



**Ichor Constructions Pty Ltd  
(Administrators Appointed)  
A.C.N 098 984 082**

**And**

**Ichor Group Holdings Pty Ltd  
(Administrators Appointed)  
A.C.N 605 988 592**

**Administrators’  
Report to creditors**

Pursuant to Section 439A of the Corporations Act 2001

30 October 2018

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## ABBREVIATIONS

Act	The Corporations Act 2001
Administrators	Christian Sprowles and Michael Hogan
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	the Australian Securities & Investments Commission
ATO	Australian Taxation Office
Ausgrid project	Ausgrid Silverwater
DoCA	Deed of Company Arrangement
DLP	Defect Liability Period
ERV	Estimated Realisable Value
FY	Financial Year
IC	Ichor Constructions Pty Ltd
IGH	Ichor Group Holdings Pty Ltd
IC4	IC4 Investments Pty Ltd
KH	Kandylas Holdings Pty Ltd
LD	Liquidated Damages
The Companies	Ichor Group Holdings Pty Ltd and Ichor Constructions Pty Ltd
PC	Practical Completion
PMSI	Purchase Money Security Interest
PPSR	Personal Properties and Securities Register
TBA	To be announced
RATA	Report as to Affairs
SCECGS project	SCECGS Redland Senior School Campus Project
Turramurra project	10-16 Gilroy Rd, Turramurra
Westmead project	St Georg Community Housing, Westmead

## 1. EXECUTIVE SUMMARY

### 1.1. Introduction

Michael Hogan and I were appointed Joint and Several Voluntary Administrators of the Companies, Ichor Constructions Pty Ltd (“IC”) and Ichor Group Holdings Pty Ltd (“IGH”) collectively known as the (“the Companies”) on 3 October 2018 pursuant to a resolution passed by the directors.

At the time of my appointment the ASIC register recorded Mr Con Filis and Mr Paul Stamatelatos as directors. On 31 July 2018 orders were made in the Supreme Court of NSW which listed IGH as a defendant. Those orders also confirmed the appointment of Mr Stamatelatos as a director to the Companies to the extent that he had been validly appointed. The date of Mr Stamatelatos appointment as a director is taken to have been the date he consented to act in that capacity being 4 June 2018.

The 31 July 2018 orders, amongst various undertakings, noted the plaintiffs and defendants, would not until further order of the Court, take steps to appoint any external administrator to either of the Companies, without leave of the Court. The matter was listed for Directions on 16 October 2018.

On 28 September 2018 the Companies sought leave of the Court, which was granted, to hold a meeting of directors to consider the Companies insolvency and the appointment of Voluntary Administrators. Subsequent directors’ meetings were held on 1 October 2018 and 3 October 2018. At the latter meeting the directors resolved to appoint Voluntary Administrators.

This is the Administrators report to creditors pursuant to section 439A of the Act.

If creditors have any queries, please contact Luke Mann on (02) 8020 5862 or [lmann@hogansprowles.com.au](mailto:lmann@hogansprowles.com.au)

### 1.2. Purpose of this report and second meeting of creditors

The purpose of this report is to provide creditors with details about the Companies’ business, property, affairs and financial circumstances in preparation for the upcoming second creditors meeting.

The report informs creditors of our investigative findings and sets out the Administrators’ opinion about each of the options available to creditors at the second meeting, together with our opinion as to the best course of action. Creditors will be entitled to vote on the future of the Companies at the second meeting (often referred to as the decision meeting).

We have recommended that the Companies be placed into Liquidation at the second meeting of creditors. The reasons for our opinion have been provided at section 12 and the attached Statement of Administrators’ Opinion.

At the time of this report we haven’t received a proposal for a Deed of Company Arrangement.

The meeting of creditors will be concurrently held at **Karstens Level 1, 111 Harrington Street, Sydney NSW on Wednesday 7<sup>th</sup> November 2018 at 11:00am.**

### 1.3 Administrators opinion

Having regard to the matters set out in this report, creditors will be able to vote on one of the following outcomes at the next meeting:

- The Company execute a Deed of Company Arrangement (“DoCA”); or
- The Company be wound up; or
- The administration comes to an end (and control of the Company reverts to its director).

We recommend that it is in creditors’ interests to resolve to place the Companies into liquidation at the Second Meeting of Creditors, as there isn’t a DoCA proposal and the Companies are insolvent. A statement of our opinion is provided at annexure A of the report.

Creditors may also resolve to adjourn the Second Meeting of Creditors for a period of up to 45 days.

### 1.4 Estimated return to creditors

We estimate that certain creditors may receive \$4.5 million directly from project Principals, for debts incurred prior to the Administrators appointment. Details of the individual projects and a detailed position statement are provided at sections 6 and 10 respectively.

A return to unsecured creditors is unlikely and contingent on litigation and voidable transaction recoveries.

Creditor	IC	IGH
Secured creditor (NAB)	100 cents in \$	n/a
Priority employee creditors	34 cents in the \$	n/a
Unsecured creditors	Nil	Nil

The timing of a return to priority employee entitlements will likely extend into next year coinciding with the release of securities on conclusion of the defect liability period (“DLP”). Eligible employees will be able to lodge claims through the Fair Entitlements Guarantee scheme (“FEG”) for payment of certain entitlements.

Employees will likely receive most of their entitlements through FEG, except for superannuation.

The directors of the Companies are deemed as excluded employees pursuant to section 556 of the Act and have a statutory cap on the priority portion of their entitlements for superannuation (\$3.5K) and leave entitlements (\$1.5K). The balance of the entitlements is an unsecured claim.

## 1.5 Investigation summary

Our investigations into the affairs of the Companies have been summarised in the table below.

The Companies were likely insolvent between 31 March 2018 and 7 June 2018. The balance sheet and cash flows indicate a net working capital deficiency of \$1 million at 31 March 2018 which didn't improve and resulted in an urgent need to recapitalise. The net working capital deficiency increased to \$2 million at 30 June 2018. It is plausible that management may not have been aware of Companies' pending cash flow and working capital pressures until some time in April / May 2018 when revenues began to materially decline.

We have also considered the Companies' ability to secure capital in our assessment. On 7 June 2018 a resolution was sought to issue 20 shares at \$50K per share (\$1 million) and an offer notice to subscribe was taken up by IC4 on the same day for 10 shares. Due to ongoing shareholder disputes the share issue failed along with the recapitalisation. At this point the directors should've had insolvency concerns.

Specific commentary on each of the claims is provided in the report at the appropriate reference points.

Claim	Section	Quantum	Report reference
Insolvent trading	S.588G	Tba	Section 8.3, 12.3
Credit card payments	Loan recovery	\$265K	Section 12.1 (b)
Payment for legal fees	Loan recovery	\$35K	Section 12.1 (d)
Payments to related party	Loan recovery and section 588FDA	\$160K	Section 12.1 (c)
Return of capital	S.588FDA	\$800K	Sections 5.2, 12.1 (e)
Retention Trust Account	S.180	tba	Section 12.5 (a)
Execution of statutory declaration for progress claims	S.180	tba	Section 12.5 (b)

## **1.6 Reasons for the Companies failure**

### **a) Operational**

- Ongoing shareholder dispute which has been disruptive to the Companies operations and diverted management resources.
- Disputes over Extension of Time (EOT) delays, resulting in liquidated damages being incurred (Emanuel School, Ku-ring-gai Council, Bayside Council).
- Unapproved contract variations resulting from disagreements over plans and specifications.
- Building defects (Emanuel School, Blackfriars Childcare Centre).
- Estimating errors resulting in increased costs (SCEGGS façade).
- Staff continuity at critical stages of projects.

### **b) Financial**

- Insufficient capital to manage the growth of the business in FY18 resulting in cash flow and working capital pressures. The Company required \$2 million at 30 June 2018 to recapitalise. \$1.2 million was also placed on term deposit as security for projects during FY18, which depleted the available cash reserves.
- Gross margins had been eroding year on year since FY14. This was due to increasing budget pressures on projects and inadequate cost controls.
- The Companies profit margins were thin (2% of sales) which meant that they were unable to absorb adverse events such as unforeseen defects, project LD's and litigation costs.
- Several failed attempts to raise capital and an ongoing dispute between shareholders made it difficult for the Companies to recapitalise.

## 2. INTRODUCTION

### 2.1. Role of the Administrator

Administrators are empowered by the Act to assume control of an insolvent company, to manage the Companies' affairs and deal with its assets in the interests of its creditors and members.

The intention of a Voluntary Administration is to maximise the prospects of a company, or as much as possible of its business, continuing in existence or, if that is not possible, to achieve a better return to creditors and members than would be achieved by its immediate liquidation. During an administration, there is a moratorium over most pre-administration creditor claims.

Administrators are required to investigate the company's affairs and report to creditors on the Administrators' opinion as to which outcome of the administration process is in the best interest of creditors.

### 2.2. First Meeting of Creditors

The concurrent First Meetings of the Companies' creditors, convened under Section 436E of the Act, was held on 15 October 2018. A committee of inspection was formed by creditors for IC and an alternate Administrator was not proposed, accordingly we remained Administrators of the Companies.

### 2.3. Second Meeting of Creditors

The Second Meeting of Creditors will be held concurrently at **Karstens Level 1, 111 Harrington Street, Sydney NSW on Wednesday 7<sup>th</sup> November 2018 at 11:00am.**

Creditors are encouraged to attend at least 15 minutes prior to this time to enable orderly registration for the meeting, please submit proxy and proof of debt forms by 5.00pm on Tuesday 6 November 2018.

Attendance at the meeting, whilst encouraged, is not mandatory and non-attendance will not impact the rights of creditors.

**Appendix B** includes the Notice of Meeting, proxy form and informal proof of debt.



### 3. DISCLAIMER AND INDEPENDENCE

#### 3.1. Disclaimer

In reviewing this report, creditors should note the following:

- The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changes or additional information which may be provided to us between the date of this report and the date of the Second Meeting of Creditors; and
- Neither we, nor HoganSprowles nor any member or employee thereof is responsible in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us; and
- In considering the options available to creditors and formulating their recommendation, the Administrators have necessarily made forecasts of asset realisations and total creditors. These forecasts and estimates may change as asset realisations and any claims progress.

#### 3.2. Independence

In accordance with Section 436DA of the Act and the ARITA Code of Professional Practice, our Declaration of Independence, Relevant Relationships and Indemnities which was tabled at the first meeting of creditors and dated 4 October 2018.

This declaration disclosed information regarding the independence, any prior personal or professional relationships the Administrators or HoganSprowles had with the Companies or related parties and any indemnities received in relation to this appointment.

There is no change to the information provided in the Declaration of Independence, Relevant Relationships and Indemnities dated 4 October 2018. Copies of same are attached as **Appendix E**.

## 4. STATUTORY INFORMATION

### 4.1 ASIC database

Below is a summary of the ASIC database for IGH.

Company Details			
Date of Registration		22/05/2015	
Registered Office	Level 1, 38 Ricketty Street Mascot NSW 2020		
Principal Place of Business	Level 1, 38 Ricketty Street Mascot NSW 2020		
Current Director		Appointed	
Con Filis		22/05/2015	
Paul Stamatelatos		4/06/2018	
Former Directors		Appointed	Date Ceased
George Kandylas		22/05/2015	14/03/2018
James Alexander Angelis		22/05/2015	13/01/2017
Secretary		Appointed	Date Ceased
Con Filis		22/05/2015	
Current Members		Shares Held/ Type	Paid up Capital (\$)
Kandylas Holdings Pty Ltd		1/Ordinary	
Ic4 Investments Pty Ltd		1/Ordinary	

Below is a summary of the ASIC database for IC.

Company Details			
Date of Registration		6/12/2001	
Registered Office	PriceWaterHouseCoopers' Darling Park' 201 Sussex Street , Sydney NSW 2000		
Principal Place of Business	Level 1, 38 Ricketty Street Mascot NSW 2020		
Current Director		Appointed	
Con Filis		9/02/2016	
Paul Stamatelatos		4/06/2018	
Former Directors		Appointed	Date Ceased
George Kandylas		7/12/2001	14/03/2018
Homer Dapas		7/12/2001	24/10/2014
George Frank Stavropoulos		7/12/2001	30/06/2005
Malcom Walton Cooper		6/12/2001	7/12/2001
Secretary		Appointed	Date Ceased
Con Filis		14/03/2018	
Former Secretary		Appointed	Date Ceased
George Kandylas		7/12/2001	14/03/2018
Homer Dapas		30/06/2005	24/10/2014
George Frank Stavropoulos		7/12/2001	30/06/2005
Malcolm Walton Cooper		6/12/2001	7/12/2001
Current Members		Shares Held/ Type	Paid up Capital (\$)
Ichor Group Holdings Pty Ltd		400/Ordinary	1,200,100
Former Members		Shares Held/ Type	
Kandylas Holdings Pty Ltd		100/Ordinary	
Ic4 Investments Pty Ltd		100/Ordinary	
Dapas Enterprises Pty Ltd		100/Ordinary	
George Kandylas		100/Ordinary	
Homer Dapas		100/Ordinary	
George Frank Stavropoulos		100/Ordinary	

## 4.2 Personal Properties and Securities Register

PPSR legislation became operational on 30 January 2012 and among other things replaced the previous system of security registration and retention of title. A search of the PPSR revealed the following security interests:

Grantor	Registration Number	Registration Date	Collateral	Status/Comments
Fuji Xerox Finance Limited & 1 other party	201401160112619	16/01/2014	Other Goods, PMSI	Disclaimed
Kraneworx Vertical Management Australia Pty Ltd	201710130058801	13/10/2017	Other Goods	Not perfected. Further info required
National Australia Bank Limited	201112150925353	30/01/2012	All PAP	acknowledgement received
National Australia Bank Limited	201112151452413	30/01/2012	All PAP	acknowledgement received
National Australia Bank Limited	201112160121388	30/01/2012	All PAP	acknowledgement received
National Australia Bank Limited	201112161141893	30/01/2012	All PAP	acknowledgement received
Waco Kwikform Limited	201112201397107	30/01/2012	Other Goods, PMSI	Discharged - Goods on project
Coates Hire Operations Pty Limited	201112202026878	30/01/2012	Motor Vehicle, PMSI	Discharged - Goods on project
Coates Hire Operations Pty Limited	201112202026948	30/01/2012	Other Goods, PMSI	Discharged - Goods on project
National Australia Bank Limited	201112202818521	30/01/2012	All PAP	acknowledgement received
National Australia Bank Limited	201112211567992	30/01/2012	All PAP	acknowledgement received
Valiant Commercial Furniture Pty Limited	201201030075831	30/01/2012	Other Goods, PMSI	Further details required
Kennards Hire Pty Limited	201201051296561	30/01/2012	Other Goods, PMSI	no response
ATF Services Pty Ltd	201201060029440	30/01/2012	Other Goods, PMSI	Disclaimed
ATF Services Pty Ltd	201202030033194	03/02/2012	Other Goods, PMSI	Disclaimed
National Australia Bank Limited	201202080207283	08/02/2012	Motor Vehicle, PMSI	acknowledgement received
Siemens Ltd	201202100206803	10/02/2012	Other Goods, PMSI	Discharged
National Australia Bank Limited	201202100329908	10/02/2012	Other Goods, PMSI	acknowledgement received
Waco Kwikform Limited	201203060039344	06/03/2012	Other Goods, PMSI	Discharged
Ausco Modular Pty Limited	201203090009168	09/03/2012	Other Goods, PMSI	Disclaimed
Ausco Modular Pty Limited	201203230008397	23/03/2012	Other Goods, PMSI	Disclaimed
Access Hardware Pty. Ltd.	201204240023309	24/04/2012	Other Goods, PMSI	no response
Acrow Formwork And Scaffolding Pty Ltd	201205160083275	16/05/2012	Other Goods, PMSI	no response
Force Corp Pty Ltd	201208060055922	06/08/2012	Motor Vehicle, PMSI	no response
Waco Kwikform Limited	201209120055319	12/09/2012	Other Goods, PMSI	Discharged
Druin Pty Ltd	201210300071332	30/10/2012	Other Goods, PMSI	no response
All A.V. Pty Limited	201304180024910	18/04/2013	Other Goods, PMSI	no response
Sfi/Piletech (EA) Pty. Ltd. & 1 other party	201310160053696	16/10/2013	Other Goods, PMSI	no response
Fab Floors Pty Ltd	201401300341242	30/01/2014	Other Goods, PMSI	no response
Fab Floors Pty Ltd	201401300352223	30/01/2014	Other Goods, PMSI	no response
Winning Appliances Pty Ltd	201402210073418	21/02/2014	Other Goods, PMSI	no response
James L Williams (NSW) Pty Limited	201404290051301	29/04/2014	Other Goods	no response
Capital Finance Australia Limited	201405310005341	31/05/2014	Other Goods, PMSI	no response
G James Australia Pty. Ltd.	201410080047340	08/10/2014	Other Goods, PMSI	Stock on project
James L Williams (NSW) Pty Limited	201411180033556	18/11/2014	Other Goods	no response
Hacost Pty Limited & 2 other parties	201411190053164	19/11/2014	Other Goods, PMSI	Discharged
James L Williams (NSW) Pty Limited	201411260034877	26/11/2014	Other Goods	no response
Clifton Brick Manufacturers Pty. Ltd + related parties	201502230035341	23/02/2015	Other Goods, PMSI	no response
James L Williams (NSW) Pty Limited	201502270029544	27/02/2015	Other Goods	no response
Queensland Glass Pty Ltd & 3 other parties	201503250047451	25/03/2015	Other Goods, PMSI	Discharged
Action Access Hire Pty Ltd	201504090051506	09/04/2015	Other Goods, PMSI	no response
Action Access Hire Pty Ltd	201504090051620	09/04/2015	Other Goods, PMSI	no response
James L Williams (NSW) Pty Limited	201505280039710	28/05/2015	Other Goods	no response
Walmay Architectural Products Pty Ltd	201506110044150	11/06/2015	Other Goods, PMSI	no response
Onesteel Trading Pty Limited & 11 other parties	201506110062400	11/06/2015	Other Goods, PMSI	no response
K.J. Industrial Scaffolding Pty Ltd	201507020055551	02/07/2015	Other Goods, PMSI	no response
Royal Wolf Trading Australia Pty Limited	201507100062200	10/07/2015	Other Goods, PMSI	Discharged
ATCO Structures & Logistics Pty Ltd	201510220044046	22/10/2015	Other Goods, PMSI	no response
Winc Australia Pty Limited	201510230022339	23/10/2015	Other Goods, PMSI	Discharged
Matt Molloy Pty Ltd	201512140012547	14/12/2015	Other Goods	Discharged
National Australia Bank Limited	201601250024702	25/01/2016	Motor Vehicle, PMSI	Disclaimed
Sitemax Group Pty Ltd	201601270057110	27/01/2016	Other Goods, PMSI	no response
Controlworks NSW Pty Ltd	201602200008980	20/02/2016	Other Goods, PMSI	no response
Controlworks Pty Ltd	201602200010814	20/02/2016	Other Goods, PMSI	no response
Norfolk Blinds Pty Ltd	201605050006531	05/05/2016	Other Goods, PMSI	no response
Schneider Electric (Australia) Pty Limited & 5 other parties	201606070013529	07/06/2016	Other Goods, PMSI	no response
Valmont Irrigation Australia Pty Ltd & 10 other parties	201607270025171	27/07/2016	Other Goods, PMSI	Discharged
Connect Infrastructure Pty Ltd	201608160054071	16/08/2016	Other Goods, PMSI	Discharged
Altro Holdings Pty Ltd	201611210037835	21/11/2016	Motor Vehicle, PMSI	no response
Aggreko Generator Rentals Pty. Limited	201612280040093	28/12/2016	Other Goods, PMSI	Discharged
The Australian Steel Company (Operations) Pty Ltd	201702070042598	07/02/2017	Other Goods, PMSI	Discharged
Mesh & Bar Pty. Limited	201703070015669	07/03/2017	Other Goods, PMSI	Goods on project
Southern Hospitality Australia Pty. Ltd.	201706300131002	30/06/2017	Other Goods	Discharged
Southern Hospitality Australia Pty. Ltd.	201707200017556	20/07/2017	Other Goods	Discharged
Corinthian Industries (Australia) Pty Ltd & 16 other parties	201802160056708	16/02/2018	Other Goods, PMSI	have advised no debt owing
Access Rentals Australia Pty Ltd & 10 other parties	201802220003234	22/02/2018	Motor Vehicle, PMSI	no response
Access Rentals Australia Pty Ltd & 10 other parties	201802220003247	22/02/2018	Other Goods, PMSI	no response
The Good Guys Discount Warehouses (Australia) Pty Ltd	201803280017029	28/03/2018	Other Goods, PMSI	no response
Boral Limited & 63 other parties	201804270091708	27/04/2018	Other Goods, PMSI	no response
Active Crane Hire Pty Ltd	201805080040906	08/05/2018	Other Goods, PMSI	Disclaimed - Goods on project
Active Crane Hire Pty Ltd	201807030016213	03/07/2018	Other Goods, PMSI	Disclaimed - Goods on project
Thorn Australia Pty Ltd	201807120026230	12/07/2018	Other Goods, PMSI	Disclaimed
Online Concrete Cutting Services Pty. Ltd.	201809140012383	14/09/2018	All PAP	Not perfected. Further info required
KPAXX Pty Ltd	201710130058801	2/10/2018	All PAP	Not perfected. Further info required

