



Our Ref: Perth 469242.0001/005/LT

12 June 2019

**TRANSIT CLOTHING ABN 53 798 556 254 TRADED IN PARTNERSHIP BY
DOUBLEUP HOLDINGS PTY LTD ACN 114 064 167 (ADMINISTRATORS APPOINTED) ATFT DAY
FAMILY TRUST & GGA LIFESTYLE PTY LTD ACN 114 064 158 (ADMINISTRATORS APPOINTED) ATFT
FRANCIS FAMILY TRUST
("THE COMPANIES")**

CIRCULAR TO CREDITORS

I refer to the appointment of Ian Francis and I, Daniel Woodhouse, as Joint and Several Administrators of the Company on 15 May 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.

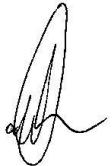
I advise that the second meeting of creditors of the Company will be held on **Thursday, 20 June 2019 at 11:00 am (AWST)** at FTI Consulting's office located at Central Park, Level 47, 152 – 158 St Georges Terrace, PERTH WA 6000. Creditors documents must be submitted to FTI Consulting by no later than **4:00 pm (AWST) Wednesday, 19 June 2019**.

Please find enclosed the following documents:

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

Creditors are required to carefully read the important notes with respect to the completion of the formal Proof of Debt and Proxy Forms.

Should you have any queries in relation to the second meeting of creditors, the enclosed documents or the voluntary administration generally, please contact Loice Taderera of this office or by email on lo.taderera@fticonsulting.com.



Daniel Woodhouse
Joint and Several Administrator

**TRANSIT CLOTHING ABN 53 798 556 254 TRADED IN PARTNERSHIP
BY DOUBLEUP HOLDINGS PTY LTD ACN 114 064 167
(ADMINISTRATORS APPOINTED) ATFT DAY FAMILY TRUST & GGA
LIFESTYLE PTY LTD ACN 114 064 158 (ADMINISTRATORS APPOINTED)
ATFT FRANCIS FAMILY TRUST**



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



About This Report: A Guide for Creditors

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Daniel Woodhouse and Ian Francis

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Purpose of this report

- The Administrators are required to prepare this report under the Act. We are required to provide creditors with information about the Companies' business, property, affairs and financial circumstances.
- This report and its attachments contain details about the second meeting of creditors to be held on Thursday, 20 June 2019 at 11:00 am WST at the offices of FTI Consulting, Level 47, 152-158 St Georges Terrace in Perth. It also sets out our recommendation about the future of the Companies and what we considered to be in the creditors' best interests. At the meeting, Creditors are required to decide whether the:
 - Companies should execute a DOCA; or
 - administration of the Companies should end; or
 - Companies 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 Companies' 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 6 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 Companies' future may have on you.

Table of Contents

1.	Key messages and recommendations	4
2.	Background information	7
3.	Administrators' Strategy, Trading and Sale of Business Campaign	12
4.	Financial Position	15
5.	Investigations, offences and voidable transactions	22
6.	Estimated return to creditors	26
7.	Administrators' Remuneration	27
8.	Administrators' opinion and recommendation	28

Appendix 1 – Glossary and terms of reference

Appendix 2 – Insolvency Background Information

Appendix 3 – PPSR Registrations

Appendix 4 – Creditor Information Sheet

Appendix 5 – DIRRI

Appendix 6 – Remuneration Approval Report

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
Background	<p>Transit has been operating in Western Australia for approximately 19 years, opening its first store at Karrinyup in May 2005. At its peak, just prior to 2009, it operated 18 stores. However, store numbers steadily declined as a result of decreased consumer confidence and retail expenditure.</p> <p>Transit sold many popular brands, include Nike, Adidas, Converse, G Star, Nana Judy, Abrand and Fifth Label, among others. It also sold its own labels, which included Project Urban, ASHA the label, Royale Concept, Tokyo Joe and Wednesdays Project.</p>	Section 2
Explanations for the Companies' difficulties	<p>Based on our investigations, it appears Transit's failure can be attributed to:</p> <ul style="list-style-type: none">▪ Sales declining by approximately 20% between FY17 to YTD19 (annualised);▪ High occupancy costs, as a percentage of revenue; and▪ The business being under capitalised, meaning it was unable to absorb the deterioration in sales and, subsequent, cash flow pressure, or obtain any additional working capital.	Section 2
Administrators' actions and strategy	<p>The Administrators strategy has been to ensure the Companies continue to trade whilst an urgent sale of business was pursued together with a potential for a Deed of Company Arrangement subject to the level of cash flow resources.</p> <p>The Administrators have:</p> <ul style="list-style-type: none">▪ taken control of the Companies' business and put necessary controls in place to continue trading;▪ undertaken an urgent review of the Companies' trading performance holistically, and on a store by store basis;▪ regularly engaged with employees and other stakeholders to explain the voluntary administration process and ongoing trading requirements for the Companies;▪ advertised the Companies' business for sale and entered into discussions for the sale of the Companies' stores which have been traded during the voluntary administration; and▪ Closed stores identified as underperforming and, necessarily, employees of the closed stores were made redundant.▪ Sought to maximise the value of stock.	Section 3
Historical Financials	<p>Transit has struggled to maintain sales, with revenue declining between FY17 and Annualised YTD19 by 20%. While occupancy costs remained, relatively, static, the declining revenues put pressure on the business' overall profitability.</p>	Section 4

1. Key Messages and Recommendations

Key areas	Commentary	Analysis
Estimated date of insolvency	Our preliminary view is that the Companies were likely insolvent as at 1 March 2019, and potentially earlier.	Section 5
Voidable transactions and offences	We consider there may be transactions that a liquidator could pursue, which might result in property or money being recovered for the benefit of creditors. Specifically, we have identified a number of repayment plans with the ATO and payments of \$237k in the six months preceding our appointment. We note further work is required to determine whether these are recoverable.	Section 5
Offences by director	Based on our investigations, the Directors do not appear to have committed any offences.	Section 5
Liability for insolvent trading	At this stage, it is unlikely that there will be any commercial claim to pursue the Directors for insolvent trading.	Section 5
Proposal for a Deed of Companies Arrangement	No proposal for a DOCA has been received.	
Estimated outcome for creditors	At this time, it is unclear whether sufficient assets will be realised to pay any class of creditors a dividend. We will provide a further update to creditors, once the Companies are in liquidation.	Section 6
Remuneration	Under s 449E of the Act, the remuneration of the Administrators (and either the Deed Administrators or Liquidators, if appointed) can be fixed at the second meeting of creditors. Details of our proposed remuneration and resolutions are included in our Remuneration Approval Report.	Section 7

1. Key Messages and Recommendations

Our recommendation to creditors

In our opinion it is in the creditors' interests that the Companies 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 in section 6 of this report.

Options available to creditors	Option 1: Execute a DOCA	Option 2: Administration end	Option 3: Liquidation
Description	<ul style="list-style-type: none"> ■ Whether it would be in the creditors' interests for the Companies to execute a DOCA 	<ul style="list-style-type: none"> ■ Whether it would be in the creditors' interests for the administration to end 	<ul style="list-style-type: none"> ■ Whether it would be in the creditors' interests for the Companies to be wound up
Key factors to consider	<ul style="list-style-type: none"> ■ As no DOCA has been proposed, creditors cannot resolve to accept a DOCA at this time 	<ul style="list-style-type: none"> ■ The Companies are insolvent with no funds available to pay its due debts. Furthermore, at this time, there is no confirmed prospects of obtaining any external funding 	<ul style="list-style-type: none"> ■ We have not been provided with a DOCA proposal and it is not appropriate that the administrations end as the Companies are insolvent
Our opinion	<ul style="list-style-type: none"> ■ Not in the creditors' interests that the Companies execute a DOCA 	<ul style="list-style-type: none"> ■ Not in the creditors' interests that the administration should end 	<ul style="list-style-type: none"> ■ Is in the creditors' interests that the Companies be wound up
Recommended option	Not recommended	Not recommended	Recommended
Potential to adjourn the meeting to a future date	<ul style="list-style-type: none"> ■ The Administrators, or creditors may wish to adjourn the second meeting for up to 45 business days to allow time for a DOCA proposal to be submitted. ■ It is a matter for creditors to decide if they wish to adjourn the meeting. 		

2. Background Information

2.1 Appointment of Administrators

- On 15 May 2019, Ian Francis and Daniel Woodhouse were appointed Administrators of Doubleup and GGA, under section 436A of the Act. The Companies traded in partnership as Transit.
- In a voluntary administration, the Administrators take control of the Companies and their affairs, superseding the powers of the directors and officers to make decisions and perform management functions.
- We also have a duty to investigate the Companies' business, property, affairs and financial circumstances.

2.2 Administrator's prior involvement and independence

- In accordance with section 436DA of the Act, we provided our DIRRI with our first circular to creditors. The DIRRI included the circumstances that led to our appointment. A copy of our DIRRI is provided at **Appendix 5**.
- There is no change to our assessment of our independence, or to the information provided in the DIRRI.

2.3 Outcome of the first meeting of creditors

- The first meeting of creditors was held on Monday, 27 May 2019 to consider whether to appoint different Administrators and/or form a committee of inspection.
- There were no nominations to replace us as Administrators and no committee was formed.

2.4 Second meeting of Creditors

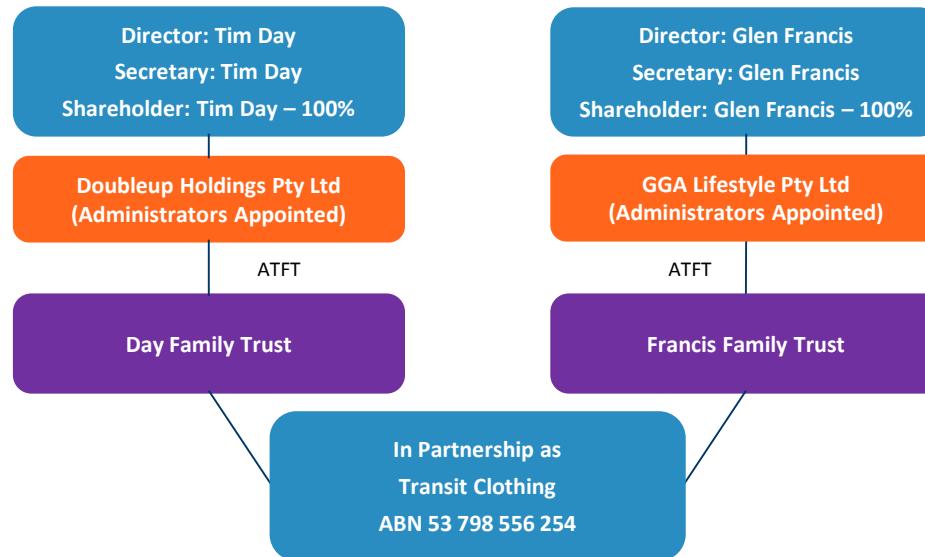
- We attach notice of the second meeting of creditors, which will be held on Thursday, 20 June 2019 at the offices of FTI Consulting, Level 47, Central Park, 152-158 St Georges Terrace in Perth at 11:00 am WST. Teleconference facilities are available for the meeting. Please contact Carlos Bourgy, if you want to attend the meeting by telephone.

