



Chartered Accountant

14 April 2014

TO THE CREDITOR AS ADDRESSED

**Central Mining & Contracting Pty Ltd (in Liquidation) ACN 113 050 678
As Trustee for the Smith Family Trust
("the Company")**

Reference is made to the above named Company and my Report to Creditors dated 15 July 2013.

Please find enclosed a self-explanatory report providing you with an update regarding the conduct of the liquidation to date.

I advise that an interim dividend at the rate of approximately 10 cents in the dollar is to be paid in early May 2014.

Please find enclosed my Notice of Intention to Declare an Interim Dividend for your information.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Kim Wallman', is written over a light blue horizontal line.

Kim Wallman – Liquidator
Central Mining & Contracting Pty Ltd (in Liquidation) ACN 113 050 678

HLB Mann Judd (Insolvency WA) ABN 54 686 879 814

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Form 547
(Sub regulation 5.6.65 (1))

Corporations Act 2001

**NOTICE TO CREDITOR OR PERSON CLAIMING TO BE A CREDITOR OF INTENTION TO
DECLARE A DIVIDEND**

**Central Mining & Contracting Pty Ltd (in Liquidation) ACN 113 050 678
As Trustee for the Smith Family Trust
("the Company")**

A first dividend is to be declared on Wednesday, 7 May 2014 for the Company.

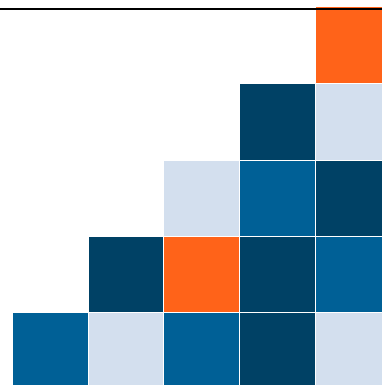
Dated 14 April 2014

A handwritten signature in black ink, appearing to read 'Kim Wallman', is written in a cursive style.

Kim Wallman – Liquidator
Central Mining & Contracting Pty Ltd (in Liquidation)
ACN 113 050 678



Chartered Accountant



Central Mining & Contracting Pty Ltd (in Liquidation) ACN: 113 050 678

As Trustee for the Smith Family Trust
("the Company")

Liquidator's Report to Creditors

Dated 14 April 2014

Liquidator	Kim Wallman
Appointment Date	23 July 2013
Contact	Greg Quin
Telephone Number	08 9215 7900

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- Appendix A – Liquidator’s Account of Receipts and Payments
- Formal Proof of Debt Form

1. Introduction

As you will recall, I, Kimberley Stuart Wallman, was appointed as the Administrator of Central Mining & Contracting Pty Ltd (in Liquidation) ACN 113 050 678 (the Company) under Part 5.3A of the *Corporations Act 2001* (the Act) on 20 June 2013 by the Director of the Company.

At a meeting of the Company's creditors held on 23 July 2013, a resolution was passed by the creditors for the Company to be placed into liquidation.

I write to you to provide you with an update in relation to the progress and status of the liquidation and to advise you of my intention to declare an interim dividend to unsecured creditors.

In the first instance, due to a number of outstanding matters, which are elaborated upon in section 3 below, I advise that I intend to distribute an interim dividend at the rate of 10 cents in the dollar in early May 2014.

A final dividend is expected to be paid before the end of August 2014.

2. Update to Creditors

2.1. Cessation of Works at the CITIC Pacific Project at Cape Preston

Works at the CITIC Pacific site at Cape Preston ended on 16 August 2013.

Whilst the contract officially expired on 12 August 2013, I had endeavoured to arrange an additional short-term contract whilst Multiplant Pty Ltd (Multiplant) attempted to take over the contract. Whilst this did not eventuate, CITIC Pacific paid for the equipment that was on site for the four days post the contract whilst negotiations continued.

Following the cessation of works, I took action to have the majority of the Company's unencumbered assets demobilised and transported to locations for realisation. Other assets remained on site to be sold in-situ.

2.2. Recovery of Debtor / Retention Amounts

I have finalised the collection of pre-appointment debts due to the Company.

As flagged in my section 439A report to creditors dated 15 July 2013, the contractual administration and control of all the Company's projects was well below the acceptable standard.

This has made establishing the correct status of amounts due under the contracts very difficult.

Considerable time and resources have been applied to this aspect of asset realisations.

Given there were substantial potential recoveries outstanding, each contract needed detailed attention and follow through.

There were a number of significant adjustments to amounts due or not recorded. All of these needed to be reconciled, contract by contract, variations, retentions with the head contract consultants.

