HLB Mann Judd (Insolvency WA)

Chartered Accountant

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15 July 2014

CIRCULAR TO CREDITORS

Macdonald Building & Plumbing Pty Ltd (Administrator Appointed)
ACN: 082 040 033
As Trustee for the Macdonald Family Trading Trust
("the Company")

I write to advise that I, Kim Wallman, was appointed as the Administrator of the Company on 14 July 2014 pursuant to Section 436A of the *Corporations Act 2001* ("the Act").

I am now in control of the Company's assets and operations.

As creditors may be aware, the company has experienced difficult trading conditions primarily as a result of the inability to recover funds owing by a major debtor. The matter is currently subject to an expert determination pursuant to the dispute resolution clause of the contract, however the timing of the determination and the amount that may be recovered is uncertain at this stage.

As a result of my appointment as Administrator, all powers of the officers of the Company cease. I have entered into control of all the assets of the Company. The debts of the Company are "frozen" as at the date of my appointment.

I am unable to make any payment against them nor are the creditors entitled to take any recovery proceedings in respect of the debt owed to them whilst the Administration is in progress.

I am currently assessing the financial position of the Company. The Director of the Company has been requested to prepare a statement regarding the Company's business, property, affairs and financial circumstances as at the date of my appointment.

I raise below the following matters regarding the Administration.

1. First Meeting of Creditors

You are advised that a meeting of creditors has been arranged for Wednesday, 23 July 2014 at 10.00am at the offices of HLB Mann Judd (Insolvency WA), Ground Floor, 15 Rheola Street, West Perth WA.

The purpose of the meeting is to provide creditors with an update in relation to the conduct of the Administration and to provide creditors with the opportunity to:

- Appoint a Commitee of Creditors and if so, who are to the Commitee's Members; and
- Appoint and alternative Administrator, if they deem it to be appropriate.

Accordingly, I enclose the following documents:

- Notice of Meeting (Form 529):
- Formal Proof of Debt form (Form 535);
- Appointment of Proxy Form (Form 532); and
- Australian Securities & Investment Commission Information Sheet – 'Voluntary Administration: a guide for creditors'.

Please submit the Informal Claim for Voting Purposes and Appointment of Proxy form to this office before the meeting and in any event, **before 4.00pm on Tuesday, 22 July 2014**.

Completed forms can be sent via facsimile to 08 9321 0429 marked to the attention of Miss Samantha Hunton or scanned and emailed to shunton@hlbinsol.com.au.

Creditors are advised that the meeting commences at 10.00am sharp, therefore please arrive 15 minutes prior to the meeting for registration purposes.

2. Declaration by the Administrator

Pursuant to sections 436DA(2) and (3) of the Act and the Australian Reconstructing Insolvency & Turnaround Association ("ARITA") Code of Professional Practice, I enclose my Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI").

3. Administrator's Background

HLB Mann Judd (Insolvency WA) is an independent, professional services firm specialising in corporate recovery.

I, Kim Wallman, am a Registered Liquidator, Official Liquidator and Chartered Accountant.

I am the Principal of HLB Mann Judd (Insolvency WA) and I have over 30 years of experience in the insolvency industry.

4. Trading

Due to the lack of working capital, the company ceased to trade following my appointment and will remain in this holding position whilst we assess the financial position and await the determination of the dispute with the major debtor.

No set off will be allowed for any amount or sum due to creditors prior to 14 July 2014 in dealings subsequent to the date of Administration.

Trading Accounts

The Act provides that the Administrator is liable for debts arising for services rendered, goods bought, or property hired, leased, used or occupied during the Administration period.

Please note that I will not be accepting liability for good purchased or services rendered without:

- A purchase order, signed and authorised by one of more of the authorised signatories set out in the attached list accompanying this circular; and
- A tax invoice.

You may be contacted by my office in the coming days in the coming days if I should require your services during the Administration period.

Consignment Stock and Retention of Title

If you have supplied the Company with consignment stock, or if you believe your stock may be subject to a Retention of Title clause, please contact my office as soon as possible.

To substantiate your claim, please provide a copy of the relevant executed contract or trade credit application, including reference to the terms and conditions in question, copies of outstanding invoices (again including reference to the relevant terms and conditions) and a copy of the Personal Property Securities Register ("PPSR)" registration against the Company (if applicable).

You will also need to demonstrate how you can specifically identify goods as having been supplied by you and whether you can distinguish which of those goods have been paid for and which have not.

Contracts

I hereby expressly refrain from personally adopting any of the Company's contracts that were in force as at the date of my appointment. All contracts are currently under review and I will advise the status of contracts as soon as practicable.

Property Used but not Owned by the Company

Pursuant to section 443B of the Act, the Administrator's liability for leasing agreements and hire purchase agreements does not commence until five business days after the Administrator's appointment.

Furthermore, pursuant to section 440C of the Act, the lessor or owner of property in the Company's control is not entitled to take possession of such property without leave of the Court or the Administrator's written consent whilst the Administration is on foot.

I will write separately to known lease and hire purchase creditors regarding such assets. Please contact my office if you do not receive this correspondence.

5. Legal Proceedings

As a result of my appointment as the Administrator, all Court actions against the Company are stayed. You are not able to commence or continue with any proceeding against the Company without my written consent or the leave of the Court.

6. Report to Creditors and Second Meeting of Creditors

I will prepare and circulate a report pursuant to section 439A of the Act which will include details about the Company and its financial position, potential offences and a statement regarding the future direction of the Company.

I expect to issue this Report on 6 August 2014.