2.5 Conduct of the Administration

- Since their appointment, the Administrators have, among other things:
 - Discussed Transit's affairs and operations with the Directors;
 - Attended Transit's head office to address staff, reviewed the trading operations and inspected Transit's records;
 - Reviewed and assessed Transit's financial position and ability to trade during the administration. As certain stores were not viable, we have closed six of the nine stores operating at our appointment and, unfortunately, made 21 staff redundant;
 - Reviewed the ongoing trading operations and implemented controls to manage payroll and allow Transit to continue to trade;
 - Notified all key stakeholders of our appointment and attended to various queries about our appointment and Transit;
 - Liaised with landlords and centre managers about our appointment and ongoing operations;
 - As Transit operated as a partnership, applied to the Court to allow the business to trade and for the Administrators to be indemnified for all trading liabilities and expenses to protect, preserve and realise the assets from the Partnership assets.
 - Reviewed the outstanding employee entitlements and liaised with staff about the Administration process and FEG.
 - Explored the various options available to Transit to maximise the chance of the business continuing as a going concern and, if not possible, maximising the return to creditors. This included the prospects of a DOCA, the sale of Transit as a going concern and the realisation of stock for the best possible price; and
 - Investigating the affairs of the Companies prior to the Administrators' appointment and preparing this report.
- The Administrators' actions and dealings to date are further detailed in **Section 3, Administrators Strategy, Trading and Sale of Business Campaign**.

2. Background Information

2.6 Corporate Structure



2.7 Statutory Information

- Details of the Companies' incorporation and office are:

Incorporation and Office

	Doubleup	GGA
Date of registration	2 May 2005	2 May 2005
Place of registration	Western Australia	Western Australia
Principal Place of Business	2 Commonwealth Avenue, NORTH PERTH WA 6006	37 Oxford Close, WEST LEEDERVILLE WA 6007
Registered Office	30 Keymer Street, BELMONT WA 6104	

2.8 Details of Security Interests and Charges

- Details of the security interests registered against the Companies are listed in [Appendix 3](#).

2.9 Partnership Structure

- The Companies acted as trustee of two separate discretionary trusts: the Day Family Trust and the Francis Family Trust.
- Collectively, in their capacity as trustees, the Companies traded in partnership as Transit under the Partnership Deed dated 28 June 2005.
- The Partnership Deed provides, on dissolution (i.e. liquidation), for the sale of Transit's property, with the proceeds to be applied:
 - against the costs required to protect, preserve and realise the Partnership's assets; and then
 - to pay the Partnership's liabilities in proportion to the debt's owed; and then
 - If there is a surplus, to pay the Companies any unpaid profits, or capital owed.
- Accordingly, the Partnership Deed does not provide the same priority of payment, as Section 556(1) of the Act. That is, all creditors are treated equally, which means employees do not receive priority to unsecured creditors.
- Given the Partnership Deed refers to dissolution and not voluntary administration, the Administrators made an application to the Court that they would be justified in proceeding to conduct the voluntary administration on the basis that they would be indemnified from the Partnership's assets for all costs and expenses, including remuneration, reasonably incurred in caring for, preserving and realising the assets of the Partnership. That Order was made on 20 May 2019 and notice was provided to all known creditors on 27 May 2019.
- We may seek further clarification from the Court about the priority in which the proceeds of the assets are distributed, if the Companies enter into liquidation.

2. Background Information

2.10 Companies' History

- Transit has been operating in Western Australia for approximately 19 years, opening its first store at Karrinyup in May 2005.
- It was a well established Western Australian fashion brand, which sold apparel, footwear and accessories to casual fashion and streetwear consumers. Brands sold include:
 - International brands: Nike, Adidas, Converse and G Star; and
 - National brands: Nana Judy, Abrand and Fifth Label.
- Transit also sold its own labels, which included Project Urban, ASHA the label, Royale Concept, Tokyo Joe and Wednesdays Project.
- At its peak, just prior to 2009, it operated 18 stores. However, store numbers steadily declined as a result of decreased consumer confidence and retail expenditure.
- At appointment, Transit had nine operating stores: eight in the Perth metropolitan area and a single store in Dunsborough (see map opposite and key below).
- Following an urgent review of the Companies' operations, the Administrators closed three stores immediately: Dunsborough, DFO Perth Airport and Mandurah and a further store, Ocean Keys, closed on Saturday, 18 May 2019.
- The Administrators, subsequently, closed the Watertown Outlet and Belmont Forum on 25 May 2019, after the Directors confirmed that a DOCA was not possible.

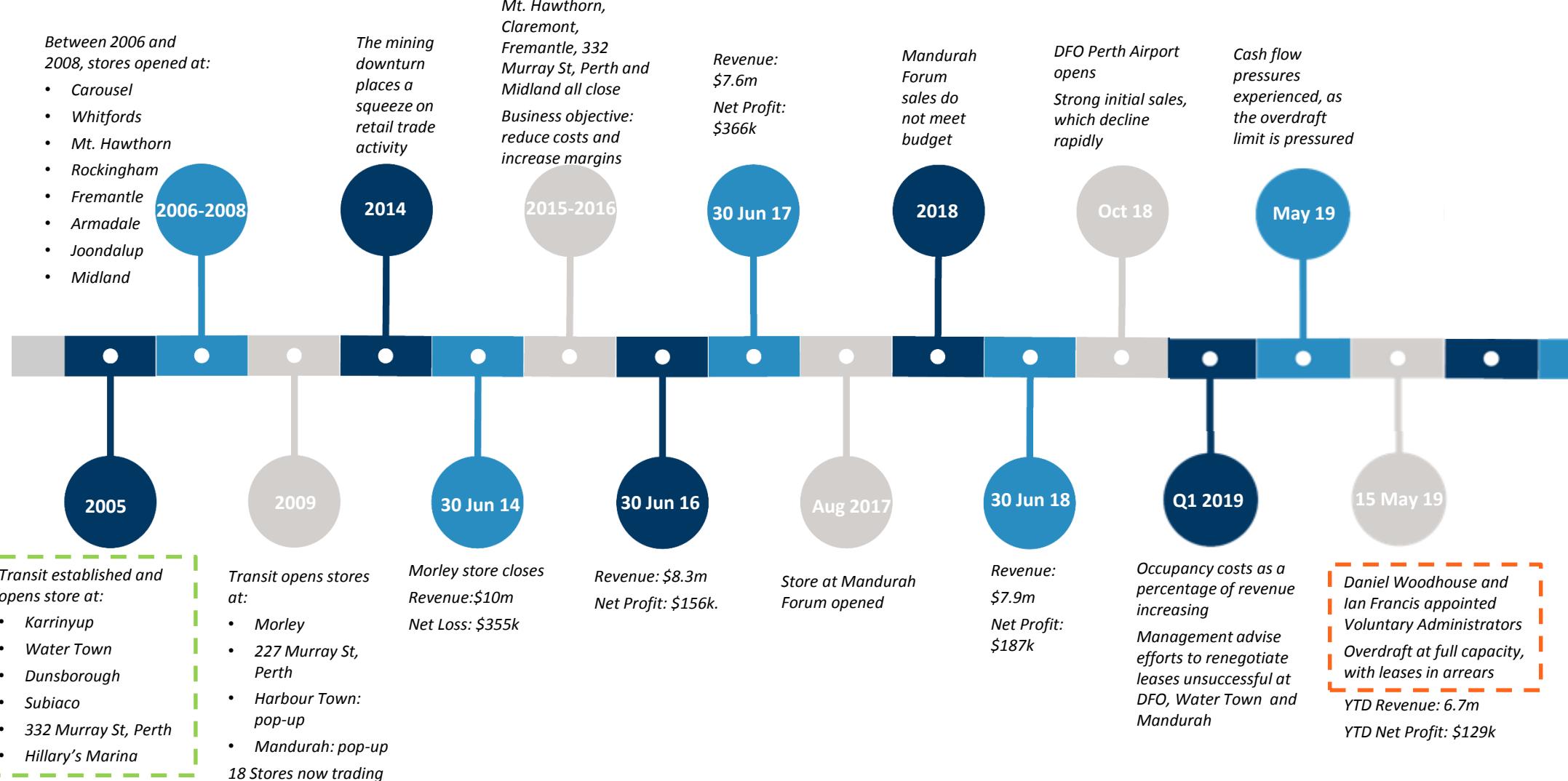
Operating Store Location Key

- | | |
|----------------------------|----------------------|
| 1. Westfield Carousel | 6. Cockburn Gateway |
| 2. Watertown Outlet | 7. DFO Perth Airport |
| 3. Belmont Forum | 8. Ocean Keys Centre |
| 4. Lakeside Joondalup | 9. Mandurah Forum |
| 5. Centrepoint Dunsborough | |



2. Background Overview

2.11 Timeline – Lead up to appointment of Administrators



2. Background Information

2.12 Directors' explanation for the Companies' difficulties

- The Directors first identified that Transit was in financial difficulty in January 2019. They believe Transit's failure was due to entering into leases at:
 - Mandurah Forum in August 2017. The Directors advise that the store was unable to generate the level of sales required to justify total occupancy costs and they were unable to successfully renegotiate the lease to a sustainable level.
 - the DFO Perth Airport in October 2018. The Directors advise that the first three months of sales were strong. However, sales declined thereafter and were insufficient to justify total wages and occupancy costs.
- The Directors also advise that they were unable to reduce other fixed overhead costs.

2.13 Administrators' Investigations into the Reasons for Failure

- Based on our investigations, we agree that the occupancy costs, as a percentage of revenue, at Mandurah Forum and at the DFO were higher than we would anticipate. However, we also note that:
 - Sales declined by approximately 20% between FY17 to YTD19 (annualised); and
 - Transit was under capitalised, meaning it was unable to absorb the deterioration in sales and, subsequent, cash flow pressure, or obtain any additional working capital.
- As a result of the foregoing, the Directors appointed the Administrators on 15 May 2019, as they were unable to fund ongoing operations from cash flow.

2.14 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.

2.15 Opinion about Books and Records

- The Administrators have reviewed Transit's books and records, consisting of the:
 - unaudited financial statements for FY17 and FY18;
 - MYOB management accounts;
 - supplementary MIS; and
 - Transit's physical records.
- In our view, Transit's records have been maintained in accordance with Section 286 of the Act.

2.16 Limitations to Financial Reporting

- For the purposes of this report, we have relied upon the Companies' books and records and MIS.

2.17 Outstanding Winding Up Applications

- We are not aware of any applications to wind up the Companies and/or Transit.

3. Administrators' Strategy, Trading and Sale of Business Campaign

3.1 Snapshot of Strategy

Day 0 -1

- Reviewed Transit's operations and, immediately, closed Dunsborough, Mandurah Forum and the DFO.
- Established trading controls to allow the Administrators to continue to operate the remaining stores.
- Attended to our various statutory obligations.

Day 2 - 7

- As planned, closed Ocean Keys on 18 May 2019.
- Made an application to the Court to continue to trade the Partnership (i.e. Transit).
- Advertised Transit for sale, with advertisement appearing in The West Australian on 21 May 2019.
- Prepared an Information Memorandum for interested parties.
- Sought an extension of the seven days' rent free period. No further relief was extended.

Day 8 - 19

- Liaised with the Directors about a possible DOCA, which the Directors advised was not possible.
- Continued to monitor trading. Due to the trading performance at Watertown and Belmont, we were forced to close operations at those stores on 25 May 2019.
- Assessed the validity of PPSR suppliers' claims. Where needed, legal advice was sought.
- Met with interested parties in relation to the purchase of Transit as a going concern.
- Sought to maximise the proceeds from stock, continuing to trade stores at Lakeside Joondalup, Westfield Carousel and Cockburn Central, employing 19 staff.

3.2 Summary of Actions and Strategy

- Upon appointment, the Administrators undertook an urgent review of the Companies' operations with a view to stabilising the business and assessing the available options.