In relation to the Rio Tinto Fuel Infrastructure Project claim of \$1.13M outstanding per the Company's records, Rio Tinto rejected approximately \$400K of the claims, however increased a separate claims by \$140K, resulting in a final amount due of \$871K + GST, a total of \$959K.

All other contract works conducted by the Company for Rio Tinto were reconciled and after detailed examination, further invoices were raised for \$130K + GST.

In summary, of Rio Tinto's total \$1.26M claimed (including disputed and undisputed claims), \$1.1M has been accepted and paid.

With reference to Brierty Limited, the initial debt was documented in the records as \$195,388. Following the reconciliation of all works and subsequent invoicing, the total debt was increased to \$399,140.

The amount due and payable following allowable mutual offsets was \$279,783. This amount was deposited on 1 October 2013.

In my section 439A report to creditors, I indicated that there was possibly \$2.38M outstanding as owing to the company at the date of my appointment. The total that has been recovered totals approximately \$2.4M.

Overall collections have been close to the 439A estimates; however with the benefit of hindsight, that was a fortuitous outcome given the state of the contract administration and limited in house assistance.

2.3. Realisation of Plant & Equipment

The majority of financed plant contracts (leases & hire purchase agreements) were disclaimed by me as either during the Administration or Liquidation period.

This was due to negative equity in the finance contracts, after allowing for realisation costs of transport and commissions to sell.

The assets owned outright by the Company and those financed assets with positive equity were relocated to various realisation sites, including Karratha, Port Hedland and Perth.

The final sundry assets are currently being realised and I expect to finalise efforts in this regard by the end of April 2014.

Details of the asset realisations are included in the attached account of receipts and payments.

2.4. Status of Preferential Payment Recovery Actions

I previously advised creditors that as a result of my investigations into the past affairs and dealings of the Company, I had identified potential preferential payments made to seven parties totalling approximately \$742,000.

Further investigations revealed that four of these parties had valid defences to my recovery actions.

Three parties have agreed to settle my claims, resulting in net cash recoveries of approximately \$246K. Additionally, these creditors have agreed to remove their claims from the Liquidation, which based on the estimated final dividend rate, equates to an additional cash benefit of \$100K (approximately) available to creditors generally. Therefore, in total, the net benefit to creditors as a result of my preferential payment recovery actions is \$346K.

2.5. Settlement of Priority Creditor Entitlements

As you are aware, the Company's superannuation liability that existed prior to my appointment has been settled in full along with the majority of other priority employee entitlements. One possible priority claim is currently being addressed and it relates to the question of whether the person was an employee of the Company or a sub-contractor. The amount concerned is not material and will be paid before the distribution to unsecured creditors.

2.6. Settlement of ANZ Liability

As creditors may recall, the Company provided Garuwarra Investments Pty Ltd (Garuwarra) with a guarantee in relation to borrowings that Garuwarra had obtained from the Australia and New Zealand Banking Group Limited (ANZ) in late 2012.

Pursuant to the guarantee provided by the Company, the ANZ bank placed a hold on approximately \$465,000 held in one of the Company's ANZ bank accounts at the time of my appointment.

I advise that Garuwarra took action to pay out the ANZ bank at a settlement that occurred on 13 January 2014. As a result, the ANZ released the Company from its guarantee obligations and I received the balance of the Company's ANZ bank account. The amount recovered after costs was approximately \$449,000.

My investigations have revealed that the shortfall amount of approximately \$16,000 should have been borne by Garuwarra. I advise that Garuwarra did not contest my determination and that reimbursement of this amount has been paid.

2.7. ATO Reconciliation & Investigations

My analysis of the Company's books and records revealed that the Company has understated its sales that were reported to the Australian Taxation Office (ATO).

Creditors may recall that in my report to creditors dated 15 July 2013, the ATO submitted a claim in the amount of approximately \$1.65M. That claim did not include the Business Activity Statement (BAS) amounts for the months of May and June 2013. Therefore in my report to creditors, I increased the claim of the ATO from \$1.65M to my estimate of \$2.2M.

Throughout the course of the liquidation, my investigations revealed that in the period July 2012 to the end of April 2013, approximately \$8.7M in sales (net of GST) had not been reported to the ATO, equating to an understatement in GST collected of \$877K for that period.

After adding in the BAS amounts for the months of May and June 2013 as mentioned above, the total understatement of sales to the ATO in the 2012/13 financial year was approximately \$11.9M, equating to a GST collected understatement of approximately \$1.19M.

