

Statutory Report to Creditors

ACN 120 962 245 Pty Ltd (In Liquidation) formerly known as Astec Paints Australasia
ACN 120 962 245 ("the Company")

Dated: 20 September 2024

Heard Phillips Lieberenz Pty Ltd
Level 12, 50 Pirie St, Adelaide SA 5000
PO Box 3432 Rundle Mall SA 5000
T 08 7089 0011
E info@hpica.com.au
ABN 97 169 172 983
hpica.com.au

Advisory • Restructuring • Solvency

Liability limited by a scheme approved
under professional standards legislation.

Table of Contents

1.0	Introduction	1
2.0	Background.....	1
2.1	Company History	1
2.2	Cause of Failure	1
2.3	Pre-Appointment Sale	2
3.0	Update on Progress of Liquidation	2
3.1	Meeting of Creditors.....	2
3.2	Assets & Liabilities.....	3
3.2.1	Cash.....	4
3.2.2	Debtors	4
3.2.3	Stock.....	4
3.2.4	Plant & Equipment	5
3.2.5	Secured Creditors.....	6
3.2.6	Priority Liabilities.....	8
3.2.7	Unsecured Creditors.....	9
3.3	Receipts and Payments to Date.....	9
4.0	Investigations and Recovery Actions	10
4.1	Approach to Investigations.....	10
4.2	Adequacy of Books and Records	10
4.3	Insolvent Trading Considerations.....	10
4.4	Voidable Transactions	12
4.5	Timeline.....	12
5.0	Likelihood of a dividend.....	12
6.0	Cost of the liquidation.....	13
7.0	What happens next?	13
8.0	Where can you get more information?	14

Annexures

"A"	Creditor Information Sheet
"B"	List of Receipts and Payments
"C"	Remuneration Approval Report
"D"	Proposals by Notice
"E"	Proof of Debt

1.0 Introduction

I refer to my Initial Information to Creditors, dated 28 June 2024, in which I notified you of my appointment as Liquidator of the Company and outlined your rights as a creditor. I also refer to my Circular to Creditors, dated 12 August 2024, which detailed the pre-appointment sale of secured assets, and the meeting of creditors held on 29 August 2024.

The purpose of this report is to:

- Provide you with an update on the progress of the liquidation; and
- Advise you of the likelihood of a dividend being paid in the liquidation.

Where possible, I have sought not to duplicate information previously provided and therefore, this report should be read in conjunction with my previous reports.

I will also be requesting that you consider my detailed remuneration report and pass a proposal to approve my remuneration and internal disbursements.

2.0 Background

2.1 Company History

The Company was incorporated on 28 July 2006 by its directors, Mr Peter Galanis and Mr Mark Waters (**the Directors**). The Company previously developed, tested, and manufactured highly engineered coating systems, with stores located from leased premises in St Marys, South Australia and Alexandria, New South Wales. The Company operated within a corporate group with a related entity, Astec Paints International Pty Ltd (**API**), with the Company owning the trading assets (stock and plant & equipment) and API owning the intellectual property (**IP**).

On 20 June 2024, I was appointed the Liquidator of the Company and its operations ceased immediately.

2.2 Cause of Failure

The Directors attributed the Company's failure to the following factors:

- Repeated efforts to sell the business in the five months leading up to the liquidation which were unsuccessful;
- The Company's cash flow was insufficient to sustain operations; and
- Westpac Banking Corporation (**Westpac**) are owed substantial debts and has registered an All Present and After-Acquired Property (**ALLPAAP**) security interest on the Personal Property Securities Register (**PPSR**) under a General Security Agreement (**GSA**), which provides them with security over all the Company's assets. Westpac imposed a strict timeline for the repayment of these debts and required a final decision on whether to sell the business or appoint an external administrator. If no action was taken, they would intervene and make an external appointment.

I attribute the failure of the Company to the following:

- From August 2023 onwards, the Company consistently faced cash flow difficulties;
- The Company experienced substantial trading losses over consecutive financial years; and
- A significant portion of the Company's debts were overdue, with over 85% of outstanding debts being overdue at the date of liquidation. On that note, most of the Company's outstanding debts were incurred in the six months prior to the liquidation.

2.3 Pre-Appointment Sale

After the Company's attempts to sell the business proved unsuccessful, API expressed interest in purchasing specific assets required to continue manufacturing products and fulfilling orders for the Japanese market. The Directors informed Westpac, given their first-ranking ALLPAAP security interest, to ensure they were comfortable with the sale. Westpac did not object to the sale, provided the assets were sold to API at 20% above auction realisation values. As a result, the Company sold approximately half of its plant & equipment, along with some stock, to API in the week prior to my appointment based on values ascribed by Mason Gray Strange Auctioneers and Valuers (MGS).

3.0 Update on Progress of Liquidation

3.1 Meeting of Creditors

At the request of some creditors, I convened a meeting of creditors on 29 August 2024 at Chartered Accountants Australia and New Zealand, RAA Place. The agenda included:

- Background on my appointment;
- The transfer of assets to a related entity, API;
- A potential Deed of Company Arrangement (DOCA) proposal;
- Investigations into the ownership of IP, including formulations; and
- Potential breaches of the Corporations Act 2001 (the Act) by the Directors.

A summary of the key outcomes from the meeting, which are discussed further throughout this report, are as follows:

- The Company's solicitors provided an overview of the legal aspects surrounding the pre-appointment transfer of assets to API. This was discussed in detail in my Circular to Creditors and will not be discussed further in this report;
- A preliminary investigation has been undertaken to identify potential insolvent trading and breaches of the Act by the Directors. Due to limited funds in the liquidation, pursuing legal action against the Directors for insolvent trading would require funding from creditors. The results of my investigations to date are further discussed in Section 4.3 of this report; and
- I have conducted a preliminary investigation into the ownership of IP, including formulations. My findings indicate that both API and the Company were established simultaneously. API licensed the IP to the Company following their

incorporations on 1 August 2006 and the Company has been paying a license fee to API under a formal agreement, which was terminated following my appointment. If further investigations into the ownership of the IP are pursued, any benefit the Company might receive would likely solely benefit Westpac due to their first-ranking ALLPAAP security interest. A party has expressed interest in providing funding for me to further investigation whether the Company holds an equitable interest in the IP owned by API. I will provide an update on this matter in a future report to creditors.

I outline below an overview of the Company's assets and liabilities.

3.2 Assets & Liabilities

Following my appointment as Liquidator, the Directors were required to submit a Report on Company Activities and Property (ROCAP) that outlined the Company's business, property affairs and financial circumstances. The ROCAP was received and is summarised in the table below, together with my assessment of the estimated realisable value (ERV) of the Company's assets and liabilities.