3.3 Trading

- The Administrators conducted a review of each stores' contribution margin after rent and direct wage costs. This review illustrated a number of stores were either unprofitable, or borderline break even.
- The urgent review required the Administrators to close three stores immediately upon appointment (Dunsborough, DFO Perth Airport and Mandurah Forum), with Ocean Keys closing on Saturday, 18 May 2019.
- We entered into discussions with Transit's landlords, seeking an extension of the seven days rent free period afforded under the voluntary administration in order to feasibly continue to trade all Companies' stores. Unfortunately, all rental concessions were declined.
- The Administrators commenced discussions with the Directors about a DOCA and immediately placed advertisements in The West Australian for the sale of the business.
- On 23 May 2019, the Directors informed the Administrators that they were not in a position to propose a DOCA to recapitalise the business.
- As a result, the Administrators closed the Watertown outlet and Belmont Forum on 25 May 2019. The Administrators continued to review the trading performance both collectively and on a store by store basis in order to identify the performing stores, which added to the going concern value of the business.
- On 6 June 2019, the Administrators were informed by all interested parties that no one intended to proceed with an offer to purchase the business. As a result, the Administrators embarked on a strategy to realise the highest price possible for the remaining stock.
- At this stage, the Administrators intend closing the business at close of business on Saturday, 15 June 2019.

3. Administrators' Strategy, Trading and Sale of Business Campaign

- The Administrators have generated sales of approximately \$430k (incl. GST) during the period 15 May 2019 to 11 June 2019.
- This is estimated to have generated a small contribution margin, after rent, wages and overheads. Please note, this is:
 - before disbursements and professional costs incurred trading Transit; and
 - inclusive of 5 business days rent free, which the Administrators are entitled.

3.4 Stock

- A stocktake was performed upon appointment. According to the stocktake results, there was \$821k in stock at appointment
- Stores closed during the administration had their stock transferred to the warehouse and then to trading stores in order to replenish stock levels, as required.
- The Administrators assessed all PMSI security interests: seven PMSI security interests were valid and six were invalid. Where required, legal advice was obtained to confirm the validity of these claims.
- All suppliers with non-valid PMSI interests have been notified and that stock will now be available to meet the claims of the general body of creditors.
- Suppliers with valid PMSI security interests were offered a settlement to allow the Administrators to sell their stock. Some suppliers accepted the offer, while others decided to collect their stock.

3.5 Sale of Business Campaign

- The Administrators conducted a sale of business campaign, seeking a sale for the remaining trading stores.
- The Administrators formally advertised for expressions of interest for Transit in The West Australian on 21 May 2019.

- The table below summarises the interest generated:

Summary of Interested Parties	
	No:
Interest Expressed	4
Confidentiality Agreement Executed	2
Information Memorandum Provided	2

- None of the interested parties wanted to acquire the business as a going concern, with parties citing the following issues:
 - Lease costs were higher than anticipated; and
 - Transit's footprint did not complement their existing businesses.
- We received one offer for some of the plant and equipment and certain intellectual property, including the customer mailing list. However, the offer was not commercial and, as a result, not acceptable.
- We also received expressions of interest in the stock, which we will explore once the stores have been closed.

3. Administrators' Strategy, Trading and Sale of Business Campaign

3.6 Concurrent Strategies

- Concurrently to conducting a sale of business campaign, the Administrators considered alternative strategies in order to enhance the return to creditors, should a sale of business not materialise. These strategies included:
 - Trading the business and discounting stock to drive sales. This provides the optimum outcome, as prices realised will exceed other forms of realisation. However, ultimately, the cost to operate the stores will exceed sales, as the stock is run down and popular sizes are no longer available. As previously stated, operations are due to cease at the close of business on Saturday, 15 June 2019.
 - We have obtained proposals from auctioneers and/or stock realisation agents for the sale of the Companies' stock and equipment upon cessation of store operations. Those proposals are still being assessed.
 - We have sought expressions and received unsolicited offers to purchase the remaining stock, once trading ceases. The value of those offers will depend on the remaining inventory, which is unknown at this time.

4. Financial Position

4.1 Report On Company Activities and Property Part A by the Director

- Immediately after appointment, we requested that the Directors provide a statement about the Companies' business, property, affairs and financial circumstances in the form of a ROCAP Part A (Form 507) (**ROCAP Part A**).
- A summary of the Transit ROCAP Part A is shown adjacent.

Notes to ROCAP Part A

1. Approximately \$7,100 was received in Transit's bank account on the date of appointment. There was no other available cash at the date of appointment.
2. A stocktake was undertaken on 15 May 2019. At that point, stock had a carrying value of approximately \$821,000, including stock with a PMSI security interest.
3. The Directors advise that the debtor balance is erroneous and not collectable. This appears consistent with Transit's business. However, we are continuing to investigate this balance.
4. Goodwill carried in the management accounts. This will not be recoverable in liquidation.
5. Store equipment, leasehold improvements and motor vehicles. Based on valuations undertaken, the store equipment and leasehold improvements have limited value. There appears to be equity in one of the motor vehicles.
6. Transit had an overdraft with a limit of \$250,000. At the date of appointment, the overdraft was fully drawn.
7. Amounts owed to employees, for annual leave and long service leave. We note that it does not include amounts owing for PILN and redundancy for employees terminated upon and within period of the Voluntary Administration.

8. Unsecured creditors are estimated to be approximately \$917,885. PMSI security holders and landlords represent a large portion of the unsecured debt which are subject to change.
9. Book value indicates a surplus of assets of \$388,699. However, we note that this will not be the case in liquidation.

	Notes	Book Value (\$)
Assets not subject to specific security interests		
Cash at bank	1	Nil
Stock	2	840,000
Debtors	3	14,148
Goodwill	4	144,538
Plant and equipment (inc. Motor Vehicles)	5	686,250
Totals assets not specifically charged (before costs)		1,684,936
Assets subject to specific security interests		
Less amounts owing to Westpac Bank	6	(250,000)
Net assets subject to specific charges (before costs)		1,434,936
Priority claims		
Payable in advance of secured creditor (employee entitlements)	7	(128,352)
Total priority claims		(128,352)
Unsecured creditors	8	(917,885)
Total claims		(1,046,237)
Surplus / (Deficiency) (before costs)	9	388,699

4. Financial Position

4.2 Historical Financial Performance

- Detailed below is the historical financial performance for the Companies.

Profit and Loss - Consolidated

A'\$000	Note	Unaudited	Unaudited	Management Accounts	
		FY17	FY18	YTD19	Annualised '19*
Sales	1	7,956,999	7,796,740	5,746,251	6,640,112
Other Income		72,181	124,150	-	-
Total Revenue		8,029,180	7,920,890	5,746,251	6,640,112
Cost of Sales		4,081,924	3,895,390	2,271,243	2,624,548
Gross Profit		3,947,256	4,025,500	3,475,008	4,015,564
<i>Gross Profit Margin (%)</i>	2	49%	51%	60%	60%
Operating Expenses					
Leases	3	1,250,008	1,323,632	1,077,898	1,245,571
Wages and Salaries	4	1,388,780	1,478,215	1,348,537	1,558,309
Other Expenses		941,638	1,035,920	918,602	1,061,496
Total Operating Expenses		3,580,426	3,837,767	3,345,037	3,865,376
Net Profit (Loss) Before Income Tax	5	366,830	187,733	129,971	150,189

* Annualised for the full twelve months to provide comparable results.

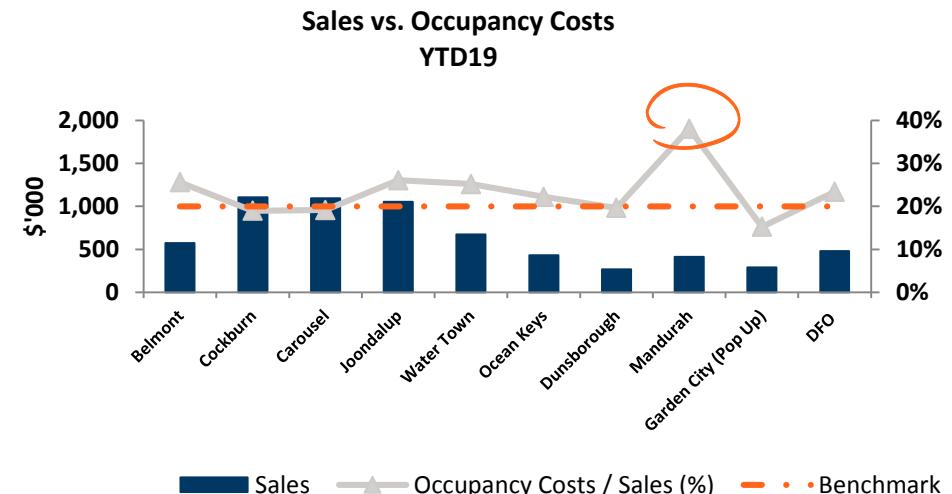
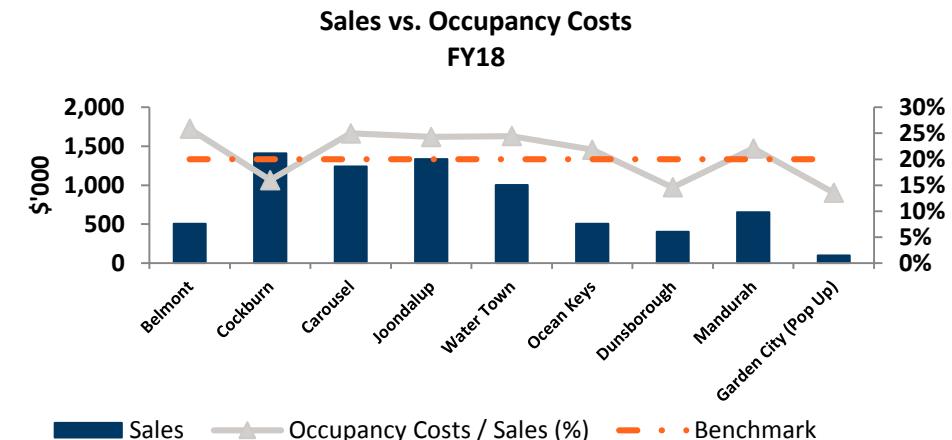
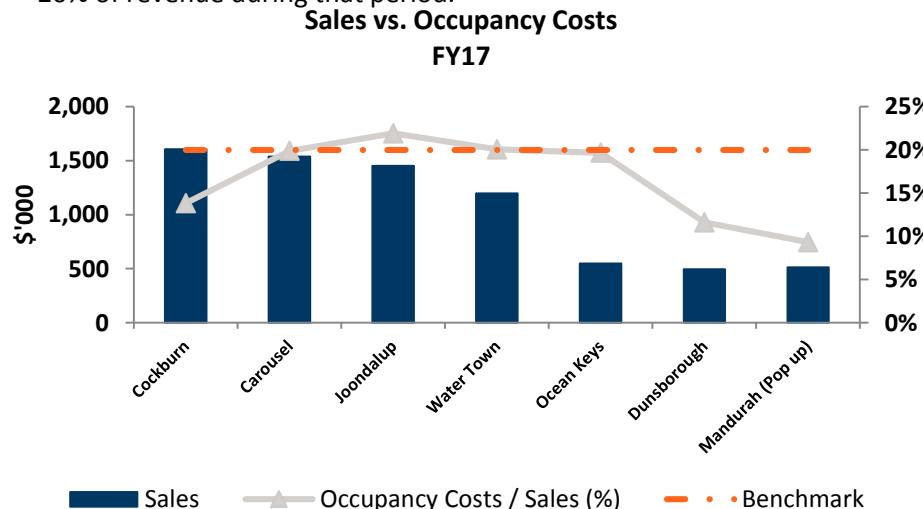
Notes

- Revenue declined in all periods reviewed. The Directors advise that the softening in consumer confidence, together with a highly competitive retail environment have been the main driver of the reduction in sales.
- Gross margin percentage increased in YTD19. We understand that obsolete stock was heavily written down at the end of each financial year. Accordingly, YTD19 gross profit margin is overstated, as the end of year write down has not occurred.
- Occupancy costs remained relatively static. However, as a percentage of revenue increased in all periods reviewed. We note that this was impacted by actual sales not meeting forecast. This was particularly the case at Mandurah Forum, the DFO and Joondalup (see over page).

