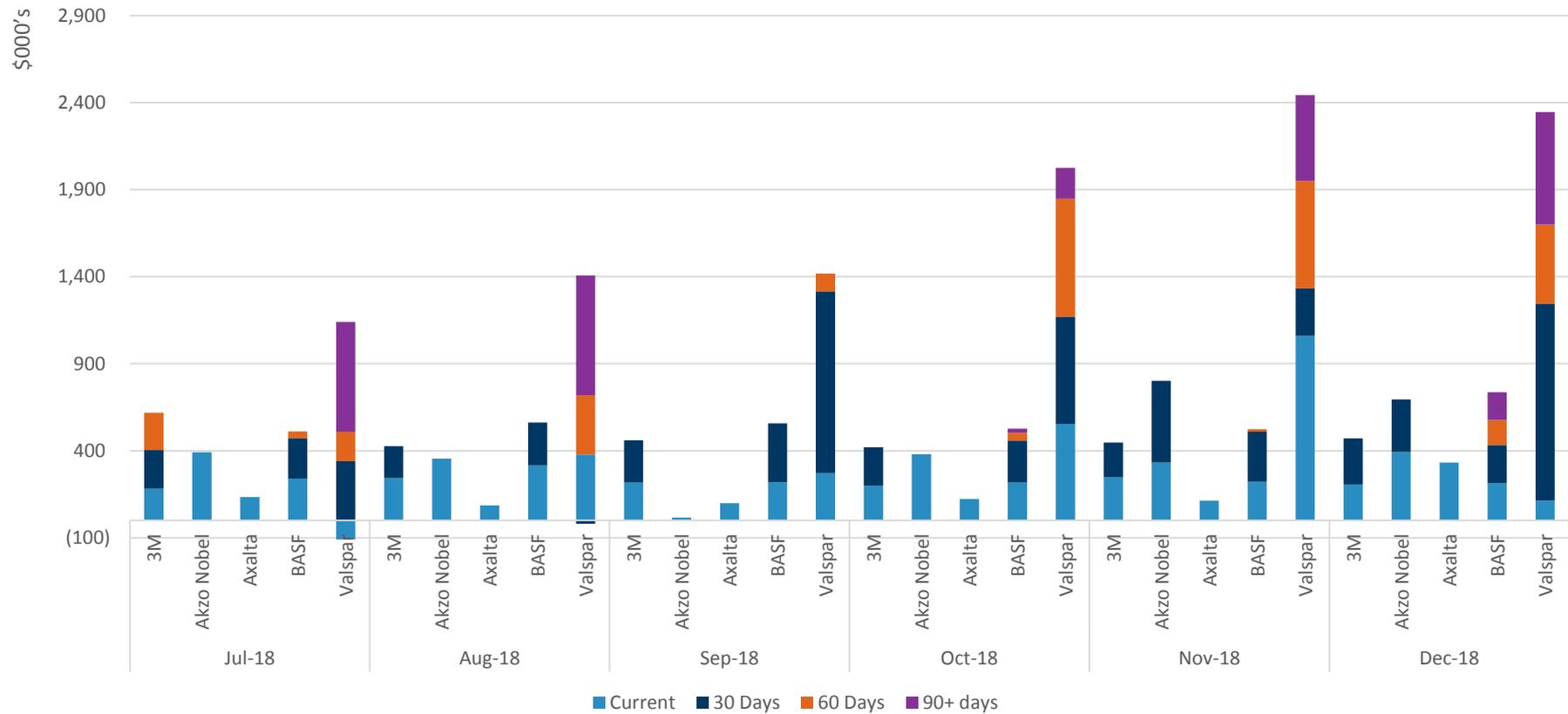
- The Company's records disclose that, on average, from December 2017 the majority of the Company's creditors have remained within either current or 30 day terms.
- We note a deterioration in 90+ day creditors. On average, 90+ day creditors represent 12% of the creditor balance. However, as at December 2018, the 90+ day creditor balance was 18% of all creditors.
- The average monthly creditor balance from December 2017 has been \$4.85m. As at December 2018, the total creditor balance was \$6.6m, indicating an increase in working capital pressure (refer **Section 4.11**). Please note that the above ageing does not include claims for set off being rebates / commission due by Valspar (\$623k) and BASF (\$80k).

# 4. Investigations, Offences and Voidable Transactions

## 4.10 Creditor Analysis

■ We have undertaken a monthly ageing analysis of the Company's major suppliers from July 2018 to December 2018 which is set out in the table below:

**Ageing Creditor Analysis - Major Suppliers**



## 4. Investigations, Offences and Voidable Transactions

### 4.10 Creditor Analysis

■ We have performed an analysis as at 31 December 2018 of major supplier balances:

Supplier	Key Payment Terms	Current	30 Days	60 Days	90 Days	Total Due
Valspar	60 days EOM terms	112,993.96	1,132,533.60	453,502.73	647,503.55	2,346,533.54
BASF		214,239.79	206,724.47	127,337.31	160,408.39	708,709.96
3M Australia Pty Ltd	30 Day EOM terms	205,377.33	265,930.04			471,307.37
Akzo Nobel Car Refinishes Australia Pty Ltd	28 Day EOM terms	363,823.20	294,954.84			658,778.04
GPI Automotive Products	30 Day EOM terms	61,925.69	96,898.44	62,976.62	24,490.55	246,291.30
Precise Business Solutions	14 Day terms	27,629.25	41,654.25	87,192.08	300,530.07	457,005.65
BC Coatings		64,888.26	90,710.85	68,244.43	451.49	224,295.03
Jotun Australia Pty Ltd	60 Day EOM terms	(2,810.29)	39,753.38	59,327.74	27,802.19	124,073.02
Axalta Pty Ltd	30 Day EOM terms	332,822.21				332,822.21
MAKS Equipment		70,211.04	4,055.35			74,266.39
Telstra Australia		53,425.77	42,957.18			96,382.95
<b>Total</b>		<b>1,504,526.21</b>	<b>2,216,172.40</b>	<b>858,580.61</b>	<b>1,161,186.24</b>	<b>5,740,465.46</b>
% of total due		26.2	38.6	14.9	20.3	

Claim for set off for unpaid rebates and commissions

Disputed by the Company

- The Company is of the view there are claims for set off which in the case of Valspar is for rebates and commission of approximately \$623k.
- Claims for set off are material when assessing at what stage the Company was insolvent.
- The amounts owing to BASF and Precise Business Solutions are disputed by the Company. We are undertaking an independent investigation of same.
- The Director has advised that, prior to the Administrators' appointment, the Company had the continued support of key suppliers and its major financier.
- On 1 December 2018, the Company lost the support of a key supplier, BASF.

## 4. Investigations, Offences and Voidable Transactions

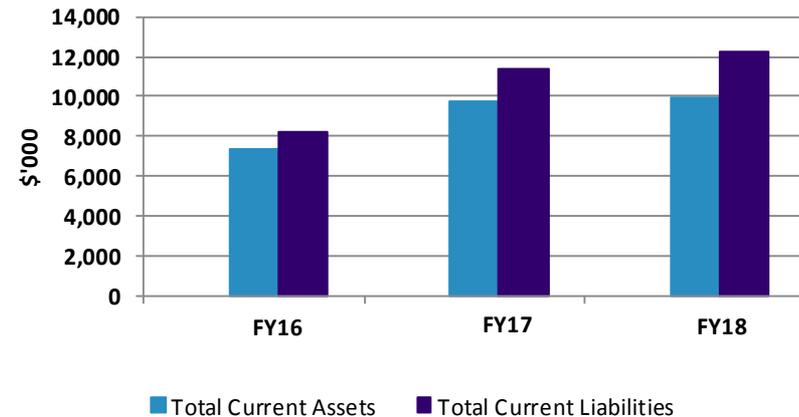
### 4.11 Working Capital

- The table below sets out the Company's working capital position as at FY16, FY17 and FY18:

Working Capital			
	FY16	FY17	FY18
	A\$'000	A\$'000	A\$'000
<b>Current Assets</b>			
Trade and other receivables	3,317	4,526	4,725
Inventories	4,047	5,054	5,039
Other current assets	10	144	185
<b>Total Current Assets</b>	<b>7,374</b>	<b>9,724</b>	<b>9,949</b>
<b>Current Liabilities</b>			
Overdraft	696	1,298	1,788
Trade and other payables	3,641	5,269	5,956
Financial liabilities	3,172	4,359	3,906
Provisions	465	447	528
Tax liabilities	204	(7)	69
Other current liabilities	7	31	13
<b>Total Current Liabilities</b>	<b>8,185</b>	<b>11,397</b>	<b>12,261</b>
<b>Net working capital</b>	<b>(810)</b>	<b>(1,673)</b>	<b>(2,312)</b>

↑  
Deterioration

### Working Capital Position



- The Company's cash position has deteriorated, particularly following the acquisition of the businesses, Wards Auto Suppliers, Borders Crash Suppliers and Westerns Paints.
- This indicates the acquisitions have not been funded through free cash flow, and instead have been funded through loans (Westpac) and vendor finance hence the deterioration in the working capital.
- The Company relied upon its overdraft facility to meet ongoing trade debts, with the facility being increased from \$1.35m to \$1.85m to assist with the cashflow issues.
- With the acquisitions of Wards Auto Suppliers and Crash Border Supplies, the Company committed to paying 2.5% (excl. GST) on gross sales for three (3) and two (2) years respectively.

