

LEAN FIELD DEVELOPMENTS PTY LTD

(Administrators Appointed)

ACN 140 897 052

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

8 March 2016

About Deloitte

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

“Deloitte” is the brand under which tens of thousands of dedicated professionals in independent firms throughout the world collaborate to provide [audit](#), [consulting](#), [financial advisory](#), [risk management](#), and [tax](#) services to selected clients. These firms are members of Deloitte Touche Tohmatsu Limited (DTTL), a UK private company limited by guarantee. Each member firm provides services in a particular geographic area and is subject to the laws and professional regulations of the particular country or countries in which it operates. DTTL does not itself provide services to clients. DTTL and each DTTL member firm are separate and distinct legal entities, which cannot obligate each other. DTTL and each DTTL member firm are liable only for their own acts or omissions and not those of each other. Each DTTL member firm is structured differently in accordance with national laws, regulations, customary practice, and other factors, and may secure the provision of professional services in its territory through subsidiaries, affiliates, and/or other entities.

About Deloitte Australia

In Australia, Deloitte has 16 offices and nearly 6,000 people and provides audit, tax, consulting, and financial advisory services to public and private clients across the country. Known as an employer of choice for innovative human resources programs, we are committed to helping our clients and our people excel. Deloitte's professionals are dedicated to strengthening corporate responsibility, building public trust, and making a positive impact in their communities. For more information, please visit Deloitte's web site at www.deloitte.com.au.

Liability limited by a scheme approved under Professional Standards Legislation.

Contents

1	Executive Summary	5
2	Introduction	7
3	Background Information	8
4	Historical Financial Performance	14
5	Directors' Report as to Affairs ("RATA")	18
6	The Administrators' Actions to Date	23
7	Investigations	26
8	Estimated Return from a Winding Up	31
9	Deed of Company Arrangement ("DOCA")	36
10	Administrators' Opinion	36
11	Other Material Information	36
12	Remuneration	37
13	Meeting	38
	Appendix A - Declaration of Independence, Relevant Relationships and Indemnities	39
	Appendix B – Personal Property Security Act Registrations	40
	Appendix C - Information Sheet – Offences, Recoverable Transactions, etc.	43
	Appendix D - Approving Fees: A Guide for Creditors	44
	Appendix E - Remuneration Report	45
	Appendix F - Notice of Meeting	46
	Appendix G - Proof of Debt	47
	Appendix H - Form of Proxy	48

Definitions

\$	Australian Dollars
Administrators	Richard John Hughes and David Michael Orr
ALL PAAP	All Present and After-Acquired Property
APLNG	Australia Pacific Liquefied Natural Gas
ANZ	Australia & New Zealand Banking Group Limited
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASIC	The Australian Securities & Investments Commission
ATB	Alberta Treasury Branches
ATO	Australian Taxation Office
c.	Circa
Committee	Committee of Creditors
Company or LFD	Lean Field Developments Pty Ltd (Administrators Appointed)
CY	Calendar Year ended XX
Deloitte	Deloitte Touche Tohmatsu
Directors	Guy Hamilton Hodgson and Cory Bruce Stevens
DIRRI	Declaration of Independence and Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
EFIC	Export Finance and Insurance Corporation
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
FY	Financial Year ended XX
GLNG	Gladstone Liquefied Natural Gas
GLNG Project	Roma West 2A Project, a part of GLNG
GSA	General Security Agreement
GST	Goods & Services Tax
Hillman Enterprises	Hillman Enterprises, Inc.
Ironstone Capital	I Capital Services Pty Ltd
JV	Joint Venture
k	Thousand
Leewood Riser	Leewood Gas Riser Project - Bibblewindi to Wilga Park gas flowline
Lucas Project	Contract work performed for SCLJV
m	Million
Management	Guy Hodgson, Cory Stevens and Wayne McDonald
MDR	Mechanical Data Report
NRF	Norton Rose Fulbright
PAYG	Pay as you go withholding tax
POD	Proof of Debt
P&E	Plant and equipment
PPSR	Personal Property Securities Register
Q4 Project	Santos Ltd - Limestone Creek Flowline and Lease Campaign Q4 2015 Project
QCLNG	Queensland Curtis LNG
RATA	Report as to Affairs
Relation back day	The date of appointment of the Administrators
Santos	Santos Ltd
Santos GLNG	Santos Qld Upstream Developments Pty Ltd
SCLJV	Spie Capag Australia Pty Ltd and Lucas Engineering &

SSI	Construction Pty Ltd Joint Venture
The Act	SpiderPlow Services Inc.
The Court	Corporations Act 2001
	The Federal Court of Australia or any of the state
	Supreme Courts
The Group	SSI and its controlled entities including Lean Field
	Developments Pty Ltd (Administrators Appointed) and
	SSI (2006) Inc.
The Regulations	Corporations Regulations 2001
Trenching Systems	Trenching Systems Australia Pty Limited
USA	United States of America
WIP	Work in progress

1 Executive Summary

1.1 Appointment

On 10 February 2016, we, Richard Hughes and David Orr were appointed Joint and Several Administrators of Lean Field Developments Pty Ltd (the "Company" or "LFD") by the Directors of LFD pursuant to Section 436A of the Act.

The Directors advised they were left with no alternative other than to appoint Administrators following a meeting with Santos GLNG on 4 February 2016 when they were advised that the January payment claim of \$4.2m, which would have ordinarily been paid on 9 February 2016, would not be paid until 22 March 2016.

Our appointment as Administrators was ratified by creditors at the first meeting of creditors held on Monday, 22 February 2016.

A Committee of Creditors was not formed at that meeting.

1.2 Conduct of Administration

Upon appointment we took immediate steps to control the Company's assets and continued to carry on the Company's business in order to address WIP and with regard to a possible sale of the business as a going concern.

1.2.1 Dealings with Santos GLNG

Our primary focus since our appointment has been working towards recovering the debts payable by the Company's major customer, Santos GLNG.

LFD is owed \$4.1m for works completed in January 2016 and a further \$3.8m which would have been payable in April 2016 upon completion of the project.

We attended a meeting with Santos GLNG management on 10 February 2016 to discuss delivery of the outstanding works and completion of the GLNG Project. At this meeting, Santos GLNG agreed to pay \$1.1m (incl. GST) of the January claim to continue work on completing the MDRs for the GLNG Project.

We continued to employ those necessary to be able to complete the MDRs as they are virtually complete (approx. 1 weeks work left as at the date of this report). Management advised that they had spent seven months compiling the MDRs and had not been paid anything to date in respect to them.

Despite our agreement with Santos GLNG to continue working on the MDRs, Santos management were of the view that Santos GLNG owned the MDRs and were entitled to attend the Company's head office and collect them. For a number of reasons we did not agree and have not allowed Santos GLNG to collect or take the MDRs from our possession, until the final payments due under the contract have been made.

Thereafter, Santos GLNG provided LFD with a Take Out Notice on 15 February 2016 requesting the Company cease all work in relation to the GLNG Project, and advising that Santos GLNG would take possession of all LFD documents provided to Santos GLNG, and any LFD owned construction materials on or in the vicinity of the GLNG site which are reasonably required by Santos GLNG to facilitate completion of the GLNG Project.

As a result of the above, we envisage it may be necessary to commence legal action to recover amounts owed to LFD by Santos GLNG.

1.2.2 Claims under the Subcontractors' Charges Act 1974

Eight trade creditors have lodged claims under the Subcontractors' Charges Act 1974. Of the eight claims received to date, four are disputed. Legal counsel has been engaged and we are reviewing and responding to each claim as quickly as possible.

1.2.3 Ongoing employment

As at the date of our appointment there were 77 employees and 20 subcontractors working for the Company. The majority of staff have been made redundant during the Administration to preserve funds.

As at 8 March 2016, 12 employees and two subcontractors remain, principally to complete MDRs.

1.2.4 Sale of the Business

The business was advertised for sale, with final unconditional offers submitted by 7 March 2016. Despite early interest, no offers for the business were received, and the assets of the Company will need to be sold separately at auction.

1.2.5 Investigation

We have had numerous meetings and discussions with staff to gain an understanding of the business and its assets. A preliminary review of the affairs of the Company and its business has been conducted and the books and records secured.

1.3 Investigation, Offences, Voidable Transactions

Our investigations to date have revealed possible offences/voidable transactions which are discussed in Section 7. In summary, whilst there are possible recoveries, they are far from certain and are likely to require legal expense to pursue (if they are pursuable at all) and that will need to be considered in conjunction with the prospects of recovery, the amount to be recovered and the funds available to pursue such actions.

1.4 Deed of Company Arrangement

The Administrators have not received a DOCA proposal.

1.5 Dividend

Shown below are the estimated dividends per dollar of debt by class of creditor under the high and low liquidation scenarios. These estimates are subject to the completion of a liquidator's investigations into possible recoveries under the Act (or other relevant matters that are case specific). These outcomes are discussed in more detail in Section 8 of the report.

Creditor	Class	c in \$	
		Low	High
ATB	Secured	3.2c	100c
Ironstone Capital	Secured	0.3c	14.7c
Priority employee entitlements	Priority	100c	100c
Ordinary unsecured creditors	Unsecured	0.3c	0.7c

1.6 Administrators' Opinion

It is our opinion that the Company should be liquidated. The reasons for our opinion are discussed in Section 10.

1.7 Second Meeting of Creditors

The second meeting of creditors has been called for Wednesday, 16 March 2016 at the offices of Deloitte Touche Tohmatsu, Level 25, Riverside Centre, 123 Eagle Street, at 11:00am AEST (local time).

2 Introduction

2.1 Purpose of the Appointment and Report

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

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

- background information about the Company
- the results of our investigations
- the estimated returns to creditors, and
- the options available to creditors and our opinion on each of these options.

2.2 First Meeting of Creditors

On Monday, 22 February 2016 a meeting of creditors of the Company was held in accordance with Section 436E of the Act. At this meeting, our appointment as Joint and Several Administrators was confirmed.

At that meeting, we also advised that we would undertake an investigation into the affairs of the Company whilst we pursued both restructuring strategies and a sale process.

It was resolved that no committee of creditors be formed.

2.3 Second Meeting of Creditors

Pursuant to Section 439A(3) of the Act a second meeting of creditors is to be held on Wednesday, 16 March 2016 at the offices of Deloitte Touche Tohmatsu, Level 25, Riverside Centre, 123 Eagle Street, at 11:00am AEST (local time).

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

We have recommended in this report that the Company be wound up.

At the meeting, creditors will be asked to approve the remuneration of the Administrators from 10 February 2016 to 2 March 2016 in the sum of \$327,018.50 (plus GST), and from 3 March 2016 to conclusion of the Administration in the sum of \$125,839.00 (plus GST).

Creditors will also be asked to approve the prospective remuneration of the Liquidators in the sum of \$204,027.50 (plus GST).

Full details of the remuneration claims are found in Section 12, and also in Appendix E – Remuneration Report.

2.4 Administrators' Independence, Relationships and Indemnities

In accordance with Section 436DA of the Act, a Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") was provided with the first report to creditors dated 12 February 2016.

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

2.5 Electronic Communication

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

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

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

3 Background Information

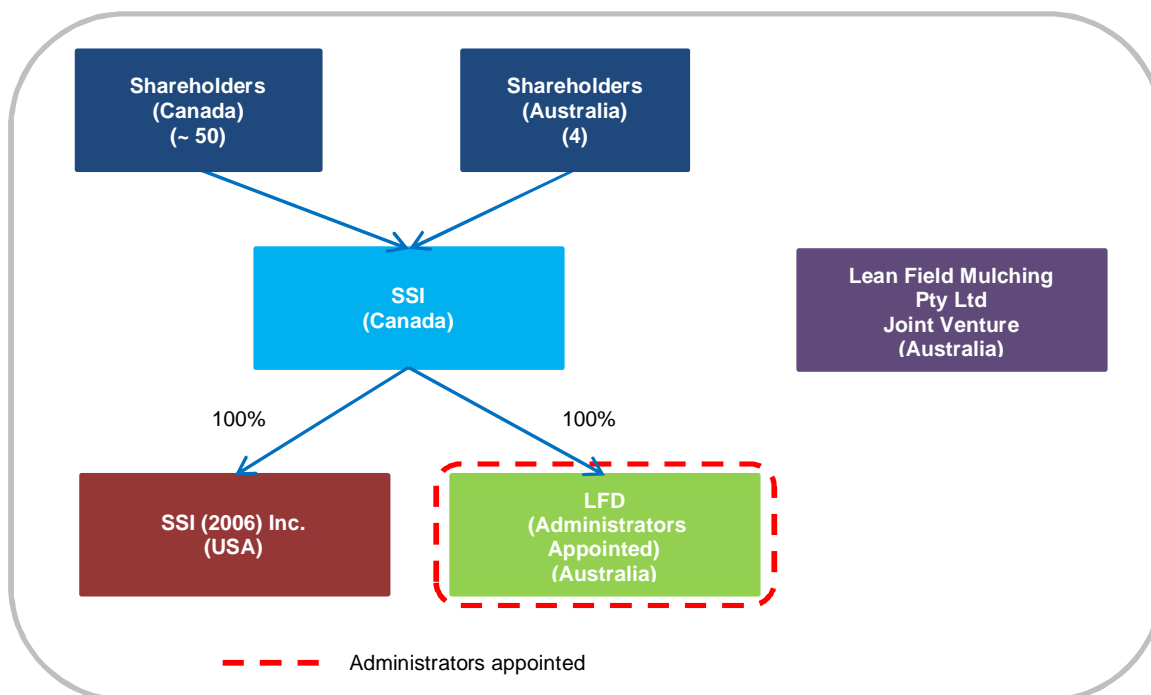
3.1 Corporate Structure

The Company is wholly-owned by SpiderPlow Services Inc. ("SSI"), a Canadian private company.