- Transit's wages increased in FY18 and annualised '19, with the opening of the Mandurah Forum and DFO stores. Management struggled to reduce wages during this period.
- Profit declined in all years reviewed. Broadly, this is a factor of deteriorating sales. We expect that YTD19 profit is overstated, as obsolete stock has not been written down, as in prior periods examined.

4. Financial Position

- We have reviewed occupancy costs on a store by store basis from FY17 to YTD19. We note that:
 - FY17 occupancy costs were, generally, below 20%, which is consistent with our view of the benchmark for the sector.
 - As revenue declined in FY18, we note that occupancy costs increased as a percentage of revenue in all stores. With the exception of Cockburn Central, Dunsborough and the Garden City pop-up store, occupancy costs exceeded 20% of revenue.
- We also note that Mandurah forum opened in August 2017. Sales in Mandurah Forum have never reached forecast, which put pressure on occupancy costs as a percentage of revenue.
- Declining sales YTD19 put further pressure on occupancy costs as a percentage of revenue. Furthermore, the DFO Perth Airport opened in October 2018. Sales for the first three months at the DFO significantly exceeded forecast. However, between January 2019 and our appointment, sales significantly deteriorated, with occupancy costs significantly exceeding 20% of revenue during that period.



4. Financial Position

4.4 Historical Financial Position

The table adjacent details the Company's historical financial position. The Administrators note that:

1. Stock, on average, represented 82% of total current assets. Stocktakes were conducted twice a year for a stock control perspective. At the end of each financial year, obsolete or aged stock was written down to reflect the true carrying value. At the date of our appointment, stock had a carrying value of \$821,054.46
2. As previously stated, Accounts Receivable is not collectable. It is an erroneous entry.
3. Store equipment value is in relation to shop fit-outs. Slattery's valued the shop fit-outs, which they confirm has no commercial value. We note that this is consistent for these types of assets.
4. Transit owns two 2016 Toyota Prado Landcruiser's, which are used by the Directors, and one Mitsubishi Canter Truck, which is primarily used for delivering stock to stores. Based on Slattery's valuation, there may be some equity in the motor vehicles.
5. Transit had an overdraft facility of \$250,000 with Westpac. At the date of appointment, the facility was fully drawn.
6. Payables include trade suppliers and landlords. We note that Transit has not paid any occupancy costs since at least February 2019, nor has it recorded the liability. Therefore, payables are understated. Accordingly, a significant portion of the arrears relate to unpaid rent and outgoings.
7. In all periods reviewed, Transit had a net asset deficiency.

Balance Sheet - Consolidated

	Notes	Unaudited FY17	Unaudited FY18	Draft Management YTD19
Current Assets				
Cash on Hand		1,090	1,090	Nil
Stock on Hand (at cost)	1	840,000	900,000	840,000
Accounts Receivable	2	60,170	17,727	16,243
Other Current Assets		36,490	48,722	22,915
Total Current Assets		937,750	967,540	879,158
Non-Current Assets				
Store Equipment (Net of Dep')	3	398,757	536,401	440,016
Motor Vehicles (Net of Dep')	4	98,342	97,340	125,615
Office Equipment (Net of Dep')		2,041	1,804	2,041
Goodwill		144,538	143,338	144,538
Other Intangible Assets		13,661	16,811	Nil
Total Non-Current Assets		657,339	795,695	712,210
Total Assets		1,595,089	1,763,234	1,591,368
Current Liabilities				
Bank Overdraft	5	224,983	229,276	161,823
Payables	6	944,437	879,341	869,318
Statutory Liabilities		129,266	220,253	48,330
Gift Card		15,980	14,978	103,032
Other Current Liabilities		61,319	60,783	(35)
Total Current Liabilities		1,375,985	1,404,631	1,182,468
Non-Current Liabilities				
Leasehold Improvements		Nil	Nil	118,578
Related Party Loan		70,000	70,000	70,000
Fit Out Contributions		134,395	451,297	664,395
Provision for Payroll Liabilities		96,587	82,636	94,459
Motor Vehicle Loans		124,036	130,526	100,233
Total Non-Current Liabilities		425,018	734,459	929,088
Total Liabilities		1,801,003	2,139,090	2,111,556
Net Assets	7	(205,914)	(375,856)	(520,188)

4. Financial Position

4.5 Secured Creditor

4.5.1 Westpac

- Westpac holds an ALL PAAP Security Interest over the Companies'/Transit's assets. The Westpac's debt at the date of appointment was \$247,332.
- Westpac provided a bank guarantee facility to Transit. The bank guarantees were provided to landlords under Transit's various leases. The facility consisted of eight bank guarantees with the combined value of \$317,988.
- Subsequent to our appointment, landlords have called on six bank guarantees, with a combined value of \$202,799. Accordingly Westpac's liability has increased to \$450,131.

4.5.2 Purchase Money Security Interest ("PMSI") Holders

- We received thirteen PMSI claims from creditors. However, as at the date of our report, only seven were valid. The total value of the valid security claims are \$215k. Broadly, the six invalid claims arose, as the PMSI security interest had not been properly registered on the PPSR. Unfortunately for those suppliers, based on the PPS Act, all stock where PMSI claims were invalid now vest with Transit.

4.6 Unsecured Creditor

- We provide indicative values of the Companies' unsecured creditors below.

Unsecured Creditors - Consolidated

Creditor	Administrators Estimate (\$)
Landlords	439,934
Trade Creditors (Less PMSI creditors)	169,839
Total Unsecured Creditors	609,773

Notes

- **Landlords:** The amounts owed to Landlords is an estimate only. The final debt will depend on the number of bank guarantees called and losses suffered under the respective leases. We note invoices for outstanding rent and variable outgoings were not entered in the months leading to appointment. Accordingly, these liabilities will increase.
- **Trade Creditors:** Trade creditors are, broadly, suppliers of clothing, shoes and accessories. This amount is likely to change, depending on the value of PMSI security claimed and any additional invoices not recorded in the accounts.
- **Other Unsecured / Contingent:** The Administrators are mindful of potential customer claims relating to customer goods and the provision of services provided. The Administrators will work with the Companies' management to address these issues (if any) and note the claims will not materially change the quantum of unsecured creditors.
- The unsecured creditor claims are indicative only. The final amount will be known if a distribution is payable and formal proofs of debts adjudicated.

4. Financial Position

4.7 Employee Entitlements

- All staff were employed by Transit and not the Companies. Based on the Transit's records, the below entitlements are owed to employees as at the date of the Administrators' appointment:

Entitlement	(\\$)
Unpaid Wages	Nil
Annual Leave (incl. Leave Loading)	67,879.94
Long Service Leave	26,097.25
Superannuation	44,484.40
Total	138,461.59

- In addition, retrenchment entitlements have crystallised as a result of the Administrators necessarily having to terminate 19 full-time/part-time employees. Although the terminations occurred during the administration, the entitlement to retrenchment vests in Transit as a pre-appointment debt. Total retrenchment debts are estimated as follows:

Retrenchment	(\\$)
PILN	25,038.58
PILN Super	2,378.66
Redundancy	53,640.65
Total Retrenchment	81,057.89

- Only terminated employees, at the date of this report, are included in the retrenchment calculations above. However, we anticipate ceasing all operations on Saturday, 15 June 2019 and all remaining employees will be terminated. Accordingly, these amounts are estimated to increase by approximately \$93k.

4.8 Effect on employees - liquidation

- As previously stated, the Companies, as trustees of the Trusts, traded Transit in Partnership. As a result, the distribution of funds is governed by the Partnership Agreement and not the Act.
- In this regard, any distribution made from the sale of Transit's assets is to be applied as follows:
 - against the costs required to protect, preserve and realise the Partnership's assets; and then
 - to pay the Partnership's liabilities in proportion to the debt's owed; and then
 - If there is a surplus, to pay the Companies any unpaid profits, or capital owed.
- Accordingly, the Partnership Deed does not provide the same priority of payment, as Section 556(1) of the Act. That is, all creditors are treated equally, which means employees do not receive priority to unsecured creditors.
- We may seek further clarification from the Court about the priority in which the proceeds of the assets are distributed, if the Companies enter into liquidation.

4.8.1 Return to employees if the Companies are wound up

- Section 6 includes details about the estimated return to creditors, if the Companies are wound up and a liquidator appointed.

4.8.2 Government assistance available if the Companies are wound up

- If there is insufficient funds available to employees from Transit's property, eligible employees are entitled to lodge a claim for their unpaid entitlements under the Federal Government's FEG Scheme. We are advised that FEG will meet employee claims, notwithstanding the Partnership structure.

4. Financial Position

- Details about FEG can be found at: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>.
- The Government will have a subrogated claim for any amounts advanced to employees through the FEG scheme. Accordingly, the payment of employee entitlements through the FEG scheme does not discharge the priority claim against the Company.

4.9 Effect on employees – DOCA

- At the date of this report, no DOCA has been proposed.

5. Investigations, Offences and Voidable Transactions

5.1 Duty to investigate

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

5.2 Relevance of insolvency and liquidation

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

5.3 Work performed

- We have made enquiries into the financial affairs of the Companies. In this section, we set out our preliminary views and findings about:
 - Offences that may have been committed;
 - The solvency position of the Companies trading in partnership over Transit;
 - 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; and
 - 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.

5.4 Date of insolvency

- Our key workings and other analysis are contained overleaf.
- **Appendix 2** provides some general comments and information about recoveries via voidable transactions, insolvent trading and common factors that indicate insolvency.

5.5 Creditors' information sheet and other explanations

- Provided at **Appendix 4** 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.

5.6 Relevance of liquidation versus DOCA

- Voidable transactions and other actions that a liquidator can make are not available if the Companies execute a DOCA.
- At the date of this report, no DOCA has been proposed. Accordingly, creditors are not required to assess the alternate outcomes between a liquidation and DOCA.

5.7 Potential Offences

- Given the Companies 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 the Directors have been fully compliant in attending to their statutory duties with respect to the administration, and have attended to the Administrators when requested.

5. Investigations, Offences and Voidable Transactions

5.8 Care and Diligence (Section 180 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.

5.8.1 Findings

- The Administrators do not think the Directors have breached Section 180 of the Act.

5.9 Insolvent Trading (Section 588G of the Act)

- Section 588G of the Act provides that a director has a duty to prevent insolvent trading by the Companies. The Section applies if:
 - a person is a director of the company at the time when the company incurs a debt; and
 - 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.

5.9.1 Findings

- The Administrators consider the Companies may have traded whilst insolvent. However, any claim against the Directors is unlikely as:
 - Transit stopped ordering in January 2019, as the Directors were concerned about solvency; and
 - all leases were entered into prior to our estimated date of insolvency. Therefore, no new debt was created after the date of insolvency.

5.10 Analysis on Solvency

- Transit faced cashflow pressures from at least 1 January 2019, but likely earlier. We provide a summary of the indicators of insolvency identified:

Indicia of Insolvency	FY17	FY18	FY19 YTD
Trading losses	x	x	?
Insufficient cash flow	?	✓	✓
Difficulties in selling stock or collecting debts	x	x	x
Creditors paid outside terms / special arrangements	?	✓	✓
Arrears of statutory liabilities	✓	✓	✓
Legal action threatened or commenced	x	x	x
Inability to obtain new or alternative funding	?	?	?
Inability to produce accurate financial information	x	x	x
Resignation of directors or other senior management	x	x	x
The Company has defaulted, or is likely to default, on its agreements with its financier	x	x	✓
Inability to sell surplus assets	x	x	x

Key	
Item	Symbol
Indicator present	✓
Further investigation required	?
Indicator not considered present	x

5. Investigations, Offences and Voidable Transactions

Analysis on Solvency (cont)

Indicators of Insolvency	
Insufficient Cashflow	The Company had an overdraft facility with the Westpac in the amount of \$250,000. The account was continually around its credit limit for the two months prior to appointment.
Landlord Arrears	The Administrators have not cited any demands from landlords in respect to rental arrears. However, there have been disputes with landlords over lease terms and no rent or outgoings have paid after February 2019.
Creditor Ageing	Creditor days increased in the lead up to appointment as Transit had insufficient cash to meet its debts as and when they fell due.
Current Ratio	Transit's current ratio averaged 0.73 for the three years prior to appointment, demonstrating it had insufficient current assets to meet current liabilities.
Creditor Demands	The Administrators are not aware of any creditor demands being received, or creditors pressing the Companies for payment.