Table 3.2.1 – Financial Position

	Ref	ROCAP (\$)	ERV (High) (\$)	ERV (Low) (\$)
Assets				
Cash at Bank / Cash on Hand	3.2.1	225,394	175,398	175,398
Debtors	3.2.2	570,337	570,337	144,658
Stock	3.2.3	1,100,000	Undisclosed	Undisclosed
Plant and Equipment	3.2.4	203,850	Undisclosed	Undisclosed
Total Assets		2,099,581	745,735	320,056
Liabilities				
Westpac Banking Corporation	3.2.5	1,857,620	1,857,620	1,857,620
Creditors with Registered Security Interests	3.2.5	210,114	213,700	213,700
Priority Employee Creditors	3.2.6	232,804	478,806	478,806
Superannuation	3.2.6	42,720	42,720	42,720
Non-priority Employee Creditors	3.2.6	13,565	261,519	261,519
Unsecured Trade Creditors	3.2.7	824,732	858,092	943,901
Unsecured Related Party Creditors	3.2.7	1,629,868	1,631,212	1,631,212
Unsecured Statutory Creditors	3.2.7	67,641	70,056	70,056
Total Liabilities		4,879,064	5,413,725	5,499,534
Net Surplus/(Deficiency)		(2,779,483)	(4,667,990)	(5,179,478)

Notes:

In the interests of achieving the best result for creditors, I have not disclosed the asset values for stock and plant & equipment provided by MGS.

3.2.1 Cash

At the date of my appointment, the Company maintained several accounts with Westpac.

As previously mentioned, Westpac holds a first-ranking ALLPAAP security interest over all the Company's assets and, accordingly, has exercised their right of set-off against the credit balances as at the date of my appointment. Consequently, credit balances totalling \$172,656.97 will be offset against the debt owed to Westpac.

Additionally, cash on hand at the time of my appointment, amounting to \$2,741.05, has been collected and deposited into the liquidation account. This amount is also subject to Westpac's security interest.

3.2.2 Debtors

On appointment, I was provided with a listing of the Company's debtors as well as copies of the corresponding invoices for each outstanding debt. The listing disclosed 43 customers with debt outstanding totalling \$570,337. The debtors are factored to Westpac and they have asked me to collect them on their behalf.

On 8 July 2024, I notified all debtors of my appointment and issued an initial demand for payment of their outstanding balances.

To date, I have recovered \$144,657.92. The payments have been paid directly to Westpac. I have received several disputes from debtors who have either sought to negotiate reduced payments, raised counterclaims, or disputed the basis of the invoice(s).

For those disputing their debts, I have sought legal advice and instructed my solicitors to write to the debtors, requesting proper substantiation of their claims before any legal action is considered.

A second demand was issued on 2 August 2024, followed by a third and final demand on 12 September 2024 to debtors who either failed to respond or did not dispute the basis of the invoice(s). These debtors have been given a strict deadline to settle their accounts, after which I will instruct my solicitors to initiate formal recovery proceedings.

3.2.3 Stock

Upon my appointment, the Company held wholesale raw materials, work-in-progress, and finished goods from its paint manufacturing operations. I attended the Company's premises in South Australia, secured the stock and plant & equipment (**Assets**), and engaged MGS to inspect and provide a valuation of the Assets.

The Directors attributed an estimated value to stock on hand of \$1,100,000 in their ROCAP.

I have received several retentions of title claims from suppliers. Consequently, I allowed these parties to attend the South Australia premises to conduct stocktakes to identify any goods supplied but not yet paid for.

The table below details the number and value of retention of title claims received to date.

Table 3.2.3 – Retention of Title Claims

	Debt (\$)
Allnex Resins Australia Pty Ltd (Allnex)	57,395
Amtrade International Pty Ltd (Amtrade)	8,008
BOC Limited (BOC)	2,972
Chemiplas Australia Pty Ltd (Chemiplas)	56,703
Redox Limited (Redox)	8,875

I allowed parties with valid claims to collect their stock. I make the following comments:

- Allnex supplied raw materials to the Company. Unpaid goods which previously cost the Company \$22,968 were returned to Allnex. Prior to collection, they submitted a Proof of Debt for \$57,394.
- Amtrade provided invoices totalling \$8,008 for the supply of raw materials. Due to the limited stock on hand, Amtrade decided not to collect any stock.
- BOC provided gas cylinders with a replacement cost of \$2,972. After conducting a stocktake, I confirmed that the Company remains in possession of the cylinders. BOC has been informed but has not yet arranged collection.
- Chemiplas supplied raw materials to the Company. Unpaid goods which previously cost the Company \$32,047 were returned to Chemiplas. Prior to collection, they advised the total amount outstanding was \$56,703.
- Redox advised me that they were owed \$8,875. After conducting a stocktake, I confirmed there was no stock on hand to return.

3.2.4 Plant & Equipment

The Company's plant & equipment comprised a variety of items located across South Australia, Victoria, and New South Wales, including but not limited to the following:

- paint mixers and tinting machines;
- manufacturing equipment;
- storage and handling shelving and racking;
- laboratory and testing equipment;
- office and IT equipment; and
- three motor vehicles (**the Vehicles**): a 2018 Hyundai Tucson, a 2019 Mitsubishi Triton, and a 2022 Isuzu D-MAX.

The Directors attributed an estimated value to plant & equipment including motor vehicles of \$203,850 in their ROCAP.

Shortly after my appointment, prior to creditors' request for a meeting, I accepted some offers for stock and plant & equipment from interested parties as follows:

- All stock and plant & equipment (except motor vehicles) located at the Alexandria NSW store were sold for \$17,000 (including GST), and the funds have been receipted into my liquidation account;
- Some stock was sold to API for \$19,945 (including GST);
- A paint mixer and other related assets located in Victoria which were previously held under hire agreements with the Company have agreed to be sold to the party leasing them for \$2,000 (including GST); and
- Some finished goods were sold for \$675 (including GST).

It is important to note that all the Vehicles, as well as some paint mixers and related assets, were subject to specific security interests held by Westpac.

Following my appointment, I reviewed the security documentation provided by Westpac together with the valuation provided by MGS. I determined that the Company held no equity in the two vehicles located in NSW, being the Hyundai Tucson and Mitsubishi Triton and consequently, I wrote to Westpac and provided them with a notice disclaiming the Vehicles.

Regarding the plant & equipment, and the remaining motor vehicle, being the Isuzu D-MAX, MGS recommended that assets which are difficult to relocate be auctioned on site, while those that can be moved be auctioned from their premises. In response to creditors' requests for a meeting, I elected to put the auction process on hold. Consequently, the first auction will be held on Monday, 30 September 2024 at MGS' Auctions Complex at 370 Torrens Road, Kilkenny. The date for the second auction which will be held at the Company's former trading premises, has not yet been determined by MGS.

All funds from stock and plant & equipment sales will be distributed to Westpac, less my professional fees and costs incurred in dealing with the assets.

