

Animal Supplies (Wholesale) Pty Ltd ACN 058 258 870
AS Consolidated Pty Limited ACN 167 361 604
Australian Supply and Distribution Solutions Pty Ltd ACN 167 361 775
Pet Brands Connect Pty Ltd ACN 094 221 913
(All Administrators Appointed)

Report to Creditors pursuant to Section 439A of the Corporations Act
2001

13 May 2016

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Definitions

| | |
|--------------------|--|
| 3PL | Third party logistics |
| Administrators | David Lombe and Vaughan Strawbridge |
| ALLPAAP | All present and after-acquired property |
| ANZ | Australia and New Zealand Banking Corporation Limited |
| ARITA | Australian Restructuring, Insolvency & Turnaround Association |
| ASIC | The Australian Securities & Investments Commission |
| ASC | AS Consolidated Pty Limited (Administrators Appointed) |
| ASDS | Australian Supply and Distribution Solutions Pty Ltd (Administrators Appointed) |
| ASH | Animal Supplies (Holdings) Pty Ltd |
| ASW | Animal Supplies (Wholesale) Pty Ltd (Administrators Appointed) |
| ASX | Australian Stock Exchange |
| ATO | Australian Taxation Office |
| Committee | Committee of Creditors |
| Companies or Group | Animal Supplies (Wholesale) Pty Ltd, AS Consolidated Pty Limited, Australian Supply and Distribution Solutions Pty Ltd and Pet Brands Connect Pty Ltd (All Administrators Appointed) |
| Deloitte, we, us | Deloitte Touche Tohmatsu |
| Directors | Christine Garforth, Richard Garforth, Susan McNamara and Brad Moore |
| DIRRI | Declaration of Independence and Relevant Relationships and Indemnities |
| DOCA | Deed of Company Arrangement |
| ERV | Estimated Realisable Value |
| FYXX | Financial Year Ended 30 June XX |
| FEG | Fair Entitlements Guarantee Scheme |
| GE Finance | GE Finance Pty Ltd |
| K | One thousand |
| M | One million |
| Management, Mgmt | Management of the Companies |
| PBC | Pet Brands Connect Pty Ltd (Administrators Appointed) |
| Petbarn | Petbarn Pty Ltd |
| PPSR | Personal Properties and Securities Register |
| RATA | Report as to Affairs |
| Relation back day | The date of appointment of administrators |
| ROT | Retention of Title |
| The Act | Corporations Act 2001 |
| The Court | The Federal Court of Australia or any of the state Supreme Courts |
| The Regulations | Corporations Regulations 2001 |
| WMS | Warehouse management system |
| YTD, YTD16 | Year-to-date (14 April 2016) |

1 Executive Summary

1.1 Appointment

On 14 April 2016 we, David Lombe and Vaughan Strawbridge, were appointed Joint and Several Administrators of Animal Supplies (Wholesale) Pty Ltd (“**ASW**”), AS Consolidated Pty Ltd (“**ASC**”), Australian Supply and Distribution Solutions Pty Ltd (“**ASDS**”) and Pet Brands Connect Pty Ltd (“**PBC**”) by the Directors pursuant to section 436A of the Act.

Our appointment as Administrators was ratified by creditors at the first meeting of creditors held on Tuesday, 26 April 2016.

1.2 Conduct of Administration

Upon appointment we took immediate steps to control the Group’s assets and businesses. We undertook an urgent assessment of the financial position of the Companies and sought to continue the sale process of the 3PL business (ASDS) that had already been commenced by the Directors.

The Administrators have completed a sale to Petbarn of the business of ASDS, and the inventory of PBC and ASW not subject to a potential security interest. More information on this sale is detailed in sections 5.2 and section 7 of this report.

1.3 Investigation, Offences, Voidable Transactions

We have undertaken a preliminary investigation of the affairs of the Group in relation to possible contraventions of sections 180 – 184 of the Act regarding the general duties of the Directors and officers.

Our investigations to date have revealed possible offences/voidable transactions which are discussed fully in section 6 of this report.

If any creditors believe that an offence may have been committed or have any evidence which may assist us in our ongoing investigations, we ask you to make contact with our office.

While we have no reason to doubt any information contained in this report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially change from the date of this report.

1.4 Deed of Company Arrangement

We have not received a proposal for a DOCA for any of the Companies as at the date of this report. Should this change, we will advise creditors accordingly.

1.5 Dividend

Subject to the future realisation of remaining assets and our investigations into possible recoveries under the Act, we estimate the below returns to the different classes of creditors of the Companies. We provide a comparison to a likely dividend in a closure scenario had the Administrators been unable to complete a fast track sale of the assets.

| Cents in the dollar return to creditors | PBC | | ASW | | ASDS | |
|---|---------|----------------|---------|----------------|---------|------------------|
| | Closure | Sale of Assets | Closure | Sale of Assets | Closure | Sale of Business |
| Secured Creditors | 100 | 100 | 100 | 100 | 100 | 100 |
| Employees (Priority Creditors) | 100 | 100 | 92 | 100 | nil | 19 |
| Unsecured Creditors | 30 | 39 | nil | 4 | nil | nil |

Please refer to section 7 of this report for further detail.

1.6 Administrators' Opinion

At the forthcoming meeting, creditors will be asked to make a decision regarding the future of the Companies by passing a resolution in respect of the options available to them. The options available for each of the Companies are:

- **that the Companies execute a Deed of Company Arrangement;**

As no DOCA proposal has been received for any of the Companies, this option is not available to creditors.

- **that the Administration should end;**

As each of the Companies have insufficient assets to enable all classes of creditors to be repaid in full, the Administrators cannot recommend this option. Therefore the Administration of any of the Companies should not end with control of that Company being returned to the Directors.

- **that the Companies be wound up.**

It is therefore our opinion that each of the Companies be placed in Liquidation. The reasons for our opinion are discussed in section 9 of this report.

1.7 Second Meeting of Creditors

The second meeting of creditors has been convened and will be held on **Friday, 20 May 2016 at 3:30PM (AEST)** at the following location:

Mantra Parramatta
Gold Room
Cnr Parkes Street & Valentine Avenue
Parramatta NSW 2150

Please refer to Form 529 – Notice of Meeting enclosed at **Appendix E** for further details.

2 Introduction

2.1 Purpose of the appointment and report

The purpose of the appointment of Administrators is to allow for independent insolvency practitioners to take control of and investigate the affairs of the insolvent Companies. Creditors' claims are put on hold as at the date of the Administrators' appointment and remain so for the duration of the administration.

We are required to provide creditors with sufficient information and recommendations to assist them in making an informed decision on the Companies' future. The purpose of this report is to provide that information and recommendations, including:

- Background information about the Companies;
- The results of our investigations to date;
- The estimated returns to creditors; and
- The options available to creditors and our opinion on each of these options.

2.2 First Meeting of Creditors

On Tuesday, 26 April 2016, a first meeting of creditors of the Companies was held in accordance with Section 436E of the Act. At this meeting, our appointment as Joint and Several Administrators was confirmed.

Also at that meeting, we advised that we would undertake an investigation into the affairs of the Companies while we pursued a sale process in order to maximise a return for creditors.

No committee of creditors was formed for any of the Companies.

2.3 Second Meeting of Creditors

Pursuant to Section 439A(3) of the Act a second meeting of creditors is to be held on **Friday, 20 May 2016 at Mantra Parramatta, Gold Room, Cnr Parkes Street & Valentine Avenue, Parramatta NSW 2150, at 3:30 PM (AEST)**. A copy of the notice of this meeting is attached at **Appendix E**.

At this meeting, creditors will be asked to make a decision by passing a resolution in respect of options available to them.

We have recommended in this report that each of the Companies be wound up.

We have detailed the reasons as to why we consider this the best option for creditors in section 9 of this report.

At the meeting, creditors will be asked to approve the remuneration and disbursements of the Administrators, detailed as follows:

| Period of Fee Approval | Actual/Estimate | PBC | ASW | ASDS | ASC | Total |
|--|-----------------|-------------------|-------------------|-------------------|-----------------|-------------------|
| Fees: 14 April 2016 to 6 May 2016 | Actual | 69,406.50 | 99,450.50 | 91,686.50 | 7,552.00 | 268,095.50 |
| Disbursements: 14 April 2016 to 6 May 2016 | Actual | 2,895.25 | 4,148.52 | 3,824.65 | - | 10,868.42 |
| Fees: 7 May 2016 to 20 May 2016 | Estimate/Future | 32,377.50 | 36,026.50 | 32,001.00 | 1,594.50 | 101,999.50 |
| Total (excluding GST) | | 104,679.25 | 139,625.52 | 127,512.15 | 9,146.50 | 380,963.42 |

Full details of the remuneration claims are found in section 11 of this report.

At the second meeting, creditors can resolve to form a Committee of Inspection. The functions of a Committee of Inspection include:

- Consult with, and receive reports from the Liquidators;
- Assist the Liquidators by acting as a 'sounding board' for proposed actions;

- Approve a contract which the Liquidators intend to enter into, the duration of which is longer than 3 months;
- Approve if the Liquidators intend to settle and compromise debts owed to the Company over \$100,000; and
- Approve the Liquidators' fees.

2.4 Administrators' independence, relationships and indemnities

In accordance with section 436DA of the Act, a DIRRI was provided with the first report to creditors dated 18 April 2016 and was also tabled at the first meeting of creditors.

A further copy of the DIRRI is attached as **Appendix A**. There have been no changes in the details recorded in the DIRRI.

2.5 Electronic communication

Section 600G of the Act allows for a creditor to receive communications and notifications electronically provided the creditor has consented to receive correspondence in this manner.

Electronic communication is speedy and reduces the expenses incurred in an administration.

If you wish to receive future correspondence electronically please send an email to Andrew Whittingham at anwhittingham@deloitte.com.au detailing the email address to which you would like future communications from us to be sent.

3 Background Information

3.1 Incorporation and Registered Office

A search of the ASIC database disclosed the following registration information in respect to the Companies:

| Company | Date of Incorporation | State | Registered Office |
|---------|-----------------------|-------|---|
| ASC | 23 December 2013 | NSW | 6 Interchange Drive, Eastern Creek NSW 2766 |
| PBC | 22 August 2000 | NSW | 6 Interchange Drive, Eastern Creek NSW 2766 |
| ASW | 4 January 1993 | NSW | 6 Interchange Drive, Eastern Creek NSW 2766 |
| ASDS | 23 December 2013 | NSW | 6 Interchange Drive, Eastern Creek NSW 2766 |

3.2 Shareholders, Officers and Security Interests

3.2.1 Shareholders

The Companies are limited by shares. The ASIC database records the shareholders as:

| Company | Shareholder | Class | Number |
|---------|------------------------|-------|--------|
| ASC | Mr Barry Garforth | A | 1 |
| ASC | Mrs Christine Garforth | A | 1 |
| ASC | Mr Richard Garforth | A | 1 |
| ASC | Mrs Susan McNamara | A | 1 |
| ASC | Mr Brad Moore | A | 1 |
| ASC | Mrs Christine Garforth | B | 30 |
| ASC | Mr Richard Garforth | B | 30 |
| ASC | Mrs Susan McNamara | B | 30 |
| ASC | Mr Brad Moore | B | 10 |
| ASDS | ASC | ORD | 1 |
| ASW | ASC | A | 4 |
| ASW | ASC | ORD | 1,000 |
| PBC | ASC | A | 11 |
| PBC | ASC | ORD | 100 |

3.2.2 Officers

The ASIC database indicates that during the 12 month period prior to the Administrators' appointment the Companies' Directors and officers were:

| Company | Name | Position | Appointed | Ceased |
|---------|------------------------|----------------------|-------------------|------------------|
| ASC | Mr Barry Garforth | Director & Secretary | 24 December 2013 | 30 November 2015 |
| ASC | Mrs Christine Garforth | Director | 24 December 2013 | Current |
| ASC | Mr Richard Garforth | Director | 24 December 2013 | Current |
| ASC | Mrs Susan McNamara | Director | 24 December 2013 | Current |
| ASC | Mr Brad Moore | Director | 24 December 2013 | Current |
| PBC | Mr Barry Garforth | Director | 22 August 2000 | Current |
| | | Secretary | 11 February 2014 | 30 November 2015 |
| PBC | Mrs Christine Garforth | Director | 11 February 2014 | Current |
| PBC | Mr Richard Garforth | Director | 11 February 2014 | Current |
| PBC | Mrs Susan McNamara | Director | 11 February 2014 | Current |
| PBC | Mr Brad Moore | Director | 18 September 2003 | Current |
| ASW | Mr Barry Garforth | Director & Secretary | 11 February 2014 | 30 November 2015 |
| ASW | Mrs Christine Garforth | Director | 4 January 1993 | Current |
| ASW | Mr Richard Garforth | Director | 11 February 2014 | Current |
| ASW | Mrs Susan McNamara | Director | 4 January 1993 | Current |
| ASW | Mr Brad Moore | Director | 11 February 2014 | Current |
| ASDS | Mr Barry Garforth | Director & Secretary | 24 December 2013 | 30 November 2015 |
| ASDS | Mrs Christine Garforth | Director | 24 December 2013 | Current |
| ASDS | Mr Richard Garforth | Director | 24 December 2013 | Current |
| ASDS | Mrs Susan McNamara | Director | 24 December 2013 | Current |
| ASDS | Mr Brad Moore | Director | 24 December 2013 | Current |

3.2.3 Security Interests

A search of the PPSR revealed several registered security interests in respect to the Group. Summaries of the securities registered against ALLPAAP are below, with a complete listing of all registrations in **Annexure H**:

| Company | Secured Party | Registration Date | Collateral Class | Registration Number |
|---------|---|-------------------|------------------|---------------------|
| ASC | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 24 November 2014 | All PAAP, Except | 201411240014433 |
| PBC | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 30 January 2012 | All PAAP | 201112180241814 |
| PBC | GE COMMERCIAL CORPORATION (AUSTRALIA) PTY LTD | 25 August 2015 | All PAAP | 201508250026216 |
| PBC | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | All PAAP | 201601290083316 |
| PBC | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 5 December 2012 | All PAAP, Except | 201212050078794 |
| PBC | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 24 November 2014 | All PAAP, Except | 201411240015358 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 30 January 2012 | All PAAP | 201112061301894 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 30 January 2012 | All PAAP | 201112141598781 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 30 January 2012 | All PAAP | 201112170731530 |
| ASW | GE COMMERCIAL CORPORATION (AUSTRALIA) PTY LTD | 30 January 2012 | All PAAP | 201112210481231 |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | All PAAP | 201601290048816 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 1 November 2012 | All PAAP, Except | 201211010079036 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 5 December 2012 | All PAAP, Except | 201212050048208 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 5 December 2012 | All PAAP, Except | 201212050048231 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 24 November 2014 | All PAAP, Except | 201411240014286 |
| ASDS | GE COMMERCIAL CORPORATION (AUSTRALIA) PTY LTD | 25 August 2015 | All PAAP | 201508250025925 |
| ASDS | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | All PAAP | 201601290083718 |
| ASDS | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 24 November 2014 | All PAAP, Except | 201411240014737 |

As at the date of appointment, GE Finance held an ALLPAAP security interest and a specific non-circulating priority security interest in relation to the trade debtors of ASW. GE Finance's debt has not been repaid in full as at the date of this report. This is discussed further in section 4.3.4 below.

ANZ holds a general security interest over substantially all of the Group's assets. This is in relation to a bank guarantee of c.\$0.6m provided for the Group's leased premises at Eastern Creek. ANZ has exercised their right to set-off amounts owing under this bank guarantee against the balance of the bank accounts of PBC, ASW and ASDS. At the time of writing this report, we are not aware of the landlord drawing down on this bank guarantee. ANZ also has specific security over 3 motor vehicles in ASW.

The remaining PPSR registrations are potential non-circulating security interests over specific items of plant and equipment, or potential circulating security interests over inventory sold to the Group.

There are several suppliers with PPSR registrations who are claiming ROT over goods supplied to the Companies prior to the appointment of the Administrators. As part of our investigations into the Companies, we continue to determine the validity of these claims and registrations. The preliminary status of these ROT claims is set out in the below table.

| Preliminary Status of Claim | ASW | | PBC | |
|-----------------------------|------------------|------------------|------------------|------------------|
| | Number of Claims | Claim Value (\$) | Number of Claims | Claim Value (\$) |
| Effective registration | 5 | 139,611 | 0 | 0 |
| Ineffective registration | 4 | 51,035 | 3 | 636,919 |
| Registration under review | 5 | 64,377 | 0 | 0 |
| Discharged registration | 1 | 15 | 0 | 0 |
| Total | 15 | 255,038 | 3 | 636,919 |

3.2.4 Winding up Applications

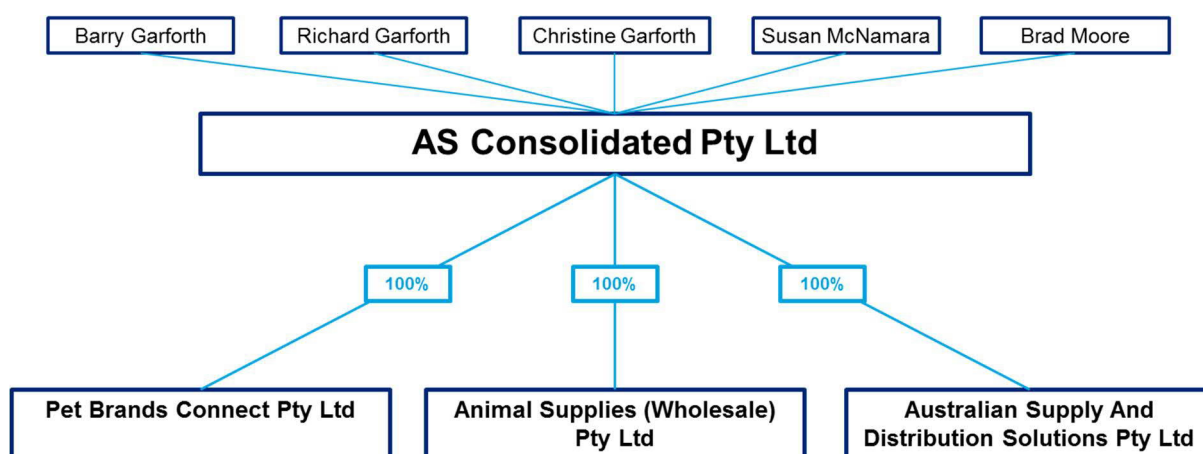
There were no winding up applications outstanding as at the date of our appointment.

3.3 History of the Companies

ASW was incorporated in September 1993 by Barry Garforth (founder). The ASW business was initially trading as a wholesaler of animal supplies to retailers, with the largest customers at that time consisting of Petbarn, PETstock Pty Ltd and Best Friends Stores Pty Ltd.

In 2000, the Garforth family began the PBC business under the trading name “Value Plus”, and became a pre-wholesale distributor for animal products to wholesalers. In 2003, Brad Moore joined the business as CEO.

In January 2014 (FY14), upon consultation with their major trading partner, Petbarn, Management restructured the business into the following structure:

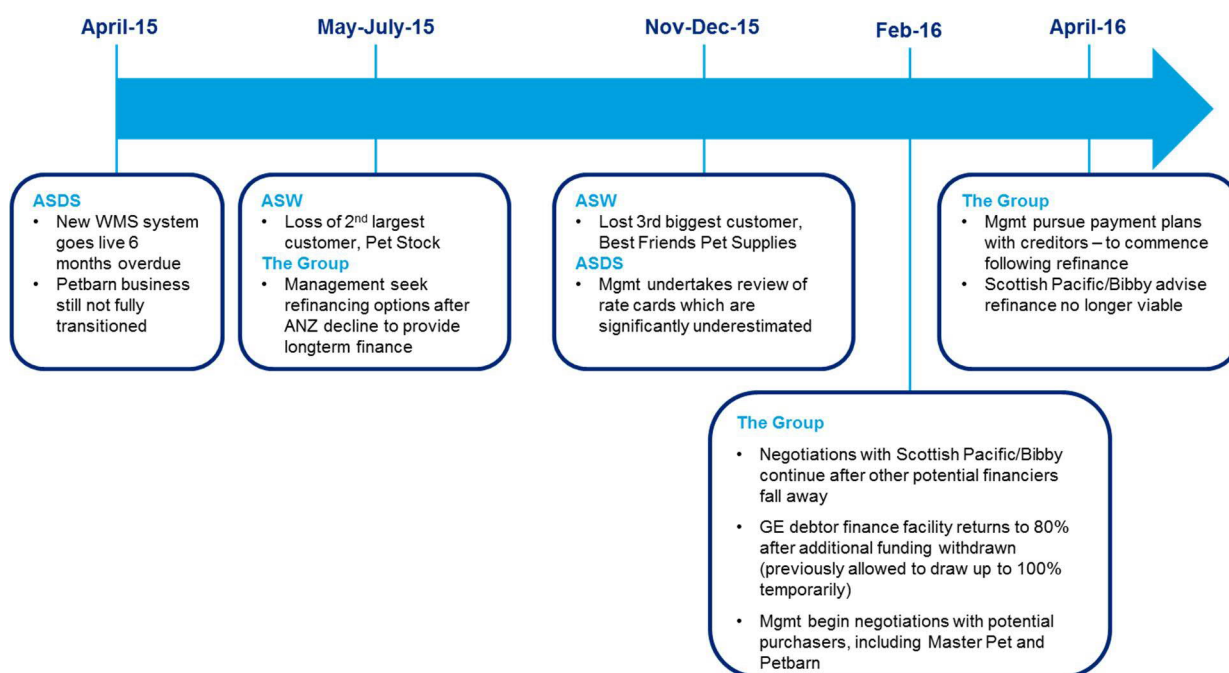


ASDS was created to take on the existing 3rd party logistics (“3PL”) portion of ASW’s business. ASC was created to be the parent of the Group.

Under the above restructure, the following occurred:

- The business of Petbarn was to transition from ASW (wholesale relationship) to ASDS (3PL relationship);
- Petbarn would purchase directly from suppliers and ASW would no longer sell wholesale to Petbarn or hold stock to sell to Petbarn;
- Exclusive distribution agreements such as that with Wellpet LLC would transition from ASW to PBC, and ASW would return to solely trading as a wholesaler; and
- Redundancies were made in ASDS following the new warehouse management system being implemented by Management.

The Companies experienced several difficulties leading up to the appointment of the Administrators, which are detailed in the below timeline:



3.4 Financial Statements

We requested the Group's audited financial statements for FY14 and FY15 from both the Directors and the Group's external auditors shortly after our appointment. We were subsequently advised as follows:

- Financial statements for FY14 were audited and signed by the Directors but never lodged with ASIC; and
- Financial statements for FY15 were audited but never signed by the Directors.

At the date of this report, we have not yet received copies of these financial statements from either the Group's external auditors or the Directors.

In the absence of audited financial statements, Management has prepared draft management accounts for PBC, ASW and ASDS as at FY14, FY15 and FY16 year to date to 14 April 2016. It is these unaudited management accounts which we comment on further in this section. We note the following limitations in respect to these management accounts:

- The management accounts were not readily available and were only prepared on our request after the appointment of the Administrators;
- The Group's CFO resigned some months prior to the appointment of the Administrators and has not been at our disposal during the Administration period;
- The Group's financial accountant resigned immediately following the appointment of the Administrators and has therefore not been sufficiently available to answer queries in relation to the management accounts;
- The profit and loss statements and balance sheets do not reconcile, including for the significant reduction in net assets in the Group between FY15 and YTD16;

- We have excluded details on the equity accounts from the balance sheets for the Group as these are also unreconciled;
- As at the date of this report, the Administrators have had limited time to undertake a detailed review of the management accounts or attempt to reconcile them;
- A reconciliation of the management accounts may be undertaken by a Liquidator if so appointed and deemed relevant for further investigation; and
- No financial statements or management accounts have been provided for ASC as this entity did not carry on any business other than to consolidate the Group's GST reporting. Management has advised ASC's only creditor is the ATO and its only assets are its shares in the other entities within the Group.

3.5 Profit & Loss

3.5.1 Combined PBC, ASW and ASDS Profit & Loss Management Accounts

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Annualised Mgmt Accounts FY16 |
|--|--------------------------|--------------------------|--|
| Number of Months | 12 | 12 | 12 |
| INCOME | | | |
| Sales | 162,827 | 181,246 | 90,371 |
| COGS | (151,159) | (168,082) | (79,545) |
| Gross Profit | 11,668 | 13,164 | 10,825 |
| OVERHEADS | | | |
| Advertising & Marketing | (337) | (147) | (52) |
| Employment Expenses | (9,660) | (11,010) | (8,523) |
| Finance & IT | (1,052) | (993) | (772) |
| Motor Vehicles | (219) | (216) | (202) |
| Rent | (2,381) | (2,545) | (2,201) |
| Travel & Accommodation | (83) | (87) | (71) |
| Warehousing | (804) | (1,239) | (903) |
| Total Overheads | (14,538) | (16,236) | (12,723) |
| <i>Overheads as % of Sales</i> | 9% | 9% | 14% |
| EBITDA | (2,870) | (3,073) | (1,898) |
| Depreciation | (226) | (287) | (214) |
| Bank Interest | (413) | (478) | (381) |
| Shareholder Interest | (287) | (346) | (187) |
| Shareholder Management Fees | (55) | - | - |
| Net Profit/(Loss) Before Tax | (3,851) | (4,183) | (2,680) |
| <i>Adjustment for Net Shared Services*</i> | - | (3) | 102 |
| Adjusted Net Profit/(Loss) Before Tax | (3,851) | (4,186) | (2,578) |

*Shared services income for ASDS and expenses for PBC and ASW did not balance in FY15 and YTD16

Whilst the Administrators have not been provided with any form of consolidated financial statements for the Group, we have combined the individual profit and loss accounts for PBC, ASW and ASDS. We believe this provides a useful high level over-view of the Group's overall historical financial performance. We provide the following high level comments:

- The Group incurred significant net losses before tax over the three reported periods in excess of \$10m;
- Sales have reduced by c.50% since FY15 which is primarily due to the transition of Petbarn from ASW to ASDS (refer to section 3.3 for more detail) and the loss of two major customers;
- Despite the significant reduction in sales since FY15 (c.50%), total overheads only declined c.22%, and remained higher than gross profit. From this analysis, it is clear the overhead costs of the Group were too high when compared to underlying gross profit, and had been since FY14. Further, the above indicates insufficient action was taken by Management to reduce the cost structure of the Group, given the gross profit generated; and
- Employment expenses increased between FY14 and FY15 primarily due to redundancies related to the restructure of the businesses (refer to section 3.3 for more detail).

Further details regarding the profit and loss of the individual Companies is provided below.

3.5.2 PBC

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Mgmt Accounts YTD Apr-16 |
|-------------------------------------|--------------------------|--------------------------|--------------------------------|
| Number of Months | 12 | 12 | 9.5 |
| INCOME | | | |
| Sales | 5,299 | 12,129 | 8,520 |
| COGS | (4,483) | (9,573) | (7,207) |
| Gross Profit | 816 | 2,556 | 1,313 |
| GP % | 15% | 21% | 15% |
| EXPENSES | | | |
| Advertising & Marketing | (86) | (132) | (105) |
| Employment Expenses | (513) | (435) | (421) |
| Finance & IT | (29) | (18) | (19) |
| Motor Vehicles | (23) | (45) | (38) |
| Rent | (240) | - | (1) |
| Shared Service (ASDS) | - | (1,527) | (984) |
| Travel & Accommodation | (14) | (34) | (39) |
| Total Expenses | (905) | (2,191) | (1,607) |
| EBITDA | (88) | 365 | (294) |
| Shareholder Interest | (10) | (70) | (45) |
| Shareholder Management Fees | (55) | - | - |
| Net Profit/(Loss) Before Tax | (153) | 295 | (339) |

We provide the following preliminary commentary on PBC's profit and loss statements:

- Sales increased from FY14 to FY15 by c.\$6.8m primarily due to PBC becoming the national distributor for Wellpet LLC, a product line that was transitioned from ASW during the restructure;

- Expenses increased significantly from FY14 to FY15 with the addition of shared service expenses. This was an expense charged by ASDS which took on all occupancy costs, transport costs, warehouse costs and supply chain costs of the Group;
- EBITDA increased from FY14 to FY15, however, decreased from FY15 to YTD16 due to a decline in revenue and margin;
- PBC made a net profit in FY15, however, Management has advised the revenue from PBC in this period was used to fund losses in ASDS. Further investigation may be undertaken by a Liquidator if so appointed and deemed relevant for further investigation; and
- Shareholder Interest relates to interest paid on loans made to PBC by Zanplea Pty Ltd. These loans are discussed further in section 4.7.