To claim a security interest in the Companies (i.e. as a secured or retention of title creditor), creditors are required to have registered their interest on the PPSR.

Creditors that haven't registered their interest on the PPSR, prior to the date of the Administrators' appointment, are not entitled to claim a security interest in goods held by the Companies. The fact that a creditor has or cannot register their interest on the PPSR, does not prevent that creditor from asserting its claim as an unsecured creditor of the Companies, and subject to the availability of funds, receipt of a dividend through a liquidation or DoCA.

We have written to all parties listed on the PPSR and are continuing to deal with the security interests.

We have been contacted by creditors trying to access various sites to conduct stock takes. The projects Principals have taken control of the sites and access has been restricted. We have made attempts to access certain sites and where necessary we have provided PPSR creditors with the contact details of the various Principals to arrange inspections.

#### **4.3 Books and Records**

The Administrators are required to provide an opinion as to whether the Companies' books and records are maintained in accordance with section 286 of the Act for a period of seven years. The Act requires that a company maintain financial records that correctly record and explain its transactions, financial position and performance, and enable true and fair financial statements to be prepared and audited.

Failure to maintain books and records may give rise to a presumption of insolvency pursuant to Section 588E of the Act. This presumption may be relied upon by the Liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Part 5.7B of the Act from the directors and related parties.

We have been provided with all the Companies books and records, obtained a backup of the Companies server and emails. The management accounts would appear to have been reasonably maintained up to 30 June 2018. The general ledger, although not completely updated for transactions in September and October 2018, accurately records the transactions of IC. IC's accounts were audited to 30 June 2017.

No financial statements were prepared for IGH.

In our opinion, the books and records of IC kept in a manner that complies with Section 286 of the Act.

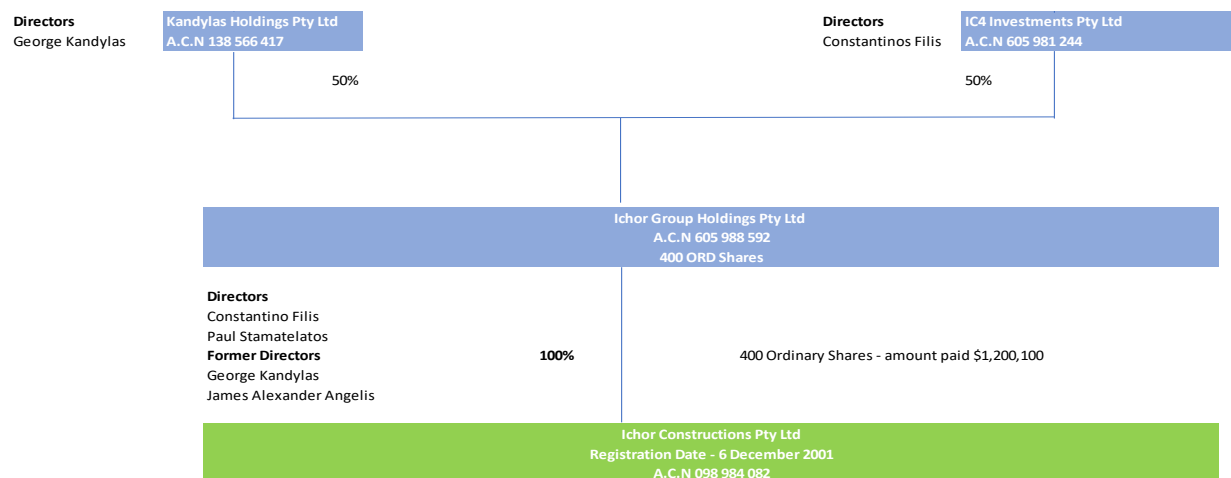
#### **4.4 Information for Creditors**

To assist creditors, employees and shareholders understand the Voluntary Administration process ASIC has released a package of insolvency information sheets. These have the endorsement of the ARITA and are attached as **Appendix D**. You can download these as PDF files from the ASIC and ARITA. The respective websites are:

- [www.arita.com.au](http://www.arita.com.au)
- [www.asic.gov.au](http://www.asic.gov.au)

## 5 OVERVIEW OF THE COMPANIES

### 5.1 Organisational chart



	<b>Appointed</b>	<b>Ceased</b>
<b>Directors</b>		
Con Filis	09-February-2016	-
Paul Stamatelatos	04-June-2018	Via court order dated 31 July 2018
<b>Auditors</b>		
PWC	01-July-2014	-
<b>Former Directors</b>		
George Kandylas	07-December-2001	14-March-2018
Homer Dapas	07-December-2001	24-October-2014
George Frank Stavropoulos	07-December-2001	30-June-2005
Malcolm Walton Cooper	06-December-2001	07-December-2001
<b>Secretary</b>		
Con Filis	14-March-2018	
George Kandylas	30-June-2005	14-March-2018
Homer Dapas	30-June-2005	24-October-2014
George Frank Stavropoulos	07-December-2001	30-June-2005
Malcolm Walton Cooper	06-December-2001	07-December-2001

<b>PPSR Summary</b>	
Security Interests	23
PMSI Interests	50
<b>TOTAL</b>	<b>73</b>

<b>Collateral Summary</b>	
Motor Vehicles	9
Other goods	7
APAP	7
<b>TOTAL</b>	<b>23</b>

## 5.2 Timeline

IC was incorporated on 8 December 2001. Over the years there have been multiple changes to shareholding and directorship of the Companies.

In May 2015 IGH is incorporated and IC becomes the wholly owned subsidiary of IGH. The shareholders of IGH are 50% IC4 Investments Pty Ltd (“IC4”) and 50% Kandylas Holdings Pty Ltd (“KH”). A shareholders Deed dated 22 May 2015 was also executed between the Shareholders.

24 July 2017 a meeting of directors was called for the purposes of raising \$830K of capital specifically required for the extension of Home Warrantee Insurance for two residential construction projects IC was tendering. It was resolved that two ordinary shares would be issued to the existing shareholders of IGH for an aggregate subscription of \$800,000.

24 July 2017 IGH, KH and IC4 execute a Subscription and Call Option Deed confirming that IGH would issue two new shares to IC4 and IC4 would grant a call option over one of the two new shares to KH which was exercisable at a price of \$400K at any time up to 31 December 2017. The call option was granted to KH as they were unable to meet the subscription at the time. Subsequently the shareholding of IGH was 75% IC4 and 25% KH. This would indicate an enterprise value of \$1.6 million at the time.

December 2017 KH sought an extension of the call option to 31 March 2018, which wasn’t granted, and the call option subsequently expired on 31 December 2017.

December 2017 and January 2018 IC were tendering for several projects and required working capital on projects including UTS CB04 and Ausgrid Alexandria.

Late January / early February 2018 there appears to have been ongoing negotiations between IC4 and KH to acquire KH shares, which remained unresolved.

February 2018 a term sheet was issued by IC4 to KH valuing the business at \$1.6 million and putting forward an offer to purchase KH shares in IGH.

9 February 2018, KH responded with an alternative proposal to sell. The terms of the proposal would effectively value the business at \$5.8 million.

16 February 2018, IC issues Mr Kandylas with a termination notice.

Subsequent to Mr Kandylas termination there appears to be further negotiations with Mr Kandylas and KH exit from the Companies, which would include Mr Kandylas termination payout.

14 March 2018 Mr Kandylas formally resigns as a director of the Companies. At this time Mr Filis becomes the sole director of the Companies.

Between March 2018 and April 2018 there are multiple attempts to negotiate a Share Sale. A final version of the share sale deed was prepared on 15 April 2018 but was never executed.

30 April 2018 a Deed of Release is drafted setting out the terms of Mr Kandylas termination and release from IC. The document wasn’t executed.

2 May 2018 IC4 cancels the share issue from 24 July 2017 and returns one of its shares to KH. We understand the extension of the Home Warrantee Insurance was no longer required. The shareholding reverted to 50% IC4 and 50% KH and \$800,000 was returned.

25 May 2018 Mr Filis informs Mr Kandylas of the need to raise working capital.

4 June 2018, IGH receives a letter advising that Mr Paul Stamatelatos and Mr Kandylas were appointed as directors to the Companies pursuant to the Shareholders Deed and requesting the right to access the financial records of the IC.

7 June 2018 the Companies auditors issue a letter to the Companies advising the need to raise funds to continue as a going concern. The letter identifies a future need for the Companies to secure further funds from a number of sources including equity or new debt financing.

7 June 2018 IGH resolves to issue new share capital. Mr Stamatelatos or Mr Kandylas weren't given notice of the meeting or passed the resolution.

7 June 2018, IGH issues Offer Notices to KH and IC4 for 10 shares each at an offer price of \$50,000 per share.

8 June 2018 application filed by Mr Kandylas and KH in the Supreme Court of NSW seeking a declaration of the validity of the director's appointment on 4 June 2018 and an Order that Mr David Deutsch be permitted to inspect the financial records of the Companies, amongst other things.

21 June 2018 IC4 issues an Offer Acceptance Notice to IGH for the subscription of the shares dated 7 June 2018.

21 June 2018 KH notifies the Companies that the appointment of Mr Stamatelatos and Mr Kandylas were validly appointed directors and therefore the share issue from 7 June 2018 was invalid. An offer acceptance notice was also confirmed by KH in the event the injunction of the share issue is lifted.

31 July 2018 Consent Orders made by the Court setting out a process for the valuation of IGH shares by 27 August 2018. The orders also determined the following:

- If the sale of shares occurs, then the Offer notices dated 7 June 2018 are void and of no effect
- Must not take any steps to increase or reduce the capital structure of the Companies
- Mr Kandylas be removed as a director of the Companies
- Mr Stamatelatos be appointed as a director of the Companies from 4 June 2018
- The Companies may not seek to appoint an external administrator without leave of the Court

The matter was listed for directions on 16 October 2018.

Attempts were made by the parties to progress with the appointment of a valuer as per the 31 July 2018 Orders. The parties couldn't agree as to the valuation methodology, mutual releases and terms of the share sale deed.

12 September 2018 Orders are sought by the lawyer acting on behalf of Mr Stamatelatos to acquire access to the books and records of the Companies. This included access to the Companies bank accounts, financial statements, tax returns and other financial information.

15 September 2018 the Court instructed the parties to proceed with the process set out in his orders dated 31 July 2018.

17 September 2018 a meeting is held between Mr Filis and Mr Stamatelatos in an attempt to resolve the impasse and agree a way forward between the shareholders. Mr Stam requested further financial information.

25 September 2018 another meeting is held between Mr Filis and Mr Stamatelatos. At the meeting financial information is provided to Mr Stamatelatos on the Companies financial position. Mr Stamatelatos requested further financial information.

28 September 2018 Mr Filis sought leave of the Court to proceed with a directors meeting to consider the appointment of a Voluntary Administrator to the Companies. Leave was granted.

1 October 2018 a meeting of directors is held, and resolutions put to the meeting to appoint Voluntary Administrators. Mr Stamatelatos abstained from voting on the resolutions provided.

3 October 2018 another meeting of directors is held where it is unanimously resolved to appoint Voluntary Administrators to the Companies.



## 6 PROJECT OVERVIEWS

### 6.1 Active project snapshot

On our appointment IC was managing sixteen (16) projects all at various stages of completion. Six (6) of the projects were incomplete. A position statement for each of the active projects is summarised below:

Active projects	SCECGS \$'000	Turrumurra \$'000	Ausgrid \$'000	Westmead \$'000	Emanual \$'000	S.Trains \$'000	Total \$'000
<b>Contract value with variations</b>	<b>41,538</b>	<b>15,814</b>	<b>9,056</b>	<b>22,475</b>	<b>5,708</b>	<b>1,827</b>	<b>96,418</b>
<b>% of project complete</b>	45%	43%	62%	98%	99%	98%	
<b>Funds and Security from Ichor</b>							
Progress claims submitted and unpaid	1,015	896	2,681	360	270	0	5,221
Security held by principal	1,847	788	379	1,029	242	148	4,433
	<b>2,862</b>	<b>1,684</b>	<b>3,060</b>	<b>1,389</b>	<b>512</b>	<b>148</b>	<b>9,655</b>
Add: Residual value of contract	21,991	9,012	3,440	360	0	46	34,849
Estimated value available	24,853	10,696	6,500	1,748	512	194	44,504
<b>Funds owing to subcontractors and suppliers</b>							
Subcontractors and external prelims	(1,338)	(1,261)	(2,553)	(1,207)	(414)	(188)	(6,961)
Retentions	(596)	(183)	(84)	(604)	(223)	(35)	(1,726)
	<b>(1,934)</b>	<b>(1,444)</b>	<b>(2,638)</b>	<b>(1,811)</b>	<b>(637)</b>	<b>(223)</b>	<b>(8,686)</b>
Estimated costs to complete	(23,991)	(8,442)	(3,362)	(360)	0	(21)	(36,176)
Estimated total payout	(25,926)	(9,886)	(6,000)	(2,171)	(637)	(243)	(44,863)
<b>Headroom</b>	<b>(1,072)</b>	<b>810</b>	<b>500</b>	<b>(422)</b>	<b>(125)</b>	<b>(49)</b>	<b>(359)</b>

Most of the Principals have terminated their Contracts with IC or taken control of the sites.

The information in the table above has been derived from the Companies project management system at the date of our appointment. We haven't accounted for any defects, liquidated damages or payment schedules issued in our assessment.

Most of the active projects have progress claims for September 2018 or unpaid variations outstanding.

We have met with, or attempted to meet, with the Principals and project managers to run through the projects and devise a strategy that would see the creditors return to the project and complete their works. This would in most instances include the payment of the project creditors for debts incurred prior to the appointment of the Voluntary Administrators.

As part of our negotiations we have also requested the Principals account to us for monies paid or securities called to complete the project.

It is commercially unlikely that the Principals would remit payment of progress claims on projects which are incomplete at the time of the Administrators appointment and where IC is unable to complete the works.

The return of creditors to the project would also likely benefit Principals and creditors ensuring a quicker transition for works to recommence, reducing claims for damages and hopefully the return of IC security (or a portion of that security) that would benefit all creditors.