Management advised that in December 2010, LFD entered into a Joint Venture Agreement with Hillman Enterprises to form Lean Field Mulching Pty Ltd, however a signed agreement was never executed. A search of the ASIC database shows that Cory Stevens (a director of LFD) and John Hillman are the joint shareholders of Lean Field Mulching Pty Ltd. Further investigation is being conducted to determine the true shareholdings. The JV was established for offering mulching, vegetation control and land clearing services in Australia, New Zealand and South East Asia. More information on the JV can be found in Section 5.1.5.

Only LFD is subject to the appointment of Administrators. SSI and SSI (2006) Inc. are not subject to any form of external insolvency appointment.

A diagram of the corporate structure is set out below:



Source: Management information

Previously, SSI was a subsidiary of LFD. Management advised a reverse takeover occurred effective 1 January 2014 due to the following reasons:

- LFD's revenue made up more than 90% of the Group's revenue
- the management and control of LFD and SSI resided in Australia
- the Company could not obtain finance from any Australian banks in 2013. SSI however was able to obtain a working capital finance facility from ATB.

In December 2014, the Company switched its reporting date from a 30 June year end to a 31 December year end in line with Canadian reporting dates. The financial statements of the Group however are still prepared with LFD as the holding company.

We understand that the following LFD directors and contractors are also shareholders of SSI, however we have not received a full shareholder listing.

Name	Relationship
Guy Hodgson	Director of LFD and SSI
Cory Stevens	Director of LFD and SSI
Ray Lindley	Business Development Manager at LFD
Tibor Alfoldi	Logistics Manager at LFD
Oggle Pty Ltd	Gary Campagna - Engineering and Tendering Manager at LFD

3.2 Incorporation and Registered Office

A search of the ASIC database disclosed the Company was incorporated in Queensland on 2 December 2009. The Company's registered office is 54 Alexandra Place, Murarrie, QLD 4172.

3.3 Shareholders, Officers and Security Interests

3.3.1 Shareholders

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

Shareholder	Class	Number	%
SpiderPlow Services Inc.	Ordinary Shares	20,100,000	100

3.3.2 Officers

The ASIC database indicates that during the 12 month period prior to the Administrators' appointment the Company's directors and officers were:

Name	Position	Appointed	Ceased
Cory Bruce Stevens	Director	25 February 2010	N/A
Guy Hamilton Hodgson	Director	2 December 2009	N/A
Alan McLay Fowler	Director	14 July 2011	16 January 2015
Wayne Roy MacDonald	Secretary	30 July 2015	N/A
John Rearden	Secretary	12 December 2014	27 May 2015

3.3.3 Current Directorships and Shareholdings

Our investigations have revealed that the Directors are also currently directors and/or shareholders of the following companies:

Company Name	Date appointed director	Share-holder	Current Status
Cory Bruce Stevens			
SpiderPlow Services Inc.	Unknown	Yes	Registered
SSI (2006) Inc.	Unknown	Unknown	Unknown
SpiderPlow Australia Pty Ltd	21 September 2010	No	Registered
CB Stevens Consulting Pty Ltd	19 October 2011	No	Registered
Lean Field Mulching Pty Ltd	10 December 2013	Yes	Registered

Company Name	Date appointed director	Share-holder	Current Status
Guy Hamilton Hodgson			
SpiderPlow Services Inc.	Unknown	Yes	Registered
SSI (2006) Inc.	Unknown	Unknown	Unknown
EPS Compression Pty Ltd	1 May 2009	No	Registered
Energy Process Services Pty Ltd	1 April 2009	No	Registered
Barisan Energy Pty Ltd	6 July 2007	No	Registered
B100 Biofuels Pty Ltd	15 June 2007	No	Registered
G.H. & N.D. Hodgson Engineering Pty Ltd	5 November 1982	Yes	Registered
Longreach Natural Resources Pty Ltd	N/A	Yes	N/A
Quest Capital Pty Ltd	N/A	Yes	N/A

3.3.4 Security Interests

A search of the Personal Property Securities Register revealed 96 perfected security interests. A summary is provided below with a complete list of the security interests included at Appendix B.

3.3.5 ALL PAAPS

There are three secured creditors who hold ALL PAAPs:

Secured Party	Detail of interest
Alberta Treasury Branches	\$3m working capital facility
Export Finance and Insurance Corp	100% secured against bonds held for projects
I Capital Services Pty Ltd	Convertible notes issued to LFD for working capital

Further information on these interests can be found in Section 5.1.6.

3.3.6 Account and General Intangibles

ANZ holds a specific charge over a Company term deposit account in relation to credit card facilities:

Secured Party	Detail of interest
Australia and New Zealand Banking Group Limited	Security agreements in relation to term deposit accounts held

On appointment, there was \$31k owing to ANZ in credit card debt. ANZ has set this off against a term deposit they held as security. The remaining \$71k term deposit balance in the Company account is to be remitted to the Administrator's bank account shortly.

3.3.7 Motor Vehicles and Other Goods

The majority of the security interests relate to rental agreements which have been disclaimed by us, with the exception of a few items we required to assist us to wind down the business.

Secured Party	Detail of interest
Advanced Piping Systems Pty Ltd	Goods supplied
Australian Truck Hire company Pty Ltd	Rented motor vehicles and yellow goods. Registered on date of appointment
Blastone International (Aust) Pty Ltd	Goods and equipment supplied
Boc Limited	Goods and equipment supplied
Capital Finance Australia Limited	Telephone systems
Cavrent Pty Ltd	Rented motor vehicles and equipment
Coates Hire Operations Pty Limited	Rented motor vehicles and equipment
Dumb Iron Pty Ltd	Goods and equipment supplied
Ezyquip Hire Pty Ltd	Rented motor vehicles and equipment
Felmac Investments Pty Limited	Rented construction and earthmoving equipment
Fleurieu Cranes Pty Ltd	Rented motor vehicles and equipment
Flex Reel Trailers Inc.	Rented motor vehicles
Fuji Xerox Finance Limited & Fuji Xerox Australia Pty. Limited	Photocopier equipment rental
IOR petroleum Pty Ltd	Rented motor vehicles and equipment
Jonday Holdings Pty. Ltd.	Rented motor vehicles
K.J. Renfrey Nominees Pty. Ltd.	Rented motor vehicles and equipment
Masra Pty Ltd	Goods and equipment supplied
Master Hire Pty. Ltd.	Goods and equipment supplied
MCV Enviroworks Pty Ltd	Construction and earthmoving equipment
Metal Manufactures Limited	Goods and equipment supplied. Confirmed no items on site
Onsite Rental Group Operations Pty Ltd, Redstar Equipment Pty Ltd	Three rental containers. Collected by Onsite
Pipeline Plant Hire (Qld) Pty Limited	Rented motor vehicles and equipment
Sunstate Pipelines Qld Pty Ltd	Goods and equipment supplied including trencher
Super Steel australia Pty Ltd	Goods and equipment supplied

Tapex Pty Ltd	Goods and equipment supplied no longer on site
Tara Group (aust) Pty Ltd	Rented motor vehicles
The Trustee for the Prime Equipment Rental Trust	Rented equipment. Old registration
The Trustee for Xiberras Family Trust	Rented motor vehicle and traffic control equipment
TranzHire R Us Pty Ltd	Goods and equipment supplied. Confirmed no items on site
Universal Cranes Pty Ltd	Franna cranes hired weekly. No longer on site
Vinidex Pty Limited	Goods and equipment supplied including piping and related products

3.3.8 Winding up Applications

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

3.4 History of the Company

LFD provided gathering and field development services, particularly pipeline construction, and was established in 2009. A timeline of the Company's history is set out below:

Year	Details
2009	LFD established
2010	Management undertake Australian materials and equipment testing and lodge technical submissions for composite High-density polyethylene ("HDPE") pipeline installation
2011	LFD performs first contract for Santos in Narrabri, NSW LFD performs first contract for QGC
2012	Regulatory approval of composite pipeline granted by Australian regulators LFD becomes first company in Australia to successfully use composite pipelines The Company performs first contract for Senex in the Cooper Basin, SA
2013	LFD performs contracts for Santos, SCLJV, QGC, Origin Energy, Ostwald Bros and Weir Minerals
2014	LFD carries out minor works for the GLNG project Tendering for large Coal Seam Gas – Liquefied Natural Gas ("CSG-LNG") contracts commences
2015	LFD performs sizable equipment supply and construction contract for Beach Energy in the Cooper Basin LFD awarded \$32m CSG-LNG Project contract

The Company predominantly installs cabling and pipelines for telecommunications installation, gas gathering and transmission facilities, water, mining and civil infrastructure. LFD's services extend to the well pad, field development and gathering systems, and in-field facilities.

LFD also owns four SpiderPlow spreads which each consist of one Fockersperger Spiderplow, one Winch Cat and ancillary parts and cables with experienced operators. These assets allow for rapid pipeline, cable and powerline installations with minimal infrastructure and resourcing requirements in a range of difficult terrains with minimal topsoil disturbance. LFD was also known for its efficiency in providing "tie in" pipes using the Spiderplow machinery it owns.

3.5 Key Projects

LFD has predominantly been operating in both the conventional oil and gas sector in the Cooper Basin and in Queensland's CSG-LNG sector. There were two key projects in 2014 and 2015; the unpaid contract and variation amounts are a major contributing factor to the Company's current financial position. These projects are summarised below:

3.5.1 QCLNG Project

On 4 September 2013, LFD entered into a subcontract with SCLJV to complete part of the Trunklines North gas and water construction component of the QCLNG Upstream Project. LFD received \$14.9m (ex GST) over the course of this project; however variations of approx. \$7m were incurred due to a significant amount of additional crossings that were not included in the

original job specification. At the date of appointment, LFD has not been paid for the additional work performed, and has a potential claim against SCLJV for the outstanding amount.

LFD engaged legal counsel on this matter prior to our appointment and we will continue to pursue this claim in the liquidation. Based on previous legal advice provided to the Company, the prospects of this claim are favourable, however the litigation costs and timing prevented the Company from pursuing this claim before our appointment.

3.5.2 GLNG Project

On 2 July 2015, LFD entered into a \$32m construction services contract with Santos GLNG to complete Santos GLNG's Roma West Phase 2A Balance of Works Project. The work performed included construction and installation of gas and water gathering lines; wellpad Mechanical, Electrical, Instrumentation and Piping (MEIP); and overhead and underground fibre optics and power distribution for the Project.

This project was approx. 97% complete as at the date of our appointment.

To date, LFD has received c. \$24.7m from Santos GLNG for the work performed up to 31 December 2015 on the GLNG Project. Management have advised that there are potential variations for the work performed up to the date of our appointment for this project.

Management also advised that liquidated damages under the contract were waived by Santos GLNG throughout the contract period. Santos GLNG have applied liquidated damages against the January 2016 claim.

A summary of the claims submitted by the Company under the Santos GLNG project can be seen below.

Claim #	Month	Date claim submitted	Date invoice raised	Amount claimed \$'000	Santos GLNG		Date paid
					Amount admitted \$'000	Amount rejected \$'000	
Adv1	Aug-15	N/A	07 Aug 2015	1,218	1,218	-	02 Sep 2016
Adv2	Aug-15	N/A	07 Aug 2015	990	990	-	02 Sep 2016
1	Aug-15	17 Aug 2015	25 Aug 2015	890	890	-	02 Sep 2016
2	Aug-15	24 Aug 2015	28 Aug 2015	890	890	-	02 Sep 2016
3	Aug-15	31 Aug 2015	15 Sep 2015	1,993	1,871	122	25 Sep 2016
4	Sep-15	01 Oct 2015	27 Oct 2015	5,115	3,236	1,879	30 Oct 2016
5	Oct-15	02 Nov 2015	07 Nov 2015	7,154	7,191	(37)	18 Nov 2016
6	Nov-15	01 Dec 2015	09 Dec 2015	6,351	5,825	526	18 Dec 2016
7	Dec-15	17 Dec 2015	02 Jan 2016	3,212	2,604	609	08 Jan 2016
8	Jan-16	01 Feb 2016	N/A	4,140	N/A	N/A	N/A
Total				31,953	24,714	3,098	

Note: Advanced payments no.1 and no.2 received under the contract were paid on 2 Sep 2016

4 Historical Financial Performance

4.1 Financial Statements

Financial statements were last prepared to December 2014 for the Group by Pitcher Partners. Management has advised us that these financials were not signed off by the auditors, but the audit work had been completed.

The Company has prepared draft management accounts as at December 2014 (for six months only) and as at December 2015 (for 12 months).

4.2 Profit & Loss

The profit and loss statements for the six months to December 2014 and the 12 months to December 2015 are summarised as follows:

\$'000	CY14	CY15
	6 months	12 months
Revenue	18,903	46,006
	18,903	46,006
Cost of sales	(24,365)	(42,685)
Gross profit	(5,462)	3,321
Expenses		
Overheads	(6,467)	(4,013)
Foreign exchange loss (gain)	65	12
	(6,402)	(4,001)
EBITDA	(11,864)	(681)
Depreciation	(157)	(537)
Finance cost	(641)	(1,471)
Tax recovery (expense)	1,838	825
Profit for the period	(10,824)	(1,863)
Gross Margin (%)	(28.9%)	7.2%
EBITDA Margin (%)	(62.8%)	(1.5%)

Source: Management accounts

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

- the large loss in CY14 was driven by the costs incurred for the Lucas Project which were not recovered. The QCLNG claim referred to in Section 3.5.1 of this report refers to this claim. Revenue for the variation that is the subject of the dispute has not yet been accrued.
- the gross margin in CY15 was driven by 5% cost plus margin on the \$32m Santos GLNG project.
- the increase in finance costs in CY15 relates to the increase in borrowings including the \$9m received in convertible notes in July 2014 and an additional \$3m in March 2015 from Ironstone Capital. These funds were used as part of working capital according to Management.