3.5.3 ASW

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Mgmt Accounts YTD Apr-16 |
|-------------------------------------|--------------------------|--------------------------|--------------------------------|
| Number of Months | 12 | 12 | 9.5 |
| INCOME | | | |
| Sales | 157,101 | 158,900 | 54,045 |
| COGS | (145,514) | (149,463) | (49,814) |
| Gross Profit | 11,587 | 9,437 | 4,231 |
| GP % | 7% | 6% | 8% |
| EXPENSES | | | |
| Advertising & Marketing | (212) | 67 | 112 |
| Employment Expenses | (7,657) | (1,165) | (634) |
| Finance & IT | (981) | (365) | (245) |
| Motor Vehicles | (192) | (113) | (69) |
| Rent | (1,938) | - | (1) |
| Shared Service (ASDS) | - | (6,491) | (3,128) |
| Travel & Accommodation | (69) | (49) | (16) |
| Warehousing | (654) | (12) | (35) |
| Total Expenses | (11,702) | (8,127) | (4,016) |
| EBITDA | (115) | 1,310 | 214 |
| Depreciation | (226) | - | - |
| Bank Interest | (413) | (478) | (294) |
| Shareholder Interest | (277) | (276) | (103) |
| Net Profit/(Loss) Before Tax | (1,032) | 557 | (183) |

We provide the following preliminary commentary on ASW's profit and loss statements:

- In FY15, the 3PL business which had been included in the operations of ASW was to be transitioned to ASDS. Under the transition, Petbarn was to purchase direct from suppliers. Delays in effecting the transition resulted in the Group continuing to provide 3PL and wholesale services to Petbarn during the majority of FY15;
- Sales declined significantly from FY15 to YTD16, as a result of the transition of the 3PL business to ASDS and the loss of a major customer;

- The addition of shared service expenses took place in FY15. This was an expense charged by ASDS which took on all occupancy costs, transport costs, warehouse costs and supply chain costs of the Group;
- ASW made a profit in FY15, however, Management has advised the revenue from ASW in this period was used to fund losses in ASDS. Further investigation may be undertaken by a Liquidator if so appointed and deemed relevant for further investigation;
- EBITDA improved significantly from FY14 to FY15 as the transition to ASDS took place. This was mainly due to ASDS and PBC absorbing a portion of the costs of the Group; and
- Shareholder Interest relates to loans made to ASW by related entities, Barry & Kerry Garforth and Zanplea Pty Ltd. These loans are discussed further in section 4.7.

3.5.4 ASDS

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Mgmt Accounts YTD Apr-16 |
|---|--------------------------|--------------------------|--------------------------------|
| Number of Months | 12 | 12 | 9.5 |
| INCOME | | | |
| Sales (Petbarn 3PL) | 427 | 10,216 | 8,978 |
| Shared Service Recharge to Group Entities | - | 8,014 | 4,193 |
| COGS | (1,162) | (9,046) | (5,951) |
| Gross Profit | (735) | 9,185 | 7,219 |
| GP % | -172% | 50% | 55% |
| EXPENSES | | | |
| Advertising & Marketing | (40) | (82) | (48) |
| Employment Expenses | (1,491) | (9,409) | (5,692) |
| Finance & IT | (43) | (610) | (348) |
| Motor Vehicles | (4) | (59) | (53) |
| Rent | (203) | (2,545) | (1,740) |
| Travel & Accommodation | - | (4) | (1) |
| Warehousing | (150) | (1,227) | (679) |
| Total Expenses | (1,931) | (13,936) | (8,562) |
| EBITDA | (2,666) | (4,751) | (1,342) |
| Depreciation | - | (287) | (169) |
| Bank Interest | - | - | (8) |
| Net Profit/(Loss) Before Tax | (2,666) | (5,038) | (1,519) |

We provide the following preliminary commentary on ASDS' profit and loss statements:

- Sales increased significantly from FY14 to FY15 as the 3PL business transitioned from ASW to ASDS as part of the restructure outlined in section 3.3;
- COGS relate solely to freight costs;

- Employment expenses increased significantly in FY15 as a result of employees and labour hire staff transitioning from ASW to ASDS under the restructure of the Group which was exacerbated by Management's inability to properly effect the restructure;
- Motor Vehicles and Rent costs increased significantly in FY15 as a result of the restructure, whereby ASDS took on these costs on behalf of the Group and subsequently recharged those expenses;
- Finance and IT and Warehousing costs also increased significantly in FY15 as ASDS undertook capital expenditure implementing warehouse management systems; and
- EBITDA and Net Losses were substantial throughout the three periods of trading, and totalled over \$9m in Net Losses during that time.

The above profit and loss highlights that the costs structure of ASDS was clearly flawed. Overheads have been significantly higher than underlying gross profit since FY14, whilst also taking into account recharges to ASW and PBC. Management advised they were undertaking a review of the costs structure in December 2015, however, did not ultimately negotiate new rates with Petbarn.

3.6 Balance Sheet

3.6.1 PBC

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Mgmt Accounts Apr-16 |
|--------------------------------|--------------------------|--------------------------|----------------------------|
| Cash and cash equivalents | 132 | 109 | 286 |
| Trade debtors | 372 | 593 | 1,195 |
| Inventory | 3,791 | 3,403 | 1,127 |
| Other current assets | 530 | 313 | 215 |
| Current Assets | 4,825 | 4,419 | 2,823 |
| Total Assets | 4,825 | 4,419 | 2,823 |
| Trade creditors | (1,076) | (948) | (1,913) |
| Other current liabilities | (214) | (122) | (275) |
| Current Liabilities | (1,290) | (1,070) | (2,188) |
| Provisions | (7) | (7) | (6) |
| Loans | (600) | (600) | (600) |
| Non-Current Liabilities | (607) | (607) | (606) |
| Total Liabilities | (1,897) | (1,677) | (2,794) |
| Net Assets | 2,928 | 2,742 | 29 |

We provide the following preliminary commentary on PBC's balance sheet:

- Trade debtors increased by c.50% from FY15 to YTD16, primarily due to a significant sales to Western Pet Supplies in February 2016.
- Inventory decreased significantly as Management realised working capital to satisfy current liabilities.
- Trade creditors increased significantly from FY15 to YTD16, as discussed in section 6.5.3 below.

- Loans comprise a related party loan made to PBC by Zanplea Pty Ltd. No repayments were made on the principal of this loan since FY14, however, we have been advised by Management that interest was being paid on this loan.

3.6.2 ASW

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Mgmt Accounts Apr-16 |
|--------------------------------------|--------------------------|--------------------------|----------------------------|
| Plant and equipment | 206 | 89 | 67 |
| Non-Current Assets | 206 | 89 | 67 |
| Cash and cash equivalents | 138 | 14 | 370 |
| Trade debtors | 12,992 | 8,323 | 2,568 |
| Inventory | 6,043 | 3,722 | 1,525 |
| Other current assets | 974 | 948 | 1,354 |
| Current Assets | 20,147 | 13,007 | 5,817 |
| Total Assets | 20,353 | 13,096 | 5,884 |
| Debtor finance facility (GE Finance) | (8,193) | (7,582) | (1,700) |
| Trade creditors | (9,997) | (8,340) | (7,231) |
| Other current liabilities | (1,304) | (1,244) | (1,085) |
| Current Liabilities | (19,494) | (17,166) | (10,017) |
| Lease facilities | (303) | (134) | (68) |
| Provisions | (85) | (48) | (50) |
| Loans | (6,361) | (6,361) | (6,263) |
| Non-Current Liabilities | (6,749) | (6,544) | (6,380) |
| Total Liabilities | (26,243) | (23,710) | (16,397) |
| Net Assets | (5,890) | (10,613) | (10,513) |

We provide the following preliminary commentary on ASW's balance sheet:

- Trade debtors and the corresponding GE Finance facility decreased significantly from FY14 to YTD16, as a result of Petbarn business transition to ASDS following the restructure;
- Inventory decreased significantly as Management realised working capital in an attempt to satisfy current liabilities; and
- Loans comprise related party loans made to ASW. Principal of \$98k was repaid between FY15 and YTD16. We have been advised by Management that interest was being paid on some of these loans. This is discussed further in section 6.4.5.

3.6.3 ASDS

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Mgmt Accounts Apr-16 |
|--------------------------------|--------------------------|--------------------------|----------------------------|
| Plant and equipment | 960 | 1,655 | 1,582 |
| Intangibles | 468 | 1,098 | 1,098 |
| Non-Current Assets | 1,428 | 2,753 | 2,681 |
| Cash and cash equivalents | 70 | 10 | 425 |
| Trade debtors | 85 | 483 | 95 |
| Other current assets | 229 | 371 | 413 |
| Current Assets | 384 | 864 | 933 |
| Total Assets | 1,812 | 3,618 | 3,614 |
| Trade creditors | (1,000) | (2,186) | (2,032) |
| Other current liabilities | (854) | (784) | (299) |
| Current Liabilities | (1,854) | (2,969) | (2,330) |
| Lease facilities | - | - | 23 |
| Provisions | (119) | (119) | (148) |
| Non-Current Liabilities | (119) | (119) | (125) |
| Total Liabilities | (1,973) | (3,089) | (2,455) |
| Net Assets | (161) | 529 | 1,158 |

We provide the following preliminary commentary on ASDS' balance sheet:

- Plant and equipment and intangibles increased significantly over the three periods. These asset categories comprise of warehouse racking (plant and equipment) and hardware and software (intangibles) in respect to the warehouse management system implemented in the restructure. More information on these assets is provided in section 4.4.3; and
- ASDS had a net asset surplus in FY15 and at 14 April 2016, however, this is based on book values. The realisable values of these assets are discussed further in section 7.4.

3.7 Working Capital Deficiency

Working capital is a financial measure which represents operating liquidity available to a company. Net working capital is calculated as current assets minus current liabilities. Detailed below is a comparison of the working capital position in the Companies at the end of FY14, FY15 and YTD at 14 April 2016.

The liquidity ratio below is a measure that is used to determine a company's ability to pay off its short-term debt obligations. A liquidity ratio below 1.00 is generally considered to be an indicator of a company's inability to pay its debts as and when they fall due.

3.7.1 PBC

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Mgmt Accounts Apr-16 |
|---|--------------------------|--------------------------|----------------------------|
| Total Current Assets | 4,825 | 4,419 | 2,823 |
| <i>Less: Deferred tax asset</i> | <i>(46)</i> | <i>(46)</i> | <i>(46)</i> |
| Adjusted Current Assets | 4,779 | 4,373 | 2,777 |
| Total Current Liabilities | (1,290) | (1,070) | (2,188) |
| Adjusted Working Capital Surplus | 3,489 | 3,303 | 589 |
| Adjusted Liquidity Ratio | 3.70 | 4.09 | 1.27 |

We provide the following comments in respect to PBC's working capital surplus:

- We have removed a deferred tax asset for the purposes of this analysis as this amount is not readily realisable;
- The Adjusted Liquidity Ratio indicates that PBC had sufficient current assets to satisfy current liabilities; and
- This liquidity position deteriorated from 4.09 to 1.27 between FY15 and 14 April 2016, primarily due to a reduction of inventory on hand and a build-up of trade creditors as discussed further in section 6.5.3.

3.7.2 ASW

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Mgmt Accounts Apr-16 |
|--|--------------------------|--------------------------|----------------------------|
| Total Current Assets | 20,147 | 13,007 | 5,817 |
| <i>Less: Trade debtors subject to GE debtor finance facility</i> | <i>(8,193)</i> | <i>(7,582)</i> | <i>(1,700)</i> |
| <i>Less: Other current assets not recoverable</i> | <i>(974)</i> | <i>(948)</i> | <i>(1,354)</i> |
| Adjusted Current Assets | 10,980 | 4,477 | 2,762 |
| Total Current Liabilities | (19,494) | (17,166) | (10,017) |
| <i>Add back: Debtor finance facility (GE)</i> | <i>8,193</i> | <i>7,582</i> | <i>1,700</i> |
| Adjusted Current Liabilities | (11,301) | (9,584) | (8,316) |
| Adjusted Working Capital Deficiency | (321) | (5,107) | (5,554) |
| Adjusted Liquidity Ratio | 0.97 | 0.47 | 0.33 |

We provide the following comments in respect to ASW's working capital deficiency:

- We have removed debtors subject to GE Finance's security for the purposes of this analysis, as they could not have been realised to meet short-term obligations;
- We have also added back the value of GE Finance's security for the purposes of this analysis to give a net effect of debtors available to ASW in surplus of this security;
- We have removed other current assets for the purposes of this analysis, being deferred tax asset, provision for income tax, supplier rebates and prepayments, as they are not readily recoverable; and

- The Adjusted Liquidity Ratio indicates that ASW was having difficulty satisfying current liabilities from as early as June 2014 and this position continued to deteriorate after that date.

3.7.3 ASDS

| AUD (\$'000) | Mgmt Accounts FY14 | Mgmt Accounts FY15 | Mgmt Accounts YTD Apr-16 |
|--|--------------------------|--------------------------|--------------------------------|
| Total Current Assets | 384 | 864 | 933 |
| <i>Less: Prepayments</i> | <i>(110)</i> | <i>(89)</i> | <i>(299)</i> |
| Adjusted Current Assets | 274 | 775 | 634 |
| Total Current Liabilities | (1,854) | (2,969) | (2,330) |
| Adjusted Working Capital Deficiency | (1,470) | (2,105) | (1,398) |
| Adjusted Liquidity Ratio | 0.15 | 0.26 | 0.27 |

We provide the following comments in respect to ASDS' working capital deficiency:

- We have removed prepayments for the purposes of this analysis as they are not readily realisable (refer to section 4.4.4); and
- The Adjusted Liquidity Ratio indicates that ASDS was having difficulty in satisfying current liabilities from as early as FY14.

4 Directors' Report as to Affairs (RATA)

4.1 Summary

Under Section 438B of the Act, a director is required to provide a RATA for a company as at the date of the appointment of an Administrator within five business days of receipt of the request from the Administrator or such longer period as the Administrator allows.

The Directors requested two separate extensions of time for the submission of the RATA pursuant to section 438B(2) of the Act. Both extension requests were reasonable and subsequently granted. The Directors provided the Companies' RATAs to the Administrators on Wednesday, 4 May 2016.

Due to the nature of the Group's assets and liabilities, the RATAs were prepared separately for each entity.

These RATAs, together with the respective accompanying schedules may be inspected by contacting our office.

The RATAs prepared by the Directors represent a snapshot of the asset and liability position of each company in the Group on both a book value basis and forced asset realisation basis. We provide a comparison of these values to the amounts realised by the Administrators for the benefit of creditors.

The Administrators note the values shown in the RATAs do not reflect actual returns to creditors.

4.2 PBC

| PBC - Report as to Affairs | Note | Book Value (\$) | Directors' ERV (\$) |
|----------------------------|-------|--------------------|---------------------|
| Assets | | | |
| Sundry Debtors | 4.2.1 | 1,295,284 | 1,144,862 |
| Cash on Hand and at Bank | 4.2.2 | 164,364 | 164,364 |
| Stock | 4.2.3 | 1,170,361 | 409,626 |
| Total | | 2,630,008 | 1,718,851 |
| Liabilities | | | |
| Employee entitlements | 4.2.4 | (31,431) | (31,431) |
| Unsecured creditors | 4.2.5 | (1,733,122) | (1,733,122) |
| Surplus/(Shortfall) | | (1,764,553) | (1,764,553) |

4.2.1 Sundry Debtors

The PBC RATA advises trade debtors with a book value of c.\$1.3m, and a realisation value of c.\$1.1m.

The table below summarises the Administrators' opinion of the value of trade debtors at our appointment, amounts recovered as at 5 May 2016 and expected further recoveries.

| Debtors | Amount (\$) |
|-----------------------------------|------------------|
| Debtors at appointment | 1,315,481 |
| Recovered as at 5 May 2016 | 980,400 |
| Outstanding | 335,081 |
| Estimated future recoveries | 177,561 |
| Estimated total recoveries | 1,157,961 |

As shown in the table above, c.\$335k is yet to be collected as at 5 May 2016. The Administrators estimate that c.\$178k will be recovered in the coming months. This discrepancy is due to the company books and records not being up to date as at 14 April 2016. Further information regarding recovery of debtors is outlined in section 7.2 of this report.

4.2.2 Cash on Hand and at Bank

The PBC RATA discloses cash at bank of \$164k. This is the balance of funds held in the ANZ bank account operated by PBC as at 14 April 2016.

The Administrators advised ANZ of their appointment on 14 April 2016, and these accounts were frozen at that time. The Administrators have not recovered the balance of the account as it is subject to ANZ's security over the Group and ANZ has retained funds under a right of set off (refer to sections 3.2.3 and 7.2 for further detail).

4.2.3 Stock

The PBC RATA details the book value of stock on hand as at the date of our appointment totalling c.\$1.17m. The estimated realisable value of this stock was shown as \$410k. The Administrators note that the book value of stock is consistent with the stocktake undertaken by the Administrators immediately following their appointment.

The Administrators advise the stock also includes slow moving and obsolete items that could not be sold at cost value. The stock also includes those items subject to ROT claims. For details of ROT claims to date, refer to section 3.2.3 of this report.

The Administrators note that the stock on hand at their appointment, less any stock subject to ROT claims, has been realised. For further information regarding the realisation of these assets, refer to section 7.2 of this report.

4.2.4 Employee Entitlements

The PBC RATA provides the value of employee entitlements as at 14 April 2016. The table below sets out the RATA value of each class of employee entitlement, and the corresponding value of priority entitlements calculated by the Administrators:

| Priority | Type of Entitlement | RATA Value (\$) | Priority Entitlements (\$) |
|----------------------------|----------------------------|-----------------|----------------------------|
| 1 | Wages | - | 3,668 |
| 1 | Superannuation | 4,777 | 4,777 |
| 2 | Holiday Pay (Annual Leave) | 13,218 | 13,356 |
| 2 | Long Service Leave | 13,436 | 13,539 |
| 3 | Payment in Lieu of Notice | - | 31,463 |
| 3 | Redundancy | - | 47,151 |
| Total | | 31,431 | 113,954 |
| Number of Employees | | | 6 |

Since their appointment on 14 April 2016, the Administrators have terminated all employees of PBC. Accordingly, the payment in lieu of notice and redundancy entitlements of all employees have now crystallised. This is reflected in the above table.

We note that the above figures have been taken from the books and records of PBC as at 14 April 2016 which are subject to ongoing review and amendment and do not include entitlements accrued since the appointment of the Administrators.

4.2.5 Unsecured Creditors

The unsecured creditor claims advised in the PBC RATA can be broken down as follows:

| Unsecured Creditors | Amount (\$) |
|----------------------------|------------------|
| Trade Creditors | 1,109,787 |
| Australian Taxation Office | 22,043 |
| Office of State Revenue | 1,292 |
| Related Party Loans | 600,000 |
| Total | 1,733,122 |

The Administrators note the above does not include amounts due to Weatherbeeta Pty Ltd of c.\$900k. With the addition of this claim, the unsecured creditors amount totals c.\$2.63m. The claim by Weatherbeeta Pty Ltd is potentially subject to ROT, and may reduce as the ROT claim is resolved.

The Administrators also note many trade creditors have lodged informal proofs of debt which indicate claims higher than that shown in the RATA. This may affect the total quantum of unsecured creditor claims, and is discussed further in section 7.2.

Related party loans are discussed further in section 4.7 below.

4.3 ASW

| ASW - Report as to Affairs | Note | Book Value (\$) | Directors' ERV (\$) |
|---------------------------------------|-------|---------------------|---------------------|
| Assets | | | |
| Cash on Hand and at Bank | 4.3.1 | 367,346 | 367,346 |
| Stock | 4.3.2 | 1,419,617 | 496,866 |
| Other Assets | 4.3.3 | 25,000 | - |
| Sub Total | | 1,811,963 | 864,212 |
| Assets Subject to Security Interests | 4.3.4 | 2,675,788 | 2,265,588 |
| Less Amounts owing Security Interests | 4.3.4 | (1,737,545) | (1,737,545) |
| Total | | 2,750,206 | 1,392,255 |
| Employee entitlements | 4.3.5 | (61,323) | (61,323) |
| Unsecured creditors | 4.3.6 | (13,441,166) | (13,441,166) |
| Surplus/(Shortfall) | | (13,502,489) | (13,502,489) |

4.3.1 Cash on Hand and at Bank

The ASW RATA discloses cash at bank of \$367,054 and \$292 in petty cash. This is consistent with the balance of funds held in the ANZ bank account operated by ASW as at 14 April 2016.

The Administrators advised ANZ of their appointment on 14 April 2016, and these accounts were frozen at that time. The Administrators have not recovered the balance of the account as it is subject to ANZ's security over the Group and ANZ has retained funds under a right of set off (sections 3.2.3 and 7.3 refer).

4.3.2 Stock

The ASW RATA details the book value of stock on hand as at the date of our appointment totalling \$1.42m. The estimated realisable value of this stock was shown as \$497k. The Administrators note that the book value of stock is not consistent with the stocktake undertaken by the Administrators immediately following their appointment totalling \$1.17m (refer to section 7.3 for more detail).

The Administrators advise the stock also includes slow moving and obsolete items that could not be sold at cost value. The stock also includes those items subject to retention of title claims. For details of retention of title claims to date, refer to section 3.2.3 of this report.

For further information regarding the realisation of these assets, refer to section 7.3 of this report.

4.3.3 Other Assets

The ASW RATA identifies one prepayment to Bibby Financial Services of \$25k for refinance costs. However, Management advised this amount was never actually paid to Bibby Financial Services. Accordingly, there is no realisable value for this asset.

4.3.4 Assets Subject to Specific Securities

Debtors

The ASW RATA advises trade debtors with a book value of c.\$2.6m and a realisation value of c.\$2.2m. These debtors are subject to the security of GE Finance.

The table below summarises the Administrators' opinion of the value of trade debtors at our appointment, amounts recovered as at 5 May 2016 and expected further recoveries.

| Debtors | Amount (\$) |
|---|--------------------|
| Debtors at appointment | 2,600,000 |
| Recovered as at 5 May 2016 | 1,200,000 |
| Outstanding | 1,400,000 |
| Estimated future recoveries | 1,100,000 |
| Estimated total recoveries | 2,300,000 |
| <i>Less: GE Finance Security</i> | <i>(1,800,000)</i> |
| Estimated realisations available to priority creditors | 500,000 |

As shown in the table above, c.\$2.3m is estimated to be recovered as at 5 May 2016. However, this amount is subject to GE Finance's security, and we estimate c.\$500k will be available for priority creditors.

We note that we are yet to receive confirmation from GE Finance regarding amounts outstanding, and therefore, the above amount is subject to change.

Motor Vehicles

The RATA discloses the following motor vehicles leased under hire purchase agreements with ANZ and their realisable values:

| Motor Vehicle | Realisable Value | Amount Owing to ANZ | Surplus/ (Deficit) |
|--------------------------|------------------|---------------------|--------------------|
| 2007 Mercedes Benz S350L | 34,700 | (6,476) | 28,224 |
| 2012 Nissan Murano | 17,200 | (5,582) | 11,618 |
| 2013 Opel Insignia | 11,900 | (25,487) | (13,587) |

The Administrators will realise these motor vehicles in the coming weeks.

4.3.5 Employee Entitlements

The ASW RATA provides the value of employee entitlements as at 14 April 2016. The table below sets out the RATA value of each class of employee entitlement, and the corresponding value of priority entitlements calculated by the Administrators:

| Priority | Type of Entitlement | RATA Value (\$) | Priority Entitlements (\$) |
|----------|----------------------------|-----------------|----------------------------|
| 1 | Wages | - | - |
| 1 | Superannuation | 6,598 | 6,598 |
| 2 | Holiday Pay (Annual Leave) | 15,791 | 14,932 |
| 2 | Long Service Leave | 38,933 | 32,160 |
| 3 | Payment in Lieu of Notice | - | 47,515 |
| 3 | Redundancy | - | 83,056 |
| | Total | 61,323 | 184,261 |
| | Number of Employees | | 8 |

Since our appointment on 14 April 2016, the payment in lieu of notice and redundancy entitlements of many employees have now crystallised. There is one remaining employee of ASW, and we have estimated that employee's termination entitlements. This is reflected in the above table.

We note that the above figures have been taken from the books and records of ASW as at 14 April 2016 which are subject to ongoing review and amendment and do not include entitlements accrued since the appointment of the Administrators.

4.3.6 Unsecured Creditors

The unsecured creditor claims advised in the ASW RATA can be broken down as follows:

| Unsecured Creditors | Amount (\$) |
|----------------------------|-------------------|
| Trade Creditors | 7,143,707 |
| Australian Taxation Office | 32,397 |
| Office of State Revenue | 1,968 |
| Related Party Loans | 6,263,094 |
| Total | 13,441,166 |

The Administrators note many trade creditors have lodged informal proofs of debt which indicate claims higher than that shown in the RATA. This may affect the total quantum of unsecured creditor claims, and is discussed further in section 7.3.

Related party loans are discussed further in section 4.7 below.

4.4 ASDS

| ASDS - Report as to Affairs | Note | Book Value (\$) | Directors' ERV (\$) |
|-----------------------------|-------|--------------------|---------------------|
| Assets | | | |
| Sundry Debtors | 4.4.1 | 210,030 | 210,030 |
| Cash on Hand and at Bank | 4.4.2 | 230,265 | 230,265 |
| Plant & Equipment | 4.4.3 | 2,661,517 | 1,209,748 |
| Other Assets | 4.4.4 | 299,031 | - |
| Total | | 3,400,843 | 1,650,043 |
| Liabilities | | | |
| Employee entitlements | 4.4.5 | (815,982) | (815,982) |
| Unsecured creditors | 4.4.6 | (2,057,224) | (2,057,224) |
| Surplus/(Shortfall) | | (2,873,206) | (2,873,206) |

4.4.1 Sundry Debtors

The ASDS RATA advises trade debtors with a book value and realisation value of \$210k.

The table below summarises the Administrators' opinion of the value of trade debtors at our appointment, amounts recovered as at 5 May 2016 and expected further recoveries.

| Debtors | Amount (\$) |
|-----------------------------------|----------------|
| Debtors at appointment | 224,295 |
| Recovered as at 5 May 2016 | 224,295 |
| Outstanding | 0 |
| Estimated future recoveries | 0 |
| Estimated total recoveries | 224,295 |

As shown in the table above, debtors of ASDS have been collected in full.

4.4.2 Cash on Hand and at Bank

The ASDS RATA discloses cash at bank of \$230k. This is the balance of funds held in the ANZ bank account operated by ASW as at 14 April 2016. The Administrators consider that at the time of their appointment, only \$130k was available as cash at bank, as Petbarn paid \$100k of the purchase price of ASDS in accordance with the sale agreement immediately following the appointment of Administrators on 14 April 2016.

The Administrators advised ANZ of their appointment on 14 April 2016, and these accounts were frozen at that time. The Administrators have not recovered the balance of the account as it is subject to ANZ's security over the Group and ANZ has retained funds under a right of set off (sections 3.2.3 and 7.4 refer).

4.4.3 Plant & Equipment

Based on the ASDS RATA and associated schedules, the book values of the ASDS plant and equipment appear to be carried at cost. The main components of the plant and equipment are pallet racking located in the Group's warehouse, and the hardware and software associated with ASDS' warehouse management system. We note that the book value of these assets is the total cost of the purchase and installation of the same, less any depreciation or amortisation.

The Administrators note that the valuation carried out by our independent valuer, Slattery's, valued the above plant and equipment. For commercial and confidentiality reasons, we have excluded the outcome of the valuation figure from this report.

