

MINUTES OF A MEETING OF CREDITORS OF  
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 – COLLECTIVELY “THE COMPANIES”)  
HELD CONCURRENTLY AT MANTRA PARRAMATTA  
ON FRIDAY 20 MAY 2016 AT 3:30PM (AEST)  
AT CORNER OF PARKES STREET & VALENTINE AVENUE, PARRAMATTA NSW 2150

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PRESENT

|                     |                          |
|---------------------|--------------------------|
| Vaughan Strawbridge | Deloitte Touche Tohmatsu |
| Paul Bennett        | Deloitte Touche Tohmatsu |
| Andrew Whittingham  | Deloitte Touche Tohmatsu |
| Emma Henderson      | Deloitte Touche Tohmatsu |

IN ATTENDANCE

Refer to the attached list at **Annexure A**.

PRESENTATION SLIDES

Refer to the attached list at **Annexure B**.

CHAIRPERSON

Vaughan Strawbridge, a Joint and Several Administrator of the Companies, opened the meeting at 3:35pm and advised that he would act as Chairperson of the meeting in accordance with Regulation 5.6.17(1) of the Corporations Regulations.

The Chairperson asked if anyone objected to the holding of the Companies' Meetings of Creditors concurrently. No objections were made.

The Chairperson advised that Mr Paul Bennett, a manager assisting the Administrators, was present as well as a number of the Administrators' staff who assist with day-to-day management of the administration.

The Chairperson advised that Mr David Lombe, the other Joint and Several Administrator of the Companies, was not in attendance and sends his apologies.

PROXIES AND ATTENDANCE REGISTER

The Chairperson confirmed that all those present at the meeting had signed the attendance register and where appropriate, had provided proxy forms.

QUORUM

The Chairperson then advised, in accordance with Regulation 5.6.16(2) of the Corporations Regulations that a quorum was present for each of the Companies.

DECLARATION OF CONVENIENCE

The Chairperson advised that in accordance with Regulation 5.6.14, the meeting was being held at a date, time and place convenient to the majority of persons entitled to receive notice of the meeting.

## DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS & INDEMNITIES

The Chairperson tabled the Declaration of Independence, Relevant Relationships & Indemnities which was attached to the Notice to Creditors dated 18 April 2016 and the 439A Report to Creditors dated 13 May 2016. The Chairperson advised that there had been no changes to the declaration.

## NOTICE OF MEETING

The Chairperson advised that the meeting had been called in accordance with the Notice of Meeting dated 13 May 2016 and that the meeting was advertised on the Australian Securities and Investments Commission's ("ASIC") Published Notices website <https://insolvencynotices.asic.gov.au> on 12 May 2016.

## TABLING OF DOCUMENTS

The Chairperson tabled the following documents:

1. Notice of Meeting of Creditors dated 13 May 2016
2. Advertisement on the ASIC Insolvency Notices website dated 12 May 2016
3. DIRRI dated 18 April 2016
4. Section 439A Report to Creditors dated 13 May 2016
5. Form 530 - The Statement in Writing of Posting of Notice of Meeting dated 12 May 2016

As there were no objections, the Chairperson took the tabled documents as being read, and advised that the document could be inspected at any time.

## VOTING ON THE RESOLUTIONS

The Chairperson advised that all motions were to be resolved on the voices unless a poll was demanded (Regulation 5.6.19 and 5.6.20 of the Corporations Regulations).

A poll could be demanded before or on the declaration of a result on the voices by:

- a) The Chairperson; or
- b) At least two persons present in person, by proxy or by attorney and entitled to vote at the meeting; or
- c) A person present in person, by proxy or by attorney and representing not less than 10% of the total voting rights of all creditors entitled to vote at the meeting.

The Chairperson explained that a resolution on a poll is carried if a majority of the creditors in value and number vote in favour of the resolution. The Chairperson advised that if a poll is called further information would be provided on how the process works and a decision is reached.