	FY17	FY18	YTD19
Current Assets	937,750	967,540	879,158
Current Liabilities	1,375,985	1,404,631	1,182,468
Current Ratio	0.68	0.69	0.74

- Based on the Administrators' investigations, Transit showed signs of insolvency from at least 1 January 2019 and possibly earlier.
 - The Administrators are aware that the Directors were actively attempting to renegotiate a number of lease contracts with landlords to alleviate cashflow pressures. However, they were ultimately unsuccessful and appointed Administrators.

5.11 Estimated Date of Insolvency

- Our preliminary view is that the Companies were likely insolvent as at 1 March 2019, when Transit was unable to pay landlords, but potentially earlier.

5.12 Preliminary View on Liability for Insolvent Trading

- If the Companies were wound up and a liquidator appointed, further work would be performed on the solvency position of the Companies to determine whether there is an insolvent trading claim.
 - Based on the estimated date of insolvency, there does not seem to be a claim against the Directors as limited new liabilities were incurred since 1 March 2019.
 - Creditors should refer to **Appendix 2** for additional information on insolvency and pursuing insolvent trading claims generally.

5.13 Defences to Insolvent Trading

- The Directors were likely to have a valid defence against an insolvent trading claim, as they were seeking advice through this period and had incurred limited new debt.

5.14 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.

5. Investigations, Offences and Voidable Transactions

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

Area	Our view	Comments
Unfair preferences	Possible claim	<ul style="list-style-type: none">We have reviewed the payments made by Transit during the period leading up to appointment, taking into account the potential date of insolvency.We consider there may be transactions that a liquidator could pursue, which might result in property or money being recovered for the benefit of creditors. Specifically, we have identified a number of repayment plans with the ATO and payments of \$237k in the six months preceding our appointment. We note further work is required to determine whether these are recoverable.
Uncommercial transactions	No claims	<ul style="list-style-type: none">We are not aware of any potential uncommercial transactions that would likely result in property being recovered for the benefit of creditors.
Unfair loans	No claims	<ul style="list-style-type: none">The Administrators have not identified any unfair loans between the Companies.
Unreasonable payments to directors or related entities	No claims	<ul style="list-style-type: none">Our investigations to date have not found any evidence of unreasonable payments to the Directors or related parties.
Arrangements to avoid employee entitlements	No claims	<ul style="list-style-type: none">Our investigations to date have not revealed the existence of any such arrangements.
Voidable charges	None	<ul style="list-style-type: none">Our investigations have not revealed any charges or registered security interests that would be void against a liquidator.

6. Estimated Return to Creditors

6.1 Creditors Claims

- We set out below the estimated quantum of creditors' claims, based on investigations undertaken to date:

Creditors	(\\$)
Secured Creditor	
Westpac - Non-Circulating	567,998
PMSI Holders – Circulating	413,914
Priority Claims	
Including Retrenchment	209,410
Unsecured Creditors	
All Unsecured Claims	609,773
Total	1,233,097

- As previously stated, we expect creditor claims will increase, once all liabilities are entered and claims crystallised.

6.2 Estimated Return to Creditors

- At this time, it is unclear whether sufficient assets will be realised to pay any class of creditors a dividend. We will provide a further update to creditors, once the Companies are in liquidation.
- As previously noted, should the Companies enter liquidation, employees will be entitled to lodge a claim for their unpaid entitlements under the FEG Scheme, which is administered by the Federal Government.
- The Federal Government will have a subrogated claim for any amounts advanced to employees through the FEG Scheme in the same order of priority.

7. Administrators' Remuneration

7.1 Administrators' Remuneration

- All time incurred in undertaking this engagement has not been charged. We also note the amount of time expended was significant at the commencement of the administration given the number of stores, staff, geographical foot print and managing expectations of all stakeholders.
- We have relied on the Directors and Transit's staff wherever possible, to minimise costs.
- Given the significant media attention created by the appointment, we have also engaged FTI Strategic Communications to provide advice in relation to media enquiries. These costs are included in our remuneration request.
- The Administrators' first circular to creditors indicated their intention to claim remuneration on a time basis. The firm's hourly rates as at 1 May 2019, were distributed in the Administrators' first Circular to Creditors.
- The Administrators' have incurred fees in the amount of \$129,177.78 for the period 15 May 2019 to 9 June 2019.
- Pursuant to Section 449E of the Act, the Administrators' remuneration can be fixed at the Second Meeting of Creditors.
- 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 6** provides the Administrators' Remuneration Report seeking approval from the Creditors of the Companies for the periods, as detailed in the below table.
- The amount listed for Liquidators' remuneration is an interim estimate only. Further fees may be incurred particularly if voidable transactions and a claim for trading whilst insolvent are pursued.

Period	Amount (\$) excluding GST and Disbursements
<u>Administrators</u>	
15 May 2019 to 9 June 2019 – actual	129,177.75
10 June 2019 to the conclusion of the Voluntary Administration – estimate	85,000.00
<u>Liquidator (if Appointed)</u>	
21 June 2019 to 31 December 2019	50,000.00

7.3 Administrators receipts and payments

- The receipts and payments from 15 May 2019 to 12 June 2019 are included in the Administrators Remuneration Report enclosed as **Appendix 6**.

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:
 - Companies should execute a DOCA; or
 - administration of the Companies should end, or
 - Companies should be wound up; or
 - second meeting be adjourned 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 Companies 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 Companies 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 creditors vote for this alternative, control of the Companies would revert to the Directors following the forthcoming meeting of creditors.
- The Companies are insolvent with no cash to pay the Companies' 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 Companies be Wound Up

- Absent to the other options being viable alternatives, ***we consider that it would be in the creditors' interests for the Companies to be wound up.*** The Companies are 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.

Dated 12 June 2019



Daniel Woodhouse
Joint and Several Administrator



Appendices

Appendix 1 - Glossary and Terms of Reference

Item	Definition	Item	Definition
ATFT	As trustee for the	Partnership Agreement	The Companies, as trustees of the Trusts, trading Transit in Partnership.
Companies	Doubleup Holdings Pty Ltd and GGA Lifestyle Pty Ltd in Partnership over Transit Clothing	PMSI	Purchase Money Security Interest
Doubleup	Doubleup Holdings Pty Ltd ATFT Day Family Trust	PPSR	Personal Property Securities Register
GGA	GGA Lifestyle Pty Ltd ATFT Francis Family Trust	PPS Act	Personal Property Securities Act 2009 (Cth)
Transit	Transit Clothing ABN 53 798 556 254	FY16, FY17, FY18	Financial years ended/ending 30 June 2016, 30 June 2017 and 30 June 2018
Act	Corporations Act 2001 (Cth)	Westpac	Westpac Banking Corporation
ASIC	Australian Securities and Investments Commission	m	Million ('000,000)
Dep'	Depreciation	K	Thousand ('000)
DOCA	Deed of Company Arrangement	ATO	Australian Taxation Office
DIRRI	Declaration of independence, relevant relationships and indemnities	ERV	Estimated realisable value
Directors	Mr Tim Day and Mr Glen Francis	EBIT / EBITDA	Earnings before interest and tax / Earnings before interest, tax, depreciation and amortisation
FEG	Fair Entitlements Guarantee	MIS	Management Information System
Partnership	Transit Clothing ABN 53 798 556 254 traded in partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 ATFT Day Family Trust and GGS Holdings Pty Ltd ACN 114 064 158 ATFT Francis Family Trust	Trusts	Day Family Trust and Francis Family Trust
Partnership Act	Partnership Act 1895		

Appendix 2 - General Information and Considerations

Terms of reference

- This report has been prepared for the creditors of Companies to assist them in evaluating their position as creditors and in deciding on the Companies' 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 Companies' records, the directors and management of the Companies 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.

Date of insolvency

- In order to ascertain if there were any insolvent transactions entered into by a Companies, it is first necessary to determine the date a Companies became insolvent.
- Proving the date on which a Companies 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 Companies 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 Companies is able to pay all its debts as and when they become due and payable. A Companies that is not solvent is insolvent.
- Whether a Companies is able to meet its debts as they become due is essentially a "cash flow" test rather than a "balance sheet" test (although the Companies' balance sheet position is still relevant).
- Consideration of the entire financial position of a Companies is required to establish if it is insolvent at a particular date. This includes factors such as the value of the Companies' 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 Companies' 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 – Analysis and Information

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:
 - Continuing trading losses.
 - Cash flow difficulties.
 - The company experiencing difficulties selling its stock, or collecting debts owed to it.
 - Creditors not being paid on agreed trading terms and/or either placing the company on cash-on-delivery terms or requiring special payments on existing debts before they will supply further goods and services.
 - Failure to pay 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 being returned dishonoured.
 - Legal action being threatened or commenced against the company, or judgements entered against the company in relation to outstanding debts.
 - Reaching the limits of funding facilities and inability to obtain appropriate further finance to fund operations—for example, through:
 - negotiating a new limit with current financiers; or
 - refinancing or raising money from another party.
 - Ability 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 having resigned, citing concerns about the financial position of the company or its ability to produce accurate financial information on the company's affairs.
 - Qualified audit opinions on the grounds there is uncertainty that the company can continue as a going concern.

- Qualified audit opinions on the grounds there is uncertainty that the company can continue as a going concern.
- The existence of defaults, or a likelihood to default, on agreements with financiers.
- Employees, or the company's bookkeeper, accountant or financial controller, raising 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.
- 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 – PPSR Registrations

Doubleup, GGA and Transit - PPSR Registrations

Party	Collateral Type
GGA Lifestyle Pty Ltd	
WESTPAC BANKING CORPORATION	All PAAP
RCG BRANDS PTY LTD	Other Goods
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	Motor Vehicle
CONQUEST SPORTS (AUST) PTY LTD	Other Goods
Doubleup Holdings Pty Ltd	
WESTPAC BANKING CORPORATION	All PAAP
RCG BRANDS PTY LTD	Other Goods
CONQUEST SPORTS (AUST) PTY LTD	Other Goods
ACCENT BRANDS PTY LTD	Other Goods
The trustee for Day Family Trust & The trustee for Francis Family Trust	
DEUS EX MACHINA MOTOR CYCLES PTY LTD	Other Goods
GLOBE INTERNATIONAL LIMITED	Other Goods
HANES AUSTRALIA PTY LTD	Other Goods
METRO FINANCE PTY LIMITED	Motor Vehicle
NIKE AUSTRALIA PTY. LTD.	Other Goods
PUMA AUSTRALIA PTY LTD	Other Goods
RCG BRANDS PTY LTD	Other Goods
ZANE ROBE GLOBAL HOLDINGS PTY LTD	Other Goods
STAGE II PTY LTD	Other Goods
STOKEHOUSE AUSTRALIA PTY LTD	Other Goods
THREEBYONE PTY LTD	Other Goods
CONQUEST SPORTS (AUST) PTY LTD	Other Goods
AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED	Motor Vehicle
BRAND COLLECTIVE PTY LTD	Other Goods
WINDSOR SMITH PTY. LIMITED	Other Goods
ACCESS SERVICES GROUP PTY LTD	Other Goods
ADIDAS AUSTRALIA PTY LIMITED	Other Goods
ASICS OCEANIA PTY LTD	Other Goods



Appendix 4 – 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

Appendix 5 – DIRRI

**DOUBLEUP HOLDINGS PTY LTD ACN 114 064 167 (ADMINISTRATORS APPOINTED) ATFT DAY
FAMILY TRUST & GGA LIFESTYLE PTY LTD ACN 114 064 158 (ADMINISTRATORS APPOINTED) ATFT
FRANCIS FAMILY TRUST (“THE COMPANIES”) TRADING IN PARTNERSHIP AS TRANSIT CLOTHING
ABN 53 798 556 254**

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS, AND INDEMNITIES

This document requires the Practitioner(s) appointed to an insolvent entity to make declarations as to:

- A. Their independence generally;
- B. Relationships, including:
 - i. The circumstances of the appointment;
 - ii. Any relationships with the Companies and others within the previous 24 months;
 - iii. Any prior professional services for the Companies within the previous 24 months;
 - iv. That there are no other relationships to declare; and
- C. Any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of Ian Francis and Daniel Woodhouse, our fellow Senior Managing Directors/Managing Directors, FTI Consulting (Australia) Pty Ltd (“**FTI Consulting**” or “**Firm**”) and associated entities.

