

17 July 2012

Dear Sir/Madam

**REED CONSTRUCTIONS AUSTRALIA PTY LIMITED  
A.C.N. 003 340 878  
(IN LIQUIDATION) (“RCA”)**

**APPOINTMENT OF LIQUIDATOR**

On 9 July 2012 I was appointed Official Liquidator of RCA by an order of the Supreme Court of New South Wales. RCA was wound up as a result of a petition filed at the Court on behalf of SCE Resources Pty Limited.

**VOLUNTARY ADMINISTRATION TERMINATED**

As a consequence of the winding up, the Voluntary Administration process commenced by RCA has been terminated and RCA is now in liquidation. Within 2 hours of my appointment, my staff and I attended the offices of the former Joint Administrators, John Melliush and Ryan Eagle of Ferrier Hodgson (‘the Administrators’), to obtain information about RCA’s financial affairs and meet with the former Committee of Creditors. During the course of this meeting, I instructed the former Administrators to complete their intended report to creditors they were due to publish pursuant to Section 439A of the Corporations Act 2001. That report is to contain the results of their investigation into RCA’s business, property and affairs as well as their opinion and statements about a Deed Proposal made by the director of RCA. I have since received their draft report and have requested the Administrators to complete their report. As soon as the report is received, a copy will be available to creditors via the following web link <http://www.ppbadvisory.com/creditor-information/v/291/reed-constructions-australia-pty-ltd-in-liquidation>.

**PROPOSED DEED OF COMPANY ARRANGEMENT (“DoCA”)**

A proposal for a Deed of Company Arrangement was submitted by the director of RCA to the Administrators prior to my appointment. Part of my role as Liquidator will be to investigate the merits of the proposal and to form a view on whether it would be in the best interests of creditors, whilst RCA is in Liquidation, to vote on a proposed DoCA.

**MEETING OF CREDITORS**

A meeting of creditors for RCA has been convened on 2 August 2012 at the Sydney Masonic Centre, 66 Goulburn Street, Sydney at 10:30am. Creditors should arrive an hour prior to meeting to enable orderly registration. At the meeting, creditors will have the option of forming a Committee of Inspection and I intend to discuss the future conduct of the Liquidation. I enclose a Notice of Meeting containing an agenda, and Proof of Debt Form and Proxy.

Creditors attending the meeting must ensure their Proof of Debt & Proxy form is received by Link Market Services (contact details below) **48 hours** prior to the meeting.

**PRELIMINARY ENQUIRIES**

I intend to carry out the following steps prior to the meeting of creditors:

- Meet with the director of RCA and proponent(s) of the former proposal for a DoCA

- Obtain all relevant information from the former administrators, together with the books and records of the Company
- Review and respond where relevant to the former Administrators 439A report
- Liaise with the secured creditor, Westpac Banking Corporation
- Undertake a review of the Company's debtor claims against the NSW Government for the Department of Roads and Maritime Services (RMS) and the Department of Education and Communities (DEC) projects
- Hold an informal meeting with the former committee of creditors for RCA approved for the voluntary administration
- Obtain legal advice in regards to the process of approaching the courts to have RCA taken out of liquidation and into Voluntary Administration should a DoCA be approved by creditors
- Receive an update regarding the current status of negotiations by the former Administrators in regards to a pre appointment debtor settlement.

## PPB ADVISORY

PPB Advisory is a national firm operating throughout the capital cities of Australia specialising in insolvency. For further background information regarding this firm and the professional background of the Liquidators, please visit our website.

## REMUNERATION OF LIQUIDATOR

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

**a. Time based / hourly rates**

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

**b. Fixed Fee**

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

**c. Percentage**

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

**d. Contingency**

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

## METHOD CHOSEN

Given the nature of this administration I propose that my remuneration as liquidator be calculated on **Hourly Rates** (attached). This is because:

- It ensures that creditors are only charged for work that is performed. Time is recorded and charged in six minute units.
- I am required to perform a number tasks which do not necessarily relate to realisation of assets, for example responding to creditor enquires, reporting to ASIC, distributing funds in accordance with the Corporations Act; and
- At this stage I am unable to accurately predict the level of fees that may be incurred during the Liquidation as they are contingent on many different aspects that have yet to be determined.