## PURPOSE OF MEETING

As set out in the agenda, the Chairperson outlined the main purpose of the meeting as follows:

1. To receive a report from the Administrators pursuant to Section 439A of the Act.
2. For creditors to resolve:
  - a) if the company should execute a Deed of Company Arrangement; or
  - b) that the Administration should end; or
  - c) that the Company be wound up.
3. If the Company proceeds to Liquidation, then to appoint a Committee of Inspection.
4. To approve the Administrators' fees.

The Chairperson noted that the report to creditors has provided some clarity as to the reasons for the failure of the Companies, their financial position and sufficient information for creditors to make an informed decision as to the future of the Companies. Accordingly the entire report would not be reviewed at this meeting, but instead a summary of key actions and information would be provided.

## ADMINISTRATORS' ACTIONS

The Chairperson advised that upon appointment, the Administrators made the decision not to immediately close the business due to identification of the following key reasons and benefits:

- A sale of ASDS as a going concern, as well as inventory of ASW and PBC in one line, would maximise the return to creditors;
- It was likely there would be a more significant shortfall to creditors in the event of an immediate closure and liquidation; and
- The chance of continued employment for employees.

## SALE OF ASDS

As advised to creditors at the first meeting which was held on Tuesday, 26 April 2016, the Chairperson confirmed that prior to the appointment of Administrators, the Directors of the Companies had exchanged an Asset Sale Agreement (dated 24 March 2016) for the sale of the business and key assets of ASDS to Petbarn Pty Ltd ("Petbarn"). This agreement was scheduled to complete on Monday, 18 April 2016, subject to meeting certain conditions.

The Administrators performed a comprehensive review of the agreement and noted that there was minimal immediate interest from any other parties in respect to the business of ASDS and that the Administrators did not have sufficient funding to enable a prolonged sales campaign. The Administrators negotiated amendments to the agreement which enabled the sale to be progressed and ultimately completed on 29 April 2016.

The Chairperson advised that 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.

## SALE OF INVENTORY

The Chairperson advised that 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.

The Chairperson informed the meeting that the Administrators had received offers from several parties (mainly creditors) in respect to the stock of PBC and ASW. He confirmed that Petbarn also put forward an offer for the stock of PBC and ASW, which was more favourable than other offers received.

It was noted that any stock subject to potential 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.

## OTHER ACTIONS BY THE ADMINISTRATORS

The Chairperson informed the meeting that there were a number of other tasks that his staff had undertaken during the Administration. At this point in the meeting, the Chairperson canvassed the preferences of the attendees regarding the level of detail required in this regard. Further actions of the Administrators were not discussed and no attendees objected to that approach.

## INVESTIGATIONS

The preliminary investigations to date completed by the Administrators were outlined for creditors. Creditors were advised that in the event the Companies were placed into liquidation, further investigations would be completed as a liquidator has greater power for investigating and pursuing claims, subject to the availability of funding and commercial viability of pursuing an action. The details of the Administrators' investigations were not discussed in detail and no attendees objected to that approach.

## ESTIMATED STATEMENT OF POSITION

The Chairperson advised that the decision to not immediately close down operations in favour of pursuing the sale to Petbarn improved the overall return to creditors in each Company.

It was noted that for PBC and ASW, there were sufficient assets to realise to repay the secured and priority creditors in full. The Chairperson outlined that under the sale of assets scenario, PBC unsecured creditors are expected to receive a dividend of 39 cents in the dollar and ASW unsecured creditors are expected to receive a dividend of 4 cents in the dollar.

The Chairperson advised that unfortunately in ASDS there were not sufficient assets to realise to repay the secured and priority creditors in full and as such there will not be dividend to unsecured creditors of ASDS. The Chairperson advised that should the creditors elect to place the Companies in liquidation, the Administrators will send a letter to all employees with detailed instructions to assist them in lodging their claim with FEG.

At the request of creditors, the Chairperson then took the meeting briefly through the estimated statement position for each entity as included in the 439A Report to Creditors dated 13 May 2016.

