

TO CREDITORS

5 June 2015

Dear Sir / Madam

**RE: Capital Works Constructions Pty Ltd (Administrators Appointed) ACN 118 889 133
Capital Construction Hire Pty Ltd (Administrators Appointed) ACN 163 111 608
Formerly trading as “Freelife Homes” and “Visionaire Homes”
(Collectively “the Group”)**

As previously advised, Gary Doran and I were appointed Joint and Several Administrators of the Group on 7 May 2015 pursuant to Section 436A of the Corporations Act 2001.

For your information and assistance, I attach the following:

1. Joint and Several Administrator’s Report, including a report on the company’s business, property, affairs and financial circumstances. The report contains a statement setting out my opinion about each of the following matters and my reasons for those opinions:
 - a. Whether it would be in the creditors’ interests for the company to execute a Deed of Company Arrangement; or
 - b. Whether it would be in the creditors’ interests for the company to be wound up; or
 - c. Whether it would be in the creditors’ interests for the administration to end.
2. Remuneration Report outlining the Joint and Several Administrators current and expected future costs.
3. Notice of Meeting to be held at The Boulevard Centre, 99 The Boulevard, Floreat WA 6014 on 12 June 2015 at 3:00PM WST.
4. Informal Proof of Debt Form for each company within the Group. Any Informal Proof of Debt Forms submitted for the purposes of the first meeting of creditors and accepted by the Chairperson of that meeting for voting purposes will be valid for this meeting.
5. Instrument of Proxy for voting purposes for each company within the Group.

Should you have any queries relating to this matter, please contact the Group hotline on (08) 9365 7045 or via email at freelife@deloitte.com.au.

Yours faithfully



Jason Mark Tracy
Joint and Several Administrator

Encl.

CAPITAL WORKS CONSTRUCTIONS PTY LTD
(Administrators Appointed)
ACN 118 889 133

CAPITAL CONSTRUCTION HIRE PTY LTD
(Administrators Appointed)
ACN 163 111 608

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

5 June 2015

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Definitions

ARITA	Australian Restructuring Insolvency and Turnaround Association
Administrators	Jason Mark Tracy & Gary Peter Doran
ASIC	Australian Securities & Investments Commission
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
C.	Circa / approximately
CCH	Capital Construction Hire Pty Ltd (Administrators Appointed)
Committee	Committee of Creditors
COD	Cash on Delivery
CWC	Capital Works Constructions Pty Ltd (Administrators Appointed)
Companies	Capital Construction Hire Pty Ltd (Administrators Appointed) and Capital Works Constructions Pty Ltd (Administrators Appointed) collectively
Deloitte	Deloitte Touche Tohmatsu
DIRRI	Declaration of Independence and Relevant Relationships and Indemnities
Directors	Frank Ricci & Joshua Coffey
DOCA	Deed of Company Arrangement
FEG	Fair Entitlements Guarantee
ERV	Estimated Realisable Value
EOI	Expression of Interest
FYXX	Financial year ended 30 June 20XX, for example FY13 means financial year ended 30 June 2013
IP	Intellectual property which includes the customer database, customer files, base model design plans, marketing material, website, business name
Management	Management of the Companies
Pipeline contracts	Contracts to build entered into by a customer and the Companies where construction is yet to commence
PPSR	Personal Property Securities Register
QBE	QBE Insurance Group Ltd
RATA	Report as to Affairs
Relation back day	The date of appointment of administrators
The Accountants	The Companies' external accountants
The Act	Corporations Act 2001
The Court	The Federal Court of Australia or any of the state Supreme Courts
The Regulations	Corporations Regulations 2001
WIP	Work in progress
WIP contracts	Contracts entered into by a customer and the Companies where construction has commenced and is at various stages of completion
YTD15	Period from 1 July 2014 to 7 May 2015

1 Executive Summary

1.1 Appointment

On 7 May 2015, we, Jason Mark Tracy and Gary Peter Doran, were appointed Joint and Several Administrators of Capital Works Constructions Pty Ltd (Administrators Appointed) (“CWC”) and Capital Construction Hire Pty Ltd (Administrators Appointed) (“CCH”) (collectively “the Companies”) by the Directors pursuant to Section 436A of the Act.

Our appointment as Administrators was ratified by creditors at the first meeting of creditors of the Companies held concurrently on 19 May 2015.

A Committee of Creditors for CWC was formed at that meeting.

1.2 Conduct of Administration

Upon our appointment we took immediate steps to safeguard the Companies’ assets and assess the financial viability of the Companies’ businesses. Based on our assessment, we decided to immediately cease trading the Companies’ businesses.

We also commenced an urgent process to sell the Companies’ pipeline contracts, WIP contracts and intellectual property (see Section 6 of this report for further details of this process). At the date of this report, that process has not completed and consequently we are unable to provide creditors with an estimate of the value likely to be realised for these assets. In addition, we also secured and have sought valuations of real property owned by CWC which includes two partially complete display homes and vacant development land. We will update creditors once the final outcome in respect to these asset realisations is known.

Other key activities that we have undertaken include:

- Securing the Companies’ principal place of business. We subsequently vacated the leased premises located at Osborne Park
- Identifying and securing assets subject to security interests registered on the Personal Property Securities Register (“PPSR”). We have subsequently disclaimed our interest in the majority of these assets
- Taking a coordinated approach with the Building Commission and home indemnity insurer, QBE Insurance Group Ltd (“QBE”), to deal with homebuyer queries and concerns. This included establishing a dedicated webpage, hotline and email inbox and holding a meeting with homebuyers on 15 May 2015
- Ongoing operational and statutory requirements.

1.3 Investigation, Offences, Voidable Transactions

Section 438A 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. Our investigations to date have revealed possible offences/voidable transactions, which are further discussed in Section 7.

1.4 Second Meeting of Creditors

Pursuant to Section 439A(3) of the Act a second meeting of creditors is to be held at The Boulevard Centre, 99 The Boulevard, Floreat, WA 6014 on Friday, 12 June 2015 at 3:00PM (See Form 529 enclosed as Appendix E).

At this meeting, creditors will be asked to make a decision by passing a resolution in respect of the options available to them. The options available for each company are:

- a) That the company execute a Deed of Company Arrangement (“DOCA”) or
- b) That the Administration end or
- c) That the company be wound up.

1.5 Administrators’ Opinion

It is our opinion that the Companies be placed in Liquidation because they are insolvent and no DOCA proposal has been received in respect of the Companies. The reasons for our opinion are discussed in Section 10.

1.6 Dividend

Given assets available and realisations to date, we do not expect a dividend to be made available to unsecured creditors. If following completion of our investigations into possible recoveries under the Act (or other relevant matters that are case specific) and we consider that there may be additional realisations, creditors will be advised accordingly.

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 companies. 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 Companies' future. The purpose of this report is to provide that information and recommendations, including:

- Background information about the Companies
- The results of our investigations
- The estimated returns to creditors
- The options available to creditors and our opinion on each of these options.

2.2 First meeting of Creditors

On 19 May 2015, a concurrent meeting of creditors of the Companies was held in accordance with Section 436E of the Act. At this meeting, our appointment as Administrators was confirmed.

Also at that meeting, we advised that we would undertake an investigation into the affairs of the Companies while we pursued a sale of the Companies' assets.

It was also resolved that a Committee of Creditors be formed for CWC. The following creditors volunteered and were elected as members:

Member	Creditor represented
Anton Oud	PSS Group Pty Ltd
Umberto Mondello	The Trustee for Mondello Joinery Unit Trust t/as Mondellos Joinery and Cabinet Works
Donald King	SV Glass Pty Ltd
Don CoLasante	Nikolyn Pty Ltd ATF Nikolyn Unit Trust t/as CPL Plumbing
Tim Guest	Infinite Wealth Australia Pty Ltd
Mario Nenadic	Himself (former employee)

No Committee of Creditors was formed for CCH.

2.3 Second meeting of Creditors

Pursuant to Section 439A(3) of the Act a second concurrent meeting of creditors of the Companies is to be held at The Boulevard Centre, 99 The Boulevard, Floreat, WA 6014 on Friday, 12 June 2015 at 3:00PM (See attached Form 529 at Appendix E).

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 Companies be wound up.

We have detailed the reasons as to why we consider this the best option for creditors in Section 10 of this report.

At the meeting creditors will be asked to approve the remuneration of the Administrators of CWC from 7 May 2015 to 5 June 2015 in the sum of \$145,360.00 plus GST, and from 6 June 2015 to the conclusion of the administration in the sum of \$26,475.00 plus GST.

Creditors will also be asked to approve the remuneration of the Administrators of CCH from 7 May 2015 to 5 June 2015 in the sum of \$7,570.00 plus GST and from 6 June 2015 to the conclusion of the Administration in the sum of \$3,170.00 plus GST.

We note that there are currently insufficient realisations to meet the remuneration of the Administrators. As such, although creditor approval is being sought on a time costs basis, the bulk of the Administrators' remuneration may not be recoverable.

Full details of the remuneration claims are found in Appendix D – 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 8 May 2015 and was also tabled at the first meeting of creditors.

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

2.5 Electronic communication

Section 600G of the Act allows for a creditor to receive communication 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 the administration.

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

3 Background information

3.1 Incorporation and Registered Office

A search of the ASIC database disclosed that CWC was incorporated in Western Australia on 20 March 2006. CWC's registered office is shown as Level 2, 100 Havelock Street, West Perth WA 6017.

A search of the ASIC database disclosed that CCH was incorporated in Western Australia on 2 April 2013. CCH's registered office is shown as Level 2, 100 Havelock Street, West Perth WA 6017.

3.2 Shareholders, Officers and Security Interests

3.2.1 Shareholders

The Companies are limited by shares.

At the date of our appointment the shareholders of CWC were recorded on the ASIC database as follows:

Shareholder	Class	Number	% fully paid
Progetto Habitat Pty Ltd	Ordinary	15,000	100
Camfizz Pty Ltd	Ordinary	15,000	100
Sundance Investments Group Pty Ltd	Ordinary	70,000	100

The shareholders of CCH were recorded as follows:

Shareholder	Class	Number	% fully paid
Camfizz Pty Ltd	Ordinary	3	100
Riveredge WA Pty Ltd	Ordinary	7	100

3.2.2 Officers

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

Name	Position	Appointed	Ceased
Joshua Brian Coffey	Director	13 April 2010	Current
Joshua Brian Coffey	Secretary	13 April 2010	Current
Frank Ricci	Director	20 March 2006	Current
Frank Ricci	Secretary	20 March 2006	Current

CCH's directors and officers were:

Name	Position	Appointed	Ceased
Joshua Brian Coffey	Director	2 April 2013	Current
Joshua Brian Coffey	Secretary	2 April 2013	Current

3.2.3 Security Interests

A search of the PPSR revealed the following perfected Security Interests to which CWC was the grantor:

Secured Party	Circulating or non-circulating	PMSI Y/N	Date Perfected
Australia And New Zealand Banking Group Limited	Non-circulating	Y	21/05/2012
Australia And New Zealand Banking Group Limited	Non-circulating	Y	2/11/2012
Australia And New Zealand Banking Group Limited	Non-circulating	Y	13/11/2012
Australia And New Zealand Banking Group Limited	Non-circulating	Y	14/11/2012
Australia And New Zealand Banking Group Limited	Non-circulating	Y	4/03/2013
Australia And New Zealand Banking Group Limited	Non-circulating	Y	4/03/2013
Australia And New Zealand Banking Group Limited	Non-circulating	Y	14/10/2013
Australia And New Zealand Banking Group Limited	Non-circulating	Y	23/04/2014
Australia And New Zealand Banking Group Limited	Non-circulating	Y	14/11/2014
Australia And New Zealand Banking Group Limited	Non-circulating	Y	18/11/2014
B&D Australia Pty Ltd	Non-circulating	Y	8/01/2013
Bluescope Steel Limited	Non-circulating	Y	29/08/2013
Brickworks Group	Non-circulating	Y	30/12/2013
Brickworks Group	Non-circulating	Y	30/12/2013
Brooks Hire Service Pty Ltd	Non-circulating	Y	19/06/2012
Canon Finance Australia Pty Ltd	Non-circulating	N	4/06/2012
Canon Finance Australia Pty Ltd	Non-circulating	Y	20/03/2013
Canon Finance Australia Pty Ltd	Non-circulating	Y	24/07/2014
Capital Finance Australia Limited	Non-circulating	Y	8/12/2012
Cardoso Pty Ltd	Non-circulating	Y	12/11/2012
Coates Hire Operations Pty Limited	Non-circulating	Y	14/08/2012
Coates Hire Operations Pty Limited	Non-circulating	Y	14/08/2012
Commonwealth Bank Of Australia	Non-circulating	Y	24/02/2012
Commonwealth Bank Of Australia	Non-circulating	Y	24/02/2012
Coventry Group Limited	Non-circulating	Y	23/07/2014
Dorsett Retail Pty Ltd	Non-circulating	Y	9/12/2013
Fielders Australia Pty Ltd	Non-circulating	Y	24/02/2014
GCS Group	Non-circulating	Y	7/12/2013
GCS Group	Non-circulating	Y	7/12/2013
GCS Group	Non-circulating	Y	7/12/2013
GCS Group	Non-circulating	Y	4/04/2014
GCS Group	Non-circulating	Y	7/12/2013
GCS Group	Non-circulating	Y	4/04/2014
HP Financial Services (Australia) Pty Limited	Non-circulating	Y	16/08/2013
Iron Design Roofing (Wa) Pty Ltd	Non-circulating	Y	3/12/2012
Iron Design Roofing (Wa) Pty Ltd	Non-circulating	Y	3/12/2012
Kennards Hire Pty Limited	Non-circulating	Y	30/01/2012
Macquarie Leasing Pty Ltd	Non-circulating	Y	7/05/2013
Macquarie Leasing Pty Ltd	Non-circulating	Y	4/06/2013
Macquarie Leasing Pty Ltd	Non-circulating	Y	3/09/2013
Macquarie Leasing Pty Ltd	Non-circulating	Y	3/09/2013
National Australia Bank Limited	Circulating	N	30/01/2012
National Australia Bank Limited	Circulating	N	30/01/2012
National Australia Bank Limited	Circulating	N	24/01/2014
National Australia Bank Limited	Non-circulating	Y	15/06/2012
National Australia Bank Limited	Non-circulating	Y	4/07/2012
National Australia Bank Limited	Non-circulating	Y	30/07/2012
Orrcon Operations Pty Ltd	Non-circulating	Y	13/03/2013
S & H Investments Pty. Ltd.	Non-circulating	Y	29/05/2014
Stratco (W.A.) Pty Ltd	Non-circulating	Y	14/11/2013

Secured Party	Circulating or non-circulating	PMSI Y/N	Date Perfected
Sv Glass Pty Ltd	Non-circulating	N	16/10/2013
Westpac Banking Corporation	Non-circulating	Y	11/02/2013
Westpac Banking Corporation	Non-circulating	Y	11/02/2013

CCH was the grantor of the following security interests:

Secured Party	Circulating or non-circulating	PMSI Y/N	Date Perfected
Coates Hire Operations Pty Limited	Non-circulating	Y	1/07/2013
Coates Hire Operations Pty Limited	Non-circulating	Y	1/07/2013
Instant Toilets And Showers Pty Ltd	Non-circulating	Y	11/09/2014
Kennards Hire Pty Limited	Non-circulating	Y	28/06/2013
Kennards Hire Pty Limited	Non-circulating	Y	28/06/2013
Orrcon Operations Pty Ltd	Non-circulating	Y	7/08/2013

Circulating assets will typically be debtors, cash or inventory over which the grantor of the security interests retains control and can deal with secured property in the ordinary course of business.

Non-circulating assets will typically be real property (not subject to PPSR), plant and equipment or vehicles and are particular identifiable assets that the grantor of the security interest cannot dispose of without the consent of the secured party.

3.2.4 Outstanding winding up applications

Our review of the ASIC records did not disclose any winding up applications filed against the Companies prior to our appointment as Administrators.

However, at the time of our appointment as Administrators the Companies' books and records indicated that creditors of the company had issued the following:

- At least 26 letters of demand requiring payment of amounts owing
- At least 12 statutory demands or writs to pay creditors accounts in full
- At least 17 active General Procedure Claims requiring the Companies to attend Court to settle creditor claims.

3.3 History of the Companies

3.3.1 CWC

CWC was a home builder, which traded as Freelif Home and Visionaire Homes. The business traded from leased premises in Osborne Park.

Freelif Home typically targeted customers in the first homebuyer and investor market in the Perth metropolitan area, while Visionaire Homes was a bespoke developer of luxury homes and apartments.

At the time of appointment of the Administrators, CWC had approximately 84 contracts where construction had not commenced ("Pipeline Contracts") and 229 homes under construction ("Work in Progress"). The majority of these contracts were with Freelif Home.

It appears CWC experienced significant sales growth since 2011, mostly in Freelife Homes, and at its peak was constructing approximately 200 homes per annum.

CWC's estimated turnover in FY14 was \$24.7m with estimated YTD15 turnover of \$20.9m. The directors include Frank Ricci who was the holder of the builder's licence for CWC and Joshua Coffey.

3.3.2 CCH

CCH was a labour hire company that was established to subcontract labour to CWC. At the time of our appointment, CCH was not trading.

4 Historical financial information

4.1 Financial statements

Financial statements for the Companies were last prepared to 30 June 2013 by the Companies' external accountants ("the Accountants"). Draft financial statements have also been prepared to 30 June 2014 by the Accountants. The financial statements were not audited as the Companies are not Reporting Entities as per the Act.

The Companies' management accounts were maintained using MYOB and it appears entries were made to MYOB up to the date of the Administrators' appointment.

Our review of the Companies' management accounts and the financial statements prepared by the Accountants have identified a significant variance between the two reports. The variance largely relates to the inclusion of WIP income in the profit and loss statement and a WIP current asset in the balance sheet which appears in the Accountant prepared financials but not in the Companies' management accounts (with the exception of YTD15). Based on our enquires of Management, we understand that:

- There are no detailed calculations to support the quantum of the WIP current asset and WIP income included in the Accountant prepared financial statements
- It appears that the WIP current asset and WIP income reported in the Accountant prepared financials for YTD15 may be materially overstated.

Given the above, we have elected to present the Companies' management accounts, which do not include historical WIP figures (except in YTD15), as we believe they provide a more accurate view of the historical performance of the Companies.

We also note that the management accounts appear to treat CWC and CCH as an aggregated group.

4.2 Profit and Loss

The profit and loss statements per the Companies' management accounts for financial years FY13, FY14 and YTD15 are summarised below:

Management accounts (unaudited)

\$'000	FY13	FY14	YTD15
	CWC & CCH	CWC & CCH	CWC & CCH
Income			
Construction Income	20,949	24,709	13,990
WIP Income	-	-	5,854
Other Income	21	16	1,016
Total income	20,969	24,725	20,859
Cost of sales	(17,969)	(24,183)	(15,070)
Gross Profit	3,001	542	5,788
Expenses			
General & Administrative	(718)	(924)	(1,062)
Vehicle & Machinery	(128)	(57)	(52)
Insurance Premiums	(138)	(257)	(317)
Marketing & Sales	(440)	(553)	(364)
Payroll Expenses	(1,660)	(1,731)	(3,058)
Total expenses	(3,084)	(3,522)	(4,854)
EBITDA	(83)	(2,980)	935
Interest Income	18	16	1
Interest Expense	(14)	(52)	(56)
Depreciation Expense	-	(273)	(150)
Net Profit / (Loss)	(79)	(3,289)	730
Gross Profit % (of sales)	14.32%	2.19%	41.38%
EBITDA % (of sales)	(0.40%)	(12.06%)	6.68%
Net Profit % (of sales)	(0.38%)	(13.31%)	5.22%

Note: figures have been rounded to the nearest thousand. Any discrepancy is due to rounding.

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

- Construction income increased by 18% from FY13 to FY14; however, cost of sales increased 35% over the same period, indicating a decline in contract profitability. This is represented by the decline in gross profit as a percentage of sales from 14% in FY13 to 2% in FY14
- The Companies' YTD15 figures suggest a gross profit of c.\$5.8m was achieved for the period. However, the Companies' revenue includes WIP and Other income of c.\$6.8m, which was not included in prior years. Our limited analysis suggests that the inclusion of these amounts may be distorting the Companies' actual gross profitability due to:
 - WIP Income relating to future works yet to be undertaken by the Company
 - Other Income relating to the upward revaluations of properties held by the CWC on 31 December 2014 which does not appear to be supported by market valuations

If the WIP and Other Income items were excluded, the YTD15 figures would show a gross loss of c.\$1m which equates to a gross loss as a percentage of sales of (-8%)

- The major components of the Companies' cost of sales were variable costs such as internal and external commissions (which were due and payable at slab down) and direct job costs

such as materials and labour. Cost of sales as a percentage of income appears to increase in FY14 due to the increase in costs from construction delays

- The Companies' overhead cost structure increased significantly in YTD15 predominately due to an increase in payroll costs relating to new project management, sales and head office staff employed towards the end of FY14
- Based on the information in the Companies' management accounts, the Companies appear to be loss making since at least FY13.

4.3 Balance Sheet

The Companies' balance sheets according to management accounts as at June 2013, June 2014 and 7 May 2015 are summarised below:

Management Accounts (unaudited)

\$'000	30-Jun-13	30-Jun-14	7-May-15
	CWC & CCH	CWC & CCH	CWC & CCH
Assets			
Cash	149	(57)	(223)
WIP	-	-	3,020
Debtors	966	1,509	1,205
Loan receivables	1,624	1,171	586
Capital acquisitions	503	691	542
Properties	11	730	1,732
Total assets	3,254	4,045	6,861
Liabilities			
Credit cards	19	37	57
Trade creditors	4,260	7,337	6,567
Payroll liabilities	109	91	337
Tax liabilities	(137)	394	1,096
Borrowings	666	1,125	1,169
Total liabilities	4,917	8,983	9,226
Net Assets	(1,664)	(4,939)	(2,365)
Equity			
Total Owner's/Shareholder's Equity	(16)	-	-
Retained Earnings	(1,137)	(1,216)	(2,664)
Suspense	-	(2)	-
Current Earnings	(79)	(3,289)	730
Historical Balancing Account	(431)	(431)	(431)
Total Equity	(1,664)	(4,939)	(2,365)

Note: figures have been rounded to the nearest thousand. Any discrepancy is due to rounding.