Management advised the last two financial years provided major challenges to the oil and gas industry globally with commodity prices down significantly, oversupply in all major markets and subsequently the delay or cancellation of many development projects by producers.

According to Management, with the high work levels and continued strong outlook in the six months ending December 2013, the Company had set in place an overhead support structure that would enable the expected work levels for 2014 to be carried out.

According to Management, the 2014 year commenced with continuing high levels of activity and tendering; however, during the middle of the year, as projects completed, many new projects were delayed leaving the Company with a cost base that was unable to be supported by the revenue being generated. Management proceeded to reduce the overhead spend by approximately 50% through 2015 and managed to maintain this low overhead while winning and executing the Santos GLNG contract.

4.3 Balance Sheet

The balance sheet as at 31 December 2014 and 31 December 2015 are summarised as follows:

\$'000	31 Dec 14	31 Dec 15	Movement
Assets			
Current assets			
Cash and cash equivalents	482	1,881	1,400
Trade and other receivables	3,336	4,982	1,647
WIP and Inventory	1,222	5,383	4,161
	5,039	12,246	7,207
Non current assets			
Fixed assets	3,046	2,556	(490)
Tax assets	1,740	2,565	825
Other assets	1,811	3,178	1,367
	6,596	8,299	1,703
Total assets	11,635	20,545	8,910
Liabilities			
Current liabilities			
Trade and other payables	4,549	8,016	3,467
Current tax liabilities	528	5,074	4,545
Employee liabilities	294	482	188
Other loans and provisions	485	634	149
	5,856	14,206	8,349
Non current liabilities			
Loans	10,247	12,350	2,103
Other liabilities	-	320	320
	10,247	12,670	2,423
Total liabilities	16,103	26,876	10,773
Net assets	(4,468)	(6,331)	(1,863)

Source: Management accounts

We provide the following preliminary analysis and commentary on the Company's balance sheet:

- the Company's net asset deficiency was caused by the losses in CY14 and CY15.
- the increase in WIP and inventory as well as trade creditors' in CY15 is a result of the Santos GLNG project
- loans increased in CY15 when Ironstone Capital provided convertible notes of \$3m in March 2015. These funds were used to support the Company's working capital requirements

- the increase in other assets relates to deposits posted as security for contract guarantees from CY14 to CY15. These deposits were held by EFIC.

4.4 Working Capital Position

Working capital is a financial measure which represents operating liquidity available to a Company. Net working capital is calculated as current assets minus current liabilities. A negative working capital position is an indicator of cash flow difficulties. Detailed below is a comparison of the working capital deficiency in CY14 and CY15.

\$'000	CY14	CY15
Total current assets	5,039	12,246
Total current liabilities	5,856	14,206
Working capital deficiency	(817)	(1,959)
Current ratio	0.86	0.86

Source: Management accounts

The current ratio is a measure that is used to determine the Company's ability to pay its short-term liabilities. The higher the value of the ratio, the more able the Company is to meet its short-term debts.

Working capital levels increased in CY15 as a result of requirements for the GLNG project, but remained at the same level in terms of the current ratio. The Company was able to source its working capital from other funding sources.

4.5 Movement of Funds

Set out below is the source and application of funds for CY14 (six months only) and CY15.

\$'000	CY14 6 months	CY15 12 months
EBITDA	(11,864)	(681)
Movement in Provisions	19	149
Change in Working Capital	3,473	2,393
Movement in other items	268	(2,192)
Interest Expense & Income	(641)	(1,471)
Income Tax Paid	1,838	825
Cash flows from operating activities	(6,907)	(977)
Proceeds/(purchases) from sale of P&E	289	(47)
Cash flows from investing activities	289	(47)
Net Movement in Borrowings	5,293	2,423
Cash flows from financing activities	5,293	2,423
Reconciling difference*	526	-
Net cash flow	(799)	1,400
Opening Cash Balance	1,281	482
Closing Cash Balance	482	1,881

Source: Management accounts

*Note: The reconciling difference in the cash flow relates to the earnings movement in the Company's management accounts from CY13 to CY14 not reconciling

We provide the following comments in respect to the Company's source and application of funds:

- the Company's cash flow from operating activities has historically been driven by earnings performance. CY14's operating cash flow was affected by the loss incurred on the QCLNG project
- the Company's debtors were paid on slightly shorter terms in CY15 which slightly improved cash flow
- the Company was able to source funds to meet its cash flow requirements, particularly from Ironstone Capital both in CY14 for \$9m and CY15 for \$3m.

5 Directors' Report as to Affairs ("RATA")

5.1 Summary

Under Section 438B of the Act, the Directors are required to provide a RATA for the Company as at the date of our appointment within five business days of receipt of the request from the Administrators or such longer period as the Administrators allow.

The Directors provided their RATA on 29 February 2016.

The RATA, together with the respective accompanying schedules may be inspected by contacting Lea Kuflik on (07) 3308 7150 at the Administrators' office at Deloitte.

The RATA represents a snapshot of the asset and liability position of the Company on a going concern and forced asset realisation basis, **as prepared by the Directors**. We provide a comparison of these values to the estimated realisable amounts for the benefit of creditors.

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

The RATA is summarised below:

\$'000	Section	Book value	Directors' ERV
Assets Subject to Security Interests			
Sundry Debtors	5.1.1	9,698	9,698
Cash on Hand and at Bank	5.1.2	279	279
Stock	5.1.3	306	Unknown
Plant & Equipment	5.1.4	-	-
Other Assets	5.1.5	679	Unknown
Sub Total		10,962	Unknown
Assets Subject to Security Interests	5.1.6	4,847	Unknown
Less Amounts owing Security Interests		(17,684)	(17,684)
Total		(1,875)	Unknown
Liabilities			
Employee entitlements	5.1.7	(1,041)	(1,041)
Total		(1,041)	(1,041)
Available to unsecured creditors		(2,916)	Unknown
Unsecured creditors	5.1.8	(13,026)	(13,026)
		(15,942)	Unknown
Surplus/(Shortfall)		(15,942)	Unknown

We comment on the estimated realisable values included in the RATA as follows:

5.1.1 Sundry Debtors

The Company had debtors outstanding of \$9.7m calculated as follows:

\$'000	Book value	Directors' ERV
Debtors		
Santos GLNG	8,743	8,743
Santos Ltd	792	792
Trenching Systems	163	163
Total	9,698	9,698

All amounts owing from Santos GLNG and Santos Ltd were current as at the date of our appointment.

The debt from Trenching Systems was 90+ days. Management advised that \$20k-\$25k was being collected from them each month and expect this debt to be paid in full.

We have so far collected \$1.1m of the debt owed from Santos GLNG.

We believe that the \$0.6m of the \$0.8m for work completed for Santos Ltd will be collectable based on discussions with Management. We have collected \$0.5m of that amount as at the date of this report (refer Section 6.2.2).

5.1.2 Cash on Hand and at Bank

The RATA disclosed cash at bank at appointment of \$278k. ANZ confirmed that \$248k was being held in the Company's account on the date of appointment.

Subsequent to our appointment \$30k was transferred out of the bank account on 11 February 2016. Management have advised that this related to a delayed payment in the banking system for contractors. We will be seeking these funds be returned as the transaction occurred after our appointment.

A summary of the cash held according to the RATA is as follows:

\$'000	Book value	Directors' ERV
Cash at bank		
Cash as at date of appointment - operating account	248	248
Cash transferred on 11 Feb 2016 - operating account	31	31
Total	279	279

Due to a misunderstanding, the pre-appointment bank account was frozen by ATB. The opening balance remains unavailable for access by the Administrators. We are continuing discussions with ATB and ANZ regarding this amount as at the date of this report.

5.1.3 Stock on Hand

The RATA balance for stock on hand indicates that the book value of the stock at the date of appointment was \$306k. The estimated realisable value of the stock was shown as unknown.

\$'000	Book value	Directors' ERV
Stock		
Inventory	306	Unknown
Total	306	Unknown

We believe the ERV for stock to be minimal.

5.1.4 Plant & Equipment

The RATA disclosed that there is no plant and equipment owned by the Company that is not subject to specific charges. We note that all plant and equipment of the Company is subject to the three GSAs held by the secured creditors.

A search of the Queensland Transport Department identified nine trailers registered to the Company upon appointment.

5.1.5 Other Assets

The RATA disclosed the following assets:

\$'000	Book value	Directors' ERV
Other assets		
Loan to SSI	414	Unknown
Lean Field Mulching	181	181
Income Tax asset - Indonesian Tax Office	84	Unknown
Total	679	Unknown

The loan to SSI is an intercompany loan which relates to amounts paid to other parties on behalf of the parent company. Management advised that some payments were made to ATB on behalf of the parent company in order to reduce the Group's debt facility amount with ATB. We have written to SSI to request repayment of this loan amount immediately.

The loan to Lean Field Mulching relates to JV costs incurred by the Company. The only asset in the JV is a Lamtrac Mulcher – the ownership of which is currently being investigated. If the asset is sold the Administrators may have rights to the proceeds from any sale, however at this stage we are seeking legal advice on the matter.

A Brom Mulcher, the only other asset of the JV was sold in 2015 by Hillman Enterprises, with all funds being retained by Hillman Enterprises. This sale will be reviewed by the Administrators to determine if any funds from the sale of the Brom Mulcher are recoverable.

The \$84k owed to the Company from the Indonesian Tax Office relates to a tax refund. Management have advised that the recoverable amount is unknown as it may be subject to a Double Tax Agreement.

5.1.6 Assets Subject to Specific Charges

The RATA disclosed the following assets subject to specific charges. However, we note that these assets are subject to the three GSAs of the secured creditors, rather than any specific charge.

\$'000	Book value	Directors' ERV
Assets subject to security interests		
Fixed assets	2,556	Unknown
Fixed Deposit (EFIC)	2,291	2,291
Total	4,847	Unknown

The RATA balance for fixed assets subject to security interests indicates that the book value was \$2.5m, however the Directors' ERV is unknown. These fixed assets are essentially all the plant and equipment including Spiderplows used to run the business.

The Company also had placed \$2.3m cash deposits with Export Finance Insurance Corporation ("EFIC"). These deposits were provided as security for various performance bonds and warranties for projects undertaken by the Company.

The RATA disclosed the following security interests.

\$'000	Book value	Directors' ERV
Less Amounts owing Security Interests		
ATB	(3,007)	(3,007)
Ironstone Capital	(12,386)	(12,386)
EFIC	(2,291)	(2,291)
Total	(17,684)	(17,684)

These interests are all GSAs held by each secured creditor.

The debt amount to ATB relates to a working capital facility provided to the Group, which was \$3m as at the date of our appointment.

The debt to Ironstone Capital relates to convertible notes issued by the Company for working capital purposes that mature in March 2017.

The debt to EFIC relates to the fixed deposits. A summary of the bonds held by EFIC as at the date of our appointment can be seen below:

\$'000	Amount	Expiry date
Bonds held by EFIC		
Spiecapag/Lucas Engineering - performance bond	438	28 May 2016
APLNG - Strathblane performance bond	55	24 Dec 2016
APLNG - Strathblane w arranty bond	55	24 Dec 2016
APLNG - Ramyard w arranty bond	31	30 Nov 2016
Santos GLNG - Roma West 2A w arranty bond*	1,612	31 Mar 2018
Total	2,191	

*Note: Roma West 2A warranty bond has been called upon and returned to Santos GLNG on 18 Feb 2016

Since the date of our appointment, EFIC has returned \$1.6m to Santos GLNG as part of the warranty bond held against the Roma West 2A project. Santos GLNG called the bond on 16 February 2016 and it was paid on 18 February 2016.

5.1.7 Employee Entitlements

The RATA disclosed employee entitlements of \$1.0m. The amounts disclosed are summarised below:

\$'000	Book value	Directors' ERV
Employee entitlements		
Wages	(71)	(71)
Annual leave	(257)	(257)
Superannuation	(61)	(61)
Payment in lieu of notice	(292)	(292)
Redundancy	(361)	(361)
Total	(1,041)	(1,041)

The claims of the employees are a priority claim pursuant to Section 556 of the Act and are subject to the normal adjudication process that may result in changes to the above amounts.

Should the Company be placed into liquidation, employees with outstanding entitlements may be eligible to make a claim under the Fair Entitlements Guarantee ("FEG") scheme. For more information, refer to Section 8.2.9 of the report.

5.1.8 Unsecured Creditors

The Directors have estimated that the total unsecured creditor amounts owing are \$13.0m.

A summary of the RATA values for unsecured creditors is shown below:

\$'000	Book value	Directors' ERV
Unsecured creditors		
Trade creditors	(9,023)	(9,023)
Hunter Premium funding	(27)	(27)
Australian Taxation Office	(3,976)	(3,976)
Total	(13,026)	(13,026)

Eight trade creditors have lodged claims under the Subcontractors' Charges Act 1974. Of the eight claims received to date, four are being disputed. A summary of the claims are listed below:

Trade Creditor \$'000	Subcontractor Charges Act 1974 claim	Book Value / Directors' ERV	Disputed Component
Cowell Electric Supply Pty Ltd	4,492	2,057	2,436
Project Gas Services Pty Ltd	1,229	486	743
Datalek Systems & Electrical Pty Ltd	647	647	-
Sunstate Pipelines Qld Pty Ltd	125	125	-
Ryvil Industries Pty Ltd	896	-	896
Electrix Pty Ltd	34	34	-
Pipeline Plant Hire (QLD) Pty Ltd	835	814	20
Land Partners Limited	100	100	-
Total	8,359	4,264	4,095

The Hunter premium funding debt relates to insurance premium finance.