## QUESTIONS FROM CREDITORS

Questions were put to the Chairperson regarding the content of the 439A Report to Creditors:

### General Administration Queries:

The following questions were raised during the meeting from attendees regarding the Administration:

1. *Are the responses to questions in this meeting minuted?*
2. *Is there a list of employees for each entity?*
3. *Can creditors request further details on the matters discussed in the report?*
4. *How are the Administrators' fees split across the various Companies?*

The Chairperson provided the following comments:

1. *Yes, questions and responses will be minuted.*
2. *We have disclosed the number of employees in each entity at our appointment in our 439A Report to Creditors. For privacy reasons, we do not disclose names of employees.*
3. *Yes. Should creditors provide the Administrators with a request for further information, we will use our best endeavours to provide a response.*
4. *The Administrators' staff are required to record their time in 0.1 hour increments. This time is recorded separately for work completed in respect of the different Companies.*

### Sale of Business Queries:

The following questions were raised during the meeting from attendees regarding the sale of business:

1. *Who did the Administrators engage as valuers?*
2. *Where can creditors find the valuation provided for the plant and equipment of ASDS?*
3. *How did the Administrators come to the decision that selling the business would provide a better return than selling the plant and equipment?*
4. *What were the Administrators able to realise in relation to the sale of the ASDS business?*
5. *Why was operational control provided to Petbarn by the Administrators?*
6. *Did Petbarn take over the lease for the Eastern Creek premises?*
7. *Approximately how much of the premises did Petbarn take over?*
8. *Are we still accruing rental charges from the landlord for the unutilised space?*
9. *When was the lease for the premises due to expire?*
10. *What is the treatment of the rent accruing for the unutilised part of the Eastern Creek premises?*
11. *Was there a drop in the offer price for the ASDS business from Petbarn once the Companies entered into Administration?*
12. *Would the ASDS business still be losing money now it is under the operation of Petbarn?*
13. *What was the age of the debt outstanding from Petbarn to ASDS?*
14. *Had the debt outstanding from Petbarn been factored?*

The Chairperson provided the following comments:

1. *The Administrators engaged Slattery's to provide a valuation of property and equipment held by the Companies.*
2. *For commercial and confidentiality reasons, we cannot disclose the outcome of the valuation. We have however provided an estimate of the amount we believe could have been realised for this plant and equipment under a closure scenario in the Estimated Statement of Position for ASDS included in our 439A Report to Creditors.*
3. *The main components of ASDS' plant and equipment were the pallet racking and the hardware and software associated with the warehouse management system. The Administrators were guided by the advice of our valuers in forming the view that the value realised from selling these assets at auction would have been significantly less than what the Administrators were able to realise by selling the business as a going concern.*
4. *The amounts realised by the Administrators are disclosed in the sale of assets scenario in the Estimated Statement of Position for ASDS included in our 439A Report to Creditors.*
5. *At our appointment, the Administrators had no funding to continue trading the business. Cash at bank on appointment was swept by the Secured Creditor and the ASDS business was trading at a significant loss. Without Petbarn agreeing to fund the continued trading until a sale of the business could be finalised, the Administrators would have had no option other than to commence an immediate shut down of operations.*
6. *Petbarn entered into a separate lease agreement with the landlord of the Eastern Creek premises.*
7. *The lease agreement entered into by Petbarn covers approximately two thirds of the Eastern Creek premises. Under the terms of the original sale agreement, the remaining third of the premises was to be used for the ASW and PBC businesses after the sale of the ASDS business had completed.*
8. *Yes. The rental charges for the area of the premises not being covered by the new lease agreement with Petbarn continue to accrue.*
9. *I am not sure of the exact expiry date but I believe the lease was due to expire in two to three years' time.*
10. *The claim for lost rent until the expiry of the lease would form part of an unsecured claim against the Companies. I note that in adjudicating on this claim, a liquidator would require evidence that the landlord has made an effort to mitigate these losses, if possible in the circumstances.*
11. *Yes. Whilst I cannot disclose the terms of the original sale agreement for confidentiality reasons, I can confirm there was a drop in the offer price. However I note that the final outcome achieved from completing the sale of business was almost double the return to ASDS creditors expected in a liquidation scenario.*
12. *It is likely the Petbarn is now paying more for these logistics operations than the amount they were previously paying to ASDS.*
13. *The outstanding debt owing from Petbarn to ASDS was current and has since been paid to the Administrators.*
14. *This debt had not been factored.*