We provide the following preliminary analysis and commentary on the Companies' balance sheet statements:

- In order to fund the trading losses sustained in FY14 (\$3.3m per management accounts), the Companies:
 - Stretched their payment terms with trade creditors, which resulted in trade creditors increasing by c.\$3.1m from June 2013 to June 2014
 - Stopped paying its tax liabilities during FY14 which resulted in a c.\$0.5m increase in tax liabilities from June 2013 to June 2014
- The Companies' trade creditors figure at 7 May 2015 of c.\$6.5m does not include some of accounts payable including the balance owing from CWC to CCH of c.\$668k and to Capital Earthmoving and Transport Pty Ltd, a director related entity, for c.\$914k. The inclusion of these amounts brings the total figure for trade creditors to c.\$8.4m
- CWC used an overdraft facility and therefore collectively the Companies had a negative cash position at the date of the appointment of the Administrators
- The balance sheet at 7 May 2015 includes a WIP current asset of c.\$3.0m and a c.\$1m uplift in the value of its land holding. We have not been provided with a detailed schedule to support these amounts and we have concerns that these amounts may be overstated
- Based on the Companies' management accounts, the Companies have had significant net liabilities since June 2013.

4.4 Working Capital Deficiency

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. Detailed below is a comparison of the working capital deficiency from June 2013 to 7 May 2015.

The liquidity ratio below is a measure that is used to determine the company's ability to pay off its short-term debt obligations. The higher the value of the ratio, the more able the company is to meet its short-term debts.

Management Accounts (unaudited)

\$'000	30-Jun-13	30-Jun-14	7-May-15
	CWC & CCH	CWC & CCH	CWC & CCH
Total current assets	1,115	1,452	4,002
Total current liabilities	(4,251)	(7,858)	(8,057)
Working capital deficiency	(3,136)	(6,406)	(4,055)
Liquidity ratio	0.26	0.18	0.50 ¹

¹ We believe that the inclusion of WIP in current assets at 7 May 2015 may be distorting the Companies' true working capital and liquidity position at this date. If the WIP amount of c.\$3.0m was excluded from the calculations above, the liquidity ratio at 7 May 2015 would be 0.12.

A working capital deficiency and a liquidity ratio of less than 1 indicates that the Companies had difficulty meeting their current liabilities as and when they fell due. The deterioration in the working capital position from June 2013 to 7 May 2015 is an indicator of potential insolvency.

5 Director's Report as to Affairs (RATA)

Under Section 438B of the Act, the Directors are required to provide a RATA for the Companies 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.

We have been provided with a RATA for the Companies by Joshua Coffey but we are yet to receive a RATA for CWC by Frank Ricci.

The RATA, together with the respective accompanying schedules may be inspected by contacting Deloitte by email to freelife@deloitte.com.au.

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 Companies' RATAs are summarised below:

\$	Note	CWC		CCH	
		Value	Director's ERV	Value	Director's ERV
Assets					
Interest In Land	5.1.1	1,048,000	1,048,000	N/A	N/A
Sundry Debtors	5.1.2	1,203,305	900,000	665,000	665,000
Cash on Hand and at Bank	5.1.3	61,000	61,000	1,000	1,000
Stock	5.1.4	60,000	27,000	22,500	22,500
WIP	5.1.5	150,000	25,000	-	-
Plant & Equipment	5.1.6	385,000	350,000	N/A	N/A
Other Assets	5.1.7	250,000	250,000	N/A	N/A
Sub Total		3,157,305	2,661,000	688,500	688,500
Less Amounts owing Security Interests		(994,000)	(994,000)	-	-
Total		2,163,305	1,667,000	688,500	688,500
Liabilities					
Less: Priority Creditors		-	-	-	-
Employee entitlements	5.1.8	-	-	-	-
Total		-	-	-	-
Available to unsecured creditors		2,163,305	1,667,000	688,500	688,500
Unsecured creditors	5.1.9	(8,577,000)	(8,577,000)	(1,692,807)	(1,692,807)
		(6,413,695)	(6,910,000)	(1,004,307)	(1,004,307)
Contingent Assets	5.1.10	-	-	-	-
Contingent Liabilities	5.1.11	-	-	-	-
Surplus/(Shortfall)		(6,413,695)	(6,910,000)	(1,004,307)	(1,004,307)

5.1.1 Interest in land

CWC owns three separate properties, as summarised below:

Address	Description	Director's ERV	Valuation obtained
Lot 24 Bristlebird Ct, Alkimos	Display home - not completed	318,000	No
Lot 734 Aurea Blvd, Golden Bay	Display home - not completed	280,000	No
Lot 551 Balmain Tce, Golden Bay	5 lot subdivision - not started	450,000	No

With regard to the identified properties we note the following:

- All three properties are subject to mortgages which must be satisfied before any surplus funds can be realised by the Companies. Any surplus will depend on the realisable value of the properties
- The properties have a number of caveats lodged on the titles and the display homes are subject to restrictive covenants which may reduce any potential surplus funds and possibly delay the timing to realise the properties.

CCH did not own any properties.

5.1.2 Sundry debtors

The books and records of the Companies indicate that at the date of appointment CWC had debtors with a book value of \$1.2m. The director estimates that c.\$800k to \$900k is recoverable.

We understand that CWC's debtors relate to progress claims made on homebuyers by the Companies, which are yet to be paid. Given the current status of building works, we are currently reviewing debtors to determine what might be recoverable.

Other than a c.\$30k receivable from JGQ Developments Pty Ltd the debtors balance did not include any other related parties.

As discussed in Section 4.3, the sundry debtor balance for CCH relates to unpaid intercompany transactions with CWC.

We consider the director's ERV of debtors to be unrealistic.

5.1.3 Cash on hand and at bank

At the time of appointment of the Administrators cash at bank was \$59,422.00. This amount has been transferred to a bank account controlled by the Administrators. We have not identified a bank account for CCH.

5.1.4 Stock

The director has calculated the value of stock as follows:

CWC

Item	Director's Value	Director's ERV
Various items in yard	10,000	7,000
Construction equipment	30,000	10,000
Office equipment	20,000	10,000

CCH

Item	Director's Value	Director's ERV
Approximately 15 site sheds	7,500	7,500
Approximately 20 site toilets	5,000	5,000
Brickies' kits and associated brick laying equipment	5,000	5,000
Brick laying scaffold	5,000	5,000

The Administrators consider these items to be plant and equipment and as such are discussed at Section 5.1.6 below.

5.1.5 WIP

WIP relates to contracts entered into by a customer and the Companies where construction has commenced and may be at various stages of completion.

The director's ERV of \$25k for CWC is based on a sale agreement purportedly entered into prior to our appointment. We had commercial and legal concerns with this contract and consequently undertook our own sale process to sell the WIP.

This process has not been completed at the time of writing this report and we are unable to provide creditors with an estimated realisable value as this is currently commercially sensitive. Please refer to Section 6 for further information.

5.1.6 Plant & Equipment

On appointment we identified and took steps to secure the Companies' assets, including a number of encumbered vehicles, earthmoving equipment, IT infrastructure, office equipment and furniture.

Encumbered Plant & Equipment

We determined that the majority of the plant and equipment was under finance and we subsequently disclaimed these assets subject to any surplus realised from the sale of the equipment.

It appears as though the director has included the value of encumbered plant and equipment in their ERV; however, any amounts realised from the sale of these assets (assumed sold) would be first used to repay the debt owed to security interest holders. Any surplus funds would be available to creditors generally after meeting costs and priority claims.

At the date of writing we are unable to assess whether there will be any surplus realised from the sale of this plant and equipment.

Unencumbered Plant & Equipment

We engaged valuers to undertake a valuation of the Companies' unencumbered assets located at the Companies' principal place of business, including those identified as stock by the director in their RATA, and provide an estimate of the cost to remove that plant and equipment. Based on our assessment, we determined that:

- It was uncommercial to remove the Companies' office furniture as the cost of removal would exceed the estimated realisable value. Accordingly, we agreed to sell the office furniture to the landlord for \$1,500 plus GST
- The balance of unencumbered plant and equipment has been removed from the premises. These assets are currently being held by our auctioneer and will be sold at the

next suitable auction. The estimated realisable value of these assets is c.\$1,800 after deducting the valuer's estimated commission to realise.

We are currently investigating the location of the plant and equipment of CCH.

5.1.7 Other assets

According to the director's RATA, other assets include:

- Pipeline contracts, which are contracts to build entered into by a customer and the Companies where construction is yet to commence
- Intellectual property, which includes the customer database, customer files, design plans, marketing material, website, business name.

The director's ERV is based on sale agreements for each asset entered into by CWC and Bultoncorp Pty Ltd ("Bulton") prior to our appointment. Our position with respect to these contracts is as follows:

- The pipeline contract was partially completed and based on interest received to date from our attempt to sell the pipeline contracts, it appears that this agreement (with Bulton) is in the best interests of creditors
- Performance under the intellectual property contract has not occurred, however, based on interest received to date from our attempts to sell the intellectual property, it appears that this agreement (with Bulton) is in the best interests of creditors.

The actual amount expected to be realised from the sale of the pipeline contracts is dependent on the number of pipeline customers that re-contract with Bulton; consequently, we are unable to provide an estimated realisable value. However, we consider the director's ERV to be unrealistic.

5.1.8 Employee entitlements

The director did not provide us with an estimate of the Companies' outstanding employee entitlements.

Based on our preliminary investigation of the Companies' books and records, we believe the outstanding entitlements at the date of appointment of the Administrators were as follows:

Description	Amount (\$)
Unpaid Wages	22,326.53
Underpaid Wages	10,082.79
Annual Leave	36,337.22
Long Service Leave	-
Unpaid Superannuation	189,813.43
Payment in Lieu of Notice	96,586.49
Redundancy	91,547.10
Commission	4,000.00
Total Outstanding Employee Entitlements	450,693.58

5.1.9 Unsecured creditors

Unsecured creditors could be as high as c.\$8.5m based on the Companies' management accounts at the date of our appointment.

5.1.10 Contingent assets

No contingent assets have been identified at this time.

5.1.11 Contingent liabilities

No contingent liabilities have been identified at this time.

5.2 Explanations for difficulties

5.2.1 Director's explanation

CWC

According to the director of CWC, Joshua Coffey, CWC experienced the following difficulties:

- Changes in market sentiment regarding sales, contractors and suppliers
- Significant cost challenges resulting from the change in business structure on the back of growth experienced
- Unprofitable contracts
- Investment in display homes and a property subdivision tied up working capital
- CWC's home indemnity insurer refusing to renew its policy, which meant that CWC was unable to commence 45 building contracts
- Negative media coverage.

CCH

According to the director of CCH, Joshua Coffey, CCH was reliant on being paid from CWC and when CWC encountered financial difficulties, it in turn experienced financial difficulties.

5.2.2 Administrators' opinion

CWC

Whilst we generally agree with the director's explanations for CWC's failure, in our opinion the primary reasons for its failure are as follows:

- The business was not profitable since at least 2013. The gross margin was too low to support the overhead cost structure
- CWC had an unviable business model with a focus on sales growth, not profit, resulting in unprofitable contracts
- CWC's balance sheet was under capitalised resulting in a deficiency of working capital
- CWC had poor financial management and controls resulting in inaccurate and misleading financial information and reporting, especially in relation to work in progress.

CCH

We agree with the director that the cause of failure of CCH was due to its dependence on CWC.

5.3 Related entities

Details of the related entity debtors as per the Companies' books and records are as follows:

Name	Relationship	Debt \$	Date debt incurred	How debt was incurred
JGQ Developments Pty Ltd	Common Director	438,855	July 2012 onwards	Intercompany loans
JGQ Commercial Pty Ltd	Common Director	73,547	August 2012 onwards	Intercompany loans
Visionaire Group Pty Ltd	Common Director	27,518	July 2012 onwards	Intercompany loans
Joshua Coffey	Director	5,854	July 2014 onwards	Credit card purchases and drawings
Frank Ricci	Director	38,881	Pre-October 2012	Director loans
Total related entity debtors		584,656		

Note: Any discrepancy is due to rounding.

At the date of this report, we have written to the parties identified above seeking payment of the disclosed amounts. At this time it is unclear whether the parties have the financial standing to repay the amounts owed.

The director's RATA did not include these debtors as assets.

6 The Administrators' Actions to Date

Following our appointment, we took control of the operations and affairs of the Companies. The key tasks undertaken by the Administrators to date include the following:

- Undertaking an urgent assessment of the trading status of the Companies and notifying employees that the Companies' business would not be traded during the Administration and that their employment was terminated effective the date of our appointment
- Taking a coordinated approach with the Building Commission and home indemnity insurer, QBE to deal with homebuyer queries and concerns. This included establishing a dedicated webpage, hotline and email inbox
- Holding an information session for homebuyers on Friday, 15 May 2015 with QBE which was attended by approximately 82 homebuyers
- Holding the first meeting of creditors on Tuesday, 19 May 2015 which was attended by approximately 80 creditors
- Secured the Companies' principal place of business and also display homes, which included changing locks
- Identifying and safeguarding assets
- Conducting a sale process to realise the assets of CWC (see Section 6.1 below for further details)
- Taking a copy of the Companies' electronic records and also safeguarding and removing the Companies' hard copy records
- Ongoing operational and statutory actions.

6.1 Sale of assets

At the date of our appointment, CWC had the following assets:

- Pipeline contracts
- WIP contracts
- Intellectual Property
- Plant and equipment
- Sundry office furniture and computers
- Two partially completed display homes and a vacant development lot.

Prior to the appointment of the Administrators CWC had entered into the following contracts of sale with unrelated parties in respect to the abovementioned assets:

- A contract of sale for the Pipeline Contracts and IP
- A contract of sale for the WIP contracts
- Contracts for sale for the properties.

As part of our process to realise these assets (discussed further below), we have considered whether these contracts were in the best interest of creditors of the Companies and also whether there had been performance under these contracts.

Set out below is an overview of our attempts to realise the assets of the CWC.

6.1.1 Sale of pipeline contracts, WIP contracts and intellectual property

Immediately following our appointment, we identified and safeguarded information relating to the abovementioned assets. On 11 May 2015 we sought expressions of interest (“EOI”) from parties interested in purchasing the assets. This included approaching potential parties directly as well as advertising the sale in the West Australian newspaper on Wednesday, 13 May 2015.

The deadline for interested parties to submit an EOI was 4.00pm Friday, 15 May 2015 and we received 18 EOIs by this deadline.

We then wrote to interested parties seeking further and better particulars, which included the following information:

- Registered builder details
- Home indemnity insurance policy limit
- Their non-binding offer for the class of assets the party was interested in purchasing
- Details of any conditions or due diligence required that would be attached to the offer
- Details of the interested parties’ capacity to undertake the pipeline and WIP work (if applicable) including prior experience, operational capacity / constraints, planned engagement with existing subcontractors and strategy to convert homebuyers.

Of the 18 parties that were invited to provide further and better particulars, 10 parties provided a response. We then assessed the responses in order to shortlist preferred parties, based on:

- Strength of the non-binding offer
- The parties ability to complete the potential offer (timing and capacity)
- The parties capability to convert homebuyers
- Any other factors that we considered relevant.

We have subsequently held discussions with the shortlisted parties to improve offers which has resulted in us identifying preferred parties to contract with. At the date of this report, a signed contract has not been executed in respect to WIP and we are yet to agree performance of the IP contract entered into before our appointment. Consequently, we are unable to provide you with details of the amount expected to be realised from the sale of these assets.

We will advise creditors as soon as possible after completion of the sale.

In relation to the pipeline, a contract had been entered into before our appointment with Bilton and we will be monitoring the performance of the party to this contract going forward. We consider this to be in the best interests of the creditors.

6.1.2 Sale of office furniture and computers

At the date of our appointment, CWC owned office furniture, including desks, chairs and several computer systems located at CWC's principal place of business in Osborne Park.

Shortly after our appointment, we engaged valuers to undertake a valuation of these assets and assess the cost to remove the assets from the premises. Based on the advice we received from our valuers we determined that:

- The estimated cost to remove the office furniture would likely exceed the estimated amount to be recovered if the office furniture was sold at auction
- There was benefit in removing the computer systems as the estimated amount to be recovered if the computer systems were sold at auction would be greater than the cost to remove.

As a result, we:

- Agreed to sell the office furniture to the landlord for \$1,500 plus GST
- Instructed our valuers to collect the computer systems and to sell the computer systems at the next suitable auction. The estimated realisable value of these assets is c.\$1,800 after deducting the valuer's estimated commission to realise.

6.1.3 Sale of properties

At our appointment as Administrators we secured the properties.

Prior to our appointment as Administrators contracts for sale were entered into, which are still on foot. The Administrators have engaged valuers to value the properties and we will progress an outcome, which is in the best interests of all creditors.

7 Offences, voidable transactions and insolvent trading

Section 438A(a) of the Act provides that as soon as practicable after an administration begins the Administrators must investigate the companies' 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 or companies 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 B. This information sheet has been prepared by the Australian Restructuring Insolvency and Turnaround Association (ARITA) and is intended to reduce the amount of generic information included as part of the body of this report. Creditors who are not familiar with the nature of offences and liquidator actions should refer to the appendix for explanations. If further explanation is required of the material contained in Appendix B or of our investigations, creditors should contact us at freelife@deloitte.com.au.

7.1 Offences committed by Company officers

7.1.1 Overview

The Administrators are required to complete and lodge a report pursuant to Section 438D of the Act with ASIC where it appears to the Administrators that a past or present officer of the Companies may have been guilty of an offence in relation to the company or companies 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 Companies in relation to suspected contraventions of Section 180 - 184 of the Act regarding the general duties of directors and officers. From our investigations to date it appears that there may have been a number of possible contraventions, which we will be investigating in more detail in due course. These matters, including possible insolvent trading will be reported to ASIC.

7.1.2 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.

In our opinion it appears as though the books and records have not been maintained in accordance with the Act. This is a matter we will be reporting to ASIC.

7.2 Voidable transactions recoverable by a liquidator

In the course of our investigations, we have endeavoured to ascertain whether there are any transactions that appear to be voidable in respect of which money, property or other benefits might be recoverable by a Liquidator under Part 5.7B of the Corporations Act 2001.

Voidable transactions include:

- Unfair preferences (Section 588FA)
- Uncommercial transactions (Section 588FB)
- Unfair loans to a company (Section 588FD)
- Unreasonable director-related transactions (Section 588FDA)
- Transactions with the purpose of defeating creditors (Section 588FE(5))
- Voidable security interests (Section 588FJ)
- Arrangements to avoid employee entitlements (Section 596AB).

It is important to note that such transactions are only voidable if they are considered insolvent transactions of the Companies. In order for a liquidator to recover any amount it would first be necessary to establish that the Companies were 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 funding may also be available to fund these actions. However, such funding is generally only available where legal advice indicates that there is a strong potential for success and assets exist to meet any successful action.

7.2.1 Unfair Preference Payments (Section 588FA)

We have examined the books and records of the Companies within the six months prior to the relation back day (defined as the date of appointment).

To date we have identified 56 trade creditors that received round sum payments totalling c.\$1.35m, which are not reconcilable to specific invoices, which will require further investigation should the Companies enter into liquidation.

In order to prove a creditor received an unfair preference payment, a liquidator must demonstrate that the Companies were 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.

In the event of liquidation, a liquidator will need to prove that creditors knew or should have known that the Companies were insolvent at the time the payments were made. There would need to be significant investigative work undertaken to establish whether:

- The Company was insolvent at the time the transaction occurred
- The party that received the preference was aware that the Company was insolvent or likely to become insolvent at that time
- The cost of undertaking the action is greater than the possible return
- There are sufficient funds available (subject to the approval of creditors) to undertake any proposed preference recovery action.

As detailed in Section 7.3 below, it appears that the Company may have been insolvent from at least 30 June 2014.

7.2.2 Uncommercial Transactions (Section 588FB)

At this stage, our review of company records to expose evidence of uncommercial transactions entered into by either company has not identified any transactions that would constitute an uncommercial transaction.

7.2.3 Unfair Loans (Section 588FD)

Our preliminary investigations of the Companies' books and records revealed that neither company had made or received any loans from or to any parties which committed either company to extortionate terms.

7.2.4 Unreasonable Director-Related Transactions (Section 588FDA)

To date, our investigations have identified a number of potential unreasonable director related transactions.

Our review of the CWC bank statements has identified a number of payments totalling approximately \$60k to the Joshua Coffey's family trust account, which occurred within two months prior to the appointment of Administrators.

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

We have conducted a review of the transactions of the Companies 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 identified any transactions undertaken for the purposes of defeating creditors that would be recoverable by a liquidator.

7.2.6 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 Companies' assets in the six months prior to the relation back day.

7.2.7 Arrangements to Avoid Employee Entitlements (Section 596AB)

We have not identified any transactions of this nature.

7.3 Insolvent trading (Section 588G)

Section 588M of the Corporations Act 2001 provides that a director in office who fails to prevent a company from incurring a debt when the director is aware, or should have suspected that the company was insolvent or would become insolvent as a result of incurring that debt, is liable for an amount equal to the loss or damage suffered.

A liquidator, if one is appointed, will have the task of examining whether such circumstances existed and therefore whether he or she should take recovery action against any or all of the directors.

7.3.1 Indicators of Insolvency

On the basis of our preliminary investigations, it appears that the Companies may have been insolvent from at least 30 June 2014 based on the continued trading losses, significant trade creditor debts outside of terms of trade, working capital deficiency, net asset deficiency and the Companies' failure to meet statutory payment requirements. Ultimately, the issue of insolvency would need to be determined on the basis of available evidence presented to a Court.