Further to my reconciliation of the GST aspects of the Company's BAS reporting, I also advise that PAYG-w amounts withheld from employee wages were also understated, totalling approximately \$565K. The main discrepancies occurred in the months of December 2012 and May 2013, with the amount for June 2013 not being reported to the ATO due to my appointment as the Administrator on 20 June 2013.

In summary, the debt owed to the ATO will rise from my initial estimate of \$2.2M as outlined in my report to creditors of 15 July 2013, to approximately \$3.5M. This matter took a significant time to investigate and reconcile. The ATO has been advised of this matter and the necessary adjustments will be performed by the ATO in order to correctly reflect the quantum of their debt. I am yet to receive a response from the ATO regarding this matter as they may be performing additional internal investigations.

I advise that the Company's former Finance Manager alerted me to the possible existence of other debtor amounts to recover, totalling approximately \$300,000, the details of which were allegedly contained in a file left with the Company's Director, Charles Smith, upon the former Finance Manager's cessation of work with the Company.

I have investigated this matter and I have communicated with the Company's Director, Mr Charles Smith. The file referred to by the former Finance Manager cannot be found and Mr Smith does not recollect its existence.

Having said this, I am in the process of reviewing the Company's records for the file in question.

I advise Members that I have concluded my investigations into the past affairs and dealings of the Company. On 5 December 2013, I took action to lodge a report with the Australian Securities & Investment Commission (ASIC) pursuant to section 533 of the Corporations Act 2001.

I also advise that I am considering submitting a supplementary report to ASIC regarding my investigation of the Company's past affairs.

3. Creditor Claims, Dividend Estimate & Dividend Timing

As noted in my introduction, claims are still being received from creditors and a number of claims such as contingency shortfalls on financed plant are yet to be quantified.

The final reconciliation with the ATO debt, as mentioned above, is yet to be received.

There are two claims that are the subject of ongoing investigations that may have a material effect on the dividend distribution.

Furthermore, the final asset realisations are currently being concluded.

Having said that however, I estimate that the total dividend rate to be between 20 to 25 cents in the dollar.

As noted above, an interim dividend of approximately 10 cents in the dollar will be distributed in early May 2014. The final dividend should follow before the end of August 2014.

If you have any queries regarding this matter, please contact Mr Greg Quin of my office.

Yours faithfully,



Kim Wallman – Liquidator
Central Mining & Contracting Pty Ltd (in Liquidation) ACN 113 050 678

Central Mining & Contracting Pty Ltd (In Liquidation)
ACN: 113 050 678

Receipts and Payments

20 June 2013 to 9 April 2014

Receipts	\$
Pre-appointment Debtor Recoveries	2,399,583
Post-appointment Debtor Recoveries	1,499,068
Sale of Assets	1,211,410
Cash at Bank	999,216
Insurance Claim Recovery	205,912
Preferential Payment Recoveries	165,000
Pre-paid Legal Fees Recovered	30,000
Interest Received	22,121
Reimbursement from Garuwarra	16,404
BAS Refund	3,987
Money paid in error - rectified 1 Nov 13	1,146
Refund of Overpayment	648
Total	6,554,495
Payments	
Trade-on Wages	479,177
Secured Creditor Return – Finance Payouts	408,476
Liquidation Fees	390,688
Trade-on Expenses	387,035
Priority Dividend	280,149
BAS Payments	559,056
Superannuation Priority Dividend	164,719
Insurance	138,943
Leased Asset Payouts	110,976
Administration Fees	102,108
Rent	28,520
Legal Costs	34,722
Trade-on Superannuation	55,506
Asset Valuations	10,010
Plant & Equipment Transport Costs	4,620
Administrator/Liquidator Expenses	5,106
Money paid in error - rectified 1 Nov 13	1,146
Bank Charges	169
Total	3,161,126
Cash Balance	3,393,369

FORM 535

Corporations Act 2001
Sub-regulation 5.6.49(2)

**FORMAL PROOF OF DEBT OR CLAIM
(GENERAL FORM)**

To the Liquidator of Central Mining & Contracting Pty Ltd (in Liquidation) ACN 113 050 678

1. This is to state that the Company was on 20 June 2013 and still is, justly and truly indebted to:

In the sum of _____ (INSERT AMOUNT OWED)

Is the above amount subject to GST Yes / No (CIRCLE)

Amount of GST included in the above amount _____

	Consideration (state how the debt arose)	Amount (\$)	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following (insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

Date	Drawer	Acceptor	Amount \$	Due Date

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

4. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

*Do not complete if this proof is made by the creditor personally

Date:

Signature:

Ph:

Name:

Address: