

**Tasman Civil Underground Pty Ltd
(In Liquidation)
ACN 163 327 955
Annual Report to Creditors
14 November 2017**

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Glossary

All PAAP	All present and after acquired property
ASIC	The Australian Securities & Investments Commission
ATO	Australian Taxation Office
BOQ	BOQ Equipment Finance Ltd
c.	Approximately
Capital Finance	Capital Finance Australia Ltd
CAT	Caterpillar Financial Australia Ltd
CBA	Commonwealth Bank of Australia Ltd
Deloitte	Deloitte Financial Advisory Pty Ltd
Directors	Tony Smolenski and Gordon McCabe
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
FY	Financial Year Ended XX.
Grays	graysonline.com – auctioneers and valuers
GSA	General Security Agreement
GST	Goods and Services Tax
k.	Thousand
Liquidators	Jason Tracy & Vaughan Strawbridge
m.	Million
March Report	Report to creditors dated 1 March 2017
N/A	Not applicable
NAB	National Australia Bank Ltd
PAYG	Pay as you go
PPE	Property, plant and equipment
PPSR	Personal Property Securities Register
Property Borrowers	Smolenski Family Trust, McCabe Family Trust, Sarginson Trust and Thurston Trust
Pt X	An arrangement with personal creditors under Part X of the Bankruptcy Act
RATA	Report as to Affairs
TC	Tasman Civil Pty Ltd (In Liquidation)
the Act	Corporations Act 2001
the Court	The Federal Court of Australia
the Regulations	Corporations Regulations 2001
TUG/Company	Tasman Civil Underground Pty Ltd (In Liquidation)
Westpac	Westpac Banking Corporation Ltd

1. Introduction

1.1. Appointment

We refer to the appointment of Jason Tracy and Vaughan Strawbridge as Joint and Several Liquidators of Tasman Civil Underground Pty Ltd (In Liquidation) (TUG) and Tasman Civil Pty Ltd (In Liquidation) (TC) on 24 August 2016. We also refer to our previous correspondence and in particular our most recent update to creditors of 1 March 2017 (**March Report**).

The purpose of this report is to provide creditors with details of the conduct of the liquidation of TUG since the March Report. The March Report only briefly dealt with TUG's affairs and, accordingly this report provides more detail as to TUG. The purpose of this report is also to comply with our obligations under Section 508 of the Act to provide creditors with an annual report.

Creditors with an interest in TC should refer to a separate report to the creditors of that company that has been issued.

1.2. Conduct of Liquidation

At the date of our appointment we took immediate steps to assess the ability of TUG to continue to trade. TUG's only source of work was TC. When we formed the view that TC could no longer continue to trade then so too TUG could no longer continue to trade. All staff were terminated on our appointment.

Since that time we have taken possession and realised all of the Company's plant and equipment, conducted investigations into the affairs of the business and facilitated the payment of FEG advances to employees.

1.3. Investigation, Offences, Voidable Transactions

Our investigations to date have revealed possible offences/voidable transactions which are discussed at section 5.

1.4. Dividend

We anticipate that at this stage of the liquidation that a small dividend to priority creditors is only likely if there are recoveries for any potential unfair preference payments, insolvent trading, and depending upon the quantum of any dividend from the liquidation of TC paid to TUG. This is discussed further at section 7.

1.5. Liquidators' independence, relationships and indemnities

A Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) was provided to creditors in our first circular to creditors dated 31 August 2016. There are no changes to the DIRRI to report.

1.6. Meeting of the Committee of Inspection

A meeting of the Committee of Inspection was held on 25 October 2017. At this meeting the conduct of liquidation was discussed.

1.7. 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 cost effective and reduces the expenses incurred in a liquidation.

If you wish to receive future correspondence electronically, please send an email to Michael Buzzo on mbuzzo@deloitte.com.au detailing the email address to which you would like future communications from me to be sent.

2. Background information

2.1. Incorporation and Registered Office

A search of the Australian Securities and Investment Commission (ASIC) database disclosed the Company was incorporated in Western Australia on 16 April 2013. The Company's registered office is shown as C/- Capolingua & Associates, 1/183 Scarborough Beach Rd, Mount Hawthorn, W.A. 6016.