## 6.2 Project securities

Provide below is a summary of project securities for completed and active projects. We have also provided an assessment of potential recoveries:

Favouree Name	Issue Date	Amount \$	PC \$	DLP \$	Outstanding \$	Disputed \$	Returned \$
KU-RING-GAI COUNCIL	31/01/2012	318,356				318,356	
CUMBERLAND COUNCIL	4/10/2016	5,545			5,545		
CUMBERLAND COUNCIL	4/10/2016	5,000			5,000		
CITY OF RYDE COUNCIL	23/09/2016	30,000			30,000		
CITY OF RYDE COUNCIL	23/09/2016	10,460			10,460		
THE UNIVERSITY OF NSW	1/12/2016	34,100			34,100		
UNIVERSITY OF TECHNOLOGY SYDNEY	30/01/2017	14,630					14,630
UNIVERSITY OF TECHNOLOGY SYDNEY	30/01/2017	144,599				144,599	
UNIVERSITY OF TECHNOLOGY SYDNEY	30/01/2017	21,975			21,975		
TECHNICAL AND FURTHER EDUCATION COMMISSION (TAFE NSW)	7/03/2017	49,553			49,553		
UNSW J18 RM 209 MICROFLUIDICS PC1 LAB	30/08/2017	4,046		4,046			
EMANUEL SCHOOL	23/08/2017	120,918				120,918	
EMANUEL SCHOOL	23/08/2017	120,918				120,918	
UTS GUMAL	22/09/2017	130,619		130,619			
SYDNEY TRAINS ENE PROJECTS	17/11/2017	37,100	37,100				
SYDNEY TRAINS ENE PROJECTS	17/11/2017	37,100	37,100				
SYDNEY TRAINS ENE PROJECTS	28/11/2017	74,200			74,200		
UNSW R1 BRC RABBIT FACILITY REFURBISHMENT	20/12/2017	28,853			28,853		
UNSW F25 BIOMED	29/11/2017	83,655			83,655		
MACQUARIE UNIVERSITY W6B FITOUT	5/12/2017	97,964			97,964		
SOPA SPORTS HALL	14/12/2017	39,211			39,211		
10 - 16 GILROY ROAD TURRAMURRA	24/01/2018	393,864				393,864	
10 - 16 GILROY ROAD TURRAMURRA	24/01/2018	393,864				393,864	
AUSGRID SILVERWATER	24/01/2018	189,635				189,635	
AUSGRID SILVERWATER	24/01/2018	94,818				94,818	
AUSGRID SILVERWATER	24/01/2018	94,818				94,818	
BROOKFIELD COMMERCIAL OPERATIONS PTY LTD	17/08/2018	39,848			39,848		
		2,615,649	74,200	498,396	156,633	1,871,790	14,630

We are continuing to meet with the Principals on these projects to run through defects and to ensure that the guarantees are returned.

The recovery of these bank guarantees will be unknown until expiry of the DLP periods.

For the purposes of assessing the estimated realisable value of the securities we have assumed a 75% recovery of bank guarantees within the PC, DLP and outstanding categories.

### 6.3 Ausgrid - Silverwater

We estimate the essential creditors required to complete the project as \$2.4 million. The Principals may be required to negotiate the return of creditors to the project, including the payment of pre-administration liabilities. A payment of \$2.5 million to project creditors would represent a return of 95 cents in the dollar. IC had a progress claim of \$2.68 million and security of \$379K with the Principal at the time of our appointment.

The Principal has engaged Fredon as the Principal contractor and subcontractors are progressively returning to site.

We will continue to monitor the cost to complete to ensure that any surplus proceeds outstanding from progress claims or securities owing to IC are returned for the benefit of creditors. The Principals and their advisors have been actively engaged with the Administrators which has worked well to ensure works recommence.

On the date of our appointment we sourced all data and information relating to the project and completed our preliminary assessment of the project in relation to outstanding claims, securities and sums owing to creditors.

On 4 October 2018 we met with the Principals and their advisor and presented our proposed strategy for returning creditors back to site along with our preliminary position statement. A draft term sheet was also provided setting out the proposed strategy.

On 11 October 2018 the Principal terminated the contract with IC and took formal control of the site. We have continued to liaise with the Principal and their advisors and have met on several occasions to discuss the quantum of creditor claims, the cost to complete and the requirements to complete the project.

Project assessment		\$'000
Project name:	Ausgrid- Silverwater	
Original contract value:		8,161
Transferred variations:		895
% of project completion:		69%
Contract practical completion:		9-Nov-18
<b>Total contract sum</b>		<b>9,056</b>
<b>Claims made</b>		
Total progress claim submitted by Ichor (including prelims)		2,935
Ichor September 2018 progress claim unpaid		2,681
Less: Total progress claims paid by Principal to Ichor		(2,935)
<b>Total progress claims owing to Ichor</b>		<b>2,681</b>
Add: Balance of contract outstanding		3,440
<b>Ausgrid amount to release in contract</b>		<b>6,121</b>
Add: security held by principal		379
<b>Total value retained by principal in contract and security</b>		<b>6,500</b>
<b>Outgoings</b>		
Less: Total outstanding to subcontractors as at 30/9/2018		(2,282)
Less: external prelims payable from 1 to 30 September 2018		(271)
Less: Total retentions payable		(84)
<b>Total owing to subcontractor and prelims pre VA appointment</b>		<b>(2,638)</b>
Less: Estimated cost to complete (including prelims)		(3,362)
<b>Total outgoings on project to completion</b>		<b>(6,000)</b>

## 6.4 10-16 Gilroy Rd, Turramurra

We estimate the essential creditors required to complete the project as \$1 million. The Principals may be required to negotiate the return of creditors to the project, including the payment of pre-administration liabilities. A payment of \$1 million to project creditors would represent a return of 75 cents in the dollar. IC had a progress claim of \$896K and security of \$788K with the Principal at the time of our appointment.

The Principal has engaged a new builder, Decode Group and meetings with subcontractors have commenced to agree terms for them to return to site.

We are communicating with the Principal's advisor and have assisted in communication of information to project creditors.

On 4 October 2018 we met with the Principals and their advisors and presented our proposed strategy for returning creditors back to site along with our preliminary position statement. A draft term sheet was also provided setting out the proposed strategy.

On 10 October 2018 the Principal terminated the contract with IC and took control of the site. We have continued to liaise with the Principal and their advisors to discuss the quantum of creditor claims, the cost to complete and the requirements to complete the project.

Multiple communications have been sent to the project creditors providing them with updates.

Project assessment		\$'000
Project name:		Turramurra
Original contract value:		15,755
Transferred variations:		60
% of project completion:		43%
Contract practical completion:		6-Apr-19
<b>Total contract sum</b>		<b>15,814</b>
<b>Claims made</b>		
Total progress claim submitted by Ichor (including prelims)		5,906
Ichor September 2018 progress claim		896
Less: Total progress claims paid by Principal to Ichor		(5,906)
<b>Total progress claims owing to Ichor</b>		<b>896</b>
Add: Balance of contract outstanding		9,012
<b>Ausgrid amount to release in contract</b>		<b>9,908</b>
Add: security held by principal		788
<b>Total value retained by principal in contract and security</b>		<b>10,696</b>
<b>Outgoings</b>		
Less: outstanding subcontractors and deposits as at 30/9/2018		(1,059)
Less: external prelims payable to 30 September 2018		(202)
Less: Total retentions payable		(183)
<b>Total owing to subcontractor and prelims pre VA appointment</b>		<b>(1,444)</b>
Less: Estimated cost to complete (including prelims)		(8,442)
<b>Total outgoings on project to completion</b>		<b>(9,886)</b>

## 6.5 SCECGS Redland Senior School Campus Project

We estimate the essential creditors required to complete the project as \$1 million. The Principals may be required to negotiate the return of creditors to the project, including the payment of pre-administration liabilities. A payment of \$1 million to project creditors would represent a return of 52 cents in the dollar. IC had a progress claim of \$1 million and security of \$1.8 million with the Principal at the time of our appointment.

We have been provided with an updated statement from the Principal below:

*“Redlands is currently undertaking an appropriate tender process for the engagement of a new head contractor to complete the works. Redlands is keen to complete this process as quickly as possible in order to progress construction of the New Learning Hub. Redlands appreciates the difficult circumstance both the School and sub-contractors working under Ichor have been placed in and are looking to appropriately resolve this as quickly as possible through the appointment of a new head contract. Redland's project managers Bloompark will notify all sub-contractors once an appointment has been made”*

On 5 October 2018 we met with the Principals and their advisors and presented our proposed strategy for returning creditors back to site along with our preliminary position statement. A draft term sheet was also provided setting out the proposed strategy.

On 8 October 2018 we provided a draft Memorandum of Understanding documenting the terms, which included the payment of all project creditors for pre-administration debts.

On 18 October 2018 the Principal terminated the contract with IC and took control of the site. We are continuing to offer our assistance.

We have included an estimated \$2 million in additional costs for the façade. We have reviewed certain correspondence between IC and the Principal which would suggest the additional costs may have been approved as a variation.

Project assessment		\$'000
<b>Project name:</b>		<b>SCECGS Redlands</b>
Original contract value:		\$36,943,090
Transferred variations:		\$4,595,220
% of project completion:		45%
Contract practical completion:		6-Apr-19
<b>Total contract sum</b>		<b>\$41,538,310</b>
<b>Ichor claims</b>		
Total progress claim submitted by Ichor (including prelims)		19,547
Less: Total progress claims paid by Principal to Ichor		(18,532)
<b>Total progress claims owing to Ichor</b>		<b>1,015</b>
Add: Balance of contract outstanding		21,991
<b>Ausgrid amount to release in contract</b>		<b>23,006</b>
Add: security held by principal		1,847
<b>Total value retained by principal in contract and security</b>		<b>24,853</b>
<b>Subcontractors and prelims</b>		
Less: outstanding subcontractors at Administrators Appointment		(849)
Less: external prelims payable at Administrators Appointment		(489)
Less: Total retentions payable		(596)
<b>Total owing to subcontractor and prelims pre VA appointment</b>		<b>(1,934)</b>
Less: Estimated cost to complete (including prelims)		(21,991)
Less: Estimated costs of facade		(2,000)
<b>Total outgoings on project to completion</b>		<b>(25,926)</b>

## 6.6 St George Community Housing, Westmead

On the date of our appointment IC received notice that the Principal was taking the whole of the work remaining to be completed out of the hands of IC.

On 9 October 2018 we met with the Principal and their advisors to discuss the project, IC's claim and works required for completion.

We have requested the Principals provide us with an update on the project and whether they will be engaging creditors to complete works. To date we are yet to receive a response.

Prior to the interim OC inspection scheduled for Friday, 14 September 2018, IC were given LD notice of their August 2018 progress claim issued on 13 September 2018 for circa \$350K.

A subsequent payment schedule for IC's September 2018 progress claim has been provided by the Principal applying cost to complete, LD's and defects of \$830K.

The Principal has called on surety bonds of \$1.029 million.

Project assessment		\$'000
<b>Project name:</b>		<b>Westmead</b>
Original contract value:		20,580
Transferred variations:		1,895
% of project completion:		98%
Contract practical completion:		6-Apr-19
<b>Total contract sum</b>		<b>22,475</b>
<b>Ichor claims</b>		
Total progress claim submitted by Ichor (including prelims)		22,115
Less: Total progress claims paid by Principal to Ichor		(21,749)
<b>Total progress claims owing to Ichor</b>		<b>365</b>
Add: Balance of contract outstanding		360
<b>Amount to release in contract</b>		<b>725</b>
Add: security bonds held by Principal		1,029
<b>Total value retained by principal in contract and security</b>		<b>1,754</b>
<b>Subcontractors and prelims</b>		
Less: outstanding subcontractors at Administrators Appointment		(1,207)
Less: Total retentions payable		(604)
<b>Total owing to subcontractor and prelims pre VA appointment</b>		<b>(1,811)</b>
Less: Estimated cost to complete (including prelims)		(360)
<b>Total outgoings on project to completion</b>		<b>(2,171)</b>

## 6.7 Emanuel School

The project was completed prior to the Administrators appointment; however, the superintendent and Principal have not granted PC. We note the school has been occupying the premises since mid-July 2018.

On 18 October 2018, the contract superintendent issued:

- a progress payment certificate, reducing the final contract claim from \$269K to \$83K and
- offset liquidated damages for additional delay claims totalling \$182K (having previously claimed \$60K), defect rectification costs of approximately \$127K.

This resulted in a negative payment certificate of approximately \$225K owed by IC to the Emanuel School. Liquidated damages are still accruing.

On 18 October 2018, the Emanuel School advised the Administrator it was calling upon the bank guarantee in the sum of \$121K. It is also probable the school will call upon the second bank guarantee after continuing to apply liquidated damages and having flagged the prospect of significant defect issues with the external Prodema Panels.

Project assessment		\$'000
Project name:		Emanuel
Original contract value:		4,837
Transferred variations:		871
% of project completion:		100%
<b>Total contract sum</b>		<b>5,708</b>
<b>Claims made</b>		
Total progress claim submitted by Ichor (including prelims)		5,437
Ichor September 2018 progress claim		270
Less: Total progress claims paid by Principal to Ichor		(5,437)
<b>Total progress claims owing to Ichor</b>		<b>270</b>
Add: Balance of contract outstanding		0
<b>Emanuel amount to release in contract</b>		<b>270</b>
Add: security held by principal		242
<b>Total value retained by principal in contract and security</b>		<b>512</b>
<b>Outgoings</b>		
Less: Total outstanding to subcontractors as at 30/9/2018		(414)
Less: external prelims payable from 1 to 30 September 2018		0
Less: Total retentions payable		(223)
<b>Total owing to subcontractor and prelims pre VA appointment</b>		<b>(637)</b>
Less: Estimated cost to complete (including prelims)		0
<b>Total outgoings on project to completion</b>		<b>(637)</b>

## 6.8 Sydney Trains

The project was largely completed prior to our appointment.

A final defects inspection was conducted on 8 October 2018 and a subsequent meeting has been scheduled for 1 November 2018.

Project assessment		\$'000
<b>Project name:</b>		<b>Sydney Trains</b>
Original contract value:		1,484
Transferred variations:		343
% of project completion:		99%
Contract practical completion:		6-Oct-18
<b>Total contract sum</b>		<b>1,827</b>
<b>Claims made</b>		
Total progress claim submitted by Ichor (including prelims)		1,781
Ichor September 2018 progress claim		0
Less: Total progress claims paid by Principal to Ichor		<b>(1,781)</b>
<b>Total progress claims owing to Ichor</b>		<b>0</b>
Add: Balance of contract outstanding		<b>46</b>
<b>ST Amount to release in contract</b>		<b>46</b>
Add: security held by principal		148
<b>Total value retained by principal in contract and security</b>		<b>194</b>
<b>Outgoings</b>		
Less: Total outstanding to subcontractors as at 30/9/2018		<b>(168)</b>
Less: external prelims payable from 1 to 30 September 2018		<b>(20)</b>
Less: Total retentions payable		<b>(35)</b>
<b>Total owing to subcontractor and prelims pre VA appointment</b>		<b>(223)</b>
Less: Estimated cost to complete (including prelims)		<b>(21)</b>
<b>Total outgoings on project to completion</b>		<b>(243)</b>



## 7. PROJECT LITIGATION

### 7.1 Ku-Ring-Gai Council – West Pymble Pools

We have reviewed all material relating to the claim and met with the Companies' solicitor to determine a strategy for pursuing the claim. We are confident that the Court of appeal judgement will be favourable and cost orders granted in favour of IC.

On 23 December 2011, IC entered into a construct only contract with Ku-ring gai Council for a pool complex at Ku-Ring-Gai Bicentennial Park, West Pymble. The project comprised demolition of an existing entry building, the construction of a new entry, incorporating new administration offices and a reception counter, a main entry foyer space, the main change facilities for the outdoor pool complex, a child minding/play area and two (2) program rooms for organised gym/aerobic classes.

The original date for Practical Completion of the works under the Contract was 7 December 2012. The works under the Contract reached practical completion on 20 October 2014.

On 1 December 2015, the Superintendent issued a Final Certificate to Ichor certifying that \$1.1 million (incl. GST) was due and payable from Ichor to Council, pursuant to clause 37.4 of the Contract (Final Certificate).

On or about 16 October 2015, Ichor issued a notice of dispute to Council regarding Ichor's alleged entitlement to extensions of time (EOTs) of 432 days and delay damages in the amount of \$1.8 million with respect to 21 EOT claims Ichor had submitted. Council assessed Ichor's EOT entitlement as 63 days and Ichor's entitlement to delay damages as \$nil.

On or about 7 December 2015, Ichor Issued a further notice of dispute to Council regarding the Final Certificate, which certified that:

- a) Ichor is entitled to \$nil with respect to Ichor's Final Payment Claim of \$2 million (including GST);
- b) Ichor is indebted to Council in the amount of \$1.1 million.

On or about 25 January 2016, the parties requested that the Australian Disputes Centre (ADC) nominate an arbitrator to determine the issues in dispute between the parties.

On 2 March 2018, the arbitration hearing commenced and proceeded over 12 hearing days to 29 March 2018. Ichor spent approximately \$500,000-\$600,000 preparing for the arbitration, comprising legal fees and expert fees.

On 8 April 2018, Council disputed that the Arbitrator's mandate in the Arbitration had been terminated.

On 9 April 2018, Council commenced proceedings in the Commercial Arbitration List of the Supreme Court of NSW.

On 8 May 2018, Justice McDougall in the Supreme Court of NSW found against Ku-ring-gai Council and on 2 July 2018, Council sought leave from the Supreme Court to set aside Justice McDougall's judgement.

## 7.2 Bayside Council – Ramsgate Thriving Town Centre Project

IC provided security in the amount of \$353K to the Council by way of two equal bank guarantees in the amount of \$176K. IC maintains that Council's recourse to security under the Contract considering the above was not bona fide and IC has suffered significant loss as a result.

The Administrators are pressing for return of the cashed bank guarantees.

The project comprised major refurbishment of the existing town centre footpaths, landscaped areas and carpark bordered by The Grand Parade, Ramsgate Road, and Chuter Avenue at Ramsgate.

On 23 December 2015, IC entered into a construction contract with Rockdale City Council.

The original date for practical completion was 29 November 2016. Due to delays experienced on-site, Ichor was not able to complete the works by 29 November 2016.

On 23 February 2017, it was agreed between the parties that (considering all previous delays experienced) the revised date for practical completion was 10 June 2017.

Following the agreement, IC experienced further delays which again put IC in a position of not being able to complete the works by 10 June 2017.

The project suffered significant delays, with Ichor submitting some 87 Requests for Information, 79 Contract Variations and approximately 14 days EOT by 8 June 2017. IC's consultants estimate IC was entitled to a further 80 days EOT from 13 June 2017 to 4 October 2017.

Rockdale Council acted as superintendent under the contract.

On 20 October 2017, IC issued a Notice of Practical Completion.

On 19 December 2017, IC submitted a progress claim comprising \$138K in unpaid monies and requesting return of the Bank Guarantee in the sum of \$176K.

On 19 December 2017 the Council issued a document titled 'Payment Schedule' (Payment Schedule) in relation to the Project claiming liquidated damages in the amount of \$722K at the maximum rate, deductions of \$87K and recourse to security.

On 23 March 2018, Bayside Council issue a Certificate of Practical Completion.

