

**Unreal Steel Pty Ltd (In Liquidation)
A.C.N. 609 618 322
("the Company")**

hogan  **sproawles**

Statutory Report to creditors

22 December 2022

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ABBREVIATIONS

Accountant	Lincoln Partners
Act	Corporations Act 2001
ALLPAP	All Present And After- Acquired Property – No Exceptions
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities & Investments Commission
ATO	Australian Taxation Office
Company	Unreal Steel Pty Ltd (In Liquidation)
Director	Malcolm Morris
DIRRI	Declaration of Independence, Relevant Relationships & Indemnities
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee
FY	Financial Year ended
IPR	Insolvency Practice Rules
K	'000'
Liquidator	Brendan Copeland
Mil	Million
NAB	National Australia Bank
Petitioning Creditor	Preston Hire (NSW) Pty Ltd
PPSA	Personal Property Securities Act 2009
PPSR	Personal Property and Securities Register
RoCAP	Report on Company Activities and Property
Petitioning Creditor's Solicitor	Hilton Bradley Lawyers
TBA	To Be Advised
TBC	To be Concluded
Voluntary Administrators	Alan Walker & Glenn Livingstone of WLP Restructuring
YTD	Year To Date

1 Executive Summary

1.1 Liquidator's appointment

I was appointed Liquidator of the Company on 28 September 2022, pursuant to an order made by the Supreme Court of Victoria. The petitioning creditor is Preston Hire (NSW) Pty Ltd A.C.N. 003 991 062 ("**Petitioning Creditor**").

This report should be read in conjunction with my initial report to creditors dated 12 October 2022. If a creditor requires a copy of the previous report, please contact Anny Ngo of this office at anny@hogansprowles.com.au.

1.2 Purpose of this report

The purpose of this report is to:

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

If creditor have not already done so, you are requested to complete and submit to this office a Proof of Debt form (attached as **Annexure D**).

Creditors have the right to request a meeting that complies with the guidelines set out in the ARITA information sheet "Creditors Rights in Liquidation" (attached as **Annexure A**). I do not propose to hold a meeting of creditors at this time.

I expect to have completed this liquidation within twelve (12) months.

1.3 Estimated return to creditors

There are insufficient assets available in the liquidation. A dividend to unsecured creditors is reliant on the recoveries from voidable transactions and insolvent trading claim. At this stage, it is unlikely that a dividend will be paid in the liquidation to priority and unsecured creditors.

If a dividend is going to be paid, creditors will be contacted before it happens and if they have not already done so, creditors will be asked to lodge a proof of debt. This formalises creditors' claims in the liquidation and is used to determine all claims against the Company.

1.4 Summary of investigations

I am currently conducting investigating into the Company's affairs and the possible offences committed by Malcolm Morris ("**the Director**"). A summary of the offences and recovery action is indicated below:

Offences / recovery action	Corporations Act	Parties	Claim (\$)
Insolvent Trading	S588G	Director	4,591,636

My investigations to date revealed that the Company was insolvent from at least October 2020 as the Company was unable to pay its tax liability. As at October 2020 the Company's outstanding tax liability

was \$388,323 and has increased to \$2,111,866 in September 2022. The ATO have submitted a proof of debt in the amount of \$2,287,558. Additional interest charges have been included in the ATO proof of debt.

I am aware the Director has received a director penalty notice from the ATO relating to the outstanding superannuation which is owing to the employees.

On 20 December 2022, I issued an insolvent trading demand to the Director in the amount of \$4,591,636 in respect to the insolvent trading claim I have against him.

With the above recovery actions established, I will need to assess the commercial viability and the cost benefit of pursuing these actions. Further details in section 4 of this report.

Any offences will be reported to the Australian Security and Investments Commission (“ASIC”) in a confidential report issued pursuant to section 533 of the Corporations Act 2001 (“the Act”).

1.5 Declaration of Independence, Relevant Relationships and Indemnities

My initial report to creditors included a Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”) signed by me as Liquidator of the Company. There have been no changes to the position of the DIRRI.

2 Update on the Liquidation

2.1 Background

I provide a summary again of the information available from ASIC search conducted for the Company:

Company Details		
Registration Date	2 December 2015	
Current Registered Office	c/- Lincoln Partners, Level 1, 120 Sussex Street, Sydney NSW 2000	
Current Principal Place of Business	Unit 2, 27 Jack Williams Drive, Penrith NSW 2750	
Director	Appointed	Ceased
Malcolm George Morris	2 December 2015	-
Secretary	Appointed	Ceased
Malcolm George Morris	2 December 2015	-
Share Structure	Amount Paid	Amount Unpaid
100 Ordinary Shares	\$100.00	\$0.00
Current Shareholders	Shares Held/Type	Fully Paid
Malcolm George Morris	100 Ordinary Shares	Yes

2.2 Progress of the Liquidation

Please refer to my initial report to creditors dated 12 October 2022 in relation to tasks previously undertaken since my appointment.

Below is a summary of the tasks undertaken since my previous report to creditors:

- Correspondence with employees regarding the termination of their employment and the calculation of their entitlements;
- Correspondence with Attorney General's department regarding the Fair Entitlements Guarantee (**FEG**) Scheme;
- Made various requests to debtors of the Company for monies owed to the Company;
- Arranged for the collection of all the Company motor vehicles that were leased and realised the vehicles that held equity;
- Disclaimed the plant and equipment of the Company;
- Disclaimed the leased premises located at 56 Topham Road, Smeaton Grange, NSW, 2567;
- Correspondence issued to Lincoln Partners ("**the Accountant**") requesting the delivery of the Company's books and records;
- Reviewed Company's books and records received;
- Conducted investigation into the Company's affairs; and
- Corresponded with the Director regarding the affairs of the business.

Further investigations are currently being conducted in respect of the affairs of the Company. Details of the RoCAP submitted by the Director and Company books and records received are disclosed in the sections below.

2.3 Books & Records

To date, I have received the following books and records from the Accountant, Director and third parties:

- Completed Report of Company Activities and Property ("**RoCAP**");
- Income Tax Return for the Financial Year ended FY20 and FY21;
- Business Activity Statements for the period July 2019 to March 2022;
- The financial statements for FY19, FY20 and FY21;
- Company's bank statements provide by National Australia Bank ("**NAB**") for the period 28 September 2021 to 28 September 2022;
- MYOB Management Accounts for FY16 to FY22;
- ATO documentation;
- Documentation received from the petitioning creditor's lawyers; and
- Payroll records.

In my opinion the following records including but not limited to, should have also been maintained:

- Financial statements and tax return for FY22;
- Working papers for the transactions recorded in the management accounts;
- Bank reconciliation reports;
- Contracts/Agreements;
- Invoices and receipts;
- Employee contracts and records;
- Correspondence with stakeholders;
- Asset listing;
- Customer schedule with works completed or pending;
- Business Activity Statements for YTD FY22;

- Correspondence from creditors;
- Chattel Mortgage agreements; and
- Loan agreements.

Given the above, it is in my opinion that the Company has not properly maintained its books and records as per Section 286 of the Act. 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. The result of my investigations will be reported in my confidential report to ASIC.