2.2. Shareholders, Officers and Security Interests

2.2.1 Shareholders

The Company is limited by shares. The ASIC database records the shareholders as:

Shareholder	Class	Number	%
Tasman Investments Pty Ltd	Ordinary	70	70%
Andrew Sutton	Ordinary	30	30%

2.2.2 Officers

The ASIC database records the Company's officers as:

Name	Position	Appointed	Ceased
Tony Smolenski	Director	16/4/2013	N/A
Gordon McCabe	Director/Secretary	16/4/2013	N/A

2.2.3 Related Parties

The ASIC database records reveal the following related parties and other directorships of TC's directors:

Name	Entity	Position
Tony Smolenski	Tasman Civil Pty Ltd (In Liq)	Director
Gordon McCabe	Tasman Civil Pty Ltd (In Liq)	Director/Secretary
Tony Smolenski	Tasman Investments Pty Ltd	Director
Gordon McCabe	Tasman Investments Pty Ltd	Director/Secretary
Tony Smolenski	Tasman Logistics Pty Ltd	Director
Gordon McCabe	Tasman Logistics Pty Ltd	Director/Secretary

2.2.4 Security Interests

A search of the PPSR reveals 30 registered security interests belonging to 13 different secured parties. These security interests are listed at Appendix A.

Given the large number of security interests we have not discussed each and every interest in this report. Creditors can refer to Appendix A for further detail and/or contact us should they have any particular queries.

The security interests of most relevance to unsecured creditors are those relating to charges over specific items of property, plant and equipment held by BOQ, Capital Finance and CAT. The position of these secured creditors and the impact on unsecured creditors is discussed at section 7 below.

The security interests of all other secured parties relate to either rental assets or retention of title claims over goods supplied.

2.3. History and background of the Company

TUG was registered in 2013 and operated as a civil earthmoving contractor, specialising in providing drainage works. The Company's focus was on residential subdivisions and road construction. At the date of liquidation the Company employed approximately 12 full-time staff and operated from leased premises owned by related parties, at 19 and 21 Clayton St, Bellevue, W.A.

TUG's only customer was TC. TC and TUG shared the same directors and indirectly had common shareholders via Tasman Investments Pty Ltd. TUG's financial performance was totally dependent upon that of TC.

Typical of many civil earthmoving contractors, the Company owned various items of heavy earthmoving plant which were used to service its contracts with customers.

3. Liquidators' actions to date and key assets

3.1. Initiation of the liquidation and first steps

On our appointment we took immediate steps to assess the ability of the Company to continue to trade. As we formed the view that TC was unable to continue trading this in turn meant that TUG could no longer trade. Accordingly, operations were ceased and the Company's staff were immediately terminated.

The operational and statutory actions taken by me for the conduct of the liquidation included, but were not limited to the following:

- Met with the Directors of the Company to discuss the nature and implications of our appointment and their obligations
- Conducted an assessment of the financial position of the Company
- Attend to all banking matters
- Reviewed security interests recorded upon the PPSR
- Correspondence, discussions and meeting with multiple secured creditors
- Arranged for the valuation of property, plant and equipment
- Made arrangements for insurance cover
- Answering creditor queries
- Convening the first meeting of creditors
- Collating and registering creditors' informal proof of debt claims
- Correspondence, meetings and discussions with employees
- Attend to the validation of employee entitlements pursuant to claims made under FEG
- Notifying statutory authorities of our appointment
- Arranged for the reconciliation, identification, security, valuation and realisation of plant and equipment
- Preparing and lodging relevant notices with ASIC
- Collation and transfer to storage of the Company's financial information
- Investigations into the affairs of the Company
- Lodge claims for insolvent trading in the Pt X arrangement of Gordon McCabe and bankruptcy of Tony Smolenski
- Preparing this and previous reports to creditors.

3.2. Property, plant and equipment

The Company's PPE consisted of heavy earthmoving plant (e.g. excavators, graders, rollers etc.), earthmoving equipment and tools, workshop plant and tools, light commercial and passenger vehicles. The majority of the PPE by value was subject to finance and the interests of secured parties. The value of unencumbered and financed assets is detailed further at section 4.

At the date of appointment the PPE was spread across the Company's different project sites/compounds and at the Company's Clayton St properties. To safeguard the PPE we implemented insurance cover, maintained CCTV security where available at various project sites, changed the locks and maintained the alarm system at the Clayton St properties, and arranged for staff members to regularly visit each site. We also arranged for the remaining employees to relocate assets held with third parties to the Clayton St properties and to Grays' yard.

We arranged for Grays to inspect and value the PPE. Grays provided a total auction value of all PPE of \$899k (\$27k unencumbered and \$872k financed). We note that of the financed PPE value, the majority (\$729k) related to CAT financed equipment.