3.2.5 Secured Creditors

Following my appointment, I conducted a search of the PPSR, which identified 53 security interests registered against the Company's ACN and ABN. The details are as follows:

Table 3.2.5 – Registered Security Interests

Secured creditor	Account	All Pap With/No Exceptions	Chattel Paper	General Intangible	Motor Vehicle	Other Goods
Alchemy Agencies Pty Ltd						1
Allnex Resins Australia Pty Ltd						2
Amtrade International Pty Ltd						1
Australasian Solvents and Chemicals Company Pty. Ltd. (ASCC)						1
BOC Limited						1
Bostik Australia Pty Ltd (Bostik)						1
Bronson & Jacobs Pty Ltd						1
Cathay Industries Australasia Pty Ltd (Oxerra)						1

Chemsupply Australia Pty Ltd						1
Chemiplas Australia Pty Ltd						1
Crown Equipment Pty. Limited					2	2
DKSH Australia Pty. Ltd. (DKSH)						1
DKSH Performance Materials Australia Pty Ltd (DKSH)						1
Esanda Finance Corporation Limited (ANZ)		1				
IMCD Australia Limited						1
O.E. & D.R. Pope Pty. Ltd. (Pope)						1
Redox Limited						1
Scott Chemicals Australia Pty Ltd (Scott)						1
SYMC Pty Ltd; Cospak Pty Ltd (Cospak)						1
SYMJ Pty Ltd (SYMJ)						1
TCL Australia Pty Limited (TCL)						1
Toyota Material Handling Australia Pty Limited ("Toyota")					2	
Westpac Banking Corporation (Westpac)	4	8	3	4	4	3
Total	4	9	3	4	8	25

I contacted all creditors with registered security interests on the PPSR. Based on the responses received, I provide the following summary:

- The parties with ROT claims were discussed in Section 3.2.3;
- Alchemy has discharged their registration;
- ANZ has discharged their registration;
- ASCC supplied raw materials to the Company and advised that they are owed \$18,964;
- Bostik has discharged their registration;
- Cospak supplied dunnage bags to the Company and advised that they are owed \$902;
- Crown supplied forklift trucks and sweepers under rental agreements, which have been returned to Crown;
- DKSH supplied raw materials to the Company and advised that they are owed \$33,321;
- Oxerra supplied raw materials to the Company and was the only party to register a security interest solely against the Company's ABN. Cathay submitted a proof of debt for \$12,056;
- Pope supplied packaging to the Company and submitted a proof of debt for \$14,598;
- Scott has discharged their registration;
- SYMJ has discharged their registration;
- TCL has discharged their registration;
- Toyota supplied two forklift trucks under rental agreements, which have been returned to Toyota; and
- Westpac held multiple registrations covering all present and after-acquired property of the grantor, including general Intangibles and accounts receivables. In addition, Westpac registered specific security interests against three motor vehicles, as well as paint mixers and related assets, as detailed in Section 3.2.4. Westpac have provided documentation to support that they were owed \$1,857,620 at the date of my appointment.

3.2.6 Priority Liabilities

At the date of my appointment, the Company employed 18 staff including the Directors.

I have reviewed the employee records and the relevant awards under which the staff were employed and have calculated the priority entitlements as follows:

Table 3.2.6 – Employee Entitlements

	Priority Claim (\$)	Non-Priority Claim (\$)
Annual Leave (including Leave Loading)	116,185	198
Long Service Leave	139,036	137,420
PILN	51,658	34,280
Redundancy	125,485	86,179
Superannuation	42,720	0
Wages	3,722	3,442
TOTAL	478,806	261,519

The Federal Government through the Department of Employment and Workplace Relations (DEWR) maintains the Fair Entitlements Guarantee (FEG) scheme to make payment to employees with outstanding entitlements affected by the insolvency of their employer (excluding superannuation).

I have assisted the DEWR with the verification of the employee entitlements owed by the Company and confirm that eligible employee entitlements, with the exception of superannuation, will be covered by the FEG scheme. The DEWR will have the same right of priority for the funds advanced as the former employees of the Company.

The total priority claims are estimated at \$478,806 (including superannuation). It is important to note that excluded employees (defined in Section 556 of the Act to include Directors, spouses and relatives of Directors) of the Company, have their priority claim limited by the Act to \$2,000 for wages and superannuation, and \$1,500 in respect of leave. The balance of their claim will be an unsecured claim against the Company. The non-priority amounts owed to four parties, including the Directors, are in excess of the capped priorities noted above.

The ATO is yet to submit a claim in the liquidation on behalf of the employees regarding unpaid superannuation under the *Superannuation Guarantee (Administration) Act 1992*; however, I have estimated the amount that is outstanding to be \$42,470 based on the information available to date.

3.2.7 Unsecured Creditors

The ROCAP provided by the Directors, gave details of unsecured creditors estimated to be owed \$2,522,241.

Since the date of my appointment, further claims have become known. I outline below a summary of the unsecured creditor claims I anticipate in the liquidation.

Table 3.2.7.1 – Unsecured Creditors

	ROCAP (\$)	ERV (High) (\$)	ERV (Low) (\$)
Trade Creditors	824,732	858,092	943,901
Related Party Creditors	1,629,868	1,631,212	1,631,212
Statutory Creditors	67,641	70,056	70,056
TOTAL	2,522,241	2,559,360	2,645,169

I expect the total unsecured trade creditors' pool to increase as creditors reconcile their accounts and forward details of their outstanding debts to us. Consequently, I have included a 10% increase in the ERV (Low) scenario in the above table.

Outlined below are the details of related entities who are also creditors of the Company:

Table 3.2.7.2 – Unsecured Related Party Creditors

	ROCAP (\$)	ERV (High) (\$)	ERV (Low) (\$)
Astec Paints International Pty Ltd	449,063	449,063	449,063
Mark K Waters	620,720	622,064	622,064
Mark & Theodora Waters	221,308	221,308	221,308
Panagiotis Galanis	49,482	49,482	49,482
Tina Germanos-Galanis	61,091	61,091	61,091
Waters Superannuation Fund	228,204	228,204	228,204
TOTAL	1,629,868	1,631,212	1,631,212

In the event of a dividend return to unsecured creditors, I will carefully review these claims to verify their validity.

3.3 Receipts and Payments to Date

Attached in **Annexure B** are details of all receipts and payments in the liquidation to date. As at the date of this report, cash at bank totals \$28,369.82.

4.0 Investigations and Recovery Actions

Under the Act, one of my key responsibilities as Liquidator is to investigate and report on the past trading of the Company with a particular focus on identifying transactions that may result in recoveries becoming available for the creditors of the Company. Attached at **Annexure A** is a Creditor Information Sheet that details all of the recoverable transactions that I have considered.

Following my investigations, a report pursuant to Section 533(1) of the Act is provided to ASIC so that they are informed of the circumstances of the liquidation. I anticipate this report will be lodged within 3 months.

4.1 Approach to investigations

Throughout my investigations I attended to the following matters:

- Held discussions with the Directors;
- Held discussions with the Company's accountant;
- Reviewed available books and records;
- Identified, reviewed, reconstructed where required and analysed financial information in both hard copy and electronic form;
- Engaged a forensic IT specialist to collect and preserve the Company's accounting system and email records;
- Undertook searches of various publicly available databases (including ASIC and ATO, etc.);
- Spoke with stakeholders (investors, employees, customers and suppliers);
- Undertook property and motor vehicle searches in the South Australia to determine whether the Company was the registered owner of any motor vehicles or real property; and
- Considered claims available to the Company.

4.2 Adequacy of Books and Records

I am required to form a view regarding the adequacy of books and records maintained by the Company prior to the liquidation.

I have formed the view that the books and records of the Company have been adequately maintained within the expectations of the Act.

4.3 Insolvent Trading Considerations

A company is insolvent if it cannot pay its debts as and when they fall due.

Section 588G of the Act imposes a duty upon directors to prevent a company from trading whilst insolvent. Section 588M of the Act allows a director to be made personally liable in certain circumstances for any loss suffered stemming from a debt incurred by the company whilst the company was insolvent.