The second meeting of creditors will be held on or Thursday, 14 August 2014. In the interim I will undertake a more detailed examination of the Company's affairs and financial circumstances prior to this second meeting of creditors in order that an opinion can be formed as to:

- Whether it is in the interest of creditors to consider executing a Deed of Company Arrangement;
- Whether it is in the interest of the creditors that the Company be wound up; or
- Whether the Administration should be ended.

As you would appreciate, this will encompass considering the commercial viability of any proposal that the Director may wish to place before the creditors and whether there are any other benefits such as preferential payments or other transactions that need to be examined.

7. Administrator's Remuneration

In respect to the Administrator's remuneration, I advise that HLB Mann Judd (Insolvency WA) charges professional fees on the basis of time spent by the principal appointee and staff at rates reflecting their level of experience.

The current rate schedule is attached to this letter. At this stage it is estimated fees will total $15,000 (excluding GST and excluding expenses) to the first meeting of creditors. The total costs of the Administration will vary depending on the work required to be performed by the Administrator and staff in respect of issues arising from the Administration.

I will provide creditors with my remuneration report pursuant to section 449E of the Act with the report referred to in point 6 above.

An information sheet regarding the approval of the remuneration of external administrators can be obtained from the ARITA (www.arita.com.au) or from this office.

8. Electronic Notification

In accordance with section 600G of the Act, you may elect to receive future correspondence from the Administrator via email. If you wish to do so, please contact Miss Jess Morley of my office via email to jmorley@hlbinsol.com.au.

Please advise the full name of the creditor in question and the email address to where future correspondence should be sent.

If you have any queries, please contact Mr Gary Anderson of my office on 08 9215 7900.

Yours sincerely

Kim Wallman – Administrator of
Macdonald Building & Plumbing Pty Ltd (Administrator Appointed)
ACN: 082 040 033

CORPORATIONS ACT 2001

FORM 529
Sub-regulations 5.6.12(2)

NOTICE OF FIRST MEETING OF CREDITORS

Macdonald Building & Plumbing Pty Ltd (Administrator Appointed) ACN: 082 040 033
As Trustee for the Macdonald Family Trading Trust
("the Company")

Notice is given that a meeting of creditors of the Company will be held on Wednesday, 23 July 2014 at 10.00am at Ground Floor, 15 Rheola Street, West Perth WA.

Please note that you should arrive 15 minutes prior to the meeting for registration purposes.

The purpose of the meeting is for creditors to consider:

(a) Whether to appoint a committee of creditors, and if relevant, who are to be its members;
(b) Whether a replacement Administrator should be appointed;
(c) Any other relevant business.

Dated 15 July 2014

Kim Wallman – Administrator of
Macdonald Building & Plumbing Pty Ltd (Administrator Appointed)
ACN: 082 040 033

Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI")

Macdonald Building & Plumbing Pty Ltd (Administrator Appointed) ACN: 082 040 033
As Trustee for the Macdonald Family Trading Trust
("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 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 myself and my firm, HLB Mann Judd (Insolvency WA).

A. Independence

I, Kimberley Stuart Wallman, Chartered Accountant, have undertaken a proper assessment of the risks to my independence prior to accepting the appointment as 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

This appointment was referred to me through a Senior Consultant of my practice, Mr Gary Anderson, by Mark de Kerloy of Mony de Kerloy lawyers in Perth, Western Australia.

Mr Anderson had a one (1) meeting with the Director and a senior employee of the Company on 9 July 2014 for the purpose of discussing, in general, the options available to the Company in light of it financial circumstances.

Mr Anderson and I received no remuneration for the above mentioned consultation.

We subsequently met with the Director of the company and the senior employee on 14 July 2014 to again discuss in general the options available to the Company, the issues surrounding the recoverability of the major debtor and for the purpose of appointing me as the Administrator of the Company.

In my opinion, these meetings do not affect my independence for the following reasons:

- The Courts and the Australian Restructuring Insolvency & Turnaround Association'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;

- The nature of the advice provided to the Company is such that it would not be subject to review and challenge during the course of the appointment; and

- The pre-appointment advice will not influence my ability to be able to fully comply with the statutory and fiduciary obligations associated with the Administration of the Company in an objective and impartial manner.

I have provided no other information or advice to the Company, or the Director of the Company prior to my appointment beyond that outlined in this DIRRI.

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

Neither I, nor my 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 security over the whole or substantially whole of the company's property.

iii. Prior Professional services to the Insolvent

Neither I, nor my firm, have provided any professional services to the company in the previous 24 months.

iv. No other relevant relationships to disclose

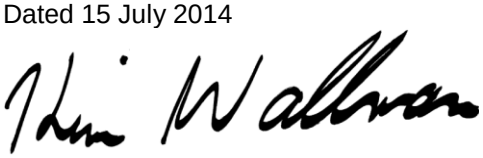
There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the company, an associate of the company, a former insolvency practitioner appointed to the company or any person or entity that has security over the whole or substantially whole of the company's property that should be disclosed.

C. Indemnities and up-front payments

I have been provided with an upfront payment of $20,000 to cover my initial remuneration and expenses associated with the Administration of the Company. The money is currently held in the trust account of Mony de Kerloy Lawyers and will shortly be transferred to my firm's trust account and will not be drawn to meet my remuneration until such time that it is approved by creditors.

There are no conditions on the conduct or outcome of the Administration attached to the provision of these funds.