We disclaimed all financed PPE subject to any equity in the finance agreements and accordingly, the relevant financiers took control of their respective assets. We note that CAT and Capital Finance made their own arrangements for the sale of their assets, whilst BOQ allowed for their items to be included in the unencumbered asset sale process.

We sought proposals from two auctioneers for the sale of the remaining unencumbered PPE. Grays were then selected as being the best placed in terms of value and asset knowledge to market and sell the PPE. The PPE was then relocated to Grays' premises and offered for sale at a series of online auctions.

All unencumbered PPE has sold for \$33k with results being c. 20% above valuation. We have also received \$70k in equity in encumbered assets.

3.3. Related party loans

According to the Director's RATA TC owes TUG \$106k. We have yet to investigate and validate this amount. Should the amount prove to be owed and a dividend paid by TC, then TUG will receive a distribution from TC as an ordinary unsecured creditor. At this stage we estimate a dividend to ordinary unsecured creditors of TC of 17c to 23c.

4. Estimated Statement of Position

4.1. RATA

Upon our appointment we requested that the Directors make out and submit a Report as to the Affairs ("RATA") for the Company as at 24 August 2016, as required by Section 475(1) of the Act.

The RATA represents a snapshot of the asset and liability position of the Company as prepared by the Directors, which we have provided in extract in the table at Section 4.2.

The book values shown in the RATA do not reflect actual returns to creditors.

4.2. Estimated Statement of Position

In the table below we have summarised the Director's RATA and provided our own estimated statement of position for the Company as at 24 August 2016 based upon our own investigations and actual realisations. The table below is not a representation of the possible returns to creditors. A detailed summary of the possible return to creditors is discussed at section 7.

Item	Notes	Director's RATA ERV (\$)	Liquidators' ERV (\$)
Assets			
Cash at bank	4.2.1	4,829	4,829
Related party debtors	4.2.2	106,555	16,960
Work in progress	4.2.3	314,221	Nil
Plant and Equipment - unencumbered	4.2.4	40,000	33,311
Plant and Equipment - encumbered	4.2.5	1,198,810	939,866
Less amounts owing on encumbered assets	4.2.5	(1,115,099)	(966,549)
Total Assets		549,316	28,417
Liabilities			
Employee entitlements	4.2.6	(220,754)	(208,008)
Unsecured Creditors - Trade Creditors	4.2.7	(942,596)	(942,596)
Total Liabilities	-	(1,163,350)	(1,150,604)
Estimated Surplus/(Deficiency) subject to costs of liquidation	-	(614,034)	(1,122,187)

4.2.1 Cash at bank

According to the Company's bank statements there was \$4,829.27 cash at bank at the date of appointment. These funds were transferred to the Company's liquidation account.

4.2.2 Related party debtors

As detailed at section 3.3 TC owes TUG \$106k. We have included an ERV of \$17k based on a dividend from TC of 16c in the dollar, which is the Low case scenario of potential returns to creditors in the liquidation of TC.

4.2.3 WIP

The Director listed WIP of \$314k. This WIP relates predominantly to contracts that TC was undertaking and that were terminated as a result of the liquidation of TC. We have yet to investigate in full these potential claims against TC. These amounts may represent an increase in the unsecured debt owed by TC to TUG or

may already be factored into the existing amount owed. Until our investigations are complete we have not allocated any ERV for this asset.

4.2.4 Plant & equipment - unencumbered

Refer section 3.2.

4.2.5 Property, plant and equipment - encumbered

Financier (\$)	Security Value	Finance	Equity / (Deficiency)
Caterpillar Financial Australia Ltd	788	(885)	(97)
BOQ Equipment Finance Ltd	113	(64)	48
Capital Finance Australia Ltd	39	(17)	22
Total	940	(967)	(27)

4.2.6 Claims by employees

Refer section 7.1

4.2.7 Unsecured creditors

The Director's RATA listed unsecured creditors of \$942,596. We have received proofs of debt to date of \$421,038. We have not received proofs of debt from all creditors and for the purposes of reporting we have used the Director's higher figure as our estimate of this liability. We have not verified any claims at this stage in the liquidation.

5. Liquidators' Investigations

5.1. Introduction

Pursuant to the provisions of the Act, it is incumbent upon a liquidator to investigate the Company's business, property, affairs and financial circumstances. One purpose of the investigation is to determine whether there have been any offences committed by the Directors. Another purpose is to determine whether there are transactions where money, property or other benefits could be recoverable by us as liquidators.