A. INDEPENDENCE

We, Ian Francis and Daniel Woodhouse, of FTI Consulting, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the Companies in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. DECLARATION OF RELATIONSHIPS

i. Circumstances of appointment

This appointment was referred to FTI Consulting by Blackwall Legal, who are the Companies’ lawyers. We believe that this referral does not result in us having a conflict of interest or duty because of the following reasons:

- a) Blackwall Legal refers insolvency-related work to FTI Consulting from time to time. Neither us, nor FTI Consulting have any formal or informal referral arrangements with

Blackwall Legal, and to our knowledge they do not exclusively refer such work to us or FTI Consulting;

- b) FTI Consulting is not reliant upon referrals from Blackwall Legal, who are one of a considerable number of firms, organisations and persons who refer work to, or seek advice from, FTI Consulting. This engagement is not financially significant to FTI Consulting and the receiving or otherwise of other referrals from Blackwall Legal is not material to FTI Consulting;
- c) Work referrals arising from networks of business professionals, advisors and other persons are normal and accepted arrangements, and do not inherently impact on us discharging our statutory duties and obligations with independence and impartiality;
- d) There are no conditions on the conduct or outcome of this administration arising from the referral, including no fees/commissions, agreements for work in the administration, or other benefits.

Daniel Woodhouse and Nathan Stubing attended two meetings with Blackwall Legal and the Companies' Directors Glen Francis and Tim Day ("Directors") on 3 May 2019 and 13 May 2019.

The purposes of the meetings were:

- (a) To obtain sufficient information about the Companies to enable discussion around the financial position of the Companies;
- (b) To explain the various forms of insolvency appointments, the options available, and the consequences of an insolvency appointment;
- (c) To outline the process following an insolvency appointment; and
- (d) For us to provide a Consent to Act.

A written proposal was also provided to the Directors, which outlined the Voluntary Administration process.

We received no remuneration for any pre-insolvency advice provided to the Companies, or any other pre-appointment discussions.

The meetings do not affect our independence for the following reasons:

- the Courts and the ARITA's Code of Professional Practice specifically recognises the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment;
- the nature of the advice provided to the Companies is such that it would not be subject to review and challenge during the course of our appointment;

- no advice has been given to the Directors in their capacity as directors of the Companies, or in relation to their personal capacity; and
- the pre-appointment advice will not influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the appointment as Joint and Several Administrators of the Companies in an objective and impartial manner.

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

Neither we, nor FTI Consulting, have, or have had within the preceding 24 months, any relationships with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies, or any person or entity that has security over the whole, or substantially the whole of the Companies' property.

iii. Prior Professional Services to the Insolvent

Neither we, nor our Firm have provided any professional services to the Companies in the previous 24 months except for the services detailed in section (i) above.

iv. No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any person or entity that has security over the whole or substantially whole of the Companies' property that should be disclosed.

C. INDEMNITIES AND UP-FRONT PAYMENTS

Immediately prior to our appointment, the Companies released \$9,000 in two installments (\$5,000 and \$4,000) into FTI Consulting's trust account to contribute to trading costs.

This does not include statutory indemnities. We have not received any other indemnities or upfront payments that should be disclosed.



Daniel Woodhouse



Ian Francis

Date: 16 May 2019

NOTE:

1. If circumstances change, or new information is identified, I am/we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.



Appendix 6 – Remuneration Approval Report



12 JUNE 2019

REMUNERATION APPROVAL REPORT

TRANSIT CLOTHING ABN 53 798 556 254 TRADED IN PARTNERSHIP
BY DOUBLEUP HOLDINGS PTY LTD ACN 114 064 167
(ADMINISTRATORS APPOINTED) ATFT DAY
FAMILY TRUST & GGA LIFESTYLE PTY LTD ACN 114 064 158
(ADMINISTRATORS APPOINTED) ATFT FRANCIS FAMILY TRUST
("THE COMPANIES")

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 my remuneration for undertaking the Voluntary Administration of Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust ("the Companies").

This report has the following information included:

Introduction.....	1
Part 1: Declaration	2
Part 2: Executive Summary.....	2
Part 3: Remuneration	3
Part 4: Disbursements	7
Part 5: Summary of Receipts and Payments	9
Part 6: Queries.....	9
Schedule 1: Table of major tasks for resolution 1 Remuneration Approval	10
Schedule 2: Table of major tasks for resolution 2 Remuneration approval.....	13
Schedule 3: Table of major tasks for resolution 3 Remuneration approval.....	15
Schedule 4: FTI Consulting Schedule of Rates.....	17

Part 1: Declaration

Ian Francis and I, Daniel Woodhouse, of FTI Consulting, have undertaken a proper assessment of the claims for remuneration for the appointment as Administrators of Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust ("the Companies") in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment and further.

Part 2: Executive Summary

Remuneration

We currently estimate the total remuneration for this appointment for the period 15 May 2019 to finalisation of the Voluntary Administration to be approximately \$214,177.75 plus GST. This includes \$129,177.75 plus GST incurred for the period of 15 May 2019 to 9 June 2019 (inclusive) and the anticipated costs from 10 June 2019 to 20 June 2019 of \$85,000.00 plus GST.

This is slightly higher than our estimate provided in the Initial Remuneration notice dated 17 May 2019 which estimated remuneration of \$150,000 to \$200,000.00 plus GST. This is due to additional time required to trade the business, given the tight cash position.

Remuneration claimed is summarised below in Table 1:

Table 1: Current Claim for Remuneration		Report Reference	Amount (excl GST) \$
Period			
Voluntary Administration			
Resolution 1: Remuneration from 15 May 2019 to 9 June 2019 (inclusive)		Schedule 1	129,177.75
Resolution 2: Remuneration from 10 June 2019 to 20 June 2019 (inclusive)*		Schedule 2	85,000.00
Total			214,177.75
Liquidation			
Resolution 3: Remuneration from commencement of liquidation to 31 December 2019 (inclusive)*		Schedule 3	50,000.00
Total			50,000.00

* 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.

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 15 May 2019 to 9 June 2019 (inclusive)

The remuneration of the Voluntary Administration of Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust for the period 15 May 2019 to 9 June 2019 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedule of FTI Consulting Standard Rates effective 1 May 2019 (Corporate Finance & Restructuring and Strategic Communications), and is determined and approved for payment in the amount of \$129,177.75 plus GST and the Administrators can draw the remuneration.

Resolution 2: Remuneration from 10 June 2019 to 20 June 2019 (inclusive)

The remuneration of the Voluntary Administrators of Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust for the period 10 June 2019 to 20 June 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 May 2019 (Corporate Finance & Restructuring and Strategic Communications), up to a capped amount of \$85,000.00 plus GST, and the Voluntary Administrators can draw the remuneration.

Resolution 3: Remuneration from commencement of liquidation to 31 December 2019 (inclusive)

The future remuneration of the Liquidators of Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust for the period of the commencement of liquidation to 31 December 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 May 2019 (Corporate Finance & Restructuring and Strategic Communications), up to an initial capped amount of \$50,000.00 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 not 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.

Resolution 1: Remuneration from 15 May 2019 to 9 June 2019 (inclusive)

Table 2 below table sets out time charged to each major task area by staff members working on the Voluntary Administration for the period 15 May 2019 to 9 June 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.

REMUNERATION APPROVAL REPORT

Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust ("the Companies")

Table 2: Time Charged to Each Major Task Area

Employee	Position	Rate/hour excl GST \$	Total actual hours	Total (excl GST) \$	Task Area				
					Asset \$	Creditors \$	Employees \$	Trade On \$	Administration \$
Daniel Woodhouse	Managing Director	625.00	46.20	28,875.00	3,500.00	1,937.50	0.00	18,875.00	4,562.50
Jacqueline Sinclair	Senior Director	575.00	35.80	20,585.00	4,197.50	5,692.50	230.00	5,117.50	5,347.50
Jonah Un	Director	515.00	2.00	1,030.00	0.00	0.00	0.00	1,030.00	0.00
Carlos Bourgy	Senior Consultant I	400.00	109.90	43,960.00	6,000.00	7,920.00	0.00	30,040.00	0.00
Damon Brankstone	Consultant I	335.00	75.00	25,125.00	7,537.50	5,695.00	3,350.00	5,527.50	3,015.00
Minyoung Park	Associate II	320.00	1.40	448.00	0.00	0.00	0.00	0.00	448.00
Loice Taderera	Associate I	300.00	6.00	1,800.00	0.00	1,740.00	0.00	0.00	60.00
Dhyana Ishibashi	Executive Assistant	205.00	0.90	184.50	0.00	0.00	0.00	0.00	184.50
Mary Smith	Administration Officer	165.00	3.90	643.50	0.00	0.00	0.00	0.00	643.50
Abbie Kozlowska	Junior Accountant	155.00	1.10	170.50	0.00	0.00	0.00	0.00	170.50
Total		282.20		122,821.50	21,235.00	22,985.00	3,580.00	60,590.00	14,431.50
GST				12,282.15					
Total (including GST)				135,103.65					
Average hourly rate (excluding GST)				435.23	421.33	413.40	344.23	456.59	436.00

REMUNERATION APPROVAL REPORT

Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust ("the Companies")

The below table sets out work performed by other professional services provided by the firm for the period 15 May 2019 to 9 June 2019 (inclusive). These figures in Table 3 below, along with the figures in Table 2 are included in Resolution 1.

Table 3: Time Charged for Services Provided by FTI Strategic Communications

Employee	Position	Rate / Hour excl GST \$	Total Actual Hours	Total Excl GST \$
Shane Murphy	Senior Director	\$565	7.0	\$3,955.00
Adrian Watson	Senior Director	\$565	4.25	\$2,401.25

Table 4: Major Tasks Undertaken by FTI Strategic Communications

Task
Provide advice to the Administrator's in relation to media enquiries received.

Resolution 2: Remuneration from 10 June 2019 to 20 June 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 10 June 2019 to 20 June 2019 (inclusive) which is the basis of the Resolution 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.