The actual realisation in respect to these plant and equipment items is discussed further in section 7.4 of this report.

4.4.4 Other Assets

The RATA lists other assets (prepayments) with a book value of \$290k and a realisable value of zero. Upon further review of these prepayments, we have assessed that some of the line items are insurance and freight prepayments. However, this asset category also includes redundancy costs, recruitment fees, accounting fees and consultancy fees which Management have advised were never paid. It therefore follows that these estimated costs should have been allocated as liabilities to provision accounts. No realisations are expected from these other assets.

4.4.5 Employee Entitlements

The RATA provides the value of employee entitlements as at the 14 April 2016. The table below sets out the RATA value of each class of employee entitlement, and the corresponding value of priority entitlements calculated by the Administrators:

| Priority | Type of Entitlement | RATA Value (\$) | Administrators' Value (\$) | Entitlements of Transferred Employees (\$) | Excluded Employees (\$) | Priority Entitlements (\$) |
|----------------------------|----------------------------|-----------------|----------------------------|--|-------------------------|----------------------------|
| 1 | Wages | - | - | - | - | - |
| 1 | Superannuation | 44,850 | 44,628 | - | 4,556 | 40,072 |
| 2 | Holiday Pay (Annual Leave) | 236,544 | 241,728 | 104,512 | 6,694 | 130,522 |
| 2 | Long Service Leave | 251,030 | 226,121 | 57,467 | 4,673 | 163,981 |
| 3 | Payment in Lieu of Notice | 84,663 | 286,069 | 125,351 | 30,006 | 130,712 |
| 3 | Redundancy | 198,895 | 521,394 | 133,925 | 82,210 | 305,259 |
| Total | | 815,982 | 1,319,940 | 421,255 | 128,139 | 770,546 |
| Number of Employees | | | 57 | 23 | 4 | 30 |

Prior to the appointment of the Administrators on 14 April 2016, ASDS had terminated 19 employees on 8 April 2016. These employees were not paid their entitlements at the time of their termination and these entitlements remained unpaid when the Administrators were appointed.

Since the appointment of the Administrators, 23 employees have transferred to Petbarn as part of the sale of business agreement. The entitlements of those employees (excluding super) have also transferred to Petbarn.

Following the completion of the sale of ASDS' business to Petbarn, the payment in lieu of notice and redundancy entitlements of those remaining employees have now crystallised. This is reflected in the above table.

We note that the excluded employees of ASDS are the Directors. We also note that the above figures have been taken from the books and records of ASW as at 14 April 2016 which are subject to ongoing review and amendment and do not include entitlements accrued since the appointment of the Administrators.

4.4.6 Unsecured Creditors

The unsecured creditor claims advised in the ASDS RATA can be broken down as follows:

| Unsecured Creditors | Amount (\$) |
|----------------------------|------------------|
| Trade Creditors | 2,004,584 |
| Australian Taxation Office | 38,644 |
| Office of State Revenue | 13,996 |
| Total | 2,057,224 |

The Administrators note that many trade creditors have lodged informal proofs of debt which indicate claims higher than that shown in the RATA. This may affect the total quantum of unsecured creditor claims, and is discussed further in section 7.4.

4.5 Explanations for difficulties

4.5.1 Management's explanation

Management has advised the reasons for the Group's financial difficulties were as a result of the following:

- *"Corporate restructure of supply and distribution business (ASDS) – Financial investment in ASDS was 3 times more than forecast and took more than double the budgeted time, which eventually became unsustainable."*

- *Extended duration of working capital required (ASW) - ASW forecast to cease trading a significant component of its business as a wholesaler to its largest retailer in March 2015, however, was required to continue supply until February 2016.*
- *Flawed revenue/cost structure with major trading partner (ASDS) – Petbarn ‘rate card’ (pricing and charges) did not reflect operational and infrastructure costs.*
- *Timing of merger and acquisition of three key financiers – Significant delays and changing offers over a four month period created delay to initial pre-approved offers.*
- *No access to further finance – The Companies could not secure financing for working capital following the restructure, culminating in the appointment of Administrators on 14 April 2016”.*

4.5.2 Administrators’ opinion

In our opinion, from a review of the Group’s operations, correspondence and discussions with Management, the matters outlined above are reasonable and consistent with our investigations as to the reasons why the Group failed. Further to these points, the Administrators note:

- A lack of underlying profitability in the businesses driven by (among other things):
 - Loss-making pricing structure; and
 - Inflexible overheads.
- Loss of two major customers – Pet Stock and Best Friends Pet Supplies from ASW, which placed financial stress on the Group as a whole.
- Deterioration of net asset position (as discussed in section 4.4 above) over a 6 month period preceding the appointment of the Administrators.

4.6 Outstanding winding up applications

Our review of the ASIC records did not disclose any winding up applications filed against the Companies prior to our appointment as Administrators.

4.7 Related entities

Details of the related entity creditors per the Group’s books and records are as follows:

| Company | Creditor | Amount (\$) |
|---------|------------------------------------|-------------|
| PBC | Zanplea Pty Ltd | 600,000 |
| ASW | B & K Garforth | 240,000 |
| ASW | Zanplea Pty Ltd | 1,923,094 |
| ASW | Animal Supplies (Holdings) Pty Ltd | 4,100,000 |

We have been provided with informal proofs of debt by the above related party creditors, however, despite our request, we have not been provided with any supporting documentation in respect to their claims. We are aware that interest was being charged on the loans to B & K Garforth (ASW) and Zanplea Pty Ltd (PBC and ASW). A Liquidator would investigate these claims further before proceeding with any proposed dividend, if a dividend is to be paid in the respective companies. A Liquidator would also further investigate the terms and interest associated with these loans.

We have been advised by Management ASH did not loan money to ASW. Rather, this loan account was created to capture the equity of the Directors in ASW when the current group structure was put in place. Accordingly, ASH is not an unsecured creditor of ASW.

We are not aware of any other related entity creditors at the time of writing this report.

5 The Administrators' Actions to Date

5.1 Overview

Following appointment, we took control of the business operations and affairs of the Group.

An initial assessment of the financial viability of the business and immediate operational and statutory actions were undertaken by us for the conduct of the administration. A detailed outline of tasks performed over the course of the administration is provided with our Remuneration Report at **Appendix D**, however a summary of these actions are as follows:

5.1.1 Taking control of the business and assets of the Companies

- Held discussions with the Directors and key personnel (including the financial controller) regarding the Companies' day-to-day operations, historical financial performance and the short term financial outlook; and
- Developed and documented a strategy to maintain operations which included a cash flow forecast to allow the Group to continue basic operations whilst we sought to sell the business and assets of the Group, including those of ASDS on a going concern basis.

5.1.2 Compliance and administrative procedures

- Advertised both the Administrators' appointment and the concurrent first meetings of creditors on the ASIC Insolvency Notices website;
- Notified the relevant statutory authorities, creditors and suppliers of our appointment;
- Prepared and lodged the relevant statutory notices with ASIC;
- Completed and lodged the relevant statutory forms with the ATO;
- Met with the Directors in relation to the RATA;
- Convened and held the first meeting of creditors;
- Lodged minutes of the first meeting of creditors;
- Conducted preliminary investigations into the business affairs of the Companies and determined a preliminary time frame of insolvency; and
- Prepared this report to creditors pursuant to section 439A of the Act.

5.1.3 Maintaining operations of the businesses

- Attended on-site at the Group's office and warehouse in Eastern Creek, NSW;
- Set up supplier accounts for the Administration;
- Prepared cash flow forecasts;
- Secured funding to enable initial trading of business including payment of employee wages and rent;
- Maintained a purchase order schedule to monitor ongoing trading commitments;
- Prepared and discussed ongoing operations plan;
- Negotiated ongoing terms of trade with key stakeholders/suppliers, including landlords;
- Managed and oversaw warehouse and office administration operations;

- Managed stock on hand including shipment and use of same;
- Prepared ongoing pay-runs for employees and suppliers; and
- Provided periodic updates to suppliers, creditors and employees.

5.1.4 Creditors and stakeholders

- Attended to telephone discussions, correspondence and queries from creditors, employees and stakeholders;
- Corresponded with creditors regarding their security interests and claims;
- Corresponded with creditors regarding retention of title claims;
- Maintained a creditors listing and collated claims against the Companies; and
- Prepared and attended meetings of creditors.

5.1.5 Employees

- Notified employees of the Administrators' appointment;
- Took immediate steps to reduce head count, whilst retaining key staff to maintain business operations, and facilitate a sale of assets/business;
- Provided employees with termination of employment notification and separation certificates;
- Held ongoing meetings with retained employees updating them on the Administration;
- Facilitated ongoing payment of wages and superannuation, including payment of pre-appointment wages and superannuation for continuing employees; and
- Advised employees about the FEG processes should the Companies be placed into liquidation and calculated and advised employees of employee entitlements owing.

5.1.6 Insurance

- Notified our insurance brokers of our appointment;
- Liaised with our brokers to determine and place an appropriate level of cover for the Group's assets and the business; and
- Begin preparing actual wage declarations to the appropriate workers compensation providers.

5.1.7 Assets

- Identified and secured all assets located at different sites;
- Liaised with Slattery's regarding the valuation of certain assets held by the Companies;
- Conducted searches of the PPSR and Land Titles Office;
- Reviewed finance agreements and equipment loans for all secured creditors;
- Liaised with financiers and secured creditors;
- Reviewed and considered the Companies' WHS and OHS;
- Reviewed pre-appointment status of debtors;
- Engaged external debt collector Alan Hunt & Co Pty Ltd to realise pre-appointment debtors; and
- Negotiated and entered into a sale agreement for the business and assets of the Companies.

5.1.8 Investigation, legal and strategic matters

- Conducted preliminary investigations into possible insolvent trading actions;

- Reviewed the Companies' books and records to identify potential preferences and uncommercial transactions;
- Investigated and managed retention of title claims;
- Conducted basic searches on the Directors and related entities;
- Considered ongoing pre-appointment legal disputes of the Group; and
- Liaising with solicitors on ongoing legal matters.

Further detail regarding specific tasks is outlined in the attached Remuneration Report at **Appendix D**.

5.2 Sale of Business

5.2.1 Sale of ASDS

Prior to the appointment of Administrators, the Directors had exchanged an Asset Sale Agreement (dated 24 March 2016) for the sale of the business and key assets of ASDS to Petbarn. This agreement was yet to reach completion which was scheduled for Monday, 18 April 2016, subject to meeting certain conditions being met.

The Administrators performed a comprehensive review of the agreement and noted that there was no interest from any other parties in respect to the business of ASDS. We also note the conditions required to be met prior to completion were unlikely to be met, therefore the sale as it stood was unlikely to be completed. The Administrators negotiated amendments to the agreement which enabled the sale to be progressed and ultimately completed on 29 April 2016.

In achieving the sale of the business of ASDS, the Administrators have maximised the value of the assets of the business, and reduced the level of employee entitlements due to the 23 employees who were transferred to Petbarn as part of the sale. Further information in respect to the sale of the ASDS business is detailed in section 7.4 of this report.

5.2.2 Sale of Inventory

On appointment, the Administrators assessed the viability of trading the businesses of PBC and ASW to achieve a sale of those businesses as a going concern. It was clear that there were significant ongoing trading costs in both entities and minimal interest from parties looking to acquire either business as going concerns. Accordingly, the Administrators sought offers for all the stock of these entities as the rent and warehousing overheads were too great a cost to attempt a sale of all stock through the normal course of business. It should be noted the Administrators had no funding on their appointment to continue to trade.

The Administrators received offers from several parties (mainly creditors) in respect to the stock of PBC and ASW. Petbarn also put forward an offer for the stock of PBC and ASW, which was more favorable than other offers received. Any stock subject to PPSR registrations and ROT claims was not included as part of this sale, whether the registration was considered valid or invalid based on the preliminary analysis undertaken at the time. Further information in respect to the consideration received from Petbarn for the sale of the stock of PBC and ASW is detailed in sections 7.2 and 7.3 respectively.

5.2.3 Sale of PBC Intangibles

The Administrators are currently in the process of finalising an agreement for the sale of the intangible assets of PBC, including trademarks and licences. These negotiations are ongoing and are confidential at this time.

5.3 Administrators' Trading Operations and Receipts and Payments

5.3.1 Maintaining Operations

Upon their appointment, the Administrators undertook a thorough assessment of the ongoing costs to trade the PBC, ASW and ASDS businesses. The outcome of that assessment was to cease trading PBC and ASW in order to effect the sale of the remaining assets in those companies in a cost effective manner, and maintain the operations of ASDS in order to complete the sale of business agreed by Management and Petbarn prior to the appointment of the Administrators. Accordingly, there have been minimal trading operations undertaken by the Administrators.

5.3.2 Administrators' Receipts and Payments

Appendix I provides a summary of the receipts and payments during the period 14 April 2016 to 6 May 2016. We note there have been no receipts and payments made in the Administration of ASC.

6 Investigations

6.1 Introduction

Section 438A(a) of the Act provides that as soon as practicable after an administration begins the Administrators must investigate a company's business, property, affairs and financial circumstances.

Pursuant to Regulation 5.3A.02 the Administrators are also required to investigate and report on any possible recovery actions that may be available to a Liquidator should creditors resolve that a company be wound up.

An explanation of the possible offences by a Director, insolvent and voidable transactions that a Liquidator could pursue are attached at **Appendix B**. This information sheet has been prepared by the Australian Restructuring Insolvency and Turnaround Association ("ARITA") and is intended to reduce the amount of generic information included as part of the body of this report. Creditors who are not familiar with the nature of offences and liquidator actions should refer to the appendix for explanations. If further explanation is required of the material contained in **Appendix B** or of our investigations, creditors should contact us.

6.2 Overview of Investigation

In the time available to us, we have undertaken the following investigations to prepare this report and formulate our opinions:

- ASIC searches;
- Personal Property Securities Register searches;
- Review of books and records of the Group;
- Discussions with the Directors;
- Discussions with key management and staff;
- Discussions with creditors; and
- Review of the financial accounts of the Group.

Our review of this information is ongoing and will continue should any or all of the Companies be placed into liquidation. However, in our opinion this has not prevented us from being able to provide sufficient, meaningful information in this report or from being able to form an opinion on what is in the creditors' best interests.

Whilst we have no reason to doubt any information contained in this report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially change from the date of this report.

6.3 Offences by the Directors

6.3.1 Overview

The Administrators are required to complete and lodge a report pursuant to section 438D of the Act with ASIC where it appears to the Administrators that a past or present officer of the Companies may have been guilty of an offence in relation to the Companies and in other limited circumstances. Any report lodged pursuant to Section 438D (or an investigative report lodged by a liquidator pursuant to Section 533 of the Act) is not available to the public.

We have undertaken a preliminary investigation of the affairs of the Companies in relation to suspected contraventions of Section 180 - 184 of the Act regarding the general duties of directors and officers.

From our investigations to date, we have not found conclusively that the Directors have acted dishonestly and/or fraudulently in the exercise of their powers and discharge of their duties. However, investigations will continue into the areas raised in this report, including the treatment of related party balances and potential insolvent trading. These matters are discussed further below.

6.3.2 Books and records

Pursuant to Section 286 of the Act, a Company must keep written financial records that correctly record and explain its transactions, financial position and performance and would enable true and fair financial statements to be prepared and presented in accordance with the accounting standards.

Failure by a company to maintain books and records in accordance with section 286 of the Act provides a rebuttable presumption of insolvency of a company; however, this only applies in respect of a liquidator's application for compensation for insolvent trading and other actions for recoveries pursuant to part 5.7B of the Act from related entities.

In our opinion, it appears as though the books and records have been maintained in accordance with Section 286 of the Act. However, we note audited financial statements for the periods FY14 and FY15 have not been lodged with ASIC.

6.4 Voidable transactions

The Act requires an Administrator to specify whether there are any transactions that appear to the Administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

This issue is relevant to creditors if they are being asked to choose between a DOCA and liquidation, because voidable transactions are only able to be challenged if liquidation occurs.

Voidable transactions include:

- Unfair preferences (Section 588FA)
- Uncommercial transactions (Section 588FB)
- Unfair loans to a Companies (Section 588FD)
- Arrangements to avoid employee entitlements (Section 596AB)
- Unreasonable director-related transactions (Section 588FDA)
- Transactions with the purpose of defeating creditors (Section 588FE(5))
- Voidable security interests (Section 588FJ)

It is important to note that such transactions are only voidable if they are considered insolvent transactions of the Companies. In order for a liquidator to recover any amount it would first be necessary to establish that the relevant Company was in fact insolvent at the time of the transaction.

Generally such actions are expensive and are likely to require Court applications. As such, should there be inadequate funds available, or the liquidators consider it uncommercial or not in the creditors' best interests, such recovery actions may not be commenced by the liquidators.

In these circumstances, creditors wishing to fund any such actions may do so. Should any funds be recovered from these actions, the creditors providing the funding may be entitled to receive their contribution in priority to other creditors.

Litigation insurance may also be available to fund these actions. However, such funding is generally only available where legal advice indicates that there is a strong potential for success.

6.4.1 Unfair Preferences Payments (Section 588FA)

In order to prove a creditor received an unfair preference payment, a liquidator must demonstrate that a company was insolvent at the time the creditor received the payment/benefit. The creditor has a defence to a claim by a liquidator that a transaction is an unfair preference if, at the time the benefit was received the creditor had no reasonable grounds for suspecting that a company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given.

In the event of liquidation of a company, a liquidator will need to prove that creditors knew or should have known that the company was insolvent at the time the payments were made. There would need to be significant investigative work undertaken to establish whether:

- the company was insolvent at the time the transaction occurred;
- the party that received the preference was aware that the company was insolvent or likely to become insolvent at that time;
- the recipient has sufficient assets to settle any successful claims;
- the cost of undertaking the action is greater than the possible return; and
- there are sufficient funds available (subject to the approval of creditors) to undertake any proposed preference recovery action.

As detailed in section 6.5 below, investigations are continuing to establish the date the Companies became insolvent, however for the purposes of this analysis we have assumed the Companies may have been insolvent from at least October 2015. The balance of all relevant payments made by the Companies within six months prior to the relation back day, after subtracting amounts that would be uncommercial to investigate and items where it was

apparent from high level review that the transaction would not constitute a preference payment, as set out in the table below:

| Company | No. of Creditors | Amount (\$) |
|---------|------------------|-------------|
| PBC | 21 | 656,158 |
| ASW | 68 | 6,482,843 |
| ASDS | 24 | 970,084 |

This represents the total balance of payments which, should any or all of the Companies be wound up, a liquidator would investigate further before determining which, if any, transactions would be pursued. The tables below set out the number of creditors for each respective company that comprise this balance and the range of values to which they relate:

| Value of Potential Claim | PBC | | ASW | | ASDS | |
|--------------------------|------------------|----------------|------------------|------------------|------------------|----------------|
| | No. of Creditors | Value (\$) | No. of Creditors | Value (\$) | No. of Creditors | Value (\$) |
| Less than \$20,000 | 15 | 77,258 | 39 | 338,109 | 13 | 85,140 |
| \$20,001 to \$50,000 | 3 | 92,213 | 8 | 297,148 | 5 | 180,941 |
| Greater than \$50,001 | 3 | 486,688 | 21 | 5,847,587 | 6 | 704,003 |
| Total | 21 | 656,158 | 68 | 6,482,843 | 24 | 970,084 |

As evident in the tables above, a majority of the potential value of preference claims relates to a small number of creditors.

Given the preliminary nature of our investigations, the circumstances that would need to be established, and the defences available to a recipient, it is possible that the majority of this balance may be unrecoverable by a liquidator. Further investigations will be undertaken should any or all of the Companies be wound up at the upcoming second meeting of creditors.

The limited investigative work undertaken at the time of writing this report and the inherent uncertainty surrounding litigation and the recoverability of preference payments make it difficult to estimate the expected recoveries from the above potential claims. Any potential recoveries from preference payments have been excluded from our estimated return to creditors set out in section 7 of this report.

6.4.2 Unfair Loans (Section 588FD)

Our preliminary investigations of the Group's books and records revealed that the Companies had not received any loans from any parties which committed the Companies to extortionate terms.

6.4.3 Uncommercial Transactions (Section 588FE)

Our preliminary review of the Companies' records to expose evidence of uncommercial transactions entered into by the Companies has not identified any transactions that would constitute an uncommercial transaction.

6.4.4 Discharging a Debt of a Related Entity (Section 588FH)

Our preliminary investigations have not to date identified any such transactions.

6.4.5 Unreasonable Director-Related Transactions (Section 588FDA)

Our preliminary investigations of ASW's books and records have identified two transactions which may constitute unreasonable director-related transactions. Our investigations to date indicate the following:

- Since FY15, Zanplea Pty Ltd had been repaid \$58k in respect to loans made to ASW; and
- Since FY15, B & K Garforth had been repaid \$40k in respect to loans made to ASW.

As outlined above, despite our request, the Administrators have not been provided with sufficient documentation at the time of writing this report to support the loans made by Zanplea Pty Ltd and B & K Garforth. It is therefore the preliminary view of the Administrators that there should not have been an amount repaid against each of the loans. Should a liquidator reach this conclusion on further investigation, the full amount of these transactions will be pursued.

6.4.6 Arrangements to Avoid Employee Entitlements (Section 596AB)

To date we have not identified any transactions of this nature.

6.4.7 Transactions with the Purpose of Defeating Creditors (Section 588FE(5))

We have conducted a preliminary review of the transactions of the Companies for the six months prior to the relation back day to identify any transactions that may have been entered into with the purpose of defeating creditors.

Aside from the potential preference payments outlined above, we have not to date identified any transactions undertaken for the purposes of defeating creditors that would be recoverable by a liquidator.

6.4.8 Circulating security interests created within Six Months (Section 588FJ)

A search of the Personal Property Securities Register reveals the following circulating security interests were created in the six months prior to the relation back day:

| Company | Secured Party | Registration Date | Collateral Class | Registration Number | Perfectured |
|---------|--------------------------------|-------------------|------------------|---------------------|-------------|
| PBC | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | Account | 201601290083328 | No |
| PBC | SCOTTISH PACIFIC (BFS) PTY LTD | 24 February 2016 | Account | 201602240025590 | No |
| PBC | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | All PAAP | 201601290083316 | No |
| PBC | JUROX PTY LIMITED | 15 March 2016 | Other Goods | 201603150060367 | No |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | Account | 201601290048828 | No |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | Account | 201601290048837 | No |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | Account | 201601290048844 | No |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | Account | 201601290048859 | No |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 24 February 2016 | Account | 201602240025376 | No |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 24 February 2016 | Account | 201602240025382 | No |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 24 February 2016 | Account | 201602240025395 | No |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 24 February 2016 | Account | 201602240025400 | No |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | All PAAP | 201601290048816 | No |
| ASW | ZOETIS AUSTRALIA PTY LTD | 4 March 2016 | Other Goods | 201603040016917 | Unknown |
| ASW | I.A.H. SALES PTY. LIMITED | 10 March 2016 | Other Goods | 201603100028461 | No |
| ASW | JUROX PTY LIMITED | 15 March 2016 | Other Goods | 201603150061518 | No |
| ASDS | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | Account | 201601290083725 | No |
| ASDS | SCOTTISH PACIFIC (BFS) PTY LTD | 24 February 2016 | Account | 201602240027453 | No |
| ASDS | SCOTTISH PACIFIC (BFS) PTY LTD | 29 January 2016 | All PAAP | 201601290083718 | No |

Scottish Pacific has discharged its security interests in PBC, ASW and ASDS. We are currently investigating further whether the remaining unperfected security interests can be voided.

6.5 Insolvent Trading (section 588G)

6.5.1 Overview

Directors have a positive duty to prevent a company from trading whilst it is insolvent (S.588G). If a director is found to have contravened section 588G he or she may be ordered to pay an amount of compensation to the company equal to the amount of loss or damage suffered by creditors as a result of the contravention.

Information about possible insolvent trading is relevant to creditors when making a decision about the future of a company as directors of the company may generally only be pursued for insolvent trading if the company is in Liquidation.

6.5.2 Indicators of Insolvency

In relation to the matter of insolvent trading, our preliminary investigations have revealed the following relevant indicators of insolvency in respect to each entity:

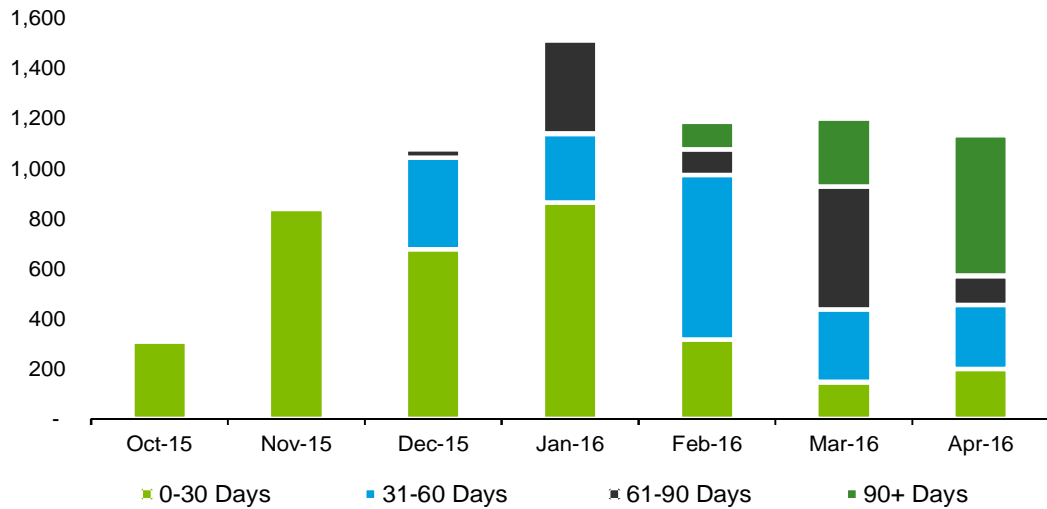
| Indicator | PBC | ASW | ASDS | ASC |
|--|-----|-----|------|------|
| Continuing losses from trading | ✓ | ✓ | ✓ | |
| Liquidity ratios below 1 | | ✓ | ✓ | N/A* |
| Overdue Commonwealth and State taxes | ✓ | ✓ | ✓ | ✓ |
| Inability to borrow further funds / no access to further funds and/or inability to raise further equity capital | ✓ | ✓ | ✓ | ✓ |
| Suppliers placing the debtor on cash on delivery (COD) terms, or otherwise demanding special payments before resuming supply / creditors unpaid outside of trading terms | ✓ | ✓ | ✓ | N/A |
| The issuance of post-dated cheques | | ✓ | | |
| The issuance of cheques that were dishonoured | | ✓ | | |
| Special payments with selected creditors / payments to creditors of rounded sums which are not reconcilable to specific invoices | ✓ | ✓ | ✓ | N/A |
| The provision of solicitor letters, summonses, judgements or warrants issued against the company | | ✓ | | |
| An inability to prepare timely and accurate financial information in respect of the company's trading performance and financial position or prepare reliable forecasts | | | | |

* ASW was a non-trading holding company with no assets (other than investments in subsidiaries) and a potential ATO creditor claim of c.\$309k

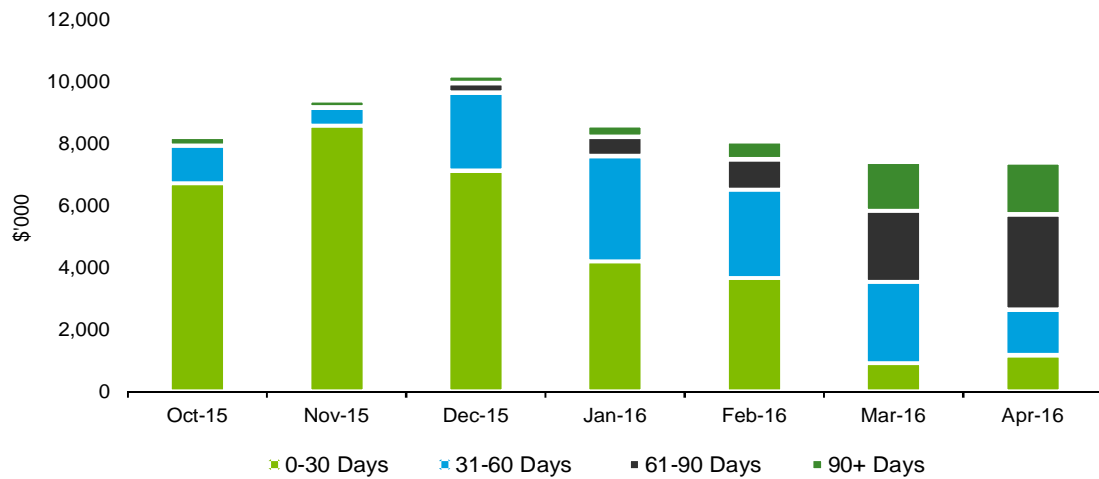
6.5.3 Creditor Ageing

In addition to the known indicators of insolvency outlined above, the Administrators' preliminary investigations included a review of the ageing of PBC, ASW and ASDS' creditors for the six months prior to the appointment of Administrators. This is shown in the following graphs:

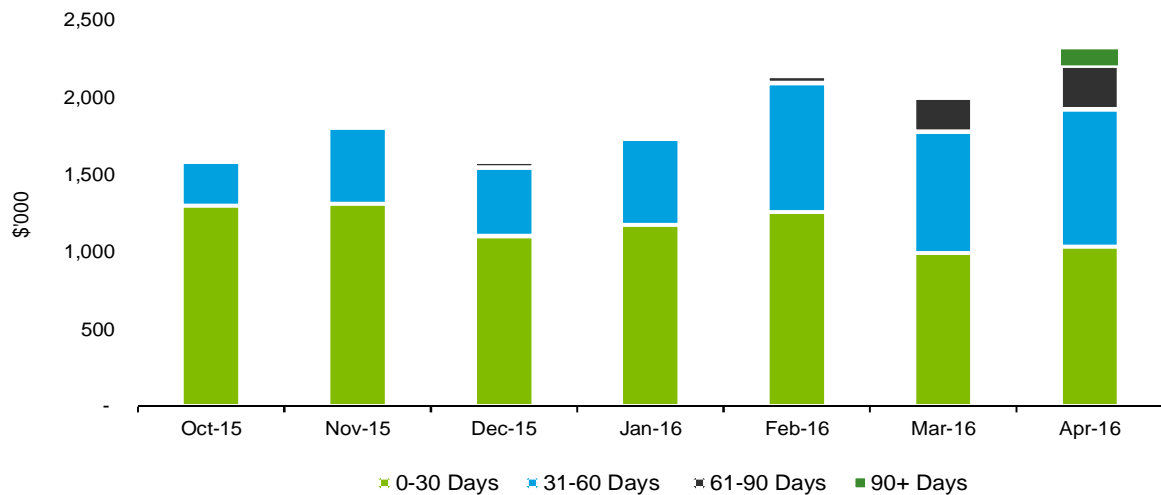
PBC - Creditor Ageing



ASW - Creditor Ageing



ASDS - Creditor Ageing

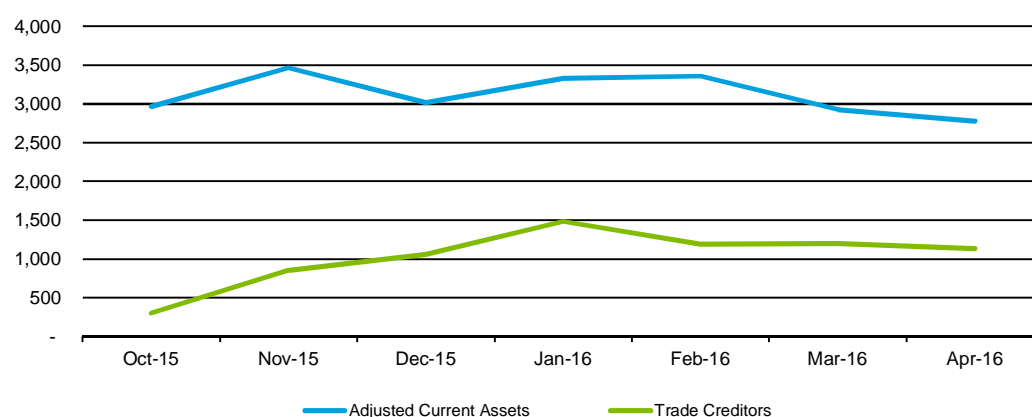


The above graphs illustrate that between October 2015 and April 2016, the ageing and aggregated balance of trade creditor claims increased throughout the period which highlights the respective companies were experiencing difficulties in continuing to pay their debts as and when they fell due. The Administrators are aware Management historically negotiate extended payment terms with some creditors beyond 30 days, however, the above graphs show the increasing number of creditors above 60 days and 90 days.

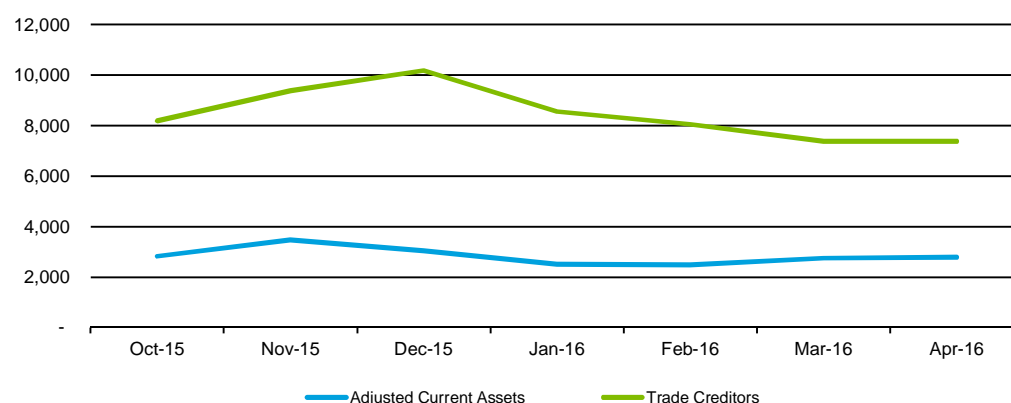
6.5.4 Asset Deficiency

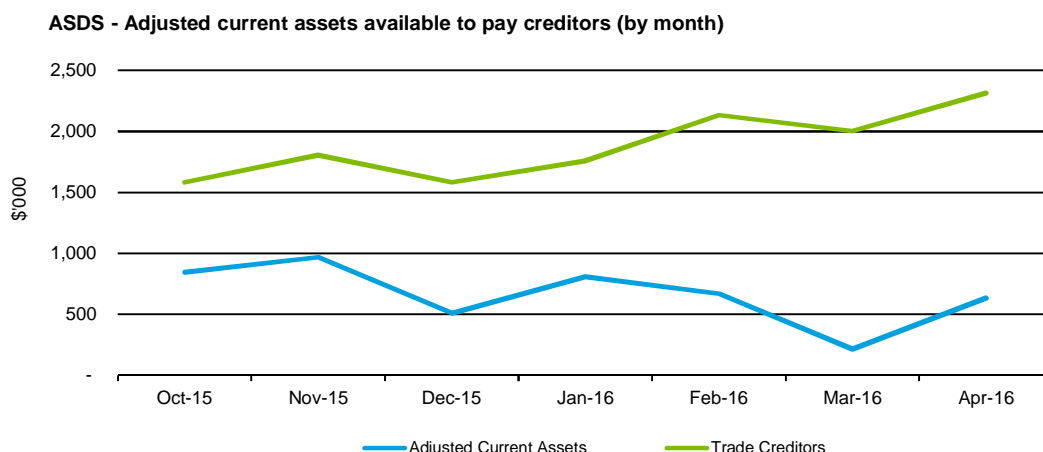
Section 95A of the Act defines insolvency as the inability to pay debts as and when they become due and payable. As such, the Companies should have sufficient current assets to meet payables which are overdue. In this respect, we have compared the adjusted current assets (section 4.4 refers) of PBC, ASW and ASDS to trade creditor balances, with the graphs below presenting our findings:

PBC - Adjusted current assets available to pay trade creditors (by month)



ASW - Adjusted current assets available to pay creditors (by month)





The above graphs illustrate that between October 2015 and April 2016, the trade creditors were increasing by month, while adjusted current assets in aggregate declined over that same period. This indicates that during this period, the Group was having increasing difficulties paying its debts as and when they fell due. The above analysis does not take into account trade creditors which are not overdue, nor does it account for trade creditors where Management has negotiated extended payment terms.

The Directors and Management have noted the following factors as supporting their ongoing trading of the business in the 12 months prior to the appointment of Administrators on 14 April 2016:

- The Group held bank accounts with ANZ. ANZ also provided a bank guarantee to ASW in respect to the leased premises at Eastern Creek. Management was actively pursuing a refinance of ASW's debtor facility and securing an additional working capital loan in respect to all entities from as early as July 2015. Management approached ANZ in respect to obtaining long term finance, however, ANZ advised that no long term finance was available to the Group.
- In July 2015, Management began a tender process for finding a financier for the refinance of the existing facilities.
- In September 2015, Management entered negotiations with Scottish Pacific and Bibby regarding the refinance.
- In January 2016, Scottish Pacific acquired Bibby. Scottish Pacific advised Management that a working capital loan of \$1.2m was no longer available, but would refinance the debtor finance facility and offered a c.\$490k working capital loan with security over one of the Director's homes.
- Scottish Pacific referred Management to Guardian in respect to the working capital loan. Guardian pre-approved a loan of c.\$700k with security over two Director's homes. This offer was ultimately not progressed by Management.
- ANZ had agreed to take security over one of the Director's home and exit the general security agreement with the Companies to allow Scottish Pacific to take priority when the refinance completed.
- On 13 April 2016, Scottish Pacific advised Management that a refinance was no longer viable and the Administrators were subsequently appointed on 14 April 2016.

6.5.5 Summary

On the basis of our preliminary investigations, it appears that the Companies may have been insolvent from at least October 2015; however the issue of insolvency may need to be determined on the basis of available evidence presented to a Court.

A liquidator would investigate further the possibility of taking action against the Companies' Directors for breaches of their duties to prevent insolvent trading. If it is established that the Directors have breached their duties to prevent the Companies from incurring debts whilst they were insolvent, a liquidator could seek to recover from the Directors an amount equal to the loss that has been suffered by the creditors whose debts remain unpaid.

If a liquidator chooses to pursue an insolvent trading action, creditors are prevented from taking their own action against the Directors for compensation. If a liquidator does not choose to take any action in this regard, a creditor may commence proceedings on its own behalf but only with the consent of the liquidator or the Court.

We have yet to finalise the quantum of the potential claim against the Directors, however should the Companies be placed into liquidation at the second meeting, the Liquidators will form an opinion as to whether there are any claims of insolvent trading which are commercially viable to pursue.

6.6 Directors' Personal Financial Positions

The financial position of directors and their ability to compensate for any damages awarded against them in the event proceedings were taken by a liquidator is relevant to the consideration of the commerciality of further action.

A search of the ASIC register in the name of the Directors revealed that none of the current Directors are officers of any other companies in Australia. However, we are aware that Barry Garforth is the director of Animal Supplies (Holdings) Pty Ltd and Zanplea Pty Ltd.

The below table summarises the information obtained from land title searches conducted in the Directors' names:

| Director | Property Location | Title Reference | Ownership | Mortgage |
|-------------------------|--------------------|-----------------|-----------|----------|
| Brad Moore | Cheltenham NSW | 4/1015879 | Sole | Wespac |
| Christine Anne Garforth | Gymea Bay NSW | 9/20335 | Sole | ANZ |
| Richard Barry Garforth | Cronulla NSW | 7/SP49686 | Sole | ANZ (2) |
| Susan Frances McNamara | Pemulwuy NSW | 342/1104956 | Sole | ANZ |
| Barry James Garforth | Culburra Beach NSW | D/357811 | Sole | N/A |

In respect to the above land title holdings, we understand that these properties are the homes of the respective Directors. Should any or all of the Companies be wound up, a Liquidator would undertake further investigations into the equity available in the above properties in order to ascertain whether damages in potential insolvent trading claims can be paid by the Directors.

7 Estimated Return from a Winding Up

7.1 Introduction

We have prepared an analysis of the likely realisation based on the following scenarios:

- An immediate closure of the respective Companies' business and auction of all assets (**closure scenario**); and
- The respective Companies' business maintained and a fast track sale of the assets is achieved (**sale scenario**).

This is to enable creditors to see the significant improvement in the outcome following our decision to sell the business of ASDS and stock of PBC and ASW as a whole.

7.2 PBC

7.2.1 Comparative Scenario

| Estimated Statement of Position \$ | Book Value | Closure Scenario ERV | Sale of Assets Scenario | | |
|--|------------------|----------------------------|-------------------------|------------------|--------------------|
| | | | Realised to 5/5/2016 | Future ERV | Total |
| Non-circulating assets & assets subject to security | | | | | |
| Cash at Bank on appointment | 164,364 | 164,364 | 164,364 | - | 164,364 |
| ANZ Offset | - | (164,364) | (164,364) | - | (164,364) |
| Surplus / deficit secured creditor | 164,364 | - | - | | - |
| Return cents in the dollar | | 100 | | | 100 |
| Circulating assets | | | | | |
| Intangibles* | - | - | - | - | - |
| Debtors | 1,295,284 | 1,157,961 | 980,400 | 177,561 | 1,157,961 |
| Stock | 1,035,132 | - | - | - | - |
| Less: ROT claims | (636,919) | - | - | - | - |
| Stock (less potential ROT) | 398,213 | 59,732 | 219,000 | - | 219,000 |
| Realisation of invalid ROT stock | - | 47,769 | - | 175,153 | 175,153 |
| | 2,091,710 | 1,265,462 | 1,199,400 | 352,714 | 1,552,114 |
| Less: Costs of Realisation | | | | | |
| Estimated operating costs (w ages, rent, utilities) | | - | (15,426) | (8,489) | (23,915) |
| Administrators' costs | | (50,000) | (72,302) | (32,378) | (104,679) |
| Liquidators' costs | | (170,000) | - | (120,000) | (120,000) |
| Agents costs | | (5,000) | - | (5,000) | (5,000) |
| Legal costs | | (30,000) | - | (30,000) | (30,000) |
| Debt collection costs | | (6,418) | (1,418) | (5,000) | (6,418) |
| Contingency | | (100,000) | - | (100,000) | (100,000) |
| Assets available to priority creditors | 2,091,710 | 904,044 | (89,145) | (300,867) | 1,162,102 |
| Priority Creditors** | | | | | |
| Superannuation | (4,777) | (4,777) | | | (4,777) |
| Wages | - | (3,668) | | | (3,668) |
| Annual leave / LSL | (26,654) | (26,895) | | | (26,895) |
| Redundancy | - | (47,151) | | | (47,151) |
| Notice | - | (31,463) | | | (31,463) |
| | (31,431) | (113,954) | | | (113,954) |
| Surplus / (deficit) priority creditors | 2,060,279 | 790,090 | | | 1,048,148 |
| Return cents in the dollar | | 100 | | | 100 |
| Unsecured creditors | | | | | |
| Trade creditors | (1,109,787) | (1,742,514) | | | (1,742,514) |
| Statutory liabilities | (23,335) | (313,279) | | | (313,279) |
| Related party creditors | (600,000) | (600,000) | | | (600,000) |
| | (1,733,122) | (2,655,793) | | | (2,655,793) |
| Surplus / (deficit) unsecured creditors | 327,157 | (1,865,702) | | | (1,607,645) |
| Return cents in the dollar | | 30 | | | 39 |

*Confidential as outlined in section 5.2.3

**As per company books and records, subject to change

7.2.2 Estimated Realisations in Closure Scenario

Under the closure scenario, it is estimated the secured creditor would have received 100 cents in the dollar from realisations of non-circulating assets and assets subject to their securities.

Employees could also have expected to receive 100 cents in the dollar from circulating asset realisations in respect of their priority claims.

Unsecured creditors would have expected to receive a dividend of 30 cents in the dollar under the closure scenario.

7.2.3 Estimated Realisations in Sale Scenario

The sale scenario shows the key areas of benefit that improved creditors' overall position compared to the closure scenario. The areas of benefit are as follows:

- Greater returns for stock on hand at appointment, which was sold to Petbarn;
- Reduction in the Administrators' and Liquidators' estimated costs as compared to the closure scenario; and
- Reduction in the estimated Agent's costs as the realisation of assets was handled without the assistance of any auction being held.

In summary, we expect the secured creditor will receive 100 cents in the dollar under this scenario and priority creditors 100 cents in the dollar from assets realised.

Unsecured creditors are expected to receive a dividend of 39 cents in the dollar under this scenario.

7.2.4 Conclusion

We estimate that the benefit to all creditors from not immediately closing the business and selling the assets as a whole is c.\$258k compared with the closure scenario.

7.3 ASW

7.3.1 Comparative Scenario

| Estimated Statement of Position | Book Value | Closure Scenario ERV | Sale of Assets Scenario | | Total |
|--|--------------------|-------------------------|-------------------------|------------------|---------------------|
| \$ | | | Realised to 5/5/2016 | Future ERV | |
| Non-circulating assets & assets subject to security | | | | | |
| Cash at Bank on appointment | 367,054 | 367,054 | 367,054 | - | 367,054 |
| ANZ Offset | - | (367,054) | (367,054) | - | (367,054) |
| | 367,054 | - | - | - | - |
| Secured creditor debt position | | | | | |
| Property, plant & equipment | - | 5,000 | 30,000 | - | 30,000 |
| Leased motor vehicles | 74,000 | 34,000 | - | 34,000 | 34,000 |
| Amounts owing under leases | (37,545) | (12,058) | - | (12,058) | (12,058) |
| Less: Costs of realisation | | (5,000) | (2,500) | (2,500) | (5,000) |
| | 36,455 | 21,942 | 27,500 | 19,442 | 46,942 |
| Surplus / deficit secured creditor | 403,509 | 21,942 | 27,500 | 19,442 | 46,942 |
| | | 100 | | | 100 |
| Circulating assets | | | | | |
| Debtors | 2,600,000 | 2,300,000 | 1,200,000 | 1,100,000 | 2,300,000 |
| Less: GE Finance Debt | (1,800,000) | (1,800,000) | (1,200,000) | (600,000) | (1,800,000) |
| Stock | 1,165,651 | - | - | - | - |
| Less: ROT claims | (255,038) | - | - | - | - |
| Stock (less potential ROT) | 910,613 | 136,592 | 500,837 | - | 500,837 |
| Realisation of invalid ROT stock | - | 19,128 | - | 70,135 | 70,135 |
| | 3,024,736 | 677,662 | 528,337 | 589,578 | 1,117,915 |
| Less: Costs of Realisation | | | | | |
| Estimated operating costs (wages, rent, utilities) | | - | (20,589) | (32,937) | (53,526) |
| Administrators' costs | | (115,000) | (103,599) | (36,027) | (139,626) |
| Liquidators' costs | | (200,000) | - | (180,000) | (180,000) |
| Agents costs | | (10,000) | - | (5,000) | (5,000) |
| Legal costs | | (40,000) | - | (40,000) | (40,000) |
| Debt collection costs | | (42,758) | (12,758) | (30,000) | (42,758) |
| Contingency | | (100,000) | - | (100,000) | (100,000) |
| Assets available to priority creditors | 3,024,736 | 169,904 | (136,946) | (423,964) | 557,006 |
| Priority Creditors* | | | | | |
| Superannuation | (6,598) | (6,598) | | | (6,598) |
| Annual leave / LSL | (54,724) | (47,092) | | | (47,092) |
| Redundancy | - | (83,056) | | | (83,056) |
| Notice | - | (47,515) | | | (47,515) |
| | (61,322) | (184,261) | | | (184,261) |
| Surplus / (deficit) priority creditors | 2,963,414 | (14,357) | | | 372,745 |
| Return cents in the dollar | | 92 | | | 100 |
| Unsecured creditors | | | | | |
| Trade creditors | (7,145,675) | (8,221,795) | | | (8,221,795) |
| Statutory liabilities | (34,365) | (198,359) | | | (198,359) |
| Related party creditors | (2,163,094) | (2,163,094) | | | (2,163,094) |
| | (9,343,134) | (10,583,249) | | | (10,583,249) |
| Surplus / (deficit) unsecured creditors | (6,379,720) | (10,597,606) | | | (10,210,504) |
| Return cents in the dollar | | nil | | | |

*As per company books and records, subject to change

7.3.2 Estimated Realisations in Closure Scenario

Under the closure scenario, it is estimated the secured creditor would have received 100 cents in the dollar from realisations of non-circulating assets and assets subject to their securities.

Employees could have expected to receive 92 cents in the dollar from circulating asset realisations in respect of their priority claims.

Unsecured creditors would not have received a dividend under the closure scenario.

7.3.3 Estimated Realisations in Sale Scenario

The sale of assets scenario above shows the key areas of benefit that improved creditors' overall position compared to the closure scenario. The areas of benefit are as follows:

- Greater returns for stock on hand at appointment and plant and equipment, which was sold to Petbarn;
- Reduction in the Liquidators' estimated costs as compared to the closure scenario, as the costs to deal with the stock and plant and equipment would have been extensive and carried over into the from the Administration period to the Liquidation period; and
- Reduction in the estimated agent's costs as the realisation of assets was handled without the assistance of any auction being held.

In summary, we expect the secured creditor will receive 100 cents in the dollar under this scenario and priority creditors 100 cents in the dollar from assets realised.

Unsecured creditors are expected to receive a dividend of 4 cents in the dollar under this scenario.

7.3.4 Conclusion

We estimate that the benefit to all creditors from not immediately closing the business and selling the assets as a whole is c.\$387k compared with the closure scenario.

7.4 ASDS

7.4.1 Comparative Scenario

| Estimated Statement of Position | Book Value | Closure Scenario ERV | Sale of Assets Scenario | | |
|--|--------------------|---------------------------------|--|---------------------------|--------------------|
| \$ | | | Realised to 5/5/2016 | Future ERV | Total |
| Non-circulating assets & assets subject to security | | | | | |
| Cash at Bank on appointment | 130,265 | 130,265 | 130,265 | - | 130,265 |
| ANZ Offset | - | (130,265) | (130,265) | - | (130,265) |
| Property, plant and equipment | 1,520,934 | 90,000 | 515,670 | - | 515,670 |
| Less: Costs of Realisation | - | (30,000) | (30,000) | - | (30,000) |
| Surplus / deficit secured creditor | 1,651,199 | 60,000 | 485,670 | | 485,670 |
| Return cents in the dollar | | 100 | | | 100 |
| Circulating assets | | | | | |
| Debtors | 210,030 | 210,030 | 210,030 | - | 210,030 |
| Intangibles | 1,140,583 | - | - | - | - |
| Total assets | 1,350,613 | 270,030 | 695,700 | - | 695,700 |
| Less: Costs of Realisation | | | | | |
| Estimated operating costs (wages, rent, utilities) | | - | (101,451) | (43,437) | (144,888) |
| Administrators' costs | | (100,000) | (95,511) | (32,001) | (127,512) |
| Liquidators' costs | | (70,000) | - | (100,000) | (100,000) |
| Agents costs | | (50,000) | - | (5,000) | (5,000) |
| Legal costs | | (5,000) | - | (20,000) | (20,000) |
| Contingency | | (150,000) | - | (150,000) | (150,000) |
| Assets available to priority creditors | 1,350,613 | (104,970) | (196,962) | (350,438) | 148,300 |
| Priority Creditors* | | | | | |
| | Book Value | Total Priority creditors | Savings as a result of sale of the business | Priority creditors | |
| Superannuation | (44,850) | (40,072) | - | (40,072) | |
| Annual leave / LSL | (487,574) | (456,482) | (161,979) | (294,503) | |
| Redundancy | (198,895) | (439,184) | (133,925) | (305,259) | |
| Notice | (84,663) | (256,063) | (125,351) | (130,712) | |
| | (815,982) | (1,191,801) | (421,255) | (770,546) | |
| Surplus / (deficit) priority creditors | 534,631 | (1,296,771) | | | (622,246) |
| Return cents in the dollar | | nil | | | 19 |
| Unsecured creditors | | | | | |
| Trade creditors | (2,004,584) | (2,060,973) | | | (2,060,973) |
| Statutory liabilities | (52,640) | (202,270) | | | (202,270) |
| Excluded Employees | - | (124,955) | | | (124,955) |
| | (2,057,224) | (2,388,198) | | | (2,388,198) |
| Surplus / (deficit) unsecured creditors | (1,522,593) | (3,684,969) | | | (3,010,444) |
| Return cents in the dollar | | nil | | | nil |

*As per company books and records, subject to change

7.4.2 Estimated Realisations in Closure Scenario

Under the closure scenario, it is estimated the secured creditor would have received 100 cents in the dollar from realisations of non-circulating assets and assets subject to their securities.

Employees would not have received a dividend, however, any shortfall would be met from FEG.

Unsecured creditors would not have received a dividend under the closure scenario.

7.4.3 Estimated Realisations in Sale Scenario

The sale scenario above shows the key areas of benefit that improved creditors' overall position compared to the immediate closure scenario. The areas of benefit are as follows:

- Greater asset realisations for plant and equipment, which was sold to Petbarn;
- Reduction in the Liquidators' estimated costs as compared to the closure scenario, as the costs to deal with the plant and equipment would have been extensive and carried over from the Administration period to the Liquidation period;
- Reduction in the estimated Agent's costs as the realisation of assets was handled without the assistance of any auction being held; and
- Employee entitlements totalling \$395k were saved through achieving a sale of business and transfer of 23 employees to Petbarn. This reduced the total leave balances owing to employees as well as significantly reducing the redundancy cost that would have arisen under the closure scenario.

In summary, we estimate the secured creditor will receive 100 cents in the dollar under this scenario and priority creditors 19 cents in the dollar from assets realised. Please note we expect most employees to be fully paid with any shortfall met from FEG. This represents a significantly improved outcome for employee creditors.

Unsecured creditors are unlikely to receive a dividend in either of the above scenarios.

7.4.4 Conclusion

In conclusion, on the basis of current information, we estimate that the benefit to all creditors from not immediately closing the business and achieving a successful sale to Petbarn is an improved outcome in excess of c.\$674k compared with the closure scenario.

7.5 Summary of Estimated Dividends

The below table summarises the expected dividends for PBC, ASW and ASDS:

| Cents in the dollar return to creditors | PBC | | ASW | | ASDS | |
|---|---------|----------------|---------|----------------|---------|------------------|
| | Closure | Sale of Assets | Closure | Sale of Assets | Closure | Sale of Business |
| Secured Creditors | 100 | 100 | 100 | 100 | 100 | 100 |
| Employees (Priority Creditors) | 100 | 100 | 92 | 100 | nil | 19 |
| Unsecured Creditors | 30 | 39 | nil | 4 | nil | nil |

We note that as there are no assets in ASC, we have not provided an estimated statement of position and there will be no dividend to any class of creditors in ASC.

8 Deed of Companies Arrangement ("DOCA")

We have not received a proposal for a DOCA as at the date of this report. We do not expect to receive a proposal prior to the second meeting, but should that change creditors will be updated at that meeting.

9 Administrators' Opinion

9.1 Introduction

The following options are available to creditors do decide:

- the Companies execute a Deed of Companies Arrangement; or
- the administration end; or
- the Companies be wound up

Our opinions on each option and our reasons for our opinions are discussed below.

9.2 The Companies execute a DOCA

As we have not received a DOCA proposal, we cannot recommend that it would be in the creditors' interests for the Companies to execute a DOCA.

9.3 The administration should end

Based on our analysis, the Companies are insolvent and unable to pay their debts as and when they fall due. Ending the Administration would not be in the best interests of creditors and would expose the Directors to the possibility of liability for insolvent trading. Accordingly, we cannot recommend that the Administration end and control be returned to the Directors.

9.4 The Companies be wound up

As a DOCA has not been proposed and we cannot recommend that the Administration ends, **we recommend that it is in the best interests of creditors for the Companies to be wound up.**

Should we receive any new information relevant to creditors between issuing this report and the date of the creditors meeting a summary will be made available on our website www.deloitte.com/au/animal-supplies.