An explanation of the possible offences by a director and insolvent and voidable transactions that a liquidator could pursue is attached at Appendix C. 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 C or of our investigations, creditors should contact this office.

5.2. Overview of Investigation

We have undertaken the following investigations to prepare this report and formulate our opinions:

- ASIC and real property searches
- Personal Property Securities Register searches
- Review of books and records of the Company
- Discussions with the Directors and former employees
- Review of the financial accounts of the Company.

5.3. Offences by the Directors

5.3.1 Overview

A liquidator is required to complete and lodge a report pursuant to Section 533 of the Act with ASIC where it appears to the liquidator that a past or present officer of the company may have been guilty of an offence in relation to the company and in other limited circumstances. Any report lodged pursuant to Section 533 is not available to the public. We lodged our report pursuant to Section 533 of the Act on 18 May 2017.

At this stage the only evidence of contraventions of Section 180 - 184 of the Act regarding the general duties of directors and officers, is the Directors' actions in allowing the Company to trade whilst insolvent as discussed at section 5.5 of this report.

5.3.2 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 the company to maintain books and records in accordance with section 286 of the Act provides a rebuttable presumption of insolvency of the 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.

5.4. Voidable transactions

Voidable transactions, also known as "insolvent transactions", include:

- Unfair preferences (Section 588FA)
- Uncommercial transactions (Section 588FB)
- Unfair loans to a Company (Section 588FD)
- Damages for breach of Director's duties (Section 180 - 183)
- Unreasonable Director-related transactions (Section 588FDA)
- Agreements to avoid employee entitlements (Section 596AB)
- Transactions with the Purpose of Defeating Creditors (Section 588FE(5))
- Circulating security interests created within 6 months (Section 588FJ).

It is important to note that such transactions are only voidable if they are considered insolvent transactions of the Company. In order for a liquidator to recover any amount, it would first be necessary to establish that the 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 liquidator considers it uncommercial or not in the creditors' best interests, such recovery actions may not be commenced by the liquidator.

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 funding 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.

In taking any action a liquidator must also consider the capacity of the Directors or any relevant party, to satisfy a successful claim.

Our investigations into the Company's affairs to date are continuing and at this stage we have identified that there may be potential unfair preference payments. We are not however yet in a position to quantify the extent of these claims.

5.5. Insolvent Trading (section 588G)

A director may be personally liable to the company under the Act if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the company is insolvent, or becomes insolvent by incurring that debt. A company is insolvent when it cannot pay its debts as and when they fall due.

The liquidator must prove the insolvent trading claim against the director individually. In the event that a liquidator does not pursue the director, creditors are able to pursue the director for a claim for insolvent trading. Claims for insolvent trading are often difficult to prove and directors have a number of defences available to them pursuant to section 588(H) of the Act, as follows:

- That when the debt was incurred, the director had reasonable grounds to suspect that the company was solvent and would remain solvent even if the debt was incurred
- That when the debt was incurred, the director had reasonable grounds to believe, and did believe, that a subordinate was competent and responsible for providing adequate information about the company's solvency and the directors expected, on the basis of the information, that the company was solvent or would remain solvent
- That when the debt was incurred, the director, because of illness or for some other good reason, did not take part in the management of the company at that time
- That the director took all reasonable steps to stop the company from incurring the debts.

It is important to note that these defences are not defences against insolvent trading itself, but are defences the director has against personal liability for insolvent trading.

To be successful in pursuing a claim against a director for insolvent trading the liquidator must prove that the company was insolvent at the relevant date. The basic tests of insolvency relate to both the net asset position of the company (the balance sheet test) and whether the company can pay its debts as and when they fall due (the cash flow test). The assessment of a company's solvency is complex and comes down to a question of fact in the circumstances which requires detailed examination.

We have determined that TC and TUG were insolvent from at least 24 February 2016 and most likely earlier and that the damages claimable from the Directors to be \$8.17m and \$1.63m for TC and TUG respectively. Recovery of this amount is, however dependent upon the defences available to the Directors and their capacity to pay.

Mr McCabe and the Trustee of his Estate (Trustee) have raised the defence to our claim for insolvent trading, that Mr McCabe was ill at all times from the date of insolvency (i.e. 24 February 2016) to the date of liquidation and did not take part in the management of the Company. A defence has also been raised that Mr McCabe was relying upon TC's other Director, Mr Smolenski, to provide him (i.e. Mr McCabe) with information as to the Company's solvency.