IC contends that the manner by which the Council has purported to exercise its rights to deduct amounts from the sum payable under the Contract, have recourse to security, determine the date for practical completion and impose liquidated damages is without basis for the following reasons (relied upon either together or in the alternative):

- IC commissioned an independent report from Time Planning and Programming Pty Limited. A delay report dated 19 December 2017 (copy enclosed) was prepared having regard to the relevant facts, matters and circumstances which concludes that the date for practical completion is 12 September 2017;

- Council should have issued a separable portion for work completed after 17 August 2017 (which it took the beneficial use of) and has provided no explanation as to why the maximum rate of liquidated damages applies;
- Portions of the carpark were handed over from IC to Council upon completion. Therefore, a real question exists as to whether liquidated damages applied are a genuine pre-estimate of the loss Council alleges it suffered;
- IC's ability to complete the Project in a timely manner was severely compromised and in fact stymied by other contractors engaged by the Council to complete construction work at the Project. Any prevention of Ichor's ability to perform its obligations has not been considered in the calculation of the liquidated damages claimed; and
- The way Council has calculated the value of the deductions in the Payment Schedule is arbitrary and without basis.

## 8. HISTORICAL FINANCIAL RESULTS

The Companies' financial year end is 30 June. We have reviewed the financial statements from 30 June 2014 to 30 June 2018 and provide a comparative assessment along with our findings for the Companies.

The financial statements for IC were audited by PWC for the period 30 June 2014 to 30 June 2016. Draft accounts were prepared by PWC for 30 June 2017, but don't appear to have been finalised. IGH hasn't prepared financial statements and doesn't operate a bank account.

The management accounts for IC during the period 1 July 2018 to 3 October 2018 were incomplete at the time of our appointment. We are currently reconstructing the accounts using the Companies bank statements and general ledger. If anomalies or suspicious transactions are identified they will be reported to creditors during the liquidation.

We have undertaken a source and allocation of funds, derived from the Companies bank accounts for the period 1 July 2018 to the date of our appointment for the purposes of tracking the flow of funds in the months leading up to our appointment.

The Companies experienced rapid growth in FY18 with revenues increasing circa 73% on FY17. Despite the growth the Companies were loss making at an NPBT of \$1.5 million due to higher overheads, cost overruns and a depleting gross margin.

The Companies were in urgent need of recapitalisation in FY18 to manage the rapid revenue growth and operating losses which had been largely funded by a reduction in the net working capital, the increase in trade creditors and lock up of cash on deposit in support of securities. We estimate the Companies would have required \$1 million to recapitalise at 31 March 2018 and \$2 million at 30 June 2018.

Several attempts were made to raise capital during FY18. The capital raising failed and an ongoing shareholder dispute was disruptive to the Companies operations. It is difficult to quantify the costs of the dispute; however, it would have diverted valuable management time away from operations.

Our assessment of the Companies balance sheet and cashflows, indicate a possible date of insolvency as 31 March 2018. We note however that the Companies had the ability to source capital externally and a final capital raise was attempted on 7 June 2018 which ultimately failed. These factors would also need to be taken into consideration when considering insolvency.

## 8.1 IC - Profit and Loss

Profit and Loss	Audited		Audited		Audited		Draft Audited		Mgmt accounts	
	FY14		FY15		FY16		FY17		FY18	
	\$'000	%	\$'000	%	\$'000	%	\$'000	%	\$'000	%
<b>Revenue</b>	<b>48,632</b>		<b>51,005</b>		<b>52,905</b>		<b>44,872</b>		<b>77,815</b>	
<b>Cost of sales</b>										
Movement in Work in Progress	3,021	6%	(885)	-2%	1,489	3%	(441)	-1%	(1,481)	-2%
Subcontractor costs	36,541	75%	39,797	78%	39,688	75%	36,884	82%	65,403	84%
Labour	2,304	5%	4,446	9%	4,717	9%	3,950	9%	6,803	9%
Materials and consumables used	574	1%	2,026	4%	1,128	2%	1,080	2%	2,391	3%
Equipment	104	0%	264	1%	208	0%	113	0%	507	1%
Consultancy fees	499	1%	1,225	2%	553	1%	718	2%	1,541	2%
<b>Cost of sales</b>	<b>43,043</b>		<b>46,872</b>		<b>47,784</b>		<b>42,303</b>		<b>75,163</b>	
<b>Gross profit</b>	<b>5,589</b>		<b>4,133</b>		<b>5,121</b>		<b>2,569</b>		<b>2,652</b>	
<b>Gross Margin</b>	<b>11.5%</b>		<b>8.1%</b>		<b>9.7%</b>		<b>5.7%</b>		<b>3.4%</b>	
<b>Expenses</b>										
Wages and salaries	3,178	7%	2,642	5%	2,818	5%	2,520	6%	2,294	3%
Staff expenses	128	0%	200	0%	74	0%	121	0%	152	0%
Professional and legal fees	78	0%	316	1%	211	0%	502	1%	842	1%
Tender expenses	65	0%	175	0%	209	0%	136	0%	71	0%
Office expenses	163	0%	164	0%	170	0%	138	0%	102	0%
Repairs and maintenance	116	0%	131	0%	155	0%	166	0%	6	0%
Rent	90	0%	123	0%	173	0%	160	0%	155	0%
Advertising	120	0%	121	0%	117	0%	80	0%	97	0%
Motor vehicle expenses	108	0%	82	0%	73	0%	56	0%	62	0%
Communications	78	0%	76	0%	68	0%	75	0%	232	0%
Entertainment	16	0%	74	0%	65	0%	64	0%	62	0%
Loss from sale of PPE	0	0%	70	0%	0	0%	0	0%	(18)	0%
Insurance	44	0%	55	0%	11	0%	67	0%	23	0%
Other expenses	101	0%	24	0%	83	0%	126	0%	35	0%
<b>Total expenses</b>	<b>4,285</b>		<b>4,255</b>		<b>4,226</b>		<b>4,210</b>		<b>4,113</b>	
<b>EBITDA</b>	<b>1,304</b>		<b>(122)</b>		<b>895</b>		<b>(1,641)</b>		<b>(1,462)</b>	
Finance income	124		145		134		43		57	
Depreciation	98		261		139		126		141	
<b>NPBT</b>	<b>1,330</b>		<b>(238)</b>		<b>889</b>		<b>(1,724)</b>		<b>(1,546)</b>	
Income tax benefits(expense)	(53)		(83)		(27)		614		0	
<b>NPAT</b>	<b>1,277</b>		<b>(321)</b>		<b>862</b>		<b>(1,109)</b>		<b>(1,546)</b>	

Our observations are provided below:

- The Companies profit margins were historically low, which is not uncommon for businesses operating in the building and construction industry. IC's gross margin has traditionally been less than 10% with a NPBT margins of circa 2%.
- The Company has derived losses since FY17. During FY17 revenues declined by circa \$8 million dollars and costs were not controlled sufficiently to absorb the decline. We note fixed overhead as a % of sales increased by circa 2% and subcontractor costs increased (as a % of sales) by 7% despite the downgrade in revenue. This negatively impacted IC's gross margin and profitability.
- IC experienced substantial revenue growth in FY18 by \$33 million (73% revenue growth). This was largely on the back of several large projects with SCECGS, Turramurra and Westmead. This required a substantial investment in working capital (in addition to collateral required to support bank guarantees) to manage the growth, which was also exacerbated by the previous year losses and depleted retained earnings. This placed IC in urgent need of recapitalisation during FY18.
- The gross margin has been constantly falling since FY14 due to budgeting pressures to win work, higher subcontractor costs and poor management of project costs. We note in FY18 that despite revenues growing, fixed labour reduced from 6% of sales to 3% of sales. The reduction in labour was taken up in the additional subcontractors' costs for FY18 which increased by 2%, materially reducing IC's gross margin in this period.
- Legal fees of \$842K were incurred pursuing project litigation as detailed at section 7 of the report.
- The loss of \$1.5 million in FY18, in addition to the rapid growth in that year created substantial cash flow and working capital constraints.

## 8.2 IC - Balance Sheet

Balance Sheet	Audited FY14 \$'000	Audited FY15 \$'000	Audited FY16 \$'000	Draft Audited FY17 \$'000	Mgmt accounts FY18 \$'000
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	5,334	2,834	3,715	4,326	1,901
Term deposits	3,160	2,845	1,936	1,947	3,162
Trade and other receivables	7,637	10,584	7,316	3,787	4,236
Other current assets	10	40	2,080	2,127	52
<b>Total current assets</b>	<b>16,140</b>	<b>16,303</b>	<b>15,046</b>	<b>12,188</b>	<b>9,351</b>
<b>Non-current assets</b>					
PPE and motor vehicles	463	239	242	319	138
Deferred tax asset	0	747	747	1,361	1,361
Other non-current assets	34	56	52	108	0
<b>Total non-current assets</b>	<b>497</b>	<b>1,041</b>	<b>1,041</b>	<b>1,788</b>	<b>1,499</b>
<b>Total assets</b>	<b>16,638</b>	<b>17,344</b>	<b>16,087</b>	<b>13,975</b>	<b>10,850</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Work in progress	4,919	3,474	4,963	4,522	3,041
Trade and other payables	8,348	11,654	5,245	5,672	8,257
Current tax liabilities	9	829	856	444	571
Lease liabilities	144	87	174	100	0
Provisions	102	177	258	291	(41)
Credit cards	0	0	0	0	(211)
<b>Total current liabilities</b>	<b>13,522</b>	<b>16,221</b>	<b>11,496</b>	<b>11,029</b>	<b>11,616</b>
<b>Non current liabilities</b>					
Lease liabilities	0	68	75	198	52
Provisions	54	81	679	20	0
Callable preference shares	0	0	2,000	2,000	0
<b>Total non-current liabilities</b>	<b>54</b>	<b>149</b>	<b>2,754</b>	<b>2,218</b>	<b>52</b>
<b>Total liabilities</b>	<b>13,576</b>	<b>16,369</b>	<b>14,250</b>	<b>13,247</b>	<b>11,667</b>
<b>Net assets</b>	<b>3,061</b>	<b>975</b>	<b>1,837</b>	<b>728</b>	<b>(818)</b>
<b>Equity</b>					
Issued capital	0	400	400	400	400
Share buyback reserve	0	(400)	(400)	(400)	(400)
Preference shares	0	0	0	0	0
Retained earnings	3,061	975	1,837	728	(818)
<b>Total Equity</b>	<b>3,061</b>	<b>975</b>	<b>1,837</b>	<b>728</b>	<b>(818)</b>

Our observations are provided below:

- In FY17, coinciding with IC's operating losses, working capital is materially reduced. For the purposes of demonstrating the impacts we have provided a separate calculation of net working capital at section 8.3 of the report.
- The Callable preference shares of \$2 million relate to a commitment from shareholders to assist with capitalisation of the business with regards to future projects. There is very little commentary in the PWC audited accounts on this line items, however in my opinion it is unenforceable.
- The double entry to the callable preference share described above was \$2 million located within the other current assets. For the purposes our analysis of working capital we have excluded these account balances.
- IC's equity is completely eroded in FY18 with a negative net asset position of \$818K.
- IC's ability to remain balance solvent was dependent on the ability to raise capital externally. The balance sheet does not support the ability to obtain additional bank debt or sell down assets.
- We note the substantial increase in funds on deposit at \$3.1 million. This was required to secure larger projects coinciding with the rapid growth In FY18.



### 8.3 IC - Net Working Capital

Working capital	FY14 \$'000	FY15 \$'000	FY16 \$'000	FY17 \$'000	FY18 \$'000
Sales	48,632	51,005	52,905	44,872	77,815
Cost of sales	43,043	46,872	47,784	42,303	75,163
<b>Net working capital</b>					
Cash and cash equivalents	5,334	2,834	3,715	4,326	1,901
Term deposits	3,160	2,845	1,936	1,947	3,162
Trade and other receivables	7,637	10,584	7,316	3,787	4,087
Other current assets	10	40	80	127	52
Work in progress	(4,919)	(3,474)	(4,963)	(4,522)	(3,041)
Trade and other payables	(8,348)	(11,654)	(5,245)	(5,672)	(8,257)
	<b>2,873</b>	<b>1,175</b>	<b>2,838</b>	<b>(7)</b>	<b>(2,096)</b>

IC's working capital was substantially eroded during FY17 and didn't recover. The losses generated during the FY17 and FY18 periods were funded through the movements in working capital and at 30 June 2018, IC would have required \$2 million to fully recapitalise.

In my opinion IC was likely balance sheet insolvent on 31 March 2018. We have provided a further analysis of working capital using monthly balance sheet data below:

Working capital	Jul-17 \$'000	Aug-17 \$'000	Sep-17 \$'000	Oct-17 \$'000	Nov-17 \$'000	Dec-17 \$'000	Jan-18 \$'000	Feb-18 \$'000	Mar-18 \$'000	Apr-18 \$'000	May-18 \$'000	Jun-18 \$'000
Revenue	5,089	5,216	4,530	8,310	7,267	6,959	8,979	11,170	6,532	5,394	5,251	3,111
Cost of sales	5,002	5,091	4,316	8,515	5,186	8,021	8,573	10,420	6,346	5,582	6,322	1,790
<b>Net working capital</b>												
Cash and cash equivalents	2,615	1,674	2,852	2,348	3,548	2,327	738	1,831	5,624	1,097	2,463	1,901
Term deposits	3,186	3,186	3,190	2,837	2,839	2,851	3,651	3,653	3,655	3,655	3,228	3,162
Trade and other receivables	5,392	6,999	7,012	9,013	9,210	8,052	12,435	15,081	8,980	9,224	5,999	4,087
Other current assets	133	101	148	206	252	250	283	276	271	133	86	52
Work in progress	(5,322)	(4,836)	(2,663)	(3,725)	(3,225)	(6,030)	(4,244)	(8,032)	(2,662)	(2,148)	(3,386)	(3,041)
Trade and other payables	(5,002)	(6,311)	(9,849)	(11,600)	(11,559)	(7,830)	(13,481)	(12,676)	(16,926)	(13,413)	(11,362)	(8,257)
<b>Net working capital</b>	<b>1,003</b>	<b>814</b>	<b>690</b>	<b>(921)</b>	<b>1,065</b>	<b>(380)</b>	<b>(617)</b>	<b>133</b>	<b>(1,058)</b>	<b>(1,452)</b>	<b>(2,973)</b>	<b>(2,096)</b>
Debtor days	32	40	46	33	38	35	42	41	41	51	34	39
Creditor days	30	37	68	41	67	29	47	36	80	72	54	138
Average creditor days	30	34	45	44	49	45	46	45	48	51	51	58

The net working capital deficiency begins in March 2018 and gradually increases to the end of the financial year. From my review of the incomplete management accounts to 3 October 2018 the net working capital didn't recover.

IC has attempted to manage its cash flow by delaying creditor payments commencing from March 2018. As the working capital depletes we also see an increase in the average creditor days from 30 to 58 days at 30 June 2018. IC would have been experiencing substantial cash flow pressures during the March 2018 – June 2018 period.

## 8.4 IC – Cash flow

Cash flow statement	FY14 \$'000	FY15 \$'000	FY16 \$'000	FY17 \$'000	FY18 \$'000
<b>Profit and loss for the year</b>	1,277	(321)	862	(1,724)	(1,546)
<b>Adjust for</b>					
Depreciation	98	261	139	126	141
Gains on disposal of fixed assets	0	(38)	0	0	0
	<b>98</b>	<b>223</b>	<b>139</b>	<b>126</b>	<b>141</b>
<b>Changes in working capital</b>					
Trade and other receivables	(914)	(2,999)	3,232	3,414	(301)
Deferred tax asset	0	(747)	0	0	0
Trade and other payables	4,439	1,861	(4,920)	(613)	399
Current tax liability	(326)	820	27	(412)	127
Provisions	37	102	679	(27)	(352)
	<b>3,235</b>	<b>(963)</b>	<b>(981)</b>	<b>2,362</b>	<b>(127)</b>
<b>Net cash flow from operating activities</b>	<b>4,610</b>	<b>(1,060)</b>	<b>20</b>	<b>764</b>	<b>(1,532)</b>
Payment for plant and equipment	(30)	(102)	(143)	(202)	321
proceeds from disposal of fixed assets	0	103	0	0	0
Withdrawal / proceeds from term deposit	(3,160)	314	909	0	(1,215)
<b>Net cash flow from investing activities.</b>	<b>(3,190)</b>	<b>316</b>	<b>766</b>	<b>(202)</b>	<b>(893)</b>
Proceeds from share issue	0	400	0	0	0
Payment for shares brought back	0	(400)	0	0	0
Dividend paid to shareholders	(49)	(1,765)	0	0	0
Proceeds from loans to shareholders	(385)	0	0	0	0
Repayment of borrowings	(66)	10	94	50	0
<b>Net cash flow from financing activities</b>	<b>(500)</b>	<b>(1,755)</b>	<b>94</b>	<b>50</b>	<b>0</b>
<b>Net cash flow</b>	<b>920</b>	<b>(2,500)</b>	<b>881</b>	<b>612</b>	<b>(2,426)</b>
Opening cash	4,413	5,334	2,834	3,715	4,326
<b>Closing cash</b>	<b>5,334</b>	<b>2,834</b>	<b>3,715</b>	<b>4,326</b>	<b>1,901</b>

Our observations are provided below:

- A dividend of \$1.7 million was paid to shareholders in FY15. Given the Company was solvent at the time with sufficient net assets, we do not believe this requires any further investigation. The company's financial statements indicated that no dividends have been paid since FY15.
- IC had an operating cash deficiency in FY18 of \$1.5 million.
- \$1.2 million was directed to term deposits to assist with funding new projects in form of bank guarantees. These were required for Ausgrid and Turramurra projects (circa \$1.1 million).

- Net cash loss of \$2.4 million for FY18 depleted cash reserves from \$4.3 million in FY17 to \$1.9 million at 30 June 2018.
- Whilst IC had positive cash position at 30 June 2018, we note the working capital analysis indicates trade creditors days well outside normal operating terms. Given working capital was deficient at the time, IC was highly unlikely to have able to recapitalise the business from its own earnings.
- IC's balance sheet did not support the sale of any material fixed assets to assist with cash flow funding.

Using the cash flow and working capital analysis we can estimate the time of insolvency between 31 March 2018 and 7 June 2018.

We have undertaken an analysis of the Companies bank accounts from 1 July 2018 to 3 October 2018 to determine how the cash proceeds were utilised in the three-month period to the date of our appointment. Our analysis is provided below:

Summary of cash movements		\$'000
Opening cash		1,901
<b>Receipts and payments</b>		
Principals		11,933
Subcontractors		(11,808)
ATO/OSR		(465)
Employees		(945)
General office		(177)
Company Amex		(149)
Related parties		(184)
<b>Net receipts/payments</b>		<b>(1,795)</b>
Closing cash		106

Most payments were made to trade creditors during the period. The Payments in relation to the Company AMEX were largely for business related purposes.