2.4 Report on Company Activities and Property (“RoCAP”)

The Act requires the Director to provide to me with a completed RoCAP, detailing the financial position of the Company at the date of my appointment.

Below is a summary of the information provided in the Director’s RoCAP and the estimated realisable value (“ERV”) as per my investigations:

	Notes	RoCAP (\$)	Liquidator's ERV (\$)
Assets			
Cash at Bank	1	Unknown	2,062
Debtors	2	476,457	73,130
Motor Vehicles	3	242,000	14,235
Plant and Equipment	4	650,000	Nil
Total Assets		1,368,457	89,427
Liabilities			
Less: Secured Creditors	5	Nil	TBC
Priority Creditors - Employees	6	517,825	900,296
Unsecured Creditors	7	759,417	4,591,636
Total Liabilities		1,277,242	5,491,932
Estimated Surplus/Deficiency		91,215	(5,402,505)

2.4.1 Assets

1. Cash at bank

NAB has confirmed the Company operated three (3) accounts with NAB. Two (2) accounts had a balance of \$275.49 DR and \$2,046.81 CR respectively as at the date of my appointment and the other account was closed in 2017.

2. Debtors

The Director has disclosed in his RoCAP that there is \$476,457 owed to the Company by debtors for retentions and/or works completed. However, based on my review of the Company books and records available to me, the amount owed to the Company by debtors for retentions and/or works completed totals \$808,372. It should be noted that the money owing relates to retention money and is only payable once the job is completed. The retention monies can be called upon by the head

contractors if there are defects and / or liquidated damages as per the subcontractors agreements. The recovery of the debtors at this time is unknown, due to the above and debtors claiming to have a cross claim against the Company as a creditor. Below is a list of the Company debtors as at the date of my appointment.

Debtors	Book Value	Disputed		Outstanding	Counter Claim against the Company
		Received	Amounts		
Apollo Fabrication Group	154,812		154,812	-	
Farindon Constructions Pty Ltd	16,560			16,560	
Gore Projects	184,703			-	TBA
HPAC	15,209			15,209	
Leed Steel	19,415			-	
Meridian Constructions	9,028		9,028	523	
Midson Constructions	10,308			10,308	
Mirvac Constructions	51,312			51,312	
Pro AV Solutions	2,200		2,200	-	
Roberts Co	5,939			5,939	
Samaras Structural Engineers	181,198	73,130		-	107,752
Simon Earthworks	157,687		157,687	-	
Total	808,372				

Apollo Fabrication Group (Apollo)

On 5 October 2022, a letter was issued to Apollo regarding the debt owed by them to the Company in the amount of \$154,812.

On 6 October 2022, Apollo advised that all outstanding invoices have been paid and there is no money owing to the Company. Apollo provided supporting documentation to support their claim. The amount is no longer recoverable.

Farindon Constructions Pty Ltd (Farindon)

On 5 October 2022, a letter was issued to Farindon regarding the debt owed by them to the Company in the amount of \$16,560.

On 18 October 2022, Farindon advised that a formal response would be provided after verifying that there are no outstanding works or defects relating to the Company.

On 14 November 2022, a second letter was issued requesting Farindon pay the amount owing of \$16,560. To date no further response has been received from Farindon.

I will now consider commencing legal proceedings against Farindon for the amounts owing to the Company.

Gore Projects (Gore)

On 5 October 2022, a letter was issued to Gore regarding the debt owed by them to the Company in the amount of \$184,703.

On 19 October 2022, Gore issued a notice of termination of the subcontracts agreement to the Company in relation to projects at the Metro Martin Place, the Western Sydney Community and Conference Centre and Hotel, and the Moorebank Campus Regional Distribution Centre. Gore advised that any payments due to the Company is suspended and any costs incurred to complete the projects as a result of the termination of the subcontracts agreement will be a debt due to Gore by the Company.

In addition, Gore advised there is an outstanding loan in the amount of \$41,355.63 owed by the Company to Gore, pursuant to section 560 of the *Corporations Act 2001* (Cth), that was used to pay the Company's employee wages a week prior to my appointment. The funds were used to pay the wages of the employee working on the Gore projects.

On 7 November 2022, I advised Gore that the termination of the subcontracts agreement has been accepted and requested further information regarding the subcontracts agreement and cost associated with the completion of the projects and retention monies.

Gore will have a claim against the Company for the outstanding loan to the Company pursuant to section 560 of the *Corporations Act 2001* and any costs incurred to complete the projects pursuant to the subcontract agreement. It is unlikely that any amounts owed by Gore to the Company will be recoverable as the amounts owed may be set off against the amounts of any cross claims from Gore.

HPAC Pty Ltd

On 5 October 2022, a letter was issued to HPAC Pty Ltd regarding the debt owed by them to the Company in the amount of \$15,209.

On 14 November 2022, a second letter was issued requesting HPAC Pty Ltd pay the amount owing of \$15,209. To date no further response has been received from HPAC Pty Ltd.

I will now consider commencing legal proceedings against HPAC Pty Ltd for the amounts owing to the Company.

Leed Steel

On 5 October 2022, a letter was issued to Leed Steel regarding the debt owed by them to the Company in the amount of \$19,415.

On 12 October 2022, Leed Steel disputed the claim on the grounds that it was a duplicate of the original contract.

Leed Steel has provided documentation regarding their claim and correspondence evidencing multiple attempts to sort the invoice out with the Company. It appears the Company has not provided any responses to Leed Steel prior to my appointment. After reviewing all the information provided the amount is no longer recoverable.

Meridian Constructions (Meridian)

On 5 October 2022, a letter was issued to Meridian regarding the debt owed by them to the Company in the amount of \$9,028.

On 10 October 2022, Meridian advised that retention monies were not due and payable until 27 June 2023 and 27 June 2024 pursuant to the subcontract agreement between Meridian and the Company.

Meridian disputed the calculation of the claim amount under the subcontract agreement and have provided a reconciliation of the retentions outstanding. Meridian have advised there is only \$261.25 is due and payable on 27/06/2023 and 27/06/2024 (totalling \$522.50) relating to retention monies.

Midson Constructions

On 5 October 2022, a letter was issued to Midson Constructions regarding the debt owed by them to the Company in the amount of \$10,308.

On 14 November 2022, a second letter was issued requesting Midson Constructions pay the amount owing of \$10,308. To date no further response has been received from Midson Constructions.

I will now consider commencing legal proceedings against Midson Constructions for the amounts owing to the Company.

Mirvac Constructions

On 5 October 2022, a letter was issued to Mirvac Constructions regarding the debt owed by them to the Company in the amount of \$51,312.

On 14 November 2022, a second letter was issued requesting Mirvac Constructions pay the amount owing of \$51,312. To date no further response has been received from Midson Constructions.

I will now consider commencing legal proceedings against Mirvac Constructions for the amounts owing to the Company.

Pro AV Solutions (Pro AV)

On 5 October 2022, a letter was issued to Pro AV regarding the debt owed by them to the Company in the amount of \$2,200.

On 14 November 2022, a second letter was issued requesting Pro AV to make payment of \$2,200. Pro AV responded on the same date disputing the claim as the amount owing was for accidental damages to the hired machinery had been processed through their insurance policy.