Both of the defences put forward by Mr McCabe are provided for in the Act. We have also been provided with evidence that Mr McCabe was receiving payments under an income protection insurance policy due to his inability to work. We have not sought legal advice as to the validity of Mr McCabe's defence, but at first instance the defences appear reasonable.

Mr McCabe's Trustee in Bankruptcy has however offered to settle the insolvent trading claim by payment of an amount out of his Pt X arrangement to TUG. A separate amount has been offered to settle TC's insolvent trading claim. The settlement of this matter was discussed with the Committee of Inspection and discussions are being held with the Trustee.

TUG's other director, Tony Smolenski, declared himself bankrupt on 19 April 2017. We have lodged a claim in Mr Smolenski's bankrupt estate for the insolvent trading claim of c.\$1.6m. Mr Smolenski's Trustee in Bankruptcy has indicated any return to creditors of Mr Smolenski's estate is unlikely.

5.6. Cause of Company Failure

As TUG was totally reliant upon TC for work and financial support, TUG's solvency was directly linked to that of TC. The Directors advised us that TC/TUG failed due to a decline in the industry resulting in a decrease in the amount of new work on offer and a contraction in margins. Whilst we agree that the industry downturn contributed to the Company's failure, our investigations also indicate that the Company's failure was primarily due to losses on contracts and the failure to adjust the Company's cost base in line with lower levels of revenue.

6. Receipts and Payments

Pursuant to Section 473(4) of the Act, when a liquidator convenes a meeting of creditors and is seeking approval of his/her remuneration, they are required to provide creditors with a statement of receipts and payments.

The table below provides a summary of the receipts and payments during the period 24 August 2016 to 21 September 2017:

Receipts	\$
Cash at bank	4,829.27
Insurance refunds	986.36
Other receipts	1,676.10
GST receipts	3,335.00
Sale of property, plant and equipment	<u>103,536.74</u>
Total receipts	<u>114,363.47</u>
Payments	\$
Bank charges and guarantee fees	(12.48)
Liquidators' fees	(81,674.45)
Liquidators' disbursements	(4,683.50)
Other costs	<u>(100.00)</u>
Total payments	<u>(86,470.43)</u>
Balance at 21 September 2017	<u>27,893.04</u>

7. Distribution

At this stage of the liquidation, it appears that only a small distribution to priority employee creditors is probable, if there are recoveries for insolvent trading and depending upon the quantum of any dividend from the liquidation of TC. Any payment for employee entitlements will be made direct to FEG for payments that they have already made to employees, as well as to eligible employees that did not qualify for FEG payments. Amounts for superannuation will be paid to the ATO, who will then pay the relevant amounts onto employee superannuation funds.

Any return to ordinary unsecured creditors will be dependent upon any returns from potential unfair preferences.

The table on the following page summarises our estimate of possible returns to creditors on a High and Low scenario.

Tasman Civil Underground Pty Ltd - Statement of Position			
\$'000	Notes	Realisation High	Realisation Low
Non circulating assets			
Unencumbered			
Workshop equipment - sold	3.2	33	33
Sub total		33	33
Selling costs			
Liquidators' fees		(16)	(16)
Other selling costs (transport, valuation, rent, commissions and marketing)		(7)	(7)
Total unencumbered non-circulating assets		10	10
Encumbered			
CAT Finance assets		788	788
CAT Finance loans		(885)	(885)
Equity/(Deficiency) Cat	4.2.5	(97)	(97)
BOQ assets		113	113
BOQ loans		(64)	(64)
Equity/(Deficiency) BOQ	4.2.5	48	48
Capital Finance assets		39	39
Capital Finance loans		(17)	(17)
Equity/(Deficiency) Capital Finance	4.2.5	22	22
Total equity in encumbered assets		70	70
Total unencumbered non-circulating assets available to unsecured creditors		80	80
Circulating assets			
Opening cash at bank		5	5
Insolvent trading claim	5.6	-	-
Related party loans	4.2.2	24	17
Sub total		29	22
Liquidators' Fees and Disbursements to 30/9/2017		(87)	(87)
Liquidators' fees and disbursements future		(25)	(25)
Total recovery from circulating assets		(83)	(90)
Total unencumbered non-circulating assets available to unsecured creditors		80	80
Total assets available for unsecured creditors		(3)	(11)
Less: Priority Creditors			
Employee Wages		(25)	(27)
Employee entitlements, leave, notice and redundancy	7.1	(178)	(196)
Superannuation		(5)	(5)
Surplus/(Shortfall) available to other unsecured creditors		(211)	(239)
Shortfall on encumbered asset creditors		(97)	(97)
Trade creditors	7.2	(857)	(942)
Taxes		(86)	(86)
Shortfall to unsecured creditors		(1,250)	(1,364)
c/\$		-	-

7.1 Employee entitlements

Claim \$000	High	Low
Wages	(25)	(27)
Annual leave, notice and redundancy	(178)	(196)
Superannuation	(5)	(5)
Total	(208)	(229)

Low scenario factors in an additional 10% for any additional claims that may be raised.