The ATO debt is for unpaid GST and PAYG for the period from September 2015 to the date of our appointment.

5.2 Explanations for difficulties

5.2.1 Directors' explanation

The Directors advised that the reasons for the Company's financial difficulties were as a result of:

- the inability to collect monies owing for the project with Santos GLNG, particularly the January claim of \$4.1m which would have ordinarily have been paid early in the month of February, however on 2 February 2016 the Company was advised that this payment would not be paid until 22 March 2016
- the last two financial years provided major challenges to the oil and gas industry globally with commodity prices down significantly, oversupply in all major markets and subsequently the delay or cancellation of many development projects by producers.

5.2.2 Administrators' opinion

In our opinion, from a review of the Company's operations, correspondence and discussions with Management, the difficulties were also as a result of the following:

- low margin on projects
- high overheads relative to revenue
- disputes over variations/inability to get variations from customers
- reliance on one large customer (i.e. Santos GLNG)
- ability to forecast and budget for projects
- ability to generate positive cash flows from earnings
- large amount of debt and ongoing financing commitments.

5.3 Related Entity Creditors

Details of the related entity creditors as per the Company's books and records are as follows:

Name	Relationship	Book Value Debt \$	Date debt incurred	How debt was incurred
Tibor Alfoldi (sole trader ABN)	Contractor to LFD, Shareholder of SSI	\$2k	February 2016	Contractor to LFD
Oggle Pty Ltd	Company of Gary Campagna - Contractor to LFD, Shareholder of SSI	\$37k	February 2016	Contractor to LFD

Other related entities who have not claimed they are creditors include:

Name	Relationship
Cory Stevens (sole trader ABN)	Director of LFD and Shareholder of SSI
GH & ND Hodgson Engineering Pty Ltd	Company of Guy Hodgson – Director of LFD and Shareholder of SSI
RCNF Pty Ltd	Company of Ray Lindley - Shareholder of SSI
Black Dog Energy Services	Company of Cory Stevens – Director of LFD and Shareholder of SSI

6 The Administrators' Actions to Date

Following appointment, we took control of the operations and affairs of the Company. Immediate operational and statutory actions were taken by us for the conduct of the Administration, with a view to maximising any potential return to creditors. These steps included:

- attending the business premises on the morning of appointment

- assessing the ongoing trading of the Company, including developing Administration cash flow forecasts
- terminating employees, including providing written notice and calculating estimated entitlements
- commencing an urgent sale campaign (see Section 6.1 below), and treating with several interested parties
- contacting all current employees on 10 February 2016
- meeting with representatives from Santos GLNG and continuing negotiations in respect to the MDRs, and contract completion
- considering and responding to correspondence from Santos regarding the amounts owed and contract. Seeking legal advice on LFD's rights and providing information to solicitors to allow them to investigate legal remedies available to pursue debt owed to LFD
- monitoring the preparation of MDRs in relation to the Santos GLNG project
- attending to claims from subcontractors, and seeking advice on claims
- liaising with Santos to negotiate payment of outstanding amounts outside of the GLNG project
- contacting all known suppliers on 11 February 2016
- contacting all known potential creditors and utility companies on 12 February 2016
- contacting all employees notifying them of their employee entitlements
- obtaining a RATA from the Directors
- liaising with secured creditors and their legal advisers regarding their rights in the Administration of LFD
- liaising with landlords regarding ongoing occupation of the various sites leased by LFD
- reviewing the advice received from NRF in relation to the SCLJV claim
- providing notice and holding the 1st Meeting of Creditors on 22 February 2016
- investigating the Company's JV with Hillman Enterprises
- identifying, securing and valuing P&E, including liaising with overseas parties regarding assets currently in the US
- commencing investigations into the financial affairs of the Company with a view to report to creditors pursuant to Section 439A of the Act and providing recommendations accordingly
- complying with statutory obligations.

6.1 Sale of Business Process

Shortly after appointment we made contact with potential buyers who had contacted the Administrators and expressed interest in purchasing the business.

The business was advertised for sale on 23 February 2016 in The Australian and the Australian Financial Review.

We received expressions of interest from 15 parties. All interested parties were asked to execute a confidentiality agreement prior to receiving an information memorandum. Of these interested parties, 10 were forwarded the information memorandum, on the basis they executed a confidentiality agreement. The information memorandum was released on 25 February 2016.

A timetable of the sale of business is detailed below:

Event	Original Date
Advertising business for sale	23 February 2016
Opening on-line eRoom (data room)	25 February 2016
Distribution of Information Memorandum	25 February 2016
Submission of final unconditional offers	7 March 2016
Signing of sale and purchase agreement	TBC
Completion	TBC

The business was advertised for sale, with final unconditional offers submitted by 7 March 2016. Despite early interest, no offers for the business were received, and the assets of the Company will need to be sold separately at auction.

We will provide creditors with an update on the sale at the upcoming meeting of creditors.

6.2 Administrators' Trading Performance and Receipts and Payments

6.2.1 Business Trading

Since our appointment we have continued to operate the business of the Company on a reduced scale, with a view to maximising the debt recoverable from Santos GLNG.

We make the following comments regarding the trading of the Company during the initial period of the administration, from 10 February 2016 to 8 March 2016:

- the business operated from leased premises in Murarrie, Brisbane
- there were 77 employees and 20 subcontractors working for the Company on our appointment
- the majority of staff have been made redundant during the Administration to preserve costs
- as at 8 March 2016, twelve employees and two subcontractors remain
- LFD received eight claims pursuant to the Subcontractors' Charges Act (see Section 5.1.9 for details of the claimed amounts) for which legal counsel has been engaged
- LFD negotiations with Santos Ltd for the Q4 Project variations have been finalised.

After an initial review of the Company's affairs, it was evident that completion of the Santos GLNG project MDR documents would give the Company the best opportunity of a return to creditors. \$1.1m was received from Santos to fund this undertaking.

6.2.2 Administrators' Receipts and Payments

The table below provides a summary of the receipts and payments during the period 10 February 2016 to 8 March 2016:

Description	\$'000
Receipts	
Interest	0
Pre-appointment debtors - Santos GLNG	524
Part - payment from Santos GLNG for January 2016 Claim	1,100
Sub-total	1,624
Payments	
Office overheads	(7)
External contractors - MDR work	(3)
Legal fees	(67)
Internal Contractors	(48)
Wages & Salaries	(74)
Withholding Tax (PAYG)	19
Child Support Deduction	1
Sub-total	(179)
Total	1,445

We advise that the summary above does not include accruals incurred to date, which as at the date of this report are approximately \$70k.

7 Investigations

7.1 Introduction

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

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

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 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 us.

7.2 Overview of Investigation

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

- ASIC and real property searches
- bank account analysis
- Personal Property Securities Register searches
- review of books and records of the Company
- discussions and RATAs completed by the Directors
- discussions with Management and staff
- discussions with creditors
- review of the financial accounts of the Company.

Due to the time constraints imposed under the Voluntary Administration regime there was insufficient time to undertake the following:

- searches into the Directors' personal financial positions
- detailed investigations into any other director related uncommercial transactions
- determining the validity of creditor claims.

However, in our opinion the above matters have not prevented us from being able to provide sufficient, meaningful information in this report or from being able to form an opinion on what is in the creditors' best interests.

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

7.3 Possible offences by the Directors

7.3.1 Overview

We are required to complete and lodge a report pursuant to Section 438D of the Act with ASIC where it appears to us 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 438D (or an investigative report lodged by a liquidator pursuant to Section 533 of the Act) is not available to the public.

We have undertaken a preliminary investigation of the affairs of the Company in relation to suspected contraventions of Section 180 - 184 of the Act regarding the general duties of directors and officers. Our report to ASIC will be lodged shortly after the second meeting of creditors.

7.3.2 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.

7.4 Voidable transactions

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

This issue is relevant to creditors if they are being asked to choose between a DOCA and liquidation, because voidable transactions are only able to be challenged if liquidation occurs (at this stage a DOCA has not been proposed).

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).

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 liquidators consider it uncommercial or not in the creditors' best interests, such recovery actions may not be commenced by the liquidators.

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

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

7.4.1 Unfair Preferences Payments (Section 588FA)

Based on our investigations of the Company records, we have identified \$163k paid to the ATO that may be an unfair preference from January 2016 to the date of our appointment. We note that this is based on our initial view that the insolvency date is January 2016, but that this date may be earlier.

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

As detailed in Section 7.5 below, investigations are continuing to establish the date the Company became insolvent. Our investigations are only preliminary and we are seeking further information on the identified transactions, although it appears these payments may have occurred prior to the date of insolvency and therefore may not be recoverable in liquidation.

7.4.2 Unfair Loans (Section 588FD)

Our investigations of the Company books and records revealed that the Company had not made or received any loans from or to any parties which committed it to extortionate terms.

7.4.3 Uncommercial Transactions (Section 588FE)

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

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

We have not to date identified any transactions of this nature.

7.4.5 Unreasonable Director-Related Transactions (Section 588FDA)

Our investigations have identified possible unreasonable director related transactions for the past 12 months totalling \$894k. Our investigations are only preliminary and subject to further investigations. A summary of the possible unreasonable director related transactions can be seen below:

Transactions in last 12 months (\$'000)	Amount
Entity/Person	
SSI	796
Black Dog Energy Services (Canada)	66
Cory Bruce Stevens	16
GH & ND Hodgson Engineering Pty Ltd	16
Total	894

We are pursuing the loan owed by SSI as at appointment of \$414k. If recovered, this will reduce any potential claim.

7.4.6 Arrangements to Avoid Employee Entitlements (Section 596AB)

We have not identified any transactions of this nature.

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

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

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

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

A search of the Personal Property Securities Register reveals that no circulating security interests have been perfected over the Company's assets in the six months prior to the relation back day.

7.5 Insolvent Trading (Section 588G)

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

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

As with the voidable transaction analysis above, creditors have to assess the advantages to them of a DOCA, which cannot include proceeds from insolvent trading actions, compared to the likely return in a liquidation, which could include the proceeds of any successful insolvent trading action. At the date of this report, a DOCA proposal has not been received.

Our investigations are preliminary only at this stage. As detailed in the historical financials, the Company had trading losses and working capital deficiencies in CY14 and CY15. These are both indicators of insolvency.

Other indicators of insolvency include:

- overdue Commonwealth and State taxes consisting of GST receivable and PAYG payable totalling approximately \$3.8m
- inaccurate forecast budgeting. Management were unable to meet budget on a project by project basis, as well as the budget set for CY15.

However, competing evidence of the ability to source funding from other parties, in particular Ironstone Capital, leads to the suggestion that the Company was likely solvent in CY14 and CY15. Ultimately, the issue of insolvency would need to be determined on the basis of available evidence presented to a Court.

Management believe that a recovery was possible as further projects were being pursued in 2016. The Company had also reduced overheads by approximately 50% through 2015 and managed to maintain this low overhead while winning and executing the \$32m GLNG contract. From our investigations we are yet to determine if the Company had access to further funding. Ultimately the issue of insolvency would need to be determined on the basis of available evidence presented to a Court.

On the basis of our preliminary investigations, it appears that the Company may have been insolvent from January 2016 when the debt became due and payable to the ATO. We note that this date could be earlier, and is subject to further investigations. Further, on 1 February 2016 when Santos confirmed the expected payment date for the January claim the Company was clearly insolvent and unable to pay its debts as and when they fell due.

A liquidator would investigate further the possibility of taking action against the Company's Directors for breaches of their duties to prevent insolvent trading. If it is established that a director has breached his or her duties to prevent the Company from incurring debts whilst it was insolvent, a liquidator could recover from those directors an amount equal to the loss that has been suffered by the creditors whose debts remain unpaid.

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

We have not included an amount for insolvent trading in our liquidation scenario as there appears to have been only a short time between the time when the Company became insolvent and the date of our appointment. This is a preliminary opinion and is pending further investigations that would be undertaken by the liquidator.

7.6 Holding Company Liability

Section 588V of the Act states that a holding company is liable for the debts of its subsidiary where the subsidiary is insolvent, and:

- the holding company and one or more of its Directors were aware it was insolvent; or
- it is reasonable to expect the holding company or its Directors would have been aware that the subsidiary was insolvent.

SSI, the holding company, is also a creditor of the Company for \$414k. A letter has been sent to SSI demanding repayment.

Further investigation is required into the asset position of SSI, although we note any claim will be affected by the date of insolvency and given our preliminary view, the liability of SSI may be limited.

7.7 Directors' Personal Financial Positions

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

Due to time constraints and the limited information obtained from the Directors, our investigations have been limited to public information.

Our enquiries and results are as follows:

- property searches reveal the Directors do not own real property in Queensland; Management had advised that there may be international properties held in the Directors' names which we are investigating
- as noted in Section 3.3, the Directors hold shares in various companies. The value of these holdings has not yet been determined.

8 Estimated Return from a Winding Up

8.1 Introduction

We have prepared an analysis of the likely realisation under liquidation on two bases. Both bases high and low are outlined below. Both scenarios involve:

- closure of the Company
- sale of the Company's assets by the liquidator in a distressed realisation scenario
- recovery of preferences for the benefit of all creditors
- no value being realised for the business brand name/goodwill
- costs involved in undertaking the sale of the Company assets including the Administrators' and Liquidators' fees, Administration net trading costs and sale expenses.

8.2 Comparative scenarios

Below is a comparison of the realisations possible should the Company proceed into liquidation, being high and low scenarios.

The values included in the return to creditor's summary above are on a high and low scenario basis, as discussed below.

Again, the realisations will be subject to costs and also fluctuations in various other factors outlined in the previous section. Where amounts have been withheld, we have done so to ensure that we do not affect the marketability of those assets.