## 4. Investigations, Offences and Voidable Transactions

### 4.12 Related Party Transactions

#### 4.12.1 Lease Arrangements

- The Company currently leases two (2) premises from related entities. There is no formal lease agreement in place for either of the premises. The following table provides further details:

Related Entity	Property	Current PA (\$)	Market value PA (\$)	Difference PA (\$)
Lucich	119 Ewing Street, Welshpool WA 6106	204,000	140,435	63,565
Twelve Investments	21 Roscoe Street, Henderson WA 6166	81,000	58,350	22,650

- The Company, based on our own independent (current) investigations, appears to have paid 145% above market value for 119 Ewing Street, Welshpool and 139% above market value for 21 Roscoe Street, Henderson which may constitute unreasonable payments to related entities.

#### 4.12.2 Division 7A Loan Agreement – Lucich as Trustee for Clint Smith Family Trust

- The Director is the sole director of the Company. He is also the controller of the sole shareholder of the Company, being Lucich as trustee for Clint Smith Family Trust. The Family Trust has been a significant debtor of the Company.
- The Director does not draw a formal salary and associated benefits from the Company, but instead the Company pays him in the form of drawings.
- The Company has always been the Director's primary source of cash flow used to service obligations such as non Company bank debt, personal income tax obligations, prior marital separation (court ordered) and general living expenses.

- Notably the marital separation obligations (dating back to December 2010) were significant and resulted in Mr Smith assuming certain significant ongoing tax obligations that were previously those of his former wife.
- The drawings are subject to Division 7A of the Income Taxation law and are treated as a form of a loan. Division 7A requires, subject to a complying loan agreement being put into place, minimum repayments on an annual basis. Typically, Division 7A allows a minimum fully franked dividend to be declared and paid as well as being treated as the minimum repayment applicable to the relevant Division 7A loan.
- Annually, since FY13, the Director has drawn significant sums in the form of Division 7A loans to fund his obligations, a summary of which is set out below:

Year	Amount Distributed (\$)
FY13	294,422.00
FY14	273,580.00
FY15	711,060.00
FY16	482,535.04
FY17	799,931.93
FY18	728,367.45
<b>Total</b>	<b>3,289,896.42</b>

- Approximately 46% of the total loan account has been withdrawn in the last two financial years.
- To ensure compliance with his tax obligations to properly account for the Division 7A loans, it was resolved by the Director that the 2018 dividend be "paid" in order to fully offset any Division 7A loan balances that arose to 30 June 2018.
- A fully franked dividend was declared in the amount of \$3,269,896.42, which cleared the loan balance.

## 4. Investigations, Offences and Voidable Transactions

### 4.12.2 Division 7A Loan Agreement – Lucich as Trustee for Clint Smith Family Trust Cont.

- Section 254T of the Act states that a Company must not pay a dividend unless:
  - The company's assets exceeds its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
  - The payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
  - The payment of the dividend does not materially prejudice the Company's ability to pay its creditors.
- Further investigation is required with regard to this matter in the event that the Company is placed into liquidation. As to whether any of this dividend paid is recoverable depends on when the Company's financial position and level of overdue balances due to creditors. We understand Lucich does not have capacity to meet any claim. An assessment of Lucich's financial position is also required.

### 4.13 Shadow Directors

- There is no indication of there being a shadow director.

### 4.14 Preliminary View on Liability for Insolvent Trading

- If the Company was wound up and a liquidator appointed, further work would be performed on the solvency position of the Company to determine whether there is a benefit to creditors in pursuing the Directors for insolvent trading.
- Notwithstanding this, based on our estimated date of insolvency, the potential claim for insolvent trading is likely to be potentially limited to \$500,000.
- Please refer to **Appendix 2** for additional information on insolvency and pursuing insolvent trading claims.

### 4.15 Directors' Capacity to Pay Claims by a Liquidator

- The Administrators have considered the Director's personal asset position, relevant to determining whether they have the capacity to meet an insolvent trading claim.
- The Director's personal capacity to meet a potential insolvent trading claim is uncertain and an assessment would be required.

### 4.16 Pursuing an Insolvent Trading Claim

- Insolvent trading claims are expensive to pursue, often involving litigation running over multiple years. Given the current funds held in the Administration, a liquidator would likely require additional funding in order to pursue such a claim.
- Given the quantum of the likely claim, it is unlikely that an insolvent trading claim would be commercial to pursue.

### 4.17 Unreasonable Director Related Transactions

- In the period July 2018 to January 2019 the following amounts were paid to Mr Smith:

Description	Amount \$
Wages & Insurance	159,000
Personal Expenses	60,000
Clint Smith Family Trust	160,000
<b>Total</b>	<b>379,000</b>

- We would be required, if appointed as liquidator, to assess whether the above payments were unreasonable as to quantum given they were made over a seven month period from 1 July 2018 to 23 January 2019 and having regard to the position held in the Company's business.

## 4. Investigations, Offences and Voidable Transactions

### 4.18 Preliminary Findings

■ 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.

Area	Comments	Our view
<b>Unfair preferences</b>	<ul style="list-style-type: none"> <li>■ The Administrators' 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.</li> <li>■ Based on the Administrators' investigations to date, the Administrators do not consider there are any preferential payments that would likely result in property being recovered for the benefit of creditors, however, further investigations will be required to be undertaken in the event the Company is placed into liquidation.</li> </ul>	<b>Further investigations required</b>
<b>Uncommercial transactions</b>	<ul style="list-style-type: none"> <li>■ The Administrators' are not aware of any potential uncommercial transactions that would likely result in property being recovered for the benefit of creditors.</li> </ul>	<b>No claims</b>
<b>Unfair loans</b>	<ul style="list-style-type: none"> <li>■ The Administrators' are not aware of any potential unfair loans that would likely result in property being recovered for the benefit of creditors.</li> </ul>	<b>No claims</b>
<b>Unreasonable payments to directors or related entities</b>	<ul style="list-style-type: none"> <li>■ The Administrators' are aware of a Division 7A Loan account provided to Lucich, a related entity, of \$3.3m. The Company's records indicate this loan was repaid in full during FY18 when a fully franked dividend was paid.</li> <li>■ The Administrators' are aware the Company leases two (2) premises from related entities and upon initial review, the rent paid appears to be above market value and may constitute unreasonable payments to related entities.</li> <li>■ <b>Payments to Lucich / Clint Smith Earnings post 1 July 2018 to 23 January 2019</b> <ul style="list-style-type: none"> <li>▪ It appears Mr Smith and / or related party was paid \$379k from the Company from 1 July 2018 to 23 January 2019. We need to assess reasonableness of such payments. Given the payments occurred during only a seven month period, they might be considered unreasonable, however further investigation as to reasonableness is necessary.</li> </ul> </li> <li>■ <b>Insolvent Trading</b> <ul style="list-style-type: none"> <li>▪ Robayne was profitable ostensibly to September 2018 and the Company had support of financiers and major suppliers. It appears that the Company may have been trading whilst insolvent since December 2018 when it lost support of its key supplier.</li> </ul> </li> <li>■ <b>Dividend</b> <ul style="list-style-type: none"> <li>▪ It appears that the dividend did not impact the Company's capacity to pay prior to June 2018 as it was within agreed terms with its major suppliers however further investigations by a liquidator is required.</li> </ul> </li> </ul>	<b>Possible claims</b>
<b>Arrangements to avoid employee entitlements</b>	<ul style="list-style-type: none"> <li>■ The Administrators' investigations to date have not revealed the existence of any such arrangements.</li> </ul>	<b>No claims</b>
<b>Voidable charges</b>	<ul style="list-style-type: none"> <li>■ The Administrators' investigations have not revealed any charges or registered security interests that would be void against a liquidator.</li> </ul>	<b>No claims</b>
<b>Offences by directors</b>	<ul style="list-style-type: none"> <li>■ Based on the Administrators' investigations to date, it does not appear that offences have been committed by the Director.</li> </ul>	<b>No claims</b>

# 5. Strategy and Financial Position

## 5.1 Snapshot of Strategy

Day 0-7

- Reviewed the Company's operations, including existing contracts and implemented trading controls.
- Assessed the underlying viability of the Company's business.
- Sought payment relief from the secured creditor.
- Held discussions with key suppliers, requesting and obtaining their ongoing support.
- Attended to our statutory requirements and notified key parties.
- Advertised the business for immediate sale.

Week 2-6

- Sought an order for extension of the convening period from the Supreme Court of WA to 18 March 2019.
- Liaised with the interested parties, issuing twenty-seven (27) Confidentiality Agreements and twenty-four (24) Information Memorandums.
- Liaised with the Director and General Manager about continued trading.
- Liaised with the Director regarding a proposal for a DOCA and the sale of the Company's business.
- Convened a committee of inspection meeting with major creditors.
- The Administrators continued to trade the Company's business for the following reasons:
  - The purpose of the Voluntary Administration process is to:
    - Maximise the chance of the company's business continuing as a going concern; or if not possible
    - Result in a better return to creditors than the immediate liquidation.
- Held discussions with customers, suppliers and creditors.

Week 7

- Received and reviewed offers from interested parties. Liaised closely with certain parties in order to obtain final offers.
- Liaised with the Director about a potential DOCA proposal. Continued to investigate the causes of failure and prepared this report.
- Called the Second Meeting of the Company's creditors in accordance with Section 439A of the Act.
- Entered into a sale agreement with a non-related entity, RIS.