I attach a Declaration of Independence, Relevant Relationships and Indemnities.

## CONTACT CENTRE

Link Market Services has been appointed to manage creditor enquires. Any queries should be directed to them as follows:

**Mail:** PPB Advisory (Administration)  
C/- Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235  
**Email:** [PPBL@linkmarketservices.com.au](mailto:PPBL@linkmarketservices.com.au)  
**Phone:** (02) 8280-7097

Yours faithfully



**Mark Robinson**  
Official Liquidator  
Reed Construction Australia Pty Limited

Encl.

Australian Company Number: **003 340 878**

**FORM 529**

Sub-regulation 5.6 12(2)

*Corporations Law*

**NOTICE OF MEETING  
REED CONSTRUCTIONS AUSTRALIA PTY LIMITED  
(IN LIQUIDATION)**

**NOTICE IS GIVEN** that a General Meeting of Creditors of the Company will be held in Grand Lodge Room (Level 1) of the Sydney Masonic Centre, 66 Goulburn Street, Sydney NSW on 2 August 2012 at 10.30 am.

**AGENDA**

1. To receive an update on the winding up of the Company, and discuss the liquidation in general.
2. To consider whether a Committee of Inspection should be appointed; and
  - (a) Where a Committee of inspection is to be appointed;
    - (i) The numbers of members to represent the creditors and contributories, respectively;
    - (ii) The persons who are to be the members of the committee representing creditors and contributories, respectively.
3. Any other business.

**DATED** this <sup>17<sup>th</sup></sup> day of July 2012



**Mark Robinson**  
Official Liquidator

**Note:**

*To enable creditors to vote at the meeting, proof of debt and proxy forms should be forwarded to Link Market services ([ppbl@linkmarketservices.com.au](mailto:ppbl@linkmarketservices.com.au)), or by mail to Locked Bag A14, Sydney South NSW 1235 PPB Advisory, Level 46, The MLC Centre 19 Martin Place, Sydney NSW 2000 48 Hours before the commencement of the meeting. Telephone facilities **will not** be available for those creditors who are unable to attend the meeting in person.*

## DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

### Reed Constructions Australia Pty Limited

ACN 003 340 878

#### (In Liquidation) ('THE COMPANY')

This document requires the Practitioner 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 Insolvent and others within the previous 24 months;
  - iii. any prior professional services for the Insolvent (no time limit);
  - 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 me, my partners, PPB Advisory, and the related entities covered by the extended definition of firm

#### A. Independence

I, Mark Julian Robinson of PPB Advisory, Level 46, MLC Centre, 19 Martin Place, Sydney NSW 2000 have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as Official Liquidator of the Company in accordance with the law and applicable professional standards.

This assessment identified no real or potential risks to my independence. I am not aware of any reasons that would prevent me from accepting this appointment.

#### B. Declaration of Relationships

##### i. Circumstances of appointment

On 6 June 2012, I met with Geoff Reed director of the Company with Andrew Ferguson. Mr Reed confirmed that the Company was in discussions with Ferrier Hodgson.

##### ii. Relevant Relationships (excluding Professional Services to the Insolvent)

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

Name	Nature of relationship	Reasons why not an Impediment or Conflict
St. George Bank, a division of Westpac Banking Corporation	The Charge Holders hold charges over the Company's property. I have professional relationships with the majority of banks and lenders in Australia and with a number of staff within the Charge Holders organisations, particularly in the credit area. I have previously undertaken formal and informal assignments on behalf of the Charge Holder for a number of years.	There are no matters of which I am aware which give rise to a conflict in this appointment. In particular, my previously relationships with the Charge Holder were not in relation to the Company's or the Directors' affairs or related parties of the Company or the Directors.
Australian Taxation Office ('ATO'), Work Cover Authority ('WC').	Various Practitioners within PPB Advisory are members of the ATO's and WC's panel of Insolvency Practitioners and receive nominations to act as Liquidator for the ATO or WCA court winding up and	There are no matters of which I am aware which gives rise to a conflict in this appointment.  In particular, being a member of the ATO and WC panel does not constitute a conflict as my previous

	bankruptcy applications.	relationship with the ATO and WC has not been and is not in relation to the Company's affairs or the Company's Director or related parties of the Company.
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There are no other prior professional or personal relationships that should be disclosed.

**iii. Prior Professional services to the Insolvent**

Neither I, nor my Firm, have provided any professional services to the Company.

**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 the Company's property that should be disclosed.

**C. Indemnities and up-front payments**

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

Dated 17<sup>th</sup> day of July 2012



**Mark Julian Robinson**

Official Liquidator

**NOTE:**

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



Scale of Fees Effective 1 July 2012

New South Wales

Statutory & Compliance

Private & Confidential

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	<i>PPB Rate \$/ Hour (excluding GST)</i>
Partner	685
Director/Principal	625
Senior Manager (Mgr 1)	545
Manager 2	500
Supervisor	460
Senior Analyst 1	415
Senior Analyst 2	395
Analyst 1	340
Analyst 2	265
Graduate	235
Undergraduate	205
Senior Bookkeeper	205
Bookkeeper	200
PA	175
Administration	130

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Please be advised that the above rates are reviewed from time to time.

## Guide to Level of Insolvency Classification \*

Title	Description
Partner	Registered Liquidator, Official Liquidator and/or Trustee, bringing his or her specialist skills to the insolvency administration.
Director/Principal	Minimum of twelve years insolvency experience, at least five years at manager level, qualified accountant and capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.
Senior Manager (Mgr 1)	More than seven years experience, more than three years at manager level, qualified accountant and capable of controlling all aspects of an administration. Experienced at all levels and considered very competent.
Manager	5 - 7 years experience, qualified accountant, with well developed technical and commercial skills. Should be constantly alert to opportunities to meet clients' needs and to improve the clients' future operation either by revenue enhancement or by reducing costs and improving efficiency. Controls 2 – 4 staff.
Supervisor	3 - 6 years experience, will have conduct of minor administrations and experience in control of 1 - 3 staff, assists planning and control of medium to larger jobs.
Senior Analyst 1 & 2	1 - 4 years experience, CA Program (or equivalent) would normally be completed during this period. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.  The difference between a Senior Analyst 1 & 2 included in this classification is the level of experience and competence.
Analyst 1 & 2	0 – 2 years experience. University graduate with little or no professional experience, required to assist in day-to-day fieldwork under supervision of more senior staff.  The difference between a Analyst 1 & 2 included in this classification is the level of experience and competence.
Graduate	Graduated from University with minimal insolvency experience. Required to assist in day-to-day field work and other routine tasks under supervision of more senior staff
Undergraduate	Completed HSC and plans to undertake at least part-time degree/diploma, required to assist in administration and day-to-day fieldwork under supervision of more senior staff.
Bookkeeper	At least 4 years commercial experience in bookkeeping. May be a Qualified accountant classification would depend on experience, salary and complexity of work to be conducted.  The difference between a Senior Bookkeeper and Bookkeeper included in this classification is the level of experience and competence.
PA	Appropriate skills including machine usage and customer service, general administration duties on jobs.
Administration	Non-qualified, assists with general administration duties on jobs.

\* The above is to be taken as a general guide only. From time to time there may be persons employed who, because of their skills and experience, are employed in positions where they may not necessarily meet all of the above qualifications.