\$'000	Section	Book value as at Dec-15	Scenarios	
			Low	High
Non-circulating assets				
Plant and equipment	8.2.1	2,556	Withheld	Withheld
Less: costs		-	Withheld	Withheld
Mechanical Data Reports (MDRs)		-	Withheld	Withheld
Total non-circulating assets		2,556	Withheld	Withheld
Remuneration and expenses - Voluntary Administration		-	(138)	(138)
Remuneration and expenses - Liquidation		-	(57)	(57)
Less amount owing to secured creditors	8.2.2			
ATB		(3,007)	(3,007)	(3,007)
EFIC		-	-	-
Ironstone Capital		-	(12,350)	(12,350)
Surplus/deficit on non-circulating assets		(451)	(15,553)	(15,553)
Circulating assets				
Cash	8.2.3	1,881	319	350
Inventory	8.2.4	306	15	31
Debtors	8.2.5	4,982	1,780	5,888
Bank guarantees	8.2.6	-	-	579
Trade on gains/losses	8.2.7	-	(489)	(541)
Total circulating assets		7,170	1,626	6,306
Remuneration and expenses - Voluntary Administration	8.2.8	-	(322)	(322)
Remuneration and expenses - Liquidation	8.2.8	-	(149)	(149)
Surplus/deficit on circulating assets		7,170	1,155	5,835
Less: Priority payments per s556 of the Corporation Act				
Wages		(392)	(72)	(72)
SGC		(718)	(61)	(61)
Annual leave		(460)	(257)	(257)
Payment in lieu of notice		-	(296)	(296)
Redundancy		-	(375)	(375)
Total employee entitlements	8.2.9	(1,569)	(1,062)	(1,062)
Surplus/deficit on circulating assets		5,601	93	4,936
Surplus/deficit available to ATB			(2,914)	1,929
Return to ATB (cents per \$)			3.2c	100c
Surplus/deficit available to Ironstone Capital			(12,350)	(10,421)
Return to Ironstone Capital (cents per \$)			0.3c	14.7c
Potential transaction recoveries			81	163
Available for unsecured creditors			81	163
Estimated unsecured claims			(28,486)	(23,643)
Dividend rate (cents per \$)			0.3c	0.7c

8.2.1 Non-circulating assets

We have withheld the estimated sale values for the fixed assets of the Company as the sale process has not been finalised as at the date of this report.

The sale of these fixed assets and costs associated are non-circulating assets and are subject to ATB's security as the first ranking secured creditor with the Company, and then Ironstone Capital's security as the second ranking secured creditor.

We have classified the MDRs as a fixed asset of the Company as we are of the opinion they are not circulating assets. We have withheld the estimated values of the MDRs as they are subject to ongoing negotiations with Santos GLNG.

8.2.2 Secured creditors

A summary of the amounts owing to secured creditors can be seen below:

\$'000	Scenarios	
	Low	High
Secured creditors		
ATB	(3,007)	(3,007)
EFIC	-	-
Ironstone Capital	(12,350)	(12,350)
Total	(15,357)	(15,357)

8.2.3 Cash

The Company had \$278k in cash at bank prior to our appointment which is yet to be transferred into the Administrator's account. This amount includes \$31k transferred out of the Company's account on 11 February 2016. We have taken this amount out in the low scenario.

We have included \$71k from the fixed deposit that was secured against the Company's credit cards, but note that as at the date of this report we have not received this amount due to a misunderstanding as discussed in Section 5.1.2. A summary of the cash amounts under each scenario as at the date of this report can be seen below

\$'000	Scenarios	
	Low	High
Cash		
Cash as at date of appointment	248	248
Cash transferred on 11 Feb 2016	-	31
Fixed deposit with ANZ	103	103
less amounts owing for Company credit cards	(32)	(32)
Net cash amount from Fixed deposits	71	71
Total	319	350

8.2.4 Inventory

As discussed in Section 5.1.4 of this report, the Company had \$306k worth of stock as at the date of our appointment. We have assumed 5% of inventory value will be realised in a Low scenario and 10% in a High scenario.

8.2.5 Debtors

Under each scenario we have included the \$1.0m received to date from Santos GLNG and the \$524k received from Santos Ltd for work completed, as well as the remaining \$181k from Santos Ltd which is expected to be received in March.

The remaining \$222k is for work completed for Leewood Riser, labour hire work and the Q4 project.

We have also assumed \$163k owed to the Company from Trenching Systems in the high scenario, and assumed \$75k to be received under the low scenario.

We have also included the latest figures from the January claim under the Santos GLNG project in the high scenario, which currently sits at \$4.0m.

A summary of the debtor receipts under the both scenarios can be seen below.

\$'000	Scenarios	
	Low	High
Debtors		
Santos GLNG - received to date	1,000	1,000
Santos Ltd - received to date	524	524
Santos Ltd - to be received	181	181
Santos GLNG - Jan 2016 claim	-	4,020
Trenching Systems	75	163
Total	1,780	5,888

8.2.6 Bank guarantee

We have included \$529k under the high scenario for various performance and warranty bonds from EFIC as summarised in Section 5.1.6.

8.2.7 Trade on gain/losses

We have traded on the business as part of the strategy to realise value for creditors with the MDRs and collection of monies for work already completed. In the low scenario we have estimated \$489k in costs, whilst in the high scenario we have estimated \$541k in costs to trade on the Company. Further detail as to the trade on costs incurred and expected to be incurred are covered in Section 6.2.1.

8.2.8 Remuneration and expenses of Voluntary administrator/liquidator

We have calculated the remuneration and expenses from the voluntary administration and liquidation in terms of the time spent/to be spent on the fixed assets of the Company. Below is a summary of the estimated remuneration in terms of circulating, and non-circulating assets.

\$'000	
Non circulating assets	
Voluntary Administrators' Remuneration	138
Liquidators' Remuneration	57
Total (excluding GST)	196

\$'000

Circulating assets

Voluntary Administrators' Remuneration and expenses	322
Liquidators' Remuneration and expenses	149
Total (excluding GST)	471

8.2.9 Effect on employees

In relation to employee entitlements, a priority exists over the secured creditor in relation to circulating assets.

Under both scenarios we estimate a 100c in the dollar return for employee entitlements.

However, should there be inadequate funds in the liquidation for the payment of employee entitlements, employees may be entitled to apply to the federally funded Fair Entitlements Guarantee ("FEG") scheme.

FEG may cover successful applicants for outstanding wages, annual leave and termination notice. However, FEG does not cover outstanding superannuation entitlements, nor excluded employees, including the Directors of the Company. Details on FEG can be requested from our office or alternatively at the following website: <https://www.employment.gov.au/fair-entitlements-guarantee-feg>.

FEG is not available for employees who are employed under a 457 visa; however, these employees may still claim outstanding entitlements, which will rank as a priority claim in the liquidation.

8.3 Overall Realisations in Liquidation Scenarios

Shown below are the estimated dividends (cents in dollar) of debt by class of creditor under the high and low liquidation scenarios. These estimates are subject to the completion of a liquidator's investigations into possible recoveries under the Act (or other relevant matters that are case specific).

Creditor	Class	c in \$	
		Low	High
ATB	Secured	3.2c	100c
Ironstone Capital	Secured	0.3c	14.7c
Priority employee entitlements	Priority	100c	100c
Ordinary unsecured creditors	Unsecured	0.3c	0.7c

The return to secured creditors does not account for realisations from fixed asset sales. We have withheld these values as the fixed assets of the business are subject to an ongoing sale process.

The estimated return to priority creditors in terms of employee entitlements is 100c in the dollar in both scenarios. This estimate is based on the \$1.6m received to date, as well as other potential debtor payments to be received, after taking in account the trade on costs and the Administrators and Liquidator's fees.

The return to ordinary unsecured creditors is subject entirely to recovery of potential preferences in both scenarios. Prior to the payment of the secured creditors and priority creditors, all of the costs of the administration and the subsequent liquidation of the companies will be deducted.

9 Deed of Company Arrangement (“DOCA”)

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

10 Administrators' Opinion

10.1 Introduction

The following options are available to creditors to decide:

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

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

10.2 The Company execute a DOCA

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

10.3 The administration should end

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

10.4 The Company be wound up

As a DOCA has not been proposed which would result in a greater return than liquidation, and the Company is insolvent, we recommend that creditors place the Company into liquidation.

10.5 Recommendation

In our opinion, creditors would be best served if the Company is wound up.

We reserve the right to change our recommendation to creditors if a DOCA proposal is received subsequent to the date of this report.

Should we receive any new information relevant to creditors after issuing this report, a summary will be provided at the second meeting of creditors on Wednesday, 16 March 2016.

11 Other Material Information

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

12 Remuneration

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

12.1 Voluntary Administration

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

The time costs incurred to 2 March 2016 are as follows:

\$'000	
Voluntary Administrators' Remuneration	327
GST	33
Total (including GST)	360

A summary of the time spent by us and our staff in the Administration to 2 March 2016 at their respective hourly rates is attached as Appendix E. We expect that a further \$125,839.00 will be incurred by us in the period 3 March 2016 to 16 March 2016, the date of the second creditors meeting.

At the second meeting of creditors, we will propose a resolution in relation to the unpaid fees from the Company to 2 March 2016 and estimated future fees for the period 3 March 2016 to 16 March 2016, the date of the second creditors meeting. If a lesser amount is incurred only the amount actually incurred will be paid.

These fees will be capped and accordingly we will be unable to draw fees more than this amount without further approval by creditors.

Please note that none of these fees include disbursements, which Administrators are entitled to draw as and when incurred.

12.2 Liquidation

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

The estimated fees for the liquidation from 16 March 2016 to completion of the liquidation are as follows:

\$'000	
Liquidators' Remuneration	204
GST	20
Total (including GST)	224

A summary of the estimated time to be spent by the liquidators and their staff in the liquidation from 16 March 2016 to completion of the Liquidation at their respective hourly rates is attached as Appendix E.

At the second meeting of creditors, we will propose a resolution in relation to the estimated liquidators' fees from 16 March 2016 to completion of the liquidation. If a lesser amount is incurred only the amount actually incurred will be paid.

These fees will be capped and accordingly we will be unable to draw fees more than this amount without further approval by creditors.

13 Meeting

Pursuant to Section 439A(3) of the Act, we have attached a notice convening the second meeting of creditors to be held on Wednesday, 16 March 2016 at 11:00am AEST (local time) at the offices of Deloitte Touche Tohmatsu, Level 25, Riverside Centre, 123 Eagle Street, Brisbane QLD 4000 (see Form 529 enclosed as Appendix F). Facilities will also be made available for creditors to attend and participate by telephone. If you would like to attend via telephone, please call 1800 762 325 at the time of the meeting and enter in Conference ID 557181674.

At this meeting creditors will be asked to resolve whether:

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

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

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

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

If a creditor wishes to rely upon the Proof of Debt or Claim that they lodged with us at the first meeting of creditors, held on 22 February 2016, they must make reference to that Proof of Debt or Claim when submitting a proxy, or when attending the second meeting of creditors.

We trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the administration in general, please do not hesitate to contact Lea Kuflik of this office on (07) 3308 7150 or Alison McKenzie on (07) 3308 7402, or via email at leanfield@deloitte.com.au.

Yours faithfully



Richard Hughes
Joint and Several Administrator



David Orr
Joint and Several Administrator

Appendix A - Declaration of Independence, Relevant Relationships and Indemnities

Deloitte Touche Tohmatsu
ABN 74 490 121 060

Riverside Centre
Level 25
123 Eagle Street
Brisbane QLD 4000
GPO Box 1463
Brisbane QLD 4001 Australia

DX: 115
Tel: +61 (0) 7 3308 7000
Fax: +61 (0) 7 3308 7002
www.deloitte.com.au

Declaration of Independence, Relevant Relationships and Indemnities

Lean Field Developments Pty Ltd (Administrators Appointed) ACN 140 897 052
("the Company")

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
 - (i) the circumstances of the appointment;
 - (ii) any relationships with the Company and others within the previous 24 months;
 - (iii) any prior professional services for the Company within the previous 24 months;
 - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners and Deloitte Touche Tohmatsu (Deloitte).

A. Independence

We, Richard John Hughes and David Michael Orr of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

i. Circumstances of appointment

This appointment was referred to us by the Brisbane practice of Norton Rose Fulbright, Lawyers.

Richard Hughes and David Orr of Deloitte had an initial meeting with the Company's directors, Cory Stevens and Guy Hodgson, and the Company's internal accountant on 9 February 2016. Mr Peter Schmidt of Norton Rose was also in attendance at the meeting. There was a further meeting with Richard Hughes, David Orr, and the Company's directors on 10 February 2016. These meetings were held for the purposes of:

- us obtaining sufficient information about the Company for us to agree to accept the appointment
- to clarify and explain the nature and consequences of insolvency for the Company; and

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

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

- for us to provide a consent to act.

We received no remuneration for this advice.

In our opinion these pre-appointment meetings **do not** affect our independence for the following reasons:

These meetings were in the nature of pre-appointment discussions and were limited to the financial position of the Company. During the meetings advice was limited to verbal discussions of the potential options available. It is our opinion that these meetings do not present a conflict or impediment as we do not consider ourselves in any way obligated to deliver a favourable outcome to any party, nor will the advice provided be subject to review and challenge during the course of the voluntary administration. The Courts and the ARITA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.

We have provided no other information or advice to the Company, and/or its advisors prior to our appointment beyond that outlined in this DIRRI. We have not provided any advice to the directors in this matter.