Indicators of insolvency include:

Continuing losses

- Based on the Companies' management accounts the Companies' have been incurring trading losses since at least FY13. In particular the Companies appear to have incurred a significant trading loss in FY14

Liquidity ratio below 1

- The Companies had a liquidity ratio below 1 from at least June 2012 and at all times thereafter

Overdue Commonwealth and State taxes

- ATO correspondence indicates that a payment plan was entered into by CWC in October 2014. CWC defaulted on this payment plan after failing to make a repayment from 28 November 2014
- According to the informal Proof of Debt form lodged by the ATO, at appointment of the administrators CWC owed c.\$1.47m in statutory payments. According to the management accounts, the Companies' tax liabilities have been accumulating since at least 30 June 2014
- The Companies have the following statutory lodgements outstanding:
 - FY14 and FY15 tax returns
 - Monthly Business Activity Statements from January 2015 to May 2015
 - 2014 Payment Summary

Creditors unpaid outside trading terms

- An analysis of the Companies' aged creditors indicates that payables exceeding 90 days grew from less than 1% (of total payables) at 30 June 2013 to c.30% at 30 June 2014

- We have not undertaken a detailed review of terms of trade between the Companies and its trade creditors but assuming standard credit terms of 60 days, at 30 June 2014 c.50% (or \$3.0m) of the Companies' trade creditors were 60 days or older, as summarised below:

Management Accounts (unaudited)						
		Total	Current	>30 Days	>60 Days	>90 Days
7/05/2015	\$'000	6,830	2	48	265	6,515
	%		0.02%	0.71%	3.87%	95.39%
31/12/2014	\$'000	6,590	1,013	1,132	1,429	3,017
	%		15.37%	17.17%	21.68%	45.78%
30/06/2014	\$'000	6,173	1,616	1,471	1,252	1,834
	%		26.18%	23.84%	20.28%	29.70%
31/12/2013	\$'000	5,543	1,573	1,174	1,328	1,467
	%		28.38%	21.18%	23.97%	26.47%
30/06/2013	\$'000	3,815	2,046	1,484	254	32
	%		53.62%	38.90%	6.66%	0.83%

Note: Figures exclude intercompany transactions

- A preliminary review of the Companies' email database reveals creditor demand emails, final payment notices and reference to legal proceedings occurring from as early as October 2013. Further investigations may reveal demands extend back even earlier

Payments with selected creditors/payments to creditors of rounded sums which are not reconcilable to specific invoices

- Our preliminary investigations have revealed a number of payments to creditors from at least six months prior to the Administrators' appointment

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.

7.4 Directors' Personal Financial Position

The financial position of 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.

According to the Companies' books and records, the directors of CWC have jointly provided personal guarantees to creditors with debts owing of up to c.\$2.8m. In addition, Joshua Coffey has personally provided further personal guarantees to trade creditors with debts owing of \$2.6 (potential total exposure of \$5.4m). The existence of these personal guarantees may materially impact the ability of the directors to pay any claims that may be made by a liquidator should creditors choose to pursue the directors under the guarantees.

A search of property records indicates that the following properties are owned by the directors:

- 24 Francis Street, Subiaco (Joshua Coffey)

- 37 Linden Street, Dianella (Frank Ricci)

It is unclear to us what, if any equity is available in these properties. We have requested further information from the directors and are conducting further investigations.

8 Estimated return from a winding up

8.1 Introduction

As indicated earlier in this report, it is unlikely that the proceeds of the realisation of the assets will be sufficient to enable a dividend to ordinary unsecured creditors. We have prepared an analysis of the likely realisation under liquidation on pessimistic (low) and optimistic (high) scenarios.

8.2 Comparative scenarios

The estimated realisations, should the Companies proceed into liquidation, are detailed below:

\$	Note	CWC		CCH	
		Optimistic	Pessimistic	Optimistic	Pessimistic
Circulating Assets					
Cash	8.2.1	59,422	59,422	-	-
Asset realisation	8.2.2	Excluded	Excluded	-	-
Loan receivables	8.2.3	292,328	-	-	-
Total Circulating Asset Realisation		351,750	59,422		
Non-Circulating Assets					
Plant & Equipment	8.2.4	3,475	1,500	-	-
<i>Less cost to realise</i>	8.2.4	(148)	-	-	-
Asset realisation (IP)	8.2.2	Excluded	Excluded	-	-
Properties	8.2.5	Excluded	Excluded	-	-
<i>Less cost to realise</i>	8.2.5	Excluded	Excluded	-	-
<i>Less secured creditor</i>	8.2.5	Excluded	Excluded	-	-
Total Non-Circulating Asset Realisation		Unknown	Unknown	-	-
Total Asset Realisation		Unknown	Unknown	-	-
Less					
Administrators' fees (actual)	8.2.6	(145,360)	(145,360)	(7,570)	(7,570)
Administrators' fees (future estimated)	8.2.6	(26,475)	(26,475)	(3,170)	(3,170)
Administrators' disbursements	8.2.6	(9,139)	(9,139)	(409)	(409)
Administrators' expenses	8.2.7	(35,420)	(35,420)	-	-
Liquidators' fees (future estimated)	8.2.6	(50,000)	(100,000)	(5,000)	(25,000)
Employee entitlements (priority creditors)	8.2.8	(447,766)	(447,766)	-	-
Total Priority Payments		(714,161)	(764,161)	(16,149)	(36,149)
Estimated Priority Deficiency		Unknown	Unknown	(16,149)	(36,149)
Unsecured creditors	8.2.9	(8,411,905)	(8,411,905)	(1,692,807)	(1,692,807)
Total estimated deficiency		Unknown	Unknown	(1,708,956)	(1,728,956)
<i>Insolvent transaction recoveries</i>		<i>Unknown</i>	<i>Unknown</i>	<i>Unknown</i>	<i>Unknown</i>
<i>less: Recovery costs</i>		<i>Unknown</i>	<i>Unknown</i>	<i>Unknown</i>	<i>Unknown</i>
Estimated Dividend rate (cents per \$)		Nil	Nil	Nil	Nil

8.2.1 Cash at bank and on Hand at Appointment

At appointment of the Administrators, CWC held \$59,422.00 cash at bank. This amount has been transferred to a bank account controlled by the Administrators.

CCH did not hold any cash at the time of our appointment.

8.2.2 Assets realisation

Funds realised through the sale process as identified in Section 6 above. As this process is still in progress and commercially sensitive, we are unable to provide an estimated realisable value for the pipeline and work in progress and have excluded any value for these amounts from this analysis.

CCH did not hold any realisable assets at the time of our appointment.

8.2.3 Loan receivables

Related party debtors as identified in Section 5.3 above. We estimate that 50% of the debts will be realised in an optimistic scenario and 0% of debts recovered in a pessimistic scenario.

Recoverability of these debts is dependent on the debtor's financial capacity to pay the amount owed. While we have limited information about the financial capacity of these debtors we understand that JGQ Developments owns real property. Consequently, there may be a recovery of the intercompany receivable of \$438,855 after meeting any secured creditor claim against these properties.

At the time of our appointment, the Companies' books and records indicated that an intercompany loan existed between CCH and CWC giving rise to a \$23,000 unsecured receivable for CCH. The Administrators do not consider this loan as recoverable.

8.2.4 Plant & Equipment

As set out in Section 6.1.2 the Administrators agreed to sell the sundry office furniture remaining at the Companies' trading premises to the landlord for \$1,500 plus GST. We also engaged auctioneers to collect the computer systems and to sell the computer systems at the next suitable auction. The estimated realisations in an optimistic scenario are \$1,800 for the computer systems after costs.

CCH did not hold any realisable plant and equipment at the time of our appointment.

We have excluded any estimate of the recovery of leased plant and equipment subject to security interests. At this stage we have no reasons to assume that there will be a surplus to the interests of the various security holders.

8.2.5 Properties

As set out in Section 5.1.1, the three properties held by CWC are subject to mortgages which must be satisfied before any surplus funds can be realised by the Companies. There are currently sale contracts on foot for these properties and the Administrators have instructed valuers to value the properties. Given contracts are in place, the Administrators consider this commercially sensitive and have excluded estimates from this analysis.

We note that a secured creditor has mortgages over the properties. If there is a surplus from the sale of these properties this will be available to unsecured creditors.

CCH did not hold any realisable properties at the time of our appointment.

8.2.6 Administrators' and Liquidators' fees and disbursements

Full details of the remuneration claims are found in Appendix D - Remuneration.

8.2.7 Administrators' expenses

In the course of the administration, the Administrators have incurred the following expenses:

Cost category	Amount (\$)
Media and advertising	11,333.37
IT costs	1,731.40
Costs to hold meetings	2,521.50
Legal fees	8,354.12
Insurance fees	11,479.66
Total	35,420.05

In accordance with Section 443D of the Act the Administrators are entitled to be indemnified out of the Companies' property for debts incurred by the Administrators in the performance of our functions as Administrators.

8.2.8 Employee entitlements

Employee entitlements include outstanding wages, superannuation, redundancy and pay in lieu of notice. Please refer to Section 5.1.8 above.

8.2.9 Unsecured creditors

We note that at appointment of the Administrators the Companies' books and records identified \$8,411,905.25 in unpaid creditors. However, the account payables balance at this date only totalled \$6,567,215.13 as per Section 4.3.

For the purpose of this analysis, we have used the higher figure.

8.3 Effect on employees

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”). 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. The Liquidators would assist employees in applying to FEG.

8.4 Conclusion

The recovery of the available assets of the business is likely to be insufficient to meet the fees of the Administrators, Liquidators and the priority employee creditor claims. Consequently we estimate that the return to unsecured creditors will be nil. Should this outcome change as a result of insolvent transaction recoveries or a surplus from the sale of properties or recovery of intercompany loans we will advise creditors accordingly.

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

At the meeting of creditors to be held on 12 June 2015, creditors will be asked to resolve one of the following three courses of action, as provided for under Section 439A of the Corporations Act 2001:

- a. That the Companies execute a Deed of Company Arrangement; or
- b. That the Administrations should end; or
- c. That the Companies be wound up.

In this report we are required to form an opinion and recommend as to which course of action would be in the best interests of the creditors we are also required to give a reason for our opinion and such offer information known to us to enable creditors to make an informed decision. Our comments on each of the options are as follows:

a. Entering into a Deed of Company Arrangement by the Companies

There has been no proposal put forward which would form the basis of a Deed of Company Arrangement. This option is therefore not under consideration.

b. The Termination of the Administrations and Return of Control to the Directors

In our opinion the administration should not be terminated and the Companies should not be returned to the control of the directors. The Companies are insolvent and are no longer trading. The Companies are therefore not in a position to resume normal trading. If control of the Companies were to be returned to the directors, there would be no formal administration in place to ensure the orderly realisation of the remaining assets and

protection of creditors' interests. This option is therefore, in our opinion, not in the best interests of creditors.

c. The Companies to be Wound Up

In view of the financial position of the Companies as at the date of this report, the option of winding up the Companies is the only course that we are prepared to recommend to creditors. The Companies are insolvent and no longer trading. A winding up will ensure the orderly realisation of the remaining assets and protect creditors' interest.

Accordingly, for the purposes of this report and for the reasons previously stated, we recommend that the Companies be wound up.

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 Companies' future.

12 Recommendation

In our opinion, creditors would be best served if the Companies are wound up.

We reserves the right to change our recommendation to creditors should a DOCA proposal be received subsequent to the date of this report.

Should we receive any new information relevant to creditors between issuing this report and the date of the creditors meeting; a summary will be made available on our website at www.deloitte.com/au/freelife-homes.

13 Remuneration

Creditors are directed to the Information Sheet – Approving Fees: a guide for Creditors, a copy of can be accessed on our website www.deloitte.com/au/freelife-homes.