Table 5: Expected Costs for the Major Tasks from 10 June 2019 to 20 June 2019 (Inclusive)

\$	Total	Task Area					Administration
		Assets	Creditors	Employees	Trade on		
Total (est) GST	85,000	25,000	22,000	13,000	15,000	10,000	
GST	8,500	2,500	2,200	1,300	1,500	1,000	
Total (incl GST)	93,500	27,500	24,200	14,300	16,500	11,000	

Resolution 3: Remuneration from commencement of liquidation to 31 December 2019 (inclusive) [if applicable]

The below table sets out the expected costs for the major tasks likely to be performed by Liquidators and their staff for the period of commencement of Liquidation to 31 December 2019 (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 6: Expected Costs for the Major Tasks from Commencement to Completion of the Liquidation (inclusive)

\$	Total	Task Area				
		Assets	Creditors	Employees	Investigation	Administration
Total (est)	50,000	15,000	7,500	7,500	10,000	10,000
GST	5,000	1,500	750	750	1,000	1,000
Total (incl GST)	55,000	16,500	8,250	8,250	11,000	11,000

Total remuneration reconciliation

At this point in time, I estimate that the total remuneration for this Voluntary Administration will be \$214,177.75 plus GST. This includes the current approval amount being sought of \$129,177.75 plus GST for the period of 15 May 2019 to 9 June 2019 (inclusive) and the anticipated costs from 10 June to 20 June 2019 of \$85,000.00 plus GST.

This is consistent with the estimate provided in the Initial Remuneration Notice dated 17 May 2019, which estimated remuneration between \$150,000 - \$200,000 plus GST.

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.

It is uncertain at this point if there will 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.

Creditor approval is not required for payment of internal disbursements which have been charged at cost. Internal disbursements not charged at cost, however, must be approved by creditors before we can draw the cost of those disbursements from this external administration. As we have chosen not to charge the external administration for internally-generated FTI disbursements where they have not been charged at cost (such as internal photocopying and printing charges for the use of FTI's photocopiers, printers etc), this approval is not required.

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

A summary of FTI Consulting's Disbursement Rates is provided in Table 7 below:

Table 7: Schedule of FTI Consulting Disbursement

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

Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the period 15 May 2019 to 12 June 2019 is as follows:

Table 8: Receipts and payments for the period of 15 May 2019 to 12 June 2019	
Consolidated Receipts and Payments as at 12 June 2019	(\$(Incl GST)
Receipts	
Sales	183,559.46
Indemnity Received	9,000.00
Total Receipts	192,559.46
Payments	
Net Post-Appointment Wages	(29,894.67)
Directors' Consulting Fees	(9,000.00)
IT Costs	(746.83)
Trading Expenses	(1,414.05)
Bank Charges	(28.00)
Payroll Tax	(133.49)
Reimbursements	(701.65)
Rent & Rates	(1,183.56)
Advertising	(4,103.00)
Payment to Secured Creditors	(3,696.00)
Total Payments	(50,901.25)
Net Receipts and Payments	141,658.21

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 Loice Taderera on (08) 9321 8533 or via email on loice.taderera@fticonsulting.com.

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

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "insolvency information sheets").


Daniel Woodhouse
 Joint and Several Administrator

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

Table 9 provides a description of the work undertaken in each major task area for the period 15 May 2019 to 9 June 2019 (inclusive).

Table 9: Work undertaken for the period 15 May 2019 to 9 June 2019 (inclusive)		
Task Area	General Description	Includes
Assets 48.79 hours \$21,235.00	Sale of the business as a going concern	<p>Attending to potential sale of the Companies' business, including but not limited to:</p> <ul style="list-style-type: none"> ▪ Organising valuations to be undertaken of the Companies' assets. ▪ Advertising the business sale in the West Australian newspaper. ▪ Preparing Information Memorandum, supporting documentation and confidentiality agreement for interested parties. ▪ Liaising with interested parties, including requests for further information to complete diligence processes. ▪ Discussions with interested parties.
	Cash and bank accounts	<ul style="list-style-type: none"> ▪ Communications with the bank to transfer funds received into pre-appointment bank account. ▪ Liaise with Westpac with regard to accounts held and open administrators' bank account. ▪ Realisation of cash on hand including petty cash.
	Assets Subject to Specific Changes	<ul style="list-style-type: none"> ▪ All tasks associated with realising a changed asset.
	Stock	<ul style="list-style-type: none"> ▪ Conducting stock takes ▪ Reviewing stock values ▪ Liaising with valuers
	Plant and Equipment	<ul style="list-style-type: none"> ▪ Search Department of Transport (DOT) ▪ Reviewing values of Plant and Equipment.
Creditors 52.81 hours \$22,985.00	Creditor enquiries	<ul style="list-style-type: none"> ▪ Receiving and responding to creditor enquiries by telephone, email, facsimile and post. ▪ Maintaining register of creditor enquiries.
	Creditor Reports & circulars	<ul style="list-style-type: none"> ▪ Preparing and sending Initial Report to creditors. ▪ Providing DIRRI and Initial Advice on remuneration to Creditors.
	Processing PODs not relating to a dividend	<ul style="list-style-type: none"> ▪ Issuing, receiving and filing PODs. ▪ Adjudication on PODs. ▪ Maintaining POD register.
	First Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparing notices, proxies and advertisements.

REMUNERATION APPROVAL REPORT

Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust ("the Companies")

		<ul style="list-style-type: none"> ▪ Preparing agenda and other meeting documents. ▪ Attendance at the first meeting of creditors. ▪ Preparing and lodging meeting minutes with ASIC. ▪ Responding to queries arising from meeting.
	PPSR Secured Parties	<ul style="list-style-type: none"> ▪ Preparing reports to Westpac, the secured creditor. ▪ Search PPSR register. ▪ Notifying PMSI creditors identified from PPSR register. ▪ Maintaining register of claims and responses from PPSR parties. ▪ Considering claims and responding accordingly.
Trade on 139.21 hours \$60,590.00	Trade on Management	<ul style="list-style-type: none"> ▪ Communicating with managers and staff. ▪ Recording trading receipts and collection of cash from trading. ▪ Make payments in respect to trading liabilities. ▪ Review and process of payment of wages. ▪ Communications with OSR concerning payroll tax issues. ▪ Reviewing trading performance during administration. ▪ Considering and implementing trading strategy. Liaising with Directors regarding same.
Employees 8.23 hours \$3,580.00	Employee Enquiries	<ul style="list-style-type: none"> ▪ Receiving and dealing with employee queries. ▪ Liaising with employees regarding termination of their employment.
	Employee Entitlements	<ul style="list-style-type: none"> ▪ Communications with employees concerning entitlements. ▪ Reviewing employee files and company books and records to determine employee entitlements.
Administration 33.16 hours \$14,431.50	Appointment	<ul style="list-style-type: none"> ▪ Receiving appointment documents ▪ Securing and backing up computer and accounting data. ▪ Advising third parties of appointment including ATO, OSR and utilities.
	General	<ul style="list-style-type: none"> ▪ Word processing including correspondence, file notes, agendas and minutes. ▪ Care and maintenance of the file.
	Checklist/document maintenance	<ul style="list-style-type: none"> ▪ Updating appointment checklist. ▪ Physical and electronic document filing and maintenance.
	Insurance	<ul style="list-style-type: none"> ▪ Communications with broker concerning general insurance requirements ▪ Identification and resolution of specific insurance issues. ▪ Reviewing policies of insurance.

REMUNERATION APPROVAL REPORT

Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust ("the Companies")

	ASIC lodgements	<ul style="list-style-type: none"> ▪ Preparations and lodging necessary forms with ASIC (505, DIRRI, RATA). ▪ General communications with ASIC.
	ATO lodgements	<ul style="list-style-type: none"> ▪ Notification of appointment.
	File and planning reviews	<ul style="list-style-type: none"> ▪ Internal meetings concerning the status of the appointment as required. ▪ File and planning reviews concerning the progress of the appointment as required.
	Planning review	<ul style="list-style-type: none"> ▪ Weekly meeting to discuss the status of the administration. ▪ Ad hoc meetings concerning the status of the administration.
	Storage of books and records	<ul style="list-style-type: none"> ▪ Organising and storage of books and records

Schedule 2: Table of major tasks for resolution 2 Remuneration approval

Table 10: Work Undertaken for the Period 10 June 2019 to 20 June 2019 (Inclusive)

Task Area	General Description	Includes
Assets \$25,500.00	Stock and Plant Equipment	<ul style="list-style-type: none"> ▪ Maintaining stock register and continually review value and saleability. ▪ Consider options for realisation. ▪ Continue sell down stock in normal course.
	Sale of Business	<ul style="list-style-type: none"> ▪ Communications and negotiations with interested parties.
Creditors \$12,750.00	Creditors Enquiries	<ul style="list-style-type: none"> ▪ Receiving and dealing with creditor queries by telephone, email and post. ▪ Maintaining creditor enquiries register. ▪ Liaise with creditors regarding substantiation of claims.
	Second Creditor Meetings	<ul style="list-style-type: none"> ▪ Organising meeting notices and convening the second meeting of creditors. ▪ Preparing creditors' brief to be presented at the second meeting. ▪ Attendance at the second meeting of creditors. ▪ Preparation and lodgement of minutes of the meeting. ▪ Lodging statutory documents pertaining to convening the second meeting of creditors.
	Processing proof of debts (POD)	<ul style="list-style-type: none"> ▪ Receiving and filing PODs. ▪ Maintaining POD register. ▪ Requesting further documentation where required to substantiate PODs.
	Creditor reports & circulars	<ul style="list-style-type: none"> ▪ Preparing Administrators Report to Creditors including analysis of the Company's history, operations, creditor claims and estimated return to creditors.
Employees \$12,750.00	Calculating entitlements	<ul style="list-style-type: none"> ▪ Reviewing employee files and company books and records. ▪ Reviewing awards. ▪ Determining employee entitlements.
	General Employee dealings	<ul style="list-style-type: none"> ▪ Preparation of employee termination letters. ▪ Producing and circulating payment summaries for all employees for post-appointment periods. ▪ Calculate employees' redundancy entitlements, if applicable. ▪ Maintain file register of employee queries.
Operations/Trade	Trade on Management	<ul style="list-style-type: none"> ▪ Communicating with directors, managers and staff.

REMUNERATION APPROVAL REPORT

Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust ("the Companies")

On		
\$8,500.00		<ul style="list-style-type: none"> ▪ Liaising with landlords. ▪ Payment of wages during administration period.
	Cashflow and financial reporting	<ul style="list-style-type: none"> ▪ Reviewing trade performance and administration. ▪ Ongoing maintenance and monitoring of the cashflow projections for the Company.
Administration	General	<ul style="list-style-type: none"> ▪ Word processing including correspondence, file notes, agendas and minutes. ▪ Care and maintenance of the file.
\$25,500.00	File review/checklist/document maintenance	<ul style="list-style-type: none"> ▪ Administration review. ▪ Document filing and maintenance. ▪ File reviews. ▪ Updating checklist.
	Bank accounts	<ul style="list-style-type: none"> ▪ Bank account reconciliations. ▪ Procuring and reviewing bank account statements. ▪ Communications concerning bank account transactions.
	ASIC lodgements	<ul style="list-style-type: none"> ▪ Preparation and lodging necessary forms with ASIC. ▪ General communications with ASIC.
	Meetings	<ul style="list-style-type: none"> ▪ Internal meetings to discuss the status of the administration.

Schedule 3: Table of major tasks for resolution 3 Remuneration approval

Table 11 provides a description of the work undertaken in each major task area for the period commencement to completion of the Liquidation (inclusive) [Liquidation scenario].