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

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

Name	Nature of relationship	Reasons why not an impediment or conflict
Norton Rose Fulbright ("Norton Rose")	Referral from law firm	We have undertaken a number of appointments which have been referred to us by Norton Rose in the usual course of business. We are not paid any commissions, inducements or benefits by Norton Rose to undertake any appointments. There is no arrangement between us and Norton Rose that we will give any work arising out of the administration to Norton Rose. There is no relationship with Norton Rose which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.

iii. Prior Professional services to the Company

Name	Nature of relationship	Reasons why not an impediment or conflict
The Company	Deloitte has provided tax compliance advice in relation to its overseas employees on three occasions to the Company.	<p>These services to the client bring about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the Company. The matters worked on relate to the individual tax positions of employees of the Company and would not require review by the administrators. The most recent work was completed in September 2014.</p> <p>In total the invoices amounted to \$3,937.50 (pre-GST) over the period of 3 years. That amount is immaterial to Deloitte and immaterial to the Company.</p> <p>We were not paid any commissions, inducements or benefits to undertake any engagements with the Company and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore there is no relationship with the Company which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>

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


iv. No other relevant relationships to disclose

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

C. Indemnities and up-front payments

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

Dated:



signed, Richard John Hughes



signed, David Michael Orr

Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Appendix B – Personal Property Security Act Registrations

Personal Property Security Act Registrations

Secured Party	Type	PMSI	Date Perfected
Alberta Treasury Branches	All PAAP	Not Provided	23/09/2013
I Capital Services Pty Ltd (Iron Stone Capital)	All PAAP	Not Provided	4/08/2014
Export Finance and Insurance Corp	All PAAP	Not Provided	30/01/2012
Export Finance and Insurance Corp	All PAAP	Not Provided	9/02/2012
Australia and New Zealand Banking Group Limited	Account	Not Provided	14/11/2013
Australia and New Zealand Banking Group Limited	General Intangible	No	14/11/2013
Advanced Piping Systems Pty Ltd	Other Goods	Yes	29/01/2014
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Australian Truck Hire Company Pty. Ltd.	Motor Vehicle	No	10/02/2016
Blastone International (Aust) Pty Ltd	Other Goods	Yes	14/07/2015
Boc Limited	Other Goods	Yes	29/01/2014
Capital Finance Australia Limited	Other Goods	Yes	16/09/2014
Cavrent Pty Ltd	Motor Vehicle	Yes	6/08/2014
Cavrent Pty Ltd	Other Goods	Yes	6/08/2014
Coates Hire Operations Pty Limited	Motor Vehicle	Yes	30/01/2012
Coates Hire Operations Pty Limited	Other Goods	Yes	30/01/2012
Dumb Iron Pty Ltd	Other Goods	No	3/12/2015
Ezyquip Hire Pty Ltd	Motor Vehicle	Yes	2/09/2015
Ezyquip Hire Pty Ltd	Motor Vehicle	Yes	2/09/2015
Ezyquip Hire Pty Ltd	Motor Vehicle	Yes	4/09/2015
Ezyquip Hire Pty Ltd	Motor Vehicle	Yes	8/09/2015
Ezyquip Hire Pty Ltd	Motor Vehicle	Yes	30/09/2015
Ezyquip Hire Pty Ltd	Motor Vehicle	Yes	9/10/2015
Ezyquip Hire Pty Ltd	Motor Vehicle	Yes	23/10/2015
Felmac Investments Pty Limited	Motor Vehicle	Yes	17/08/2012
Fleurieu Cranes Pty Ltd	Motor Vehicle	Yes	14/05/2015
Fleurieu Cranes Pty Ltd	Other Goods	No	14/05/2015
Flex Reel Trailers Inc.	Motor Vehicle	Yes	17/07/2012
Flex Reel Trailers Inc.	Motor Vehicle	Yes	17/07/2012
Flex Reel Trailers Inc.	Motor Vehicle	Yes	17/07/2012
Fuji Xerox Australia Pty. Limited	Other Goods	Yes	22/09/2015
Fuji Xerox Finance Limited, Fuji Xerox Australia Pty. Limited	Other Goods	Yes	13/08/2015
IOR Petroleum Pty Ltd	Motor Vehicle	Yes	3/11/2015
IOR Petroleum Pty Ltd	Other Goods	Yes	13/07/2015
Jonday Holdings Pty. Ltd.	Motor Vehicle	Yes	8/09/2012
Jonday Holdings Pty. Ltd.	Motor Vehicle	Yes	18/02/2016
Jonday Holdings Pty. Ltd.	Motor Vehicle	Yes	22/02/2016

Secured Party	Type	PMSI	Date Perfected
K.J. Renfrey Nominees Pty. Ltd.	Motor Vehicle	Yes	27/04/2015
K.J. Renfrey Nominees Pty. Ltd.	Motor Vehicle	Yes	27/04/2015
K.J. Renfrey Nominees Pty. Ltd.	Motor Vehicle	Yes	27/04/2015
K.J. Renfrey Nominees Pty. Ltd.	Motor Vehicle	Yes	10/09/2015
K.J. Renfrey Nominees Pty. Ltd.	Motor Vehicle	Yes	17/09/2015
K.J. Renfrey Nominees Pty. Ltd.	Other Goods	No	29/07/2015
Masra Pty Ltd	Motor Vehicle	Yes	5/10/2012
Masra Pty Ltd	Other Goods	Yes	28/03/2013
Master Hire Pty. Ltd.	Other Goods	Yes	28/07/2012
MCV Enviroworks Pty Ltd	Other Goods	Yes	13/09/2013
MCV Enviroworks Pty Ltd	Other Goods	Yes	6/11/2013
MCV Enviroworks Pty Ltd	Other Goods	Yes	6/11/2013
MCV Enviroworks Pty Ltd	Other Goods	Yes	6/11/2013
Metal Manufactures Limited	Other Goods	Yes	14/01/2014
Onsite Rental Group Operations Pty Ltd, Redstar Equipment Pty Ltd	Other Goods	No	30/07/2013
Onsite Rental Group Operations Pty Ltd, Redstar Equipment Pty Ltd	Other Goods	No	22/08/2013
Pipeline Plant Hire (Qld) Pty Limited	Motor Vehicle	Yes	1/06/2012
Pipeline Plant Hire (Qld) Pty Limited	Other Goods	Yes	1/06/2012
Redstar Equipment Pty Ltd, Onsite Rental Group Operations Pty Ltd	Other Goods	No	22/08/2013
Sunstate Pipelines Qld Pty Ltd	Motor Vehicle	Yes	23/10/2015
Sunstate Pipelines Qld Pty Ltd	Other Goods	Yes	23/10/2015
Sunstate Pipelines Qld Pty Ltd	Other Goods	Yes	23/11/2015
Super Steel Australia Pty Ltd	Other Goods	Yes	24/07/2015
Tapex Pty Ltd	Other Goods	Yes	27/08/2013
Tara Group (Aust) Pty Ltd	Motor Vehicle	Yes	24/04/2014
The Trustee for the Prime Equipment Rental Trust	Motor Vehicle	No	11/08/2015
The Trustee for the Prime Equipment Rental Trust	Motor Vehicle	Yes	11/08/2015
The Trustee for the Prime Equipment Rental Trust	Other Goods	No	11/08/2015
The Trustee for the Prime Equipment Rental Trust	Other Goods	Yes	11/08/2015
The Trustee for the Prime Equipment Rental Trust	Other Goods	No	8/09/2015
The Trustee for the Prime Equipment Rental Trust	Other Goods	Yes	8/09/2015
The Trustee for Xiberras Family Trust	Motor Vehicle	Yes	2/02/2016
The Trustee for Xiberras Family Trust	Other Goods	Yes	2/02/2016
TranzHire R Us Pty Ltd	Motor Vehicle	Yes	19/08/2014
TranzHire R Us Pty Ltd	Other Goods	Yes	19/08/2014
Universal Cranes Pty Ltd	Motor Vehicle	Yes	18/09/2015
Universal Cranes Pty Ltd	Motor Vehicle	Yes	18/09/2015
Universal Cranes Pty Ltd	Motor Vehicle	Yes	22/10/2015
Vinidex Pty Limited	Other Goods	Yes	25/02/2013

Appendix C - Information Sheet – Offences, Recoverable Transactions, etc.

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

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

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

Voidable Transactions

Preferences

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

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

Uncommercial Transaction

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

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

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

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

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

Unfair Loan

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

Arrangements to avoid employee entitlements

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

Unreasonable payments to directors

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

Voidable charges

Certain charges are voidable by a liquidator:

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

Insolvent Trading

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

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

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

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

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

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

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

Appendix D - Approving Fees: A Guide for Creditors



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 85

Approving fees: a guide for creditors

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

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

Entitlement to fees and costs

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

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

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

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

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

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

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

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

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

Who may approve fees

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

Table 1: Who may approve fees

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

¹ If there is one.

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

³ Unless an application is made for a fee review.

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

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

Creditors' committee approval

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

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

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

Creditors' approval

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

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

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

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

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

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

Calculation of fees

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

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

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

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

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

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

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

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

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

Report on proposed fees

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

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

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

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

Deciding if fees are reasonable

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

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

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

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

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

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

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

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

Reimbursement of out-of-pocket costs

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

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

Queries and complaints

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

ASIC Complaints
PO Box 9149
TRARALGON VIC 3844

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

To find out more

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

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

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

Appendix E - Remuneration Report

Remuneration Report – 8 March 2016

Initial advice to creditors - remuneration

Remuneration Methods

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

Time based / hourly rates

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

Fixed Fee

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

Percentage

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

Contingency

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

Method chosen

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

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

Explanation of Hourly Rates

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

Title	Description	Hourly Rate (excl GST)
Appointee	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$655.00
Partner	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$655.00
Principal/ Consultant	Typically CA or CPA qualified with in excess of 10 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$550.00
Director	Typically CA or CPA qualified with in excess of 8 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$550.00
Manager	Typically CA or CPA qualified with 6 to 8 years' experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.	\$440.00
Senior Analyst	Typically completed or near completion of CA or CPA qualifications with 4 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.	\$335.00
Analyst	Typically studying towards CA or CPA qualification with 2 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$265.00
Graduate	Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork. This may include staff located in other offices of Deloitte overseas. These staff work under the supervision of Australian staff with insolvency experience.	\$205.00
Vacationer	Junior staff member who has not yet completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$195.00
Support	Advanced secretarial skills	\$195.00

Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration would generally be charged at cost; though some expenses such as telephone calls, photocopying

and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

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

Basis of disbursement claim

Internal disbursements	Rate (Excl GST)
Advertising	At Cost
Courier	At Cost
Data room fees	At Cost
Postage	At Cost
Search and Filing	At Cost
General Expenses	At Cost
Courier	At Cost
Photocopying - external	At Cost
Staff vehicle use	\$0.70 per km
Stationery, printing, photocopying, telephone and faxes	5% of incurred insolvency fees

Remuneration Request Approval Report

Part 1: Declaration

We, Richard John Hughes and David Michael Orr of Deloitte Touche Tohmatsu, have undertaken a proper assessment of this remuneration claim for our appointment as Administrators of Lean Field Developments Pty Ltd (Administrators Appointed) in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration.

Part 2: Executive Summary

This remuneration report details approval sought for the following fees:

Period	Attachment	Amount (ex GST)
Current remuneration approval sought:		
<i>Voluntary Administration</i>		
Period: 10 February 2016 – 2 March 2016	A	\$ 327,018.50
Period: 3 March 2016 – 16 March 2016*	B	\$ 125,839.00
Total – Voluntary Administration*		\$ 452,857.50
<i>Liquidation</i>		
Period: Commencement of liquidation to completion*	C	\$204,027.50
* Approval for the future remuneration sought is based on an estimate of		

Period	Attachment	Amount (ex GST)
the work necessary to the completion of the Administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		
Total		\$656,885.00

Please refer Attachments detailed in the above table for full details of the calculation and composition of the remuneration approval sought.

This differs to the estimate of costs provided in the Initial Advice to Creditors dated 12 February 2016, which estimated a cost to completion of the Administration of \$350,000.00 (excluding GST), due to:

- the unforeseeable amount of time spent dealing with key stakeholders regarding the Santos GLNG contract and MDR work
- the unforeseeable amount of time spent assessing location of fixed assets and liaising with key parties to obtain and/or realise the asset values
- the unforeseeable amount of time required liaising with prospective buyers for the sale of the assets of the Company, including preparation of due diligence information
- the unforeseeable amount of time spent dealing with related parties to maintain support for the sale process

Part 3: Description of work completed

Period from 10 February 2016 to 2 March 2016

Task Area	General Description	Includes
Assets 218.7 hours \$107,609.00	Sale of Business / Assets	<ul style="list-style-type: none"> • Identifying assets • Reviewing the Company's website and relevant documents on background of Company • Drafting and preparing advertisement for sale of business and assets • Liaising with Adcorp regarding placement of advertisements in national papers • Correspondence with prospective purchasers regarding the purchase of business and/or assets • Drafting, preparing and reviewing information memorandum for prospective purchasers • Preparing document list for marketing materials and obtain relevant documents to upload to data room for prospective purchasers • Undertaking buyer research • Drafting, preparing and reviewing non-disclosure agreement • Obtaining signed non-disclosure agreements from interested parties • Meetings with team to discuss sale strategy and progress during sale campaign • Updating buyer log • Preparing summary of buyer activity