The cash at bank at the date of our appointment was \$102K.

## **8.5 Company Director's Explanation for the Companies' difficulties**

One of the Companies directors, Mr Filis has advised that the Companies financial difficulties were due to an injunction by KH of the 7 June 2018 capital raise which restricted the Companies ability to raise working capital.

## **8.6 Administrators' opinion on the reasons for the Companies' difficulties**

We are of the view that the Companies' financial distress and failure was largely a result of operational and financial factors.

### **Operational**

- Ongoing shareholder dispute which has been disruptive to the Companies operations and diverted management attention;
- Disputes over Extension of Time (EOT) delays, resulting in liquidated damages being incurred (Emanuel School, Ku-Ring-Gai Council, Bayside Council).
- Unapproved contract variations resulting from disagreements over plans and specifications.
- Building defects (Emanuel School, Blackfriars Childcare Centre).
- Estimating errors resulting in increased costs (SCEGGS façade).
- Staff continuity at critical stages of projects.

### **Financial**

- There was insufficient capital to manage the growth of the business in FY18 resulting in cash flow and working capital pressures. The Company required \$2 million at 30 June 2018 to recapitalise. \$1.2 million was also placed on term deposit as security for projects during FY18.
- Gross margins had been eroding year on year since FY14. This was due to increasing budget pressures on projects and inadequate cost controls.
- The Companies profit margins were thin (2% of sales) which meant that they were unable to absorb adverse events such as unforeseen defect, project LD's and litigation.
- Several failed attempts to raise capital and an ongoing dispute between shareholders made it difficult for the Companies to recapitalise.

## 9 REPORT AS TO AFFAIRS (“RATA”)

The Act requires directors and secretary to complete and provide to the Administrators a RATA, detailing the financial position of the Companies at the date of our appointment. The RATA discloses the estimated book value and estimated realisable value (ERV) of known assets and liabilities.

A summary of Mr Filis’ RATA is provided below.

Report as to Affairs	Valuation \$,000	ERV \$,000
<b>Assets not specifically subject to security interests</b>		
Sundry debtors	5,200	
Cash on hand	2,800	217
Cash a bank	133	133
<b>Subtotal</b>	<b>8,133</b>	<b>350</b>
<b>Assets subject to specific security interests</b>		
Less amounts owing	200	100
	-50	-50
<b>Total assets</b>	<b>8,283</b>	
<b>Total estimated realisable values</b>		<b>400</b>
<b>Less: priority unsecured creditors</b>		
Employee entitlements	-850	-850
<b>Less: unsecured creditors</b>		
Amounts claimed	-8,000	-8,000
Contingent assets	1,600	Unknown
Contingent liabilities	-2,800	-2,800
<b>Estimated surplus/(deficiency)</b>	<b>-1,767</b>	<b>Unknown</b>
Share capital	2	
Paid up	400	

## 10 ESTIMATED RETURN TO CREDITORS IN A LIQUIDATION SCENARIO

We estimate that \$4.5 million may be returned to creditors directly from the Principals on various projects. The estimated dividend to employee's is 34 cents in the dollar. A return to unsecured creditors is unlikely and contingent on litigation, related party and voidable transaction recoveries.

Estimated position statement	Notes	Balance Sheet / book value \$'000	On appointment \$'000	Liquidation \$'000
<b>Assets subject to GSA</b>				
Property, plant and equipment	1	114	33	33
Motor Vehicles	1	79	61	61
Less: NAB financed	1	(50)	(50)	(50)
		<b>29</b>	<b>11</b>	<b>11</b>
<b>Circulating assets</b>				
Cash at bank on appointment	2	102	102	102
Term deposits supporting bank guarantees		2,832	2,832	2,832
Less: Bank guarantees	3	(2,616)	(2,616)	(2,616)
		<b>319</b>	<b>319</b>	<b>319</b>
Estimated bank guarantee's returnable to company	4	2,616	171	558
Outstanding progress claims payable	5	5,221	0	4,500
Less: Payment by Principals to creditors	5	n/a	0	(4,500)
		<b>7,837</b>	<b>171</b>	<b>558</b>
<b>Recovery actions</b>				
Litigation	6	1,600	unknown	unknown
Related party transactions		Unknown	unknown	unknown
Preference recoveries		Unknown	unknown	unknown
		<b>1,600</b>	<b>unknown</b>	<b>unknown</b>
<b>Total surplus / deficiency before Administration costs</b>		<b>9,784</b>	<b>501</b>	<b>887</b>
<b>Less: Administration / liquidation costs</b>				
Legal fees	7	60	60	60
Wages and superannuation		30	30	30
Insurance		10	10	10
Rent		0	0	0
Telephone		3	3	3
Leases		2	2	2
Jobpac		17	17	17
IT backup		3	3	3
Valuation costs		6	6	6
Auction commissions		9	9	9
Contingency		25	25	25
Administrators fees and disbursements	8	224	224	224
Liquidators fees and disbursements	8	210	210	210
		<b>598</b>	<b>598</b>	<b>598</b>
<b>Surplus / deficiency available to priority creditors</b>		<b>9,186</b>	<b>(98)</b>	<b>289</b>
<b>Priority employee entitlements</b>				
Wages	9	42	42	42
Superannuation		106	106	106
Annual leave		237	237	237
Long Service Leave		10	10	10
PILN		176	176	176
Redundancy		325	325	325
		<b>854</b>	<b>854</b>	<b>854</b>
<b>Surplus / deficiency available to unsecured creditors</b>		<b>8,332</b>	<b>(952)</b>	<b>(565)</b>
<b>Unsecured creditors</b>				
Creditors	10	8,686	8,686	4,186
Surety bonds		2,876	2,876	2,876
Director - employee entitlements		239	239	239
Principals damages claim		unknown	unknown	unknown
		<b>11,801</b>	<b>11,801</b>	<b>7,301</b>
<b>Total surplus / deficiency</b>		<b>(3,469)</b>	<b>(12,753)</b>	<b>(7,866)</b>
<b>Estimated returns</b>				
Secured creditor		n/a	100 cents in the \$	100 cents in the \$
Employees		n/a	nil	34 cents in the \$
Trade creditors		n/a	nil	38 cents in the \$
Value created		n/a	nil	4,887

**Notes:**

1. NAB has a GSA over the Companies with an asset finance exposure of circa \$50K at the date of our appointment secured against an Audi motor vehicle.

The plant and equipment and motor vehicles have been valued and collected for realisation. There are enough proceeds from these assets to repay NAB exposure in full.

The total market value of the plant and equipment, which consists of office furniture, computers and equipment is \$114K. The total market value of the various motor vehicles is \$79K which includes the encumbered NAB Audi.

2. The cash at bank on the date of our appointment was \$102K, which has subsequently been transferred to the Administration.
3. The total bank guarantees held by Principals is \$2.616 million which is supported by term deposits of \$2.8 million. The surplus term deposit value of \$217K will be an asset realised in the Administration.
4. Of the \$2.6 million in bank guarantee's we have assessed \$1.8 million as being in dispute. A profile of the guarantees are provided at section 6.2 of the report. We have applied a recovery rate of 75% of the undisputed guarantees to derive a realisation of \$558K.
5. At the date of our appointment there were unpaid progress claims of circa \$5.2 million. We have assessed the critical creditors (excluding retentions) on each of the active projects, required for completion as circa \$4.5 million.
6. Refer to section 12 of the report.
7. The costs of the administrator with regards to administering the affairs of the company since the date of our appointment to completion are estimated at \$164K.
8. Details of the Administrators and Liquidators fee resolutions are referred to at section 16 of the report.
9. The priority employee entitlements are estimated at \$854K which have been calculated having regard to the relevant employment contract and the national employment standards.  
  
The directors (including former directors) are deemed to be excluded employees pursuant to section 556 of the Act and subject to a statutory cap on the priority portion of their entitlement of \$2K for superannuation, \$1.5K for leave entitlements and no retrenchment payments. The balance of the excluded employee entitlements ranks as unsecured claims in the liquidation.
10. The unsecured creditors of the Company are estimated at \$11.8 million at the date of our appointment. We estimate the payment of \$4.5 million to subcontractor by the various Principals.

## 11 RECOVERIES, OFFENCES, VOIDABLE TRANSACTIONS AND INSOLVENT TRADING

We have reviewed the Companies financial statements, general ledgers, bank statements and books and records to identify possible recoveries and offences.

For general information about what offences may be identified by the Administrators, please refer to the attached ARITA information sheet entitled “*Creditor Information Sheet: Offences, Recoverable transactions and Insolvent Trading*” marked as **Appendix F**.

### 12.1 Related party transactions

#### a) Mr Filis loan account

We have reviewed the Company’s bank statements and management accounts to determine the balance of Mr Filis’ FY15 loan account. We confirm that a total of \$508K was loaned and repaid by Mr Filis during the period of 11 September 2014 and 26 June 2015. This accords with the audited financial statements prepared by PWC. We provide a summary of the loan below:

Date	Debit (\$)	Credit (\$)
11-Sep-14	-7,000	
08-Oct-14	-6,000	
14-Oct-14	-7,000	
05-Dec-14		13,000
19-Dec-14		7,000
28-Apr-15	-25,000	
01-May-15	-18,000	
08-May-15	-25,000	
13-May-15	-35,000	
15-May-15	-7,000	
20-May-15	-88,000	
31-May-15	-184,000	
04-Jun-15		7,000
04-Jun-15		18,000
04-Jun-15		25,000
04-Jun-15		35,000
05-Jun-15		88,000
09-Jun-15		25,000
15-Jun-15	-106,000	
22-Jun-15		84,000
23-Jun-15		96,000
24-Jun-15		55,000
25-Jun-15		25,000
26-Jun-15		30,000
<b>Total</b>	<b>-508,000</b>	<b>508,000</b>



**b) Repayment of personal expenses - \$265K**

We have identified from the books and records the companies personal expenditure incurred by Mr Filis and Mr Kandylas on the Companies Amex credit cards totalling \$124K and \$141K, respectively.

We have requested statements from AMEX to verify the transactions and will pursue recovery of those debts for the benefit of creditors.

**c) Payments to related party Ponero Pty Ltd - \$160K**

We have identified two transactions on 16 August 2018 and 20 September 2018 for \$100K and \$60K, respectively, which were made to related party, Ponero Pty Ltd, a Company wholly owned by Mr Filis.

We have been advised that this relates to the partial payment of salaries owing pursuant to a resolution which was passed following Mr Kandylas' resignation.

We have requested Mr Filis to provide an explanation of the transactions and have been informed that the funds were used to pay legal fees totalling \$158K in relation to the shareholder dispute and the appointment of an administrator. We have received copies of the invoices which corroborate his position.

Regardless of the above the payment to a related party may be pursued as a loan or potentially recoverable as an unreasonable director related transaction, pursuant to section 588FDA.

**d) Legal Expenses in relation to shareholder dispute - \$35.5K**

Based on the Company's management accounts, it appears that IC incurred \$35.5K in legal fees in relation to the shareholder dispute. Pursuant to the orders made on 31 July 2018, Mr Filis was required to reimburse the Companies for these legal fees incurred in the dispute.

**e) Cancellation of share issue and return of capital - \$800K**

We are currently considering whether the repayment of \$800K capital to related party IC4 on cancellation of share subscription on 3 May 2018. Details of the transaction are referred to at section 5.2 of the report.

## 12.2 Voidable Transactions

Corporations Regulation 5.3A.02 requires Administrators to specify whether there are any transactions that appear to be voidable transactions in respect of money, property or other benefits which may be recoverable by a Liquidator under Part 5.7B of the Act.

This issue is relevant to creditors if they are being asked to choose between a Deed of Company Arrangement (DOCA) or liquidation, as voidable transactions are only recoverable if the Companies are being wound up, i.e. in liquidation.

Our preliminary view is the Companies became insolvent between 31 March 2018 and 7 June 2018.

To the extent that information has been available, the Administrators have conducted the following preliminary investigations in relation to voidable transactions:

- Review the books and records to determine whether there have been any unfair loans to or from the Companies;
- Review books and records for the period approximately 6 months prior to the appointment of the Administrators to determine whether any creditors have been preferred over the general body of creditors as a result of any transaction;
- Reviewed documentation provided to us by third parties.

A summary of the various transactions is set out below:

### a) Unfair Preferences (Section 588FA)

We have investigated the Company's records for the relation back day period, being six (6) months prior to the date of our appointment. Our preliminary review has identified no unfair preferences.

We are currently investigating payments to certain trade creditors, however there appears to be little evidence suggesting trade creditors were aware of the Companies insolvency at the time. Our investigations in relation to the above are continuing.

There are a range of defences that may be available to the parties involved in the above transactions that would need to be considered and investigated prior to commencing recovery action.

It would also be necessary to establish that the Company was insolvent, and the recipient had reasonable grounds for suspecting that the Company was insolvent at the time or would become insolvent.

### b) Uncommercial Transactions (Section 588FB)

Section 588FB of the Corporations Act provides for transactions that were not beneficial or were detrimental to the Companies as being void. The transaction must have occurred when the Companies was insolvent or would become insolvent.

**c) Unfair Loans (Section 588FD)**

Section 588FD of the Act provides for loans to be voided in circumstances where interest or charges are considered extortionate.

We have not identified any breaches.

**d) Unreasonable Director-Related Transactions (Section 588FDA)**

Section 588FDA of the Corporations Act provides for transactions where it may be expected that a reasonable person in the Companies' circumstances would not have entered into the transaction having regard to the benefits, detriments and respective benefits to other parties.

We believe several transactions may fall within the scope of this section including the cancellation of the share issue, payment of personal expenditure and related party transactions identified at section 12.1.

**e) Related Party Transactions (Section 588FE(4))**

Section 588FE(4) of the Act provides for payments to related parties may be voided where the Companies were insolvent at the time of the transaction.

We believe several transactions may fall within the scope of this section including the cancellation of the rights issue, payment of personal expenditure and related party transactions identified at section 12.1.

**f) Circulating security interest created within 6 months before relation back date (Section 588 FJ)**

Our searches reveal there were no circulating security interest created within 6 months before our appointment.

### 12.3 Insolvent Trading (Section 588G)

Section 588G of the Act provides that a company's director(s) has a duty to protect the company from incurring debt when there are reasonable grounds for suspecting that the company will be unable to pay its debts as and when they fall due. Section 588M of the Act provides that a Liquidator is able to recover 'damages' from the director(s) of an insolvent company, in an amount equal to the loss or damage suffered by the company as a result of a breach of duty.

Section 95A(1) of the Corporations Act 2001 provides a definition of a solvent entity as follows:

*"A person is Solvent if, and only if, the person is able to pay all of its debts, as and when they become due and payable"*

An insolvent entity is defined under Section 95A(2) of the Corporations Act 2001 as:

*"A person which is not Solvent is Insolvent"*

IC may have been insolvent at 31 March 2018 and would have required circa \$1 million to recapitalise. We have considered IC's balance sheet, working capital and cash flow in our assessment. The rationale for our findings is included at section 8 of the report.

When assessing insolvency, we have considered IC's ability to raise capital externally. It would appear based on the evidence that capital may have been available to the Companies and a final share issue was attempted on 7 June 2018 which ultimately failed. These factors may potentially point to a later date of insolvency on or around 7 June 2018.

Further investigations regarding Common - Law principles will need to be undertaken in the liquidation including the quantum of any claim.

When making our assessment of the company's insolvency we would also consider the common law principles, some of which include:

- Whether or not a company is insolvent for the purposes of the Corporations Act, ss95A, 459B, 588FC or 588G(1)(b) is a question of fact to be ascertained from the consideration of the company's financial position taken as a whole.
- In considering the company's financial position, the court must have regard to the commercial realities. Commercial realities will be relevant in considering what resources are available to the company to meet its liabilities as they fall due, whether the resources other than cash are realisable by sale or borrowing upon security, and when such realisation are achievable.
- The conclusion of insolvency ought to be clear from a consideration of the debtor's financial position in its entirety and generally speaking ought not to be drawn simply from evidence of temporary lack of liquidity. It is the debtor's inability, utilising such cash resources as he has or can command through the use of his/her assets, to meet his/her debts as they fall due which indicates insolvency.

Further investigations are required to determine insolvency and the quantum of any claim. The defences available to director pursuant to section 588FGB of the Act include:

- if it is provided that, at the payment time, the person had reasonable grounds to expect, and did expect, that the company was solvent at that time and would remain solvent if it made the payment;
- had reasonable grounds to believe, and did believe:
  - that a competent and reliable person (*the other person*) was responsible for providing to the first-mentioned person adequate information about whether the company was solvent; and
  - that the other person was fulfilling that responsibility;
- expected, on the basis of information provided to the first-mentioned person by the other person, that the company was solvent at that time and would remain solvent even if it made the payment.
- because of illness or for some other good reason, the person did not take part in the management of the company at the payment time.
- the person took all reasonable steps to prevent the company from making the payment; or there were no such steps the person could have taken.

For general information about insolvent trading, please refer to the Creditor Information Sheet – S439A reports contained within the Code of Professional Conduct on the ARITA website at [www.arita.com.au](http://www.arita.com.au).

#### **12.4 Directors' Personal Financial Position**

If the Companies are wound up at the Second Meeting of Creditor further investigations may be conducted into the prospects of a successful actions against the directors and the cost benefits of pursuing such an action.

We will be requesting the directors to provide details of their personal financial position.

#### **12.5 Breach of Directors' Duties**

Section 180 to 183 of the Act sets out duties and powers of directors and officers of a company to enable Directors act in the interest of the Company. The duties include:

- Section 180 – Care and Diligence (Civil obligations)
- Section 181 – Good Faith (Civil obligations)
- Section 182 – Use of Position (Civil obligations)
- Section 183 – Use of Information (Civil obligations)

There may potentially be numerous breaches of director duties with regards to the following:

- a) Section 180 of the Act. We note that pursuant the Building and Construction Industry Security of Payment Act 1999 (NSW) and Construction Industry Security of Payment Regulation 2008 (NSW) (“BCISP”) retention monies were required to be held in a trust account with an approved authorised deposit taking institution for contracts entered after 1 May 2015 and valued at \$20 million or greater. This requirement would have been relevant for SCECGS and Westmead projects.

