

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

Profit & Loss (\$)	FY13	FY14	FY15 YTD
Income			
Gross Receipts	-	9,211	278,566
	-	9,211	278,566
Expenses			
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)
Net profit / (loss) before tax	(133,995)	(1,071,886)	(3,205,177)

Reasons For Failure – Financials (Balance Sheet)

Asset Position

Balance Sheet (\$)	March 2015
Current Assets	Book Value
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	-
Total current assets	37,530
Non-Current Assets	
Computer Equipment	1,074
Development Costs	816,038
Office Equipment	18,796
Employee Share Loans	285,000
Intellectual Property	-
Total Non-Current Assets	1,120,908

Reasons For Failure – Creditor Position

Creditor position	\$
Secured Debt	80,000
Employee Entitlements (Priority Status):	
- <i>Wages, Annual Leave & Super</i>	195,401
- <i>Notice and redundancy</i>	24,439
Total Priority Creditors	219,840
Unsecured Creditors	
- <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
Total Unsecured Creditors	459,490
Total creditor position	759,330

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
Total Shares	77,836,856

Investigations

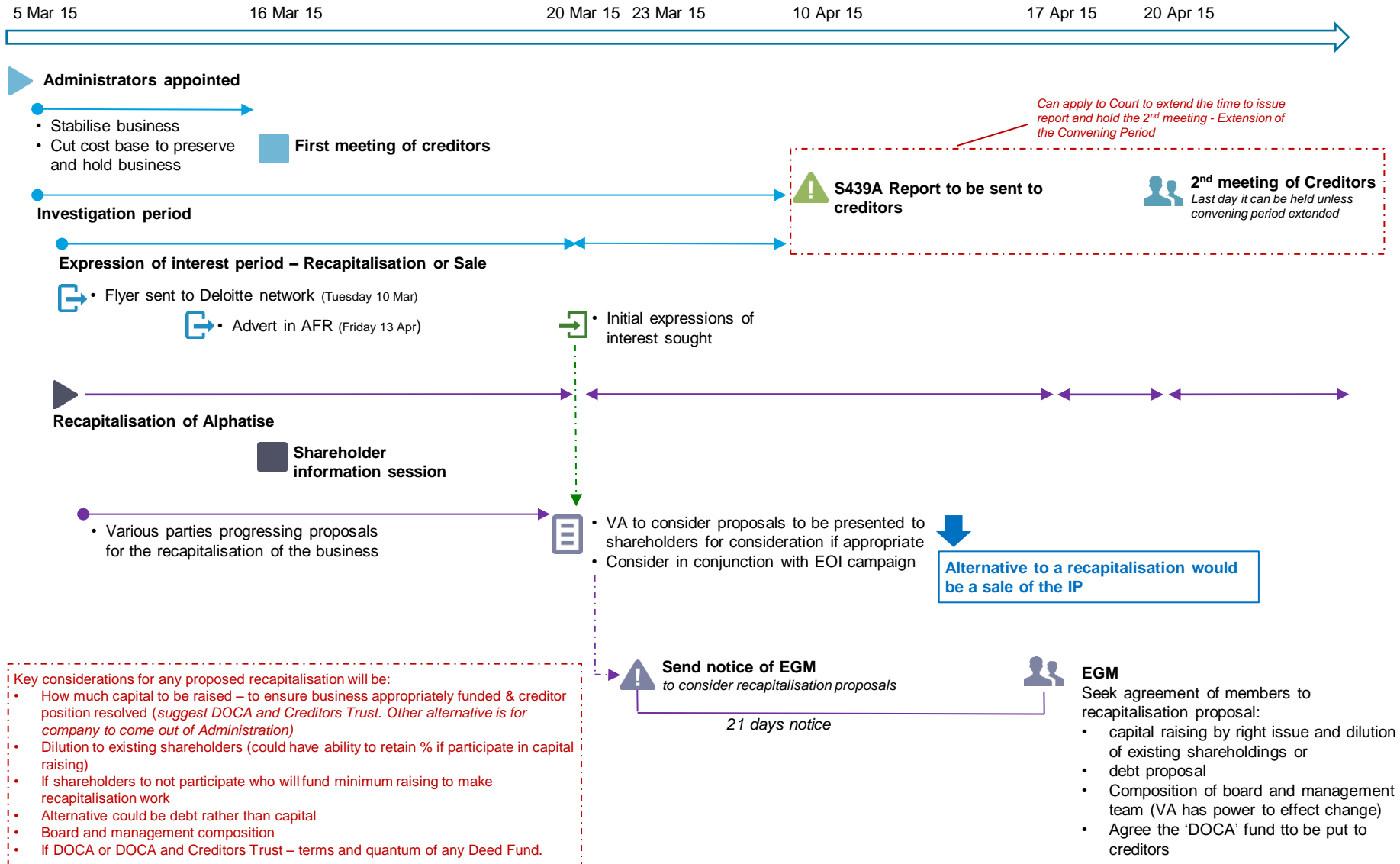
The Act requires an Administrator to specify whether there are any transactions that appear to the Administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

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 2nd meeting. If not DOCA proposal to be withdrawn.



2nd 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 2nd 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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