Task Area	General Description	Includes
		<ul style="list-style-type: none"> • Attending to prospective buyer queries and requests
	Plant and Equipment	<ul style="list-style-type: none"> • Identifying all assets at business premises • Reviewing fixed assets listing • Liaising with valuers to obtain valuation of assets in Australia and Canada/US
	Debtors	<ul style="list-style-type: none"> • Reviewing and assessing debtors ledgers • Liaising with Company personnel to determine recoverable debts and amounts outstanding • Raising invoice for services already provided • Meeting with Santos GLNG regarding appointment and payment of pre-appointment debt • Ongoing correspondence with Santos GLNG and its solicitors regarding site access, payment of debts, notices of dispute • Reviewing advice from solicitors regarding SPLNG claim • Correspondence with debtors
	Leasing	<ul style="list-style-type: none"> • Reviewing leasing documents • Liaising with landlord and lawyers regarding breach notices • Liaising with landlords regarding ongoing tenancy and rent • Liaising with lessors • Disclaiming motor vehicles and other rental equipment
Creditors 198.80 hours \$68,275.00	Creditor Enquiries	<ul style="list-style-type: none"> • Receiving and following up creditor enquiries via email and telephone • Reviewing and prepare correspondence to creditors and their representatives via facsimile, email and post • Receipt of various creditor Subcontractor's Charge Act claims • Contacting ATO regarding appointment and requesting running balance account documents • Liaising with relevant utility providers regarding cancellation and/or continued supply
	Secured creditor reporting	<ul style="list-style-type: none"> • Conduct PPSR searches to identify assets subject to specific charge • Notifying PPSR registered creditors of appointment • Responding to secured creditor queries • Requesting details of charges and respective payout figures • Receiving notices of discharge for relevant security interests • Conducting analysis of equity position in assets • Disclaiming assets
	Creditor reports	<ul style="list-style-type: none"> • Drafting, preparing and issuing first report to creditors • Drafting and preparing second report to creditors pursuant to Section 439A of the Corporations Act 2001 • Drafting ASIC Notice regarding second meeting of creditors

Task Area	General Description	Includes
		<ul style="list-style-type: none"> Updating creditor aging list and reconciling to creditor claim amounts
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing proofs of debt (PODs)
	First Meeting of Creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forwarding notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Attendance at first meeting of creditors Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
Employees 62.2 hours \$21,347.00	Employees enquiries	<ul style="list-style-type: none"> Receiving and following up employee enquiries Reviewing and preparing correspondence to employees and their representatives via facsimile, email and post Preparation of letters to employees advising of appointment and the status of their employment Receiving and preparing correspondence in response to employees objections and acceptance of leave entitlements calculations Terminating employees in person, telephone and correspondence and preparing relevant documentation Preparing employee separation certificates
	Calculation of entitlements	<ul style="list-style-type: none"> Calculating employee entitlements Reviewing employee files and Company's books and records Preparing and sending letters to employees setting out employee entitlements according to Company books and records Reviewing employment contracts

Task Area	General Description	Includes
Trade On 188.8 hours \$82,458.00	Trade On Management	<ul style="list-style-type: none"> • Reconciling position of Subcontractor's Charge Act claims • Drafting purchase orders and maintaining purchase order register for ongoing supply • Draft invoice(s) for relevant work conducted • Liaising with suppliers • Identifying critical suppliers and ensuring maintenance of critical services • Liaising with management and staff • Attendance on site • Preparing and authorising payments • Processing fortnightly payroll • Meetings with employees to review and confirm aged suppliers list, aged debtors list, weekly running costs, anticipated income and anticipated obligations. • Preparing and reviewing trade-on plan • Determining staffing needs to maintain ongoing operations and terminate staff accordingly • Discussions with Chief Financial Officer regarding asset position and location of assets • Dealing with trade on matters at Roma site • Arranging storage of documents in Roma
	Processing receipts and payments	<ul style="list-style-type: none"> • Entering receipts and payments into accounting system
	Budgeting and financial reporting	<ul style="list-style-type: none"> • Obtaining accessing to, and reviewing of MYOB and SAP accounting records • Reviewing Company's budgets and financial statements • Preparing budgets and cash flow forecasts for VA period • Preparing weekly cash flow updates • Preparing summary weekly and monthly running costs • Meetings to discuss trading position
Investigation 54.1 hours \$20,620.50	Conducting investigation	<ul style="list-style-type: none"> • Reviewing company structure • Conducting and summarising searches on ASIC, ATO, ABR, PPSR, CITEC and DERM • Liaising with directors and employees regarding background to Company • Preparing summary of history of Company • Collection of Company books and records • Reviewing Company's books and records • Preparing comparative financial statements for FY14, FY15 and YTD16 • Preparing summary of estimated unsecured creditor claims and priority creditor claims • Preparing summary of expected income from debtors • Reviewing specific transactions and liaising with directors and finance officers regarding certain transactions • Liaising with directors regarding certain transactions • Conducting analysis on creditor claims and

Task Area	General Description	Includes
		<ul style="list-style-type: none"> considering insolvent trading claims Reviewing material information to determine possible date of insolvency Preparation of investigation file
Administration 81.4 hours \$26,709.00	Correspondence	<ul style="list-style-type: none"> Ongoing correspondence with all stakeholders
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> Administration review Filing of documents File reviews Updating checklists
	Insurance	<ul style="list-style-type: none"> Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies
	Bank account administration	<ul style="list-style-type: none"> Preparing correspondence opening accounts Arranging sweep of funds from pre-appointment account Requesting bank statements Bank account reconciliations Discuss account access issues with ANZ and ATB's solicitors
	ASIC Forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Registering for GST and PAYG Preparation and lodgement of statutory forms with ASIC
	Planning / Review	<ul style="list-style-type: none"> Team meeting regarding trading updates and issues Discussions regarding status of administration
TOTAL 804.0 hours \$327,018.50		

Period from 3 March 2016 to 16 March 2016

Task Area	General Description	Includes
Assets 62.5 hours \$30,862.50	Sale of Business / Assets	<ul style="list-style-type: none"> Liaising with prospective purchasers, including possible finalisation of contracts and work to settlement Amendments to Data Room
	Debtors	<ul style="list-style-type: none"> Correspondence with debtors Reviewing and assessing debtors ledgers Consideration of legal action to recover debtors
	Leasing	<ul style="list-style-type: none"> Liaising with landlords and lawyers regarding ongoing rental breach issues
Creditors 110.5 hours \$42,227.50	Creditor Enquiries	<ul style="list-style-type: none"> Attending to creditor enquiries Review and prepare correspondence to creditors and their representatives via facsimile, email and post Considering subcontractors charges claims and responding to them

Task Area	General Description	Includes
	Creditor reports	<ul style="list-style-type: none"> Preparing section 439A report, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing proofs of debt (PODs) Verifying supporting documentation
	Meeting of Creditors	<ul style="list-style-type: none"> Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Attend Second Meeting of Creditors Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
Employees 56.0 hours \$19,655.00	Employees enquiries	<ul style="list-style-type: none"> Receive and follow up employee enquiries Terminate employees in person, telephone and via correspondence and prepare relevant documentation Review and prepare correspondence to employees and their representatives via facsimile, email and post Notify Department of Immigration regarding 457 Visa Workers
Trade On 52.0 hours \$20,960.00	Trade On Management	<ul style="list-style-type: none"> Liaising with suppliers Liaising with management and staff Attendance on site Preparing and authorising payments Process fortnightly payroll
	Processing receipts and payments	<ul style="list-style-type: none"> Entering receipts and payments into accounting system
	Budgeting and financial reporting	<ul style="list-style-type: none"> Reviewing Company's budgets and financial statements Preparing budgets and cash flows Preparing weekly financial reports Finalising trading profit or loss Meetings to discuss trading position
Investigation 22.8 hours \$8,089.00	Conducting investigation	<ul style="list-style-type: none"> Liaise with directors and employees regarding ongoing investigations Conduct analysis on creditor claims and consider insolvent trading claim Review material information to determine possible date of insolvency Consider voidable transaction claims including preferential payments Consider offences committed by officers of the Company
Administration 11.0 hours \$ 4,045.00	Correspondence	<ul style="list-style-type: none"> Ongoing correspondence with all stakeholders of business
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> Administration review Filing of documents File reviews Updating checklists

Task Area	General Description	Includes
	Bank account administration	<ul style="list-style-type: none"> Requesting bank statements from management Bank account reconciliations Correspondence with bank regarding freeze of funds
	Insurance	<ul style="list-style-type: none"> Correspondence with insurer regarding ongoing insurance requirements Reviewing insurance policies
	Planning / Review Books and records / storage	<ul style="list-style-type: none"> Discussions regarding status of administration Dealing with records in storage Sending job files to storage
TOTAL 314.8 hours \$125,839.00		

Period from commencement of Liquidation on 16 March 2016 to the completion of the Liquidation

Task Area	General Description	Includes
Assets 127.5 hours \$57,487.50	Debtors	<ul style="list-style-type: none"> Correspondence with debtors and other parties to collect monies Pursue outstanding debtors including Court applications where required Continue negotiations with Santos GLNG in respect to MDRs
	Sale of Business / Assets	<ul style="list-style-type: none"> Liaising with prospective purchasers Finalising sale of business, if applicable Review alternative sale options for fixed assets if sale of business unsuccessful, including managing an auction strategy Arranging release of securities to allow sale of assets
Creditors 144.5 hours \$54,322.50	Creditor Enquiries	<ul style="list-style-type: none"> Attend to creditor enquiries Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	<ul style="list-style-type: none"> Reports to creditors
	Dividend (if applicable)	<ul style="list-style-type: none"> Preparation of correspondence to creditors advising of intention to declare dividend and inviting lodgement of POD Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculations Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing proofs of debt (PODs) Verify supporting documentation

Task Area	General Description	Includes
	Meeting of Creditors (If required in Liquidation)	<ul style="list-style-type: none"> • Preparation of meeting notices, proxies and advertisements • Forward notice of meeting to all known creditors • Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting • Preparation and lodgement of minutes of meetings with ASIC • Responding to stakeholder queries and questions immediately following meeting
Employees 122.5 hours \$42,837.50	Employees enquiries	<ul style="list-style-type: none"> • Receive and follow up employee enquiries • Review and prepare correspondence to employees and their representatives via facsimile, email and post • Preparation of letters to employees advising of their entitlements and options available • Receive and prepare correspondence in response to employees objections to leave entitlements
	FEG	<ul style="list-style-type: none"> • Correspondence with FEG • Preparing notification spreadsheet • Preparing FEG quotations • Preparing FEG distributions
	Calculation of entitlements	<ul style="list-style-type: none"> • Calculating employee entitlements • Reviewing employee files and company's books and records • Reconciling superannuation accounts • Reviewing awards • Liaising with solicitors regarding entitlements
	Employee dividend (if applicable)	<ul style="list-style-type: none"> • Correspondence with employees regarding dividend • Correspondence with ATO regarding SGC proof of debt • Calculating dividend rate • Preparing dividend file • Advertising dividend notice • Preparing distribution • Receipting POD • Adjudicating POD • Ensuring PAYG is remitted to ATO
	Other employee issues	<ul style="list-style-type: none"> • Correspondence with Child Support
Investigation 73.0 hours \$24,450.00	Conducting investigation	<ul style="list-style-type: none"> • Collection of Company books and records • Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements, company's books and records and Report as to Affairs • Reviewing Company's books and records • Review and preparation of Company nature and history • Conducting and summarising statutory searches • Preparation of comparative financial statements • Preparation of deficiency statement • Review of specific transactions and liaising with

Task Area	General Description	Includes
		<ul style="list-style-type: none"> directors regarding certain transactions • Liaising with directors regarding certain transactions • Preparation of investigation file • Lodgement of investigation with the ASIC • Preparation and lodgement of supplementary report if required
	Examinations (if applicable)	<ul style="list-style-type: none"> • Preparing brief to solicitor • Liaising with solicitor(s) regarding examinations • Attendance at examination • Reviewing examination transcripts • Liaising with solicitor(s) regarding outcome of examinations and further actions available
	ASIC reporting	<ul style="list-style-type: none"> • Preparing statutory investigation reports • Preparing affidavits seeking non lodgements assistance • Liaising with ASIC • Preparation of form EX01 s533
Administration 78.5 hours \$26,305.00	Correspondence	<ul style="list-style-type: none"> • Ongoing correspondence with all stakeholders
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> • Administration review • Filing of documents • File reviews • Updating checklists
	Bank account administration	<ul style="list-style-type: none"> • Preparing correspondence opening and closing accounts • Requesting bank statements • Bank account reconciliations • Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> • Preparing and lodging ASIC forms including 505, 524, 911 etc • Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> • Notification of appointment • Preparation of BAS • Completing PAYG summaries • Preparation and lodgement of statutory forms with ASIC
	Finalisation	<ul style="list-style-type: none"> • Notifying ATO of finalisation • Cancelling ABN / GST / PAYG registration • Completing checklists • Finalising WIP
	Planning / Review	<ul style="list-style-type: none"> • Discussions regarding status of administration
	Books and records / storage	<ul style="list-style-type: none"> • Dealing with records in storage • Sending job files to storage
TOTAL 543.5 hours \$204,027.50		

Part 4: Calculation of Remuneration

Period from 10 February 2016 to 3 March 2016 - See *Attachment A*

Period from 4 March 2016 to 16 March 2016 - See *Attachment B*

Period from commencement of Liquidation on 16 March 2016 to the completion of the Liquidation - See *Attachment C*

Part 5: Statement of remuneration claim

Period from 10 February 2016 to 2 March 2016 (Resolution 6 on Proxy form)

“That the remuneration of the Administrators, their partners and staff, for the period 10 February 2016 to 2 March 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 for Lean Field Developments Pty Ltd (Administrators Appointed) dated 8 March 2016 of fees equalling \$327,018.50 plus GST and disbursements, and that the Administrator can draw the remuneration as required;”

Period from 3 March 2016 to 16 March 2016 (Resolution 7 on Proxy form)

“That the prospective remuneration of the Administrators, their partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of Lean Field Developments Pty Ltd (Administrators Appointed) dated 8 March 2016, for the period 3 March 2016 to 16 March 2016, is fixed and approved to a maximum cap of \$125,839.00 plus GST and disbursements, to be drawn only when incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from Creditors will be sought;”

Period from commencement of Liquidation on 16 March 2016 to the completion of the Liquidation (Resolution 8 on Proxy form)

“That the prospective remuneration of the Liquidators, their partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of Lean Field Developments Pty Ltd (Administrators Appointed) dated 8 March 2016, for the period from 16 March 2016 onward, is fixed and approved to a maximum cap of \$204,027.50 plus GST and disbursements, to be drawn only when incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from Creditors will be sought.”