Dated 15 July 2014



Kimberley Stuart Wallman – Administrator of
Macdonald Building & Plumbing Pty Ltd (Administrator Appointed)
ACN 082 040 033

Note:

1. If circumstances change, or new information is identified, I am are required under the Corporations Act and the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/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.

STATEMENT REGARDING REMUNERATION

Macdonald Building & Plumbing Pty Ltd (Administrator Appointed) ACN 082 040 033
As Trustee for the Macdonald Family Trading Trust
("the Company")

A. REMUNERATION METHODS

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

These are:

Time based/hourly rates

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

Fixed fee

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

Percentage

The total fee charged is based on a particular variable such as the total gross proceed from asset realisations.

Contingency

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

B. METHOD CHOSEN

Time based remuneration is appropriate for this administration because:

- It ensures creditors are only charged for work performed in the conduct of the administration;
- I am required to perform tasks unrelated to asset realisations; therefore fees solely based on asset realisations would be impractical;
- I am unable to provide a reliable estimate of the total remuneration required to complete all tasks in the administration.

C. FEE ESTIMATE

As noted above, at this stage it is estimated fees will total $15,000 (excluding GST and excluding expenses) to the first meeting of creditors. The total costs of the Administration will vary depending on the work required to be performed by the Administrator and staff in respect of issues arising from the Administration.

Dated 15 July 2014

Kimberley Stuart Wallman – Administrator of
Macdonald Building & Plumbing Pty Ltd (Administrator Appointed)
ACN 082 040 033

HLB Mann Judd (Insolvency WA)

Schedule of charge out rates and internal disbursement for the 2014/15 financial year

Classification	Details of classification	Charge out rate / hour (excl of GST)
Appointee	Registered Liquidator and Registered Trustee, 30 years' experience in the insolvency profession	$478
Senior Consultant	Registered Liquidator and Registered Trustee	$437 - $473
Consultant	Responsible for assisting with specific high level field work tasks	$355
Manager	Responsible for and co-ordinating and assisting in completing fieldwork and investigations	$288 - $334
Senior	Responsible for assisting Manager in completing field work and investigations and conducting Members Voluntary Liquidations and assisting in Bankruptcy Act appointments	$226
Intermediate	Responsible for assisting the Manager / Senior with field work and investigations	$174
Secretary	Administration and secretarial assistance	$82 - 159

ASIC
Australian Securities & Investments Commission

INFORMATION SHEET 74

Voluntary administration: a guide for creditors

If a company is in financial difficulty, it can be put into voluntary administration.

This information sheet provides general information for unsecured creditors of companies in voluntary administration.

Who is a creditor?

You are a creditor of a company if the company owes you money. Usually, a creditor is owed money because they have provided goods or services, or made loans to the company.

An employee owed money for unpaid wages and other entitlements is a creditor.

A person who may be owed money by the company if a certain event occurs (e.g. if they succeed in a legal claim against the company) is also a creditor, and is sometimes referred to as a 'contingent' creditor. There are generally two categories of creditor: secured and unsecured:

- A secured creditor is someone who has a 'charge', such as a mortgage, over some or all of the company's assets, to secure a debt owed by the company. Lenders usually require a charge over company assets when they provide a loan.
- An unsecured creditor is a creditor who does not have a charge over the company's assets.

Employees are a special class of unsecured creditors. Their outstanding entitlements are usually paid in priority to the claims of other unsecured creditors. If you are an employee, see ASIC's information sheet INFO 75 *Voluntary administration: a guide for employees*.