It is necessary to consider the following matters when evaluating an Insolvent trading claim:

- the date that a reasonable person should have suspected the company was insolvent;
- the defences a director may be able to bring in response to such a claim; and
- the directors ability to satisfy a compensation order if made.

Insolvency is best determined by considering a range of financial and non-financial indicators. I summarise below some of the indicators of insolvency accepted by the Court and ASIC that I have observed:

Table 4.3 – Insolvency Indicators

Indicator	Date relevant to Insolvency	Comment
Negative Net Assets	1 December 2023	The Company's balance sheet deteriorated rapidly in the year preceding liquidation. At this date the negative net asset position was in excess of \$500,000 and remained so until the date of appointment.
Liquidity Ratio Below 1	30 June 2022	Due to the inflated book value of the plant and equipment, it is likely that the Company lacked sufficient realisable current assets to cover its short-term liabilities from this date until the appointment date.
Unprofitable trading	1 July 2019	The Company reported trading losses in four of the five financial years following this date until the date of appointment. The total net loss was \$2,787,562.
Overdue taxes	20 December 2023	From this date onwards, the amount owing to the ATO increased consistently until the date of appointment.
No access to alternative finance	31 October 2023	The Company sourced a business loan from a second-tier lender as it held no freehold assets. From this date until the date of appointment, this facility was at or near its limit.
Creditors outstanding beyond trading terms	30 November 2023	At this date there was \$116,985 of payable invoices over 2 months overdue. This continued until the date of appointment.

It is my view that the Company became insolvent around December 2023, if not earlier and incurred debts which remain outstanding whilst it was insolvent. These debts are in excess of \$940,000.

Creditors should note that the costs of pursuing an insolvent trading claim are significant and therefore, it is beneficial to consider the financial capacity of the Directors to satisfy a successful claim. Property searches revealed that one of the Directors owns a

property in South Australia, which is encumbered by a mortgage. At this stage of my investigations, it is unclear whether the Directors would have the financial capacity to satisfy an Insolvent trading claim if one is pursued.

I am currently without sufficient funds in the liquidation to pursue such a claim. Should creditors be interested in me pursuing an insolvent trading claim, I would require funding from creditors. I estimate the costs of undertaking the necessary investigations and the commencement of the insolvent trading claim will be significant. Creditors should advise me of their interests to fund the insolvent trading claim by no later than Friday, 18 October 2024.

4.4 Voidable Transactions

In the course of my investigations, I am required to ascertain whether there have been payments made to the creditors of the Company that may have conveyed a preference, priority or advantage, that may result in recoveries that can be brought for the benefit of unsecured creditors.

I have conducted a review of the payments made to creditors in the period prior to liquidation in order to form a view on the prospects of recovering monies as unfair preferences.

My investigations to date have identified payments of \$32,743.87 to the ATO which bear the hallmark of unfair preference payments. It is my intention to issue demand on the ATO for the full preference amount.

4.5 Timeline

Further investigations of these claims will take approximately 3 months. If litigation is required, it could add in excess of 12 months to the completion date of this liquidation.

5.0 Likelihood of a dividend

The likelihood of a dividend being paid to creditors will be affected by a number of factors including:

- the size and complexity of the administration;
- the amount of assets realisable and the costs of realising those assets;
- the statutory priority of certain claims and costs;
- the value of various classes of claims including secured, priority and unsecured creditor claims; and
- the volume of enquiries by creditors and other stakeholders.

At this stage, a dividend to creditors is only possible if I succeed in recovering funds through an insolvent trading claim against the Directors.

If a dividend is going to be paid, you will be contacted before that happens and, if you have not already done so, you will be asked to lodge a proof of debt included in **Annexure E**. This formalises your claim in the liquidation and is used to determine all claims against the company.

6.0 Cost of the liquidation

Attached in **Annexure C** is a detailed Remuneration Approval Report. I am unable to pay my remuneration without the approval of creditors or the court.

I propose to have my remuneration approved by a proposal by notice. Information about passing resolutions without a meeting and a voting form is included in **Annexure D**. Proposal forms should be returned to me **by no later than Friday, 18 October 2024**.

In accordance with my attached Remuneration Approval Report, my estimated total remuneration for the external administration is \$121,475 for the period 20 June 2024 to 16 September 2024.

7.0 What happens next?

I will proceed with the liquidation, including:

- realising the remaining assets, including debtors;
- recovering any further available property;
- completing my investigations into the Company's affairs;
- completing my reporting to ASIC; and
- if possible, declaring a dividend to creditors.

If I receive a request for a meeting that complies with the guidelines outlined in the initial information provided to you, I will hold a meeting of creditors.

I may write to you again with further information on the progress of the liquidation.

I expect to have completed this liquidation within 18 months if creditors elect not to fund me to pursue an insolvent trading claim.

8.0 Where can you get more information?

You can access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors; and
- ASIC at www.asic.gov.au (search for "insolvency information sheets").

Please feel free to contact my office should you have any queries in this regard. There is also information about this liquidation on my firm's website: www.hplca.com.au (*password: ASTE5243*).

Dated this 20th day of September 2024



Mark Lieberenz
Liquidator

Contact: Matthew Jeffery
Email: mjeffery@hplca.com.au

Encl.

Statutory Report to Creditors

ACN 120 962 245 Pty Ltd (In Liquidation) formerly known as Astec Paints Australasia
ACN 120 962 245

Annexure A

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

A summary of offences under the Corporations Act that may be identified by liquidators or administrators:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4) / 453F 475(9) / 497(4) / 530A – 530B	Failure by directors to assist, deliver records and provide information.
438C(5) / 477(3) / 530B	Failure to assist, deliver up books and records and provide information.
588G	Incurring liabilities while insolvent
588GAB	Officer's duty to prevent creditor-defeating disposition
588GAC	A person must not procure a company to make a creditor-defeating disposition
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.
596AB	Entering into an agreement or transaction to avoid employee entitlements.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation, or three months if a simplified liquidation process is adopted. The company must have been insolvent at the time of the transaction or become insolvent because of the transaction.

Where a creditor receives a preference*, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

**Must be greater than \$30,000 for unrelated creditors in a simplified liquidation*

Creditor-defeating disposition

Creditor-defeating dispositions are the transfer of company assets for less than market value (or the best price reasonably obtainable) that prevents, hinders or significantly delay creditors' access to the company's assets in liquidation. Creditor-defeating dispositions are voidable by a liquidator.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to the benefit or detriment to the company; the respective benefits to other parties; and any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person or from members of a corporate group (Contribution Order).

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest within six months of the liquidation, unless it secures a subsequent advance
- unregistered security interests
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The director may also be able to avail themselves of safe harbour, if they meet certain conditions.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains 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. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Queries about the external administration should be directed to the insolvency practitioner's office.