### 5.1.1 Summary of Actions and Strategy

- Under Section 435A of the Act, the Administrators are required to administer the Company's business, property and affairs in a way that:
  - Maximises the chances of the Company, or as much as possible of its business, continuing in existence; or
  - If it is not possible for the Company or its business to continue in existence – results in a better return for the Company's creditors than would result from an immediate liquidation.
- Upon our appointment, we undertook an urgent review of the Company's operations to stabilise the Company's business and assess its available options. Based on our review, it was clear the Company:
  - required support of all of its major suppliers, customers, employees, Westpac and landlords;
  - had no capacity or means to trade out of its financial position;
  - had a significant amount owed by debtors; and
  - held no cash at bank at the date of the Administrators' appointment and therefore was unable to continue to trade and meet ongoing trading liabilities.
- The secured creditor provided funding to the Administrators in their personal capacity to allow the Administrators to meet employee wages in the first week of trading. Had this funding not been provided, the Administrators would have been forced to close the Company's business.
- This surety to pay the shortfall in employee wages gave the Administrators time to settle the operations, collect the outstanding debtors due and trade whilst:
  - conducting a sale process to sell the Company's business as a going concern which will ultimately generate a better return to creditors; and
  - exploring a potential DOCA/restructure with the Director.

# 5. Strategy and Financial Position

## 5.2 Sale of Business

- We advertised the Business and its assets for sale in the Australian Financial Review and Business section of the West Australian.
- Concurrently, the Director approached parties and introduced them to the Administrators to see whether there was any interest in purchasing the Company's business.
- We received good interest, which we summarise below:

Summary of Interested Parties	No.
Confidentiality Agreements Executed	27
Information Memorandums Provided	24

### 5.2.1 Going Concern Sale

- 27 parties entered into Confidentiality Agreements and 24 parties were provided with an Information Memorandum.
- During the process various ad-hoc information concerning the Company's business and historical performance was provided to interested parties to assist them in formulating a final offer (either in whole or in part).

### 5.2.2 Sale Process and Outcome for Creditors

- On 21 February 2019 the Administrators formally accepted a final offer for the Company's business as a whole to a non-related entity, RIS (which was incorporated following acceptance of the offer).
- The sum of \$100,000 has been received by way of a deposit with a further \$150,000 due on signing of the contract. The contract was signed on 12 March 2019. Settlement is due to occur on Friday, 15 March 2019.
- The key terms of the sale contract as are follows:

Sale Price	Withheld
Assets to be acquired	Stock Plant and Equipment Intellectual Property
Liabilities Assumed	Employee Entitlements of Continuing Employees Asset finance contracts held with BOQ and Westpac

- The sale consideration does not ascribe a value for goodwill (**Section 3.1**).
- Creditors will appreciate that the sale is subject to confidentiality and details as to price cannot be disclosed at this time, however, a full accounting will be provided shortly.
- The Administrators have introduced the Buyer to the Company's various landlords and major suppliers, and the Buyer is actively contacting these stakeholders to:
  - Negotiate an assignment of existing lease terms and conditions;
  - Negotiate new leases (where required); and
  - Obtain continued support from the Company's supplier base for the period after completion of the sale transaction.



## 5. Strategy and Financial Position

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### 5.2.3 Outcome for Creditors

- The Administrators consider the sale of the Company's business represents, on balance, a superior outcome for creditors compared to the orderly wind down of the Company's business.
- The sale in particular has the following benefits:
  - the general creditor pool benefits from the sale of the Company's business assets because a majority of remaining employees are likely to transfer to the purchasing entity (Continuing Employees) which avoids the crystallisation of significant retrenchment liabilities;
  - a more certain value in a timely manner is recovered with respect to the Company's main physical assets, stock, plant and equipment, and office furniture;
  - the value attributed to inventory exceeds that would be otherwise available if realised via other means, such as auction;
  - Continued employment and trading with existing customers;
  - the sale will reduce the possible large landlord claims due to leases being granted to the Buyer; and
  - the sale enables the business to continue to trade under new ownership, with the Buyer providing the business with expansionary capital to take advantage of additional distribution options via Robayne's strategically located operational sites.

### 5.3 Alternate Sale

- In addition to the foregoing, we instructed Slattery Asset Advisory to value the plant and equipment (**Section 3.1**).
- If the Administrators are unable to sell the plant and equipment as a going concern, or a DOCA is not proposed by the Director, a liquidator is likely to be appointed and will sell the assets in liquidation.

### 5.4 DOCA/Recapitalisation Plan

- Upon appointment, the Administrators met with the Director to discuss alternatives to restructure the Company and put forward a DOCA that would provide a return to creditors.
- The Administrators continued to hold a number of discussions with the Director, however, as at the date of this report, no DOCA proposal has been received.

## 6. Estimated Return to Creditors

### 6.1 Creditors Claims

- There are three major classes of creditors, those which hold security, priority creditors, (predominantly employees), and ordinary general unsecured creditors.
- We set out below the estimated quantum of creditors' claims at the date of Administrators' appointment based on investigations undertaken to date:

Creditors	Amount \$
<b>Priority Claims</b>	
Employee Entitlements	870,316
Superannuation	80,994
<b>Total Priority Claims</b>	<b>951,310</b>
<b>Secured Creditors</b>	
Westpac WIF	2,920,736
Westpac Overdraft	2,050,000
Westpac Loan	1,545,855
<b>Subtotal - Westpac</b>	<b>6,516,591</b>
Suppliers (PMSI)	934,337
Westpac Hire Purchase	480,021
BOQ	78,019
<b>Unsecured Creditors Claims</b>	<b>6,337,137</b>

### 6.2 Priority Creditors

#### 6.2.1 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:
  - Amounts due in respect of wages, superannuation and superannuation guarantee charge outstanding as at the date of the appointment of Administrators, followed by;
  - Amounts due in respect of leave of absence and other amounts due under the terms of an industrial instrument, followed by;
  - Retrenchment payments.

- Subject to completion of the sale contract to RIS all employees claims will be repaid. In relation to the sale, 52 staff are transferring, 17 are being terminated and the balance of 11 have resigned.

- It is estimated that priority creditors will be paid between March 2019 and June 2019.

### 6.3 Secured Creditors

- There are three classes of secured creditor claims which are BOQ, Westpac and trade suppliers which hold valid PSMI claims.

#### 6.3.1 Westpac c.\$6.5m

- Westpac invoice financing facility of \$2.9m will be repaid in full from the collection of pre-appointment debtor balances.

- In relation to the balance owed to Westpac of \$3.5m, we estimate an indicative return / dividend in excess of 50 cents (net of costs), subject to completion of the sale to RIS (refer **Section 5.2**).

- It is estimated that Westpac will be paid between March 2019 and September 2019.

#### 6.3.2 BOQ Equipment Finance \$78k

- BOQ will be repaid in full as RIS has agreed to refinance the amount owed.

#### 6.3.4 Westpac Equipment Finance \$480k

- Westpac will be repaid in full on this facility as RIS has agreed to refinance the amount owed.

#### 6.3.5 PSMI \$802k to \$1.5m

- Certain suppliers which hold a PSMI and have been admitted in full by Administrators will receive a return of 100 cents in the dollar. A full accounting of same will be provided shortly.

## 6. Estimated Return to Creditors

### 6.4 Unsecured Creditors \$6.3m

- According to the Company's management accounts, unsecured creditors are owed \$6.337m, as follows:

Creditor	\$
Trade Creditors	6,163,142
Statutory Creditors	173,995
<b>Total Unsecured Creditors</b>	<b>6,337,137</b>

- Unsecured creditors will not receive a return from the sale of the Company's business as a going concern given the sale price and amount owed to creditors which hold a priority position. Some of the unsecured creditors claims have been disputed by the Company. We are assessing same and have not adjusted the above balance.
- As at whether unsecured creditors will receive a return it is dependent on the results of the investigations to be undertaken by a liquidator. Please refer to **Section 4** for further details.

## 7. Administrators' Remuneration

### 7.1 Administrators' Remuneration

- We have not charged all time incurred in undertaking this engagement. We also note significant amount of time was expended in order to continue trading the Company and retaining its value and complete a going concern sale.
- A significant amount of work was performed in managing the Company's operations, noting monthly turnover of \$3m, 80 full time staff, 13 sites and 6,000 product lines.
- We have relied on the Company's staff to assist us in the management of the Company's affairs and trading. This has improved the efficiency and resulted in a lower overall cost to undertake the Administration.
- The Administrators' first circular to creditors indicated their intention to claim remuneration on a time basis. The firm's hourly rates as at 1 March 2017, were distributed in the First Circular to Creditors.
- The Administrators' have incurred fees in the amount of \$415,562.50 (excluding GST) for the period 23 January 2019 to 10 March 2019. Our initial estimate for fees to second meeting (five week period) was between \$350K and \$500K (excluding GST). However, we note that we obtained an extension of the convening whilst a sale was pursued (eight week period).
- Pursuant to Section 449E of the Act, the Administrators' remuneration can be fixed at the Second Meeting.
- The Administrators will only draw remuneration based on actual time incurred and, as such, if a lower amount is incurred compared to that approved, then the Administrators will only draw the lower amount.

### 7.2 Total Remuneration

- **Appendix 4** provides the Administrators' Remuneration Report seeking approval from the Creditors of the Company for the periods, as detailed in the adjacent table.

- The amount listed for the Liquidators' remuneration is an interim estimate only. Further fees may be incurred, subject to the results of the liquidator's investigations.
- Post the winding up of the Company there are a significant number of tasks to be completed, including but not limited to:
  - collection of remaining post-appointment debtors totalling approximately \$2.7m.
  - discharge employee claims (\$951k) and trading liabilities (approximately \$1.6m);
  - Conclude all matters regarding the sale process;
  - pay a dividend to Westpac; and
  - conduct and conclude further investigations into the Company's historical affairs, including voidable transactions and insolvent trading to determine the potential of any recoveries.

Period	Amount (\$) excluding GST
<b><u>Administrators' Remuneration</u></b>	
23 January 2019 to 10 March 2019 - actual	415,562.50
11 March 2019 to 25 March 2019 – estimate	130,000.00
<b><u>Liquidators' (if Appointed)</u></b>	
From 26 March 2019 to 30 June 2019	125,000.00
<b><u>Administrators' Internal Disbursements</u></b>	
23 January 2019 to 10 March 2019	322.50
11 March 2019 to 25 March 2019	500.00
<b><u>Liquidators' Internal Disbursements</u></b>	
26 March 2019 to 30 June 2019	2,500.00

### 7.3 Administrators Receipts and Payments

- The receipts and payments from 23 January 2019 to 10 March 2019 is attached as **Appendix 5**.

## 8. Opinion and Recommendation to Creditors

### 8.1 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; or
  - The administration of the Company should end; or
  - The Company should be wound up.
- Creditors can also vote to adjourn the second meeting for a period not exceeding 45 business days.
- In accordance with the requirements of Section 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.

### 8.2 Administrators' Opinions on the Options Available to Creditors

#### 8.2.1 Execution of a Deed of Company Arrangement

- As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time. Therefore, ***we do not consider it would be in the creditors' interests for the Company to execute a DOCA.***
- It remains an option for creditors to consider whether they may wish to adjourn the forthcoming meeting of creditors for a period up to 45 business days to allow time for a DOCA proposal to be submitted.

#### 8.2.2 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 confirmed prospects of obtaining external funding. Therefore ***we do not consider that it would be in the creditors' interests for the administration to end.***

#### 8.2.3 The Company is Wound Up

- Absent the other options being viable alternatives, ***we consider that it would be in the creditors' interests for the Company to be wound up.*** The Company is insolvent. We have not been provided with a proposal for a DOCA for consideration and it is not appropriate that the administration ends for the reasons noted above.

#### 8.2.4 Adjournment

- It also remains an option to adjourn the second meeting for whatever reason the sale to RIS had not been concluded prior to 25 March 2019. The sale is due to complete at the time of writing this report.

Dated 15 March 2019



Ian Francis  
Joint and Several Administrator

# Appendix 1 – Glossary and Terms of Reference

# Appendix 1 - Glossary and Terms of Reference

Item	Definition
<b>ACN</b>	Australian Company Number
<b>the Act</b>	Corporations Act 2001
<b>Administrators</b>	Ian Charles Francis and Daniel Hillston Woodhouse
<b>AIIPAAP</b>	All present and after-acquired property
<b>Appointment date</b>	23 January 2019
<b>ARITA</b>	Australia Restructuring Insolvency & Turnaround Association
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ATO</b>	Australian Taxation Office
<b>BASF</b>	BASF Australia Ltd
<b>BOQ</b>	Bank of Queensland Ltd
<b>Company or Robayne</b>	Robayne Pty Ltd
<b>Director or Mr Smith</b>	Mr Clint Smith
<b>DIRRI</b>	Declaration of Independence, Relevant Relationships and Indemnities
<b>DOCA</b>	Deed of Company Arrangement
<b>EBIT / EBITDA</b>	Earnings before interest and tax / Earnings before interest, tax, depreciation and amortisation

Item	Definition
<b>ERV</b>	Estimated Realisable Value
<b>ERP</b>	Enterprise Resource Plan
<b>ESOP</b>	Estimated Statement of Position
<b>FEG</b>	Fair Entitlements Guarantee
<b>First Circular to Creditors</b>	First Circular to Creditors and Suppliers issued on 25 January 2019
<b>First Meeting</b>	First Meeting of Creditors for Robayne Pty Ltd held 5 February 2019
<b>FY</b>	Financial Year
<b>GST</b>	Goods and Services Tax
<b>IBR</b>	Independent Business Review
<b>ITC</b>	Independent Trade Centre
<b>Lucich</b>	Lucich Pty Ltd ATF Clint Smith Family Trust, a related entity
<b>m</b>	Million
<b>PA</b>	Per annum
<b>POD</b>	Proof of Debt
<b>PPSR</b>	Personal Property Securities Register
<b>Proxy</b>	Appointment of Proxy Form
<b>RIS or Buyer</b>	Robayne Industrial Supplies Pty Ltd
<b>ROCAP</b>	Report on Company Activities and Property

## Appendix 1 - Glossary and Terms of Reference

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Item	Definition
<b>Second Meeting</b>	Second Meeting of Creditors for Robayne Pty Ltd, which will be held on Monday, 25 March 2019 at the Theatrette, Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000 at 10AM WST.
<b>Secure Creditor or Westpac</b>	Westpac Banking corporation Ltd
<b>Twelve Investments</b>	Twelve Investments Pty Ltd, a related entity
<b>Valspar</b>	Valspar Paint (Australia) Pty Ltd



# Appendix 1 - Glossary and Terms of Reference

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## Terms of Reference

- This report has been prepared for the creditors of Company to assist them in evaluating their position as creditors and in deciding on 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 Director 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 that 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.

## Appendix 2 – General Information and Considerations

# Appendix 2 - General Information and Considerations

## 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 a 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 that 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.

## 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 that 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.

## 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 that 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.

## Appendix 2 - Indicators of Potential Insolvency

### Factors to Take into Account

- The following are some general indicators of insolvency that are typically considered in assessing the solvency position of any company:
  - The company has a history of continuing trading 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 instalments 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 judgements 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 that shows the company's trading performance and financial position or that 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 that 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 that there are assets that 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.

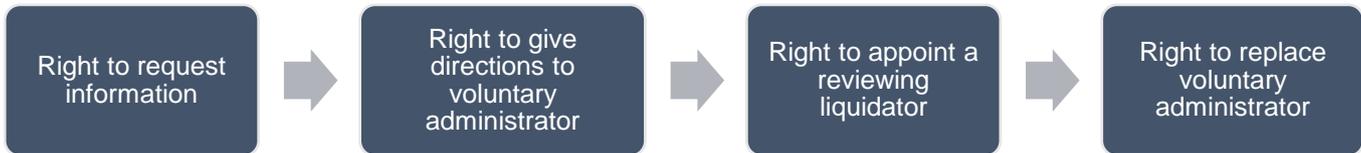
Source: ASIC Regulatory Guide 217 - Duty to prevent insolvent trading: Guide for directors

- ASIC's view is that these are some of the factors that a reasonable person would take into account when determining whether a company is insolvent. The list of factors is not intended to be exhaustive. There may be other factors that would indicate to a reasonable person that a company may be insolvent.

## Appendix 3 – Creditor Information Sheet

# Creditor Rights in Voluntary Administrations

As a creditor, you have rights to request meetings and information or take certain actions:



## Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

Creditors have the right to request information at any time. A voluntary administrator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the voluntary administration, and the provision of the information would not cause the voluntary administrator to breach their duties.

A voluntary administrator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the voluntary administrator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

### Requests must be reasonable.

#### They are not reasonable if:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

## Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

If a voluntary administrator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons for not complying.

An individual creditor cannot provide a direction to a voluntary administrator.

## Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

The cost of the reviewing liquidator is paid from the assets of the voluntary administration, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the voluntary administrator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

## Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

**For more information, go to [www.arita.com.au/creditors](http://www.arita.com.au/creditors).  
Specific queries about the voluntary administration should be directed to the voluntary administrator's office.**

## Appendix 4 – Remuneration Approval Report

15 MARCH 2019

# REMUNERATION APPROVAL REPORT

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ROBAYNE PTY LTD  
(ADMINISTRATORS APPOINTED)  
ACN 150 673 475

# 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 and the cost of our internal disbursements for undertaking the Administration of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475.

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## Part 1: Declaration

We, Ian Francis and Daniel Woodhouse of FTI Consulting have undertaken a proper assessment of the claims for remuneration and payment of our internal disbursements for the appointment as Voluntary Administrators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment and further, that the disbursements claimed are necessary and proper.

## Part 2: Executive Summary

### Remuneration

We currently estimate the total remuneration for this appointment for the period 23 January 2019 to the finalisation of the Voluntary Administration to be approximately \$545,562.50 plus GST. This includes \$415,562.50 plus GST for the period 23 January 2019 to 10 March 2019 (inclusive) and the anticipated costs from 11 March 2019 to 25 March 2019 of \$130,000 plus GST.

This is slightly above our estimate provided in the Initial Remuneration Notice dated 25 January 2019 which estimated remuneration of \$350,000 to \$500,000 plus GST. When providing our estimate it was assumed that the Administrators would not extend the convening period. As you are aware we were required to do same, and accordingly the period of our appointment was longer.

Remuneration claimed is summarised below in Table 1:

Table 1: Current Claim for Remuneration		
Period	Report Reference	Amount (excl GST)
<b>Voluntary Administration</b>		
Resolution 1: Remuneration from 23 January 2019 to 10 March 2019 (inclusive)	Schedule 1	\$415,562.50
Resolution 2: Remuneration from 11 March 2019 to 25 March 2019 (inclusive)*	Schedule 2	\$130,000.00
<b>Total</b>		<b>\$545,562.50</b>
<b>Liquidation</b>		
Resolution 3: Remuneration from 26 March 2019 to 30 June 2019 (inclusive)*	Schedule 3	\$125,000.00
<b>Total</b>		<b>\$125,000.00</b>

\* Approval for the future remuneration sought is based on an estimate of the work necessary to complete 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.