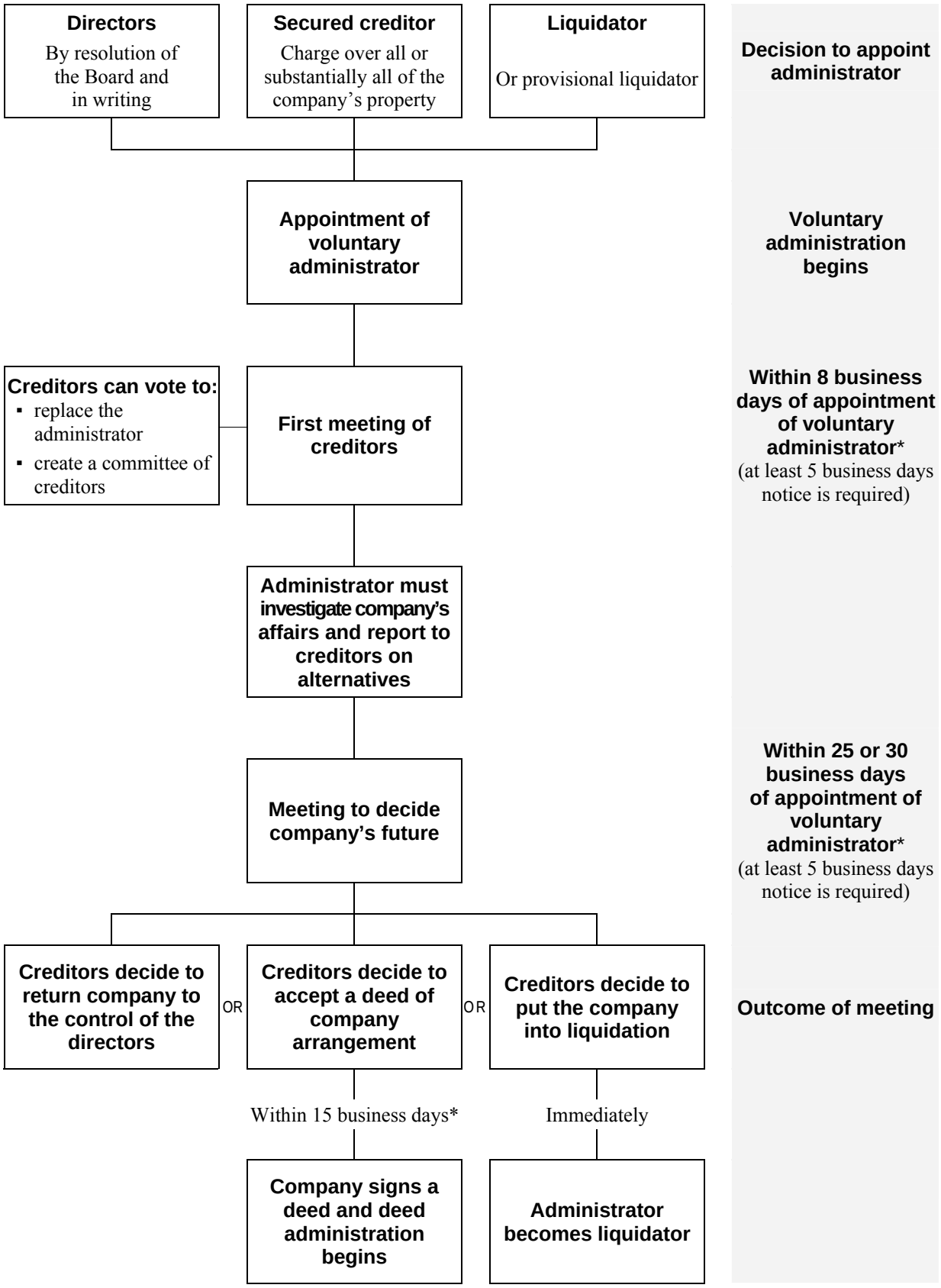
The purpose of voluntary administration

Voluntary administration is designed to resolve a company's future direction quickly (Figure 1 summarises the process). An independent and suitably qualified person (the voluntary administrator) takes full control of the company to try to work out a way to save either the company or its business.

If it isn't possible to save the company or its business, the aim is to administer the affairs of the company in a way that results in a better return to creditors than they would have received if the company had instead been placed straight into liquidation. A mechanism for achieving these aims is a deed of company arrangement.

A voluntary administrator is usually appointed by a company's directors, after they decide that the company is insolvent or likely to become insolvent. Less commonly, a voluntary administrator may be appointed by a liquidator, provisional liquidator, or a secured creditor.

Figure 1: The voluntary administration process



* Unless the court allows an extension of time.

A company in voluntary administration may also be in receivership: see ASIC information sheet INFO 54 *Receivership: a guide for creditors*.

The voluntary administrator's role

After taking control of the company, the voluntary administrator investigates and reports to creditors on the company's business, property, affairs and financial circumstances, and on the three options available to creditors. These are:

- end the voluntary administration and return the company to the directors' control
- approve a deed of company arrangement through which the company will pay all or part of its debts and then be free of those debts, or
- wind up the company and appoint a liquidator.

The voluntary administrator must give an opinion on each option and recommend which option is in the best interests of creditors.

In doing so, the voluntary administrator tries to work out the best solution to the company's problems, assesses any proposals put forward by others for the company's future, and compares the possible outcomes of the proposals with the likely outcome in a liquidation.

A creditors' meeting is usually held about five weeks after the company goes into voluntary administration to decide on the best option for the company's future. In complex administrations, this meeting may be held later if the court consents.

The voluntary administrator has all the powers of the company and its directors. This includes the power to sell or close down the company's business or sell individual assets in the lead up to the creditors' decision on the company's future.

Another responsibility of the voluntary administrator is to report to ASIC on possible offences by people involved with the company.

Although the voluntary administrator may be appointed by the directors, they must act fairly and impartially.

Effect of appointment

The effect of the appointment of a voluntary administrator is to provide the company with breathing space while the company's future is resolved. While the company is in voluntary administration:

- unsecured creditors can't begin, continue or enforce their claims against the company without the administrator's consent or the court's permission
- owners of property (other than perishable property) used or occupied by the company, or people who lease such property to the company, can't recover their property
- except in limited circumstances, secured creditors can't enforce their charge over company property
- a court application to put the company in liquidation can't be commenced, and
- a creditor holding a personal guarantee from the company's director or other person can't act under the personal guarantee without the court's consent.

Voluntary administrator's liability

Any debts that arise from the voluntary administrator purchasing goods or services, or hiring, leasing, using or occupying property, are paid from the available assets as costs of the voluntary administration. If there are insufficient funds available from asset realisations to pay these costs, the voluntary administrator is personally liable for the shortfall. To have the benefit of this protection, you should ensure you receive a purchase order authorised in the manner advised by the voluntary administrator.

The voluntary administrator must also decide whether to continue to use or occupy property owned by another party that is held or occupied by the company at the time of their appointment.

Within five business days after their appointment, the voluntary administrator must notify the owner of property whether they intend to continue to occupy or use the property. If the voluntary administrator decides to continue to do so, they will be personally liable for any rent or amounts payable arising after the end of the five business days.

Amounts that become due to employees after the date of the appointment of the voluntary administrator have a priority claim against the company's assets as a cost of the administration. However, the voluntary administrator does not become personally liable for such amounts unless the voluntary administrator adopts employees' contracts of employment or enters into new employment contracts with them.

Creditors' meetings

Two meetings of creditors must be held during the voluntary administration.