Statutory Report to Creditors

ACN 120 962 245 Pty Ltd (In Liquidation) formerly known as Astec Paints Australasia
ACN 120 962 245

Annexure B

Receipts and Payments

For the period 20 June 2024 to 16 September 2024

Account	GST (\$)	Total (\$)
RECEIPTS		
Bank Charges - Refund		14.89
Cash on Hand		2,741.05
Plant & Equipment	1,913.16	21,044.71
Stock/Inventory on Hand	1,561.36	17,175.00
Sundry Debtor		96.64
	3,474.52	41,072.21
PAYMENTS		
Appointee Disbursements: Sundry Costs	(50.91)	(560.00)
Bank Charges		(2.40)
Forensic Imaging	(432.16)	(4,753.74)
Insurance	(345.85)	(4,149.51)
PAYG Control (Trading): PAYG Withheld		346.00
Search Fees	(3.00)	(33.00)
Subcontractors	(140.00)	(1,540.00)
Super		(220.02)
Super Control (Trading): Super Withheld		220.02
Wages & Salaries		(1,913.18)
	(971.92)	(12,605.83)
Cash at Bank as at 16 September 2024	2,502.60	28,369.82

Statutory Report to Creditors

ACN 120 962 245 Pty Ltd (In Liquidation) formerly known as Astec Paints Australasia
ACN 120 962 245

Annexure C

Remuneration Approval Report

ACN 120 962 245 Pty Ltd (In Liquidation) formerly known as Astec Paints Australasia

ACN 120 962 245

1.0 Summary

I am asking creditors to approve my remuneration of \$121,475.00 (excluding GST) and disbursements of \$472.61 (excluding GST).

I now estimate that the total cost of this Liquidation to be between \$170,000 and \$220,000 (excluding GST), an increase from my previous estimate due to the following factors:

- Dealing with assets located across three different states, which are subject to both general and specific security interests.
- Dealing with several retention of title claims over stock;
- Handling legal disputes arising from the pre appointment sale of assets to API and the potential need for further investigation;
- Convening a meeting of creditors to address issues raised by creditors, as outlined in my Circular to Creditors dated 12 August 2024 and Section 3.1 of my Statutory Report to Creditors;
- The additional statutory and creditor reporting as a result of the creditors meeting;
- Conducting preliminary investigations into IP ownership, with the need for further investigations, subject to funding; and
- Additional investigations into potential insolvent trading, contingent on securing the necessary funding.

The work done to date has been substantial, involving complex legal and Investigative tasks, and substantial future work will be required to fully resolve these matters. I expect that there will be a further remuneration approval request once asset sales are finalised, the debtor ledger is exhausted, and my investigations into the Company's affairs are complete.

2.0 Declaration

I have undertaken an assessment of this remuneration and disbursement claim in accordance with the law and applicable professional standards. I am satisfied that the remuneration and disbursements claimed is necessary and proper.

3.0 Remuneration sought

The remuneration I am asking creditors to approve is as follows:

For	Period	Amount	Rates to apply	When it will be drawn
Work I have already done	20 June 2024 to 16 September 2024	\$121,475.00 (excluding GST)	Provided in my Initial Remuneration Notice (IRN) sent to creditors on 28 June 2024	When funds are available.
	Total	\$121,475.00 (excluding GST)		

Details of the work already done are included at **Schedule A**.

Schedule B includes a breakdown of time spent by staff members on each major task for work I have already done.

Actual resolutions to be put to creditors are included at **Schedule C** for your information. These resolutions also appear in the proposal forms provided to you.

4.0 Disbursements sought

I am not required to seek creditor approval for costs paid to third parties or where I am recovering a cost incurred on behalf of the administration, but I must provide details to creditors. Details of these amounts are included in the attached Receipts and Payments [Refer Part 8 below].

I am required to obtain creditor's consent for the payment of a disbursement where I, or a related entity of myself, may directly or indirectly obtain a profit.

For more information about disbursements, please refer to the IRN sent to you on 28 June 2024.

I have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. I am satisfied that the disbursements claimed are necessary and proper.

The disbursements I would like creditors to approve is as follows:

For	Period	Amount
Disbursements I have already incurred	20 June 2024 to 31 August 2024	\$472.61 (excluding GST)
	Total	\$472.61 (excluding GST)

Details of the disbursements incurred, and future disbursements are included at **Schedule D**. Actual resolutions to be put to creditors are also included at **Schedule D**. These resolutions also appear in the proposal form provided to you.

5.0 Likely impact on dividends

The Corporations Act sets the order for payment of claims against the Company, and it provides for remuneration of the liquidation to be paid in priority to other claims. This ensures that when there are sufficient funds, the liquidator receives payment for the work done to recover assets, investigate the Company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve my remuneration, this does not guarantee that I will be paid, as I am only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that I am able to recover, and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

At this stage, there will only be a dividend if I am successful in recovering an insolvent trading claim against the directors.

6.0 Remuneration recovered from external sources

I have assisted the Department of Employment and Workplace Relations (the Department) in facilitating the administration and payment of employee entitlements under the FEG scheme. Whilst creditor approval for this is not required, I advise that I have received \$5,830.50 from the Department for these services. The time spent on this matter has not been included in my remuneration claim.

In addition, the Company made an up-front payment of \$50,000 to cover my initial remuneration and expenses associated with the liquidation. This amount is currently held in my firm's trust account and will only be drawn upon once creditor approval for remuneration has been obtained. There are no conditions on the conduct or outcome of the liquidation attached to the provision of these funds.

7.0 Report on Progress of the Administration

A report on the progress of this liquidation accompanies this Remuneration Approval Report.

8.0 Summary of Receipts and Payments

A summary of the receipts and payments for the liquidation is attached as **Annexure B** to the report to creditors.

9.0 Queries

If you have any queries in relation to the information in this report, please contact Matt Jeffery on (08) 7089 0027 or mjeffery@hplca.com.au

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au [search for INFO 85]

Further supporting documentation for my remuneration claim can be provided to creditors on request.

Dated this 20th day of September 2024



Mark Lieberenz

Liquidator

Attachments:

Schedule A – Details of work

Schedule B – Time spent by staff on each major task

Schedule C – Resolutions

Schedule D – Disbursements

Schedule E – Scale of fees for 30 June 2023 to 30 June 2024

Schedule A

Details of work

Resolution 1: 20 June 2024 to 16 September 2024

Task Area	General Description	Includes
Assets 108.4 hours \$51,248.50	Sale of Business as a Going Concern	<ul style="list-style-type: none"> ▪ Liaising with interested parties ▪ Creating and maintaining interested parties register
	Debtors	<ul style="list-style-type: none"> ▪ Reviewing and assessing debtors' ledgers ▪ Creating and maintaining debtors register ▪ Correspondence with debtors ▪ Preparing demand letters to debtors ▪ Liaising with debt collectors and solicitors
	Stock	<ul style="list-style-type: none"> ▪ Conducting stock takes ▪ Reviewing stock values ▪ Liaising with interested parties ▪ Preparing and finalising asset sale agreements and tax invoices
	Plant & Equipment	<ul style="list-style-type: none"> ▪ Liaising with valuers, auctioneers and interested parties ▪ Liaising with parties with PPSR registrations held against all assets ▪ Reviewing asset listings ▪ Preparing and finalising asset sale agreements and tax invoices
	Assets subject to specific charges	<ul style="list-style-type: none"> ▪ Creating and maintaining PPSR register ▪ Reviewing PPSR registrations and security documents ▪ Liaising with parties with PPSR registrations held against specific assets ▪ Liaising with valuers, auctioneers and interested parties ▪ Reviewing asset listings ▪ Preparing and finalising asset sale agreements and tax invoices
	Other Assets	<ul style="list-style-type: none"> ▪ Meeting with company directors to discuss potential equitable interest in IP owned by related entity ▪ Investigating potential equitable interest in IP owned by related entity
Creditors 84.6 hours \$37,227.00	Creditor Enquiries, Requests & Directions	<ul style="list-style-type: none"> ▪ Receive and respond to creditor enquiries