Internal disbursements currently claimed are summarised below in Table 2:

<b>Table 2: Current Claim for Internal Disbursements</b>		
<b>Period</b>	<b>Report Reference</b>	<b>Amount (excl GST)</b>
<b>Voluntary Administration</b>		
Resolution 4: Internal Disbursements from 23 January 2019 to 10 March 2019 (inclusive)	8	\$322.50
Resolution 5: Internal disbursements from 11 March 2019 to 25 March 2019 (inclusive)*	9	\$500.00
<b>Total</b>		<b>\$822.50</b>
<b>Liquidation</b>		
Resolution 6: Internal disbursements from 26 March 2019 to 30 June 2019 (inclusive)*	9	\$2,500.00
<b>Total</b>		<b>\$2,500.00</b>

\* Approval for the future internal disbursements sought is based on an estimate of the internal disbursements necessary to complete the administration. Should additional internal disbursements beyond what is contemplated be necessary, further approval may be sought from creditors.

## 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 23 January 2019 to 10 March 2019 (inclusive)

The remuneration of the Voluntary Administrators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 for the period 23 January 2019 to 10 March 2019 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedule of FTI Consulting Standard Rates effective 1 March 2017 (Corporate Finance & Restructuring and Strategic Communications), and is determined and approved for payment in the amount of \$415,562.50 plus GST and the Voluntary Administrators can draw the remuneration.

#### Resolution 2: Remuneration from 11 March 2019 to 25 March 2019 (inclusive)

The remuneration of the Voluntary Administrators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 for the period 11 March 2019 to 25 March 2019 (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the Schedule of FTI Consulting Standard Rates effective 1 March 2017 (Corporate Finance & Restructuring and Strategic

Communications), up to a capped amount of \$130,000.00 plus GST, and the Voluntary Administrators can draw the remuneration.

### **Resolution 3: Remuneration from 26 March 2019 to 30 June 2019 (inclusive)**

The future remuneration of the Liquidators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 for the period from 26 March 2019 to 30 June 2019 (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 March 2017, up to an initial capped amount of \$125,000.00 plus GST, and 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 Schedule of Standard Rates which appear at Schedule 4 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 further approval from creditors. However the position may change depending on the progress of the external administration and the issues that may arise.

## **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 to Schedule 3 to this report.

### **Resolution 1: Remuneration from 23 January 2019 to 10 March 2019 (inclusive)**

Table 3 below table sets out time charged to each major task area by staff members working on the Voluntary Administration for the period 23 January 2019 to 10 March 2019 (inclusive) which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule 1.

Table 3: Time Charged to Each Major Task Area for Period 23 January 2019 to 10 March 2019

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area					
					Assets \$	Creditors \$	Employees \$	Investigation \$	Operations/ Trade On	Administration \$
Ian Francis	Senior Managing Director	625.00	56.50	35,312.50	9,062.50	5,562.50	0.00	0.00	18,750.00	1,937.50
Matthew Chivers	Managing Director	580.00	245.30	142,274.00	81,722.00	2,900.00	0.00	696.00	56,956.00	0.00
Jacque Sinclair	Senior Director	570.00	88.90	50,673.00	6,270.00	24,225.00	684.00	2,622.00	2,736.00	14,136.00
Ian Morton	Senior Director	570.00	12.10	6,897.00	684.00	0.00	0.00	0.00	6,213.00	0.00
Thomas Beeck	Consultant II	360.00	229.40	82,584.00	8,532.00	5,652.00	720.00	0.00	60,372.00	7,308.00
Carlos Bourgy	Consultant II	360.00	0.80	288.00	0.00	0.00	0.00	0.00	0.00	288.00
Jeremy Dalais	Consultant I	315.00	223.40	70,371.00	6,741.00	24,727.50	1,575.00	1,858.50	19,309.50	16,159.50
Marco Bozzetto	Consultant I	315.00	3.40	1,071.00	0.00	945.00	0.00	0.00	126.00	0.00
Liam McEntee	Associate II	280.00	26.80	7,504.00	7,000.00	504.00	0.00	0.00	0.00	0.00
Damon Brankstone	Associate II	280.00	2.00	560.00	0.00	560.00	0.00	0.00	0.00	0.00
Minyoung Park	Associate II	280.00	0.40	112.00	0.00	112.00	0.00	0.00	0.00	0.00
Loice Taderera	Associate I	260.00	44.90	11,674.00	0.00	9,516.00	1,300.00	0.00	364.00	494.00
Claire Rees	Administration II	185.00	8.90	1,646.50	0.00	0.00	0.00	0.00	0.00	1,646.50
Dhyana Ishibashi	Administration II	185.00	1.50	277.50	0.00	0.00	0.00	0.00	0.00	277.50
Mary Smith	Administration I	155.00	18.20	2,821.00	0.00	0.00	0.00	0.00	0.00	2,821.00
Abbie Kozlowska	Administration I	155.00	1.40	217.00	0.00	0.00	0.00	0.00	0.00	217.00
<b>Total</b>			<b>963.90</b>	<b>414,282.50</b>	<b>120,011.50</b>	<b>74,704.00</b>	<b>4,279.00</b>	<b>5,176.50</b>	<b>164,826.50</b>	<b>45,285.00</b>
GST				41,428.25						
<b>Total (including GST)</b>				<b>455,710.75</b>						
<b>Average hourly rate (excluding GST)</b>				<b>429.80</b>	<b>504.89</b>	<b>384.28</b>	<b>324.17</b>	<b>442.44</b>	<b>439.89</b>	<b>342.55</b>

The below table sets out time charged, and the work performed by other non-insolvency professional services provided by the firm for the period 23 January 2019 to 10 March 2019 (inclusive). These figures in Table 4 below, along with the figures in Table 2 and 3, are included in resolution 1.

<b>Table 4: Time Charged for Services Provided by FTI Strategic Communications</b>				
<b>Employee</b>	<b>Position</b>	<b>Rate / Hour excl GST \$</b>	<b>Total Actual Hours</b>	<b>Total Excl GST \$</b>
Adrian Watson	Director	400	3.2	1,280.00

<b>Table 5: Major Tasks Undertaken by FTI Strategic Communications</b>
<b>Task</b>

Provide advice to Administrator’s in relation to media enquiries received.

**Resolution 2: Remuneration from 11 March 2019 to 25 March 2019 (inclusive)**

The below table sets out the expected costs for the major tasks likely to be performed by the Voluntary Administrators and their staff for the period 11 March 2019 to 25 March 2019 (inclusive) which is the basis of the Resolutions 2 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Schedule 2.

<b>Table 6: Expected Costs for the Major Tasks from 11 March 2019 to 25 March 2019 (Inclusive)</b>								
<b>\$</b>	<b>Total</b>	<b>Task Area</b>						
		<b>Assets</b>	<b>Creditors</b>	<b>Employees</b>	<b>Trade on</b>	<b>Investigation</b>	<b>Dividend</b>	<b>Administration</b>
Total (est)	\$130,000	\$30,000	\$25,000	\$5,000	\$30,000	\$10,000	Nil	\$30,000
GST	\$13,000	\$3,000	\$2,500	\$500	\$3,000	\$1,000	Nil	\$3,000
<b>Total (incl GST)</b>	<b>\$143,000</b>	<b>33,000</b>	<b>\$27,500</b>	<b>\$5,500</b>	<b>\$33,000</b>	<b>\$11,000</b>	<b>Nil</b>	<b>\$33,000</b>

**Resolution 3: Remuneration from 26 March 2019 to 30 June 2019 (inclusive)**

The below table sets out the expected costs for the major tasks likely to be performed by Liquidators and their staff for the period 26 March 2019 to 30 June 2019 of Liquidation (inclusive) which is the basis of the Resolution 3 claim. More detailed descriptions of the tasks likely to be performed within each task area, matching the amounts below, are contained in Schedule 3.

**Table 7: Expected Costs for the Major Tasks from 26 March 2019 to 30 June 2019 (Inclusive)**

\$	Total	Task Area						
		Assets	Creditors	Employees	Trade on	Investigation	Dividend	Administration
Total (est)	\$125,000	\$25,000	\$30,000	\$5,000	Nil	\$25,000	\$10,000	\$30,000
GST	\$12,500	\$2,500	\$3,000	\$500	Nil	\$2,500	\$1,000	\$3,000
Total (incl GST)	\$137,500	\$27,500	\$33,000	\$5,500	Nil	\$27,500	\$11,000	\$33,000

### Total remuneration reconciliation

At this point in time, I estimate that the total remuneration for this Voluntary Administration will be \$545,562.50 plus GST. This includes \$415,562.50 plus GST for the period 23 January 2019 to 10 March 2019 (inclusive) and the anticipated costs from 11 March 2019 to 25 March 2019 of \$130,000 plus GST.

We initially estimated \$350,000 - \$500,000 plus GST for the Voluntary Administration in the initial remuneration notice dated 25 January 2019. The increase in remuneration beyond the initial estimate is primarily due to when providing our estimate it was assumed that the Administrators would not extend the convening period. As you are aware we were required to do same, and accordingly the period of our appointment was longer.