First creditors' meeting

The voluntary administrator must call the first creditors' meeting within eight business days after the voluntary administration begins.

At least five business days before the meeting, the voluntary administrator must notify as many creditors as practical in writing and advertise the meeting. The advertisement must appear in a newspaper circulating in the states or territories in which the company has its registered office or carries on its business.

The voluntary administrator must send to creditors, with the notice of meeting, declarations about any relationships they may have, or indemnities they have been given, to allow creditors to consider the voluntary administrator's independence and make an informed decision about whether they want to replace them with another voluntary administrator of the creditors' choice.

The purpose of the first meeting is for creditors to decide two questions:

- whether they want to form a committee of creditors, and, if so, who will be on the committee, and
- whether they want the existing voluntary administrator to be removed and replaced by a voluntary administrator of their choice.

The role of a committee of creditors is to consult with the voluntary administrator about matters relevant to the voluntary administration and receive and consider reports from the voluntary administrator. The committee can also require the voluntary administrator to report to them about the voluntary administration. It may also approve the voluntary administrator's fees.

A creditor who wishes to nominate an alternative voluntary administrator must approach a registered liquidator before the meeting and get a written consent from that person that they would be prepared to act as voluntary administrator. The proposed alternative administrator should give to the meeting declarations about any relationships they may have, or indemnities they have been given. The voluntary administrator will only be replaced if the resolution to replace them is passed by the creditors at the meeting.

To be eligible to vote at this meeting, you must lodge details of your debt or claim with the voluntary administrator (discussed further below).

This meeting can be chaired by either the voluntary administrator or one of their senior staff.

Second creditors' meeting (to decide the company's future)

After investigating the affairs of the company and forming an opinion on each of the three options available to creditors (outlined above), including an opinion as to which option is in the best interests of creditors, the administrator must call a second creditors' meeting. At this meeting, creditors are given the opportunity to decide the company's future.

This meeting is usually held about five weeks after the company goes into voluntary administration (six weeks at Christmas and Easter).

However, in complex voluntary administrations, often more time is needed for the voluntary administrator to be in a position to report to creditors. In these circumstances, the court can approve an extension of time to hold the meeting.

The voluntary administrator must chair this meeting.

In preparation for the second meeting, the voluntary administrator must send creditors the following documents at least five business days before the meeting:

- a notice of meeting
- the voluntary administrator's report, and
- a statement about any proposals for a deed of company arrangement.

These will be accompanied by:

- a claim form (usually a 'proof of debt' form), and
- a proxy voting form.

The meeting must also be advertised.

Either or both the first and second creditors' meeting may be held using telephone or videoconferencing facilities.

Voluntary administrator's report

You should read the voluntary administrator's report before you attend the second meeting or decide whether you want to appoint someone else to vote on your behalf at that meeting. This report must give sufficient information to explain the company's business, property and affairs, and the reasons for the current financial situation, to enable you to make an informed decision about the company's future.

The report should also provide an analysis of any proposals for the future of the company, including the possible outcomes, as well as a comparable estimate of what would be available for creditors in a liquidation.

Finally, the report should include the voluntary administrator's opinion on each of the options available to creditors, as well as an opinion on which is in the best interests of creditors. As noted above, the options are:

- end the voluntary administration and return the company to the directors' control
- approve a deed of company arrangement (if one is proposed), or
- put the company into liquidation.

Voluntary administrator's statement about deed

If there are proposals for a deed of company arrangement, the voluntary administrator must provide creditors with a statement giving enough details of each proposal to enable creditors to make an informed decision. The types of proposals allowed in a deed of company arrangement are very flexible.

Typically, a proposal will provide for the company to pay all or part of its debts, possibly over time, and then be free of those debts. It will often provide for the company to continue trading. How these things will happen varies from case to case, as the terms allowed in a deed of company arrangement are also very flexible. The contents of a deed of company arrangement are discussed below.

You should insist on being provided with as much information about the terms of the proposed deed as possible, before the creditors' meeting. The minimum contents of a deed of company arrangement, discussed below, provide a guide on the information you might request if it hasn't already been provided.

You should also contact the voluntary administrator before the meeting if you believe the report to creditors does not contain sufficient information to enable you to make a decision about the company's future.

Voting at a creditors' meeting

To vote at any creditors' meeting you must lodge details of your debt or claim with the voluntary administrator. Usually, the voluntary administrator will provide you with a form called a 'proof of debt' to be completed and returned before the meeting.

The chairperson of the meeting decides whether or not to accept the debt or claim for voting purposes. The chairperson may decide that a creditor does not have a valid claim or the amount of the debt cannot be determined with any certainty at the date of the meeting. In this case, they may not allow the creditor to vote at all, or only to vote for a debt of $1. This decision is only for voting purposes. It is not relevant to whether a creditor will receive a dividend.

An appeal against a decision by the chairperson to accept or reject a proof of debt or claim for voting purposes may be made to the court within 14 days after the decision.

A secured creditor is entitled to vote for the full amount of their debt without having to deduct the value of their security.

Voting by proxy

You may appoint a proxy to attend and vote at a meeting on your behalf. A proxy can be any person who is at least 18 years old. Creditors who are companies will have to nominate a person as proxy so that they can participate in the meeting. This is done using a form sent out with the notice of meeting. The completed proxy form must be provided to the voluntary administrator before the meeting. You can fax the proxy form to the voluntary administrator, but must lodge the original within 72 hours of sending the faxed copy.