Our investigations reveal the Companies did not operate a valid trust account pursuant to the requirements of the BCISP and may be in breach of section 180 of the Act. A claim for damages will be assessed in the liquidation. At the time of our appointment the total cash retentions on these projects were estimated at \$1.2 million.

Pursuant to section 180 of the Act a director or other officer of a corporation must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

- were a director or officer of a corporation in the corporation's circumstances; and
- occupied the office held by, and had the same responsibilities within the corporation as, the director or officer.

In considering whether a director has met their duties in exercising care and diligence, various circumstances may be considered including the type of company, the size and nature of its business, the composition of its board and the distribution of the work between the board.

The duties of a director will also vary depending on the experience or skills that the directors held themselves out to have to secure their appointment as director.

The courts have found that where a director breaches the duty of care and diligence in the performance of their duties, an action can be brought under the tort of negligence.

There are certain defences that may available to the directors which include the Business Judgement Rule (“BJR”).

BJR applies to the duty to act with care and diligence (s 180) and no other sections of the Act. This rule seeks to avoid unnecessary restrictions on proper entrepreneurial activity.

Section 180 (2) of the *Corporations Act 2001* provides that a director who makes a business judgment is taken to meet the care and diligence requirements in respect of the judgment if they:

- make the judgment in good faith for a proper purpose;
- do not have a material personal interest in the subject matter of the judgment;
- inform themselves about the subject matter of the judgment to the extent they reasonably believe to be appropriate; and
- rationally believe that the judgment is in the best interests of the corporation.

- b) Section 180. A common clause in construction contracts requires a contractor submitting a progress claim to also submit a statutory declaration in a specific form confirming that its subcontractors have been fully paid. The Act confers an entitlement upon a party to a construction contract who qualifies for that entitlement.

Based on our investigation statutory declaration were executed by an employee and there appears to be limited controls in place to quantify the payment of subcontractor for each statutory declaration executed.

### 13 ADMINISTRATORS' OPINION

Section 439A requires Administrators to provide their opinion on which of the three (3) alternative courses of action available to creditors, is in their interests.

It is the Administrators' opinion in relation to both Ichor Constructions Pty Ltd (Administrators Appointed) and Ichor Group Holdings Pty Ltd (Administrators Appointed) that:

- It **would not** be in the creditors' interest to resolve **to end the administration** at the second meeting of creditors as the Companies are insolvent and is unlikely to return to solvency.
- It **would not** be in the creditors' interest to resolve that the Companies execute a Deed of Company Arrangement ("DoCA") as no DoCA proposal has been received by the Administrators.
- It **would be** in the creditors' interests for the Companies to be wound up as this option is presently the only option available to creditors. The liquidation of the Companies would involve:
  - The completion of more detailed investigation into the affairs of the Companies.
  - Further enquiries with regard to potential voidable transactions;
  - Reporting to ASIC and creditors in relation to offences (if any);
  - Assisting employees access FEG

The costs of administering the liquidation would depend to a large extent on the following:

- Return of Companies security in the form of bank guarantees
- Negotiation settlement of litigation matters
- Recovering voidable transactions and other recovery actions;

See **Appendix A** as our formal statement of opinion.

## 14 SECOND MEETING OF CREDITORS

The Second Meeting of Creditors is to be held concurrently at the Karstens Level 1, 111 Harrington Street, Sydney NSW on Wednesday 7 November 2018 at 11:00am.

The purpose of the Second Meeting of Creditors is to discuss the Companies' affairs and to determine the Companies' future. Creditors' options are as follows:

- The Company executes a Deed of Company Arrangement.
- That the Administration should end.
- That the Company be wound up.

Creditors may adjourn the meeting for up to forty-five (45) business days.

Creditors will also be asked whether they wish to replace the incumbent Administrators with a new liquidator or deed administrator (as applicable).

In respect of the meeting please find enclosed the following at **Appendix B**:

- Form 529 – Notice of Meeting and Agenda
- Form 532 – Appointment of Proxy
- Informal Proof of Debt Form for voting purposes only.

In order to receive this report and any future reports and/or notices via email or facsimile, rather than by regular post, please provide your contact details on the Informal Proof of Debt from enclosed herein.

Telephone facilities will not be available.



## 15 CONDUCT OF THE ADMINISTRATION

We have attended to the following matters:

- Issued notices of appointment;
- Met with the Companies' director to understand the background and financial position of the Companies;
- Attended to statutory duties including notifying ASIC, the Australian Taxation Office and other relevant authorities of their appointment and advertising their appointment;
- Preparation for and attended court in relation to the validity of our appointment as Administrators;
- Review constructions contracts and subcontractor agreements
- Meeting with project Principals onsite
- Reviewing defect registered and attendance on site to run through projects
- Updated Companies management system for invoices
- Engaging valuers to review fixed assets and provide a valuation
- Organise backup and relocation of electronic data and files for investigation
- Produce position statements for each project and liaise with Principals and creditors
- Termination of staff and the calculation of their entitlements
- Review litigations files and meetings with lawyers to discuss merits and strength of claims
- Convened the first meeting of creditors held on 24 July 2017;
- Attended and chaired the first meeting of creditors (and lodged minutes of those meetings);
- Undertook personal property securities register and property searches;
- Written to security interest parties for details of their securities and supporting documentation;
- Conducted a preliminary review of the books and records made available, to ascertain the Companies' financial position, the key issues affecting each and transactions potentially recoverable by a liquidator;
- Liaised with stakeholders, including requesting books and records from the accountant, previous directors and creditors of the Companies;

- Liaised with insurance brokers regarding the adequate cover of insurance over the assets;
- Written to the RMS to obtain searches on vehicles owned by the Companies;
- Answered unsecured creditors' enquiries in relation to the Administration;
- Conducting preliminary investigations in relation to the business, affairs and financial circumstances of the Companies; and
- Reconstruction of Companies financial statements
- Collection and listing of books and records from the Companies premises
- Prepared a detailed report to creditors pursuant to section 439A of the Act.

## 16 REMUNERATION

### 16.1 Voluntary Administration

At the meeting of creditors to be held concurrently on 7 November 2018 the Administrators will seek creditor approval for the fee's set out in the remuneration report pursuant to section 449E of the Act, which is attached as **Appendix G**.

At the meeting, creditors will be asked to consider the following resolutions for **Ichor Constructions**

*"That the remuneration of the Administrators, their partners and staff, for the period of the administration from 3 October 2018 to 29 October 2018 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018 of fees equalling \$188,260.73 plus GST, and that the Administrators can draw the remuneration immediately or as required."*

*"That the future remuneration of the Administrators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period 30 October 2018 to 7 November 2018, is fixed and approved to a maximum cap of \$25,000 plus GST, and can be drawn as soon as practicable after the conclusion of the second meeting. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from creditors may be sought."*

*"That the internal disbursements of the Administrators for the period 3 October 2018 to 7 November 2018 at the rates outlined in the Remuneration Approval Report dated 30 October 2018 be capped at the amount of \$10,000 plus GST and can be drawn by the Administrators as required."*

At the meeting, creditors will be asked to consider the following resolutions for **Ichor Group Holdings**:

*“That the remuneration of the Administrators, their partners and staff, for the period of the administration from 3 October 2018 to 29 October 2018 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018 of fees equalling \$5,756.07 plus GST, and that the Administrators can draw the remuneration immediately or as required.”*

*“That the future remuneration of the Administrators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period 30 October 2018 to 7 November 2018, is fixed and approved to a maximum cap of \$5,000 plus GST, and can be drawn as soon as practicable after the conclusion of the second meeting. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from creditors may be sought.”*

*“That the internal disbursements of the Administrators for the period 3 October 2018 to 7 November 2018 at the rates outlined in the Remuneration Approval Report dated 30 October 2018 be capped at the amount of \$2,000 plus GST and can be drawn by the Administrators as required.”*

A copy of the information sheet ‘Approving Fees: a guide for creditors’ can be found on the ASIC website at [www.asic.gov.au](http://www.asic.gov.au).

## 16.2 Liquidation

If the Companies are placed in liquidation, approval of the Liquidator’s future fees will be sought in accordance with the remuneration report attached as **Appendix I**. A summary of the tasks to be completed by the Liquidator and his staff in the conduct of the liquidation for the period 7 November 2018 to the completion of the liquidation is also outlined in the **Remuneration Report**.

At the meeting, creditors will be asked to consider the following resolution for **Ichor Constructions**:

*“That the future remuneration of the Liquidators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period from 7 November 2018 to completion of the liquidation, is fixed and approved to a maximum cap of \$200,000 plus GST, to be drawn only when incurred on a monthly basis or as required. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from creditors may be sought.”*

*“That the internal disbursements of the Liquidators for the period 7 November 2018 to the conclusion of the liquidation at the rates outlined in the Remuneration Approval Report dated 30 October 2018 be capped at the amount of \$10,000 plus GST and can be drawn by the liquidators as required.”*

At the meeting, creditors will be asked to consider the following resolution for **Ichor Group Holdings**:

*“That the future remuneration of the Liquidators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period from 7 November 2018 to completion of the liquidation, is fixed and approved to a maximum cap of \$25,000 plus GST, to be drawn only when incurred on a monthly basis or as required. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from creditors may be sought.”*

*“That the internal disbursements of the Liquidators for the period 7 November 2018 to the conclusion of the liquidation at the rates outlined in the Remuneration Approval Report dated 30 October 2018 be capped at the amount of \$2,000 plus GST and can be drawn by the liquidators as required.”*

DATED this **30th day of October 2018**



**Christian Sprowles**  
Joint and Several Administrator

**Ichor Constructions Pty Ltd  
(Administrators Appointed)  
A.C.N. 098 984 082**

**STATEMENT OF ADMINISTRATORS'S OPINION  
PURSUANT TO SECTION 439A(4)(b) OF THE CORPORATIONS ACT**

This statement sets out our opinions in relation to the alternatives which the creditors of the companies will consider at the Second Meeting of Creditors to be held concurrently at **Karstens Level 1, 111 Harrington Street, Sydney NSW 2000 on Wednesday, 7 November 2018 at 11:00am.**

- It **would not** be in the creditors' best interest to resolve to **end the administration** at the second meeting of creditors as Ichor Constructions Pty Ltd is insolvent and is unlikely to return to solvency.
- It **would not** be in the creditors' best interest to resolve that Ichor Constructions Pty Ltd execute a Deed of Company Arrangement ("DoCA") as no proposal was received.
- It **would be** in the creditors' best interests for Ichor Constructions Pty Ltd to be wound up as this option is presently the only option available to creditors. The liquidation of Ichor Constructions Pty Ltd would involve:
  - The completion of more detailed investigation into the affairs of the Company
  - Further enquiries regarding potential voidable transactions;
  - Reporting to ASIC and creditors in relation to offences (if any);
  - Enable and assist employees to access FEG

Dated this 30<sup>th</sup> day of October 2018

  
Christian Sprowles  
Joint and Several Administrator



**Ichor Group Holdings Pty Ltd  
(Administrators Appointed)  
A.C.N. 605 988 592**

**STATEMENT OF ADMINISTRATORS'S OPINION  
PURSUANT TO SECTION 439A(4)(b) OF THE CORPORATIONS ACT**

This statement sets out our opinions in relation to the alternatives which the creditors of the companies will consider at the Second Meeting of Creditors to be held concurrently at **Karstens Level 1, 111 Harrington Street, Sydney NSW 2000 on Wednesday 7 November 2018 at 11:00am.**

- It **would not** be in the creditors' best interest to resolve **to end the administration** at the second meeting of creditors as Ichor Group Holdings Pty Ltd is insolvent and is unlikely to return to solvency.
- It **would not** be in the creditors' best interest to resolve that Ichor Group Holdings Pty Ltd execute a Deed of Company Arrangement ("DoCA") as no proposal was received.
- It **would be** in the creditors' best interests for Ichor Group Holdings Pty Ltd to be wound up as this option is presently the only option available to creditors. The liquidation of Ichor Group Holdings would involve:
  - The completion of more detailed investigation into the affairs of the company;
  - Further enquiries regarding potential voidable transactions;
  - Reporting to ASIC and creditors in relation to offences committed (if any).

Dated this **30<sup>th</sup> day of October 2018**

  
**Christian Sprowles**  
Joint and Several Administrator

Appendix B

FORM 529

CORPORATIONS ACT 2001  
*Section 439A*  
Insolvency Practice Rules (Corporations)  
75-10, 75-15 & 75-20

**NOTICE OF SECOND MEETING OF CREDITORS**

**Ichor Constructions Pty Ltd  
(Administrators Appointed)  
A.C.N. 098 984 082**

**Ichor Group Holdings Pty Ltd  
(Administrators Appointed)  
A.C.N. 605 988 592**

**("the Companies")**

NOTICE IS GIVEN that concurrent meeting of the creditors of the Companies will be held at **Karstens Level 1, 111 Harrington Street, Sydney NSW 2000 on Wednesday 7 November 2018 at 11:00am.**

**AGENDA**

1. To review the Administrators' report concerning the companies' business, property, affairs and financial circumstances.
2. For creditors to consider the options available and to resolve either:
  - a) that the company execute a Deed of Company Arrangement; or
  - b) that the administration should end; or
  - c) that the company be wound up.
3. For creditors to:
  - a) approve the Voluntary Administrators' remuneration; and
  - b) determine the remuneration of the Liquidator/Deed Administrator, if one is appointed.
4. For creditors to consider the appointment of an alternative Deed Administrator or Liquidator
5. If the companies are wound up, to consider the appointment of a Committee of Inspection.
6. If the companies are wound up, to consider the early destruction of the books and records at the conclusion of the liquidation.
7. To consider any other business that may be brought before the meeting.

Telephone conference facilities will **not** be available at the meeting.

Please note that under Insolvency Practice Rules (Corporations) (IPR) 75-35:

A person, or the proxy or attorney of a person, who wishes to participate in the meeting by telephone must give to the convener, not later than the second last working day before the day on which the meeting is to be held, written statement setting out:

- (i) the name of the person and of the proxy or attorney (if any); and
  - (ii) an address to which notices to the person, proxy or attorney may be sent; and
  - (iii) a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.
- b) A person, or the proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred by the person, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the company.

Proxies to be used at the meeting should be given to me as Joint and Several Administrators to the person named as convening the meeting. A creditor can only be represented by proxy or by an attorney pursuant to IPR 75-150 & 75-155 and if a body corporate by a representative appointed pursuant to Section 250D.

Creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with IPR 75-85 and that claim has been admitted for voting purposes wholly or in part by the Joint and Several Administrators.

DATED this 30<sup>th</sup> October 2018



**Christian Sprowles**

Joint and Several Administrator

HoganSprowles Pty Ltd, Level 9, 60 Pitt Street, Sydney NSW 2000.



FORM 535  
 CORPORATIONS ACT 2001

ACN 098 984 082

Sub regulation 5.6.49(2)

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

To the Joint and Several Administrators of Ichor Constructions Pty Ltd (Administrators Appointed)

1. This is to state that the company was, on 3 October 2018 <sup>(1)</sup> and still is, justly and truly indebted to<sup>(2)</sup> (full name):

.....  
 ('Creditor')

.....  
 of (full address)

for \$..... dollars and..... cents.

Particulars of the debt are:

Date	Consideration <sup>(3)</sup> <small>state how the debt arose</small>	Amount \$	GST included \$	Remarks <sup>(4)</sup> <small>include details of voucher substantiating payment</small>

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:

Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount \$ c	Due Date

I am **not** a related creditor of the Company <sup>(5)</sup>

I am a related creditor of the Company <sup>(5)</sup>  
 relationship:\_\_\_\_\_

3A.<sup>(6)\*</sup> 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, still remains unpaid and unsatisfied.

3B.<sup>(6)\*</sup> I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this                      day of                      2018

Signature of Signatory

.....

NAME IN BLOCK LETTERS

.....

Occupation

.....

Address

.....

**See Directions overleaf for the completion of this form**

**OFFICE USE ONLY**

POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:	/ /	ADMIT (Voting / Dividend) – Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per CRA/RATA	\$	Object or H/Over for Consideration	\$
<b>Reason for Admitting / Rejection</b>			
PREP BY/AUTHORISED		<b>TOTAL PROOF</b>	\$
DATE AUTHORISED	/ /		

**Proof of Debt Form Directions**

- \* Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
  - (2) Insert full name and address (including ABN) 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.
  - (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of .....", "moneys advanced in respect of the Bill of Exchange".
  - (4) Under "Remarks" include details of vouchers substantiating payment.
  - (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
  - (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

**Annexures**

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
  - (a) have an identifying mark;
  - (b) and be endorsed with the words:
    - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*;  
and
  - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
  - (a) the identifying mark; and
  - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

APPOINTMENT OF PROXY  
 CREDITORS MEETING

**Ichor Constructions Pty Ltd  
 (Administrators Appointed)  
 A.C.N. 098 984 082**

*I/*We <sup>(1)</sup>	
Of	
being a creditor of the Company, appoint <sup>(2)</sup> or in his or her absence	
to vote for me/us on my/our behalf at the meeting of creditors to be held on 7 November 2018 or at any adjournment of that meeting.	

Please mark any boxes with an  X

Proxy Type:  General  Special

	For	Against	Abstain
<b>Resolution 1</b> A resolution that the Administration end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> A resolution that the company be required to execute a Deed of Company Arrangement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> A resolution that the Company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> That the remuneration of the Administrators, their partners and staff, for the period of the administration from 3 October 2018 to 29 October 2018 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018 of fees equalling \$188,260.73 plus GST, and that the Administrators can draw the remuneration immediately or as required.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b> That the future remuneration of the Administrators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period 30 October 2018 to 7 November 2018, is fixed and approved to a maximum cap of \$25,000 plus GST, and can be drawn as soon as practicable after the conclusion of the second meeting. Should a lesser amount be actually incurred, only the lesser	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>



FORM 535  
 CORPORATIONS ACT 2001

ACN 605 998 592

Subregulation 5.6.49(2)

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

To the Joint and Several Administrators of Ichor Group Holdings Pty Ltd (Administrators Appointed)

1. This is to state that the company was, on 3 October 2018 <sup>(1)</sup> and still is, justly and truly indebted to<sup>(2)</sup> (full name):

.....  
 ('Creditor')

.....  
 of (full address)

for \$..... dollars and..... cents.