Part 6: Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

I have undertaken a proper assessment of disbursements claimed for Lean Field Developments Pty Ltd (Administrators Appointed) in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper. The below table outlines all disbursements incurred to 4 March 2016:

Disbursements	Basis	Total (Excl GST)
Externally provided non-professional		
Advertising (including sale of business)	At cost	\$9,262.40
Travel	At cost	\$1,082.81
Staff Amenities	At cost	\$593.65
Internal disbursements		
Postage	At cost	\$90.91
Total		\$11,029.77

Part 8: Report on Progress of the Administration

Please refer to the main body of the report for the full summary of the liquidation to date.

Part 9: Summary of Receipts and Payments

A summary of the Liquidation's receipts and payments is provided in Section 6 of the main body of the report.

Part 9: Information Sheet

Refer to **Attachment D** for ASIC Information Sheet 85 *Approving fees: a guide to creditors*.

Part 10: Queries

Should you have any queries regarding this remuneration report, please contact Alison McKenzie on telephone (07) 3308 7402 or by email on leanfield@deloitte.com.au.

Summary of hours spent by staff

Period from 10 February 2016 to 2 March 2016

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area											
					Assets		Creditors		Employees		Trade on		Investigations		Administration	
					Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Hughes, Richard	DRS Appointee	655	45.7	29,933.50	21.7	14,213.50	13.6	8,908.00	0.0	-	0.3	196.50	0.1	65.50	10.0	6,550.00
Orr, David	DRS Appointee	655	89.0	58,295.00	36.0	23,580.00	9.5	6,222.50	7.5	4,912.50	25.0	16,375.00	10.0	6,550.00	1.0	655.00
Moynahan, Margaret	DRS Principal	550	140.8	77,440.00	66.8	36,740.00	2.2	1,210.00	0.0	-	71.8	39,490.00	0.0	-	0.0	-
Yoo, Jae	DRS Director 1	550	26.5	14,575.00	26.5	14,575.00	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-
Napiza, Norman	DRS Manager 1	440	10.0	4,400.00	0.0	-	0.0	-	0.0	-	0.0	-	10.0	4,400.00	0.0	-
George, Tanya	DRS Manager 1	440	2.2	968.00	0.0	-	0.0	-	0.0	-	2.2	968.00	0.0	-	0.0	-
Kufluk, Lea	DRS Sr Analyst 1	335	144.7	48,474.50	8.0	2,680.00	68.1	22,813.50	27.1	9,078.50	25.3	8,475.50	8.5	2,847.50	7.7	2,579.50
Oze, Veena	DRS Sr Analyst 1	335	2.4	804.00	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	2.4	804.00
Lomax, Walter	DRS Sr Analyst 1	335	27.9	9,346.50	0.0	-	17.0	5,695.00	0.6	201.00	0.0	-	0.0	-	10.3	3,450.50
Kennedy, Luis	DRS Analyst 1	265	138.7	36,755.50	0.0	-	43.5	11,527.50	16.5	4,372.50	63.2	16,748.00	5.0	1,325.00	10.5	2,782.50
Braverman, Daniel	DRS Analyst 1	265	59.7	15,820.50	59.7	15,820.50	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-
McKenzie, Alison	DRS Analyst 1	265	106.9	28,328.50	0.0	-	44.9	11,898.50	10.5	2,782.50	0.0	-	20.5	5,432.50	31.0	8,215.00
Scott, Duncan	DRS Graduate	205	1.0	205.00	0.0	-	0.0	-	0.0	-	1.0	205.00	0.0	-	0.0	-
Hassall, Rosie	DRS Graduate	205	1.5	307.50	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	1.5	307.50
Cleveland, Brooke	DRS Vacationer	195	7.0	1,365.00	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	7.0	1,365.00
TOTAL			804.0	327,018.50	218.7	107,609.00	198.8	68,275.00	62.2	21,347.00	188.8	82,458.00	54.1	20,620.50	81.4	26,709.00
GST				32,701.85												
TOTAL (including GST)				359,720.35												
<i>Average hourly rate</i>						492.04		343.44		343.20		436.75		381.16		328.12

Summary of hours proposed to be spent by staff

Period from 3 March 2016 to 16 March 2016

Employee	Position	\$/hour (ex GST)	Total estimated hours	Total (\$)	Task Area											
					Assets		Creditors		Employees		Trade on		Investigations		Administration	
					Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Hughes, Richard	DRS Appointee	655	16.5	10,807.50	5.0	3,275.00	7.5	4,912.50	1.0	655.00	1.0	655.00	1.0	655.00	1.0	655.00
Orr, David	DRS Appointee	655	35.0	22,925.00	12.5	8,187.50	13.0	8,515.00	5.0	3,275.00	1.0	655.00	2.5	1,637.50	1.0	655.00
Moynahan, Margaret	DRS Principal	550	45.8	25,206.50	10.0	5,500.00	10.0	5,500.00	5.0	2,750.00	20.0	11,000.00	0.8	456.50	0.0	-
Yoo, Jae	DRS Director 1	550	15.0	8,250.00	15.0	8,250.00	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-
Napiza, Norman	DRS Manager 1	440	2.5	1,100.00	0.0	-	0.0	-	0.0	-	0.0	-	2.5	1,100.00	0.0	-
Kuflik, Lea	DRS Sr Analyst 1	335	60.0	20,100.00	5.0	1,675.00	30.0	10,050.00	15.0	5,025.00	10.0	3,350.00	0.0	-	0.0	-
Oze, Veena	DRS Sr Analyst 1	335	5.0	1,675.00	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-	5.0	1,675.00
Kennedy, Luis	DRS Analyst 1	265	60.0	15,900.00	0.0	-	25.0	6,625.00	10.0	2,650.00	15.0	3,975.00	8.0	2,120.00	2.0	530.00
Braverman, Daniel	DRS Analyst 1	265	15.0	3,975.00	15.0	3,975.00	0.0	-	0.0	-	0.0	-	0.0	-	0.0	-
McKenzie, Alison	DRS Analyst 1	265	60.0	15,900.00	0.0	-	25.0	6,625.00	20.0	5,300.00	5.0	1,325.00	8.0	2,120.00	2.0	530.00
TOTAL			314.8	125,839.00	62.5	30,862.50	110.5	42,227.50	56.0	19,655.00	52.0	20,960.00	22.8	8,089.00	11.0	4,045.00
GST				12,583.90												
TOTAL (including GST)				138,422.90												
<i>Average hourly rate</i>						493.80		382.15		350.98		403.08		354.31		367.73

Summary of hours proposed to be spent by staff

Period from commencement of Liquidation on 16 March 2016 to the completion of the Liquidation

Employee	Position	\$/hour (ex GST)	Total es timated hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigations		Administration	
					Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Hughes, Richard	DRS Appointee	655	25.0	16,375.00	12.5	8,187.50	7.0	4,585.00	2.5	1,637.50	2.0	1,310.00	1.0	655.00
Orr, David	DRS Appointee	655	45.0	29,475.00	20.0	13,100.00	10.0	6,550.00	5.0	3,275.00	5.0	3,275.00	5.0	3,275.00
Moynahan, Margaret	DRS Principal	550	75.0	41,250.00	25.0	13,750.00	25.0	13,750.00	20.0	11,000.00	2.5	1,375.00	2.5	1,375.00
Yoo, Jae	DRS Director 1	550	7.5	4,125.00	10.0	5,500.00	0.0	-	0.0	-	0.0	-	0.0	-
Napiza, Norman	DRS Manager 1	440	3.5	1,540.00	0.0	-	0.0	-	0.0	-	3.5	1,540.00	0.0	-
Kuflik, Lea	DRS Sr Analyst 1	335	112.5	37,687.50	15.0	5,025.00	32.5	10,887.50	25.0	8,375.00	15.0	5,025.00	25.0	8,375.00
Oze, Veena	DRS Sr Analyst 1	335	10.0	3,350.00	0.0	-	0.0	-	0.0	-	0.0	-	10.0	3,350.00
Kennedy, Luis	DRS Analyst 1	265	125.0	33,125.00	30.0	7,950.00	30.0	7,950.00	30.0	7,950.00	20.0	5,300.00	15.0	3,975.00
Braverman, Daniel	DRS Analyst 1	265	15.0	3,975.00	15.0	3,975.00	0.0	-	0.0	-	0.0	-	0.0	-
McKenzie, Alison	DRS Analyst 1	265	125.0	33,125.00	0.0	-	40.0	10,600.00	40.0	10,600.00	25.0	6,625.00	20.0	5,300.00
TOTAL			543.5	204,027.50	127.5	57,487.50	144.5	54,322.50	122.5	42,837.50	73.0	24,450.00	78.5	26,305.00
GST				20,402.75										
TOTAL (including GST)				224,430.25										
<i>Average hourly rate</i>						450.88		375.93		349.69		334.93		335.10

Appendix F - Notice of Meeting

FORM 529

CORPORATIONS ACT 2001
Section 439A

Subregulation 5.6.12(6)

NOTICE OF MEETING OF CREDITORS
LEAN FIELD DEVELOPMENTS PTY LTD (ADMINISTRATORS APPOINTED)
ACN 140 897 052

NOTICE is given that a meeting of the creditors of the company will be held at the offices of Deloitte Touche Tohmatsu, Level 25, 123 Eagle Street, Brisbane QLD 4000 on 16 March 2016 at 11:00AM AEST (local time).

A G E N D A

1. To receive a Statement about the company's business, property, affairs and financial circumstances.
2. To receive a statement to creditors by one of the directors, explaining the circumstances leading up to the Administration.
3. To receive the report of the Administrator.
4. Questions from creditors.
5. For creditors to resolve:
 - a. that the company execute a Deed of Company Arrangement; or
 - b. that the administration should end; or
 - c. that the company be wound up.
6. To fix the remuneration of the Joint Administrators.
7. If the company is to execute a Deed of Company Arrangement to fix the remuneration of the Deed Administrator.
8. If the company is wound up, to consider appointing a Committee of Inspection.
9. If no Committee is appointed, to fix the remuneration of the Liquidators.
10. If no Committee is appointed, to consider the destruction of the books and records at the conclusion of the winding up.
11. Any other business that may be lawfully brought forward.

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

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

DATED this 8th day of March 2016



RICHARD J HUGHES & DAVID M ORR
ADMINISTRATORS

Appendix G - Proof of Debt

FORMAL PROOF OF DEBT OR CLAIM

FORM 535
CORPORATIONS ACT 2001

Regulation 5.6.49(2)

**FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)
LEAN FIELD DEVELOPMENTS PTY LTD
(Administrators Appointed)
ACN 140 897 052**

To the Administrators of Lean Field Developments Pty Ltd (Administrators Appointed)

1. This is to state that the company was, on 10 February 2016 ⁽¹⁾ and still is, justly and truly indebted to ⁽²⁾

.....
For
.....dollars and..... cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾	Amount \$	GST included \$	Remarks ⁽⁴⁾
.....				

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following: ⁽⁵⁾

3. ^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

3. ^{(6)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2016

Signature of Signatory.....

NAME IN BLOCK LETTERS.....

Occupation.....

Address.....

TelephoneEmail.....

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
			\$	¢

-
- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
-

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:

"This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.



Appendix H - Form of Proxy

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

LEAN FIELD DEVELOPMENTS PTY LTD (ADMINISTRATORS APPOINTED)
ACN 140 897 052

*I/*We (1)
of
a creditor of Lean Field Developments Pty Ltd, appoint (2)
.....
or in his or her absence
as *my/our *general/special (chose one) proxy to vote at the meeting of creditors to be held on Wednesday, 16 March 2016 at 11:00AM AEST at the offices of Deloitte Touche Tohmatsu, Level 25, 123 Eagle Street, Queensland 4000 or at any adjournment of that meeting to vote:

(i) On all matters arising at the meeting

OR

(ii) On the following resolution in the manner specified:

	FOR	AGAINST	ABSTAIN
• That the control of the Company be returned to the Directors;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• That the Company should be wound up and in the absence of any other nominations, that Richard John Hughes and David Michael Orr be appointed Joint and Several Liquidators;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• That a committee of inspection be formed;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• I nominate myself to be a member of the committee of inspection;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• That the remuneration of the Administrators, their partners and staff, for the period 10 February 2016 to 2 March 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 for Lean Field Developments Pty Ltd (Administrators Appointed) dated 8 March, 2016 of fees equalling \$327,018.50 plus GST and disbursements, and that the Administrators can draw the remuneration as required;	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
• That the prospective remuneration of the Administrators, their partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of Lean Field Developments Pty Ltd (Administrators Appointed) dated 8 March 2016, for the period 3 March 2016 to 16 March 2016 , is	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

\$125,839.00 plus GST and disbursements, to be drawn only when incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from Creditors will be sought;

- That the prospective remuneration of the Liquidators, their partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of Lean Field Developments Pty Ltd (Administrators Appointed) dated 8 March 2016, for the period from **16 March 2016 onward**, is \$204,027.50 plus GST and disbursements, to be drawn only when incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from Creditors will be sought.

- That after deregistration of the Company, the books and records of the Company be destroyed subject to approval by the Australian Securities and Investment Commission.

I am an unsecured creditor and the amount owed to me is \$.....

OR

I am a secured creditor and the amount owed to me is \$.....

DATED this _____ day of _____ 2016.

Signature

CERTIFICATE OF WITNESS

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

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.