Table 11: Work undertaken for the period commencement to completion of Liquidation (inclusive)		
Task Area	General Description	Includes
Assets \$15,000.00	Stock	<ul style="list-style-type: none"> ▪ Liaising with valuers, auctioneers and interested parties. ▪ Reviewing asset listings.
	Contributions and Proceeds	<ul style="list-style-type: none"> ▪ Monitoring the receipt of sale of stock proceeds.
	Bank accounts	<ul style="list-style-type: none"> ▪ Bank account reconciliation.
Creditors \$7,500.00	Creditor enquiries	<ul style="list-style-type: none"> ▪ Maintaining register of creditor enquiries. ▪ Responding to creditor enquiries by telephone, email, facsimile and post.
	Creditor reports & circulars	<ul style="list-style-type: none"> ▪ Preparing Statutory Report to Creditors. ▪ Preparing ad hoc circulars to creditors.
	Creditor Meetings (If applicable)	<ul style="list-style-type: none"> ▪ Preparing meeting notices, proxies and advertisements. ▪ Distributing meeting notices & proxies. ▪ Preparing agenda and other documents for meeting. ▪ Preparing and lodging meeting minutes with ASIC. ▪ Responding to queries arising from meeting.
	Related party claims (If applicable)	<ul style="list-style-type: none"> ▪ Reviewing related party transactions in respect to their claim in the liquidation.
	Potential Antecedent Transaction Recoveries and Insolvent Trading Claim	<ul style="list-style-type: none"> ▪ Analysing specific transactions warranting further investigation. ▪ Reviewing the Company's records regarding potential claims.
Investigation \$10,000.00	Reporting to ASIC	<ul style="list-style-type: none"> ▪ Further investigating the Company's affairs and preparing and lodging statutory investigation report pursuant to Section 533 of the Act with ASIC. ▪ Preparing supplementary statutory investigation report to ASIC (if required). ▪ Requesting funding from ASIC (if required). ▪ Communications with ASIC concerning investigations.

REMUNERATION APPROVAL REPORT

Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust ("the Companies")

Employees \$5,000.00	Calculating entitlements	<ul style="list-style-type: none"> ▪ Liaising with the Australian Taxation Office regarding calculation of the Superannuation Guarantee Charge.
	Employee Correspondence	<ul style="list-style-type: none"> ▪ Sending out updates to employees. ▪ Attending to ad hoc queries raised by employees.
	Employee dividend (if applicable)	<ul style="list-style-type: none"> ▪ Communicating with employees. ▪ Communicating with the ATO concerning SGC proof of debt. ▪ Adjudicating claims. ▪ Calculating dividend rate. ▪ Preparing dividend file. ▪ Distributing dividend payments. ▪ Preparing PAYG Payment Summaries in relation to dividend. ▪ Remitting PAYG from dividend to the ATO.
	Fair Entitlements Guarantee ("FEG")	<ul style="list-style-type: none"> ▪ Determining whether FEG's assistance is required in the liquidation. ▪ Communications with FEG. ▪ Completing FEG questionnaires.
Administration \$10,000.00	General	<ul style="list-style-type: none"> ▪ Word processing including correspondence, file notes, agendas and minutes. ▪ Care and maintenance of the file.
	Checklist/document maintenance	<ul style="list-style-type: none"> ▪ Updating appointment checklist. ▪ Physical and electronic document filing and maintenance.
	Bank accounts	<ul style="list-style-type: none"> ▪ Closing bank accounts. ▪ Bank account reconciliations.
	ASIC lodgements	<ul style="list-style-type: none"> ▪ Lodging end of administration return. ▪ Communicating with ASIC.
	ATO lodgements	<ul style="list-style-type: none"> ▪ Lodging a Cessation of appointment. ▪ Preparing and submitting BAS.
	Finalisation	<ul style="list-style-type: none"> ▪ Communication with ATO concerning finalization. ▪ Cancelling ABN/GST/PAYG registration. ▪ Finalising WIP. ▪ Completing checklists.

Schedule 4: FTI Consulting Schedule of Rates

FTI Consulting CF&R Standard Rates effective 1 May 2019 (excluding GST)		
Typical classification	Standard Rates \$/hour	General guide to classifications
Senior Managing Director	695	Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	625	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	575	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	515	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	465	Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	400	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	375	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	335	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	320	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	195	Undergraduate in the latter stage of their university degree.
Administration 2	205	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.
Junior Accountant	155	Undergraduate in the early stage of their university degree.
Administration 1	165	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.

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 minutes before the scheduled commencement time in order to sign-in.

Telephone facilities are available for those creditors wishing to attend by telephone. If you wish to attend by telephone can you please contact Loice Taderera no later than **4:00 pm (AWST) on Wednesday, 19 June 2019** so that 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.

**TRANSIT CLOTHING ABN 53 798 556 254 TRADED IN PARTNERSHIP BY DOUBLE HOLDINGS PTY LTD
ACN 114 064 167 (ADMINISTRATORS APPOINTED) ATFT DAY FAMILY TRUST & GGA LIFESTYLE PTY
LTD ACN 114 064 158 (ADMINISTRATORS APPOINTED) ATFT FRANCIS TRUST FAMILY
("THE COMPANIES")**

NOTICE OF SECOND MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN that the second meeting of creditors of the Company will be held on **Thursday, 20 June 2019** at FTI Consulting's office located at Central Park, Level 47,152 – 158 St Georges Terrace, PERTH WA 6000, commencing at **11:00 am (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 15 May 2019 to 9 June 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 10 June 2019 to completion of the Voluntary Administration (inclusive);
5. If the Company enters into a Deed of Company Arrangement, the Deed Administrators will seek to have creditors resolve to fix the remuneration of the Deed Administrators;
6. If the Company is placed into liquidation, to consider the appointment of a Committee of Inspection and if required, to determine the members;

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, the Liquidators be authorised to destroy the Company's books and records three months after the date of deregistration of the Company, subject to the consent of the Australian Securities and Investments Commission; and
9. Any other business properly brought before the meeting

Telephone facilities are available for those Creditors wishing to attend by telephone. If you wish to attend by telephone can you please contact the Administrators' office via telephone or via email at lo.taderera@fticonsulting.com no later than **4:00 pm (AWST) Wednesday, 19 June 2019**, so that the necessary arrangements may be made.

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.

The above documents are required to be submitted by no later than **4:00 pm (AWST) Wednesday, 19 June 2019** by email at lo.taderera@fticonsulting.com, by fax to (08) 9321 8544 or by post to FTI Consulting, PO Box Z5486, St Georges Terrace, PERTH WA 6831.

Dated this 12th day of June 2019



Daniel Woodhouse
Joint and Several Administrator

**TRANSIT CLOTHING ABN 53 798 556 254 TRADED IN PARTNERSHIP BY
DOUBLEUP HOLDINGS PTY LTD ACN 114 064 167 (ADMINISTRATORS APPOINTED) ATFT DAY
FAMILY TRUST & GGA LIFESTYLE PTY LTD ACN 114 064 158 (ADMINISTRATORS APPOINTED) ATFT
FRANCIS FAMILY TRUST
("THE COMPANIES")**

APPOINTMENT OF PROXY FORM

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 **11:00 am (WST) on Thursday, 20 June 2019** at FTI Consulting's Office located at Central Park, Level 47, 152-158 St Georges Terrace, PERTH WA 6000 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**).

Transit Clothing Pty Ltd

	Resolution (please specify the particular resolution)	For	Against	Abstain
1	Resolution in relation to the future remuneration of the Company – Please note you may only vote in relation to either 1(a) or (b) or (c). (a) The Company be wound up; OR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(b) The Company should enter a Deed of Company Arrangement; OR	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	(c) The Administration should end and control of the Company be reverted to the Director.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	The second meeting be adjourned for a period not exceeding 45 business days.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	"The remuneration of the Administrators of Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust for the period 15 May 2019 to 9 June 2019 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 May 2019 and is determined and approved for payment in the amount of \$129,177.75 plus GST and the Administrators can draw the remuneration."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

4	"The remuneration of the Administrators of Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust for the period 10 June 2019 to 20 June 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 May 2019, up to a capped amount of \$85,000 plus GST, and the Administrators can draw the remuneration."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
If Creditors resolve to wind up the Company				
6	"The future remuneration of the Liquidators of Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust for the period from commencement of the liquidation to 31 December 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 May 2019, up to an initial capped amount of \$50,000 plus GST, and the Liquidators can draw the remuneration as required."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	"Whether a committee of Inspection be appointed."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	That pursuant to Section 70-35 of the Insolvency Practice Schedule, the Liquidators be authorised to destroy the books and records of the Company, three months after the deregistration of the Company, subject to obtaining the approval of the Australian Security and Investments Commission.	<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:

FORM 535 - FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

Subregulation 5.6.49(2)
Corporations Act 2001

**TRANSIT CLOTHING ABN 53 798 556 254 TRADED IN PARTNERSHIP BY DOUBLEUP HOLDINGS PTY LTD ACN 114 064 167
(ADMINISTRATORS APPOINTED) ATFT DAY FAMILY TRUST & GGA LIFESTYLE PTY LTD ACN 114 064 158 (ADMINISTRATORS
APPOINTED) ATFT FRANCIS FAMILY TRUST**

(“THE COMPANIES”)

To the Voluntary Administrators of Transit Clothing ABN 53 798 556 254 Traded in Partnership by Doubleup Holdings Pty Ltd ACN 114 064 167 (Administrators Appointed) ATFT Day Family Trust & GGA Lifestyle Pty Ltd ACN 114 064 158 (Administrators Appointed) ATFT Francis Family Trust (“**the Companies**”).

1. This is to state that the Companies were on 15 May 2019, and still is, justly and truly indebted to:

Name of Creditor:

Address of

Creditor:

Debt Owed:

\$ _____ and _____ cents

Particulars of the debt are:

Date	Consideration <i>(state how the debt arose)</i>	Amount <i>(incl. GST)</i> \$ c	GST \$ c	Remarks <i>(include details of voucher substantiating payment)</i>
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-
2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form.)*

Date	Drawer	Acceptor	Amount	Due Date
------	--------	----------	--------	----------

3. * I am the creditor personally OR

3. * I am employed by the creditor and authorised in writing by the creditor to make this statement OR

3. * I am the creditor's agent authorised in writing to make this statement in writing.

* Omit if inapplicable

I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated: _____

Name of authorised Person

Signature of Authorised person

Occupation

Address

Email

Telephone

I/we nominate to receive electronic notification of notices or documents by email at the following address:

Email address:

GUIDANCE NOTES FOR COMPLETING PROXY AND PROOF OF DEBT OR CLAIM FORMS

APPOINTMENT OF PROXY FORM

A person can appoint another person to attend the meeting on their behalf by completing the Form of proxy.

If the creditor is a company or a firm, a person needs to be appointed to represent the company.

This representative needs to be appointed by completing the Form of Proxy in accordance with section 127 of the Corporations Act 2001 (“the Act”). Alternatively, the appointed person must be authorised to act as a representative for the company per section 250D of the Act.

The Form of proxy is valid only for the meeting indicated (or any adjournment).

You may appoint either a general proxy (a person who may vote at their discretion on motions at the meeting) or a special proxy (who must vote according to your directions). If you appoint a special proxy, you should indicate on the form what directions you have given. In many instances, there will be a box or section on the proxy form where you can mark how you want your proxy to vote for you.

If you are unable to attend the meeting and you do not have a representative who can attend on your behalf, you may if you wish appoint the Chairperson of the Meeting as your proxy. The Chairperson can be appointed as a general proxy or a special proxy. This is entirely your choice.

FORMAL PROOF OF DEBT OR CLAIM FORM

The proof of debt submitted during an Administration is used for voting purposes at any meetings of creditors and also to help establish the overall level of creditor claims in the administration.

Admission of your proof for voting purposes does not mean that the Administrator has agreed with your proof for the purpose of making a dividend distribution.

You should include a description of how your debt/claim arose, whether you are claiming a security interest in property and if you have any guarantees and indemnities for the debt. If you need more space, you can attach any additional details you wish to include – just make sure that you mention this on the form so we know what you’ve attached and how many pages.

You should provide supporting documents that substantiate what you are owed by the Company. This may include things like account statements, unpaid invoices and their corresponding purchase orders, PPSR registration, agreements/terms of trade, contracts, lease or hire agreements, court order or judgment, guarantee or loan document, emails/other correspondence with the Company.

If you need help in completing the forms or if you are uncertain what information you should attach, please email or telephone the nominated FTI Consulting contact person.