13.1 Voluntary Administrators' remuneration

The Administrators' remuneration is based on the firm's hourly rates, which are included in Appendix D 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 5 June 2015 are as follows:

CWC	
\$	
Voluntary Administrators' Remuneration	145,360.00
GST	14,536.00
Total (including GST)	159,896.00

CCH

\$	
Voluntary Administrators' Remuneration	7,570.00
GST	757.00
Total (including GST)	8,327.00

A summary of the time spent by us and our staff in the Administration to 5 June 2015 at their respective hourly rates is attached as Appendix D. We expect that a further \$26,475.00 (plus GST) for CWC and \$3,170.00 (plus GST) for CCH will be incurred by us in the period 6 June 2015 to the date of the second creditors meeting.

At the second meeting of creditors, we will propose a resolution in relation to the unpaid fees to 5 June 2015 and estimated future fees for the period 6 June 2015 to the date of the second creditors meeting. If a lesser amount for future estimated fees 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.

13.2 Recoverability of Professional Fees

As shown in the Estimated Statement of Position in Section 8 of this report, there are likely to be insufficient assets to meet the costs of the voluntary administration and winding up. As such, although creditor approval has been sought on a time costs basis, the bulk of the Administrators' and any Liquidators' remuneration is not likely to be recoverable.

14 Meeting

Pursuant to Section 439A(3) of the Act, we have attached a notice convening the second meeting of creditors to be held at The Boulevard Centre, 99 The Boulevard, Floreat, WA 6014 on Friday, 12 June 2015 at 3:00PM (see Form 529 enclosed as Appendix E).

At this meeting creditors will be asked to resolve whether:

- a) the Companies execute a Deed of Company Arrangement; or
- b) the Administration end; or
- c) the Companies 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 G and Appendix I).

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) 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 us 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 6 March 2014, 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 freelife@deloitte.com.au.

Yours faithfully



Jason Tracy

For and on behalf of J Tracy and G Doran
Joint and Several Administrators

DATED this 5th day of June 2015.



Appendix A - Declaration of Independence, Relevant Relationships and Indemnities

Declaration of Independence, Relevant Relationships and Indemnities

Capital Works Constructions Pty Ltd (the Company) ACN 118 881 133

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, Jason M Tracy and Gary P Doran of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrator 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

We were introduced by one of the Company's suppliers to the Company's director, Joshua Coffey, who had concerns about the financial status of the Company.

As a result of that introduction, we had the following three meetings:

- On 2 May 2015 Gary Doran and a member of his staff met with Joshua Coffey
- On 4 May 2015 Jason Tracy and Gary Doran attended a meeting with Joshua Coffey and representatives from NAB who is the Company's secured creditor
- On 6 May 2015 Jason Tracy and members of his staff attended a meeting with the Joshua Coffey.

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Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

In addition, we have had a number of telephone discussions with Joshua Coffey regarding the financial position of the Company and the insolvency process.

The purpose of the abovementioned meetings and telephone discussions were:

- For us to obtain sufficient information about the Company for us to agree to accept the appointment, including the assets and liabilities of the Company, the key stakeholders likely to be impacted by the appointment, the key risks associated with the appointment;
- To clarify and explain the nature and consequences of insolvency for the Company; and
- For us to provide a consent to act.

These meetings were in the nature of a pre-appointment discussion and were limited to the financial position of the Company. During these 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 to be bound to provide services to the Company in relation to this matter or 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, the directors and its advisors prior to our appointment beyond that outlined in this DIRRI.

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
National Australia Bank Limited (NAB)	<p>NAB holds a registered security interest over the whole/substantially the whole of the property of the Company.</p> <p>We have undertaken a number of formal insolvency and advisory engagements for NAB in the usual course of business.</p> <p>Deloitte has provided and continues to provide Accounting, Advisory,</p>	<p>We have never undertaken any work for NAB in respect of the Company.</p> <p>We do not consider previous formal insolvency and advisory engagements accepted for NAB to present a conflict as there is no connection between these engagements and the Company.</p> <p>The provision of Accounting, Advisory, Consulting, Data Analytics, Forensic, Risk Services and Tax services to NAB brings 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.</p>

	Consulting, Data Analytics, Forensic, Risk Services and Tax services to NAB.	We are not paid any commissions, inducements or benefits to undertake any engagements with NAB and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party. Therefore there is no relationship with NAB which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.
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iii. Prior Professional services to the Company

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: 8 May 2015



signed, Jason M Tracy



signed, Gary P Doran

Declaration of Independence, Relevant Relationships and Indemnities

Capital Construction Hire Pty Ltd (the Company) ACN 163 111 608

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, Jason M Tracy and Gary P Doran of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrator 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

We were introduced by one of the Company's suppliers to the Company's director, Joshua Coffey, who had concerns about the financial status of the Company.

As a result of that introduction, we had the following three meetings:

- On 2 May 2015 Gary Doran and a member of his staff met with Joshua Coffey
- On 4 May 2015 Jason Tracy and Gary Doran attended a meeting with the Joshua Coffey and representatives from NAB who is the secured creditor of Capital Works Construction Pty Ltd ACN 118 881 133 (CWC), a director related company. We have also been appointed administrator of CWC.

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

- On 6 May 2015 Jason Tracy and members of his staff attended a meeting with Joshua Coffey.

In addition, we have had a number of telephone discussions with Joshua Coffey regarding the financial position of the Company and the insolvency process.

The purpose of the abovementioned meetings and telephone discussions were:

- For us to obtain sufficient information about the Company for us to agree to accept the appointment, including the assets and liabilities of the Company, the key stakeholders likely to be impacted by the appointment, the key risks associated with the appointment;
- To clarify and explain the nature and consequences of insolvency for the Company; and
- For us to provide a consent to act.

These meetings were in the nature of a pre-appointment discussion and were limited to the financial position of the Company. During these 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 to be bound to provide services to the Company in relation to this matter or 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, the directors and its advisors prior to our appointment beyond that outlined in this DIRRI.

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

Neither we, nor our firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property.

iii. Prior Professional services to the Company

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: 8 May 2015



signed, Jason M Tracy



signed, Gary P Doran

Deloitte.

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

Please refer to www.deloitte.com/au/freelife-homes

If you are unable to access this website please contact Deloitte on (08) 9365 7045 to request a copy of this document.



Appendix C - Approving Fees: A Guide for Creditors

Please refer to www.deloitte.com/au/freelife-homes

If you are unable to access this website please contact Deloitte on (08) 9365 7045 to request a copy of this document.



Appendix D - Remuneration Report

Deloitte 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. All rates are show exclusive of GST.

Title	Description	Hourly Rate (excl GST)
Appointee	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$585.00
Partner	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$585.00
Director/ Consultant	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.	\$485.00
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.	\$420.00
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.	\$315.00
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.	\$210.00
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.	\$110.00
Secretary	Advanced secretarial skills	\$160.00



Administrators' Remuneration – Capital Works Constructions Pty Ltd (Administrators Appointed)

At the meeting, we shall be asking that an interim level for our remuneration as Administrators be approved. Those fees are based on our Rates as shown above.

The amount of further interim fees that we shall be requesting are based upon the budgeted range of fees as set out below. We shall be asking that these fees be set at an interim limit at the top of this range with further remuneration being approved by creditors at a later date if appropriate.

Fees incurred to Date:	\$145,360.00 (ex GST)
Estimated fees 6 June 2015 to end of the Voluntary Administration:	\$26,475.00 (ex GST)
Estimated fees 12 June 2015 to finalisation of the Liquidation:	\$100,000.00 (ex GST)

Details of the work to be performed by the Administrators and their staff are set out in the summary below

Declaration

We, Jason Tracy and Gary Doran, have undertaken a proper assessment of this remuneration claim for our appointment as administrators of Capital Works Constructions 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 in the conduct of the Administration.

Description of Work Completed from 7 May 2015 to 5 June 2015

Task Area	General Description	Includes
Assets 97.4 hours \$ 44,566.50	Sale of pipeline contracts, WIP contracts and intellectual property	Reviewing pre-appointment contracts entered into by the Companies Running sale campaign, including EOI phase, further and better particulars phase and contracting phase Liaising with potential purchasers Internal meetings to discuss/review offers received Reviewing sale contract and settling contract
	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings



Task Area	General Description	Includes
		Correspondence with Grays Online regarding sale of unencumbered assets Arranging for the removal of plant and equipment from the principal place of business
	Assets subject to specific charges	Searches on the Personal Property Securities Register Identifying assets subject to security charges at the Company's principal place of business Tasks associated with realising charged assets Liaising with lessors in relation to leased vehicles Disclaiming leases where appropriate
	Debtors	Reviewing and assessing debtors ledgers Tasks associated with realising outstanding debtors
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
Creditors 242.3 hours \$51,505.50	Creditor Enquiries	Receive and follow up creditor enquiries via telephone and email Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Customer Queries	Receive and follow up customer queries via telephone and email Maintaining a customer enquiry register Review and prepare correspondence to customers and their representatives via facsimile, email and post Preparation of customer meeting notice Holding customer meeting to respond to customer queries Log termination of customer contracts as required Meeting with Indemnity Insurer and their representatives to establish position of customer claims
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD's Corresponding with ATO regarding POD's



Task Area	General Description	Includes
	Meeting of Creditors	<p>Preparation meeting notices, proxies and advertisements</p> <p>Forward notice of meeting to all known creditors</p> <p>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.</p> <p>Preparation and lodgement minutes of meetings with ASIC</p> <p>Respond to stakeholder queries and questions immediately following meeting</p>
Employees 51.9 hours \$10,109.00	Employees enquiries	<p>Receive and follow up employee enquiries via telephone and email</p> <p>Review and prepare correspondence to employees and their representatives via facsimile, email and post</p> <p>Preparation of redundancy notifications</p> <p>Contact all employees to notify of redundancy</p>
	Calculation of entitlements	<p>Calculating employee entitlements</p> <p>Reviewing employee files and Company's books and records</p> <p>Reconciling superannuation accounts</p> <p>Reviewing awards and employment contracts</p>
Investigation 97.6 hours \$20,858.50	Conducting investigation	<p>Correspondence with director relating to company's books & records and Report as to Affairs</p> <p>Collection of company books and records</p> <p>Reviewing company's books and records</p> <p>Review and preparation of company nature and history</p> <p>Conducting and summarising statutory searches</p> <p>Preparation of investigation file</p>
	Document maintenance/file review/checklist	<p>Administration review</p> <p>Filing of documents</p> <p>File review</p> <p>Updating checklists</p>



Task Area	General Description	Includes
Administration 85.3 hours \$18,320.50	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Obtaining and reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers Correspondence with bank regarding chargebacks
	ASIC reporting	Preparing and lodging ASIC forms e.g notice of appointment and lodgement of meeting minutes Correspondence with ASIC regarding statutory forms Liaising with ASIC re status of Administration
	ATO & other statutory reporting	Notification of appointment Requesting further information
	Planning / Review	Discussions regarding status of administration



Calculation of Remuneration for the period 7 May 2015 to 5 June 2015

Capital Works Constructions Pty Ltd (Administrators Appointed)

ACN 118 889 133

Administrators' professional fees and costs for the period 7 May 2015 to 5 June 2015