### Likely impact on dividends

The Act sets the order for payment of claims against the company and it provides for remuneration of the Voluntary Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Voluntary Administrators 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.

There are not expected to be sufficient funds to pay a dividend to unsecured creditors.

## 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.

Internal disbursements not charged at cost must be approved by creditors before we can draw the cost of those disbursements from this external administration. 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.

## **Internal disbursement claim resolutions**

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

### **Resolution 4: Internal disbursements from 23 January 2019 to 10 March 2019 (inclusive)**

The cost of the internal disbursements of the Voluntary Administrators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 for the period 23 January 2019 to 10 March 2019 (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 \$322.50 plus GST and the Voluntary Administrators can draw the cost of those internal disbursements.

### **Resolution 5: Internal disbursements from 11 March 2019 to 25 March 2019 (inclusive)**

The cost of the internal disbursements of the Voluntary Administrators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 for the period 11 March 2019 to 25 March 2019 (inclusive) is determined and approved for payment at a sum equal to the cost of the internal disbursements incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the rates set out in the Schedule of FTI Consulting Internal Disbursement Rates, up to a capped amount of \$500 plus GST, and the Voluntary Administrators can draw the cost of those internal disbursements.

### **Resolution 6: Internal disbursements from 26 March 2019 to 30 June 2019 (inclusive)**

The cost of the future internal disbursements of the Liquidators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 for the period from 26 March 2019 to 30 June 2019 (inclusive) is determined and approved for payment at a sum equal to the cost of the internal disbursements incurred by the Liquidators and staff of FTI Consulting, calculated at the rates set out in the Schedule of FTI Consulting Internal Disbursement Rates, up to an initial capped amount of \$2,500 plus GST, and the Liquidators can draw the cost of those internal disbursements as required.

## Details to support resolutions

### Resolution 4: Internal disbursements from 23 January 2019 to 10 March 2019 (inclusive)

The cost of the internal disbursements that are the subject of Resolution have been calculated in the manner shown in Table 8 below.

<b>Table 8: Cost of Internal Disbursements claimed</b>		
<b>Disbursement Claimed</b>	<b>Basis of Charge Excl GST \$</b>	<b>Amount excl GST \$</b>
<b>Externally Provided Costs</b>		
Searches	At Cost	207.30
Taxi Fares	At Cost	420.69
Travel Airfares	At Cost	1,397.32
Accommodation	At Cost	114.18
Parking	At Cost	347.71
Meal Expenses	At Cost	79.55
Telephone (Conference Facility)	At Cost	6.64
Postage	At Cost	718.04
<b>Total</b>		<b>3,291.43</b>
<b>Internal Disbursements</b>		
Printing B/W	\$0.50 per page	195.50
Printing Colour	\$1.00 per page	127.00
<b>Total</b>		<b>322.50</b>

## Future basis of internal disbursements

Future internal disbursements will be charged to the administration on the basis shown in the Schedule of FTI Consulting Internal Disbursement Rates as shown in Table 9 below.

Table 9: Schedule of FTI Consulting Disbursement Rates		
Disbursement	Note	Amount excl GST \$
Advertising and search fees		At cost
Courier		At cost
Postage		At cost
Printing and photocopying	Per page	0.50 (b/w) 1.00 (colour)
Facsimile	Per page	1.50 (local) 4.50 (international)
Storage and storage recall		At cost
Staff travel – mileage	ATO rates	Cents per km method
Other staff travel/out of pockets		At cost

## Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the Voluntary Administration for the period 23 January 2019 to 10 March 2019 appears in the Administrators’ report which accompanies this report.

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 Thomas Beeck on (08) 9321 8533 or via email on [Thomas.Beeck@fticonsulting.com](mailto:Thomas.Beeck@fticonsulting.com).

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

- ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)
- ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for “insolvency information sheets”).



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### About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at [www.fticonsulting.com](http://www.fticonsulting.com).

## Schedule 1: Table of major tasks for resolution 1 Remuneration Approval

Table 10 provides a description of the work undertaken in each major task area for the period 23 January 2019 to 10 March 2019 (inclusive).

Table 10: Work Undertaken for the Period 23 January 2019 to 10 March 2019 (Inclusive)		
Task Area	General Description	Includes
<b>Assets</b>  <b>237.70 hours</b>  <b>\$120,011.50</b>	Sale of business as a going concern	<ul style="list-style-type: none"> <li>▪ Attending to sale of the Company’s business, including but not limited to:                             <ul style="list-style-type: none"> <li>▪ Advertising the business for sale.</li> <li>▪ Preparing Information Memorandum, supporting documentation and confidentiality agreement for interested parties.</li> <li>▪ Liaising with interested parties, including requests for further information to complete diligence processes.</li> <li>▪ Discussions with interested parties.</li> <li>▪ Internal meetings to discuss/review offers received.</li> <li>▪ Organising for valuations to be undertaken of the Company’s assets.</li> <li>▪ Comparing value of offers against third party valuations and company records.</li> <li>▪ Ongoing negotiations with potential purchaser with respect to the various issues and queries arising from the sale of the business.</li> <li>▪ Employee letters.</li> </ul> </li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>▪ Liaising with Westpac in relation to its factoring facilities and collection of debtors.</li> <li>▪ Reviewing and assessing debtor ledgers.</li> <li>▪ Receipting, updating and reconciling debtor ledgers.</li> <li>▪ Communications with debtors.</li> </ul>
	Cash and bank accounts	<ul style="list-style-type: none"> <li>▪ Communications with Westpac to transfer funds received into pre-appointment bank account.</li> <li>▪ Liaise with Westpac with regard to accounts held.</li> <li>▪ Receipting and reconciling bank accounts.</li> <li>▪ Realisation of cash on hand including petty cash.</li> </ul>
<b>Creditors</b>  <b>194.40 hours</b>	Creditor enquiries	<ul style="list-style-type: none"> <li>▪ Receiving creditor enquiries.</li> <li>▪ Maintaining register of creditor enquiries.</li> <li>▪ Responding to creditor enquiries by telephone and post.</li> </ul>
	PPSR Secured Parties	<ul style="list-style-type: none"> <li>▪ Conduct and review searches of the PPSR.</li> <li>▪ Liaising with various parties registered on the PPSR.</li> </ul>

<p><b>\$74,704.00</b></p>		<ul style="list-style-type: none"> <li>▪ Initial communications with creditors concerning consignment claims.</li> <li>▪ Review, consideration and adjudication of claims.</li> <li>▪ Maintaining register of claims and responses from PPSR parties.</li> </ul>
	Secured Creditor Reporting	<ul style="list-style-type: none"> <li>▪ Initial meetings with Westpac.</li> <li>▪ Review security documents and communications with secured creditors.</li> <li>▪ Provide ad hoc updates to Westpac.</li> </ul>
	Creditor reports & circulars	<ul style="list-style-type: none"> <li>▪ Preparing and issuing Statutory Report for the first meeting of creditors.</li> <li>▪ Providing DIRRI and Initial Advice on Remuneration to creditors.</li> <li>▪ Internal discussions regarding reports to creditors.</li> <li>▪ Preparing Section IPR 75-225 report to creditors.</li> </ul>
	Processing proofs of debt (PODs) not relating to a dividend	<ul style="list-style-type: none"> <li>▪ Receipting and reviewing POD's received for the first meeting of creditors.</li> <li>▪ Maintaining POD register.</li> <li>▪ Adjudicating on dividends for the purpose of voting at meeting of creditors.</li> </ul>
	Creditor Meetings	<ul style="list-style-type: none"> <li>▪ Preparation for first and second meeting of creditors.</li> <li>▪ Preparation of meeting notices, proxies and advertisements.</li> <li>▪ Distribution of meeting notices &amp; proxies.</li> <li>▪ Preparation of agenda and other documents for meeting.</li> <li>▪ Preparation &amp; lodgement of meeting minutes with ASIC.</li> <li>▪ Committee of Inspection ("COI") preparation for COI meeting and conducting same.</li> <li>▪ Regular reports to members of COI.</li> <li>▪ Responding to queries arising from first meeting of creditors.</li> </ul>
<p><b>Employees</b></p> <p><b>13.20 hours</b></p> <p><b>\$4,279.00</b></p>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Receiving and dealing with employee queries.</li> <li>▪ Responding to employee enquiries by telephone, email and post.</li> <li>▪ Communications with employees concerning entitlements including pre-appointment annual leave.</li> <li>▪ Preparation of an employee Frequently Asked Questions sheet and subsequent distribution.</li> </ul>
	Calculating entitlements	<ul style="list-style-type: none"> <li>▪ Reviewing employee files and company books and records.</li> <li>▪ Reviewing awards.</li> <li>▪ Determining employee entitlements.</li> </ul>
<p><b>Investigations</b></p> <p><b>11.70 hours</b></p>	Conducting investigations into affairs of the Company	<ul style="list-style-type: none"> <li>▪ Collecting company books and records.</li> <li>▪ Reviewing books and records.</li> <li>▪ Investigating and understanding company nature and history.</li> </ul>



Bank accounts	<ul style="list-style-type: none"> <li>▪ Opening and/or closing bank accounts.</li> <li>▪ Bank account reconciliations.</li> <li>▪ Procuring and reviewing bank account statements.</li> <li>▪ Communications concerning bank account transactions.</li> </ul>
ASIC lodgements	<ul style="list-style-type: none"> <li>▪ Preparation and lodging necessary forms with ASIC.</li> <li>▪ General communications with ASIC.</li> </ul>
ATO lodgements	<ul style="list-style-type: none"> <li>▪ Notification of appointment.</li> </ul>
Other lodgements	<ul style="list-style-type: none"> <li>▪ Communications with Court concerning reporting obligations.</li> </ul>
Planning review	<ul style="list-style-type: none"> <li>▪ Internal meetings to discuss the status of the administration.</li> <li>▪ Ad hoc meetings concerning the status of the administration.</li> </ul>
Court application	<ul style="list-style-type: none"> <li>▪ Liaising with our solicitor in relation to the Administrators' application to seek an extension to the convening period and notifying creditors of same.</li> </ul>

## Schedule 2: Table of major tasks for resolution 2 Remuneration Approval

Table 11 provides a description of the work undertaken in each major task area for the period 11 March 2019 to 25 March 2019 (inclusive).