#### Sale of Inventory Queries:

The following questions were raised during the meeting from attendees regarding the sale of inventory:

1. *Wouldn't the best return to creditors have been achieved by returning their stock back to them?*
2. *Can the Chairperson provide the meeting with the names of interested parties who put an offer in on the stock?*
3. *How many parties did the Administrators approach to seek offers on stock?*
4. *What were the Administrators ultimately able to achieve for the sale of stock?*
5. *Would a higher value have been received for the stock if more creditors had been approached to put forward offers?*
6. *Would more value have been realised from selling the stock on hand in two separate groups: i) equine health products and ii) other animal products?*

The Chairperson provided the following comments:

1. *Our responsibility is to act in the interests of creditors of a whole. Arranging a process whereby individual creditors could inspect their stock and put in an offer for that stock to be returned to them would have incurred significantly more costs of realisation than if an offer was accepted for the stock*

- on hand in its entirety. There were significant ongoing trading costs for both entities and I remind creditors that we had no funding on our appointment to continue to trade or keep the warehouse open.
2. It is not appropriate for the Administrators to disclose the names of interested parties given our duty of confidentiality.
  3. While I cannot recall at this time the exact number, there were at least four offers received as well as informal discussions with other parties that never led to formal offers. None of the offers I received were as favourable to creditors as the Petbarn offer and none of the other informal discussions gave me reason to believe that a more favourable offer would be received by the Administrators.
  4. The Administrators were able to achieve a result of 55 cents in the dollar for all stock on hand. I note that this was achieved for the entire range of stock, including older, potentially damaged and more obsolete stock on hand.
  5. We do not believe that a better overall result could have been achieved by seeking out further offers from creditors to buy back their stock or by seeking offers for only certain brands or products. I remind creditors that I did not have funding to consider a prolonged sale campaign.
  6. We were guided by our valuers in our approach to selling the stock.

#### PPSR Queries

The following questions were raised during the meeting from attendees regarding inventory subject to a security interest on the PPSR:

1. Has this stock been isolated?
2. If a registration is ineffective, how will that stock be dealt with by the Administrators?
3. Is there a time limit for all PPSR title issues to be resolved and for stock either to be collected or realised by the Administrators?
4. Will the return to PBC creditors differ significantly if the major retention of title creditors' security interest is deemed to be effective?

The Chairperson provided the following comments:

1. Yes. all stock subject to a PPSR registration has been ring-fenced and kept securely on the premises. Under the terms of the sale agreement, Petbarn has allowed the Administrators to keep this stock on site for a period of time until retention of title matters can be resolved.
2. Should a registration be deemed to be ineffective, this stock will be realised for the benefit of all creditors.
3. There is no set timeframe. Ideally we would like to be out of the premises by the end of the month.
4. No. The Administrators allowed for only a small realisation value for this stock in our calculation of the expected return to PBC creditors.

#### Investigations Queries:

The following questions were raised during the meeting from attendees regarding investigations:

1. Should Vaughan Strawbridge and David Lombe of Deloitte Touche Tohmatsu be appointed liquidators, will they be pursuing the preliminary investigations outlined in the 439A Report to Creditors?
2. If the Administrators decide there is a potential claim against the Directors but do not have funding to pursue the claim, will creditors be able to take this action?
3. Do you need to be a member of the Committee of Inspection to discuss potential legal actions with the liquidators?