An electronic form of proxy may be used if the liquidator allows electronic lodgement, provided there is a way to authenticate the appointment of the proxy (e.g. by scanning and e-mailing a signature or using a digital signature).

You can specify on the proxy form how the proxy is to vote on a particular resolution and the proxy must vote in accordance with that instruction. This is called a 'special proxy'. Alternatively, you can leave it to the proxy to decide how to vote on each of the resolutions put before the meeting. This is called a 'general proxy'.

You can appoint the chairperson to represent you either through a special or general proxy. The voluntary administrator or one of their partners or employees must not use a general proxy to vote in favour of a resolution approving payment of the voluntary administrator's fees.

Manner of voting

A vote on any resolution put to a creditors' meeting may be taken by creditors stating aloud their agreement or disagreement, or by a show of hands. Sometimes a more formal voting procedure called a 'poll' is taken.

If voting is by show of hands or by verbally signalling agreement, the resolution is passed if a majority of those present indicate agreement. It is up to the chairperson to decide if this majority has been reached.

After the vote, the chairperson must tell those present whether the resolution has been passed or lost. If the chairperson is unable to determine the outcome of a resolution on a show of hands, they may decide to conduct a poll.

Alternatively, a poll can be demanded by at least two people present who are entitled to vote, or someone who holds more than 10% of the votes of those entitled to vote at the meeting. The chairperson will determine how this poll is taken.

If you intend to demand that a poll be taken, you must do so before, or as soon as, the chairperson has declared the result of a vote taken by show of hands or voices.

When a poll is conducted, a resolution is passed if:

- more than half the number of creditors who are voting (in person or by proxy) vote in favour of the resolution, and
- those creditors who are owed more than half of the total debt owed to creditors at the meeting vote in favour of the resolution.

This is referred to as a 'majority in number and value'. If a majority in both number and value is not reached under a poll (often referred to as a deadlock), the chairperson has a casting vote.

Chairperson's casting vote

When a poll is taken and there is a deadlock, the chairperson may use their casting vote either in favour of or against the resolution. The chairperson may also decide not to use their casting vote.

The chairperson must inform the meeting, and include in the written minutes of meeting that are lodged with ASIC, of the reasons why they cast their vote in a particular way or why they chose not to use their casting vote.

If you are dissatisfied with how the chairperson exercised their casting vote or failed to use their casting vote, you may apply to the court for a review of the chairperson's decision. The court may vary or set aside the resolution or order that the resolution is taken to have been passed.

Votes of related creditors

If directors and shareholders, their spouses and relatives and other entities controlled by them are creditors of the company, they are entitled to attend and vote at creditors' meetings, including the meeting to decide the company's future.

If a resolution is passed, or defeated, based on the votes of these related creditors, and you are dissatisfied with the outcome, you may apply to the court for the resolution to be set aside and/or for a fresh resolution to be voted on without related creditors being entitled to vote. Certain criteria must be met before the court will make such an order (e.g. the original result of the vote being against the interests of all or a class of creditors).

Deciding how to vote at the second meeting

How you vote at the meeting on the three possible options, including any competing proposals for a deed of company arrangement, is a commercial decision based on your assessment of the company and its future prospects, and your personal circumstances. The information provided by the voluntary administrator, including opinions expressed, will assist you. However, you are not obliged to accept the administrator's recommendation.

If you do not consider that you have been given enough information to decide how to vote, and particularly whether to vote for any deed proposal, you can ask for a resolution to be put to creditors that the meeting be adjourned (up to a maximum of 45 business days in total) and for the administrator to provide more information. You must make this request before a vote on the company's future. This resolution must be passed for the adjournment to take place.

Creditors also have the right when a deed of company arrangement is proposed and considered at the meeting to negotiate specific requirements into the terms of the deed, including, for example, how the deed administrator is to report to them on the progress of the deed.

Any request to vary the deed proposal to include such requirements should be made before the deed proposal is voted on.

Minutes of meeting

The chairperson must prepare minutes of each meeting and a record of those who were present at each meeting.

The minutes must be lodged with ASIC within 14 days of the meeting. A copy may be obtained from any ASIC Business Centre on payment of the relevant fee.

Company returned to directors

If the company is returned to the directors, they will be responsible for ensuring that the company pays its outstanding debts as they fall due. It is only in very rare circumstances that creditors will resolve to return the company to the control of its directors.

Liquidation

If creditors resolve that the company go into liquidation, the voluntary administrator becomes the liquidator unless creditors vote at the second meeting to appoint a different liquidator of their choice. The liquidation proceeds as a creditors' voluntary liquidation with any payments of dividends to creditors made in the order set out in the *Corporations Act 2001* (Corporations Act). To find out more, see ASIC information sheet INFO 45 *Liquidation: a guide for creditors*.

Deed of company arrangement

If creditors vote for a proposal that the company enter a deed of company arrangement, the company must sign the deed within 15 business days of the creditors' meeting, unless the court allows a longer time. If this doesn't happen, the company will automatically go into liquidation, with the voluntary administrator becoming the liquidator.

The deed of company arrangement binds all unsecured creditors, even if they voted against the proposal. It also binds owners of property, those who lease property to the company and secured creditors, if they voted in favour of the deed. In certain circumstances, the court can also order that these people are bound by the deed even if they didn't vote for it. The deed of company arrangement does not prevent a creditor who holds a personal guarantee from the company's director or another person taking action under the personal guarantee to be repaid their debt.