Pro AV has provided documentation regarding their claim and confirmation from the insurance company approving their claim. After reviewing all the information provided the amount is no longer recoverable.

Roberts Co

On 5 October 2022, a letter was issued to Roberts Co regarding the debt owed by them to the Company in the amount of \$5,939.

On 14 November 2022, a second letter was issued requesting Roberts Co pay the amount owing of \$5,939. To date no further response has been received from Roberts Co

I will now consider commencing legal proceedings against Roberts Co for the amounts owing to the Company.

Samaras Structural Engineers (Samaras)

On 5 October 2022, a letter was issued to Samaras regarding the debt owed by them to the Company in the amount of \$181,198.

On 28 October 2022, Samaras advised the amounts owing under the subcontracts agreement with Company were in dispute. Samaras made a cross claim in the amount of \$107,752 against the Company for loss attributable to engaging and attempting to engage alternative subcontractors(s) to perform the remaining works for the projects, delay to the project programme due to the site shutdowns as the Company employee were stood down and incurring additional costs and expenses as a result of the Company going into liquidation.

Samaras made an offer of settlement in the amount of \$73,130.30 in regard to the outstanding amounts owing to the Company. After reviewing the subcontractor's agreement and Samaras rights to set off and other claims relating to the project the liquidator accepted the above amount as a full and final settlement of the Certified sum owing to the Company.

Simon Earthworks

On 5 October 2022, a letter was issued to Simon Earthworks regarding the debt owed by them to the Company in the amount of \$157,687.

On 14 November 2022, a second letter was issued requesting Simon Earthworks requesting payment of \$157,687 owing to the Company.

Simon Earthworks contacted my office and advised the amount is in dispute as the Company owes Simon Earthworks monies for defects, reduced scope of works and delays. Evidence was requested to support Simon Earthworks claims. To date no evidence has been provided by Simon Earthworks.

I will now consider commencing legal proceedings against Roberts Co for the amounts owing to the Company.

3. Motor Vehicles

Since my previous report to creditors, I have arranged collection of the six (6) motor vehicles leased by the Company. Of the six vehicles, three vehicles held equity and were sold at auction (2020 LDV, 2018 Toyota Hilux, and the 2003 Holden Rodeo) and the sale proceeds less the amounts owed under the leaseholds, commission and realisation costs were paid to the liquidator's bank account in the amount of \$14,235.17.

The remaining three (3) motor vehicles (2020 Mercedes Benz, 2022 Hyundai Tucson, and the 2021 Hyundai Sante Fe) have been disclaimed with Mercedes-Benz Financial Services Australia Pty Ltd and Volkswagen Financial Services Australia Pty Ltd, as these vehicles held no equity.

4. Plant and Equipment

The Director has disclosed in his RoCAP plant and equipment of a book value of \$650,000. After reviewing the Company records the majority of the Company's plant and equipment were leased

through finance companies. On appointment I engaged Liquid Asset Management (“the Valuer”) to value all the Company’s plant and equipment, in conjunction with obtaining payout figures from all the finance companies. Upon receipt of obtaining the above information it was clear there was no equity in the Company’s plant and equipment and the values provide by the Director in his RoCAP were misleading and way overvalued.

I have now disclaimed the following plant and equipment which was leased by the Company:

- Spider Crane secured by Flexicommercial Pty Ltd;
- Spider Crane secured by Scottish Pacific Business Finance Pty. Limited;
- Genie Boom Lift S45 secured by Macquarie Leasing Pty Ltd;
- Eight (8) Scissor Lifts secured by Capital Finance Australia Limited;
- Forklift secured by Capital Finance Australia Limited;
- Two (2) Scissor Lifts secured by Westpac Banking Corporation;
- Merlo Tynes 2018 Lifting JIB and Load Management System and 2018 Set of Forks secured by Pepper Asset Finance Pty Ltd;
- Merlo Telehandler secured by Westpac Banking Corporation.

The remaining plant and equipment on each work site such as tools of trade held little to no value and were uncommercial to be collected.

2.4.2 Liabilities

5. Security Interest Holders

I remind creditors that the following security interests were registered under the name of the Company:

Secured Party	Registration	Collateral class	Registration	Status
21 parties	201707070018351	Other Goods	7 July 2017	Discharged
BOC Limited	201801290070054	Other Goods	29 Jan 2018	
Bluescope Steel Limited	201803150012213	Other Goods	15 Mar 2018	Discharged
Coates Hire Operations Pty Limited	201810110015386	Motor Vehicle	11 Oct 2018	
Coates Hire Operations Pty Limited	201810110015393	Other Goods	11 Oct 2018	
Metroll Pty Ltd	201810230023868	Other Goods	23 Oct 2018	Discharged
Toyota Finance Australia Ltd	201811010057986	Motor Vehicle	1 Nov 2018	Paid
11 parties	201904050067213	Motor Vehicle	5 Apr 2019	
11 parties	201904050067221	Other Goods	5 Apr 2019	
Action Access Hire Pty Ltd	201906030049404	Motor Vehicle	3 Jun 2019	
Australian Access Hire Pty Ltd				
Action Access Hire Pty Ltd	201906030049458	Other Goods	3 Jun 2019	
Australian Access Hire Pty Ltd				
Capital Finance Australia Limited	201910170042062	Motor Vehicle	17 Oct 2019	Disclaimed
Capital Finance Australia Limited	201910170042091	Motor Vehicle	17 Oct 2019	Disclaimed
Capital Finance Australia Limited	201910170042193	Motor Vehicle	17 Oct 2019	Disclaimed
23 parties	201910280077937	Other Goods	28 Oct 2019	Discharged
Capital Finance Australia Limited	201910280080929	Other Goods	28 Oct 2019	Disclaimed
Capital Finance Australia Limited	201910280080938	Other Goods	28 Oct 2019	Disclaimed
Capital Finance Australia Limited	201910280080940	Other Goods	28 Oct 2019	Disclaimed