Table 11: Work Undertaken for the Period 11 March 2019 to 25 March 2019 (Inclusive)		
Task Area	General Description	Includes
<b>Assets</b>  <b>\$30,000.00</b>	Sale of business as a going concern	<ul style="list-style-type: none"> <li>▪ Attending to sale of the Company’s business, including but not limited to:                             <ul style="list-style-type: none"> <li>▪ Ongoing discussions with purchaser with respect to the various issues and queries arising from the sale of the business.</li> <li>▪ Discussions with the purchaser with respect to the business sale contract and liaising with solicitors on same.</li> <li>▪ Complete and execute the business sale contract and assist with the transfer of the business to the purchaser.</li> </ul> </li> </ul>
	Debtors	<ul style="list-style-type: none"> <li>▪ Reviewing and assessing debtor ledgers.</li> <li>▪ Receipting, updating and reconciling debtor ledgers.</li> <li>▪ Communications with debtors.</li> </ul>
	Cash and bank accounts	<ul style="list-style-type: none"> <li>▪ Communications with Bank to transfer funds received into pre-appointment bank account.</li> <li>▪ Receipting and reconciling bank accounts.</li> <li>▪ Realisation of cash on hand including petty cash.</li> </ul>
<b>Creditors</b>  <b>\$25,000.00</b>	Creditor enquiries	<ul style="list-style-type: none"> <li>▪ Receiving creditor enquiries.</li> <li>▪ Responding to creditor enquiries by telephone and post.</li> </ul>
	PPSR Secured Parties	<ul style="list-style-type: none"> <li>▪ Liaising with various parties registered on the PPSR.</li> <li>▪ Maintaining register of claims and responses from PPSR parties.</li> </ul>
	Creditor reports & circulars	<ul style="list-style-type: none"> <li>▪ Internal discussions regarding reports to creditors.</li> <li>▪ Preparing Section IPR 75-225 report to creditors.</li> <li>▪ Preparing circular to creditors.</li> </ul>
	Processing proofs of debt (PODs) not relating to a dividend	<ul style="list-style-type: none"> <li>▪ Receipting and reviewing POD’s received for the first meeting of creditors.</li> <li>▪ Maintaining POD register.</li> </ul>
	Creditor Meetings	<ul style="list-style-type: none"> <li>▪ Preparation for second meeting of creditors.</li> <li>▪ Preparation of meeting notices, proxies and advertisements.</li> <li>▪ Distribution of meeting notices &amp; proxies.</li> <li>▪ Preparation of agenda and other documents for meeting.</li> </ul>
	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Receiving and dealing with employee queries.</li> </ul>

<b>Employees</b>  <b>\$5,000.00</b>		<ul style="list-style-type: none"> <li>▪ Responding to employee enquiries by telephone, email and post.</li> </ul>
	Calculating entitlements	<ul style="list-style-type: none"> <li>▪ Reviewing employee files and company books and records.</li> <li>▪ Reviewing awards.</li> <li>▪ Determining employee entitlements.</li> </ul>
<b>Investigations</b>  <b>\$10,000.00</b>	Conducting investigations into affairs of the Company	<ul style="list-style-type: none"> <li>▪ Reviewing books and records.</li> <li>▪ Investigating and understanding company nature and history.</li> <li>▪ Obtaining and reviewing statutory searches.</li> <li>▪ Investigating specific transactions warranting investigation including related party claims.</li> <li>▪ Communications with Director, management and its external accountant concerning company information.</li> </ul>
<b>Operations/Trade On</b>  <b>\$30,000.00</b>	Trade on Management	<ul style="list-style-type: none"> <li>▪ Attendance on site.</li> <li>▪ Communications with suppliers and customers.</li> <li>▪ Communications with key staff.</li> <li>▪ Authorising purchase orders.</li> <li>▪ Maintaining register of purchase orders.</li> <li>▪ Liaising with landlords and utility providers regarding ongoing trade.</li> </ul>
	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Entering receipts and payments into accounting system.</li> <li>▪ Preparation and authorisation of receipt and payment vouchers.</li> <li>▪ Reconciling receipts and payments.</li> </ul>
	Budgeting and financial reporting	<ul style="list-style-type: none"> <li>▪ Reviewing the Company’s budget.</li> <li>▪ Ongoing maintenance and monitoring of the cashflow projections for the Company.</li> </ul>
<b>Administration</b>  <b>\$30,000.00</b>	General	<ul style="list-style-type: none"> <li>▪ Word processing including correspondence, file notes, agendas and minutes.</li> <li>▪ Care and maintenance of the file.</li> </ul>
	File review/checklist/document maintenance	<ul style="list-style-type: none"> <li>▪ Administration review.</li> <li>▪ Document filing and maintenance.</li> <li>▪ File reviews.</li> <li>▪ Updating checklist.</li> </ul>
	Bank accounts	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations.</li> <li>▪ Procuring and reviewing bank account statements.</li> <li>▪ Communications concerning bank account transactions.</li> </ul>
	ASIC lodgements	<ul style="list-style-type: none"> <li>▪ Preparation and lodging necessary forms with ASIC.</li> <li>▪ General communications with ASIC.</li> </ul>
	Planning review	<ul style="list-style-type: none"> <li>▪ Internal meetings to discuss the status of the administration.</li> <li>▪ Ad hoc meetings concerning the status of the administration.</li> </ul>

## Schedule 3: Table of major tasks for resolution 3 Remuneration Approval

Table 12 provides a description of the work undertaken in each major task area for the period 26 March 2019 to 30 June 2019 (inclusive).

Table 12: Work Undertaken for the Period 26 March 2019 to Conclusion of Liquidation (Inclusive)		
Task Area	General Description	Includes
<b>Assets</b>  <b>\$25,000.00</b>	Debtors	<ul style="list-style-type: none"> <li>▪ Reviewing and assessing debtor ledgers.</li> <li>▪ Receipting, updating and reconciling debtor ledgers.</li> <li>▪ Communications with post appointment debtors to ensure debtors prior to sale of the business make payment into the correct bank account.</li> </ul>
	Cash and bank accounts	<ul style="list-style-type: none"> <li>▪ Receipting and reconciling bank accounts.</li> <li>▪ Realisation of cash on hand including petty cash.</li> </ul>
<b>Creditors</b>  <b>\$30,000.00</b>	Creditor enquiries	<ul style="list-style-type: none"> <li>▪ Receiving creditor enquiries.</li> <li>▪ Maintaining register of creditor enquiries.</li> <li>▪ Responding to creditor enquiries by telephone, email and post.</li> </ul>
	Creditor reports & circulars	<ul style="list-style-type: none"> <li>▪ Statutory Report to Creditors.</li> <li>▪ Ad hoc circulars to creditors.</li> </ul>
	Creditor Meetings	<ul style="list-style-type: none"> <li>▪ Preparation of meeting notices, proxies and advertisements.</li> <li>▪ Distribution of meeting notices and proxies.</li> <li>▪ Preparation of agenda and other documents for meeting.</li> <li>▪ Preparation and lodgement of meeting minutes with ASIC.</li> <li>▪ Responding to queries arising from meeting.</li> </ul>
<b>Employees</b>  <b>\$5,000.00</b>	Employee enquiries	<ul style="list-style-type: none"> <li>▪ Receiving and dealing with employee queries.</li> <li>▪ Responding to employee enquiries by telephone, email and post.</li> </ul>
	Calculating entitlements	<ul style="list-style-type: none"> <li>▪ Reviewing employee files and company books and records.</li> <li>▪ Reviewing awards.</li> <li>▪ Determining employee entitlements.</li> </ul>
<b>Investigation</b>  <b>\$25,000.00</b>	Conducting investigations into affairs of the Company	<ul style="list-style-type: none"> <li>▪ Reviewing books and records.</li> <li>▪ Investigating and understanding company nature and history.</li> <li>▪ Obtaining and reviewing statutory searches.</li> <li>▪ Preparation of comparative financial statements.</li> <li>▪ Investigating specific transactions warranting investigation.</li> <li>▪ Communications with directors and/or officers concerning company information.</li> </ul>