7.2 Trade creditors

Low scenario factors in an additional 10% for any additional claims that may be raised above those recorded in TUG's books.

8. Tasks and timing to complete the Liquidation

Tasks required to complete the liquidation include:

- Investigate and recovery any identified unfair preferences

- Attend to recovery of insolvent trading claim in McCabe's Pt X arrangement and Smolenski's bankrupt estate.
- Investigate related party loan to TC and lodge claim in the liquidation of that company
- Pay a distribution to priority creditors, subject to sufficient surplus funds.

Timing for completion will be dependent upon the receipt of any dividend from the liquidation of TC. At this stage we forecast that the liquidation of TC may be completed by September 2018.

9. Further Information

Should you have any queries concerning the above matters, please contact Michael Buzzo of this office on (08) 9365 8027.



Jason Tracy

For and on behalf of
Jason Tracy and Vaughan Strawbridge
Joint and Several Liquidators

Appendix A: PPSR

Number	PM SI	Collateral class	Inventory	Secured Party C	Collateral Description	Registration Start
20130540003639	Yes	Motor Vehicle	No	CAPITAL FINANCE AUSTRALIA LIMITED		14 May 2013 05:17
20130540003641	Yes	Motor Vehicle	No	CAPITAL FINANCE AUSTRALIA LIMITED		14 May 2013 05:17
201305310045430	Yes	Motor Vehicle	No	CATERPILLAR FINANCIAL AUSTRALIA LIMITED		31 May 2013 11:42
201305310051950	Yes	Motor Vehicle	No	CATERPILLAR FINANCIAL AUSTRALIA LIMITED		31 May 2013 12:08
201306140086027	Yes	Motor Vehicle	No	BOQ EQUIPMENT FINANCE LIMITED		14 Jun 2013 16:00
201307100035012	Yes	Motor Vehicle	No	CATERPILLAR FINANCIAL AUSTRALIA LIMITED		10 Jul 2013 12:20
201308120013693	Yes	Motor Vehicle	No	BOQ EQUIPMENT FINANCE LIMITED		12 Aug 2013 11:00
201308120050671	Yes	Motor Vehicle	No	BOQ EQUIPMENT FINANCE LIMITED		12 Aug 2013 16:00
201308260024847	Yes	Motor Vehicle	No	CATERPILLAR FINANCIAL AUSTRALIA LIMITED		26 Aug 2013 10:20
201308300083092	Yes	Motor Vehicle	No	BOQ EQUIPMENT FINANCE LIMITED		30 Aug 2013 16:01
201309260079707	Yes	Motor Vehicle	No	BOQ EQUIPMENT FINANCE LIMITED		26 Sep 2013 16:01
201401130010851	Yes	Motor Vehicle	Yes	COATES HIRE OPERATIONS PTY LIMITED	All Vehicles and their associated parts, accessories and equipment, hired to the Grantor by the Secured Party, or any party for which the Secured Party is nominated to act, including without limitation: cars, utilities, trucks and trailers and including the following vehicle types: access; air compressors; compaction; earthmoving; generators; lighting towers; materials handling; pumps; traffic management & sign boards.	13 Jan 2014 10:07
201412020058965	Yes	Motor Vehicle	No	CATERPILLAR FINANCIAL AUSTRALIA LIMITED		02 Dec 2014 16:53
201505280045204	Yes	Motor Vehicle	No	MARY DONALD NOMINEES PTY LTD, THE TRUSTEE FOR THE D J MACCORMICK FAMILY TRUST	All motor vehicles (as defined in the Personal Property Securities Act and Regulations) and their associated parts, accessories and equipment - rented, leased, hired, bailed, supplied on consignment, sold subject to a conditional sale agreement including retention of title, or otherwise made available to the grantor by the secured party	28 May 2015 13:22
20151270093065	Yes	Motor Vehicle	No	BOQ EQUIPMENT FINANCE LIMITED		27 Nov 2015 16:28
20151270093083	Yes	Motor Vehicle	No	BOQ EQUIPMENT FINANCE LIMITED		27 Nov 2015 16:28
20151270093841	Yes	Motor Vehicle	No	BOQ EQUIPMENT FINANCE LIMITED		27 Nov 2015 16:28
201606160035132	Yes	Motor Vehicle	Yes	CONPLANT PTY LTD	All vehicles supplied by the secured party to the grantor including but not limited to compaction and related equipment.	16 Jun 2016 12:34
201305310046262	Yes	Other Goods	No	CATERPILLAR FINANCIAL AUSTRALIA LIMITED	ONE NEW 2013 SITECH DUAL GPS FOR 329D SN 0353J021SQ. NEW 2013 BASE STATION KIT SPS855. NEW 2013 CONTROLLER TSC3362RD.	31 May 2013 11:45
201401130010867	Yes	Other Goods	Yes	COATES HIRE OPERATIONS PTY LIMITED	All equipment & other goods, including parts & accessories, hired to the Grantor by the Secured Party, or any party for which the Secured Party is nominated to act, including without limitation: air/air compression; compaction; earthmoving; generators & power; ground & shoring; scaffolding; propping; lighting; materials handling; pumps; safety; portable buildings & toilets; tools & similar goods; traffic management including road barriers; trucks, vehicles & trailers; welding.	13 Jan 2014 10:07
201402210031789	Yes	Other Goods	Yes	VININDEX PTY LIMITED		21 Feb 2014 11:57
201402210031886	Yes	Other Goods	Yes	VININDEX PTY LIMITED		21 Feb 2014 11:58