Macquarie Leasing Pty Ltd	201910300011625	Motor Vehicle	30 Oct 2019	Disclaimed
Westpac Banking Corporation	201910300059747	Motor Vehicle	30 Oct 2019	Disclaimed
Westpac Banking Corporation	201910300059752	Motor Vehicle	30 Oct 2019	Disclaimed
Capital Finance Australia Limited	201911070042520	Motor Vehicle	7 Nov 2019	Disclaimed
Capital Finance Australia Limited	201911070042531	Motor Vehicle	7 Nov 2019	Disclaimed
Westpac Banking Corporation	201911120008910	Motor Vehicle	12 Nov 2019	Disclaimed
7 parties	201911180051318	Other Goods	18 Nov 2019	
Pepper Asset Finance Pty Ltd	201911200048265	Other Goods	20 Nov 2019	Disclaimed
Capital Finance Australia Limited	201911200065411	Motor Vehicle	20 Nov 2019	Disclaimed
Scottish Pacific Business Finance Pty. Limited	201911290056117	Other Goods	29 Nov 2019	Disclaimed
Flexicommercial Pty Ltd	201912020035756	Motor Vehicle	2 Dec 2019	Disclaimed
Adapt-A-Lift Group Pty Ltd	202003020055746	Motor Vehicle	2 Mar 2020	Discharged
Adapt-A-Lift Group Pty Ltd	202003020055751	Other Goods	2 Mar 2020	Discharged
Online Concrete Cutting Services Pty.Ltd.	202003240007032	All PAP	24 Mar 2020	Discharged
Mercedes-Benz Financial Services Australia Pty Ltd	202006180068270	Motor Vehicle	18 Jun 2020	Disclaimed
Macquarie Leasing Pty Ltd	202006300033047	Motor Vehicle	30 Jun 2020	Paid
Volkswagen Financial Services Australia Pty Limited ARBN 20097071460	202201190037646	Motor Vehicle	19 Jan 2022	Disclaimed
Volkswagen Financial Services Australia Pty Limited ARBN 20097071460	202201190041613	Motor Vehicle	19 Jan 2022	Disclaimed
Lampson (Australia) Pty. Limited	202207050015745	Other Goods	5 July 2022	Discharged
Hilti (Aust.) Pty. Ltd.	202208170059486	Other Goods	17 Aug 2022	
Alfasi Equipment Hire Pty Ltd	202208170069565	Other Goods	17 Aug 2022	
Gore Projects Pty Ltd	202208180057973	Other Goods	18 Aug 2022	
Gore Projects Pty Ltd	202208180057987	Other Goods	18 Aug 2022	
Gore Projects Pty Ltd	202208180057994	Other Goods	18 Aug 2022	
Gore Projects Pty Ltd	202208180067119	Other Goods	18 Aug 2022	
Gore Projects Pty Ltd	202208180067126	Other Goods	18 Aug 2022	
Gore Projects Pty Ltd	202208180067135	Other Goods	18 Aug 2022	
Gore Projects Pty Ltd	202208230024032	Other Goods	23 Aug 2022	
Managed System Services Pty. Ltd.	202209160044525	Account	16 Sep 2022	

6. Priority Creditors – Employees

The Director has disclosed in his RoCAP that the following entitlements were owed to forty-one (41) employees:

Employee entitlements	Amount (\$)
Wages	2,308
Annual Leave	253,037
Superannuation	150,995
Payment of Lieu of Notice (PILN)	2,308
Roster Days Off (RDO)	53,084
ACIRT	58,401
	<u>517,825</u>

However, based on my review of the Company books and records, the outstanding employee entitlements shows an amount of \$900,296. I consider this amount also includes the outstanding superannuation contribution owing to employees. I have written to the ATO requesting the amounts owing relating to outstanding superannuation contribution. Employee outstanding superannuation contribution is not covered under the Fair Entitlements Guarantee (“FEG”) Scheme.

The above employee entitlements and amounts may increase depending on further claims by employees and revised claim by the ATO for outstanding superannuation.

Pursuant to section 556 of the Act, the priority awarded to related party employee entitlements are capped at \$2,000 for wages and superannuation and \$1,500 for annual leave and retrenchment entitlements. The employee entitlements in each scenario excludes related parties' ordinary unsecured component.

On 1 November 2022, correspondence was issued to all the employees of the Company regarding their outstanding employee entitlements according to the Company books and records. Employee were requested to confirm the amounts owing to them as at the date of my appointment.

I have written to the Attorney General’s department regarding FEG and provided a list of the Company’s outstanding employee entitlement. I have been advised that FEG is currently reviewing and processing the Company employee entitlement claims received.

7. Unsecured Creditors

The Director’s completed RoCAP and claims received to date disclose the following creditors of the Company:

Creditors	Amount (\$)
33 Survey	1,331
Able Door Services (NSW) Pty Ltd	275
Able Fix Fasteners	2,500
Access Hire NSW	385,594
ACIRT	53,084
Adler Fabrications	5,440
AGL	2,060
Alfasi Equipment Hire Pty Ltd	378,667
All Access Haulage Pty Ltd	1,190
Alsco Pty Ltd	86
ANC Cranes	176,565
Astley Medical Centre	445
ATO	2,097,658
Australian Access Hire Pty Ltd	9,630
Australian Lifting & Safety Pty Ltd	55,269
Bluedog Haulage	6,661
BOC Limited	29,936
Botany Access	14,548
BSM Industries (Aust) Pty Ltd	3,892
Bunnings Warehouse	5,046
Camden Hire	475
CBUS – Quick Super	150,995
CIDAF – Construction Industry Drug & Alcohol Found	990
CMS Surveyors Pty Limited	14,933
Coates Hire Operations Pty Limited	68,336

Contour Scan	605
DaiDung Australia Pty Ltd	127,019
Ed Olsson Transport	6,702
Enstruct Group Pty Ltd	9,350
EWP Plant Equipment Service & Spares Pty Ltd	2,455
Forward Fabrications Pty Ltd	9,240
Golden Construction Group	83,469
Goulburn Health Hub Medical Centre	253
Hilti Pty Ltd	23,580
Inglis Property Macarthur	6,387
Jaybro Group Pty Ltd	8,810
JJ Richards	587
Knapp Property Group	9,367
KONNECT	83,744
Lampson (Australia) Pty Ltd	110,000
Land Surveys	5,155
Lincoln Business Services	83
Lincoln Partners	11,550
LJ Hooker Commercial Penrith	7,109
LMATS	16,774
Medical Radiology Imaging Now Pty Ltd	1,165
Mini Tankers	63,321
MMM Logistics Pty Ltd	2,901
Nepean Boltmaster	18,334
Neverland Holdings	53,253
NSW State Revenue	165,872
Officeworks	119
Onsite Rental Group	54,370
Pace Cranes	1,800
Panelquip Pty Ltd	818
Pennytel	316
Precision Oxycut	132,308
Preston Hire Pty Limited	35,064
Pronto Access Pty Ltd	808
RuiQi Steel Detailing Co: Ltd	4,900
Sky High Steel Pty Ltd	12,540
Slam Contracting	9,356
Superior Saws Pty Ltd	262
Sydney Services Group Recruitment and Labour Hire	4,227
Sydney Sweep & Scrub	935
Tav Transcrane	1,742
Telstra Corporation Limited	Unknown
Terex Australia Pty Ltd	3,254
Toll Global Forwarding	1,103
United Forklift and Access Solutions	25,288
Uphire Pty Ltd	1,740
UPLUS	2,288
Veris Australia Pty Ltd	1,725
WFJ Engineering Co Pty Ltd	3,630
ZKK Group	352
Total	4,591,636

I advise the above creditors list and amount may increase pending on receipt of proof of debts from creditors and further investigations.

My investigations in respect of the assets and liabilities position are continuing. Creditors will be notified should there be any material updates.

Should you be aware of any other creditors, please contact my office for further information.

3 Financial Records

I have received the below financial statements for the Company for FY18, FY19, FY20 and FY21 prepared by the Accountant.