		<ul style="list-style-type: none"> <li>▪ Liaise with the Company’s external accountants with respect to specific queries.</li> </ul>
<b>Dividend</b>  <b>\$10,000.00</b>	Processing proofs of debt	<ul style="list-style-type: none"> <li>▪ Communications with secured and priority creditors inviting them to lodge PODs</li> <li>▪ Receiving PODs</li> <li>▪ Review, consideration and adjudication of PODs</li> <li>▪ Maintaining POD register</li> <li>▪ Communications with secured and priority creditors seeking further information</li> <li>▪ Advising secured and priority creditors of POD adjudication</li> </ul>
	Dividend procedures	<ul style="list-style-type: none"> <li>▪ Communications with secured and priority creditors concerning declaration of dividend</li> <li>▪ Advertising intention to declare dividend</li> <li>▪ Preparation and finalisation of dividend calculation</li> <li>▪ Maintaining dividend file &amp; register</li> <li>▪ Obtaining ATO clearance to allow dividend payment</li> <li>▪ Advertising of dividend declaration</li> <li>▪ Paying dividend to secured and priority creditors &amp; associated correspondence</li> </ul>
<b>Administration</b>  <b>\$30,000.00</b>	General	<ul style="list-style-type: none"> <li>▪ Word processing including correspondence, file notes, agendas and minutes.</li> <li>▪ Care and maintenance of the file.</li> </ul>
	File review/checklist/document maintenance	<ul style="list-style-type: none"> <li>▪ Administration review.</li> <li>▪ Document filing and maintenance.</li> <li>▪ File reviews.</li> <li>▪ Updating checklist.</li> </ul>
	Bank accounts	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations.</li> <li>▪ Procuring and reviewing bank account statements.</li> <li>▪ Communications concerning bank account transactions.</li> </ul>
	ASIC lodgements	<ul style="list-style-type: none"> <li>▪ Preparation and lodging necessary forms with ASIC.</li> <li>▪ General communications with ASIC.</li> </ul>
	ATO lodgements	<ul style="list-style-type: none"> <li>▪ Cessation of appointment.</li> <li>▪ Preparation and submission of BAS.</li> </ul>
	Planning review	<ul style="list-style-type: none"> <li>▪ Internal meetings to discuss the status of the administration.</li> <li>▪ Ad hoc meetings concerning the status of the administration.</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>▪ Communication with ATO concerning finalisation.</li> <li>▪ Cancelling ABN/GST/PAYG registration.</li> <li>▪ Finalising WIP.</li> <li>▪ Completing checklists.</li> </ul>

## Schedule 4: FTI Consulting Schedule of Rates

FTI Consulting Standard Rates effective 1 March 2017 (excluding GST)		
Typical classification	All Offices \$/hour	General guide to classifications
Senior Managing Director	625	Registered/Official 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	580	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/Official Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	570	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/Official 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	510	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	440	Typically an ARITA 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	380	Assists with the planning and control of small to medium administrations. May have the conduct of minor administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	360	Typically ICAA qualified (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large administrations.
Consultant 1	315	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	280	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	260	Typically a university undergraduate or graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	185	Undergraduate in the latter stage of their university degree.
Administration 2	185	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 or similar skills.
Junior Accountant	155	Undergraduate in the early stage of their university degree.
Administration 1	155	Has appropriate skills and experience to support professional staff in an administrative capacity.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to review at 1 January each year.

## Appendix 5 – Receipts and Payments

## Appendix 5 – Receipts and Payments

<b>Robayne Pty Ltd (Administrators Appointed)</b>	
<b>Receipts &amp; Payments Summary - 23-Jan to 10-Mar 2019</b>	
	<b>\$</b>
<b>Receipts</b>	
Trading receipts and cash sales	705,860
Pre-appointment debtors receipts - Financed to Secured Creditor	2,628,089
Pre-appointment debtors receipts - Not financed	93,876
Other receipts	135,924
<b>Total Receipts</b>	<b>3,563,749</b>
<b>Payments</b>	
Distributions to Secured Creditor	(2,598,559)
Supplier payments – Non-stock	(81,319)
Supplier payments – Stock	(32,245)
Credit cards	(21,669)
Refunds	(11,981)
Prebates/Rebates to customers	(10,041)
Rent & Outgoings	(101,807)
Wages & Staff expense reimbursements	(485,102)
Contractors	(17,496)
Bank fees	(29,752)
Statutory fees & licences	(4,071)
Payroll tax	(31,212)
<b>Total Payments</b>	<b>(3,425,252)</b>
<b>Surplus Represented by Cash at Bank</b>	<b>138,497</b>

**ROBAYNE PTY LTD ACN 150 673 475  
(ADMINISTRATORS APPOINTED) ("THE COMPANY")**

**NOTICE OF SECOND MEETING OF CREDITORS**

Notice is hereby given that the second meeting of creditors of the Company will be held on Monday, 25 March 2019 at the Theatrette, Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000 commencing at 10:00AM AWST.

**AGENDA**

1. The purpose of the meeting is:
  - a) to review the report of the Administrators and their recommendation in connection with the business, property, affairs and financial circumstances of the Company; and
  - b) for the creditors of the Company to resolve:
    - i) that the Company execute a deed of company arrangement; or
    - ii) that the administration should end; or
    - iii) that the Company be wound up.
2. To consider adjourning the second meeting of creditors for a period not exceeding 45 business days, if appropriate.
3. Creditors will be requested to fix the remuneration to be paid to the Administrators, as calculated on a time basis for the period 23 January 2019 to 10 March 2019 (inclusive).
4. Creditors will be requested to fix the remuneration to be paid to the Administrators, as calculated on a time basis for the period 11 March 2019 to 25 March 2019 (inclusive).
5. Creditors will be requested to approve disbursements incurred and likely to be incurred in the administration;
6. If the Company enters into a Deed of Company Arrangement, creditors will be requested to fix the remuneration to be paid to the Deed Administrators.
7. If the Company is placed into liquidation, creditors will be requested to fix the remuneration to be paid to the liquidators.
8. If the Company is placed into liquidation, to consider the appointment of a Committee of Inspection and if required, to determine the members; and
9. Any other business properly brought before the meeting.

Creditors wishing to vote at the meeting:

- who will not be attending in person or are a company, must complete and return an Appointment of Proxy Form (attached); and
- must complete and return a Formal Proof of Debt or Claim Form (attached) if not already done so,

by no later than 5.00pm on the last business day prior to the meeting, by post to FTI Consulting, PO Box Z5486, Perth WA 6831, or by facsimile on (08) 9321 8544.

Dated this 15<sup>th</sup> day of March 2019



**Ian Francis**  
**Joint and Several Administrator**

**ROBAYNE PTY LTD ACN 150 673 475 (ADMINISTRATORS APPOINTED)**  
**(“THE COMPANY”)**

**APPOINTMENT OF PROXY**

I/We (name).....

of (address).....

a creditor of the Company, appoint (add name and address of proxy) .....

.....

or in his/her absence (add alternate proxy) .....

as my / our proxy, to vote at the second meeting of creditors to be held at 10am WST on Monday, 25 March 2019 at the Theatrette, Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000 or at any adjournment of that meeting.

**Option 1:** If appointed as a general proxy, as he/she determines on my/our behalf.

**AND/OR Option 2:**

If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (**please tick**).

	<b>Resolution (please specify the particular resolution)</b>	<b>For</b>	<b>Against</b>	<b>Abstain</b>
1.	<b>Resolution in relation to the future of the Company</b> – Please note you may only vote in relation to either 1(a) <u>or</u> 1(b) <u>or</u> 1(c). a) The Company be wound up. OR b) The Company should enter a Deed of Company Arrangement. OR c) The Administration should end and control of the Company be reverted to the Directors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2.	The meeting to be adjourned.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3.	The remuneration of the Voluntary Administrators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 from 23 January 2019 to 10 March 2019 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedule of FTI Consulting Standard Rates effective 1 March 2017, and is determined and approved for payment in the amount of \$415,562.50 plus GST and the Voluntary Administrators can draw the remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4.	The future remuneration of the Voluntary Administrators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 from 11 March 2019 to 25 March 2019 (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the Schedule of FTI Consulting Standard Rates effective 1 March 2017, up to an initial capped amount of \$130,000.00 plus GST, and the Voluntary Administrators can draw the remuneration as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

5.	The future remuneration of the Liquidators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 for the period from 26 March 2019 to 30 June 2019 (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the Schedule of FTI Consulting Standard Rates effective 1 March 2017, up to an initial capped amount of \$125,000 plus GST, and the Liquidators can draw the remuneration as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6.	The cost of the internal disbursements of the Voluntary Administrators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 from 23 January 2019 to 10 March 2019 (inclusive) is determined and approved for payment at a sum equal to the cost of the internal disbursements incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the rates set out in the Schedule of FTI Consulting Internal Disbursement Rates, in the amount of \$322.50, and the Voluntary Administrators can draw the cost of those internal disbursements as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7.	The cost of the internal disbursements of the Voluntary Administrators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 from 11 March 2019 to 25 March 2019 (inclusive) is determined and approved for payment at a sum equal to the cost of the internal disbursements incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the rates set out in the Schedule of FTI Consulting Internal Disbursement Rates, in the amount of \$500.00, and the Voluntary Administrators can draw the cost of those internal disbursements as required.			
8.	The cost of the internal disbursements of the Liquidators of Robayne Pty Ltd (Administrators Appointed) ACN 150 673 475 from 25 March 2019 to 30 June 2019 (inclusive) is determined and approved for payment at a sum equal to the cost of the internal disbursements incurred by the Liquidators and staff of FTI Consulting, calculated at the rates set out in the Schedule of FTI Consulting Internal Disbursement Rates, up to an initial capped amount of \$2,500 plus GST, and the Liquidators can draw the cost of those internal disbursements as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Dated: .....

.....  
Name and signature of authorised person

.....  
Name and signature of authorised person

**CERTIFICATE OF WITNESS** – only complete if the person given the proxy is blind or incapable of writing.

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

Dated:.....Signature of witness:.....

Description:.....Place of residence: .....