Particulars of the debt are:

Date	Consideration <sup>(3)</sup> state how the debt arose	Amount \$	GST included \$	Remarks <sup>(4)</sup> 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 manner of satisfaction or security for the sum or any part of it except for the following:  
 Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount \$ c	Due Date

I am **not** a related creditor of the Company <sup>(5)</sup>

I am a related creditor of the Company <sup>(5)</sup>  
 relationship: \_\_\_\_\_

3A.<sup>(6)\*</sup> 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, still remains unpaid and unsatisfied.

3B.<sup>(6)\*</sup> I am the creditor's agent authorised to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this                      day of                      2018

Signature of Signatory

.....

NAME IN BLOCK LETTERS

.....

Occupation

.....

Address

.....

**See Directions overleaf for the completion of this form**

**OFFICE USE ONLY**

POD No:		ADMIT (Voting / Dividend) - Ordinary	\$
Date Received:	/ /	ADMIT (Voting / Dividend) – Preferential	\$
Entered into CORE IPS:		Reject (Voting / Dividend)	\$
Amount per CRA/RATA	\$	Object or H/Over for Consideration	\$
<b>Reason for Admitting / Rejection</b>			
PREP BY/AUTHORISED		<b>TOTAL PROOF</b>	\$
DATE AUTHORISED	/ /		

**Proof of Debt Form Directions**

- \* Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
  - (2) Insert full name and address (including ABN) 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.
  - (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of .....", "moneys advanced in respect of the Bill of Exchange".
  - (4) Under "Remarks" include details of vouchers substantiating payment.
  - (5) Related Party / Entity: Director, relative of Director, related company, beneficiary of a related trust.
  - (6) If the Creditor is a natural person and this proof is made by the Creditor personally. In other cases, if, for example, you are the director of a corporate Creditor or the solicitor or accountant of the Creditor, you sign this form as the Creditor's authorised agent (delete item 3A). If you are an authorised employee of the Creditor (credit manager etc), delete item 3B.

**Annexures**

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- G. An annexure to a form must:
  - (a) have an identifying mark;
  - (b) and be endorsed with the words:
    - i) "This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
  - (c) be signed by each person signing the form to which the document is annexed.
- H. The pages in an annexure must be numbered consecutively.
- I. If a form has a document annexed the following particulars of the annexure must be written on the form:
  - (a) the identifying mark; and
  - (b) the number of pages.
- J. A reference to an annexure includes a document that is with a form.

APPOINTMENT OF PROXY  
 CREDITORS MEETING

**Ichor Group Holdings Pty Ltd  
 (Administrators Appointed)  
 A.C.N. 605 988 592**

*I/*We <sup>(1)</sup>	
Of	
being a creditor of the Company, appoint <sup>(2)</sup> or in his or her absence	
to vote for me/us on my/our behalf at the meeting of creditors to be held on 7 November 2018 or at any adjournment of that meeting.	

Please mark any boxes with an  X

Proxy Type:  General  Special

	For	Against	Abstain
<b>Resolution 1</b> A resolution that the Administration end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 2</b> A resolution that the company be required to execute a Deed of Company Arrangement.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 3</b> A resolution that the Company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 4</b> That the remuneration of the Administrators, their partners and staff, for the period of the administration from 3 October 2018 to 29 October 2018 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018 of fees equalling \$5,756.07 plus GST, and that the Administrators can draw the remuneration immediately or as required."	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Resolution 5</b> "That the future remuneration of the Administrators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period 30 October 2018 to 7 November 2018, is fixed and approved to a maximum cap of \$5,000 plus GST, and can be drawn as soon as practicable after the conclusion of the second meeting. Should a lesser amount be actually incurred, only the lesser amount	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>





Appendix C

Ichor Group Holdings Pty Ltd  
(Administrators Appointed)  
ACN 605 988 592

Receipts & Payments for the period 3 October 2018 to 29 October 2018

<b>Receipts</b>	<b>Net Amount</b>
Total Receipts (Incl GST)	0.00
<b>Payments</b>	
Total Payments (Incl GST)	0.00
<b>Net Receipts/(Payments)</b>	<b>0.00</b>

Ichor Constructions Pty Ltd  
(Administrators Appointed)  
ACN 098 984 082

Receipts & Payments for the period 3 October 2018 to 29 October 2018

<b>Receipts</b>	<b>Net Amount</b>
Cash at Bank	101,356.35
Total Receipts (Incl GST)	<u>101,356.35</u>
<b>Payments</b>	
Wages & Salaries	23,164.98
Total Payments (Incl GST)	<u>23,164.98</u>
<b>Net Receipts/(Payments)</b>	<b><u>78,191.37</u></b>



ASIC

Australian Securities & Investments Commission

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

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

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

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

### List of information sheets

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

### Getting copies of the information sheets

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

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

**Annexure A**

CORPORATIONS ACT 2001

Section 436DA

**Declaration of Independence, Relevant Relationships and Indemnities**

**Ichor Constructions Pty Ltd (Administrators Appointed)  
ACN 098 984 082 and  
Ichor Group Holdings Pty Ltd (Administrators Appointed)  
ACN 605 988 592 ("the Companies")**

This document requires the Practitioner/s appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
  - i the circumstances of the appointment;
  - ii any relationships with the Companies and others within the previous 24 months;
  - iii any prior professional services for the Companies 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, my partners and HoganSprowles.

**A. Independence**

We, Christian Sprowles and Michael Hogan of HoganSprowles have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint & Several Administrators of Ichor Constructions Pty Ltd and Ichor Group Holdings Pty Ltd in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

**B. Declaration of Relationships**

**i Circumstances of appointment**

This appointment was referred to Christian Sprowles by Gerard Satur of MST Financial. The reason we believe this referral does not result in the Administrators having a conflict of interest or duty are:

- Referral from business advisors including lawyers, accountants, bankers and advisors are common place and do not impact on our independence in carrying out our duties as Administrators of the Company;
- This is the first insolvency referral from this source, the fees from which are not a significant percentage of our business and accordingly, we are by no means dependent on referrals from this source.

## Annexure A

On 19 September 2018, Christian Sprowles met with Mr Con Filis, a director of the Companies, to explain the voluntary administration and deed of company arrangement processes. This was the first time we had met Mr Filis.

We did not receive any remuneration for the above.

On 28 September 2018 Christian Sprowles was contacted by telephone by Mr Filis to provide a consent to act, which was provided on that day.

On 2 October 2018 Christian Sprowles met with George Kandylas, a shareholder of Ichor Group Holdings Pty Ltd, to explain the role of voluntary administrators.

On 3 October 2018 the Companies two directors, Mr Filis and Mr Paul Stamatelotos attended our office to hold a meeting of directors to appoint voluntary administrators. This was the first time we had met Mr Stamatelotos.

In our opinion these conversations do not affect our independence for the following reasons:

- The ARITA (formerly IPA) Code of Professional Practice and the Courts recognises the need for practitioners to provide advice on the insolvency process and the options available and we do not consider that such advice results in a conflict or is an impediment to accepting the appointment; and
- The nature of the advice provided to the Companies is such that it would not be subject to review and challenge during the Administration; and
- The nature of the pre-appointment advice provided to the Companies will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the Administration of the Companies in an objective and impartial manner.

We have provided no other information or advice to the Companies or its Director/s prior to our appointment beyond that outlined in this DIRRI.

We have never met or had any discussions with the director or shareholders of the Companies outside that disclosed in this DIRRI.

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

We, nor our firm, have, or have had within the preceding 24 months, any relationships with the Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any person or entity that has security over on the whole or substantially whole of the Companies property.

There are no other prior professional or personal relationships that should be disclosed.

### iii Prior Professional Services to the Insolvent

We, nor our Firm, have provided any professional services to the Companies in the previous 24 months.

**Annexure A**

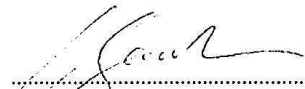
**iv No other relevant relationships to disclose**

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

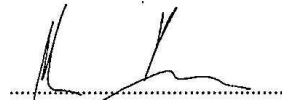
**C. Indemnities and up-front payments**

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

Dated: 4 October 2018



**Christian Sprowles**  
Joint & Several Administrator



**Michael Hogan**  
Joint and Several Administrator

**NOTE:**

1. *If circumstances change, or new information is identified, I am/we are required under the Corporations Act 2001 and the ARITA 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.*



Appendix F

## Creditor Information Sheet

### Offences, Recoverable Transactions and Insolvent Trading



#### Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

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)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
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.

#### 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. 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.

##### 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. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

### **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 created 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 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.

## Remuneration Report

**Ichor Constructions Pty Ltd (Administrators Appointed)**  
**ACN 098 984 082**  
**and**  
**Ichor Group Holdings Pty Ltd (Administrators Appointed)**  
**ACN 605 988 592**  
**("the Companies")**

This remuneration report provides you with the information you need to be able to make an informed decision regarding the approval of our remuneration for undertaking the Administration.

### Table of Contents

Part 1:	Declaration
Part 2:	Executive Summary
Part 3:	Description of work completed / to be completed
Part 4:	Calculation of Remuneration
Part 5:	Statement of Remuneration Claim
Part 6:	Likely impact on dividends
Part 7:	Disbursements
Part 8:	Report on Progress of the Administration
Part 9:	Summary of Receipts and Payments
Part 10:	Queries

### Part 1: Declaration

Christian Sprowles and Michael Hogan of HoganSprowles have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of Ichor Constructions Pty Ltd and Ichor Group Holdings Pty Ltd in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administrations.



## Part 2: Executive Summary

To date, no remuneration has been approved and paid in the administrations. This remuneration report details approval sought for the following fees:

Ichor Constructions Pty Ltd	Amount ex GST (\$)
<b>Current remuneration approval sought:</b>	
<b><i>Voluntary Administration</i></b>	
Resolution 1: Administration - 3 October 2018 to 29 October 2018	188,260.73
Resolution 2: Administration - 30 October 2018 to 7 November 2018	25,000.00
<b><i>Total - Voluntary Administration</i></b>	<b>213,260.73</b>
<b><i>Liquidation</i></b>	
Resolution 3: Liquidation - 7 November 2018 to completion	200,000.00
<b>Total for Ichor Constructions Pty Ltd</b>	<b>413,260.73</b>

Ichor Group Holdings Pty Ltd	Amount ex GST (\$)
<b>Current remuneration approval sought:</b>	
<b><i>Voluntary Administration</i></b>	
Resolution 4: Administration - 3 October 2018 to 29 October 2018	5,756.07
Resolution 5: Administration - 30 October 2018 to 7 November 2018	5,000.00
<b><i>Total - Voluntary Administration</i></b>	<b>10,756.07</b>
<b><i>Liquidation</i></b>	
Resolution 6: Liquidation - 7 November 2018 to completion	25,000.00
<b>Total for Ichor Group Holdings Pty Ltd</b>	<b>35,756.07</b>

Please refer to report section references detailed above for full details of the calculation and composition of the remuneration approval sought.

This is consistent with the estimate of costs provided in the Initial Advice to Creditors dated 4 October 2018, which estimated a cost to completion of the administrations of \$225,000 (excluding GST).

### Part 3: Description of work completed / to be completed

#### Remuneration resolution 1

<b>Company:</b>	ICHOR CONSTRUCTIONS PTY LTD (ADMINISTRATORS APPOINTED)	Period From: 3 October 2018 Period To: 29 October 2018
<b>Practitioner(s):</b>	Christian Sprowles Michael Hogan	Firm: HoganSprowles
<b>Administration Type:</b>	Voluntary Administration	

Task Area	General Description	Includes
<b>Assets</b>  Number of hours: 127.62  Estimated Cost: \$57,055.51	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
<b>Creditors</b>  Number of hours: 111.78  Estimated Cost: \$36,013.28	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Retention of Title Claims	Receive initial notification of creditor's intention to claim Provision of retention of title claim form to creditor Receive completed retention of title claim form Maintain retention of title file Meeting claimant on site to identify goods Adjudicate retention of title claim Forward correspondence to claimant notifying outcome of adjudication Preparation of payment vouchers to satisfy valid claim Preparation of correspondence to claimant to accompany payment of claim (if valid)
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation 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

Task Area	General Description	Includes
		creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
<b>Employees</b>  Number of hours: 43.75  Estimated Cost: \$13,701.35	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
<b>Trade On</b>  Number of hours: 54.77  Estimated Cost: \$28,531.81	Trade On Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees employment Liaising with OSR regarding payroll tax issues
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting & financial reporting	Reviewing company's budgets and financial statements Preparing budgets Preparing weekly financial reports Finalising trading profit or loss Meetings to discuss trading position
<b>Investigation</b>  Number of hours: 104.68  Estimated Cost: \$42,890.38	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations

Task Area	General Description	Includes
<b>Administration</b>  Number of hours: 60.50  Estimated Cost: \$10,068.40		Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
	Correspondence	With various stakeholders
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS Completing payment summaries
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
Planning / Review	Discussions regarding status of administration	
Books and records / storage	Dealing with records in storage Sending job files to storage	

## Remuneration resolution 2

<b>Company:</b>	ICHOR CONSTRUCTIONS PTY LTD (ADMINISTRATORS APPOINTED)	Period From: 30 October 2018 Period To: 7 November 2018
<b>Practitioner(s):</b>	Christian Sprowles Michael Hogan	Firm: HoganSprowles
<b>Administration Type:</b>	Voluntary Administration	

Task Area	General Description	Includes
<b>Assets</b>  Number of hours: 14.85  Estimated Cost: \$6,000	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents

Task Area	General Description	Includes
		Liaising with owners/lessors Tasks associated with disclaiming leases
<b>Creditors</b>  Number of hours: 26.44  Estimated Cost: \$8,000	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Retention of Title Claims	Receive initial notification of creditor's intention to claim Provision of retention of title claim form to creditor Receive completed retention of title claim form Maintain retention of title file Meeting claimant on site to identify goods Adjudicate retention of title claim Forward correspondence to claimant notifying outcome of adjudication Preparation of payment vouchers to satisfy valid claim Preparation of correspondence to claimant to accompany payment of claim (if valid)
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation 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. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
<b>Employees</b>  Number of hours: 8.97  Estimated Cost: \$3,000	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
<b>Trade On</b>  Number of hours: 6.66	Trade On Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry

Task Area	General Description	Includes
Estimated Cost: \$3,000		Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees employment Liaising with OSR regarding payroll tax issues
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting & financial reporting	Reviewing company's budgets and financial statements Preparing budgets Preparing weekly financial reports Finalising trading profit or loss Meetings to discuss trading position
<b>Investigation</b>  Number of hours: 5.34  Estimated Cost: \$2,000	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
<b>Administration</b>  Number of hours: 11.20  Estimated Cost: \$3,000	Correspondence	With various stakeholders
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS Completing payment summaries

Task Area	General Description	Includes
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

### Remuneration resolution 3

<b>Company:</b>	ICHOR CONSTRUCTIONS PTY LTD (IN LIQUIDATION)	Period From: 7 November 2018 Period To: Completion
<b>Practitioner(s):</b>	Christian Sprowles Michael Hogan	Firm: HoganSprowles
<b>Administration Type:</b>	Liquidation	

Task Area	General Description	Includes
<b>Assets</b>  Number of hours: 64.88  Estimated Cost: \$25,000	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
<b>Creditors</b>  Number of hours: 264.40  Estimated Cost: \$80,000	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Retention of Title Claims	Receive initial notification of creditor's intention to claim Provision of retention of title claim form to creditor Receive completed retention of title claim form Maintain retention of title file Meeting claimant on site to identify goods Adjudicate retention of title claim Forward correspondence to claimant notifying outcome of adjudication Preparation of payment vouchers to satisfy valid claim Preparation of correspondence to claimant to accompany payment of claim (if valid)
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend

Task Area	General Description	Includes
		Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation 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. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
<b>Employees</b>  Number of hours: 70.80  Estimated Cost: \$25,000	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements and options available Receive and prepare correspondence in response to employees objections to leave entitlements
	FEG	Correspondence with FEG Preparing notification spreadsheet Preparing FEG quotations Preparing FEG distributions
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting POD Adjudicating POD Ensuring PAYG is remitted to ATO
	Workers compensation claims	Review insurance policies Receipt of claim Liaising with claimant Liaising with insurers and solicitors regarding claims Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing workers compensation insurance requirements Correspondence with previous brokers
	Other employee issues	Correspondence with Child Support Correspondence with Centrelink
<b>Trade On</b>  Number of hours: 26.31	Trade On Management	Liaising with suppliers Liaising with management and staff Attendance on site Authorising purchase orders Maintaining purchase order registry Preparing and authorising receipt vouchers



Task Area	General Description	Includes
Estimated Cost: \$10,000		Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees employment Liaising with OSR regarding payroll tax issues
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting & financial reporting	Reviewing company's budgets and financial statements Preparing budgets Preparing weekly financial reports Finalising trading profit or loss Meetings to discuss trading position
<b>Investigation</b>  Number of hours: 90.55  Estimated Cost: \$35,000	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Examinations	Preparing brief to solicitor Liaising with solicitor(s) regarding examinations Attendance at examination Reviewing examination transcripts Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
<b>Dividend</b>  Number of hours: 39.76  Estimated Cost: \$10,000	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of PODs Maintain POD register Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend

Task Area	General Description	Includes
		Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
<b>Administration</b>  Number of hours: 74.21  Estimated Cost: \$15,000	Correspondence	With various stakeholders
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS Completing payment summaries
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

**Remuneration resolution 4**

<b>Company:</b>	ICHOR GROUP HOLDINGS PTY LTD (ADMINISTRATORS APPOINTED)	Period From: 3 October 2018 Period To: 29 October 2018
<b>Practitioner(s):</b>	Christian Sprowles Michael Hogan	Firm: HoganSprowles
<b>Administration Type:</b>	Voluntary Administration	

Task Area	General Description	Includes
<b>Creditors</b>  Number of hours: 9.05  Estimated Cost: \$3,428.75	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors

Task Area	General Description	Includes
	Dealing with proofs of debt	Receiving and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation 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. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
<b>Investigation</b>  Number of hours: 4.17  Estimated Cost: \$1,908.02	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
<b>Administration</b>  Number of hours: 2.60  Estimated Cost: \$419.30	Correspondence	With various stakeholders
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms

Task Area	General Description	Includes
	ATO & other statutory reporting	Notification of appointment Preparing BAS Completing payment summaries
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

## Remuneration resolution 5

<b>Company:</b>	ICHOR GROUP HOLDINGS PTY LTD (ADMINISTRATORS APPOINTED)	Period From: 30 October 2018 Period To: 7 November 2018
<b>Practitioner(s):</b>	Christian Sprowles Michael Hogan	Firm: HoganSprowles
<b>Administration Type:</b>	Voluntary Administration	

Task Area	General Description	Includes
<b>Creditors</b>  Number of hours: 6.62  Estimated Cost: \$2,000	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation 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. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
<b>Investigation</b>  Number of hours: 3.50  Estimated Cost: \$1,000	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement

Task Area	General Description	Includes
		Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
<b>Administration</b>  Number of hours: 11.72  Estimated Cost: \$2,000	Correspondence	
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS Completing payment summaries
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

### Remuneration resolution 6

<b>Company:</b>	ICHOR GROUP HOLDINGS PTY LTD (IN LIQUIDATION)	Period From: 7 November 2018 Period To: Completion
<b>Practitioner(s):</b>	Christian Sprowles Michael Hogan	Firm: HoganSprowles
<b>Administration Type:</b>	Liquidation	

Task Area	General Description	Includes
<b>Creditors</b>  Number of hours: 26.46  Estimated Cost: \$8,000	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation 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. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
<b>Investigation</b>  Number of hours: 38.50  Estimated Cost: \$11,000	Conducting investigation	Collection of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements company's books & records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Examinations	Preparing brief to solicitor Liaising with solicitor(s) regarding examinations Attendance at examination Reviewing examination transcripts Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
<b>Administration</b>  Number of hours:	Correspondence	With various stakeholders
	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews

Task Area	General Description	Includes
35.17  Estimated Cost: \$6,000		Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS Completing payment summaries
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

## Part 5: Statement of Remuneration Claim

### Ichor Constructions Pty Ltd

#### ***Remuneration resolution 1 – Current Joint and Several Administrators’ remuneration for the period 3 October 2018 to 29 October 2018***

“That the remuneration of the Administrators, their partners and staff, for the period of the administration from 3 October 2018 to 29 October 2018 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018 of fees equalling \$188,260.73 plus GST, and that the Administrators can draw the remuneration immediately or as required.”