3.1 Profit and Loss Statement

Profit and Loss	FY18 (\$)	FY19 (\$)	FY20 (\$)	FY21 (\$)
Operating Income				
Sales	3,002,285	3,793,184	5,289,281	5,327,655
<i>Less: Materials & supplies</i>	672,836	521,885	675,734	708,402
<i>Less: Hire/Rent of plant & equipment</i>	513,542	371,769	369,130	437,279
<i>Less: Contractors & Sub contractors</i>	1,000,779	1,327,626	629,055	3,601,587
Gross Profit	815,129	1,571,905	3,615,361	580,387
Gross Margin	27.15%	41.44%	68.35%	10.89%
Operating Expense				
ACIRT expenses	14,800 2%	34,562 2%	80,942 2%	5,498 0%
Consumables	17,300 2%	19,539 1%	32,414 1%	73,386 5%
Freight	20,666 2%	44,695 3%	159,989 5%	127,802 8%
Insurance	23,457 3%	38,230 3%	147,306 4%	86,868 6%
Motor Vehicle Expenses	55,632 7%	50,472 3%	53,798 2%	49,123 3%
Rent on land & buildings	9,380 1%	46,626 3%	93,163 3%	125,479 8%
Superannuation	40,009 5%	71,460 5%	149,148 4%	64,588 4%
Wages	573,187 67%	1,077,005 73%	2,420,346 71%	758,866 49%
Other Expenses	97,758 11%	89,659 6%	278,656 8%	258,652 17%
	852,189	1,472,247	3,415,763	1,550,261
EBITDA	(37,060)	99,658	199,599	(969,875)
<i>Less: Interest expenses</i>	1,805	25,482	70,049	98,010
<i>Less: Depreciation</i>	15,677	11,500	67,151	110,047
Net Profit/(Loss)	(54,542)	62,676	62,399	(1,177,931)

My comments for the above are as follows:

- The Company was loss making in FY18 and FY21 totalling \$1,232,473.
- The Company's majority costs relate to wages, contractors and sub contractors which comprises between 58% to 82% of the Company's total expenses.

3.2 Balance Sheet

Balance Sheet	FY18	FY19	FY20	FY21
	(\$)	(\$)	(\$)	(\$)
Current Assets				
Cash at bank	58,117	98,256	296,811	11,477
Trade debtors	1,011,884	788,248	808,149	1,840,425
Other assets	-	-	7,737	24,390
Term deposit	-	-	12,917	12,917
	1,070,002	886,504	1,125,614	1,889,208
Non Current Assets				
Loan - Unreal Steel Workforce	-	-	2,922	13,344
Property, Plant & Equipment	-	39,409	907,574	797,527
Other	-	-	6,648	5,197
	-	39,409	917,145	816,068
Total Assets	1,070,002	925,913	2,042,759	2,705,277
Current Liabilities				
Trade creditors	509,058	318,846	222,672	1,927,656
Financial Liabilities - credit cards	42,864	16,587	33,699	55,192
Tax Liabilities	214,361	393,612	498,526	634,333
Borrowings	210,771	-	-	-
	977,053	729,046	754,897	2,617,181
Non Current Liabilities				
Loan - Prospa	-	33,359	-	-
Loan - Insurance Premium Funding	-	-	3,421	4,663
Loan - M & J Morris	116,215	79,161	67,055	61,299
Loan - Rick Rowley	-	-	75,000	116,888
Secured Hire purchases	-	45,271	927,480	776,423
	116,215	157,792	1,072,956	959,272
Total Liabilities	1,093,269	886,838	1,827,853	3,576,453
Net Assets	(23,267)	39,076	214,906	(871,176)

My comments for the above are as follows:

- The Company was asset deficient in FY18 and FY21.
- The Company generated a small net asset surplus of approximately \$39K in FY19.
- The trade creditors significantly increased between FY20 to FY21 from \$222K to \$1.9 Mil.
- The tax liabilities continued to accumulate between FY18 to FY21 from \$214K to \$634K. As at the date of my appointment, the ATO has submitted their claim for an outstanding amount of \$2,287,558.86. The debt is in relation to the running account BAS deficit.
- The Company's working capital appeared to be funded by a related party and unrelated third party totalling \$116,215 and \$116,888 in the last 4 years.

4 Investigations

4.1 Company books and records

Liquidators are required to provide an opinion as to whether the Company's 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.

I refer to Section 2.3 of this report, to date, I have not been provided with sufficient Company's books and records. As such, I am of the view that the Company's books and records have not been kept in a manner that complies with Section 286 of the Act.

Failure to maintain books and records may give rise to a presumption of insolvency pursuant to Section 588 E 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 5.7 B of the Act from the directors and related parties.

Please refer to my comments in section 2.3 of this report.

Any offences identified will be reported to the Australian Security and Investments Commission ("ASIC") in a confidential report issued pursuant to section 533 of the Corporations Act 2001 ("the Act").

4.2 Reasons for Failure

The Director's completed RoCAP explained the below factors for the business failure:

- The impact of Covid-19 pandemic on the business;
- The impact of the ongoing rain and floods on the business; and
- Poor cashflow management.

In my opinion, the Company's failure appears to be due to the following:

- Trading losses;
- Insufficient working capital;
- Non profitable contracts;
- Inadequate cash flow to meet the liabilities of the Company; and
- Mismanagement of the business.

The above opinion is subject to change pending the receipt of further information and documentation from the Director.

4.3 Recoveries, offences and voidable transactions

The Liquidator is required to complete and lodge a report with ASIC pursuant to Section 533 of the Act where it appears that a past or present officer of the Company may have been guilty of an offence in relation to the Company and in other circumstances. I intend to lodge a report pursuant to this section of the Act.

Pursuant to Part 5.8B of the Act, a liquidator is permitted to recover transactions that appear to be voidable transactions in respect of money, property, or other benefits. To the extent that information has been available, I have reviewed the Company books and records for the period approximately six months prior to my appointment and determined whether any creditors have been preferred over the general body of creditors as a result of any transaction.

The relation back date period is 26 February 2022 (six months prior 26 August 2022, the day the winding up petition was filed).

a) Unfair preferences (Section 588FA)

Unfair preferences are transactions between the Company and a creditor resulting in the creditor receiving more than the creditor would receive if the transaction were set aside and the creditor was to prove for this amount in the winding-up. Voidable transactions must have taken place in the period beginning six months prior to the relation back day.

Based on my investigations and the Company's books and records available to me, I have not identified any transactions that would be subject to this Section of the Act.

b) Uncommercial Transactions (Section 588FB)

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

Based on my investigations and the Company's books and records available to me, I have not identified any transactions that would be subject to this Section of the Act.

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.

Based on my investigations and the Company's books and records available to me, I have not identified any transactions that would be subject to this Section of the Act.

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 Company's circumstances would not have entered into the transaction having regard to the benefits, detriments, and respective benefits to other parties.

Based on my investigations and the Company's books and records available to me, I have not identified any transactions that would be subject to this Section of the Act.

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

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

Based on my investigations and the Company's books and records available to me, I have not identified any transactions that would be subject to this Section of the Act.

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

Section 588FJ of the Act provides that a circulating security interest created within six months before relation back date may be rendered void.

There were eleven (11) circulating security interests that were created within six (6) months before the relation back date. Please refer to section 2.4.2 for further details.

4.4 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"

There are defences available to directors pursuant to section 588FGB of the Act which 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.