The Chairperson provided the following comments:

1. The Administrators have no power to take action against the Directors or claim back transactions in respect of these preliminary investigations. At this stage we have identified a host of issues to be investigated further should the Companies enter liquidation. Both a liquidator and ASIC have greater power for investigating and pursuing claims, subject to the availability of funding and commercial viability of pursuing an action
2. Yes. If we decided there is a claim and we do not have funding, we would put this claim to creditors.
3. No. All creditors are able to contact the liquidators' office to discuss the results of the investigations and any potential claims. This opportunity is not limited to those creditors sitting on the Committee of Inspection.

## RECOMMENDATION

The Chairperson then informed creditors that the resolution to decide the future of the Companies would be put forward. The following options were explained to creditors:

- to execute a Deed of Company Arrangement; or
- for the administration to end; or
- for the Company to be wound up.

The Chairperson advised that as no DOCA has been received and the Companies do not have sufficient assets to pay their debts, the recommendation of the Administrators is that each of the Companies be wound up.

## RESOLUTIONS

The Chairperson advised the meeting that he held a number of proxies for the various entities and would provide further detail of these proxies if required for any particular resolution. He informed the meeting that these proxies were available for inspection by creditors.

The Chairperson then invited creditors to vote on the future of the Companies:

### **Resolution 1**

The Chairperson recommended that ASW be wound up and moved the following resolution:

*“That Animal Supplies (Wholesale) Pty Ltd be wound up and Vaughan Strawbridge and David Lombe be appointed Joint and Several Liquidators.”*

The Chairperson declared the resolution carried on the voices.

### **Resolution 2**

The Chairperson recommended that AS Consolidated be wound up and moved the following resolution:

*“That AS Consolidated Pty Ltd be wound up and Vaughan Strawbridge and David Lombe be appointed Joint and Several Liquidators.”*

The Chairperson noted that the only known creditor of ASC was the Australian Taxation Office and that he held a special proxy from this creditor voting in favour of the winding up of ASC.

The Chairperson declared the resolution carried.

### **Resolution 3**

The Chairperson recommended that ASDS be wound up and moved the following resolution:

*“That Australian Supply and Distribution Solutions Pty Ltd be wound up and Vaughan Strawbridge and David Lombe be appointed Joint and Several Liquidators.”*

At this stage of the meeting it was identified that the sole creditor of ASDS present at the meeting (excluding creditors attending by proxy) required further information from the Administrators prior to being able to vote on resolutions. It was noted that as the creditor present, Mr John Fehon representing Kelly Services Pty Ltd, held greater than 10% of the value of creditor votes, he could demand a poll to be taken in relation to any of the resolutions put to the creditors of ASDS.

The Chairperson recommended to creditors that he continue to move the remaining resolutions for ASW, ASC and PBC and then put forward the various resolutions for ASDS once the creditor present had had an opportunity to ask further questions.

No attendees objected to that approach.

#### **Resolution 4**

The Chairperson recommended that PBC be wound up and moved the following resolution:

*"That Pet Brands Connect Pty Ltd be wound up and Vaughan Strawbridge and David Lombe be appointed Joint and Several Liquidators."*

The Chairperson declared the resolution carried on the voices.

#### **ADMINISTRATORS' REMUNERATION**

The Chairperson advised that the next set of resolutions are in respect to the Administrators' remuneration and expenses, which are detailed in Appendix D of the Report to Creditors being the Remuneration Report dated 13 May 2016.

The Chairperson asked if creditors had any questions regarding the Administrators remuneration or the report.

Creditors did not have any questions regarding the Administrators' remuneration .

#### **Administrators' Remuneration for Pet Brands Connect Pty Ltd – Resolution 5 to Resolution 7**

#### **Resolution 5**

The Chairperson moved the following resolution in respect of the Administrators' current remuneration:

*"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."*

The Chairperson declared the resolution carried on the voices.

#### **Resolution 6**

The Chairperson moved the following resolution in respect of the Administrators' prospective remuneration:

*"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."*

The Chairperson declared the resolution carried on the voices.