Task Area	General Description	Includes
	Retention of Title Claims	<ul style="list-style-type: none"> ▪ Notify PMSI creditors Identified from PPSR register ▪ Reviewing security documents, including credit terms ▪ Liaising with parties who provided notification of intention to claim ▪ Maintain retention of title file ▪ Facilitating meeting with claimant on site to identify goods ▪ Adjudicate retention of title claim ▪ Forward correspondence to claimant notifying outcome of adjudication
	Secured creditor reporting	<ul style="list-style-type: none"> ▪ Notifying PPSR registered creditors of appointment ▪ Preparing reports to secured creditor ▪ Responding to secured creditor's queries
	Creditor reports	<ul style="list-style-type: none"> ▪ Preparing Initial Information to Creditors including IRN ▪ Preparing Statutory Report to Creditors including Remuneration Approval Report
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing Proofs of Debt
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation of meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Convening the meeting ▪ Responding to stakeholder queries and questions immediately following meeting
Employees 22.1 hours \$3,295.50	Employees enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up employee enquiries ▪ Preparation of letters to employees advising of their entitlements and options available
	FEG	<ul style="list-style-type: none"> ▪ Correspondence with FEG ▪ Preparing notification spreadsheet ▪ Preparing FEG quotations ▪ Completing FEG questionnaires
	Calculation of entitlements	<ul style="list-style-type: none"> ▪ Calculating employee entitlements ▪ Reviewing employee files and company's books and records ▪ Reconciling superannuation accounts ▪ Reviewing awards
Investigation 48.5 hours	Conducting investigation	<ul style="list-style-type: none"> ▪ Collecting and reviewing books and records ▪ Reviewing bank statements ▪ Reviewing ATO Freedom of Information

Task Area	General Description	Includes
\$18,526.50		<ul style="list-style-type: none"> ▪ Reviewing and preparing company nature and history ▪ Conducting and summarising statutory searches ▪ Preparing comparative financial statements ▪ Determining whether the directors traded whilst insolvent and if so, from what date ▪ Reviewing specific transactions and liaising with director(s) regarding certain transactions ▪ Considering whether directors have committed any offences or breached the Act ▪ Reviewing possible antecedent transaction recoveries ▪ Reviewing potential unfair preference payments ▪ Preparing investigation brief
	Litigation / Recoveries	<ul style="list-style-type: none"> ▪ Liaising with solicitor(s) regarding pre-appointment transfer of assets to a related entity
Dividend 0.7 hours \$332.50	Processing proofs of debt	<ul style="list-style-type: none"> ▪ Adjudicating Proof of Debt ▪ Request further information from claimants regarding Proof of Debt ▪ Preparation of correspondence to claimant advising outcome of adjudication
Administration 26.6 hours \$10,845.00	Correspondence	<ul style="list-style-type: none"> ▪ Preparation of correspondence with creditors and other stakeholders ▪ Filing all Inwards and outbound correspondence, e-mails, diary notes and other correspondence in accordance with the Heard Phillips Lieberenz standard filing methodology
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Monthly administration reviews ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with insurer regarding Initial and ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers

Task Area	General Description	Includes
	ASIC forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms, including minutes of meeting of creditors
	ATO and other statutory reporting	<ul style="list-style-type: none"> ▪ Notification of appointment ▪ Preparing BAS ▪ Completing group certificates
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration
	Processing Data in Insol	<ul style="list-style-type: none"> ▪ Importing data into Insol ▪ Processing receipts and payments in Insol
Total: \$121,475.00 (excluding GST)		

Schedule B

Resolution 1: 20 June 2024 to 16 September 2024

Employee Name	Employee Position	Total		Assets Hrs (\$)	Creditors Hrs (\$)	Employees Hrs (\$)	Investigation Hrs (\$)	Dividend Hrs (\$)	Admin Hrs (\$)
		Hourly Rate \$ (ex GST)	Actual Hrs (\$)						
Cummings Elle	Administration Assistant	180.00	1.00 \$180.00	0.00	1.00	0.00	0.00	0.00	0.00
Cummings Elle	Administration Assistant	195.00	4.40 \$858.00	0.00	4.20	0.00	0.20	0.00	0.00
Darsow Will	Manager	475.00	0.20 \$95.00	0.00	0.20	0.00	0.00	0.00	0.00
Jeffery Matthew	Manager	390.00	33.40 \$13,026.00	19.50	7.50	1.00	2.90	0.00	2.50
Jeffery Matthew	Manager	475.00	106.40 \$50,540.00	32.60	41.60	0.60	22.30	0.70	8.60
King Tina	Administration Manager	300.00	9.20 \$2,760.00	0.00	2.90	4.10	0.10	0.00	2.10
King Tina	Administration Manager	350.00	5.70 \$960.00	0.20	0.40	0.00	0.00	0.00	2.20
Krznaric Samantha	Senior Accountant	350.00	0.10 \$35.00	0.00	0.00	0.00	0.00	0.00	0.10
Lieberenz Christopher	Undergraduate	180.00	26.70 \$4,806.00	10.30	2.20	0.00	13.30	0.00	0.90
Lieberenz Christopher	Undergraduate	195.00	0.60 \$117.00	0.00	0.60	0.00	0.00	0.00	0.00
Lieberenz Mark	Director	515.00	15.80 \$8,137.00	10.00	2.10	0.90	0.90	0.00	1.90
Lieberenz Mark	Director	590.00	42.40 \$25,016.00	26.40	9.90	0.30	2.60	0.00	3.20
Miring'u Judith	Graduate Accountant	240.00	5.20 \$1,248.00	0.00	1.60	0.00	0.00	0.00	3.60
Miring'u Judith	Graduate Accountant	250.00	16.00 \$4,000.00	0.00	3.00	11.80	0.00	0.00	1.20
Moody Chris	Senior Manager	525.00	0.40 \$210.00	0.00	0.10	0.30	0.00	0.00	0.00
Phillips Anthony	Director	515.00	0.50 \$257.50	0.50	0.00	0.00	0.00	0.00	0.00
			15.00	8.90	4.40	0.20	1.50	0.00	0.00

Phillips Anthony	Director	590.00	\$8,850.00	\$5,251.00	\$2,596.00	\$118.00	\$885.00	\$0.00	\$0.00
			4.20	0.00	0.60	0.00	3.60	0.00	0.00
Tindall Joshua	Graduate Accountant	250.00	\$1,050.00	\$0.00	\$150.00	\$0.00	\$900.00	\$0.00	\$0.00
			3.30	0.00	2.10	0.00	1.00	0.00	0.20
Young Victoria	Associate Director	500.00	\$1,650.00	\$0.00	\$1,050.00	\$0.00	\$500.00	\$0.00	\$100.00
			0.40	0.00	0.20	0.00	0.10	0.00	0.10
Young Victoria	Associate Director	575.00	\$230.00	\$0.00	\$115.00	\$0.00	\$57.50	\$0.00	\$57.50

		290.90	108.40	84.60	22.10	48.50	0.70	26.60
TOTAL		\$121,475.00	\$51,248.50	\$37,322.00	\$3,295.50	\$18,526.50	\$332.50	\$10,845.00
GST		12,147.50						
TOTAL INCLUDING GST		\$133,622.50						
<i>Average hourly rate</i>		<i>429.91</i>	<i>472.77</i>	<i>441.16</i>	<i>307.06</i>	<i>381.99</i>	<i>475.00</i>	<i>407.71</i>

Notes:

As the scale of fees was updated for the financial year 2024/25, duplicate entries for staff members represent hours charged on or before 30 June 2024 and hours charged on or after 1 July 2024 respectively.