Based on the current information available, I am of the opinion, that the Company was trading whilst insolvent from at least October 2020. The reason for this view is provided below:

a) Presumption of insolvency

The Company did not properly maintain books and records that complied with Section 286 of the Act. Accordingly, it can be presumed that the Company traded insolvently at least October 2020.

b) Profit and Loss

- The Company generated net loss of (\$54.5K) in FY18; and
- The Company generated net loss of (\$1.17 Mil) in FY21.

c) Balance Sheet

- The Company generated net deficiency of (\$23.2K) in FY18; and
- The Company generated net deficiency of (\$871K) in FY21.

d) Cash, Working Capital and Current Ratio

- The Company carried negative working capital during FY21; and
- The current ratio of the Company is below 1 in FY21.

e) Outstanding lodgements

The Australian Taxation Office (“**ATO**”) advised that the balance outstanding to the ATO in respect of the Running Balance Account deficit (“**RBA**”) as at the date of my appointment is in the amount of \$2,287,558.86.

A review of the RBA disclose that the Company had difficulty paying the tax liabilities from at least 1 October 2020 to the date of my appointment. The Company failed to prevent the Company from incurring statutory debts, penalties and interests from at least 1 October 2020.

I have received a proof of debt form from the ATO in respect of the RBA totalling \$2,287,558.86.

f) Creditor demands

With the limited books and records received, I am unable to comment if the Company had received letter of demands/notices from creditors. Notwithstanding, I have received statements from several creditors disclosing that there are amounts outstanding.

g) Director Penalty Notice

The Director has advised that he has been issued with a Director Penalty Notice (**DPN**) by the ATO due to the Company failing to meet certain obligations and payments.

Insolvent Trading Claim

The quantum of claim from October 2020 is currently estimated at \$4,591,636 based on the debts outstanding at the date of my appointment.

This amount is subject to change, pending the receipt of further claims or information in relation to the Company. Further investigations would be required to establish the recoverability of the claim.

Director's personal financial position

The Director has provided his personal assets and liabilities position and have not disclosed any property owned by him or the Company.

A search conducted on the NSW Land Registry disclosed that there is no property currently registered under the name of the Company or the Director.

Notwithstanding, I have issued an insolvent trading demand to the Director on 20 December 2022 in the amount of \$4,591,636. I am currently awaiting a response from the Director.

In the event the ATO does not commence proceedings against the Director personally in relation to the DPN, I will commence proceedings against the Director to make him bankrupt.

I am currently unfunded to pursue any recoveries against the Director. Should a creditor intend to fund for any of the recovery actions, please contact Anny Ngo of this office on 02 8020 5853 or via email at anny@hogansproawles.com.au **by close of business, 16 January 2022.**

4.5 Breach of Directors Duties

Section 180 to 184 of the Act sets out duties and powers of directors and officers of a company to enable Director's act in the interest of the Company. The duties include:

- Section 180 – Care and Diligence
- Section 181 – Good Faith
- Section 182 – Use of Position
- Section 183 – Use of Information
- Section 184 – Good faith, use of position and use of information

Section 180 – Care and Diligence

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:

- (a) were a director or officer of a corporation in the corporation's circumstances; and

- (b) occupied the office held by, and had the same responsibilities within the corporation as, the director or officer.

Section 181 – Good Faith

Pursuant to Section 181 of the Act, a director or other officer of a corporation must exercise their powers and discharge their duties:

- (a) in good faith in the best interest of the corporation; and
- (b) for a proper purpose

Section 182 – Use of Position

Pursuant to Section 182 of the Act, a director or other officer or employee of a corporation must not improperly use their position to:

- (a) Gain advantage for themselves or someone else; or
- (b) Cause detriment to the corporation.

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.

My investigations are ongoing into whether the Director have contravened any of the above sections in relation to his duty as director.

Further to the points outlined in this report, my investigations into the nature and history of Company are ongoing to identify any personal advantages and detriments to the Company.

I will be preparing my report to ASIC pursuant to Section 533 of the Act with regards to any breaches.

If creditors have any information which may assist my investigations, please email Anny Ngo of my office at anny@hogansprowles.com.au or by phone on 02 8020 5853.

5 Likelihood of a dividend

A dividend to unsecured creditors is reliant on the recoveries from any voidable transactions and insolvent trading claim.

At this stage, there are insufficient funds to meet the cost of the liquidation and accordingly it is unlikely that a dividend will be paid in the liquidation to any class of creditors.

If a dividend is going to be paid, creditors will be contacted before it happens and if they have not already done so, creditors will be asked to lodge a proof of debt. This formalises creditors' claims in the liquidation and is used to determine all claims against the Company.

6 Receipts and Payments

Below is a summary of the receipts and payments in the liquidation to date:

Receipts and Payments	
For the period of 28 September 2022 to 16 December 2022	
Receipts	\$ incl GST
Cash at bank	2,062
Debtors	73,130
Sale of vehicles	58,850
Total Receipts	\$134,042
Payments	\$ incl GST
Auctioneer's Costs & Commission	7,147
Toyota Finance Australia Ltd	12,849
Macquarie Leasing Pty Ltd	24,619
Legal Fees	19,429
Liquidator's Remuneration	49,500
Liquidator's Disbursements	781
Total Payments	\$114,325
Net Receipts	\$19,717

7 Costs of the Liquidation

Following my previous report to creditors of 12 October 2022, remuneration of \$45,000 (excl GST) and internal disbursements of \$2,000 (excl GST) were approved by creditors on 4 November 2022.

I am seeking further approval for our remuneration and the remuneration of the Voluntary Administrators who was appointed on 24 September 2022 prior to my appointment by creditors as set out in the enclosed remuneration reports, which is attached as **Annexure F and Annexure G**. This approval is being sought without a meeting of creditors, by way of the following circular resolutions:

- Approve the current remuneration of the Liquidator for \$40,231 exclusive of GST (**Annexure B**);
- Approve the future remuneration of the Liquidator for \$25,000 exclusive of GST (**Annexure C**);
- Approve the remuneration of the Voluntary Administrators to be capped at \$10,000 exclusive of GST (**Annexure H**).

The total remuneration for this appointment is estimated to be \$110,231 (excluding GST). This differs to the estimate of costs provided in the Initial Report to Creditors dated 12 October 2022, which estimated the cost to completion of the liquidation of \$45,000 excluding GST, for the following reasons:

- Negotiating with the Union and contractors regarding the return of employees to site and complete outstanding projects;
- Significant time has been spent investigating and dealing with the collection of the Company's assets;
- Dealing with financiers regarding their security;
- Significant time has been spent investigating, calculating employee entitlements of the Company and corresponding with the Attorney General's department regarding the FEG Scheme and lodged documentation;
- Significant time corresponding and dealing with creditors of the Company;
- Significant time investigating and dealing with debtors of the Company;
- Various correspondence with the Director in respect of the information/documentation to be submitted; and
- Investigation into insolvent trading.

8 Voluntary Administrators' Remuneration

On 24 September 2022, the Director appointed Voluntary Administrators, of the Company pursuant to Section 436A of the Act. The Voluntary Administrators filed an interlocutory application pursuant to Section 440A of the Act in the Supreme Court of Victoria to adjourn the winding up of the Company whilst the Voluntary Administrators conduct their investigations.