#### **Resolution 7**

The Chairperson moved the following resolution in respect of the Administrators' disbursements and expenses:

*"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."*

The Chairperson declared the resolution carried on the voices.



## **Administrators' Remuneration for Animal Supplies (Wholesale) Pty Ltd – Resolution 8 to Resolution 10**

### **Resolution 8**

The Chairperson moved the following resolution in respect of the Administrators' current remuneration:

*“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.”*

The Chairperson declared the resolution carried on the voices.

### **Resolution 9**

The Chairperson moved the following resolution in respect of the Administrators' prospective remuneration:

*“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.”*

The Chairperson declared the resolution carried on the voices.

### **Resolution 10**

The Chairperson moved the following resolution in respect of the Administrators' disbursements and expenses:

*“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.”*

The Chairperson declared the resolution carried on the voices.

## **Administrators' Remuneration for Australian Supply and Distribution Solutions Pty Ltd – Resolution 11 to Resolution 13**

The Chairperson advised the meeting that Resolution 11 to Resolution 13 would be put to creditors of ASDS once all other business had been had been concluded and there was an opportunity for the creditor present to ask further questions of the Administrators.

No attendees objected to that approach.

## **Administrators' Remuneration for AS Consolidated Pty Ltd – Resolution 14 to Resolution 15**

### **Resolution 14**

The Chairperson moved the following resolution in respect of the Administrators' current remuneration:

*“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.”*

The Chairperson noted again that the only known creditor of ASC was the Australian Taxation Office and that he held a special proxy from this creditor voting in favour of the Administrators' remuneration and disbursements as outlined in Appendix D of the Report to Creditors being the Remuneration Report dated 13 May 2016. .

The Chairperson declared the resolution carried.

#### **Resolution 15**

The Chairperson moved the following resolution in respect of the Administrators' prospective remuneration:

*"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"*

The Chairperson declared the resolution carried.

#### **COMMITTEE OF INSPECTION**

The Chairperson outlined the rationale and purpose of a Committee during the winding up of a company. The primary functions of a Committee 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 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.

The Chairperson noted that while a liquidator must have regard to any directions given by a Committee of Inspection, the liquidator is not bound by them.

The Chairperson recommended that given the tasks remaining in this process that the liquidation of each trading entity in the Animals Supplies group may benefit from a Committee being formed. However he advised that this is a decision for creditors.

The Chairman advised that he did not propose to put forward to creditors of ASC that a Committee of Inspection be appointed as there is only one known creditor in that liquidation.

#### **Resolution 16**

No creditors of PBC put forward a nomination to be included as a member of the Committee. As such, no resolution was put to creditors regarding the formation of a Committee of Inspection.

#### **Resolution 17**

The following creditors of ASW put forward nominations to be included as a member of the Committee of Inspection:

- Rohan Hobbs – representing Inca Flight Company Pty Ltd
- Colin Blackhall– representing Evolution Animal Health Pty Ltd trading as Kelato Animal Health
- Chris Lawlor – representing IAH Sales Pty Ltd

The Chairperson proposed the following resolution to the creditors of ASW:

*"That a Committee of Inspection be appointed and that the following nominations for membership of the Committee of Inspection be accepted:*

- *Rohan Hobbs – representing Inca Flight Company Pty Ltd*
- *Colin Blackhall– representing Evolution Animal Health Pty Ltd trading as Kelato Animal Health*
- *Chris Lawlor – representing IAH Sales Pty Ltd*

The Chairperson declared the resolution had been carried on the voices.

#### **Resolution 18**

The Chairperson advised that Resolution 18 would be put to creditors of ASDS once all other business had been had been concluded and there was an opportunity for the creditor present to ask further questions of the Administrators.

#### **DISPOSAL OF BOOKS AND RECORDS**

The Chairperson advised that the next resolution for creditors to consider was for creditors to elect for the early destruction of the books and records of the Companies six months after the conclusion of the winding up of the Companies, if approved by ASIC, as this saves unnecessary costs on storage after the Companies cease to exist.