10 Other Material Information

We are not aware of any other information that is materially relevant to creditors being able to make an informed decision on the Companies' future.

11 Remuneration

11.1 Overview

Creditors are directed to the Information Sheet – Approving Fees: a guide for Creditors, a copy of which is attached as **Appendix C**.

The Administrators' remuneration is based on the firm's hourly rates which are included in **Appendix D** to this report. Creditor approval for fees will be sought at the second meeting of creditors where a detailed narrative will be submitted together with the fee breakdown of work performed by our staff.

In summary, at the forthcoming second meeting of creditors of the Companies to be held on Friday, 20 May 2016, the Administrators will seek the approval of the following fees and disbursements for the Voluntary Administration period:

| Period of Fee Approval | Actual/Estimate | PBC | ASW | ASDS | ASC | Total |
|--|-----------------|-------------------|-------------------|-------------------|-----------------|-------------------|
| Fees: 14 April 2016 to 6 May 2016 | Actual | 69,406.50 | 99,450.50 | 91,686.50 | 7,552.00 | 268,095.50 |
| Disbursements: 14 April 2016 to 6 May 2016 | Actual | 2,895.25 | 4,148.52 | 3,824.65 | - | 10,868.42 |
| Fees: 7 May 2016 to 20 May 2016 | Estimate/Future | 32,377.50 | 36,026.50 | 32,001.00 | 1,594.50 | 101,999.50 |
| Total (excluding GST) | | 104,679.25 | 139,625.52 | 127,512.15 | 9,146.50 | 380,963.42 |

The remuneration report attached at **Appendix D** details the resolutions to be proposed for approval at the second meeting of creditors, however, the resolutions are also reproduced below.

11.2 PBC

At the second meeting of creditors, we have proposed for creditors to approve the following resolutions regarding the remuneration and disbursements for the Administration of PBC:

- That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$69,406.50 plus GST, and that the Administrators can draw the remuneration as required.*
- That the Administrators' expenses and disbursements incurred for the period 14 April 2016 to 6 May 2016 are fixed at a sum equal to the actual cost incurred by the Administrators and the Administrators' partners and staff, calculated at rates as detailed in the Remuneration Report of 13 May 2016 equalling \$2,895.25 plus GST, and that the Administrators can draw the disbursements and expenses as required.*
- That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$32,377.50 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.*

11.3 ASW

At the second meeting of creditors, we have proposed for creditors to approve the following resolutions regarding the remuneration and disbursements for the Administration of ASW:

- That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$99,450.50 plus GST, and that the Administrators can draw the remuneration as required.*

- b) *That the Administrators' expenses and disbursements incurred for the period 14 April 2016 to 6 May 2016 are fixed at a sum equal to the actual cost incurred by the Administrators and the Administrators' partners and staff, calculated at rates as detailed in the Remuneration Report of 13 May 2016 equalling \$4,148.52 plus GST, and that the Administrators can draw the disbursements and expenses as required.*
- c) *That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$36,026.50 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.*

11.4 ASDS

At the second meeting of creditors, we have proposed for creditors to approve the following resolutions regarding the remuneration and disbursements for the Administration of ASDS:

- a) *That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$91,686.50 plus GST, and that the Administrators can draw the remuneration as required.*
- b) *That the Administrators' expenses and disbursements incurred for the period 14 April 2016 to 6 May 2016 are fixed at a sum equal to the actual cost incurred by the Administrators and the Administrators' partners and staff, calculated at rates as detailed in the Remuneration Report of 13 May 2016 equalling \$3,824.65 plus GST, and that the Administrators can draw the disbursements and expenses as required.*
- c) *That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$32,001.00 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.*

11.5 ASC

At the second meeting of creditors, we have proposed for creditors to approve the following resolutions regarding the remuneration and disbursements for the Administration of ASC:

- a) *That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$7,522.00 plus GST, and that the Administrators can draw the remuneration as required.*

- b) *That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$1,594.50 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.*

11.6 Liquidation

The Administrators will not be seeking Creditor approval for fees at the second meeting of creditors for estimated liquidation fees. Should the Companies be wound up and a Committee of Inspection appointed at the second meeting of creditors, the Liquidators will seek retrospective approval for its fees at future meeting(s) of the Committee of Inspection.

12 Meeting

Pursuant to Section 439A(3) of the Act, we have attached a notice convening the second meeting of creditors to be held on Friday, 20 May 2016 at 3:30PM (AEST) at the following location:

Mantra Parramatta
Gold Room
Cnr Parkes Street & Valentine Avenue
Parramatta NSW 2150

A copy of the Notice of Meeting Form 529 is attached as **Appendix E**.

At this meeting creditors will be asked to resolve whether:

- the Companies execute a Deed of Companies Arrangement; or
- the administration end; or
- the Companies be wound up.

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532 (copy attached as **Appendix G**).

A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with the Administrators prior to the commencement of the meeting. Where a facsimile copy of a proxy is sent, the original must be lodged with the Administrators within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

Please note that a creditor is required to lodge a Proof of Debt or Claim (copy attached as **Appendix F**) to be entitled to vote at the second meeting of creditors. A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with me prior to the commencement of the meeting.

Creditors should provide proxies and proofs of debt to us prior to the meeting by one of the following methods:

| | |
|--------------|---|
| Post | Attention: Andrew Whittingham <i>[Name of the entity you are a creditor of]</i> c/- Deloitte PO Box N250, Grosvenor Place Sydney NSW 1220 |
| Email | anwhittingham@deloitte.com.au |
| Fax | (02) 9322 7001 |

If a creditor wishes to rely upon the Informal Proof of Debt or Claim that they lodged with us at the first meeting of creditors, held on Tuesday, 26 April 2016, they must make reference to that Proof of Debt or Claim when submitting a proxy, or when attending the second meeting of creditors.

We trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the administration in general, please do not hesitate to contact Andrew Whittingham of this office on (02) 8260 4390 or anwhittingham@deloitte.com.au.

Yours faithfully



Vaughan Neil Strawbridge

For and on behalf of
Vaughan Neil Strawbridge and David John Frank Lombe
Joint and Several Voluntary Administrators



Appendix A – Declaration of Independence, Relevant Relationships and Indemnities

Declaration of Independence, Relevant Relationships and Indemnities

Animal Supplies (Wholesale) Pty Ltd ACN 058 258 870
AS Consolidated Pty Limited ACN 167 361 604
Australian Supply and Distribution Solutions Pty Ltd ACN 167 361 775
Pet Brands Connect Pty Ltd ACN 094 221 913
(All Administrators Appointed)
("the Companies")

This document requires the Practitioners 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 ourselves, our partners and Deloitte Touche Tohmatsu (Deloitte).

A. Independence

We, Vaughan Neil Strawbridge and David John Frank Lombe of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as 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

On 12 April 2016, Andrew Sallway of Grant Thornton Australia (GTA) contacted Vaughan Strawbridge of Deloitte advising that GTA had a client that was seeking to appoint an Administrator and enquired whether Deloitte had any conflicts to act. The relevant conflict checks were subsequently conducted and confirmed that Vaughan Neil Strawbridge and David John Frank Lombe of Deloitte did not have any conflicts and were able to take the appointment.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

On 13 April 2016, Andrew Sallway advised Vaughan Strawbridge that there may be additional companies in the group of companies seeking to appoint an Administrator and enquired whether Deloitte had any conflicts to act with regard to the remaining companies in the group. The relevant conflict checks were subsequently conducted and confirmed that Vaughan Neil Strawbridge and David John Frank Lombe of Deloitte did not have any conflicts and were able to take the appointment.

At approximately 9:00am on 14 April 2016 there was a meeting between Andrew Sallway of GTA, and Vaughan Strawbridge and Phil Hollinshead both of Deloitte, where the financial position of the Companies was discussed and Vaughan Strawbridge confirmed that he and David Lombe would provide consents to act as Voluntary Administrators. This was followed by a call with the Directors of the Companies to discuss the potential appointment and arrange a meeting for later that day.

At approximately 1:15pm on 14 April 2016 there was a meeting between the Directors of the Companies, Vaughan Strawbridge and Phil Hollinshead wherein the Directors provided background on the Companies' operations and a high level summary of the events leading to the Companies' financial position. The Directors further indicated that the Companies were or were likely to become insolvent and therefore were seeking to appoint an Administrator.

At this meeting, Vaughan Strawbridge confirmed that he and David Lombe were available to act as Administrators.

In our opinion these discussions and meetings do not affect our independence as the meetings were in the nature of pre-appointment discussions and were limited to introducing ourselves, an explanation of the voluntary administration process and initial discussions on the financial position of the Companies. During these meetings, no advice was provided to the Directors or the Companies and we received no remuneration.

It is our opinion that these meetings do not present a conflict or impediment as we do not consider ourselves to be bound to provide services to the Companies in relation to this matter or in any way obligated to deliver a favourable outcome to any party, nor will the advice provided be subject to review and challenge during the course of the voluntary administration. The Courts and the ARITA's Code of Professional Practice specifically recognise 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.

We have provided no other information or advice to the Companies, the Directors, and their legal advisors prior to our appointment beyond that outlined in this DIRRI.

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

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

| Name | Nature of relationship | Reasons why not an impediment or conflict |
|--|--|---|
| Andrew Sallway, Partner at Grant Thornton Australia (GTA) | Referrer of the appointment | We do not have any referral arrangement with Mr Sallway of GTA. No commissions, inducements or benefits have been obtained by Mr Sallway or GTA in respect to this appointment. There is no arrangement with Mr Sallway or GTA that we will provide any referral work to him. There is no relationship with Mr Sallway or GTA which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment. |
| Australia and New Zealand Banking Group Limited (ANZ) | <p>ANZ holds a registered security interest over substantially the whole of the property of the Companies.</p> <p>We have undertaken a number of formal insolvency and advisory engagements for ANZ in the usual course of business.</p> <p>Deloitte has provided and continues to provide Accounting, Advisory, Assurance, Consulting, Forensic, Risk Services and Tax services to ANZ.</p> | <p>We have never undertaken any work for ANZ in respect of the Companies.</p> <p>We do not consider previous formal insolvency and advisory engagements accepted for ANZ to present a conflict as there is no connection between these engagements and the Companies.</p> <p>The provision of Accounting, Advisory, Assurance, Consulting, Forensic, Risk Services and Tax services to ANZ brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the Companies.</p> <p>We are not paid any commissions, inducements or benefits to undertake any engagements with ANZ and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore there is no relationship with ANZ which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p> |
| GE Commercial Corporation (Australia) Pty Ltd (GE) | GE holds a security interest over substantially the whole of the debtors of Animal Supplies (Wholesale) Pty Ltd (Administrators Appointed) (ASW). | <p>We do not consider previous engagements for GE to present a conflict as there is no arrangement between us that we will give any work arising out of the administration to them.</p> <p>The provision of Advisory and Formal</p> |

| Name | Nature of relationship | Reasons why not an impediment or conflict |
|------|--|---|
| | We have undertaken a number of formal insolvency and advisory engagements for GE and/or GE related entities in the usual course of business. | <p>Insolvency services to GE brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the Companies.</p> <p>We are not paid any commissions, inducements or benefits to undertake any engagements with GE and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore there is no relationship with GE which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p> |

iii. Prior Professional services to the Company

Neither we, nor our firm, have provided any professional services to the Company in the previous 24 months.

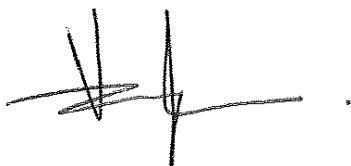
iv. No other relevant relationships to disclose

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

C. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 18 April 2016



Vaughan Neil Strawbridge



David John Frank Lombe

Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act 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 the insolvent's 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 B – Information Sheet – Offences, Recoverable Transactions, etc.

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

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

| Section | Offence |
|---------|--|
| 180 | Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties. |
| 181 | Failure to act in good faith. |
| 182 | Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage. |
| 183 | Making improper use of information acquired by virtue of his position. |
| 184 | Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. |
| 206A | Contravening an order against taking part in management of a corporation. |
| 206A, B | Taking part in management of corporation while being an insolvent under an administration. |
| 206A, B | Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences. |
| 209(3) | Dishonest failure to observe requirements on making loans to directors or related companies. |
| 254T | Paying dividends except out of profits. |
| 286 | Failure to keep proper accounting records. |
| 312 | Obstruction of auditor. |
| 314-7 | Failure to comply with requirements for financial statement preparation. |
| 437C | Performing or exercising a function or power as officer while a company is under administration. |
| 437D(5) | Unauthorised dealing with company's property during administration. |
| 438B(4) | Failure by directors to assist administrator, deliver records and provide information. |
| 438C(5) | Failure to deliver up books and records to administrator. |
| 590 | Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors. |

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

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

Uncommercial Transaction

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

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

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

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

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

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

Voidable charges

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

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

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

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

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

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

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

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

Appendix C – Approving Fees: A Guide for Creditors



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 85

Approving fees: a guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable *fees*, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors* and INFO 74 *Voluntary administration: a guide for creditors*.

Out-of-pocket costs that are commonly reimbursed include:

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

Table 1: Who may approve fees

| | Creditors' committee | Creditors | Court |
|--|----------------------|-------------------|----------------|
| Administrator in a voluntary administration | ✓ ¹ | ✓ | ✓ |
| Administrator of a deed of company arrangement | ✓ ¹ | ✓ | ✓ |
| Creditors' voluntary liquidator | ✓ ¹ | ✓ ⁵ | ✗ ³ |
| Court-appointed liquidator | ✓ ¹ | ✓ ^{4, 5} | ✓ ² |

¹ If there is one.

² If there is no approval by the committee or the creditors.

³ Unless an application is made for a fee review.

⁴ If there is no creditors' committee or the committee fails to approve the fees.

⁵ If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the Corporations Regulations 2001.

Creditors' committee approval

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent the interests of all the creditors, not just their own individual interests.

There is not a creditors' committee in every external administration. A creditors' committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors' committees and how they are formed, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors*, INFO 74 *Voluntary administration: a guide for creditors* and INFO 41 *Insolvency: a glossary of terms*.

Creditors' approval

Creditors approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution is passed if a simple majority of creditors present and voting, in person or by proxy,

indicate that they agree to the resolution. Unlike where acting as committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in *number* and *value* of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a *general* proxy or a *special* proxy. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the external administrator and their staff
- a quoted *fixed fee*, based on an upfront estimate, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

Report on proposed fees

When seeking approval of fees, the external administrator must send committee members/creditors a report with the notice of meeting setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

You may find the following information from the external administrator useful in deciding if the fees claimed are reasonable:

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
 - the period over which the work was, or is likely to be performed
 - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
 - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at www.asic.gov.au/complain, or write to:

ASIC Complaints
PO Box 9149
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by an external administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through infoline@asic.gov.au, or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

To find out more

For an explanation of terms used in this information sheet, see ASIC's information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at www.asic.gov.au/insolvencyinfosheets:

- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*

These are also available from the Insolvency Practitioners Association (IPA) website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Appendix D – Remuneration Report

Remuneration Report – 13 May 2016

Advice to creditors - remuneration

Remuneration Methods

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

Time based / hourly rates

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

Fixed Fee

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

Percentage

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

Contingency

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of this administration we propose that our remuneration be calculated on Time based / hourly rates. This is because:

- We will only be paid for work done, subject to sufficient realisations of the Company's assets.
- It ensures creditors are only charged for work that is performed. Our time is recorded and charged in six minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- We are required to perform a number of tasks which do not relate to the realisation of assets, e.g. responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration.

Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

| Title | Description | Hourly Rate (excl GST) |
|--|---|---------------------------|
| Appointee | Registered liquidator. Brings his or her specialist skills to the administration or insolvency task. | \$ 615.00 |
| Partner | Registered liquidator. Brings his or her specialist skills to the administration or insolvency task. | \$ 615.00 |
| Principal/ Director/ Consultant | Typically CA or CPA qualified with in excess of 8 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right. | \$ 510.00 |
| Manager | Typically CA or CPA qualified with 6 to 8 years experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff. | \$ 440.00 |
| Senior Analyst | Typically completed or near completion of CA or CPA qualifications with 4 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters. | \$ 330.00 |
| Analyst | Typically studying towards CA or CPA qualification with 2 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork. | \$ 220.00 |
| Graduate | Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork. | \$ 115.00 |
| Secretary | Advanced secretarial skills | \$ 170.00 |

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 such as travel, accommodation and search fees - these are recovered at cost.
- 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.

We are not required to seek creditor approval for disbursements, but must account to creditors. Details of the basis of recovering internal disbursements in this Administration are provided below. Full details of any actual costs incurred are provided in Part 6 of this Report.

Basis of disbursement claim

| Internal disbursements | Rate (Excl GST) |
|---|---|
| Advertising | At cost - based on commercial rates charged by ASIC and state and national newspapers |
| Courier | At cost - based on commercial rates charged by major external courier firms |
| Postage | Australia Post rates |
| Photocopying - external | At cost - based on commercial rates as offered by commonly used external providers |
| Search and filing fees | At cost |
| Stationery, printing, photocopying, telephone and faxes | 2.5% of incurred insolvency fees |
| Travel – taxi, train, tolls, parking, mileage | At cost, mileage at \$0.70 per km |

Scale applicable for financial year ending 30 June 2016.

Remuneration Request Approval Report

Part 1: Declaration

We, Vaughan Strawbridge and David Lombe of Deloitte Touche Tohmatsu, have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of Pet Brands Connect Pty Ltd (“PBC”), Animal Supplies (Wholesale) Pty Ltd (“ASW”), Australian Supply and Distribution Solutions Pty Ltd (“ASDS”) and AS Consolidated Pty Ltd (“ASC”) 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 the Administration.

Part 2: Executive Summary

To date, no remuneration has been approved and paid in this Administration. This remuneration report details approval sought for the following fees:

| Period | Report Reference | PBC (ex GST) | ASW (ex GST) | ASDS (ex GST) | ASC (ex GST) |
|--|------------------|---------------------|---------------------|---------------------|-------------------|
| Current remuneration approval sought: | | | | | |
| <i>Voluntary Administration</i> | | | | | |
| Resolution 1, 2, 3 and 4: 14 April 2016 – 6 May 2016 | 3.1 | \$69,406.50 | \$99,450.50 | \$91,686.50 | \$7,552.00 |
| Resolution 5, 6, 7 and 8: 7 May 2016 – 20 May 2016 | 3.2 | \$32,337.50 | \$36,026.50 | \$32,001.00 | \$1,594.50 |
| <i>Total – Voluntary Administration*</i> | | \$101,784.00 | \$135,477.00 | \$123,687.50 | \$9,146.50 |
| * Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the Administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors. | | | | | |

Please refer to report section references detailed in the above table for full details of the calculation and composition of the remuneration approval sought.

Part 3: Description of work completed / to be completed

3.1 Actual work completed – 14 April 2016 to 6 May 2016

Resolution 1 from 14 April 2016 to 6 May 2016 – PBC

| Task Area | General Description | Includes |
|--|------------------------------------|---|
| Assets 60.7 hours \$23,384.50 (Average Hourly Rate \$385.25) | Assets subject to specific charges | <ul style="list-style-type: none"> Investigative field work regarding assets subject to specific charges Consideration of validity of specific charges, including correspondence with solicitors |
| | Debtors | <ul style="list-style-type: none"> Engage and liaise with debt collector Distribute circulars to debtors dated 18 April 2016 and 2 May 2016 Reviewing and assessing debtors ledgers and receipt reports Review and process outstanding credit claims |
| | Stock | <ul style="list-style-type: none"> Conducting stock takes and investigating variance Reviewing stock values Liaising with various interested parties Finalise sale of stock with purchaser |
| | Leasing | <ul style="list-style-type: none"> Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases |
| Creditors 67.5 hours \$19,857.50 (Average Hourly Rate \$294.19) | Creditor Enquiries | <ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone and email Review and prepare circulars to creditors and their representatives via email and post |
| | Retention of Title Claims | <ul style="list-style-type: none"> Search of the PPSR register Correspondence to all creditors identified from PPSR register dated 15 April 2016 Engage and liaise with solicitors regarding retention of title matters Receive initial notification of creditor's intention to claim Provision of retention of title claim form to creditors Receive completed retention of title claim form Maintain retention of title file Meeting claimants on site to identify goods Follow up information requests with creditors Exclude stock subject to PPSR registration from asset sale |
| | Secured creditor reporting | <ul style="list-style-type: none"> Preparing reports to secured creditor Responding to secured creditor's queries |
| | Creditor reports | <ul style="list-style-type: none"> Prepare and review initial circular to Creditors dated 14 April 2016 Prepare and review Circular to Creditors re. sale of assets dated 2 May 2016 Prepare section 439A Report to Creditors |
| | Dealing with proofs of debt | <ul style="list-style-type: none"> Receipting and filing proofs of debt (POD's) when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend |

| Task Area | General Description | Includes |
|---|-----------------------------------|---|
| | Meeting of Creditors | <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Responding to stakeholder queries and questions immediately following meeting |
| Employees 37.5 hours \$9,143.00 (Average Hourly Rate \$243.81) | Employees enquiries | <ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Review and prepare correspondence to employee creditors and their representatives via email and post Maintain employee enquiry register |
| | FEG | <ul style="list-style-type: none"> Correspondence with FEG regarding appointment |
| | Calculation of entitlements | <ul style="list-style-type: none"> Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards |
| | Workers compensation claims | <ul style="list-style-type: none"> Review insurance policies Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements |
| | Other employee issues | <ul style="list-style-type: none"> Correspondence to employees who were made redundant as a consequence of the administration Provide separation certificates to employees (where applicable) Reconciliation and payment of all employee related expenses including wages, payroll tax, superannuation, PAYG Process employee expense reimbursement payments during Administration period Correspondence with Child Support Correspondence with Centrelink Correspondence with the SDA Workers Union |
| Trade On 17.2 hours \$5,410.50 (Average Hourly Rate \$314.56) | Trade On Management | <ul style="list-style-type: none"> Liaising with suppliers Liaising with management and staff Attendance on site Deal with goods in transit at appointment Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Termination of employees employment Liaising with OSR regarding payroll tax |
| | Processing receipts and payments | <ul style="list-style-type: none"> Entering receipts and payments into accounting system |
| | Budgeting and financial reporting | <ul style="list-style-type: none"> Reviewing historical management reports Meetings to discuss trading position |
| | Conducting investigation | <ul style="list-style-type: none"> Collection of company books and records Reviewing company's books and records Review and preparation of company nature and history |

| Task Area | General Description | Includes |
|--|--|---|
| Investigation 8.8 hours \$1,915.00 (Average Hourly Rate \$217.61) | | <ul style="list-style-type: none"> • Conducting and summarising statutory searches • Preparation of comparative financial statements • Preparation of Estimated Statement of Position • Preliminary investigation into related party loans • Liaise with directors regarding related party loans • Preliminary review of specific transactions and liaising with directors regarding certain transactions • Preliminary investigation into the date of insolvency • Preparation of preliminary investigation file |
| Administration 26.4 hours \$9,696.00 (Average Hourly Rate \$367.27) | Document maintenance/file review/checklist | <ul style="list-style-type: none"> • Filing of documents • File reviews • Updating checklists |
| | Insurance | <ul style="list-style-type: none"> • Correspondence with insurer regarding initial and ongoing insurance requirements • Reviewing insurance policies |
| | Bank account administration | <ul style="list-style-type: none"> • Preparing correspondence opening post-appointment accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers |
| | ASIC Forms | <ul style="list-style-type: none"> • Preparing and lodging ASIC Form 505 |
| | ATO and other statutory reporting | <ul style="list-style-type: none"> • Notification of appointment • Receive correspondence regarding GST and PAYG registration • Review company records regarding GST Group |
| | Planning / Review | <ul style="list-style-type: none"> • Discussions regarding status of administration |
| TOTAL 218.1 hours \$69,406.50 (Average Hourly Rate \$318.23) | | |

Resolution 2 from 14 April 2016 to 6 May 2016 – ASW

| Task Area | General Description | Includes |
|---|------------------------------------|--|
| Assets 94.2 hours \$37,564.00 (Average Hourly Rate \$398.77) | Assets subject to specific charges | <ul style="list-style-type: none"> Investigative field work regarding assets subject to specific charges Consideration of validity of specific charges, including correspondence with solicitors |
| | Plant and Equipment | <ul style="list-style-type: none"> Preparation of schedule of assets Liaising with valuers regarding updated asset listing, inspection and valuation |
| | Debtors | <ul style="list-style-type: none"> Engage and liaise with debt collector Distribute circulars to debtors dated 18 April 2016 and 2 May 2016 Reviewing and assessing debtors ledgers and receipt reports Review and process outstanding credit claims Correspondence with GE Capital regarding debtor collections |
| | Stock | <ul style="list-style-type: none"> Conducting stock takes and investigating variances Reviewing stock values Liaising with various interested parties Finalise sale of stock with purchaser |
| | Leasing | <ul style="list-style-type: none"> Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases Liaise with landlord to secure rent free period at Eastern Creek premises Surrender the lease for the Eastern Creek premises on 29 April 2016 |
| Creditors 108.4 hours \$30,270.00 (Average Hourly Rate \$279.24) | Creditor Enquiries | <ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone and email Review and prepare circulars to creditors and their representatives via email and post |
| | Retention of Title Claims | <ul style="list-style-type: none"> Search of the PPSR register Correspondence to all creditors identified from PPSR register dated 15 April 2016 Engage and liaise with solicitors regarding retention of title matters Receive initial notification of creditor's intention to claim Provision of retention of title claim form to creditor Receive completed retention of title claim form Maintain retention of title file Meeting claimants on site to identify goods Follow up information requests with creditors Exclude stock subject to PPSR registration from asset sale |
| | Secured creditor reporting | <ul style="list-style-type: none"> Preparing reports to secured creditors Responding to secured creditor's queries |
| | Creditor reports | <ul style="list-style-type: none"> Prepare and review initial circular to Creditors dated 14 April 2016 Prepare and review Circular to Creditors re. sale of assets dated 2 May 2016 Prepare section 439A Report to Creditors |
| | Dealing with proofs of debt | <ul style="list-style-type: none"> Receipting and filing proofs of debt (POD's) when not |

| Task Area | General Description | Includes |
|---|----------------------------------|--|
| | | <ul style="list-style-type: none"> related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend |
| | Meeting of Creditors | <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Responding to stakeholder queries and questions immediately following meeting |
| Employees 35.1 hours \$7,524.00 (Average Hourly Rate \$214.36) | Employees enquiries | <ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Review and prepare correspondence to employee creditors and their representatives via email and post Maintain employee enquiry register |
| | FEG | <ul style="list-style-type: none"> Correspondence with FEG regarding appointment |
| | Calculation of entitlements | <ul style="list-style-type: none"> Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards |
| | Workers compensation claims | <ul style="list-style-type: none"> Review insurance policies Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements |
| | Other employee issues | <ul style="list-style-type: none"> Correspondence to employees who were made redundant as a consequence of the administration Provide separation certificates to employees (where applicable) Reconciliation and payment of all employee related expenses including wages, payroll tax, superannuation, PAYG Process employee expense reimbursement payments during Administration period Correspondence with Child Support Correspondence with Centrelink Correspondence with the SDA Workers Union |
| Trade On 33.0 hours \$9,057.50 (Average Hourly Rate \$274.47) | Trade On Management | <ul style="list-style-type: none"> Liaising with suppliers Liaising with management and staff Attendance on site Liaise with freight providers to set up Administrator accounts and deal with goods in transit at appointment Liaise with customers regarding ongoing supply during Administration period Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Termination of employees employment Liaising with OSR regarding payroll tax |
| | Processing receipts and payments | <ul style="list-style-type: none"> Entering receipts and payments into accounting system |

| Task Area | General Description | Includes |
|--|--|---|
| | Budgeting and financial reporting | <ul style="list-style-type: none"> • Reviewing historical management reports • Meetings to discuss trading position |
| Investigation 11.6 hours \$2,363.00 (Average Hourly Rate \$203.71) | Conducting investigation | <ul style="list-style-type: none"> • Collection of company books and records • Reviewing company's books and records • Review and preparation of company nature and history • Conducting and summarising statutory searches • Preparation of comparative financial statements • Preparation of Estimated Statement of Position • Preliminary investigation into related party loans • Liaise with directors regarding related party loans • Preliminary review of specific transactions and liaising with directors regarding certain transactions • Preliminary investigation into the date of insolvency • Preparation of preliminary investigation file |
| Administration 38.2 hours \$12,672.00 (Average Hourly Rate \$331.73) | Document maintenance/file review/checklist | <ul style="list-style-type: none"> • Filing of documents • File reviews • Updating checklists |
| | Insurance | <ul style="list-style-type: none"> • Correspondence with insurer regarding initial and ongoing insurance requirements • Reviewing insurance policies |
| | Bank account administration | <ul style="list-style-type: none"> • Preparing correspondence opening post-appointment accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers |
| | ASIC Forms | <ul style="list-style-type: none"> • Preparing and lodging ASIC Form 505 |
| | ATO and other statutory reporting | <ul style="list-style-type: none"> • Notification of appointment • Receive correspondence regarding GST and PAYG registration • Review company records regarding GST Group |
| | Planning / Review | <ul style="list-style-type: none"> • Discussions regarding status of administration |
| TOTAL 320.5 hours \$99,450.50 (Average Hourly Rate \$310.30) | | |