On 28 September 2022, the Supreme Court of Victoria dismissed the Voluntary Administrators' interlocutory application, and the Company was placed into liquidation.

The Voluntary Administrators have provided me with a remuneration report for the works undertaken during their appointment which was \$31,997.50. I have reviewed the Work In Progress report and consider the remuneration claimed by the Voluntary Administrators to be excessively high for only 3 days of work. Notwithstanding, I have contacted the Voluntary Administrators and they have agreed to cap their remuneration at \$10,000 exclusive of GST. I have enclosed at **Annexure G** the remuneration report for creditors consideration and approval.

9 What happens next?

I will proceed with the liquidation, including, but not limited to:

- Finalise my investigations into the affairs of the Company;
- Reporting to the corporate insolvency regulator ASIC;
- Realisation of Company assets and debtors;
- Voidable transaction recovery (if any);
- Any other matters relevant to the liquidation; and
- Finalisation.

I expect to have completed this liquidation within twelve (12) months subject to pursuit of any recoveries.

If I receive a request for a meeting that complies with the guidelines set out in the ARITA information sheet “Creditors Rights in Liquidation” as attached at **Annexure A**, I will hold a meeting of creditors.

10 Where can you get more information?

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

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

If you have any queries, you can contact my office and speak with Anny Ngo on 02 8020 5853 or by email on anny@hogansprowles.com.au.

Yours faithfully,

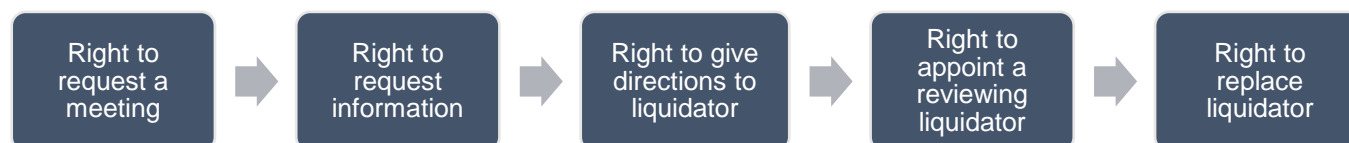
Unreal Steel Pty Ltd (In Liquidation)



Brendan Copeland
Liquidator

Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by $\geq 5\%$ of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$ but $< 25\%$ of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$ of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

Requests must be reasonable.

They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

Specific queries about the liquidation should be directed to the liquidator's office.

Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

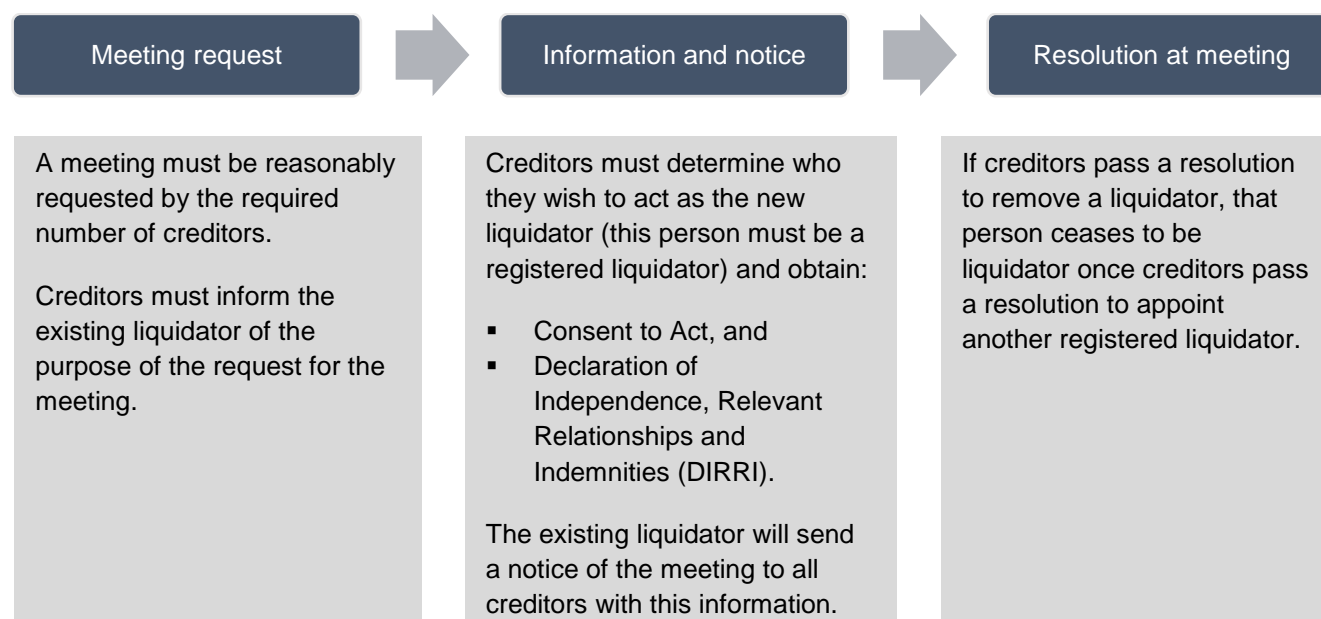
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



**For more information, go to www.arita.com.au/creditors.
Specific queries about the liquidation should be directed to the liquidator's office.**

NOTICE OF PROPOSAL TO CREDITORS

Dated: 22 December 2022

Voting Poll Closes: 23 January 2023

**Unreal Steel Pty Ltd (In Liquidation)
A.C.N. 609 618 322 ("the Company")**

Proposal No. 1 for creditor approval

“That the current remuneration of the Liquidator from 11 October 2022 to 16 December 2022 is determined at a sum equal to the cost of time spent by the Liquidator, his partners and staff, calculated at the hourly rates as detailed in the Liquidator’s Remuneration Report dated 22 December 2022, up to a capped amount of \$40,231 exclusive of GST, and that the Liquidator can draw the remuneration on a monthly basis or as required”.

Vote on the Proposal No. 1

Please select the appropriate Yes, No or Object box referred to below with a to indicate your preferred position.

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

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Liquidator. Please select the option that applies to you:

- I have previously submitted a proof of debt form and supporting documents
- I have **enclosed** a proof of debt form and supporting documents with this proposal form
- I am **not** a related creditor of the Company
- I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

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

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my remuneration will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- Approval by Creditors, by circulating resolution from the Notice of Proposal to Creditors, is less costly than convening a meeting of creditors to obtain remuneration approval.
- This may negatively impact on creditors, as a formal meeting of creditors may be convened later than it may otherwise be convened, or not convened at all. That said, creditors are welcome to contact the Liquidators staff, by email or telephone, for an update on the liquidation.

Name of creditor / authorised person: _____

Address: _____

Signature: _____ **Date:** _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **Monday, 23 January 2023**, by email to Anny Ngo at anny@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Anny Ngo on (02) 8020 5853.