Employee	Position	Rate (\$)	Hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Tracy, Jason	Partner	585	73.0	42,705.00	30.4	17,784.00	26.8	15,678.00	3.0	1,755.00	10.1	5,908.50	2.7	1,579.50
Doran, Gary	Partner	585	2.8	1,638.00	1.0	585.00	-	-	-	-	1.0	585.00	0.8	468.00
Kendall, Clayton	Director	485	97.4	47,239.00	48.5	23,522.50	21.7	10,524.50	5.4	2,619.00	8.0	3,880.00	13.8	6,693.00
Turner, Harley	Senior Analyst	315	1.0	315.00	-	-	1.0	315.00	-	-	-	-	-	-
Lopes, Tyron	Analyst	210	94.3	19,803.00	7.5	1,575.00	37.8	7,938.00	9.5	1,995.00	18.5	3,885.00	21.0	4,410.00
Staley, Adam	Graduate	110	150.5	16,555.00	10.0	1,100.00	71.0	7,810.00	-	-	60.0	6,600.00	9.5	1,045.00
Troedson, Imogen	Graduate	110	123.0	13,530.00	-	-	78.0	8,580.00	34.0	3,740.00	-	-	11.0	1,210.00
Goldman, Brett	Graduate	110	32.5	3,575.00	-	-	6.0	660.00	-	-	-	-	26.5	2,915.00
Total professional fees			574.5	145,360.00	97.4	44,566.50	242.3	51,505.50	51.9	10,109.00	97.6	20,858.50	85.3	18,320.50
Total (excl. GST)				145,360.00										
GST				14,536.00										
Total (incl. GST)				159,896.00										



Future fees

Description of work to be completed for the period 6 June 2015 to the end of the Voluntary Administration

Task Area	General Description	Includes
Assets 17.0 hours \$6,145.00	Sale of pipeline contracts, WIP contracts and intellectual property	Finalising sale agreements Releasing data to purchasers Announcement of purchasers to stakeholders
	Other Assets	Tasks associated with realising other assets
	Leasing	Liaising with owners/lessors Obtaining valuation of real estate property
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors Issue and follow up letters of demand
Creditors 72.5 hours \$12,050.00	Creditor Enquiries	Receive and follow up creditor and customer enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members Updating website as required
	Dealing with proofs of debt	Receipting and filing POD's Corresponding with ATO regarding POD's
	Meeting of Creditors	Preparation 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 minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Employees 8.0 hours \$2,030.00	Employees enquiries	Receive and follow up employee enquiries via telephone Maintain employee enquiry register 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



Task Area	General Description	Includes
Investigation 11 hours \$2,910.00	Conducting investigation	Liaising with directors regarding certain transactions Maintenance of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 16.5 hours \$3,340.00	Document maintenance/file review/checklist	Administration review Filing of documents File reviews Updating checklists
	Insurance	Correspondence with Willis regarding ongoing insurance requirements
	Bank account administration	Preparing correspondence in relation to bank accounts Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Completing group certificates
	Finalisation of Voluntary Administration	Notifying ATO of finalisation of Voluntary Administration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage



Calculation of estimated remuneration for the period 6 June 2015 to the end of the Voluntary Administration

Capital Works Constructions Pty Ltd (Administrators Appointed)

ACN 118 889 133

Administrators' professional fees and costs for the period 6 June 2015 to end of Voluntary Administration

Employee	Position	Rate (\$)	Hours	Total (\$)	Task Area									
					Assets		Creditors		Employees		Investigation		Administration	
					Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Tracy, Jason	Partner	585	11.0	6,435.00	5.0	2,925.00	2.0	1,170.00	1.0	585.00	2.0	1,170.00	1.0	585.00
Doran, Gary	Partner	585	-	-	-	-	-	-	-	-	-	-	-	-
Kendall, Clayton	Director	485	12.0	5,820.00	4.0	1,940.00	3.0	1,455.00	1.0	485.00	2.0	970.00	2.0	970.00
Turner, Harley	Senior Analyst	315	-	-	-	-	-	-	-	-	-	-	-	-
Lopes, Tyron	Analyst	210	30.0	6,300.00	4.0	840.00	20.0	4,200.00	3.0	630.00	-	-	3.0	630.00
Staley, Adam	Graduate	110	30.0	3,300.00	-	-	20.0	2,200.00	-	-	7.0	770.00	3.0	330.00
Troedson, Imogen	Graduate	110	34.5	3,795.00	4.0	440.00	20.0	2,200.00	3.0	330.00	-	-	7.5	825.00
Goldman, Brett	Graduate	110	7.5	825.00	-	-	7.5	825.00	-	-	-	-	-	-
Total professional fees			125.0	26,475.00	17.0	6,145.00	72.5	12,050.00	8.0	2,030.00	11.0	2,910.00	16.5	3,340.00
Total (excl. GST)				26,475.00										
GST				2,647.50										
Total (incl. GST)				29,122.50										



Disbursements

Disbursements are divided into three types: **A**, **B1**, **B2**.

- A** disbursements are all externally provided professional services. These are recovered at cost. An example of an A disbursement is advertising costs.
- B1** disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost.
- B2** disbursements are internally provided non-professional costs such as photocopying, printing and postage. B2 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.

Capital Works Constructions Pty Ltd (Administrators Appointed)

ACN 118 889 133

Disbursements for the period 7 May 2015 to 5 June 2015

Type	Detail	\$
A	Advertising appointment	298.00
B1	Search and filing fees, travel/parking and mileage, staff amenities, IT consumables, locksmith	1,573.29
B2	Photocopying, telephone & faxes etc.	7,268.00
Total disbursements (excl. GST)		9,139.29
GST		913.93
Total disbursements		<u>10,053.22</u>



Calculation of Liquidators' future remuneration from the period 12 June 2015 to the finalisation of the Liquidation

Task Area	General Description	Includes
Assets 75 hours \$18,750.00	Plant and equipment	Liaising with valuers Tasks associated with realising plant and equipment
	Other Assets	Tasks associated with realising other assets
	Assets subject to specific charge	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors Issue and follow up letters of demand
Creditors 125 hours \$31,250.00	Creditor Enquiries	Receive and follow up creditor and customer enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members Updating website as required
	Dealing with proofs of debt	Receipting and filing POD's Corresponding with ATO regarding POD's
	Creditor reports	Meeting and general reports to creditors
	Meeting of Creditors	Preparation 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 minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting



Task Area	General Description	Includes
Employees 50 hours \$12,500.00	Employees enquiries	Receive and follow up employee enquiries via telephone Maintain employee enquiry register 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	Correspondence with FEG Preparing notification spreadsheet Preparing FEG distributions Ensuring PAYG is remitted to ATO
	Calculation of Entitlements	Calculating employee entitlements Reviewing employee files and company books and records Reconciling superannuation accounts Reviewing awards
Investigation 125 hours \$31,250.00	Conducting investigation	Liaising with directors regarding certain transactions Reviewing Company books and records Maintenance of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
	Legal Action	Liaising with solicitors regarding recovery actions Attending to settlement matters



Task Area	General Description	Includes
Administration 25 hours \$6,250.00	Document maintenance/file review/checklist	Administration review Filing of documents File reviews Updating checklists
	Insurance	Correspondence with Willis regarding ongoing insurance requirements
	Bank account administration	Opening and closing bank accounts Preparing correspondence in relation to bank accounts Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc. Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Notification of appointment
	Finalisation of Liquidation	Notifying ATO of finalisation of Voluntary Administration Cancelling ABN/GST/PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage



Administrators' Remuneration – Capital Construction Hire Pty Ltd (Administrators Appointed)

At the meeting, we shall be asking that an interim level for our remuneration as Administrators be approved. Those fees are based on our Rates as shown above.

The amount of further interim fees that we shall be requesting are based upon the budgeted range of fees as set out below. We shall be asking that these fees be set at an interim limit at the top of this range with further remuneration being approved by creditors at a later date if appropriate.

Fees incurred to Date:	\$7,570.00 (ex GST)
Estimated fees 6 June 2015 to end of the Voluntary Administration:	\$3,170.00 (ex GST)
Estimated fees 12 June 2015 to finalisation of the Liquidation:	\$25,000.00 (ex GST)

Details of the work to be performed by the Administrators and their staff are set out in the summary below

Declaration

We, Jason Tracy and Gary Doran, have undertaken a proper assessment of this remuneration claim for our appointment as administrators of Capital Construction Hire 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 in the conduct of the Administration.



Description of Work Completed from 7 May 2015 to 5 June 2015

Task Area	General Description	Includes
Creditors 14.5 hours \$4,445.00	Creditor Enquiries	Receive and follow up creditor and customer enquiries via telephone and email. Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD's Corresponding with ATO regarding POD's
	Meeting of Creditors	Preparation 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 minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Investigation 6.0 hours \$1,935.00	Conducting investigation	Correspondence with director relating to company's books & records and Report as to Affairs Collection of company books and records Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of investigation file
Administration 9.0 hours \$1,190.00	Correspondence	General correspondence
	Document maintenance/file review/checklist	Administration and file review Filing of documents Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists
	ASIC reporting	Preparing and lodging ASIC forms e.g notice of appointment and lodgement of meeting minutes Correspondence with ASIC regarding statutory forms Liaising with ASIC re status of Administration
	ATO & other statutory reporting	Notification of appointment Requesting further information
	Planning / Review	Discussions regarding status of administration



Calculation of Remuneration for the period 7 May 2015 to 5 June 2015

Capital Construction Hire Pty Ltd (Administrators Appointed)

ACN 163 111 608

Administrators' professional fees and costs for the period 7 May 2015 to 5 June 2015

Employee	Position	Rate (\$)	Hours	Total (\$)	Task Area					
					Creditors		Investigation		Administration	
					Hours	\$	Hours	\$	Hours	\$
Tracy, Jason	Partner	585	2.5	1,462.50	1.0	585.00	1.5	877.50	-	-
Doran, Gary	Partner	585	-	-	-	-	-	-	-	-
Kendall, Clayton	Director	485	6.5	3,152.50	5.0	2,425.00	1.5	727.50	-	-
Lopes, Tyron	Analyst	210	7.0	1,470.00	5.0	1,050.00	-	-	2.0	420.00
Staley, Adam	Graduate	110	7.0	770.00	2.0	220.00	3.0	330.00	2.0	220.00
Troedson, Imogen	Graduate	110	6.5	715.00	1.5	165.00	-	-	5.0	550.00
Goldman, Brett	Graduate	110	-	-	-	-	-	-	-	-
Total professional fees			29.5	7,570.00	14.5	4,445.00	6.0	1,935.00	9.0	1,190.00
Total (excl. GST)				7,570.00						
GST				757.00						
Total (incl. GST)				8,327.00						



Future fees

Description of work to be completed for the period 6 June 2015 to the end of the Voluntary Administration

Task Area	General Description	Includes
Creditors 4.0 hours \$1,015.00	Creditor Enquiries	Receive and follow up creditor and customer enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members Updating website as required
	Dealing with proofs of debt	Receipting and filing POD's Corresponding with ATO regarding POD's
	Meeting of Creditors	Preparation 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 minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Investigation 4.0 hours \$1,290.00	Conducting investigation	Liaising with directors regarding certain transactions Maintenance of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 4.0 hours \$865.00	Correspondence	General correspondence
	Document maintenance/file review/checklist	Administration review Filing of documents File reviews Updating checklists
	Insurance	Correspondence with Marsh regarding ongoing insurance requirements
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS' Completing group certificates