#### **Resolution 19**

The Chairperson proposed the following resolution to the creditors of ASW:

*"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."*

The Chairperson declared the resolution had been carried on the voices.

#### **Resolution 20**

The Chairperson proposed the following resolution to the creditors of ASC:

*"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."*

The Chairperson noted again that the only known creditor of ASC was the Australian Taxation Office and that he held a special proxy from this creditor voting in favour of the early disposal of books and records.

The Chairperson declared the resolution carried.

#### **Resolution 21**

The Chairperson advised that Resolution 21 would be put to creditors ASDS once all other business had been had been concluded and there was an opportunity for the creditor present to ask further questions of the Administrators

#### **Resolution 22**

The Chairperson proposed the following resolution to the creditors of PBC:

*"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."*

The Chairperson declared the resolution had been carried on the voices.

#### REMAINING RESOLUTIONS

The Chairperson advised the meeting that there were no further resolutions for PBC, ASW and ASC and no remaining business for these Companies.

The Chairperson asked if there were any questions from creditors of PBC, ASW and ASC.

Being no further questions, the Chairperson advised that whilst the meeting would remain open, creditors of PBC, ASW and ASC could now leave the meeting if they wished.

As agreed earlier in the meeting, the Chairperson proceeded to provide Mr John Fehon of Kelly Services Pty Ltd with further details regarding the following matters:

- *Sale of the ASDS business*
- *The personal liability of an Administrator*
- *Valuation of the plant and equipment held by ASDS*
- *The historical financial performance of the ASDS business*
- *The results of the preliminary investigations into the failure of the Companies*
- *The roles and responsibilities of the Committee of Inspection*
- *The formation of a Committee of Inspection*

Following discussion of these matters, the Chairperson put forward the following resolutions to the creditors of ASDS:

#### **Resolution 3**

The Chairperson recommended that ASDS be wound up and moved the following resolution:

*"That Australian Supply and Distribution Solutions Pty Ltd be wound up and Vaughan Strawbridge and David Lombe be appointed Joint and Several Liquidators."*

The Chairperson declared the resolution had been carried on the voices.

#### **Resolution 11**

The Chairperson moved the following resolution in respect of the Administrators' current remuneration:

*"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."*

The Chairperson declared the resolution carried on the voices.

#### **Resolution 12**

The Chairperson moved the following resolution in respect of the Administrators' prospective remuneration:

*"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."*

The Chairperson declared the resolution carried on the voices.

### **Resolution 13**

The Chairperson moved the following resolution in respect of the Administrators' disbursements and expenses:

*"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."*

The Chairperson declared the resolution carried on the voices.

### **Resolution 18**

As only one creditor had put forward a nomination to be included as a member of the Committee of Inspection for ASDS, no resolution was put to creditors regarding the formation of a Committee.

The creditor present for ASDS requested that a further meeting of creditors be called to appoint a Committee of Inspection, should additional nominations from creditors be received.

The Chairperson agreed with this approach.

In the interim, the Chairperson agreed to provide a list of ASDS creditors to Mr Fehon so that he may contact potentially interested parties regarding the formation of a Committee of Inspection for this liquidation.

### **Resolution 21**

The Chairperson proposed the following resolution to the creditors of ASDS:

*"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."*

The Chairperson declared the resolution had been carried on the voices.

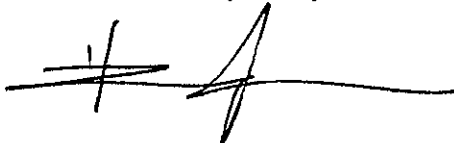
### **CLOSURE**

The Chairperson thanked those present for attending and advised that a copy of the minutes would be posted online.

There being no further business, the Chairperson declared the meeting closed at 5:23pm.

Signed as a correct record.

DATED this 27<sup>th</sup> day of May 2016.



**VAUGHAN STRAWBRIDGE**  
CHAIRPERSON