Resolution 3 from 14 April 2016 to 6 May 2016 – ASDS

| Task Area | General Description | Includes |
|--|-------------------------------------|---|
| Assets 57.7 hours \$28,608.50 (Average Hourly Rate \$595.81) | Sale of Business as a Going Concern | <ul style="list-style-type: none"> Review of existing draft sale agreement with Petbarn Pty Ltd Discussions with prospective purchaser to progress sale of business matters Negotiate transfer of additional employees with the purchaser Calculation of employee entitlements for employees transferring to the purchaser Liaising with lawyers regarding preparation of various legal documents including sale of business agreements Liaising with landlord of Eastern Creek premises regarding the sale of business Liaising with secured creditors regarding the sale of business Finalising sale of business transaction matters with the Purchaser pursuant to the terms of the contract of sale |
| | Plant and Equipment | <ul style="list-style-type: none"> Preparation of schedule of assets Liaising with valuers regarding updated asset listing, inspection and valuation |
| | Assets subject to specific charges | <ul style="list-style-type: none"> All tasks associated with realising a charged asset Investigative field work regarding assets subject to specific charges |
| | Debtors | <ul style="list-style-type: none"> Reviewing and assessing debtors ledgers Review receipt reports |
| | Leasing | <ul style="list-style-type: none"> Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases |
| Creditors 58.2 hours \$16,177.00 (Average Hourly Rate \$277.96) | Creditor Enquiries | <ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post |
| | Retention of Title Claims | <ul style="list-style-type: none"> Search of the PPSR register Correspondence to all creditors identified from PPSR register dated 15 April 2016 |
| | Secured creditor reporting | <ul style="list-style-type: none"> Preparing reports to secured creditor Responding to secured creditor's queries |
| | Creditor reports | <ul style="list-style-type: none"> Prepare and review initial circular to Creditors dated 14 April 2016 Prepare and review Circular to Creditors re. sale of assets dated 2 May 2016 Prepare section 439A Report to Creditors |
| | Dealing with proofs of debt | <ul style="list-style-type: none"> Receipting and filing proofs of debt (POD's) when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend |
| | Meeting of Creditors | <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of |

| Task Area | General Description | Includes |
|--|-----------------------------------|---|
| | | <ul style="list-style-type: none"> meeting Responding to stakeholder queries and questions immediately following meeting |
| Employees 58.4 hours \$15,865.50 (Average Hourly Rate \$271.67) | Employees enquiries | <ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Review and prepare correspondence to employee creditors and their representatives via email and post Maintain employee enquiry register Receive and follow up enquiries from employees made redundant prior to our appointment via telephone and email regarding their position in the administration |
| | FEG | <ul style="list-style-type: none"> Correspondence with FEG regarding appointment |
| | Calculation of entitlements | <ul style="list-style-type: none"> Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards |
| | Workers compensation claims | <ul style="list-style-type: none"> Review insurance policies Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements |
| | Other employee issues | <ul style="list-style-type: none"> Correspondence to employees who were made redundant as a consequence of the administration Provide separation certificates to employees (where applicable) Reconciliation and payment of all employee related expenses including wages, payroll tax, superannuation, PAYG Process employee expense reimbursement payments during Administration period Correspondence with Child Support Correspondence with Centrelink Correspondence with the SDA Workers Union |
| Trade On 36.3 hours \$15,208.50 (Average Hourly Rate \$418.97) | Trade On Management | <ul style="list-style-type: none"> Liaising with suppliers Liaising with management and staff Attendance on site Liaise with pallet hire companies to set up Administrator accounts and conduct stocktake Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Termination of employees employment Liaising with OSR regarding payroll tax |
| | Processing receipts and payments | <ul style="list-style-type: none"> Entering receipts and payments into accounting system |
| | Budgeting and financial reporting | <ul style="list-style-type: none"> Reviewing historical management reports Meetings to discuss trading position |
| Investigation 9.7 hours \$2,102.50 (Average Hourly Rate \$216.75) | Conducting investigation | <ul style="list-style-type: none"> Collection of company books and records Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of Estimated Statement of Position |

| Task Area | General Description | Includes |
|---|--|---|
| | | <ul style="list-style-type: none"> • Preliminary investigation into related party loans • Liaise with directors regarding related party loans • Preliminary review of specific transactions and liaising with directors regarding certain transactions • Preliminary investigation into the date of insolvency • Preparation of preliminary investigation file |
| Administration 36.3 hours \$12,959.50 (Average Hourly Rate \$357.01) | Document maintenance/file review/checklist | <ul style="list-style-type: none"> • Filing of documents • File reviews • Updating checklists |
| | Insurance | <ul style="list-style-type: none"> • Arrange for WHS report to be conducted on appointment • Correspondence with insurer regarding initial and ongoing insurance requirements • Reviewing insurance policies • Correspondence with previous brokers |
| | Bank account administration | <ul style="list-style-type: none"> • Preparing correspondence opening post-appointment accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers |
| | ASIC Forms | <ul style="list-style-type: none"> • Preparing and lodging ASIC Form 505 |
| | ATO and other statutory reporting | <ul style="list-style-type: none"> • Notification of appointment • Receive correspondence regarding GST and PAYG registration • Review company records regarding GST Group |
| | Planning / Review | <ul style="list-style-type: none"> • Discussions regarding status of administration |
| TOTAL 258.1 hours \$91,686.50 (Average Hourly Rate \$355.24) | | |

Resolution 4 from 14 April 2016 to 6 May 2016 - ASC

| Task Area | General Description | Includes |
|--|--|--|
| Creditors 11.5 hours \$3,094.50 (Average Hourly Rate \$269.09) | Creditor Enquiries | <ul style="list-style-type: none"> Review and prepare correspondence to |
| | PPSR Creditors | <ul style="list-style-type: none"> Search of the PPSR register |
| | Secured creditor reporting | <ul style="list-style-type: none"> Responding to secured creditor's queries |
| | Creditor reports | <ul style="list-style-type: none"> Prepare section 439A Report to Creditors |
| | Meeting of Creditors | <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting |
| Investigation 1.1 hours \$231.50 (Average Hourly Rate \$210.45) | Conducting investigation | <ul style="list-style-type: none"> Review and preparation of company nature and history Conducting and summarising statutory searches Preliminary investigation into ATO claim, GST grouping and payment plans |
| Administration 14.2 hours \$4,226.00 (Average Hourly Rate \$298.61) | Document maintenance/file review/checklist | <ul style="list-style-type: none"> Filing of documents File reviews Updating checklists |
| | Bank account administration | <ul style="list-style-type: none"> Preparing correspondence opening post-appointment account |
| | ASIC Forms | <ul style="list-style-type: none"> Preparing and lodging ASIC Form 505 |
| | ATO and other statutory reporting | <ul style="list-style-type: none"> Notification of appointment Receive correspondence regarding GST registration Review company records regarding GST Group |
| | Planning / Review | <ul style="list-style-type: none"> Discussions regarding status of administration |
| TOTAL 26.8 hours \$7,552.00 (Average Hourly Rate \$281.79) | | |

3.2 Description of work to be completed for the Administration – 7 May 2016 to 20 May 2016

Resolution 5 from 7 May 2016 to 20 May 2016 – PBC

| Task Area | General Description | Includes |
|--|------------------------------------|---|
| Assets 10.8 hours \$4,692.00 (Average Hourly Rate \$434.44) | Assets subject to specific charges | <ul style="list-style-type: none"> All tasks associated with realising a charged asset |
| | Sale of Intellectual Property | <ul style="list-style-type: none"> Ongoing negotiations with interested parties Review of trademarks and registrations Finalise sale agreement |
| | Debtors | <ul style="list-style-type: none"> Liaise with debt collector Reviewing and assessing debtors ledgers and receipt reports |
| | Stock | <ul style="list-style-type: none"> Deal with stock excluded from asset sale |
| Creditors 55.8 hours \$16,349.50 (Average Hourly Rate \$293.00) | Creditor Enquiries | <ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post |
| | Retention of Title Claims | <ul style="list-style-type: none"> Maintain retention of title file Discussions with lawyers regarding the validity of various claims Follow up information requests with creditors Adjudicate retention of title claim Forward correspondence to claimant notifying outcome of adjudication Arrange collection of goods by creditors with a perfected registration |
| | Secured creditor reporting | <ul style="list-style-type: none"> Responding to secured creditor's queries |
| | Creditor reports | <ul style="list-style-type: none"> Finalise and distribute section 439A Report to Creditors to all known creditors |
| | Dealing with proofs of debt | <ul style="list-style-type: none"> Receipting and filing proofs of debt (POD's) when not related to a dividend |
| | Meeting of Creditors | <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements for the Second Meeting of Creditors Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Responding to stakeholder queries and questions immediately following meeting |
| Employees 15.5 hours \$2,595.00 (Average Hourly Rate \$167.42) | Employees enquiries | <ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Review and prepare correspondence to employee creditors and their representatives via email and post Maintain employee enquiry register |
| | Calculation of entitlements | <ul style="list-style-type: none"> Liaising with payroll staff and HR Manager regarding employee details, documentation and calculation of entitlements Reviewing employee files and company's books and records Reviewing awards Calculate employee entitlements Preparation and distribution of correspondence with |

| Task Area | General Description | Includes |
|--|--|--|
| | | <ul style="list-style-type: none"> employees regarding entitlements position Reconciling superannuation accounts |
| | Workers compensation claims | <ul style="list-style-type: none"> Review insurance policies Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements |
| | Other employee issues | <ul style="list-style-type: none"> Correspondence with the SDA Workers Union |
| Trade On 2.8 hours \$704.00 (Average Hourly Rate \$251.43) | Trade On Management | <ul style="list-style-type: none"> Liaising with suppliers to finalise Administrator accounts Preparing and authorising payment vouchers |
| | Processing receipts and payments | <ul style="list-style-type: none"> Entering receipts and payments into accounting system |
| | Budgeting and financial reporting | <ul style="list-style-type: none"> Finalise trading position |
| Administration 32.3 hours \$8,037.00 (Average Hourly Rate \$248.82) | Document maintenance/file review/checklist | <ul style="list-style-type: none"> Filing of documents File reviews Updating checklists |
| | Insurance | <ul style="list-style-type: none"> Correspondence with insurer regarding ongoing insurance requirements Reviewing insurance policies |
| | Bank account administration | <ul style="list-style-type: none"> Bank account reconciliations Correspondence with bank regarding specific transfers |
| | ASIC Forms | <ul style="list-style-type: none"> Preparing and lodging ASIC Form 5011 |
| | ATO and other statutory reporting | <ul style="list-style-type: none"> Preparation and lodgement of all necessary reporting, including GST and PAYG |
| | Planning / Review | <ul style="list-style-type: none"> Discussions regarding status of administration |
| TOTAL 117.2 hours \$32,377.50 (Average Hourly Rate \$276.26) | | |

Resolution 6 from 7 May 2016 to 20 May 2016 – ASW

| Task Area | General Description | Includes |
|--|------------------------------------|---|
| Assets 7.8 hours \$3,422.00 (Average Hourly Rate \$438.72) | Assets subject to specific charges | <ul style="list-style-type: none"> All tasks associated with realising a charged asset |
| | Debtors | <ul style="list-style-type: none"> Liaise with debt collector Reviewing and assessing debtors ledgers and receipt reports Correspondence with GE Capital regarding debtor collections |
| | Stock | <ul style="list-style-type: none"> Deal with stock excluded from asset sale |
| | Leasing | <ul style="list-style-type: none"> Liaising with owners/lessors Tasks associated with disclaiming leases Liaise with landlord to finalise outstanding rent during the Administration period |
| Creditors 64.8 hours \$18,639.50 (Average Hourly Rate \$287.65) | Creditor Enquiries | <ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post |
| | Retention of Title Claims | <ul style="list-style-type: none"> Maintain retention of title file Discussions with lawyers regarding the validity of various claims Follow up information requests with creditors Adjudicate retention of title claim Forward correspondence to claimant notifying outcome of adjudication Arrange collection of goods by creditors with a perfected registration |
| | Secured creditor reporting | <ul style="list-style-type: none"> Responding to secured creditor's queries |
| | Creditor reports | <ul style="list-style-type: none"> Finalise and distribute section 439A Report to Creditors to all known creditors |
| | Dealing with proofs of debt | <ul style="list-style-type: none"> Receipting and filing proofs of debt (POD's) when not related to a dividend |
| | Meeting of Creditors | <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements for the Second Meeting of Creditors Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Responding to stakeholder queries and questions immediately following meeting |
| Employees 21.0 hours \$5,015.00 (Average Hourly Rate \$238.81) | Employees enquiries | <ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Review and prepare correspondence to employee creditors and their representatives via email and post Maintain employee enquiry register |
| | Calculation of entitlements | <ul style="list-style-type: none"> Liaising with payroll staff and HR Manager regarding employee details, documentation and calculation of entitlements Reviewing employee files and company's books and records Reviewing awards Calculate employee entitlements |

| Task Area | General Description | Includes |
|--|--|---|
| | | <ul style="list-style-type: none"> Preparation and distribution of correspondence with employees regarding entitlements position Reconciling superannuation accounts |
| | Workers compensation claims | <ul style="list-style-type: none"> Review insurance policies Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements |
| | Other employee issues | <ul style="list-style-type: none"> Reconciliation and payment of all employee related expenses including wages, payroll tax, superannuation, PAYG Correspondence with the SDA Workers Union |
| Trade On 3.6 hours \$913.00 (Average Hourly Rate \$253.61) | Trade On Management | <ul style="list-style-type: none"> Liaising with suppliers to finalise Administrator accounts Liaising with freight providers to finalise Administrators accounts Preparing and authorising payment vouchers |
| | Processing receipts and payments | <ul style="list-style-type: none"> Entering receipts and payments into accounting system |
| | Budgeting and financial reporting | <ul style="list-style-type: none"> Finalise trading position |
| Administration 32.3 hours \$8,037.00 (Average Hourly Rate \$248.82) | Document maintenance/file review/checklist | <ul style="list-style-type: none"> Filing of documents File reviews Updating checklists |
| | Insurance | <ul style="list-style-type: none"> Correspondence with insurer regarding ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers |
| | Bank account administration | <ul style="list-style-type: none"> Bank account reconciliations Correspondence with bank regarding specific transfers |
| | ASIC Forms | <ul style="list-style-type: none"> Preparing and lodging ASIC Form 5011 |
| | ATO and other statutory reporting | <ul style="list-style-type: none"> Preparation and lodgement of all necessary reporting, including GST and PAYG |
| | Planning / Review | <ul style="list-style-type: none"> Discussions regarding status of administration |
| TOTAL 129.5 hours \$36,026.50 (Average Hourly Rate \$278.20) | | |

Resolution 7 from 7 May 2016 to 20 May 2016 – ASDS

| Task Area | General Description | Includes |
|--|------------------------------------|---|
| Assets 6.3 hours \$2,441.00 (Average Hourly Rate \$387.46) | Assets subject to specific charges | <ul style="list-style-type: none"> All tasks associated with realising a charged asset |
| | Debtors | <ul style="list-style-type: none"> Reviewing and assessing debtors ledgers Review receipt reports |
| | Leasing | <ul style="list-style-type: none"> Liaising with owners/lessors Tasks associated with disclaiming leases |
| Creditors 49.7 hours \$14,843.00 (Average Hourly Rate \$298.65) | Creditor Enquiries | <ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post |
| | Retention of Title Claims | <ul style="list-style-type: none"> Maintain retention of title file |
| | Secured creditor reporting | <ul style="list-style-type: none"> Responding to secured creditor's queries |
| | Creditor reports | <ul style="list-style-type: none"> Finalise and distribute section 439A Report to Creditors to all known creditors |
| | Dealing with proofs of debt | <ul style="list-style-type: none"> Receipting and filing proofs of debt (POD's) when not related to a dividend |
| | Meeting of Creditors | <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements for the Second Meeting of Creditors Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Responding to stakeholder queries and questions immediately following meeting |
| Employees 27.0 hours \$6,680.00 (Average Hourly Rate \$247.41) | Employees enquiries | <ul style="list-style-type: none"> Receive and follow up employee enquiries via telephone Review and prepare correspondence to employee creditors and their representatives via email and post Maintain employee enquiry register Receive and follow up enquiries from employees made redundant prior to our appointment via telephone and email regarding their position in the administration |
| | Calculation of entitlements | <ul style="list-style-type: none"> Liaising with payroll staff and HR Manager regarding employee details, documentation and calculation of entitlements Reviewing employee files and company's books and records Reviewing awards Calculate employee entitlements Preparation and distribution of correspondence with employees regarding entitlements position Reconciling superannuation accounts |
| | Workers compensation claims | <ul style="list-style-type: none"> Review insurance policies Correspondence with insurer regarding initial and ongoing workers compensation insurance requirements |
| | Other employee issues | <ul style="list-style-type: none"> Reconciliation and payment of all employee related expenses including wages, payroll tax, superannuation, PAYG Correspondence with the SDA Workers Union |

| Task Area | General Description | Includes |
|--|--|---|
| Trade On 2.3 hours \$561.00 (Average Hourly Rate \$243.91) | Trade On Management | <ul style="list-style-type: none"> • Liaising with suppliers to finalise Administrator accounts • Liaising with pallet hire companies to finalise Administrators accounts • Preparing and authorising payment vouchers |
| | Processing receipts and payments | <ul style="list-style-type: none"> • Entering receipts and payments into accounting system |
| | Budgeting and financial reporting | <ul style="list-style-type: none"> • Finalise trading position |
| Administration 30.8 hours \$7,476.00 (Average Hourly Rate \$242.73) | Document maintenance/file review/checklist | <ul style="list-style-type: none"> • Filing of documents • File reviews • Updating checklists |
| | Insurance | <ul style="list-style-type: none"> • Correspondence with insurer regarding ongoing insurance requirements • Reviewing insurance policies |
| | Bank account administration | <ul style="list-style-type: none"> • Bank account reconciliations • Correspondence with bank regarding specific transfers |
| | ASIC Forms | <ul style="list-style-type: none"> • Preparing and lodging ASIC Form 5011 |
| | ATO and other statutory reporting | <ul style="list-style-type: none"> • Preparation and lodgement of all necessary reporting, including GST and PAYG |
| | Planning / Review | <ul style="list-style-type: none"> • Discussions regarding status of administration |
| TOTAL 116.1 hours \$32,001.00 (Average Hourly Rate \$275.63) | | |

Resolution 8 from 7 May 2016 to 20 May 2016 – ASC

| Task Area | General Description | Includes |
|---|--|--|
| Creditors 2.3 hours \$703.50 (Average Hourly Rate \$305.87) | Secured creditor reporting | <ul style="list-style-type: none"> Responding to secured creditor's queries |
| | Creditor reports | <ul style="list-style-type: none"> Finalise and distribute section 439A Report to Creditors |
| | Meeting of Creditors | <ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting |
| Administration 3.3 hours \$891.00 (Average Hourly Rate \$270.00) | Document maintenance/file review/checklist | <ul style="list-style-type: none"> Filing of documents File reviews Updating checklists |
| | ASIC Forms | <ul style="list-style-type: none"> Preparing and lodging ASIC Form 5011 |
| | ATO and other statutory reporting | <ul style="list-style-type: none"> Preparation and lodgement of all necessary reporting, including GST |
| | Planning / Review | <ul style="list-style-type: none"> Discussions regarding status of administration |
| TOTAL 5.6 hours \$1,594.50 (Average Hourly Rate \$284.73) | | |

Part 4: Calculation of Remuneration

4.1 Resolution 1, 2, 3 and 4 – Calculation of Current Remuneration from 14 April 2016 to 6 May 2016

See *Attachment A*

4.2 Resolution 5, 6, 7 and 8 – Calculation of Future Remuneration from 7 May 2016 to 20 May 2016

See *Attachment B*

Part 5: Statement of remuneration claim

5.1.1: Statement of remuneration claim – Current remuneration for PBC from 14 April 2016 to 6 May 2016 (inclusive)

The following resolution in relation to the Administrators' current remuneration will be proposed to the creditors of PBC:

“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$69,406.50 plus GST, and that the Administrators can draw the remuneration as required.”

5.1.2: Statement of remuneration claim – Current remuneration for ASW from 14 April 2016 to 6 May 2016 (inclusive)

The following resolution in relation to the Administrators' current remuneration will be proposed to the creditors of ASW:

“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$99,450.50 plus GST, and that the Administrators can draw the remuneration as required.”

5.1.3: Statement of remuneration claim – Current remuneration for ASDS from 14 April 2016 to 6 May 2016 (inclusive)

The following resolution in relation to the Administrators' current remuneration will be proposed to the creditors of ASDS:

“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$91,686.50 plus GST, and that the Administrators can draw the remuneration as required.”

5.1.4: Statement of remuneration claim – Current remuneration for ASC from 14 April 2016 to 6 May 2016 (inclusive)

The following resolution in relation to the Administrators' current remuneration will be proposed to the creditors of ASC:

“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$7,552.00 plus GST, and that the Administrators can draw the remuneration as required.”

5.2.1: Statement of remuneration claim – Prospective remuneration for PBC from 7 May 2016 to 20 May 2016 (inclusive)

The following resolution in relation to the Administrators' prospective remuneration will be proposed to the creditors of PBC:

“That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$32,337.50 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”

5.2.2: Statement of remuneration claim – Prospective remuneration for ASW from 7 May 2016 to 20 May 2016 (inclusive)

The following resolution in relation to the Administrators' prospective remuneration will be proposed to the creditors of ASW:

“That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$36,026.50 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”

5.2.3: Statement of remuneration claim – Prospective remuneration for ASDS from 7 May 2016 to 20 May 2016 (inclusive)

The following resolution in relation to the Administrators' prospective remuneration will be proposed to the creditors of ASDS:

“That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$32,001.00 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”

5.2.4: Statement of remuneration claim – Prospective remuneration for ASC from 7 May 2016 to 20 May 2016 (inclusive)

The following resolution in relation to the Administrators' prospective remuneration will be proposed to the creditors of ASC:

“That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$1,594.50 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”

Part 6: 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 such as travel, accommodation and search fees - these are recovered at cost.
- 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.

We have undertaken a proper assessment of disbursements claimed for the Companies, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

The following disbursements have been incurred by the Administrators for the period from 14 April 2016 to 6 May 2016. Where amounts have been paid by our firm for externally provided services and costs, that is in reimbursement of a cost previously paid by my firm either due to a lack of funds in the Administration at the time the payment was due or the direct invoicing of my firm by the supplier.

| Disbursements | Basis | PBC (ex GST) | ASW (ex GST) | ASDS (ex GST) | ASC (ex GST) |
|---|-----------------------------------|-------------------|-------------------|-------------------|-----------------|
| General Expenses | At cost | 32.78 | 46.96 | 43.30 | - |
| Search and Filing Fees | At cost | 36.57 | 52.40 | 48.31 | - |
| Stationery, printing, photocopying, telephone and faxes | 2.5% of incurred insolvency fees | 1,735.16 | 2,486.26 | 2,292.16 | - |
| Travel- Taxi/train/tolls/parking/mileage | At cost, mileage at \$0.70 per km | 1,090.74 | 1,562.89 | 1,440.88 | - |
| Total | | \$2,895.25 | \$4,148.52 | \$3,824.65 | - |

The following resolution in relation to the Administrators' disbursements and expenses will be proposed to the creditors of PBC:

"That the Administrators' expenses and disbursements incurred for the period 14 April 2016 to 6 May 2016 are fixed at a sum equal to the actual cost incurred by the Administrators and the Administrators' partners and staff, calculated at rates as detailed in the Remuneration Report of 13 May 2016 of \$2,895.25 plus GST, and that the Administrators can draw the disbursements as required."

The following resolution in relation to the Administrators' disbursements and expenses will be proposed to the creditors of ASW:

"That the Administrators' expenses and disbursements incurred for the period 14 April 2016 to 6 May 2016 are fixed at a sum equal to the actual cost incurred by the Administrators and the Administrators' partners and staff, calculated at rates as detailed in the Remuneration Report of 13 May 2016 of \$4,148.52 plus GST, and that the Administrators can draw the disbursements as required."

The following resolution in relation to the Administrators' disbursements and expenses will be proposed to the creditors of ASDS:

““That the Administrators' expenses and disbursements incurred for the period 14 April 2016 to 6 May 2016 are fixed at a sum equal to the actual cost incurred by the Administrators and the Administrators' partners and staff, calculated at rates as detailed in the Remuneration Report of 13 May 2016 of \$3,824.65 plus GST, and that the Administrators can draw the disbursements as required.”

Future disbursements provided by our firm will be charged to the Administration on the following basis:

| Internal disbursements | Rate (Excl GST) |
|---|---|
| Advertising | At cost - based on commercial rates charged by ASIC and state and national newspapers |
| Courier | At cost - based on commercial rates charged by major external courier firms |
| Postage | Australia Post rates |
| Photocopying - external | At cost - based on commercial rates as offered by commonly used external providers |
| Search and filing fees | At cost |
| Stationery, printing, photocopying, telephone and faxes | 2.5% of incurred insolvency fees |
| Travel – taxi, train, tolls, parking, mileage | At cost, mileage at \$0.70 per km |

Scale applicable for financial year ending 30 June 2016.

Part 7: Summary of Receipts and Payments

Please refer to Appendix I of the Report to Creditors dated 13 May 2016 for a summary of the receipts and payments for the period 14 April 2016 to 6 May 2016.

Part 8: Queries

Should you have any queries regarding this remuneration report, please contact Andrew Whittingham on telephone (02) 8260 4390 or by email on anwhittingham@deloitte.com.au.

