

**IN THE MATTER OF FOREST ENTERPRISES AUSTRALIA LIMITED**

**ACN 009 553 548 (SUBJECT TO DEED OF COMPANY ARRANGEMENT) (RECEIVERS AND MANAGERS APPOINTED)**

**FOR THE PERIOD 12 JULY 2019 TO 12 JANUARY 2020**

**REPORT ON EXTERNAL ADMINISTRATION**

**11 FEBRUARY 2020**

**Timothy Bryce Norman**

**Salvatore Algeri**

**Receivers and Managers**

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## 1 Background to this report

ASIC has relieved Forest Enterprises Australia Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) (**FEA**) from certain provisions of Part 2M.3 of the Corporations Act 2001 (Cth) to lodge financial reports for the financial years and half-years from 31 December 2009 up to and including those ending during the deferral period. The deferral period ends on 15 July 2021 unless certain events occur before that date. This deferral relief is set out in ASIC Instrument 19-0758 (**Relief Instrument**).

Pursuant to paragraph 5(d) of the Relief Instrument, FEA must prepare a report outlining the progress and status of the external administration of FEA for the period from 12 July 2019 to 12 January 2020 (**Relevant Period**).

## 2 Background to FEA

FEA is currently subject to two external administrations:

- 2.1 The receivership and controllership being conducted by the receivers and managers of FEA, Timothy Bryce Norman and Salvatore Algeri of Deloitte (**Controllers**); and
- 2.2 The administration of the deed of company arrangement, being conducted by the joint and several deed administrators, Brian Silvia and Peter Krejci of BRI Ferrier (**Deed Administrators**).

The assets of FEA have been sold/realised but the net proceeds were insufficient to pay the claims of the secured creditors, and there is a significant shortfall in respect of total creditor claims.

## 3 Progress and status of the external administration

### 3.1 Actions taken during the relevant period

- 3.1.1 The Controllers have continued to collect amounts payable to FEA under its loan book.
- 3.1.2 The Deed Administrators are pursuing an application to amend pre-appointment tax returns with a view to obtaining a refund of certain tax paid. During the Relevant Period, they have:
  - a. obtained and reviewed relevant documents; and
  - b. made an application to the AAT to appeal against the decision of the ATO not to extend the time for FEA to lodge an objection to the income tax assessments in respect of the relevant years.

### 3.2 Actions required to complete the external administration

- 3.2.1 The Controllers are in the process of concluding their activities in relation to collection of the loan book of FEA.
- 3.2.2 The Deed Administrators need to:
  - a. reach an outcome on the objection and AAT appeal, either by negotiation or determination;
  - b. recover tax that is to be refunded (if any); and
  - c. conclude the process of distributions under the Deed of Company Arrangement.

### 3.3 Expected time to complete the external administration

The Controllers anticipate that they will complete their external administration and retire within the next six months.

The timing of completion of the administration of the Deed of Company Arrangement by the Deed Administrators will depend to a significant extent on how long it takes to resolve the objection and AAT appeal, but it is currently anticipated that the administration will be completed within the next 1-2 years.

### 3.4 Update of the receipts and payments during the external administration

A summary of the Controllers' receipts and payments covering the Relevant Period is **Attachment A**.

## 4 Further information

If you have any queries regarding this report or about the external administrations of FEA more generally, please contact:

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**Timothy Bryce Norman**

Receiver and Manager

Forest Enterprises Australia Limited (Subject to Deed of Company Arrangement) (Receivers and Managers Appointed) ACN 009 553 548

## Attachment A – Summary of Controllers’ Receipts and Payments

### Summary of Receipts and Payments From 15 April 2019 to 12 January 2020

#### Forest Enterprises Australia Ltd

Opening Bank Balance (15 April 2019)	\$625,192.80
Net Receipts & Payments	-\$437,047.78
Closing Bank Balance (12 January 2020)	\$188,145.02
Reconciliation Check	-

Receipts	Amount (\$)
Loan Collections	30,272.70
GST Refund	8,680.00
Inspection of Books and Records	1,650.00
Sale of Office Furniture	1,040.50
Bank Interest	580.12
Other Reimbursements	88.89
<b>Total</b>	<b>42,312.21</b>

Payments	Amount (\$)
Payroll Expenses	251,872.23
Legal Fees	81,217.77
Receiver and Manager Remuneration	43,516.00
GST Payment	27,641.00
Trustee Expenses	27,241.08
Miscellaneous Trading Expenses	21,630.37
Loan Book Fees	17,018.10
Tax Advisor Fees	8,800.00
Bank Fees	423.44
<b>Total</b>	<b>479,359.99</b>