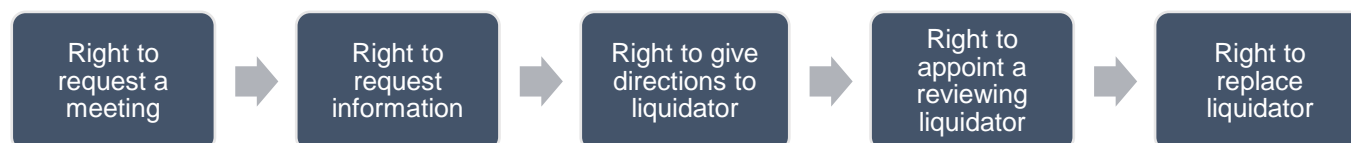
Appendix A: PPSR

Number	PM SI	Collateral class	Inventory	Secured Party C	Collateral Description	Registration Start
201402210031789	Yes	Other Goods	Yes	VININDEX PTY LIMITED		21Feb 2014 11:57
201402210031886	Yes	Other Goods	Yes	VININDEX PTY LIMITED		21Feb 2014 11:58
201409200027429	Yes	Other Goods	Yes	REOMART PTY LIMITED	All goods sold, leased, rented, bailed, consigned or otherwise made available from time to time (whether present or future) by the secured party to the grantor.	20 Sep 2014 11:21
201501120027644	Yes	Other Goods	No	CATERPILLAR FINANCIAL AUSTRALIA LIMITED	All Personal Property (including equipment and motor vehicles) financed, leased, hire purchased or otherwise made available to the grantor by the Secured Party.	12 Jan 2015 13:51
201504170062277	Yes	Other Goods	Yes	TRADELINK PTY LIMITED	All goods (including, but not limited to), all plumbing supplies and plumbing related products supplied from time to time by Crane Distribution Limited (or any related body corporate (as defined in the Corporation Act 2001)) to the grantor and any related services, together with all proceeds arising from that property, including (but not limited to) goods, money, accounts receivable, chattel paper, intangibles, negotiable instruments, documents, documents of title and investment securities.	17 Apr 2015 14:08
201505280045113	Yes	Other Goods	No	THE TRUSTEE FOR THE D J MACCORMICK FAMILY TRUST, MARY DONALD NOMINEES PTY LTD	All goods, equipment and/or other tangible property (including any accessions to those goods, equipment and/or property) sold, leased, hired, rented, bailed, supplied on consignment, sold subject to a conditional sale agreement including retention of title or otherwise made available by the secured party to the grantor.	28 May 2015 13:22
201507210082540	Yes	Other Goods	Yes	HOLCIM (AUSTRALIA) PTY LTD	All goods sold, leased, rented, bailed, consigned or otherwise made available to the grantor by the secured party.	21Jul 2015 09:47
201510160047295	Yes	Other Goods	Yes	THE DOBBIE DICO METER COMPANY (W.A.) PTY LIMITED	Collateral supplied by the secured party	16 Oct 2015 14:52
201601300007448	Yes	Other Goods	Yes	VALMONT IRRIGATION AUSTRALIA PTY LTD, VALMONT AUSTRALIA PTY LTD, INDUSTRIAL GALVANIZERS CORPORATION PTY LTD, H-LIGHT INDUSTRIES PTY LTD., DELTA GALVANIZING PTY LTD., DONHAD PTY LTD, GALVLINE TASMANIA PTY LTD., GRATINGS DGA PTY LTD., WEBFORGE AUSTRALIA PTY LTD, VALMONT GROUP HOLDINGS PTY LTD, LOCKER GROUP PTY LTD	All goods, equipment and/or other tangible property (including any accessions to those goods, equipment and/or property) sold, leased, hired, rented, bailed, supplied on consignment, sold subject to a conditional sale agreement including retention of title or otherwise made available by the secured party to the grantor.	30 Jan 2016 09:29
201606160035113	Yes	Other Goods	Yes	CONPLANT PTY LTD	All goods supplied by the secured party to the grantor including but not limited to compaction and related equipment.	16 Jun 2016 12:34

Appendix B: Creditor rights in a liquidation

Creditor Rights in Liquidations

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



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

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

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

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

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

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

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

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

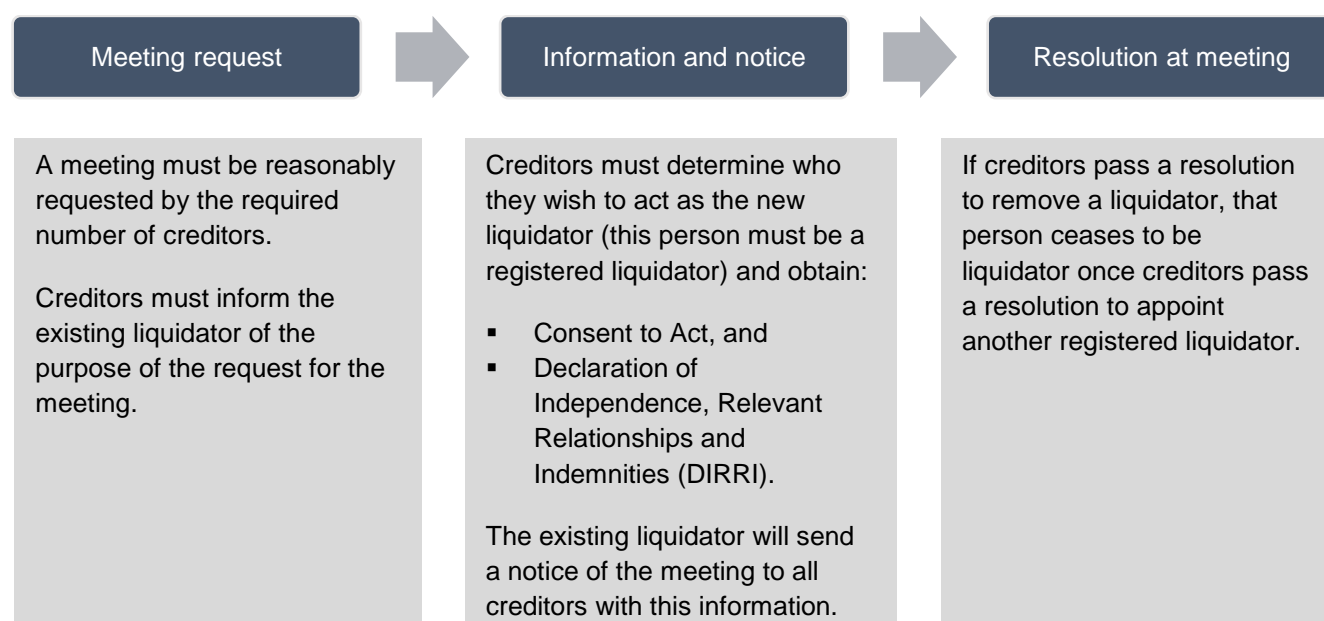
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

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

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



For more information, go to www.arita.com.au/creditors

Appendix C: Creditor information sheet

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

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

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
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 an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
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 the 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.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, 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 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 period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because 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 must be entered into before 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 payments made to or on behalf of a director or close associate of a director. 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 over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six 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 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.