Part 9: Information Sheet

Please refer to Appendix C of the Report to Creditors dated 13 May 2016 for ASIC Information Sheet 85 *Approving fees: a guide to creditors*

Pet Brands Connect Pty Ltd
(Administrators Appointed)
ACN 094 221 913
Actual Remuneration 14 April 2016 to 6 May 2016

Attachment A

| Employee | Position | Total actual hours | Engagement Rates \$/hour (excl. GST) | Total (\$) | Task Area | | | | | | | | | | | |
|------------------------------|----------------|--------------------|--------------------------------------|------------------|-------------|------------------|-------------|------------------|-------------|-----------------|-------------|-----------------|----------------|-----------------|----------------|-----------------|
| | | | | | Assets | | Creditors | | Employees | | Trade On | | Investigations | | Administration | |
| | | | | | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) |
| Strawbridge, Vaughan | Partner | 8.6 | 615.00 | 5,289.00 | 3.5 | 2,152.50 | 2.9 | 1,783.50 | - | - | 1.5 | 922.50 | - | - | 0.7 | 430.50 |
| Hollinshead, Phil | Director | 25.8 | 510.00 | 13,158.00 | 13.7 | 6,987.00 | 3.4 | 1,734.00 | 5.4 | 2,754.00 | - | - | - | - | 3.3 | 1,683.00 |
| Bennett, Paul | Manager | 25.2 | 440.00 | 11,088.00 | 4.4 | 1,936.00 | 4.0 | 1,760.00 | 8.3 | 3,652.00 | 1.4 | 616.00 | - | - | 7.1 | 3,124.00 |
| George, Tanya | Manager | 3.3 | 440.00 | 1,452.00 | - | - | - | - | - | - | 3.3 | 1,452.00 | - | - | - | - |
| Clark, Carol | Senior Analyst | 0.9 | 330.00 | 297.00 | - | - | - | - | - | - | - | - | - | - | 0.9 | 297.00 |
| Hayson, Dominic | Senior Analyst | 51.4 | 330.00 | 16,962.00 | 33.7 | 11,121.00 | 17.7 | 5,841.00 | - | - | - | - | - | - | - | - |
| Makvana, Bharat | Senior Analyst | 1.5 | 330.00 | 495.00 | - | - | - | - | - | - | - | - | - | - | 1.5 | 495.00 |
| McEwen, Julia | Senior Analyst | 2.4 | 330.00 | 792.00 | - | - | 0.6 | 198.00 | - | - | - | - | - | - | 1.8 | 594.00 |
| Simos, George | Senior Analyst | 0.8 | 330.00 | 264.00 | - | - | 0.8 | 264.00 | - | - | - | - | - | - | - | - |
| Spowart, Naty | Senior Analyst | 6.4 | 330.00 | 2,112.00 | - | - | - | - | - | - | - | - | - | - | 6.4 | 2,112.00 |
| Henderson, Emma | Analyst | 21.7 | 220.00 | 4,774.00 | 3.2 | 704.00 | 8.6 | 1,892.00 | - | - | 8.9 | 1,958.00 | - | - | 1.0 | 220.00 |
| Rodrigues, Dale | Analyst | 3.4 | 220.00 | 748.00 | - | - | 1.1 | 242.00 | - | - | - | - | - | - | 2.3 | 506.00 |
| Whittingham, Andrew | Analyst | 41.0 | 220.00 | 9,020.00 | 2.2 | 484.00 | 27.4 | 6,028.00 | - | - | 2.1 | 462.00 | 8.6 | 1,892.00 | 0.7 | 154.00 |
| Au, Lyn | Graduate | 1.9 | 115.00 | 218.50 | - | - | 1.0 | 115.00 | - | - | - | - | 0.2 | 23.00 | 0.7 | 80.50 |
| Thay, Kevin | Graduate | 23.8 | 115.00 | 2,737.00 | - | - | - | - | 23.8 | 2,737.00 | - | - | - | - | - | - |
| TOTAL | | 218.1 | | 69,406.50 | 60.7 | 23,384.50 | 67.5 | 19,857.50 | 37.5 | 9,143.00 | 17.2 | 5,410.50 | 8.8 | 1,915.00 | 26.4 | 9,696.00 |
| GST | | | | 6,940.65 | | | | | | | | | | | | |
| TOTAL (including GST) | | | | 76,347.15 | | | | | | | | | | | | |
| Average hourly rate | | | | <i>318.23</i> | | <i>385.25</i> | | <i>294.19</i> | | <i>243.81</i> | | <i>314.56</i> | | <i>217.61</i> | | <i>367.27</i> |

Animal Supplies (Wholesale) Pty Ltd
(Administrators Appointed)
ACN 058 258 870
Actual Remuneration 14 April 2016 to 6 May 2016

Attachment A

| Employee | Position | Total actual hours | Engagement Rates \$/hour (excl. GST) | Total (\$) | Task Area | | | | | | | | | | | |
|------------------------------|----------------|--------------------|--------------------------------------|-------------------|-------------|------------------|--------------|------------------|-------------|-----------------|-------------|-----------------|----------------|-----------------|----------------|------------------|
| | | | | | Assets | | Creditors | | Employees | | Trade On | | Investigations | | Administration | |
| | | | | | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) |
| Strawbridge, Vaughan | Partner | 15.1 | 615.00 | 9,286.50 | 10.2 | 6,273.00 | 2.3 | 1,414.50 | - | - | 1.9 | 1,168.50 | - | - | 0.7 | 430.50 |
| Hollinshead, Phil | Director | 34.6 | 510.00 | 17,646.00 | 24.3 | 12,393.00 | 4.4 | 2,244.00 | 2.0 | 1,020.00 | 0.5 | 255.00 | - | - | 3.4 | 1,734.00 |
| Bennett, Paul | Manager | 28.3 | 440.00 | 12,452.00 | 3.5 | 1,540.00 | 5.8 | 2,552.00 | 8.3 | 3,652.00 | 1.6 | 704.00 | - | - | 9.1 | 4,004.00 |
| George, Tanya | Manager | 2.5 | 440.00 | 1,100.00 | - | - | - | - | - | - | 2.5 | 1,100.00 | - | - | - | - |
| Clark, Carol | Senior Analyst | 2.3 | 330.00 | 759.00 | - | - | - | - | - | - | - | - | - | - | 2.3 | 759.00 |
| Hayson, Dominic | Senior Analyst | 75.6 | 330.00 | 24,948.00 | 45.4 | 14,982.00 | 30.2 | 9,966.00 | - | - | - | - | - | - | - | - |
| Makvana, Bharat | Senior Analyst | 1.5 | 330.00 | 495.00 | - | - | - | - | - | - | - | - | - | - | 1.5 | 495.00 |
| McEwen, Julia | Senior Analyst | 2.3 | 330.00 | 759.00 | - | - | 0.6 | 198.00 | - | - | - | - | - | - | 1.7 | 561.00 |
| Simos, George | Senior Analyst | 0.8 | 330.00 | 264.00 | - | - | 0.8 | 264.00 | - | - | - | - | - | - | - | - |
| Spowart, Naty | Senior Analyst | 8.3 | 330.00 | 2,739.00 | - | - | - | - | - | - | - | - | - | - | 8.3 | 2,739.00 |
| Henderson, Emma | Analyst | 64.1 | 220.00 | 14,102.00 | 7.3 | 1,606.00 | 30.2 | 6,644.00 | - | - | 24.4 | 5,368.00 | - | - | 2.2 | 484.00 |
| Rodrigues, Dale | Analyst | 4.5 | 220.00 | 990.00 | - | - | 1.1 | 242.00 | - | - | - | - | - | - | 3.4 | 748.00 |
| Whittingham, Andrew | Analyst | 44.2 | 220.00 | 9,724.00 | 3.5 | 770.00 | 28.1 | 6,182.00 | - | - | 2.1 | 462.00 | 9.8 | 2,156.00 | 0.7 | 154.00 |
| Au, Lyn | Graduate | 6.3 | 115.00 | 724.50 | - | - | 2.5 | 287.50 | - | - | - | - | 1.8 | 207.00 | 2.0 | 230.00 |
| Thay, Kevin | Graduate | 30.1 | 115.00 | 3,461.50 | - | - | 2.4 | 276.00 | 24.8 | 2,852.00 | - | - | - | - | 2.9 | 333.50 |
| TOTAL | | 320.5 | | 99,450.50 | 94.2 | 37,564.00 | 108.4 | 30,270.00 | 35.1 | 7,524.00 | 33.0 | 9,057.50 | 11.6 | 2,363.00 | 38.2 | 12,672.00 |
| GST | | | | 9,945.05 | | | | | | | | | | | | |
| TOTAL (including GST) | | | | 109,395.55 | | | | | | | | | | | | |
| Average hourly rate | | | | <i>310.30</i> | | <i>398.77</i> | | <i>279.24</i> | | <i>214.36</i> | | <i>274.47</i> | | <i>203.71</i> | | <i>331.73</i> |

Australian Supply and Distribution Solutions Pty Ltd
(Administrators Appointed)
ACN 167 361 775
Actual Remuneration 14 April 2016 to 6 May 2016

Attachment A

| Employee | Position | Total actual hours | Engagement Rates \$/hour (excl. GST) | Total | Task Area | | | | | | | | | | | |
|-----------------------|----------------|--------------------|--------------------------------------|------------|-----------|------------|-----------|------------|-----------|------------|----------|------------|----------------|------------|----------------|------------|
| | | | | | Assets | | Creditors | | Employees | | Trade On | | Investigations | | Administration | |
| | | | | (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) |
| Strawbridge, Vaughan | Partner | 18.8 | 615.00 | 11,562.00 | 10.9 | 6,703.50 | 2.3 | 1,414.50 | - | - | 4.9 | 3,013.50 | - | - | 0.7 | 430.50 |
| Hollinshead, Phil | Director | 69.9 | 510.00 | 35,649.00 | 35.1 | 17,901.00 | 5.3 | 2,703.00 | 8.6 | 4,386.00 | 15.5 | 7,905.00 | - | - | 3.9 | 1,989.00 |
| Bennett, Paul | Manager | 39.3 | 440.00 | 17,292.00 | 6.1 | 2,684.00 | 4.2 | 1,848.00 | 17.7 | 7,788.00 | 1.4 | 616.00 | - | - | 9.9 | 4,356.00 |
| George, Tanya | Manager | 2.2 | 440.00 | 968.00 | - | - | - | - | - | - | 2.2 | 968.00 | - | - | - | - |
| Tran, Jennie | Manager | 0.4 | 440.00 | 176.00 | 0.4 | 176.00 | - | - | - | - | - | - | - | - | - | - |
| Clark, Carol | Senior Analyst | 0.4 | 330.00 | 132.00 | - | - | - | - | - | - | - | - | - | - | 0.4 | 132.00 |
| Hayson, Dominic | Senior Analyst | 0.5 | 330.00 | 165.00 | - | - | 0.5 | 165.00 | - | - | - | - | - | - | - | - |
| Makvana, Bharat | Senior Analyst | 1.5 | 330.00 | 495.00 | - | - | - | - | - | - | - | - | - | - | 1.5 | 495.00 |
| McEwen, Julia | Senior Analyst | 5.7 | 330.00 | 1,881.00 | - | - | 1.5 | 495.00 | - | - | - | - | - | - | 4.2 | 1,386.00 |
| Simos, George | Senior Analyst | 0.8 | 330.00 | 264.00 | - | - | 0.8 | 264.00 | - | - | - | - | - | - | - | - |
| Spowart, Naty | Senior Analyst | 9.0 | 330.00 | 2,970.00 | - | - | - | - | - | - | - | - | - | - | 9.0 | 2,970.00 |
| Henderson, Emma | Analyst | 26.5 | 220.00 | 5,830.00 | 4.0 | 880.00 | 11.2 | 2,464.00 | - | - | 10.2 | 2,244.00 | - | - | 1.1 | 242.00 |
| Rodrigues, Dale | Analyst | 3.4 | 220.00 | 748.00 | - | - | 1.1 | 242.00 | - | - | - | - | - | - | 2.3 | 506.00 |
| Whittingham, Andrew | Analyst | 41.8 | 220.00 | 9,196.00 | 1.2 | 264.00 | 28.4 | 6,248.00 | - | - | 2.1 | 462.00 | 9.4 | 2,068.00 | 0.7 | 154.00 |
| Au, Lyn | Graduate | 2.9 | 115.00 | 333.50 | - | - | 1.0 | 115.00 | - | - | - | - | 0.3 | 34.50 | 1.6 | 184.00 |
| Thay, Kevin | Graduate | 35.0 | 115.00 | 4,025.00 | - | - | 1.9 | 218.50 | 32.1 | 3,691.50 | - | - | - | - | 1.0 | 115.00 |
| TOTAL | | 258.1 | | 91,686.50 | 57.7 | 28,608.50 | 58.2 | 16,177.00 | 58.4 | 15,865.50 | 36.3 | 15,208.50 | 9.7 | 2,102.50 | 36.3 | 12,959.50 |
| GST | | | | 9,168.65 | | | | | | | | | | | | |
| TOTAL (including GST) | | | | 100,855.15 | | | | | | | | | | | | |
| Average hourly rate | | | | 355.24 | | 495.81 | | 277.96 | | 271.67 | | 418.97 | | 216.75 | | 357.01 |

AS Consolidated Pty Ltd
(Administrators Appointed)
ACN 167 361 604
Actual Remuneration 14 April 2016 to 6 May 2016

Attachment A

| Employee | Position | Total actual hours | Engagement Rates \$/hour (excl. GST) | Total | Task Area | | | | | | | | | | | |
|-----------------------|----------------|--------------------|--------------------------------------|----------|-----------|-------|------------|----------|------------|-------|------------|-------|----------------|--------|----------------|----------|
| | | | | | Assets | | Creditors | | Employees | | Trade On | | Investigations | | Administration | |
| | | | | | (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours |
| Strawbridge, Vaughan | Partner | 1.2 | 615.00 | 738.00 | - | - | 1.2 | 738.00 | - | - | - | - | - | - | - | - |
| George, Tanya | Manager | 0.7 | 440.00 | 308.00 | - | - | - | - | - | - | - | - | - | - | 0.7 | 308.00 |
| Clark, Carol | Senior Analyst | 0.3 | 330.00 | 99.00 | - | - | - | - | - | - | - | - | - | - | 0.3 | 99.00 |
| Hayson, Dominic | Senior Analyst | 0.5 | 330.00 | 165.00 | - | - | 0.5 | 165.00 | - | - | - | - | - | - | - | - |
| Makvana, Bharat | Senior Analyst | 2.5 | 330.00 | 825.00 | - | - | - | - | - | - | - | - | - | - | 2.5 | 825.00 |
| McEwen, Julia | Senior Analyst | 0.5 | 330.00 | 165.00 | - | - | - | - | - | - | - | - | - | - | 0.5 | 165.00 |
| Simos, George | Senior Analyst | 0.8 | 330.00 | 264.00 | - | - | 0.8 | 264.00 | - | - | - | - | - | - | - | - |
| Spowart, Naty | Senior Analyst | 5.7 | 330.00 | 1,881.00 | - | - | - | - | - | - | - | - | - | - | 5.7 | 1,881.00 |
| Rodrigues, Dale | Analyst | 3.4 | 220.00 | 748.00 | - | - | 1.1 | 242.00 | - | - | - | - | - | - | 2.3 | 506.00 |
| Whittingham, Andrew | Analyst | 10.2 | 220.00 | 2,244.00 | - | - | 7.4 | 1,628.00 | - | - | - | - | 1.0 | 220.00 | 1.8 | 396.00 |
| Au, Lyn | Graduate | 1.0 | 115.00 | 115.00 | - | - | 0.5 | 57.50 | - | - | - | - | 0.1 | 11.50 | 0.4 | 46.00 |
| TOTAL | | 26.8 | | 7,552.00 | - | - | 11.5 | 3,094.50 | - | - | - | - | 1.1 | 231.50 | 14.2 | 4,226.00 |
| GST | | | | 755.20 | | | | | | | | | | | | |
| TOTAL (including GST) | | | | 8,307.20 | | | | | | | | | | | | |
| Average hourly rate | | | | 281.79 | | - | | 269.09 | | - | | - | | 210.45 | | 297.61 |

Pet Brands Connect Pty Ltd
(Administrators Appointed)
ACN 094 221 913
Forecast Remuneration 7 May 2016 to 20 May 2016

Attachment B

| Employee | Position | Total forecast hours | Engagement Rates \$/hour (excl. GST) | Total | Task Area | | | | | | | | | | | |
|-----------------------|----------------|----------------------------|--|-----------|-----------|------------|-----------|------------|-----------|------------|----------|------------|----------------|------------|----------------|------------|
| | | | | | Assets | | Creditors | | Employees | | Trade On | | Investigations | | Administration | |
| | | | | | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) |
| Strawbridge, Vaughan | Partner | 1.8 | 615.00 | 1,107.00 | - | - | 1.8 | 1,107.00 | - | - | - | - | - | - | - | - |
| Hollinshead, Phil | Director | 6.0 | 510.00 | 3,060.00 | 1.5 | 765.00 | 4.5 | 2,295.00 | - | - | - | - | - | - | - | - |
| Bennett, Paul | Manager | 24.5 | 440.00 | 10,780.00 | 7.8 | 3,432.00 | 9.0 | 3,960.00 | 2.5 | 1,100.00 | - | - | - | - | 5.2 | 2,288.00 |
| George, Tanya | Manager | 0.6 | 440.00 | 264.00 | - | - | - | - | - | - | - | - | - | - | 0.6 | 264.00 |
| Clark, Carol | Senior Analyst | 2.8 | 330.00 | 924.00 | - | - | - | - | - | - | 0.8 | 264.00 | - | - | 2.0 | 660.00 |
| Hayson, Dominic | Senior Analyst | 6.5 | 330.00 | 2,145.00 | 1.5 | 495.00 | 5.0 | 1,650.00 | - | - | - | - | - | - | - | - |
| Spowart, Naty | Senior Analyst | 2.5 | 330.00 | 825.00 | - | - | - | - | - | - | - | - | - | - | 2.5 | 825.00 |
| Henderson, Emma | Analyst | 22.0 | 220.00 | 4,840.00 | - | - | 13.0 | 2,860.00 | - | - | 2.0 | 440.00 | - | - | 7.0 | 1,540.00 |
| Whittingham, Andrew | Analyst | 25.0 | 220.00 | 5,500.00 | - | - | 18.0 | 3,960.00 | - | - | - | - | - | - | 7.0 | 1,540.00 |
| Thay, Kevin | Graduate | 25.5 | 115.00 | 2,932.50 | - | - | 4.5 | 517.50 | 13.0 | 1,495.00 | - | - | - | - | 8.0 | 920.00 |
| TOTAL | | 117.2 | | 32,377.50 | 10.8 | 4,692.00 | 55.8 | 16,349.50 | 15.5 | 2,595.00 | 2.8 | 704.00 | - | - | 32.3 | 8,037.00 |
| GST | | | | 3,237.75 | | | | | | | | | | | | |
| TOTAL (including GST) | | | | 35,615.25 | | | | | | | | | | | | |
| Average hourly rate | | | | 276.26 | | 434.44 | | 293.00 | | 167.42 | | 251.43 | | - | | 248.82 |

Animal Supplies (Wholesale) Pty Ltd
(Administrators Appointed)
ACN 058 258 870
Forecast Remuneration 7 May 2016 to 20 May 2016

Attachment B

| Employee | Position | Total forecast hours | Engagement Rates \$/hour (excl. GST) | Total (\$) | Task Area | | | | | | | | | | | |
|-----------------------|----------------|----------------------------|--|---------------|-----------|------------|-----------|------------|-----------|------------|----------|------------|----------------|------------|----------------|------------|
| | | | | | Assets | | Creditors | | Employees | | Trade On | | Investigations | | Administration | |
| | | | | | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) |
| Strawbridge, Vaughan | Partner | 1.8 | 615.00 | 1,107.00 | - | - | 1.8 | 1,107.00 | - | - | - | - | - | - | - | - |
| Hollinshead, Phil | Director | 8.0 | 510.00 | 4,080.00 | 3.0 | 1,530.00 | 5.0 | 2,550.00 | - | - | - | - | - | - | - | - |
| Bennett, Paul | Manager | 25.0 | 440.00 | 11,000.00 | 2.8 | 1,232.00 | 9.0 | 3,960.00 | 8.0 | 3,520.00 | - | - | - | - | 5.2 | 2,288.00 |
| George, Tanya | Manager | 0.6 | 440.00 | 264.00 | - | - | - | - | - | - | - | - | - | - | 0.6 | 264.00 |
| Clark, Carol | Senior Analyst | 3.1 | 330.00 | 1,023.00 | - | - | - | - | - | - | 1.1 | 363.00 | - | - | 2.0 | 660.00 |
| Hayson, Dominic | Senior Analyst | 8.5 | 330.00 | 2,805.00 | 2.0 | 660.00 | 6.5 | 2,145.00 | - | - | - | - | - | - | - | - |
| Spowart, Naty | Senior Analyst | 2.5 | 330.00 | 825.00 | - | - | - | - | - | - | - | - | - | - | 2.5 | 825.00 |
| Henderson, Emma | Analyst | 27.5 | 220.00 | 6,050.00 | - | - | 18.0 | 3,960.00 | - | - | 2.5 | 550.00 | - | - | 7.0 | 1,540.00 |
| Whittingham, Andrew | Analyst | 27.0 | 220.00 | 5,940.00 | - | - | 20.0 | 4,400.00 | - | - | - | - | - | - | 7.0 | 1,540.00 |
| Thay, Kevin | Graduate | 25.5 | 115.00 | 2,932.50 | - | - | 4.5 | 517.50 | 13.0 | 1,495.00 | - | - | - | - | 8.0 | 920.00 |
| TOTAL | | 129.5 | | 36,026.50 | 7.8 | 3,422.00 | 64.8 | 18,639.50 | 21.0 | 5,015.00 | 3.6 | 913.00 | - | - | 32.3 | 8,037.00 |
| GST | | | | 3,602.65 | | | | | | | | | | | | |
| TOTAL (including GST) | | | | 39,629.15 | | | | | | | | | | | | |
| Average hourly rate | | | | 278.20 | | 438.72 | | 287.65 | | 238.81 | | 253.61 | | - | | 248.82 |

Australian Supply and Distribution Solutions Pty Ltd
(Administrators Appointed)
ACN 167 361 775
Forecast Remuneration 7 May 2016 to 20 May 2016

Attachment B

| Employee | Position | Total forecast hours | Engagement Rates \$/hour (excl. GST) | Total | Task Area | | | | | | | | | | | |
|-----------------------|----------------|----------------------------|--|-----------|-----------|----------|------------|-----------|------------|----------|------------|--------|----------------|-------|----------------|----------|
| | | | | | Assets | | Creditors | | Employees | | Trade On | | Investigations | | Administration | |
| | | | | | (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours |
| Strawbridge, Vaughan | Partner | 1.2 | 615.00 | 738.00 | - | - | 1.2 | 738.00 | - | - | - | - | - | - | - | - |
| Hollinshead, Phil | Director | 6.0 | 510.00 | 3,060.00 | 2.5 | 1,275.00 | 3.5 | 1,785.00 | - | - | - | - | - | - | - | - |
| Bennett, Paul | Manager | 26.2 | 440.00 | 11,528.00 | 1.0 | 440.00 | 9.0 | 3,960.00 | 11.0 | 4,840.00 | - | - | - | - | 5.2 | 2,288.00 |
| George, Tanya | Manager | 0.5 | 440.00 | 220.00 | - | - | - | - | - | - | - | - | - | - | 0.5 | 220.00 |
| Clark, Carol | Senior Analyst | 1.3 | 330.00 | 429.00 | - | - | - | - | - | - | 0.5 | 165.00 | - | - | 0.8 | 264.00 |
| Hayson, Dominic | Senior Analyst | 5.0 | 330.00 | 1,650.00 | 1.0 | 330.00 | 4.0 | 1,320.00 | - | - | - | - | - | - | - | - |
| Spowart, Naty | Senior Analyst | 1.8 | 330.00 | 594.00 | - | - | - | - | - | - | - | - | - | - | 1.8 | 594.00 |
| Henderson, Emma | Analyst | 24.6 | 220.00 | 5,412.00 | 1.8 | 396.00 | 14.0 | 3,080.00 | - | - | 1.8 | 396.00 | - | - | 7.0 | 1,540.00 |
| Whittingham, Andrew | Analyst | 25.5 | 220.00 | 5,610.00 | - | - | 18.0 | 3,960.00 | - | - | - | - | - | - | 7.5 | 1,650.00 |
| Thay, Kevin | Graduate | 24.0 | 115.00 | 2,760.00 | - | - | - | - | 16.0 | 1,840.00 | - | - | - | - | 8.0 | 920.00 |
| TOTAL | | 116.1 | | 32,001.00 | 6.3 | 2,441.00 | 49.7 | 14,843.00 | 27.0 | 6,680.00 | 2.3 | 561.00 | - | - | 30.8 | 7,476.00 |
| GST | | | | 3,200.10 | | | | | | | | | | | | |
| TOTAL (including GST) | | | | 35,201.10 | | | | | | | | | | | | |
| Average hourly rate | | | | 275.63 | | 387.46 | | 298.65 | | 247.41 | | 243.91 | | - | | 242.73 |

AS Consolidated Pty Ltd
(Administrators Appointed)
ACN 167 361 604
Forecast Remuneration 7 May 2016 to 20 May 2016

Attachment B

| Employee | Position | Total forecast hours | Engagement Rates \$/hour (excl. GST) | Total | Task Area | | | | | | | | | | | |
|-----------------------|----------------|----------------------------|--|----------|-----------|------------|-----------|------------|-----------|------------|----------|------------|----------------|------------|----------------|------------|
| | | | | | Assets | | Creditors | | Employees | | Trade On | | Investigations | | Administration | |
| | | | | (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) | Hours | Total (\$) |
| Strawbridge, Vaughan | Partner | 0.5 | 615.00 | 307.50 | - | - | 0.5 | 307.50 | - | - | - | - | - | - | - | - |
| George, Tanya | Manager | 0.2 | 440.00 | 88.00 | - | - | - | - | - | - | - | - | - | - | 0.2 | 88.00 |
| Clark, Carol | Senior Analyst | 0.8 | 330.00 | 264.00 | - | - | - | - | - | - | - | - | - | - | 0.8 | 264.00 |
| Spowart, Naty | Senior Analyst | 0.3 | 330.00 | 99.00 | - | - | - | - | - | - | - | - | - | - | 0.3 | 99.00 |
| Whittingham, Andrew | Analyst | 3.8 | 220.00 | 836.00 | - | - | 1.8 | 396.00 | - | - | - | - | - | - | 2.0 | 440.00 |
| TOTAL | | 5.6 | | 1,594.50 | - | - | 2.3 | 703.50 | - | - | - | - | - | - | 3.3 | 891.00 |
| GST | | | | 159.45 | | | | | | | | | | | | |
| TOTAL (including GST) | | | | 1,753.95 | | | | | | | | | | | | |
| Average hourly rate | | | | 284.73 | | - | | 305.87 | | - | | - | | - | | 270.00 |

Appendix E – Notice of Meeting

CORPORATIONS ACT 2001

NOTICE OF MEETING OF CREDITORS

ANIMAL SUPPLIES (WHOLESALE) PTY LTD ACN 058 258 870
AS CONSOLIDATED PTY LIMITED ACN 167 361 604
AUSTRALIAN SUPPLY AND DISTRIBUTION SOLUTIONS PTY LTD ACN 167 361 775
PET BRANDS CONNECT PTY LTD ACN 094 221 913
(ALL ADMINISTRATORS APPOINTED)
("the Companies")

NOTICE is given that a meeting of the creditors of the Companies will be held concurrently at **3:30pm (AEST) on Friday, 20 May 2016** at the following address:

Mantra Parramatta
Gold Room
Cnr Parkes Street & Valentine Avenue
Parramatta NSW 2150

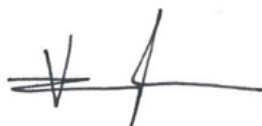
A G E N D A

1. To receive a Statement about the Companies' business, property, affairs and financial circumstances.
2. To receive the report of the Administrators pursuant to Section 439A of the *Corporations Act 2001*.
3. Questions from creditors.
4. For creditors to resolve for each of the Companies:
 - a. that the company execute a Deed of Company Arrangement; or
 - b. that the administration should end; or
 - c. that the company be wound up.
5. To fix the remuneration of the Joint and Several Administrators for each of the Companies.
6. If any of the Companies are to be wound up, to consider appointing a Committee of Inspection.
7. To consider the destruction of the books and records at the conclusion of the winding up.
8. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Joint Administrators **by 4.00pm (AEST) on Thursday, 19 May 2016**. A creditor can only be represented by proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.32 (inclusive) and if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the respective company in accordance with the Corporations Regulations or that claim has been admitted for voting purposes wholly or in part by the Voluntary Administrators.

DATED this 13th day of May 2016



Vaughan Neil Strawbridge

For and on behalf of

Vaughan Strawbridge and David John Frank Lombe
Joint and Several Voluntary Administrators

Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
SYDNEY NSW 2000

Appendix F – Proof of Debt

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

ANIMAL SUPPLIES (WHOLESALE) PTY LTD ACN 058 258 870
AS CONSOLIDATED PTY LIMITED ACN 167 361 604
AUSTRALIAN SUPPLY AND DISTRIBUTION SOLUTIONS PTY LTD ACN 167 361 775
PET BRANDS CONNECT PTY LTD ACN 094 221 913
(ALL ADMINISTRATORS APPOINTED)
("the Companies")

(please tick)

☐
☐
☐
☐

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$..... (including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....

