

15 June 2012

**CIRCULAR TO CREDITORS**

Dear Sir/Madam

**Reed Constructions Australia Pty Limited ACN 003 340 878  
RST Nominees Pty Limited ACN 152 635 615  
(both Administrators Appointed) (collectively "the Companies")**

John Melliush and I were appointed Voluntary Administrators (**the Administrators**) of the Companies on 15 June 2012 pursuant to Section 436A of the Corporations Act 2001 (**the Act**).

We now control the Companies' operations and are assessing the Companies' financial position. The Companies' director has been requested to prepare a statement about the Companies' businesses, property, affairs and financial circumstances as at the date of our appointment. We raise the following matters regarding the administration.

**1. FIRST MEETING OF CREDITORS**

We are required to call a first meeting of creditors within eight (8) business days of our appointment pursuant to section 436E of the Act. The purpose of this meeting is to provide creditors with an opportunity to:

- Appoint a Committee of Creditors; and
- Appoint an alternative Administrator, if they so desire.

In this regard, we enclose the following documents:

- (a) Notice of Meeting of Creditors. *Please note that the meeting commences 10.00am. You should arrive for registration at least **45 minutes** prior to the meeting.*
- (b) Informal Claim Form for Voting Purposes.

*A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the Companies or any lien over goods in their possession which are property of the Companies.*

- (c) Appointment of Proxy form. The form enables you to appoint a person to act on your behalf at the meeting.
- (d) A publication of the Australian Securities and Investments Commission concerning insolvency information for directors, employees, creditors and shareholders.

The Informal Claim Form for Voting Purposes and Proxy form should be lodged with this office before the meeting and, in any event, no later than **4.00pm on the day prior to the meeting**. Forms can be sent by facsimile on (02) 9286 9888 marked to the attention of Alex Findlay or scanned and emailed to [reedcon@fh.com.au](mailto:reedcon@fh.com.au). However, Corporations Regulation 5.6.36A requires lodgement of the original Proxy form with the Administrators' office within 72 hours of lodging the faxed copy.

## **2. DECLARATION BY ADMINISTRATORS**

Pursuant to Sections 436DA(2) and (3) of the Act and the IPA Code of Professional Practice, we enclose the Administrators', 'Declaration of Independence, Relevant Relationships and Indemnities'.

## **3. TRADING**

The Companies has ceased to trade.

Please note that the Administrators do not accept liability for the supply of any goods and services from the date of appointment.

If there are any outstanding or unfulfilled orders placed by the Companies prior to our appointment, including those under which there are goods in transit, please email the Administrators at [reedcon@fh.com.au](mailto:reedcon@fh.com.au) to obtain written confirmation of whether the order should proceed.

You may be aware that payment of unsecured creditors' accounts as at 15 June 2012 is postponed pending the outcome of a second meeting of creditors (see section 9 below).

## **4. CONSIGNMENT STOCK, 'RETENTION OF TITLE' STOCK AND LIENS/PLEDGES**

If you supplied consignment stock to the Companies, or believe you provided stock subject to a 'Retention of Title' clause, or claim a lien/pledge over any of the Companies' assets, please email the Administrators at [reedcon@fh.com.au](mailto:reedcon@fh.com.au) as a matter of urgency.

## **5. PROPERTY USED BUT NOT OWNED BY THE COMPANIES**

In accordance with section 443B of the Act, the Administrators' liability under hire purchase or lease agreements does not commence until five (5) business days after the Administrators' appointment. Further, pursuant to section 440C of the Act, the lessor or owner of property in

the Companies' control is not entitled to take possession of such property without leave of the Court or the Administrators' written consent.

We will write separately to known lease and hire purchase creditors regarding such assets. Please contact this office if you do not receive our letter.

## **6. LEGAL PROCEEDINGS**

The appointment of Administrators stays a proceeding in a court against the Companies. You cannot commence or continue a proceeding against the Companies without our written consent or with the leave of the Court.

## **7. EMPLOYEES**

We have written separately to employees regarding the appointment of Administrators.

## **8. SUBCONTRACTORS**

If you were engaged by the Companies as a subcontractor as at the appointment date, please be advised that as noted in Section 3, the Companies has ceased to trade and effective immediately, your services are no longer required.