Schedule C

Resolution 1: 20 June 2024 to 16 September 2024

"That the remuneration of the Liquidator for the period 20 June 2024 to 16 September 2024, calculated at hourly rates as detailed in the report to creditors of 28 June 2024 and the scale of fees for the period 1 July 2023 to 30 June 2024 attached as Schedule E, is approved for payment in the sum of \$121,475.00 excluding GST, and that the Liquidator can draw the remuneration immediately or as required."

Schedule D

My IRN sent to you on 28 June 2024 outlined the basis of disbursement claims to be made to 30 June 2024.

I noted that with respect to non-professional costs that may contain an element of profit such as telephone calls, photocopying and printing, storage, postage, and ASIC metric fees, they may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis; however, will require creditor's consent for the payment.

From 1 October 2024, my firm has streamlined the charging on internal disbursements to be paid as a flat fee of 4% (excluding GST) of remuneration approved and drawn, referred to as the "disbursement recovery rate". This rate will only apply for this matter from 2 October 2024.

Basis of disbursement claim

Disbursement	Rates to 1 October 2024 (excluding GST)	Rates from 2 October 2024 (excluding GST)
Advertising (non-ASIC)	At Cost	At Cost
ASIC Fees	\$240.00 per metric event	Disbursement recovery rate
Courier	At Cost	At Cost
Photocopies	\$0.50 per page	Disbursement recovery rate
Postage	At Cost	Disbursement recovery rate
Search Fees	At Cost	At Cost
Stationery		
Folders	\$10.00 per folder	Disbursement recovery rate
File Index	\$12.00 per set of 1-31 or A-Z	
Archive Box	\$5.00 per box	
Storage & Destruction of Books & Records		Disbursement recovery rate
Storage	\$1.00 per box/month	
Destruction	\$10.50 per box At Cost	
Transport to/from archives & other collection costs		
Staff vehicle use	Per ATO guidelines	Per ATO guidelines
Transport (e.g, taxicab and ride-hailing services)	At Cost	At Cost
Travel Allowance for overnight stay	Per TD2022/10	Per TD2024/3

Resolution 2

"That the internal disbursements claimed by my firm for the period 20 June 2024 to 31 August 2024, calculated at the rates detailed in the report to creditors dated 28 June 2024, are approved for payment in the amount of \$472.61, excluding GST, to be drawn from available funds immediately or as funds become available."

Schedule E

Hourly Rates and Guide to Staff Experience

This scale of fees is effective for non-Court appointed assignments from 1 July 2023 to 30 June 2024

Title	Description	2023/2024 Rates
Appointee/Director	Registered Liquidator or Registered Trustee, controlling all facets of the administration and bringing his or her specialist skills to the insolvency administration.	515
Associate Director	10 + years' insolvency experience, may be a Registered Liquidator or Registered Trustee, controlling all facets of the administration and bringing his or her specialist skills to the insolvency administration.	500
Senior Manager	7 + years' insolvency experience, degree and post graduate qualifications achieved, controlling medium sized matters and managing staff.	475
Manager	6 + years' insolvency experience, degree and post graduate qualifications achieved, controlling medium sized matters and managing staff.	420
Supervisor	4 + years' insolvency experience, degree typically with post graduate qualifications achieved, managing medium sized matters and controlling the work of more junior staff.	390
Senior Accountant	An experienced accountant with 3 + years' insolvency administration experience. Assists with control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.	300
Administration Manager	An experienced clerk with 5 + years' administration experience. Prepares and manages all statutory obligations associated with appointments.	300
Accountant	A qualified accountant with 1 + years' experience and undertaking further study. Required to assist in day-to-day fieldwork under supervision of more senior staff.	280
Graduate Accountant	A graduate accountant with less than 1 years' experience. Required to assist in day-to-day fieldwork under supervision of more senior staff.	240
Undergraduate	An undergraduate accountant required to assist in the day-to-day fieldwork under supervision of more senior staff	195
Administration Assistant	Non-qualified person with appropriate skills. Prepares and manages all statutory obligations associated with appointments under supervision of Administration Manager. Role can include secretarial matters, filing, rounds, banking, account openings etc.	195
Administration Clerk	Non-qualified person required to assist with secretarial matters, filing, rounds, banking, account openings etc. under supervision of more senior staff.	135

Statutory Report to Creditors

ACN 120 962 245 Pty Ltd (In Liquidation) formerly known as Astec Paints Australasia
ACN 120 962 245

Annexure D

Index of Proposals by Notice

- Remuneration Approval from 20 June 2024 to 16 September 2024
- Approval for internal disbursements scale and disbursements from 20 June 2024 to 31 August 2024

Notice of Proposal to Creditors

ACN 120 962 245 Pty Ltd (In Liquidation) formerly known as Astec Paints Australasia
ACN 120 962 245 ("the Company")

1. Resolution 1

The following proposal is put to creditors for consideration:

"That the remuneration of the Liquidator for the period 20 June 2024 to 16 September 2024, calculated at hourly rates as detailed in the report to creditors of 28 June 2024 and the scale of fees for the period 1 July 2023 to 30 June 2024 attached as Schedule E, is approved for payment in the sum of \$121,475.00 excluding GST, and that the Liquidator can draw the remuneration immediately or as required."

2. Reasons for proposal and the likely impact it will have on creditors if it is passed

The Liquidator has incurred remuneration costs in the sum of \$121,475.00 (Excluding GST) and now seeks approval for the payment of same.

The payment of the Liquidator's remuneration reduces any amount payable to creditors (if any) by way of dividend.

Section 556 of the *Corporations Act 2001* (the Act) provides that remuneration of the Liquidator is paid in priority to unsecured creditor claims.

The effect of approving my remuneration is to fix the Liquidator's remuneration which is then paid in accordance with Section 556 of the Act. If the remuneration is not approved, at some future time I will make an application to Court to decide my remuneration, which application will incur further costs in the liquidation and may delay and reduce distributions, if any, to creditors.

3. Voting

Please place a tick in the box which applies:

- | | | |
|--------|--------------------------|------------------------------------------------------------------------|
| Yes | <input type="checkbox"/> | I approve the proposal |
| No | <input type="checkbox"/> | I do not approve the proposal |
| Object | <input type="checkbox"/> | I object to the proposal being resolved without a meeting of creditors |

4. Signature

Name of creditor: _____ ACN / ABN (if applicable): _____

I am not a related creditor of the Company.