.....

.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....

.....

.....

Other information:

.....

.....

.....
Signature of Creditor
(or person authorised by creditor)

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Joint Administrators; or
- b. he or she has lodged with the Joint Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint Administrators.



Appendix G – Form of Proxy

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETINGPET BRANDS CONNECT PTY LTD ACN 094 221 913
(ADMINISTRATORS APPOINTED)
("the Company")

*I/*We (1)
 of
 a creditor of the above Company, appoint (2)

 or in his or her absence
 as *my/our *general/special proxy to vote at the meeting of creditors to be held at Mantra Parramatta, Cnr Parkes Street
 & Valentine Avenue, Parramatta NSW 2150 on Friday, 20 May 2016 at 3:30PM (AEST), or at any adjournment of that
 meeting. (3)

(i) to vote on all matters arising at the meeting (IF GENERAL PROXY) ☐

OR

(ii) to vote for or against the following resolutions (IF SPECIAL PROXY) ☐

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE
 (Please circle your preferred voting option):

1. To consider and if thought fit, pass one of the following resolutions (choose ONE of a, b or c):

a. "That the Company execute a Deed of Company Arrangement" **OR** **FOR / AGAINST / ABSTAIN**

b. "That the Administration end" **OR** **FOR / AGAINST / ABSTAIN**

c. "That the Company be wound up and Vaughan Strawbridge and David Lombe be appointed Joint and
 Several Liquidators"

FOR / AGAINST / ABSTAIN

**2. To consider and if thought fit, approve the Joint and Several Administrators' current remuneration for
 the period 14 April 2016 to 6 May 2016 (inclusive):**

*"That the remuneration of the Administrators, their partners and staff, for the period of the Administration from
 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the
 Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13
 May 2016 of fees equalling \$69,406.50 plus GST, and that the Administrators can draw the remuneration as
 required."*

FOR / AGAINST / ABSTAIN

3. **To consider and if thought fit, approve the Joint and Several Administrators' prospective remuneration for the period 7 May 2016 to 20 May 2016 (inclusive):**

"That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$32,377.50 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved."

FOR / AGAINST / ABSTAIN

4. **To consider and if thought fit, approve the Joint and Several Administrators' disbursements and expenses for the period 14 April 2016 to 6 May 2016 (inclusive):**

"That the Administrators' expenses and disbursements incurred for the period 14 April 2016 to 6 May 2016 are fixed at a sum equal to the actual cost incurred by the Administrators and the Administrators' partners and staff, calculated at rates as detailed in the Remuneration Report of 13 May 2016 equalling \$2,895.25 plus GST, and that the Administrators can draw the disbursements and expenses as required."

FOR / AGAINST / ABSTAIN

5. **To consider and if thought fit, should creditors resolve that the Company be wound up, pass the following resolution:**

"That a Committee of Inspection be appointed."

FOR / AGAINST / ABSTAIN

I am prepared / not* prepared to sit on the Committee of Inspection.

6. **In the event that the creditors vote to wind up the Company, to consider and if thought fit, approve destruction of the books and records of the Company at the conclusion of the winding up:**

"That subject to obtaining the approval of the Australian Securities and Investments Commission under section 542(4) of the Corporations Act 2001, the books and records of the Company and of the Liquidation be disposed of by the Liquidators 6 months after the dissolution of the Company or earlier at the discretion of the Australian Securities and Investments Commission."

FOR / AGAINST / ABSTAIN

DATED this day of 2016.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

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 or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING**ANIMAL SUPPLIES (WHOLESALE) PTY LTD ACN 058 258 870**
(ADMINISTRATORS APPOINTED)
("the Company")

*I/*We (1)
 of
 a creditor of the above Company, appoint (2)

 or in his or her absence
 as *my/our *general/special proxy to vote at the meeting of creditors to be held at Mantra Parramatta, Cnr Parkes Street
 & Valentine Avenue, Parramatta NSW 2150 on Friday, 20 May 2016 at 3:30PM (AEST), or at any adjournment of that
 meeting. (3)

(i) to vote on all matters arising at the meeting (IF GENERAL PROXY) ☐

OR

(ii) to vote for or against the following resolutions (IF SPECIAL PROXY) ☐

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE
 (Please circle your preferred voting option):

1. To consider and if thought fit, pass one of the following resolutions (choose ONE of a, b or c):

a. "That the Company execute a Deed of Company Arrangement" **OR** **FOR / AGAINST / ABSTAIN**

b. "That the Administration end" **OR** **FOR / AGAINST / ABSTAIN**

c. "That the Company be wound up and Vaughan Strawbridge and David Lombe be appointed Joint and
 Several Liquidators"

FOR / AGAINST / ABSTAIN

**2. To consider and if thought fit, approve the Joint and Several Administrators' current remuneration for
 the period 14 April 2016 to 6 May 2016 (inclusive):**

*"That the remuneration of the Administrators, their partners and staff, for the period of the Administration from
 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the
 Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13
 May 2016 of fees equalling \$99,450.50 plus GST, and that the Administrators can draw the remuneration as
 required."*

FOR / AGAINST / ABSTAIN

3. **To consider and if thought fit, approve the Joint and Several Administrators' prospective remuneration for the period 7 May 2016 to 20 May 2016 (inclusive):**

"That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$36,026.50 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved."

FOR / AGAINST / ABSTAIN

4. **To consider and if thought fit, approve the Joint and Several Administrators' disbursements and expenses for the period 14 April 2016 to 6 May 2016 (inclusive):**

"That the Administrators' expenses and disbursements incurred for the period 14 April 2016 to 6 May 2016 are fixed at a sum equal to the actual cost incurred by the Administrators and the Administrators' partners and staff, calculated at rates as detailed in the Remuneration Report of 13 May 2016 equalling \$4,148.52 plus GST, and that the Administrators can draw the disbursements and expenses as required."

FOR / AGAINST / ABSTAIN

5. **To consider and if thought fit, should creditors resolve that the Company be wound up, pass the following resolution:**

"That a Committee of Inspection be appointed."

FOR / AGAINST / ABSTAIN

I am prepared / not* prepared to sit on the Committee of Inspection.

6. **In the event that the creditors vote to wind up the Company, to consider and if thought fit, approve destruction of the books and records of the Company at the conclusion of the winding up:**

"That subject to obtaining the approval of the Australian Securities and Investments Commission under section 542(4) of the Corporations Act 2001, the books and records of the Company and of the Liquidation be disposed of by the Liquidators 6 months after the dissolution of the Company or earlier at the discretion of the Australian Securities and Investments Commission."

FOR / AGAINST / ABSTAIN

DATED this day of 2016.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

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 or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING**AUSTRALIAN SUPPLY AND DISTRIBUTION SOLUTIONS PTY LTD ACN 167 361 775**
(ADMINISTRATORS APPOINTED)
("the Company")

*I/*We (1)
 of
 a creditor of the above selected Company, appoint (2)

 or in his or her absence
 as *my/our *general/special proxy to vote at the meeting of creditors to be held at Mantra Parramatta, Cnr Parkes Street
 & Valentine Avenue, Parramatta NSW 2150 on Friday, 20 May 2016 at 3:30PM (AEST), or at any adjournment of that
 meeting. (3)

(i) to vote on all matters arising at the meeting (IF GENERAL PROXY) ☐

OR

(ii) to vote for or against the following resolutions (IF SPECIAL PROXY) ☐

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE
 (Please circle your preferred voting option):

1. To consider and if thought fit, pass one of the following resolutions (choose ONE of a, b or c):

a. "That the Company execute a Deed of Company Arrangement" **OR** **FOR / AGAINST / ABSTAIN**

b. "That the Administration end" **OR** **FOR / AGAINST / ABSTAIN**

c. "That the Company be wound up and Vaughan Strawbridge and David Lombe be appointed Joint and
 Several Liquidators"

FOR / AGAINST / ABSTAIN

**2. To consider and if thought fit, approve the Joint and Several Administrators' current remuneration for
 the period 14 April 2016 to 6 May 2016 (inclusive):**

*"That the remuneration of the Administrators, their partners and staff, for the period of the Administration from
 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the
 Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13
 May 2016 of fees equalling \$91,686.50 plus GST, and that the Administrators can draw the remuneration as
 required."*

FOR / AGAINST / ABSTAIN

3. **To consider and if thought fit, approve the Joint and Several Administrators' prospective remuneration for the period 7 May 2016 to 20 May 2016 (inclusive):**

"That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$32,001.00 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved."

FOR / AGAINST / ABSTAIN

4. **To consider and if thought fit, approve the Joint and Several Administrators' disbursements and expenses for the period 14 April 2016 to 6 May 2016 (inclusive):**

"That the Administrators' expenses and disbursements incurred for the period 14 April 2016 to 6 May 2016 are fixed at a sum equal to the actual cost incurred by the Administrators and the Administrators' partners and staff, calculated at rates as detailed in the Remuneration Report of 13 May 2016 equalling \$3,824.65 plus GST, and that the Administrators can draw the disbursements and expenses as required."

FOR / AGAINST / ABSTAIN

5. **To consider and if thought fit, should creditors resolve that the Company be wound up, pass the following resolution:**

"That a Committee of Inspection be appointed."

FOR / AGAINST / ABSTAIN

I am prepared / not* prepared to sit on the Committee of Inspection.

6. **In the event that the creditors vote to wind up the Company, to consider and if thought fit, approve destruction of the books and records of the Company at the conclusion of the winding up:**

"That subject to obtaining the approval of the Australian Securities and Investments Commission under section 542(4) of the Corporations Act 2001, the books and records of the Company and of the Liquidation be disposed of by the Liquidators 6 months after the dissolution of the Company or earlier at the discretion of the Australian Securities and Investments Commission."

FOR / AGAINST / ABSTAIN

DATED this day of 2016.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

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 or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETINGAS CONSOLIDATED PTY LIMITED ACN 167 361 604
(ADMINISTRATORS APPOINTED)
("the Company")

*I/*We (1)
 of
 a creditor of the above Company, appoint (2)

 or in his or her absence
 as *my/our *general/special proxy to vote at the meeting of creditors to be held at Mantra Parramatta, Cnr Parkes Street
 & Valentine Avenue, Parramatta NSW 2150 on Friday, 20 May 2016 at 3:30PM (AEST), or at any adjournment of that
 meeting. (3)

(i) to vote on all matters arising at the meeting (IF GENERAL PROXY) ☐

OR

(ii) to vote for or against the following resolutions (IF SPECIAL PROXY) ☐

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE
 (Please circle your preferred voting option):

1. To consider and if thought fit, pass one of the following resolutions (choose ONE of a, b or c):

a. "That the Company execute a Deed of Company Arrangement" **OR** **FOR / AGAINST / ABSTAIN**

b. "That the Administration end" **OR** **FOR / AGAINST / ABSTAIN**

c. "That the Company be wound up and Vaughan Strawbridge and David Lombe be appointed Joint and
 Several Liquidators"

FOR / AGAINST / ABSTAIN

**2. To consider and if thought fit, approve the Joint and Several Administrators' current remuneration for
 the period 14 April 2016 to 6 May 2016 (inclusive):**

*"That the remuneration of the Administrators, their partners and staff, for the period of the Administration from
 14 April 2016 to 6 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the
 Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13
 May 2016 of fees equalling \$7,522.00 plus GST, and that the Administrators can draw the remuneration as
 required."*

FOR / AGAINST / ABSTAIN

3. **To consider and if thought fit, approve the Joint and Several Administrators' prospective remuneration for the period 7 May 2016 to 20 May 2016 (inclusive):**

"That the prospective remuneration of the Administrators, their partners and staff, for the period of the Administration from 7 May 2016 to 20 May 2016 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 13 May 2016 of fees equalling \$1,594.50 plus GST and disbursements, and that the Administrators can draw the remuneration as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved"

FOR / AGAINST / ABSTAIN

4. **To consider and if thought fit, should creditors resolve that the Company be wound up, pass the following resolution:**

"That a Committee of Inspection be appointed."

FOR / AGAINST / ABSTAIN

I am prepared / not* prepared to sit on the Committee of Inspection.

5. **In the event that the creditors vote to wind up the Company, to consider and if thought fit, approve destruction of the books and records of the Company at the conclusion of the winding up:**

"That subject to obtaining the approval of the Australian Securities and Investments Commission under section 542(4) of the Corporations Act 2001, the books and records of the Company and of the Liquidation be disposed of by the Liquidators 6 months after the dissolution of the Company or earlier at the discretion of the Australian Securities and Investments Commission."

FOR / AGAINST / ABSTAIN

DATED this day of 2016.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

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 or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
(2) Insert the name, address and description of the person appointed.
(3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

| Entity | Secured Party | Registration Date | Collateral Class | Registration Number |
|--|---|-------------------|--------------------|---------------------|
| PBC | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 30/01/2012 | All PAAP | 201112180241814 |
| PBC | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 5/12/2012 | All PAAP, Except | 201212050078794 |
| PBC | MAVLAB CONTRACT MANUFACTURING PTY LTD | 24/05/2013 | Other Goods | 201305240009061 |
| PBC | TOYOTA FINANCE AUSTRALIA LTD | 23/07/2013 | Motor Vehicle | 201307230040947 |
| PBC | TOYOTA FINANCE AUSTRALIA LTD | 18/06/2014 | Motor Vehicle | 201406180067330 |
| PBC | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 24/11/2014 | All PAAP, Except | 201411240015358 |
| PBC | TOYOTA FINANCE AUSTRALIA LTD | 14/01/2015 | Motor Vehicle | 201501140018198 |
| PBC | WEATHERBEETA PTY LTD | 25/03/2015 | Other Goods | 201503250060143 |
| PBC | WEATHERBEETA PTY LTD | 25/03/2015 | Other Goods | 201503250061144 |
| PBC | TOYOTA FINANCE AUSTRALIA LTD | 8/05/2015 | Motor Vehicle | 201505080040563 |
| PBC | GE COMMERCIAL CORPORATION (AUSTRALIA) PTY LTD | 25/08/2015 | All PAAP | 201508250026216 |
| PBC | SCOTTISH PACIFIC (BFS) PTY LTD | 29/01/2016 | Account | 201601290083328 |
| PBC | SCOTTISH PACIFIC (BFS) PTY LTD | 29/01/2016 | All PAAP | 201601290083316 |
| PBC | SCOTTISH PACIFIC (BFS) PTY LTD | 24/02/2016 | Account | 201602240025590 |
| PBC | JUROX PTY LIMITED | 15/03/2016 | Other Goods | 201603150060367 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 30/01/2012 | All PAAP | 201112061301894 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 30/01/2012 | All PAAP | 201112141598781 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 30/01/2012 | All PAAP | 201112170731530 |
| ASW | GE COMMERCIAL CORPORATION (AUSTRALIA) PTY LTD | 30/01/2012 | All PAAP | 201112210481231 |
| ASW | PLASTIC BOTTLES PTY. LTD. | 30/01/2012 | Other Goods | 201201051964381 |
| ASW | HY GAIN FEEDS PTY LIMITED | 30/01/2012 | Other Goods | 201201080376665 |
| ASW | BAYER AUSTRALIA LTD | 30/01/2012 | Other Goods | 201201110715787 |
| ASW | GE COMMERCIAL CORPORATION (AUSTRALIA) PTY LTD | 3/02/2012 | Account | 201202030003445 |
| ASW | REDOX PTY LTD | 15/02/2012 | Other Goods | 201202150138160 |
| ASW | INGHAMS ENTERPRISES PTY. LIMITED | 23/02/2012 | Other Goods | 201202230058855 |
| ASW | 3M PURIFICATION PTY LIMITED, 3M AUSTRALIA PTY LTD | 27/02/2012 | Other Goods | 201202270132750 |
| ASW | GE COMMERCIAL CORPORATION (AUSTRALIA) PTY LTD | 24/05/2012 | Account | 201205240055134 |
| ASW | CROWN EQUIPMENT PTY. LIMITED | 13/07/2012 | Motor Vehicle | 201207130066236 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 17/08/2012 | Motor Vehicle | 201208170098561 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 12/10/2012 | Motor Vehicle | 201210120051155 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 1/11/2012 | All PAAP, Except | 201211010079036 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 5/12/2012 | All PAAP, Except | 201212050048208 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 5/12/2012 | All PAAP, Except | 201212050048231 |
| ASW | VIRBAC (AUSTRALIA) PTY LTD | 20/02/2013 | Other Goods | 201302200017290 |
| ASW | ROSE-HIP VITAL PTY LIMITED | 28/02/2013 | Other Goods | 201302280017763 |
| ASW | ROSE-HIP VITAL PTY LIMITED | 28/02/2013 | Other Goods | 201302280023969 |
| ASW | WAPROO PROPRIETARY LIMITED | 1/03/2013 | Other Goods | 201303010077943 |
| ASW | WAPROO PROPRIETARY LIMITED | 6/03/2013 | Other Goods | 201303060025252 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 9/04/2013 | Motor Vehicle | 201304090048510 |
| ASW | GE COMMERCIAL CORPORATION (AUSTRALIA) PTY LTD | 10/04/2013 | General Intangible | 201304100038665 |
| ASW | ROSE-HIP VITAL PTY LIMITED | 10/05/2013 | Other Goods | 201305100033524 |
| ASW | MAVLAB ANIMAL HEALTH PTY LTD | 24/05/2013 | Other Goods | 201305240008579 |
| ASW | TOYOTA FINANCE AUSTRALIA LTD | 24/05/2013 | Motor Vehicle | 201305240047255 |
| ASW | TOYOTA FINANCE AUSTRALIA LTD | 26/06/2013 | Motor Vehicle | 201306260065960 |
| ASW | CROWN EQUIPMENT PTY. LIMITED | 23/10/2013 | Motor Vehicle | 201310230021990 |
| ASW | SANOFI-AVENTIS AUSTRALIA PTY LTD | 27/11/2013 | Other Goods | 201311270034048 |
| ASW | IBM GLOBAL FINANCING AUSTRALIA LIMITED | 7/01/2014 | Other Goods | 201401070090645 |
| ASW | PRO-PAC PACKAGING (AUST) PTY. LIMITED | 10/01/2014 | Other Goods | 201401100012630 |
| ASW | FIBRECYCLE PTY LTD | 30/01/2014 | Other Goods | 201401300155218 |
| ASW | FIBRECYCLE PTY LTD | 30/01/2014 | Other Goods | 201401300155304 |
| VISPET PTY. LTD., MASON DUFLEX DISPLAYS PTY. LIMITED, VISY TRADING SINGAPORE PTE LTD, VISY TECHNOLOGY SYSTEMS PTY LTD, VISY GLAMA PTY LTD, VISY CARTONS PTY LTD, VISY PACKAGING PTY. LTD., ACE PRINT AND DISPLAY PTY LIMITED, VISY BOARD PROPRIETARY LIMITED, , P & I PTY. LTD., VISY LOGISTICS PTY LTD, SALVAGE PAPER PTY LTD, VISY PAPER PTY. LTD., BUILD RUN REPAIR (AUSTRALIA) PTY LTD, MPC QUIKPAK PTY LTD, REGIONAL RECYCLERS PTY LTD, VISY PULP AND PAPER PTY. LTD., VISY TECH SYSTEMS PTY. LTD., BUILD RUN REPAIR PTE LTD, VISY RECYCLING | | | | |
| ASW | AUSTRALIA PTY LTD, VISY CDL SERVICES PTY LTD | 30/01/2014 | Other Goods | 201401300248381 |
| , VISY RECYCLING AUSTRALIA PTY LTD, VISY GLAMA PTY LTD, VISY PULP AND PAPER PTY. LTD., MASON DUFLEX DISPLAYS PTY. LIMITED, VISY CDL SERVICES PTY LTD, MPC QUIKPAK PTY LTD, P & I PTY. LTD., VISY TECH SYSTEMS PTY. LTD., VISY TRADING SINGAPORE PTE LTD, VISY CARTONS PTY LTD, BUILD RUN REPAIR (AUSTRALIA) PTY LTD, REGIONAL RECYCLERS PTY LTD, VISY TECHNOLOGY SYSTEMS PTY LTD, BUILD RUN REPAIR PTE LTD, VISPET PTY. LTD., SALVAGE PAPER PTY LTD, VISY LOGISTICS PTY LTD, VISY PACKAGING PTY. LTD., VISY PAPER PTY. LTD., ACE PRINT AND DISPLAY PTY | | | | |
| ASW | LIMITED, VISY BOARD PROPRIETARY LIMITED | 30/01/2014 | Other Goods | 201401300248745 |
| ASW | PRINT SOLUTIONS FINANCE PTY LTD, UPSTREAM PRINT SOLUTIONS PTY LTD | 20/02/2014 | Other Goods | 201402200020800 |
| ASW | TOYOTA FINANCE AUSTRALIA LTD | 27/03/2014 | Motor Vehicle | 201403270060321 |
| ASW | TOYOTA FINANCE AUSTRALIA LTD | 20/06/2014 | Motor Vehicle | 201406200035587 |
| ASW | DE LAGE LANDEN PTY LIMITED | 24/07/2014 | Motor Vehicle | 201407240018442 |
| ASW | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 24/11/2014 | All PAAP, Except | 201411240014286 |
| ASW | SHARP CORPORATION OF AUSTRALIA PTY LTD | 24/11/2014 | Other Goods | 201411240027263 |
| ASW | SPECTRUM BRANDS AUSTRALIA PTY LTD | 21/05/2015 | Other Goods | 201505210014708 |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29/01/2016 | Account | 201601290048828 |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29/01/2016 | Account | 201601290048837 |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29/01/2016 | Account | 201601290048844 |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29/01/2016 | Account | 201601290048859 |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 29/01/2016 | All PAAP | 201601290048816 |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 24/02/2016 | Account | 201602240025376 |

| Entity | Secured Party | Registration Date | Collateral Class | Registration Number |
|--------|---|-------------------|------------------|---------------------|
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 24/02/2016 | Account | 201602240025382 |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 24/02/2016 | Account | 201602240025395 |
| ASW | SCOTTISH PACIFIC (BFS) PTY LTD | 24/02/2016 | Account | 201602240025400 |
| ASW | ZOETIS AUSTRALIA PTY LTD | 4/03/2016 | Other Goods | 201603040016917 |
| ASW | I.A.H. SALES PTY. LIMITED | 10/03/2016 | Other Goods | 201603100028461 |
| ASW | JUROX PTY LIMITED | 15/03/2016 | Other Goods | 201603150061518 |
| ASDS | LOSCAM AUSTRALIA PTY LTD | 11/07/2014 | Other Goods | 201407110024920 |
| ASDS | CROWN EQUIPMENT PTY. LIMITED | 24/07/2014 | Motor Vehicle | 201407240043449 |
| ASDS | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 24/11/2014 | All PAAP, Except | 201411240014737 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 30/12/2014 | Motor Vehicle | 201412300063318 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310053935 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310054055 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310054135 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310054212 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310054310 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310054895 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055016 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055102 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055156 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055173 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055248 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055305 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055367 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055442 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055754 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055868 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310055932 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310056027 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310056043 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310056140 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310056281 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310056332 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310056441 |
| ASDS | NICHIYU FORKLIFTS AUSTRALIA PTY LTD | 31/12/2014 | Motor Vehicle | 201412310056537 |
| ASDS | GE COMMERCIAL CORPORATION (AUSTRALIA) PTY LTD | 25/08/2015 | All PAAP | 201508250025925 |
| ASDS | SCOTTISH PACIFIC (BFS) PTY LTD | 29/01/2016 | Account | 201601290083725 |
| ASDS | SCOTTISH PACIFIC (BFS) PTY LTD | 29/01/2016 | All PAAP | 201601290083718 |
| ASDS | SCOTTISH PACIFIC (BFS) PTY LTD | 24/02/2016 | Account | 201602240027453 |
| ASC | AUSTRALIA AND NEW ZEALAND BANKING GROUP LIMITED | 24/11/2014 | All PAAP, Except | 201411240014433 |

Appendix I – Summary of Receipts and Payments

**Pet Brands Connect Pty Ltd
(Administrators Appointed)
ACN 094 221 913**

**Summary of Receipts And Payments
14 April 2016 to 06 May 2016**

| RECEIPTS | Total (\$) |
|--|---------------------|
| Bank Interest | 37.17 |
| Cash at Bank on Appointment | 164,363.59 |
| GST Payable | 21,901.70 |
| Pre-appointment Debtors | 966,525.67 |
| Sale of Stock | 219,017.00 |
| Suspense A/C - Debtor Receipts to be Allocated | 13,837.31 |
| Suspense A/C - Week 1 Wages Funding | 5,599.51 |
| Total Receipts | 1,391,281.95 |
| PAYMENTS | |
| Bank Charges | 25.50 |
| Cleaning | 100.00 |
| Employee Expense Reimbursements | 462.81 |
| GST Receivable | 200.78 |
| Payment to ANZ (via right of set-off) | 164,363.59 |
| Professional Fees | 1,545.00 |
| Wages & Salaries | 14,663.36 |
| Withholding Tax (PAYG) | (2,904.00) |
| Total Payments | 178,457.04 |
| Cash at Bank | 1,212,824.91 |

Animal Supplies (Wholesale) Pty. Ltd.
(Administrators Appointed)
ACN 058 258 870

Summary of Receipts And Payments
14 April 2016 to 06 May 2016

| RECEIPTS | Total (\$) |
|--|---------------------|
| Bank Interest | 281.18 |
| Cash at Bank on Appointment | 367,053.94 |
| GST Payable | 1,096.57 |
| Miscellaneous Receipt - Pre-appointment Payment Bounceback | 2,700.00 |
| Pre-appointment Debtors | 1,053,755.82 |
| Proceeds from plant and equipment | 30,000.00 |
| Proceeds from sale of stock | 500,837.00 |
| Sales | 10,965.66 |
| Suspense A/C - Debtor Receipts to be Allocated | 270,099.12 |
| Suspense A/C - Week 1 Wages Funding | 6,504.25 |
| Transfer of Funds Held in Trust | 17,877.99 |
| Total Receipts | 2,261,171.53 |
| PAYMENTS | |
| Bank Charges | 162.59 |
| Cleaning | 100.00 |
| Employee Expense Reimbursements | 61.45 |
| GST Receivable | 1,387.68 |
| Payment to ANZ (via right of set-off) | 367,053.94 |
| Professional Fees | 12,885.00 |
| Transfer of Debtors to GE Capital | 1,335,917.17 |
| Transport / Courier | 930.29 |
| Wages & Salaries | 20,229.41 |
| Withholding Tax (PAYG) | (4,345.00) |
| Total Payments | 1,734,382.53 |
| Cash at Bank | 526,789.00 |

**Australian Supply and Distribution Solutions Pty Ltd
(Administrators Appointed)
ACN 167 361 775**

**Summary of Receipts And Payments
14 April 2016 to 06 May 2016**

| RECEIPTS | Total (\$) |
|---------------------------------------|-----------------------|
| Bank Interest | 175.37 |
| Cash at Bank on Appointment | 130,265.44 |
| GST Payable | 18,272.59 |
| Pre-Appointment Debtors | 198,246.36 |
| Proceeds from plant and equipment | 515,670.00 |
| Reimbursement for Trading Costs | 130,895.12 |
| Sales | 116,830.86 |
| Total Receipts | 1,110,355.74 |
| PAYMENTS | |
| Bank Charges | 24.75 |
| Cleaning | 648.75 |
| Employee Expense Reimbursements | 636.82 |
| GST Receivable | 216.96 |
| Payment to ANZ (via right of set-off) | 130,265.44 |
| Salary Sacrifice Super Contribution | (265.00) |
| Suspense A/C - Wk 1 Wages Funding | 59,974.17 |
| Wages & Salaries | 146,986.97 |
| Warehouse Consumables | 2,132.80 |
| Withholding Tax (PAYG) | (30,732.20) |
| Total Payments | 309,889.46 |
| Cash at Bank | 800,466.28 |