Any claim which you may have in respect of unpaid subcontracting fees relating to the period prior to the appointment date will be classified as an unsecured debt of the Companies.

## **9. REPORT TO CREDITORS AND SECOND MEETING OF CREDITORS**

The Administrators will prepare a report to creditors under section 439A of the Act which will include details on the Companies' businesses, property, affairs and financial circumstances.

The second meeting of creditors will be held on or before 20 July 2012 unless the Court extends this date. It is at this meeting that creditors will consider the Administrators' report and consider resolutions regarding the Companies' future.

## **10. ADMINISTRATORS' REMUNERATION**

For the purposes of the Companies' administration, the Administrators intend that their remuneration be fixed on the basis of time spent by them, and their staff of an appropriate level having regard to the nature and complexity of the work, and calculated by reference to hourly rates. Enclosed for your information are the following:

- Statement regarding remuneration setting out the four basic methods of calculating remuneration together with an explanation as to why hourly rates are appropriate in this administration; and

- Schedule of Rates and General Guide to Staff Experience.

The Administrators will provide creditors with a remuneration report pursuant to section 449E of the Act with the report to creditors referred to in section 9 above.

An information sheet concerning approval of remuneration in external administrations can be obtained from [www.ipaa.com.au](http://www.ipaa.com.au) or through this office.

#### **11. ELECTRONIC NOTIFICATION**

You may elect to receive future notices or other documents, including circulars and reports regarding the administration, via email. Should you wish to do so, please email [reedcon@fh.com.au](mailto:reedcon@fh.com.au) with the following information:

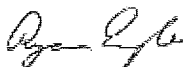
- The person to whom matters regarding the administration should be directed;
- The full name of the creditor entity; and
- The email address at which the creditor is to receive future correspondence.

#### **12. FURTHER INFORMATION**

For further information concerning the Voluntary Administration process, Administrators' remuneration and Ferrier Hodgson, you may wish to visit our website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com). Queries regarding the administration should be directed to the Reed Constructions enquiry line on (02) 9286 9922 or emailed to [reedcon@fh.com.au](mailto:reedcon@fh.com.au).

Yours faithfully

**Reed Constructions Australia Pty Limited  
RST Nominees Pty Limited**



**Ryan Eagle**  
Administrator

**REED CONSTRUCTIONS AUSTRALIA PTY LIMITED ACN 003 340 878  
RST NOMINEES PTY LIMITED ACN 152 635 615  
(BOTH ADMINISTRATORS APPOINTED)**

**STATEMENT REGARDING REMUNERATION**

**A. REMUNERATION METHODS**

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

**Time based/hourly rates**

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

**Fixed fee**

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

**Percentage**

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

**Contingency**

The insolvency practitioner's fee is contingent on achieving a particular outcome.

**B. METHOD CHOSEN**

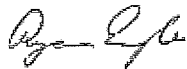
Time based remuneration is appropriate in this administration given:

- It ensures creditors are only charged for work performed
- We are required to perform tasks unrelated to asset realisations; hence, fees solely based on asset realisation would be unrealistic
- We are unable to provide a reliable estimate of total fees to complete all tasks in the administration.

**C. FEE ESTIMATE**

We estimate fees for the administration of the Companies' affairs at between \$280,000 and \$350,000. Please note this is an estimate only and may vary materially given the circumstances of the administration.

Dated this 15<sup>th</sup> day of June 2012



**Ryan Eagle**  
Administrator

**SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE**

<b>Classification</b>	<b>Rate (\$)</b>	<b>Experience</b>
Partner/Appointee	595	The Partner/Appointee is a registered liquidator and member of the ICAA and, generally, the IPA, bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at <a href="http://www.ferrierhodgson.com">www.ferrierhodgson.com</a>
Director	500	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and, generally, the IPA, with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	445	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and, generally, the IPA; very strong knowledge of relevant insolvency legislation and issues.
Manager	370	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and, generally, the IPA, sound knowledge of relevant insolvency legislation and issues.
Supervisor	315	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	280	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA program. Good knowledge of basic insolvency legislation and issues.
Senior 2	250	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	220	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	185	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Senior Secretary	180	Appropriate skills including machine usage.
Junior/Filing	145	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

**Notes:**

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to change from time to time. Disbursements are recovered on the following basis.