I am a related creditor of the Company (describe relationship):

Address: _____

Name of authorised person signing: _____

Signature: _____ Date: _____

Lodgement instructions

Please return, together with a completed proof of debt (if not already completed), to Matt Jeffery at mjeffery@hplca.com.au **by no later than Friday 18 October 2024.**

Heard Phillips Lieberenz
Level 12, 50 Pirie Street
Adelaide SA 5000

Ph: (08) 7089 0011
www.hplca.com.au

Notice of Proposal to Creditors

ACN 120 962 245 Pty Ltd (In Liquidation) formerly known as Astec Paints Australasia

ACN 120 962 245 ("the Company")

1. Resolution 2

The following proposal is put to creditors for consideration:

"That the internal disbursements claimed by my firm for the period 20 June 2024 to 31 August 2024, calculated at the rates detailed in the report to creditors dated 28 June 2024, are approved for payment in the amount of \$472.61, excluding GST, to be drawn from available funds immediately or as funds become available."

2. Reasons for the proposal and the likely impact it will have on creditors if it is passed

Section 60-20(4) of Schedule 2 to *the Corporations Act 2001* (the Act) provides that without a resolution of creditors, an external administrator cannot derive a profit or advantage from the external administration. This prohibition does not relate to remuneration, but instead refers to disbursements that may be charged to an external administration by the administrator's firm that contains an element of profit in the charge.

The Liquidator will incur out of pocket expenses and disbursements in the course of the external administration. Some internal disbursements charged by Heard Phillips Lieberenz include an element of profit to reflect the overhead cost recovery for the provision of the service. In these circumstances creditors must agree to the costs charged.

The payment of the Liquidator's disbursements reduces any amount payable to creditors (if any) by way of dividend.

Section 556 of the Act provides that the costs of external administration are paid in priority to unsecured creditor claims.

The effect of approving my disbursements is to fix the Liquidator's internal disbursements which are then paid in accordance with Section 556 of the Act. If the disbursements are not approved, at some future time I will make an application to Court to decide my disbursements, which application will incur further costs in the liquidation and may delay and reduce distributions, if any, to creditors.

3. Voting

Please place a tick in the box which applies:

- Yes I approve the proposal
- No I do not approve the proposal
- Object I object to the proposal being resolved without a meeting of creditors

4. Signature

Name of creditor: _____ ACN / ABN (if applicable): _____

- I am not a related creditor of the Company.
- I am a related creditor of the Company (describe relationship): _____

Address: _____

Name of authorised person signing: _____

Signature: _____ Date: _____

Lodgement instructions

Please return, together with a completed proof of debt (if not already completed), to Matt Jeffery at mjeffery@hplca.com.au by no later than Friday 18 October 2024.

Heard Phillips Lieberenz
Level 12, 50 Pirie Street
Adelaide SA 5000

Ph: (08) 7089 0011
www.hplca.com.au

Information sheet: Proposals without meetings

You may be a creditor in a liquidation, voluntary administration or deed of company arrangement (collectively referred to as an external administration).

You have been asked by the liquidator, voluntary administrator or deed administrator (collectively referred to as an external administrator) to consider passing a proposal without a meeting.

This information sheet is to assist you with understanding what a proposal without a meeting is and what your rights as a creditor are.

What is a proposal without a meeting?

Meetings of creditors were previously the only way that external administrators could obtain the views of the body of creditors. However, meetings can be very expensive to hold.

A proposal without a meeting is a cost effective way for the external administrator to obtain the consent of creditors to a particular course of action.

What types of proposals can be put to creditors?

The external administrator is able to put a range of proposals to creditors by giving notice in writing to the creditors. There is a restriction under the law that each notice can only contain a single proposal. However, the external administrator can send more than one notice at any single time.

What information must the notice contain?

The notice must:

- Include a statement of the reasons for the proposal and the likely impact it will have on creditors if it is passed
- Invite the creditor to either:
 - vote yes or no to the proposal, or
 - object to the proposal being resolved without a meeting, and
- specify a period of at least 15 business days for replies to be received by the external administrator.

If you wish to vote or object, you will also need to lodge a Proof of Debt (POD) to substantiate your claim in the external administration. The external administrator will provide you with a POD to complete. You should ensure that you also provide documentation to support your claim.

If you have already lodged a POD in this external administration, you do not need to lodge another one.

The external administrator must also provide you with enough information for you to be able to make an informed decision on how to cast your vote on the proposal. With some types of proposals, the law or ARITA's Code of Professional Practice sets requirements for the information that you must be provided.

For example, if the external administrator is asking you to approve remuneration, you will be provided with a Remuneration Approval Report, which will provide you with detailed information about how the external administrator's remuneration for undertaking the external administration has been calculated.

What are your options if you are asked to vote on a proposal without a meeting?

You can choose to vote yes, no or object to the proposal being resolved without a meeting.

How is a resolution passed?

A resolution will be passed if more than 50% in number and 50% in value (of those creditors who did vote) voted in favour of the proposal, but only so long as not more than 25% in value objected to the proposal being resolved without a meeting.

What happens if the proposal doesn't pass?

If the proposal doesn't pass and an objection is not received, the external administrator can choose to amend the proposal and ask creditors to consider it again or the external administrator can choose to hold a meeting of creditors to consider the proposal.

The external administrator may also be able to go to Court to seek approval.

What happens if I object to the proposal being resolved without a meeting?

If more than 25% in value of creditors responding to the proposal object to the proposal being resolved without a meeting, the proposal will not pass even if the required majority vote yes. The external administrator will also be unable to put the proposal to creditors again without a meeting.

You should be aware that if you choose to object, there will be additional costs associated with convening a meeting of creditors or the external administrator seeking the approval of the Court. This cost will normally be paid from the available assets in the external administration.

This is an important power and you should ensure that it is used appropriately.

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency. This information is available from ARITA's website at artia.com.au/creditors.

ASIC also provides information sheets on a range of insolvency topics. These information sheets can be accessed on ASIC's website at asic.gov.au (search for "insolvency information sheets").

Statutory Report to Creditors

ACN 120 962 245 Pty Ltd (In Liquidation) formerly known as Astec Paints Australasia
ACN 120 962 245

Annexure E

FORM 535

Subregulation 5.6.49(2)
Corporations Act 2001

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To the Liquidator of ACN 120 962 245 Pty Ltd (In Liquidation) formerly trading as Astec Paints Australasia Pty Ltd ACN 120 962 245 ("the Company")

1. This is to state that the Company was on 20 June 2024, and still is, justly and truly indebted to: _____

_____ full name, ABN and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also

insert a description of the occupation of the creditor) for _____ dollars and _____ cents

Particulars of the debt are:

(Please attach any supporting documents you wish to rely on)

Date	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. Signed by (select option):

I am the creditor personally.

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.

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

Signature: _____

Dated: _____

Name: _____

Occupation: _____

Address: _____

RECEIVE REPORTS BY EMAIL	Yes	No
Do you wish to receive all future reports and correspondence from our office via email?	<input type="checkbox"/>	<input type="checkbox"/>
Email:		