#### ***Remuneration resolution 2 – Future Joint and Several Administrators’ remuneration for the period 30 October 2018 to 7 November 2018***

“That the future remuneration of the Administrators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period 30 October 2018 to 7 November 2018, is fixed and approved to a maximum cap of \$25,000 plus GST, and can be drawn as soon as practicable after the conclusion of the second meeting. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from creditors may be sought.”

#### ***Remuneration resolution 3 – Future Liquidators’ remuneration for the period 7 November 2018 to completion***

“That the future remuneration of the Liquidators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period from 7 November 2018



to completion of the liquidation, is fixed and approved to a maximum cap of \$200,000 plus GST, to be drawn only when incurred on a monthly basis or as required. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from creditors may be sought.”

#### **Ichor Group Holdings Pty Ltd**

##### ***Remuneration resolution 4 – Current Joint and Several Administrators’ remuneration for the period 3 October 2018 to 29 October 2018***

“That the remuneration of the Administrators, their partners and staff, for the period of the administration from 3 October 2018 to 29 October 2018 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018 of fees equalling \$5,756.07 plus GST, and that the Administrators can draw the remuneration immediately or as required.”

##### ***Remuneration resolution 5 – Future Joint and Several Administrators’ remuneration for the period 30 October 2018 to 7 November 2018***

“That the future remuneration of the Administrators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period 30 October 2018 to 7 November 2018, is fixed and approved to a maximum cap of \$5,000 plus GST, and can be drawn as soon as practicable after the conclusion of the second meeting. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from creditors may be sought.”

##### ***Remuneration resolution 6 – Future Liquidators’ remuneration for the period 7 November 2018 to completion***

“That the future remuneration of the Liquidators, their partners and staff, calculated at the hourly rates as detailed in the report to creditors of 4 October 2018, for the period from 7 November 2018 to completion of the liquidation, is fixed and approved to a maximum cap of \$25,000 plus GST, to be drawn only when incurred on a monthly basis or as required. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should a greater amount be actually incurred, further approval from creditors may be sought.”

#### **Part 6: Likely impact on dividends**

It is both reasonable and appropriate for a professional service provider to be remunerated for their services. An administrator and liquidator is entitled to be remunerated for necessary work that is reasonably performed. That work is also the source of any funds that may be recovered for the benefit of creditors and other stakeholders.

The impact of the approval of the administrator’s remuneration is that the remuneration will be paid to the Administrator / Liquidator if sufficient funds are generated to enable it to be paid. The remuneration will be paid from those funds that are generated prior to the payment of most other stakeholders in the Liquidation. It is noted that no funds would be available for any stakeholder without the work necessarily undertaken by the Liquidators.



## Part 7: Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing 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.

We have undertaken a proper assessment of disbursements claimed for the Ichor Constructions Pty Ltd and Ichor Group Holdings Pty Ltd, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper. To date no disbursements have been paid in the administrations.

Disbursements provided by our firm will be charged to the administration on the following basis:

Disbursements	Rate ex GST (\$)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements:	
Advertising	At cost
Search fees	At cost
Courier	At cost
Printing, Faxes & Photocopies	\$0.20 per page
Postage	At cost
Stationary and other incidental disbursements	At cost
Travel - Staff by own vehicle	\$0.66 per km
Travel - other	At cost

Rates applicable for financial year ending 30 June 2019.

We will be seeking approval of the following resolutions to approve our internal disbursements.

### Ichor Constructions Pty Ltd

“That the internal disbursements of the Administrators for the period 3 October 2018 to 7 November 2018 at the rates outlined in the Remuneration Approval Report dated 30 October 2018 be capped at the amount of \$10,000 plus GST and can be drawn by the Administrators as required.”

“That the internal disbursements of the Liquidators for the period 7 November 2018 to the conclusion of the liquidation at the rates outlined in the Remuneration Approval Report dated 30 October 2018 be capped at the amount of \$10,000 plus GST and can be drawn by the liquidators as required.”

## Ichor Group Holdings Pty Ltd

“That the internal disbursements of the Administrators for the period 3 October 2018 to 7 November 2018 at the rates outlined in the Remuneration Approval Report dated 30 October 2018 be capped at the amount of \$2,000 plus GST and can be drawn by the Administrators as required.”

“That the internal disbursements of the Liquidators for the period 7 November 2018 to the conclusion of the liquidation at the rates outlined in the Remuneration Approval Report dated 30 October 2018 be capped at the amount of \$2,000 plus GST and can be drawn by the liquidators as required.”

### Part 8: Report on Progress of the Administration

Please see the Administrators Report to Creditors dated 30 October 2018.

### Part 9: Summary of Receipts and Payments

Please see the Administrators Report to Creditors dated 30 October 2018.

### Part 10: Queries

If you have any queries in relation to the information in this report, please contact Luke Mann on (02) 8020 5862 or via email at [Lmann@hogansproles.com.au](mailto:Lmann@hogansproles.com.au). You can also access information which may assist you on the following websites:

ARITA at [www.arita.com.au/creditors](http://www.arita.com.au/creditors)

ASIC at [www.asic.gov.au](http://www.asic.gov.au) (search for “insolvency information sheets”).



Schedule of rates as @ 1 July 2018

Private & Confidential

	<i>HoganSproles Rate \$/Hour (excluding GST)</i>
Partner	545
Director	490
Senior Manager	429
Manager	385
Supervisor	363
Senior Analyst 1	319
Senior Analyst 2	308
Analyst 1	264
Analyst 2	198
Graduate	182
Undergraduate	165
Senior Bookkeeper	165
Bookkeeper	154
PA	132
Administration	105

**Ichor Constructions Pty Ltd**

**Schedule 1: Remuneration resolution 1: 3 October 2018 to 29 October 2018**

Ichor Constructions Pty Ltd (Administrators Appointed) - Calculation of Remuneration  
 For all Remuneration for the period 3 October 2018 to 29 October 2018

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area												
					Assets hrs	Assets \$	Creditors hrs	Creditors \$	Employees hrs	Employees \$	Trade On hrs	Trade On \$	Investigations hrs	Investigations \$	Administration hrs	Administration \$	
Brendan Copeland	Partner	545	35.80	19,511.00	4.20	2,289.00	3.10	1,689.50	0.00	0.00	28.50	15,532.50	0.00	0.00	0.00	0.00	
Christian Sproles	Appointee	545	96.60	52,647.53	23.42	12,761.71	11.28	6,149.78	1.75	953.75	20.67	11,263.51	39.48	21,518.78	0.00	0.00	
Michael Hogan	Appointee	545	9.40	5,123.00	0.00	0.00	2.10	1,144.50	0.80	436.00	0.00	0.00	6.40	3,488.00	0.10	54.50	
Nicholas Warden	Director	490	62.90	30,821.00	62.90	30,821.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Luke Mann	Supervisor	363	56.90	20,654.70	16.20	5,880.60	36.00	13,068.00	0.00	0.00	0.20	72.60	0.00	0.00	4.50	1,633.50	
Angelo Cadiz	Senior Analyst 2	308	143.40	44,167.20	11.90	3,665.20	30.10	9,270.80	38.20	11,765.60	5.40	1,663.20	57.00	17,556.00	0.80	246.40	
Jonas Wu	Graduate	182	65.40	11,902.80	9.00	1,638.00	21.10	3,840.20	3.00	546.00	0.00	0.00	1.80	327.60	30.50	5,551.00	
Natalie Lu	Administration	105	32.70	3,433.50	0.00	0.00	8.10	850.50	0.00	0.00	0.00	0.00	0.00	0.00	24.60	2,583.00	
<b>TOTAL HOURS</b>			<b>503.10</b>														
<b>TOTAL REMUNERATION</b>				<b>188,260.73</b>	127.62	57,055.51	111.78	36,013.28	43.75	13,701.35	54.77	28,531.81	104.68	42,890.38	60.50	10,068.40	
Cost Adjustments				0.00													
GST				18,826.07													
TOTAL (including GST)				207,086.80													
Average hourly rate (Excluding GST)				374.20	447.09		322.17		313.17		520.97		409.71			166.42	

**Schedule 2: Remuneration resolution 2: 30 October 2018 to 7 November 2018**

Ichor Constructions Pty Ltd (Administrators Appointed) - Calculation of Remuneration  
 For all Remuneration for the period 30 October 2018 to 7 November 2018

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area											
					Assets hrs	Assets \$	Creditors hrs	Creditors \$	Employees hrs	Employees \$	Trade On hrs	Trade On \$	Investigations hrs	Investigations \$	Administration hrs	Administration \$
Christian Sproles	Appointee	545	12.94	7,052.50	4.00	2,180.00	2.44	1,330.00	1.00	545.00	4.00	2,180.00	1.50	817.50	0.00	0.00
Nicholas Warden	Director	490	4.00	1,960.00	4.00	1,960.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Luke Mann	Supervisor	363	12.00	4,356.00	2.00	726.00	8.00	2,904.00	0.00	0.00	0.00	0.00	0.00	0.00	2.00	726.00
Angelo Cadiz	Senior Analyst 2	308	24.47	7,537.50	2.00	616.00	8.00	2,464.00	7.97	2,455.00	2.66	820.00	3.84	1,182.50	0.00	0.00
Jonas Wu	Graduate	182	12.85	2,338.00	2.85	518.00	6.00	1,092.00	0.00	0.00	0.00	0.00	0.00	0.00	4.00	728.00
Natalie Lu	Administration	105	7.20	756.00	0.00	0.00	2.00	210.00	0.00	0.00	0.00	0.00	0.00	0.00	5.20	546.00
<b>TOTAL HOURS</b>			<b>73.46</b>													
<b>TOTAL REMUNERATION</b>				<b>24,000.00</b>												
Cost Adjustments				0.00												
GST				2,400.00												
<b>TOTAL (including GST)</b>				<b>26,400.00</b>												
<i>Average hourly rate (Excluding GST)</i>				<i>326.71</i>		<i>404.15</i>		<i>302.57</i>		<i>334.42</i>		<i>450.29</i>		<i>374.58</i>		<i>178.57</i>

**Schedule 3: Remuneration resolution 3: 7 November 2018 to completion**

Ichor Constructions Pty Ltd (Administrators Appointed) - Calculation of Remuneration  
 For all Remuneration for the period 7 November 2018 to completion

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area														
					Assets hrs \$	Creditors hrs \$	Employees hrs \$	Trade On hrs \$	Investigations hrs \$	Dividend hrs \$	Administration hrs \$								
Christian Sprowles	Appointee	545	97.40	53,085.00	16.00	8,720.00	24.40	13,300.00	10.00	5,450.00	8.00	4,360.00	30.00	16,350.00	6.00	3,270.00	3.00	1,635.00	
Nicholas Warden	Director	490	16.00	7,840.00	16.00	7,840.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Luke Mann	Supervisor	363	109.00	39,567.00	8.00	2,904.00	80.00	29,040.00	15.00	5,445.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	2,178.00
Angelo Cadiz	Senior Analyst 2	308	232.66	71,659.00	8.00	2,464.00	80.00	24,640.00	45.80	14,105.00	18.31	5,640.00	60.55	18,650.00	10.00	3,080.00	10.00	3,080.00	
Jonas Wu	Graduate	182	121.88	22,182.00	16.88	3,072.00	60.00	10,920.00	0.00	0.00	0.00	0.00	0.00	0.00	15.00	2,730.00	30.00	5,460.00	
Natalie Lu	Administration	105	53.97	5,667.00	0.00	0.00	20.00	2,100.00	0.00	0.00	0.00	0.00	0.00	0.00	8.76	920.00	25.21	2,647.00	
<b>TOTAL HOURS</b>			<b>630.91</b>																
<b>TOTAL REMUNERATION</b>				<b>199,999.99</b>															
Cost Adjustments				0.00															
GST				20,000.00															
<b>TOTAL (including GST)</b>				<b>219,999.99</b>															
<b>Average hourly rate (Excluding GST)</b>					<b>385.33</b>					<b>353.13</b>									<b>202.13</b>

**Ichor Group Holdings Pty Ltd**

**Schedule 4: Remuneration resolution 4: 3 October 2018 to 29 October 2018**

Ichor Group Holdings Pty Ltd (Administrators Appointed) - Calculation of Remuneration  
 For all Remuneration for the period 3 October 2018 to 29 October 2018

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area					
					Creditors		Investigations		Administration	
					hrs	\$	hrs	\$	hrs	\$
Christian Sprowles	Appointee	545	6.92	3,769.77	3.75	2,043.75	3.17	1,726.02	0.00	0.00
Michael Hogan	Appointee	545	0.90	490.50	0.90	490.50	0.00	0.00	0.00	0.00
Luke Mann	Supervisor	363	0.10	36.30	0.10	36.30	0.00	0.00	0.00	0.00
Angelo Cadiz	Senior Analyst 2	308	0.60	184.80	0.60	184.80	0.00	0.00	0.00	0.00
Jonas Wu	Graduate	182	6.60	1,201.20	3.70	673.40	1.00	182.00	1.90	345.80
Natalie Lu	Administration	105	0.70	73.50	0.00	0.00	0.00	0.00	0.70	73.50
<b>TOTAL HOURS</b>			<b>15.82</b>							
<b>TOTAL REMUNERATION</b>				<b>5,756.07</b>	9.05	3,428.75	4.17	1,908.02	2.60	419.30
Cost Adjustments				0.00						
GST				575.61						
TOTAL (Including GST)				6,331.68						
Average hourly rate (Excluding GST)				363.92		378.87		457.89		161.27

**Schedule 5: Remuneration resolution 5: 30 October 2018 to 7 November 2018**

Ichor Group Holdings Pty Ltd (Administrators Appointed) - Calculation of Remuneration  
 For all Remuneration for the period 30 October 2018 to 7 November 2018

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area					
					Creditors		Investigations		Administration	
					hrs	\$	hrs	\$	hrs	\$
Christian Sprowles	Appointee	545	2.00	1,090.00	1.00	545.00	1.00	545.00	0.00	0.00
Luke Mann	Supervisor	363	2.00	726.00	1.00	363.00	0.00	0.00	1.00	363.00
Angelo Cadiz	Senior Analyst 2	308	3.00	924.00	2.00	616.00	0.00	0.00	1.00	308.00
Jonas Wu	Graduate	182	9.12	1,659.00	2.62	476.00	2.50	455.00	4.00	728.00
Natalie Lu	Administration	105	5.72	601.00	0.00	0.00	0.00	0.00	5.72	601.00
<b>TOTAL HOURS</b>			<b>21.84</b>							
<b>TOTAL REMUNERATION</b>				<b>5,000.00</b>	6.62	2,000.00	3.50	1,000.00	11.72	2,000.00
Cost Adjustments				0.00						
GST				500.00						
TOTAL (Including GST)				5,500.00						
Average hourly rate (Excluding GST)				228.95		302.33		285.71		170.59

**Schedule 6:** Remuneration resolution 6: 7 November 2018 to completion

Ichor Group Holdings Pty Ltd (Administrators Appointed) - Calculation of Remuneration  
 For all Remuneration for the period 7 November 2018 to completion

Employee	Position	\$/hour (ex GST)	Total actual hours	Total (\$)	Task Area					
					Creditors		Investigations		Administration	
					hrs	\$	hrs	\$	hrs	\$
Christian Sprowles	Appointee	545	15.00	8,175.00	4.00	2,180.00	11.00	5,995.00	0.00	0.00
Luke Mann	Supervisor	363	7.00	2,541.00	4.00	1,452.00	0.00	0.00	3.00	1,089.00
Angelo Cadiz	Senior Analyst 2	308	11.00	3,388.00	8.00	2,464.00	0.00	0.00	3.00	924.00
Jonas Wu	Graduate	182	49.96	9,093.00	10.46	1,904.00	27.50	5,005.00	12.00	2,184.00
Natalie Lu	Administration	105	17.17	1,803.00	0.00	0.00	0.00	0.00	17.17	1,803.00
<b>TOTAL HOURS</b>			<b>100.13</b>							
<b>TOTAL REMUNERATION</b>				<b>25,000.00</b>	26.46	8,000.00	38.50	11,000.00	35.17	6,000.00
Cost Adjustments				0.00						
GST				2,500.00						
TOTAL (Including GST)				27,500.00						
Average hourly rate (Excluding GST)				249.67		302.33		285.71		170.59