<b>Disbursements</b>	<b>Charges (Excluding GST)</b>
Advertising	At cost
Couriers	At cost
DX (Document Exchange)	Postage equivalent or less
Mileage Reimbursement	\$0.67 per kilometre
Photocopying (colour)	\$0.50 per page
Photocopying (mono)	\$0.20 per page
Photocopying (outsourced)	At cost
Printing (colour)	\$0.50 per page
Printing (mono)	\$0.20 per page
Printing (outsourced)	At cost
Postage	At cost
Searches	At cost
Storage and Storage Transit	At cost
Telephone Calls	At cost

Generally, the Partners of Ferrier Hodgson are members of the Insolvency Practitioners Association of Australia. Ferrier Hodgson follows the IPA Code of Professional Practice.

A copy of the IPA Code of Professional Practice may be found on the IPA website at [www.ipaa.com.au](http://www.ipaa.com.au).



**FORM 529A  
CORPORATIONS ACT 2001**

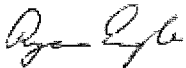
Regulation 5.6.12

**REED CONSTRUCTIONS AUSTRALIA PTY LIMITED ACN 003 340 878  
RST NOMINEES PTY LIMITED ACN 152 635 615  
(BOTH ADMINISTRATORS APPOINTED)(COLLECTIVELY "THE COMPANIES")**

**NOTICE OF FIRST MEETING OF CREDITORS OF COMPANIES UNDER ADMINISTRATION**

1. Notice is given that on 15 June 2012, the Companies, under Section 436A, appointed John Melluish and Ryan Eagle of Ferrier Hodgson, Level 13, 225 George Street, Sydney NSW 2000 as the Administrators of the Companies.
2. Notice also is given that a meeting of the creditors of the Companies will be held at 10am on Wednesday 27 June 2012 at the Sydney Masonic Centre, 66 Goulburn Street, Sydney NSW 2000. The purpose of the meeting is to determine:
  - 2.1 Whether to appoint a committee of creditors; and
  - 2.2 If so, who are to be the committee's members.
3. At the meeting, creditors may also, by resolution:
  - 3.1 Remove the Administrators from office; and
  - 3.2 Appoint someone else as Administrator of the Companies.

DATED this 15<sup>th</sup> day of June 2012



**Ryan Eagle**  
Administrator

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**REED CONSTRUCTIONS AUSTRALIA PTY LIMITED ACN 003 340 878  
RST NOMINEES PTY LIMITED ACN 152 635 615  
(BOTH ADMINISTRATORS APPOINTED)**

I am a creditor of:

Reed Constructions Australia Pty Limited   
RST Nominees Pty Limited

Name of creditor:

Amount of debt claimed: (see note)

Consideration for debt:

Whether debt secured or unsecured:

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

Balance, if any, after deducting value of security (see note):

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

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**NOTE:**

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

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

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrator

**FORM 532  
CORPORATIONS ACT 2001**

Regulation 5.6.29

**REED CONSTRUCTIONS AUSTRALIA PTY LIMITED ACN 003 340 878  
RST NOMINEES PTY LIMITED ACN 152 635 615  
(BOTH ADMINISTRATORS APPOINTED)**

**APPOINTMENT OF PROXY CREDITORS MEETING**

I/We<sup>1</sup> \_\_\_\_\_

of \_\_\_\_\_

a creditor of:

Reed Constructions Australia Pty Limited<sup>2</sup>      
RST Nominees Pty Limited<sup>3</sup>                     

appoint \_\_\_\_\_

or in his/her absence \_\_\_\_\_

as \*my/our \*general/special proxy to vote at the meeting of creditors to be held on Wednesday, 27 June 2012, or at any adjournment of that meeting<sup>4</sup>, to vote on each of the following kinds of resolution:

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
a. that in the event that an Administrator is proposed, that the existing Administrators be replaced and _____ ( <i>Alternative Appointee</i> ) be appointed in their stead.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. that a committee of creditors be appointed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this                      day of

.....

Signature of Individual<sup>6</sup> or person<sup>7</sup>  
authorised by corporate resolution  
to represent the corporation.

OR

The Common Seal<sup>5</sup> of

was hereunto affixed in the presence of:

.....  
Director

.....  
Secretary

\* Strike out if inapplicable

<sup>1</sup> If a firm, strike out "I" and set out the full name of the firm.

<sup>2</sup> Insert the name, address and description of the person appointed.

<sup>3</sup> Insert the name, address and description of the person appointed.

<sup>4</sup> If a special proxy, add the words "to vote for" or the words "to vote against" and specify the particular resolution.

<sup>5</sup> The method of affixing the Common Seal is prescribed in Section 127(2) of the Corporations Act 2001 and, usually, the creditor corporation's constitution.

<sup>6</sup> The signature of the member is not to be attested by the person nominated as proxy.

<sup>7</sup> A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively or, by a representative appointed under Section 250D of the Corporations Act 2001. Copy of authority/power of attorney to be annexed.

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CERTIFICATE OF WITNESS<sup>8</sup>

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 before he attached his signature or mark to the instrument.

DATED this                  day of                  20

.....

Signature of Witness

Description

.....

Place of Residence

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<sup>8</sup> This certificate is to be completed only where the person giving it is blind.



**ASIC**

Australian Securities & Investments Commission

## Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

### List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

### Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets). The information sheets are also available from the IPA website at [www.ipaa.com.au](http://www.ipaa.com.au). The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

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

**REED CONSTRUCTIONS AUSTRALIA PTY LIMITED ACN 003 340 878  
RST NOMINEES PTY LIMITED ACN 152 635 615  
(BOTH ADMINISTRATORS APPOINTED) ("THE COMPANIES")**

**DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES**

This document requires the practitioner/s 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 within the previous 24 months;
  - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or upfront payments made, to the practitioner

This declaration is made in respect of ourselves, our partners and Ferrier Hodgson.

**A. Independence**

We, John Melluish and Ryan Eagle and our firm, Ferrier Hodgson, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrators of the Companies 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 had three meetings with the Companies, the director and certain staff of the Companies during the period of March 2012 to June 2012. The purpose of the meetings was to explain the voluntary administration and liquidation process and to understand the financial position of the Companies.

We received no remuneration for this advice.

These meetings do not affect our independence for the following reasons:

- Ferrier Hodgson's advice was limited to explaining the voluntary administration and liquidation process and understanding the financial position of the Companies. Advice was given to the Companies only and we did not advise the director or others personally;
- the Courts and the IPA'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 an impediment to accepting the appointment;
- the nature of the advice is such that it would not be subject to review and challenge during the voluntary administrations; and
- the pre-appointment advice will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the voluntary administrations in an objective and impartial manner.

**(ii) Relevant relationships (excluding professional services to the Insolvent)**

Neither of us, nor our firm, have, or have had within the preceding 24 months, any relationships with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any other person or entity that has a charge on the whole or substantially the whole of the Companies' property, except Westpac Banking Corporation.

Partners of Ferrier Hodgson from time to time are engaged by Westpac Banking Corporation to provide insolvency and advisory services, and also from time to time open accounts with Westpac Banking Corporation for insolvency administrations, the conduct of the business of the firm and personally. These arrangements are of a normal commercial nature and do not constitute a risk to our independence in undertaking this engagement.

The Companies share the same parent company and operate within the same group of companies. The nature of the business operations mean that the two administrations can be conducted more efficiently by the one firm of practitioners. At the time of our appointment, we were not aware of any conflicts of interest between the Companies. Should such a conflict arise, we will keep creditors informed and take appropriate action to resolve the conflict.

**(iii) Prior professional services to the Insolvent**

Neither us, nor our firm, have provided any professional services to the Companies 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, within the previous 24 months with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any person or entity that has a charge on the whole or substantially the whole of the Companies' property that should be disclosed.

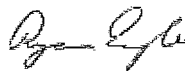
**C. Indemnities and upfront payments**

We have not been indemnified in relation to these administrations, other than any indemnities that we may be entitled to under statute and we have not received any upfront payments in respect of our remuneration or disbursements.

Dated: 15 June 2012



**John Melliush**  
Voluntary Administrator



**Ryan Eagle**  
Voluntary Administrator

**NOTE:** *If circumstances change, or new information is identified, we are required under the Corporations Act 2001 and 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 Companies' creditors.*

*Any relationships, indemnities or upfront payments disclosed in the declaration must not be such that the practitioner is no longer independent. The purpose of components B and C of the declaration 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.*