Contents of the deed

Whatever the nature of the deed of company arrangement, it must contain certain information, including:

- the name of the deed administrator
- the property that will be used to pay creditors
- the debts covered by the deed and the extent to which those debts are released
- the order in which the available funds will be paid to creditors (the deed of company arrangement must ensure that employees have a priority in payment of outstanding employee entitlements unless the eligible employees agree by a majority in both number and value to vary this priority)
- the nature and duration of any suspension of rights against the company
- the conditions (if any) for the deed to come into operation
- the conditions (if any) for the deed to continue in operation, and
- the circumstances in which the deed terminates.

There are also certain terms that will be automatically included in the deed, unless the deed says they will not apply. These are called the 'prescribed provisions'. They include such matters as the powers of the deed administrator, termination of the deed and the appointment of a committee of creditors (called a 'committee of inspection').

The voluntary administrator's report should tell you which prescribed provisions are proposed to be excluded or varied, and, if varied, how.

Monitoring the deed

It is the role of the deed administrator to ensure the company (or others who have made commitments under the deed) carries through these commitments. The extent of the deed administrator's ongoing role will be set out in the deed.

Creditors can also play a role in monitoring the deed. If you are concerned that the obligations of the company (or others) under the deed are not being met, you should take this up promptly with the deed administrator. Matters that may give rise for concern include deadlines for payments or other actions promised under the deed being missed.

Creditors also have the right when a deed of company arrangement is proposed and considered at the second meeting to negotiate consequences of failure to meet such deadlines into the terms of the deed. Any request to vary the deed proposal to include such consequences should be made before the deed proposal is voted on.

The deed administrator must lodge a detailed list of receipts and payments with ASIC every six months.

Varying the deed

The deed administrator can call a creditors' meeting at any time to consider a proposed variation to the deed or a resolution to terminate the deed. The proposed resolutions must be set out in the notice of meeting sent to creditors.

Creditors owed at least 10% in value of all creditor claims can, by written request, also require the deed administrator to call such a meeting. However, it is unusual for this to happen, as those who make the request must pay the costs of calling and holding the meeting.

Payment of dividends under a deed

The order in which creditor claims are paid depends on the terms of the deed. Sometimes the deed proposal is for creditor claims to be paid in the same priority as in a liquidation. Other times, a different priority is proposed.

The deed must ensure employee entitlements are paid in priority to other unsecured creditors unless eligible employees have agreed to vary their priority.

Before you decide how to vote at the creditors' meeting, make sure you understand how the deed will affect the priority of payment of your debt or claim.

You may wish to seek independent legal advice if the deed proposes a different priority to that in a liquidation, or if creditors approve such a deed.

Establishing your claim under a deed

How debts or claims are dealt with under a deed of company arrangement depends on the deed's terms. Sometimes the deed incorporates the Corporations Act provisions for dealing with debts or claims in a liquidation.

Before any dividend is paid to you for your debt or claim, you will need to give the deed administrator sufficient information to prove your debt. You may be required to complete a claim form (this is called a 'proof of debt' in a liquidation). You should attach copies of any relevant invoices or other supporting documents to the claim form, as your debt or claim may be rejected if there is insufficient evidence to support it.

If a creditor is a company, the claim form should be signed by a person authorised by the company to do so.

When submitting a claim, you may ask the deed administrator to acknowledge receipt of your claim and advise if any further information is needed.

If the deed administrator rejects your claim after you have taken the above steps, first contact the deed administrator. You may also wish to seek your own legal advice. This should be done promptly. Depending on the terms of the deed, you may have a limited time in which to take legal action to challenge the decision.

If you have a query about the timing of the payment, discuss this with the deed administrator.

How a deed comes to an end

A deed may come to an end because the obligations under the deed have all been fulfilled and the creditors have been paid. Alternatively, the deed may set out certain conditions where the deed will automatically terminate.

The deed may also provide that the company will go into liquidation if the deed terminates due to these conditions being met.

Another way for the deed to end is if the deed administrator calls a meeting of creditors, and creditors vote to end the deed. This may occur because it appears unlikely that the terms of the deed can be fulfilled.

At the same time, creditors may be asked to vote to put the company into liquidation.

The deed may also be terminated if a creditor, the company, ASIC or any other interested person applies to the court and the court is satisfied that:

- creditors were provided false and misleading information on which the decision to accept the deed proposal was made
- the voluntary administrator's report left out information that was material to the decision to accept the deed proposal

- the deed cannot proceed without undue delay or injustice, or
- the deed is unfair or discriminatory to the interests of one or more creditors or against the interests of creditors as a whole.

If the court terminates the deed as a result of such an application, the company automatically goes into liquidation.

Approval of administrator's fees

Both a voluntary administrator and deed administrator are entitled to be paid for the work they perform. Generally, their fees will be paid from available assets, before any payments are made to creditors. They may have also arranged for a third party to pay any shortfall in their fees if there aren't enough assets.

The fees cannot be paid until the amount has been approved by a creditors' committee, creditors or the court. Creditors, the voluntary administrator/deed administrator or ASIC can ask the court to review the amount of fees approved.

If you are asked to approve fees, either at a meeting of a creditors' committee or in a general meeting of creditors, the voluntary administrator or deed administrator must give you, at the same time as the notice of the meeting, a report that contains sufficient information for you to assess whether the fees claimed are reasonable. This report should be in simple language and set out:

- a description of the major tasks performed
- the costs of completing these tasks, and
- such other information that will assist in assessing the reasonableness of the fees claimed.

For further information, see ASIC's information sheet INFO 85 *Approving fees: a guide for creditors*. If you are in any doubt about how the fees were calculated, ask for more information.

