

**Deloitte.**



Alphatise Ltd  
(Administrators Appointed)  
ACN 158 717 796

**First Creditors' Meetings**  
**Monday 16 March 2015 2:00 PM AEDT**

# First Creditors' Meetings

Alphatise Ltd  
(Administrators Appointed)  
ACN 158 717 796

Opening of the meeting by the Chairperson  
Vaughan Strawbridge, Deloitte – Joint Administrator

# Introduction by Chairperson

Chairperson Vaughan Strawbridge, Joint Administrator

Vaughan Strawbridge – Deloitte, Joint Administrator

David Lombe – Deloitte, Joint Administrator

Date of Appointment: 5 March 2015

# Agenda

- Formalities
- Purpose & Process
- Actions since appointment
- Reason for failure
- Investigations
- Questions
- Voting/resolutions
- Creditors' Committee Appointment
- Any other resolutions
- Questions and any other business
- Closure

# Formalities

- Attendance Register and Observers
- Notice of Meeting
- Convenience for creditors
- Declaration of Quorum for the company
- Independence of Administrators
- Proxies received

## Purpose & Process

Voluntary Administrations are a flexible and cost effective form of administration with the stated aim to:

*“maximise the chances of a business continuing in existence or at the very least, provide a better return to creditors” (Section 435A)*

A Voluntary Administrator can only be appointed by

- The company
- A secured creditor
- A Liquidator of the company, or
- A Provisional Liquidator of the company

## Purpose & Process

Section 438A - The primary function of an Administrator is to investigate the affairs of the company as soon as practicable, and form an opinion as to whether:

- The company enter into a Deed of Company Arrangement
- The administration end and control of the company be returned to the directors, or
- The administration end and the company be wound up

# Purpose & Process

## The process has four distinct phases:

- Administrators' appointment & First Meeting
- Investigation period
- Second (439A) Meeting of creditors
- Implementation of the agreed course of action



## Purpose & Process

The 439A (Second) Meeting is to be held within five business days from the end of the convening period (25 business days from the day after the Administrator's appointment)

**The Second (439A) Meeting:** currently on or before 20 April 2015

**What you will receive:** My report to creditors setting out my investigations and my recommendation as to whether:

- The company enter into a Deed of Company Arrangement
- The administration end and control returned to the directors, or
- The administration end and the company be wound up

At the Second meeting creditors will be asked to vote on these alternative outcomes for the Company.

# **Declaration of Independence, Relevant Relationships, and Indemnities ("DIRRI")**

**There is no change to the DIRRI provided to creditors on 6 March 2015**

No relationships restrict us from properly exercising our role.

There is no changes to the circumstances in the DIRRI and no update to be provided.

# Actions since appointment

## Administrators' Actions:

### Statutory compliance

- ASIC filings / Statutory advertising
- Convening first meeting / Notices to creditors and employees

### Trading

- Implemented care and maintenance plan

### Employees

- Meetings with employees
- Deal with employee redundancies
- Calculation of employee entitlements

### Investigations

- The Administrators have commenced their investigations into the affairs of the company

### Assets

- Investigate R&D rebate
- Disclaim leased motor vehicles and Pymont office

## Reasons For Failure – Financials (Historic Summary P&L) Alphatise Ltd

| <b>Profit &amp; Loss (\$)</b>          | <b>FY13</b>      | <b>FY14</b>        | <b>FY15 YTD</b>    |
|--|------------------|--------------------|--------------------|
| <b>Income</b>                          |                  |                    |                    |
| Gross Receipts                         | -                | 9,211              | 278,566            |
|  | <b>-</b>         | <b>9,211</b>       | <b>278,566</b>     |
| <b>Expenses</b>                        |                  |                    |                    |
| Staff costs                            | (26,570)         | (303,553)          | (1,827,933)        |
| Advertising & PR                       | (9,082)          | (128,365)          | (366,318)          |
| Office: Rent , Utilities & Maintenance | (28,141)         | (179,564)          | (299,308)          |
| Product Development & Other IT         | (8,998)          | (54,185)           | (255,812)          |
| Investor Introduction & Consultants    | (4,179)          | (279,036)          | (245,063)          |
| Legal & Accountancy fees               | (27,950)         | (44,654)           | (218,009)          |
| Sundry Expenses                        | (7,688)          | (18,343)           | (153,421)          |
| Travel, Accommodation & Vehicles       | (21,387)         | (73,487)           | (117,879)          |
| <b>Net profit / (loss) before tax</b>  | <b>(133,995)</b> | <b>(1,071,886)</b> | <b>(3,205,177)</b> |

## Reasons For Failure – Financials (Balance Sheet)

### Asset Position

| Balance Sheet (\$)                     | March 2015        |
|--|-------------------|
| <b>Current Assets</b>                  | <b>Book Value</b> |
| Cash (Actual cash at bank is \$25,620) | (2,062)           |
| Accounts Receivable                    | 7,025             |
| Loans to Related Parties               | 14,500            |
| Security Deposits, Prepayments & Other | 18,068            |
| R&D Rebate                             | -                 |
| <b>Total current assets</b>            | <b>37,530</b>     |
| <b>Non-Current Assets</b>              |                   |
| Computer Equipment                     | 1,074             |
| Development Costs                      | 816,038           |
| Office Equipment                       | 18,796            |
| Employee Share Loans                   | 285,000           |
| Intellectual Property                  | -                 |
| <b>Total Non-Current Assets</b>        | <b>1,120,908</b>  |

## Reasons For Failure – Creditor Position

| Creditor position                                     | \$             |
|---|----------------|
| <b>Secured Debt</b>                                   | <b>80,000</b>  |
| <b>Employee Entitlements (Priority Status):</b>       |                |
| - <i>Wages, Annual Leave &amp; Super</i>              | 195,401        |
| - <i>Notice and redundancy</i>                        | 24,439         |
| <b>Total Priority Creditors</b>                       | <b>219,840</b> |
| <b>Unsecured Creditors</b>                            |                |
| - <i>Trade (additional info still being received)</i> | 282,609        |
| - <i>ATO</i>  | 176,881        |
| - <i>Landlord (Pymont office)</i>                     | TBQ            |
| - <i>Subtenant</i>                                    | TBQ            |
| - <i>Motor Vehicle Leases</i>                         | TBQ            |
| <b>Total Unsecured Creditors</b>                      | <b>459,490</b> |
| <b>Total creditor position</b>                        | <b>759,330</b> |

## Shareholder Information

| Shareholders  | Shares (A+B+C)    |
|---|-------------------|
| PP Investments Pty Ltd ATF Paul Pearson Family Trust      | 16,898,109        |
| Benison Holdings Pty Ltd                                  | 4,079,236         |
| Lydian Enterprises Pty Ltd ATF Lydian Trust               | 3,357,996         |
| WMSM Investment Company                                   | 3,173,242         |
| Greenfield Silicon Pty Ltd                                | 2,890,696         |
| Chifley Portfolios Pty Ltd (David Hannon Retirement Fund) | 2,197,802         |
| Kent Hulme ATF Hulme Family Trust                         | 1,997,479         |
| Richard Frey ATF Frey Family Trust                        | 1,956,691         |
| Michael Greonheyde & Janelle Greonheyde                   | 1,888,226         |
| Ben Nowlan ATF Nowlan Family Trust                        | 1,817,027         |
| David Hannon  | 1,685,714         |
| Alpha Labs Investment Co Pty Ltd                          | 1,594,700         |
| Other Shareholders (65 investors)                         | 34,299,938        |
| <b>Total Shares</b>                                       | <b>77,836,856</b> |

# Investigations

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.

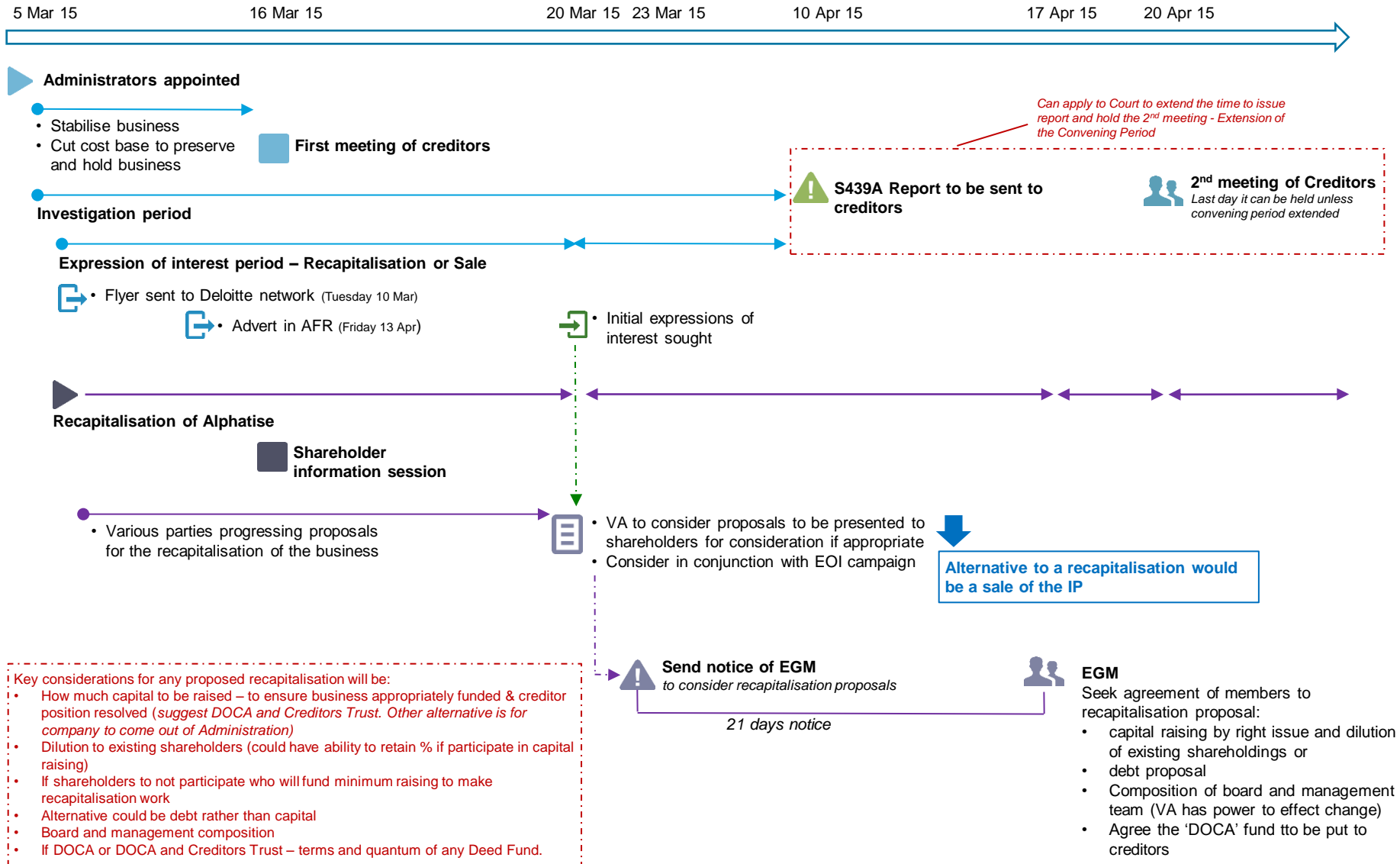
Voidable transactions include:

- Unfair preferences (Section 588FA)
- Uncommercial transactions (Section 588FB)
- Unfair loans to a company (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)

The Administrators will also investigate if the company traded whilst insolvent



# Indicative Timetable



# Indicative Timetable

17 Apr 15

20 Apr 15

11 May 15



## EGM

- Recapitalisation structure(s) put to shareholders
- If a proposal approved the DOCA proposal to be put to creditors at the 2<sup>nd</sup> meeting. If not DOCA proposal to be withdrawn.



## 2<sup>nd</sup> meeting of Creditors

- Proposal put to creditors for consideration – DOCA
- Must result in the continuation and or be a better return to creditors than in the event of liquidation to be recommended to creditors by the Administrator
- If approved seek to execute

*Time frame dependant on speed of capital raising*



## DOCA to be signed

Must be within 21 days of 2<sup>nd</sup> Meeting of Creditors



## Capital raising to commence

*Timing to be determined*



## Capital raising finalised

## DOCA

- Deed fund paid to Deed Administrator
- Other terms of Deed to be completed ie/ board and management structure

**DOCA effectuated (completed)**



## Creditors Trust established

- All creditors claims against Alphasise extinguished
- Creditors now beneficiaries of trust
- Trustee declares and pays dividend to creditors in full satisfaction of their claims



**Alphasise Limited**  
(Subject to DOCA)



**Alphasise Limited**

- Cleaned company – creditors all dealt with under DOCA and Creditors Trust with no right to claim against Company
- Recapitalised
- Control returns to Directors
- No longer under administration or subject to DOCA

# Purpose & Process

## **Proposal to extend the Convening Period:**

The Administrators are considering an extension of 90 days:

- To give existing shareholders or third parties the opportunity to formulate and implement a recapitalisation of the company
- In the absence of a recapitalisation, to run a comprehensive marketing campaign for the sale of the business as a going concern

## Any other resolutions

- Administrators appointed 5 March 2015
- Creditors may remove Administrators and appoint someone else as Administrator (Section 436E(4))
- Other nominations

# Closure

- Any other business
- Meeting closed



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