Task Area	General Description	Includes
	Finalisation of Voluntary Administration	Notifying ATO of finalisation of Voluntary Administration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage



Calculation of estimated remuneration for the period 6 June 2015 to the end of the Voluntary Administration

Capital Construction Hire Pty Ltd (Administrators Appointed)

ACN 163 111 608

Administrators' professional fees and costs for the period 6 June 2015 to end of Voluntary Administration

Employee	Position	Rate (\$)	Hours	Total (\$)	Task Area					
					Creditors		Investigation		Administration	
					Hours	\$	Hours	\$	Hours	\$
Tracy, Jason	Partner	585	2.5	1,462.50	1.0	585.00	1.0	585.00	0.5	292.50
Doran, Gary	Partner	585	-	-	-	-	-	-	-	-
Kendall, Clayton	Director	485	1.5	727.50	-	-	1.0	485.00	0.5	242.50
Lopes, Tyron	Analyst	210	1.0	210.00	1.0	210.00	-	-	-	-
Staley, Adam	Graduate	110	4.0	440.00	1.0	110.00	2.0	220.00	1.0	110.00
Troedson, Imogen	Graduate	110	3.0	330.00	1.0	110.00	-	-	2.0	220.00
Goldman, Brett	Graduate	110	-	-	-	-	-	-	-	-
Total professional fees			12.0	3,170.00	4.0	1,015.00	4.0	1,290.00	4.0	865.00
Total (excl. GST)				3,170.00						
GST				317.00						
Total (incl. GST)				3,487.00						



Disbursements

Disbursements are divided into three types: **A, B1, B2.**

- A** disbursements are all externally provided professional services. These are recovered at cost. An example of an A disbursement is legal fees.
- B1** disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost.
- B2** disbursements are internally provided non-professional costs such as photocopying, printing and postage. B2 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.

Capital Construction Hire Pty Ltd (Administrators Appointed)

ACN 163 111 608

Disbursements for the period 7 May 2015 to 5 June 2015

Type	Detail	\$
A	Advertising appointment	-
B1	Search and filing fees, travel/parking and mileage, staff amenities, IT consumables, stationary	30.84
B2	Photocopying, telephone & faxes etc.	378.50
Total disbursements (excl. GST)		409.34
GST		40.93
Total disbursements		450.27



Calculation of Liquidators' future remuneration from the period 12 June 2015 to the finalisation of the Liquidation

Task Area	General Description	Includes
Assets 10.0 hours \$2,500.00	Other Assets	Tasks associated with realising other assets
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors Issue and follow up letters of demand
Creditors 20 hours \$5,000.00	Creditor reports	Meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD's Corresponding with ATO regarding POD's
	Meeting of Creditors	Preparation 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 minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Investigation 35 hours \$8,750.00	Conducting investigation	Liaising with directors regarding certain transactions Maintenance of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC
Administration 35.0 hours \$8,750.00	Document maintenance/file review/checklist	Administration review Filing of documents File reviews Updating checklists



Task Area	General Description	Includes
	Insurance	Correspondence with Willis regarding ongoing insurance requirements
	Bank account administration	Preparing correspondence in relation to bank accounts Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Completing group certificates
	Finalisation of Liquidation	Notifying ATO of finalisation of Voluntary Administration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage



Appendix E - Notice of Meeting

FORM 529

CORPORATIONS ACT 2001

Section 439A

Subregulation 5.6.12(6)

NOTICE OF CONCURRENT SECOND MEETING OF
CREDITORS OF COMPANIES UNDER ADMINISTRATION

CAPITAL WORKS CONSTRUCTIONS PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 118 889 133
PREVIOUSLY TRADING AS "FREELIFE HOMES" AND "VISIONAIRE HOMES"

CAPITAL CONSTRUCTION HIRE PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 163 111 608

(together "the Companies")

NOTICE is given that a meeting of the creditors of the Companies will be held at The Boulevard Centre, 99 The Boulevard, Floreat WA 6014 on Friday 12 June 2015 at 3:00PM WST.

A G E N D A

1. For creditors to resolve to hold the meetings of the Companies concurrently
2. To receive a statement about the Companies' business, property, affairs and financial circumstances.
3. To receive the report of the Joint and Several Administrator.
4. Questions from creditors.
5. For creditors to resolve:
 - a) that the Companies execute a Deed of Company Arrangement; or
 - b) that the administration should end; or
 - c) that the Companies be wound up.
6. To fix the remuneration of the Joint and Several Administrators.
7. If the Companies are to execute Deeds of Company Arrangement to fix the remuneration of the Deed Administrator.
8. If the Companies are wound up, to consider appointing a Committee of Inspection.
9. If the Companies are wound up, to fix the remuneration of the Liquidators.
10. 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 clause has been admitted for voting purposes wholly or in part by the voluntary administrator.

DATED this 5th day of June 2015.



JASON TRACY

JOINT AND SEVERAL ADMINISTRATOR

Deloitte Touche Tohmatsu
Woodside Plaza,
Level 14
240 St Georges Terrace
PERTH WA 6000

Fax: (08) 9365 7001

Appendix F - Informal Proof of Debt form – CWC

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**CAPITAL WORKS CONSTRUCTIONS PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 118 889 133**

Name of creditor:

Address of creditor:

ABN:

Telephone number:

Amount of debt claimed: \$.....(including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

Other information:

.....
Signature of Creditor
(or person authorised by creditor)

.....
Dated

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Joint Administrators; or
- b. he or she has lodged with the Joint Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint Administrators.

VA-B-023.DOC

Appendix G - Appointment of Proxy form – CWC

FORM 532

Regulation 5.6.29

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

**CAPITAL WORKS CONSTRUCTIONS PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 118 889 133**

*I/*We (1)
of
a creditor of Capital Works Constructions Pty Ltd, appoint (2)

or in his or her absence

as *my/our *general/special proxy to vote at the meeting of creditors to be held at The Boulevard Centre, Floreat WA 6014 on 12 June 2015 at 3:00pm, or at any adjournment of that meeting and to vote:

1. (i) to vote on all matters arising at the meeting (IF GENERAL PROXY)

OR

(ii) to vote for or against the following resolutions (IF SPECIAL PROXY)

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE.
Please circle your preferred voting option.

2. To consider and if thought fit, pass one of the following resolutions (choose **ONE** of a, b or c):

a. "That the Company execute a deed of company arrangement" OR
FOR / AGAINST / ABSTAIN

b. "That the Administration end" OR
FOR / AGAINST / ABSTAIN

c. "That the Company be wound up and Jason Tracy and Gary Doran be appointed Joint and Several Liquidators"
FOR / AGAINST / ABSTAIN

3. To consider and if thought fit, approve the Joint and Several Administrators' current remuneration:

"That the remuneration of the joint and several Administrators, their partners and staff for the period 7 May 2015 to 5 June 2015 be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$145,360.00 plus disbursements and GST."

FOR / AGAINST / ABSTAIN

4. To consider and if thought fit, approve the Joint and Several Administrators' future remuneration:

"That the remuneration of the joint and several Administrators, their partners and staff for the period 6 June 2015 to the end of the Voluntary Administration be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$26,475.00 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid."

FOR / AGAINST / ABSTAIN

5. To consider and if thought fit, appoint a Committee of Inspection comprising the following members:

1.
2.
3.
4.

FOR / AGAINST / ABSTAIN

6. In the event that the Creditors vote to wind up the Company, to consider and if thought fit, approve destruction of the books and records of the Company at the conclusion of the winding up:

"That the books and records of the company be destroyed at the conclusion of the winding up."

FOR / AGAINST / ABSTAIN

7. In the event that the Creditors vote to wind up the Company, to consider and if thought fit, approve the Joint and Several Liquidators' future remuneration

"That the remuneration of the joint and several Liquidator, their partners and staff for the period beginning 12 June 2015 to the end of the Liquidation be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$100,000.00 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid."

FOR / AGAINST / ABSTAIN

DATED this day of 2015.

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.

If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.



Appendix H - Informal Proof of Debt form – CCH

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**CAPITAL CONSTRUCTION HIRE PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 163 111 608**

Name of creditor:

Address of creditor:

ABN:

Telephone number:

Amount of debt claimed: \$.....(including GST \$.....)

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

Other information:

.....
Signature of Creditor
(or person authorised by creditor)

.....
Dated

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- his or her claim has been admitted, wholly or in part, by the Joint Administrators; or
- he or she has lodged with the Joint Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 438E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint Administrators.

VA-B-023.DOC

Appendix I - Appointment of Proxy form – CCH

FORM 532

Regulation 5.6.29

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

**CAPITAL CONSTRUCTION HIRE PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 163 111 608**

*I/*We (1)
of
a creditor of Capital Construction Hire Pty Ltd, appoint (2)

or in his or her absence

as *my/our *general/special proxy to vote at the meeting of creditors to be held at The Boulevard Centre, Floreat WA 6014 on 12 June 2015 at 3:00pm, or at any adjournment of that meeting and to vote:

1. (i) to vote on all matters arising at the meeting (IF GENERAL PROXY)

OR

(ii) to vote for or against the following resolutions (IF SPECIAL PROXY)

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE.
Please circle your preferred voting option.

2. To consider and if thought fit, pass one of the following resolutions (choose **ONE** of a, b or c):

a. "That the Company execute a deed of company arrangement" OR
FOR / AGAINST / ABSTAIN

b. "That the Administration end" OR
FOR / AGAINST / ABSTAIN

c. "That the Company be wound up and Jason Tracy and Gary Doran be appointed Joint and Several Liquidators"
FOR / AGAINST / ABSTAIN

3. To consider and if thought fit, approve the Joint and Several Administrators' current remuneration:

"That the remuneration of the joint and several Administrators, their partners and staff for the period 7 May 2015 to 5 June 2015 be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$7,570.00 plus disbursements and GST."

FOR / AGAINST / ABSTAIN

4. To consider and if thought fit, approve the Joint and Several Administrators' future remuneration:

"That the remuneration of the joint and several Administrators, their partners and staff for the period 6 June 2015 to the end of the Voluntary Administration be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$3,170.00 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid."

FOR / AGAINST / ABSTAIN

5. To consider and if thought fit, appoint a Committee of Inspection comprising the following members:

1.
2.
3.
4.

FOR / AGAINST / ABSTAIN

6. In the event that the Creditors vote to wind up the Company, to consider and if thought fit, approve destruction of the books and records of the Company at the conclusion of the winding up:

"That the books and records of the company be destroyed at the conclusion of the winding up."

FOR / AGAINST / ABSTAIN

7. In the event that the Creditors vote to wind up the Company, to consider and if thought fit, approve the Joint and Several Liquidators' future remuneration

"That the remuneration of the joint and several Liquidator, their partners and staff for the period beginning 12 June 2015 to the end of the Liquidation be paid on a time basis in accordance with the hourly rates of Deloitte Touche Tohmatsu and be approved in the amount of \$25,000.00 plus disbursements and GST. If a lesser amount is incurred, only the amount actually incurred will be paid."

FOR / AGAINST / ABSTAIN

DATED this day of 2015.

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.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.