Apart from fees, the voluntary administrator and deed administrator are entitled to reimbursement for out-of-pocket expenses that have arisen in carrying out their administration. This reimbursement does not usually require approval.

Creditors' committee

A creditor's committee may be formed, following a vote of creditors, to consult with the voluntary administrator or deed administrator and receive reports on the conduct of their administration. A creditors' committee can also approve the administrator's fees.

In a voluntary administration, this committee is called a 'committee of creditors' and may be formed at the first creditors' meeting. While the company is under a deed of company arrangement, it is called a 'committee of inspection'.

All creditors, including a representative of the company's employees, are entitled to stand for committee membership to represent the interests of all creditors. However, to operate efficiently, the committee should not be too large.

If a creditor is a company, the creditor can nominate a director or employee to represent it on the committee.

Directors and voluntary administration

Directors cannot use their powers while the company is in voluntary administration. They must help the voluntary administrator, including providing the company's books and records, and a report about the company's business, property, affairs and financial circumstances, as well as any further information about these that the voluntary administrator reasonably requires.

If the company goes from voluntary administration into a deed of company arrangement, the directors' powers depend on the deed's terms. When the deed is completed, the directors regain full control, unless the deed provides for the company to go into liquidation on completion.

If the company goes from voluntary administration or a deed of company arrangement into liquidation, the directors cannot use their powers. If creditors resolve that the voluntary administration should end, control of the company goes back to the directors.

Queries and complaints

You should first raise any queries or complaints with the voluntary administrator or deed administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at www.asic.gov.au/complain, or write to:

ASIC Complaints
PO Box 9149
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by a voluntary administrator or deed administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through infoline@asic.gov.au, or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

To find out more

For an explanation of terms used in this information sheet, see ASIC information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at www.asic.gov.au/insolvencyinfosheets:

- 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*

These are also available from the Insolvency Practitioners Association (IPA) website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.

Form 535
Corporations Act 2001
Sub regulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Administrator of Macdonald Building & Plumbing Pty Ltd (Administrator Appointed)
ACN 082 040 033

INSTRUCTIONS

1. Insert name of creditor here.

2. Insert creditor's ABN here or "N/A" if not applicable.

3. Insert debt amount here (inclusive of GST).

4. Insert GST component of claim here.

5. Show here details of goods and services were provided to the Company and remain unpaid for.

6. Do not complete unless you are a secured creditor.

7. Do not complete this section unless you act for an employee.

8. Do not complete this section unless you act for an employee.

9. Insert date here

10 .Sign here

This is to state that the Company was on 14 July 2014 and still is, justly and truly indebted to:

Creditor / company name:	ABN:
(1)	(2)
In the amount of:	GST in claim:
(3) $	(4) $

TO ENSURE THE VALIDITY OF YOUR CLAIM, PLEASE ATTACH APPROPRIATE DOCUMENTATION TO SUBSTANTIATE YOUR CLAIM. PLEASE SEE OVERLEAF FOR FURTHER INFORMATION.

Particulars of the debt(s) are (5):

Date/s	Consideration (e.g. goods supplied / services rendered)	Amount	Remarks

(6) 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 as an attachment to this form).

(7) 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.

(8) 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.

DATED (9) this _____ day of _____ 2014

Signature: (10)
Name:
Occupation:
Postal address:

Phone:
Fax:
Email:

FOR OFFICE USE ONLY									
Dividend Expectations:	*Priority only*		*Unsecured Creditors*		*Unascertained*		*No Class*		
Priority: $		Unsecured: $			Total Admitted: $				
Rejected: $		Comments:							
Signed	Appointee:			File Manager:					

Form 532
Corporations Act 2001
Sub regulation 5.6.29

Macdonald Building & Plumbing Pty Ltd
(Administrator Appointed)
ACN: 082 040 033

APPOINTMENT OF PROXY

STEP 1 **Appoint a proxy to vote on your behalf**

You can appoint any person over the age of 18 (Option 1) **OR** the Chairperson (Option 2) to represent you either through a special or general proxy.

IMPORTANT PLEASE READ

You can specify on the proxy form how the proxy is to vote on a particular resolution, which the proxy must comply with. This is called a *'special proxy'*. Alternatively, you can allow the proxy to exercise his/her discretion as to how to vote on each of the resolutions put before the meeting. This is called a *'general proxy'*.

The Administrator (or his or her nominee) must not use a general proxy to vote in favour of a resolution approving payment of the Administrator's / Liquidator's remuneration.

I / We (Full name of creditor) _____ **of (Address)** _____

being a creditor of Macdonald Building & Plumbing Pty Ltd (Administrator Appointed), entitled to attend and vote at the Meeting of Creditors to be held on Wednesday, 23 July 2014 at 10.00am, hereby appoint:

OPTION 1 **Appointee (Full name and address)** _____

as my / our / general / special proxy.

OPTION 2 **OR** ☐ the Chairperson of the Meeting of Creditors as my / our general / special proxy.

STEP 2 **Sign** *This section must be completed*

_____ Name of authorised representative: _____

Date _____ / _____ / _____ Phone: _____ Email: _____

PLEASE RETURN THIS PROXY, duly completed, to Samantha Hunton via email to shunton@hlbinsol.com.au or via facsimile to 08 9321 0429, or via post to PO Box 622 West Perth WA 6872. Please note that proxy forms received after 5.00 pm on the day before the meeting may not be accepted.

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 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 this . . . . . day of 2014

Signature of Witness: . . . . . .

Address: . . . . . .