HoganSprowles
Level 9, 60 Pitt Street
SYDNEY NSW 2000

NOTICE OF PROPOSAL TO CREDITORS

Dated: 22 December 2022

Voting Poll Closes: 23 January 2023

**Unreal Steel Pty Ltd (In Liquidation)
A.C.N. 609 618 322 (“the Company”)**

Proposal No. 2 for creditor approval

“That the future remuneration of the Liquidator from 17 December 2022 to completion is determined at a sum equal to the cost of time spent by the Liquidator, his partners and staff, calculated at the hourly rates as detailed in the Liquidator’s Remuneration Report dated 22 December 2022 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$25,000 exclusive of GST, and that the Liquidator can draw the remuneration on a monthly basis or as required”.

Vote on the Proposal No. 2

Please select the appropriate Yes, No or Object box referred to below with a to indicate your preferred position.

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

For your vote to count, your claim against the Company must have been admitted for the purposes of voting by the Liquidator. Please select the option that applies to you:

- I have previously submitted a proof of debt form and supporting documents
- I have **enclosed** a proof of debt form and supporting documents with this proposal form
- I am **not** a related creditor of the Company
- I am a related creditor of the Company*

relationship: _____

*eg Director, relative of Director, related company, beneficiary of a related trust.

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

- A Liquidator is entitled to be fairly remunerated for undertaking statutory and other duties, including reporting obligations in acting as a liquidator.
- I am unable to pay my remuneration without the approval of the Committee of Inspection (if one has been appointed), Creditors, or the Court.
- Approval by Creditors is efficient and timely, and is less costly than an application to the Court.
- Approval of my remuneration will allow me to progress further investigations in a timely manner to ensure the prospect of any dividends can be maximised.
- Approval by Creditors, by circulating resolution from the Notice of Proposal to Creditors, is less costly than convening a meeting of creditors to obtain remuneration approval.
- This may negatively impact on creditors, as a formal meeting of creditors may be convened later than it may otherwise be convened, or not convened at all. That said, creditors are welcome to contact the Liquidators staff, by email or telephone, for an update on the liquidation.

Name of creditor / authorised person: _____

Address: _____

Signature: _____ **Date:** _____

For your vote to count, you **must complete** this document and return it together with any **supporting documents** by no later than close of business on **Monday, 23 January 2023**, by email to Anny Ngo at anny@hogansprowles.com.au. Should you have any queries in relation to this matter, please contact Anny Ngo on (02) 8020 5853.

HoganSprowles
Level 9, 60 Pitt Street
SYDNEY NSW 2000

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**Unreal Steel Pty Ltd (In Liquidation)
A.C.N. 609 618 322 ("the Company")**

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$..... (including GST \$

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....
.....
.....

Is the debt secured? YES/NO

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

.....
.....
.....

Other information:

.....
.....

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

.....
Dated

Notes:

Under the Insolvency Practice Rules (Corporations) (IPR) 75-85, a creditor is not entitled to vote at a meeting unless:

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

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security (IPR 75-87).

Proxies must be made available to the Liquidator.

Information sheet: Proposals without meetings

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

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

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

What is a proposal without a meeting?

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

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

What types of proposals can be put to creditors?

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

What information must the notice contain?

The notice must:

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

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

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

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

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

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

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

How is a resolution passed?

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

What happens if the proposal doesn't pass?

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

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

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

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

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

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

Where can I get more information?

The Australian Restructuring Insolvency and Turnaround Association (ARITA) provides information to assist creditors with understanding external administrations and insolvency.

This information is available from ARITA's website at artia.com.au/creditors.

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

Liquidator's Remuneration Approval Report

Unreal Steel Pty Ltd (In Liquidation)

A.C.N. 609 618 322 ("the Company")

This remuneration report provides you with the information you need to be able to make an informed decision regarding the approval of my remuneration for undertaking the liquidation of Unreal Steel Pty Ltd.

This report has the following information:

Contents

Part 1: Declaration	2
Part 2: Executive Summary	2
Part 4: Disbursements.....	4
Part 5: Summary of Receipts and Payments.....	5
Part 6: Queries	5
Part 7: Approval of remuneration and internal disbursements	5

What do you need to do next?

You should read this report and the other documentation that I have sent you.

To minimise the costs in the administration and this liquidation, I have elected to seek the approval of creditors for my remuneration without a meeting. Information about the proposals without a meeting process is included as **Annexure E**.

You can cast your vote by using the included voting form. This form needs to be returned to my office by post, scanned and emailed or faxed. I need to receive your forms by **Monday, 23 January 2023** for your vote to count. If you choose to use post, please allow enough time for your letter to be delivered.

If you have any questions or need any assistance with understanding the materials I have sent to you, please contact Anny Ngo of my office on (02) 8020 5853 or by email at anny@hogansprowles.com.au.

Part 1: Declaration

I, Brendan Copeland of HoganSprowles, have undertaken a proper assessment of this remuneration claim for my appointment as liquidator of the Company in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the liquidation.

Part 2: Executive Summary

To date, the liquidator's remuneration of \$45,000 exclusive of GST was approved by a resolution without a meeting on 4 November 2022 and I have drawn \$45,000 exclusive of GST. I am seeking further approval from creditors for my time costs of \$65,231 from 11 October 2022 to the conclusion. This has increased compared to our previous estimate due to the following reasons:

- Negotiating with the Union and contractors regarding the return of employees to site and complete outstanding projects;
- Significant time has been spent investigating and dealing with the collection of the Company's assets;
- Dealing with financiers regarding their security;
- Significant time has been spent investigating, calculating employee entitlements of the Company and corresponding with the Attorney General's department regarding the FEG Scheme and lodged documentation;
- Significant time corresponding and dealing with creditors of the Company;
- Significant time investigating and dealing with debtors of the Company;
- Various correspondence with the Director in respect of the information/documentation to be submitted; and
- Investigation into insolvent trading.

A summary of my remuneration is summarised below:

Period	Report Reference	Amount (ex GST)
Past Remuneration approved		
Liquidation		
Period: 28 September 2022 to 11 October 2022	Approved	\$32,157
Period: 12 October 2022 to the conclusion	Approved	\$12,843
Further Remuneration approval sought:		
Resolution 1: Current – 11 October 2022 to 16 December 2022	Part 3	\$40,231
Resolution 2: Future – 17 December 2022 to the conclusion*	Part 3	\$25,000
Total – Remuneration		\$110,231

Period	Report Reference	Amount (ex GST)
* Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the liquidation. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.		

Internal disbursements currently approved are summarised below:

Period	Report Reference	Amount (ex GST)
Internal disbursements approved		
Period: 28 September 2022 to the conclusion	Part 4	\$2,000.00
Total – future disbursements		\$2,000.00
* Approval for the future internal disbursements sought is based on an estimate of the internal disbursements necessary to the completion of the liquidation. Should additional disbursements be necessary beyond what is contemplated, further approval may be sought from creditors.		

We will not be seeking further approval for disbursement.

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

Part 3: Remuneration

3.1.1 Remuneration claim resolutions

I will be seeking approval of the following resolutions to approve my remuneration. Details to support these resolutions are included in section 3.2 and in the attached schedules.

Resolution 1: remuneration from 11 October 2022 to 16 December 2022

“That the current remuneration of the Liquidator from 11 October 2022 to 16 December 2022 is determined at a sum equal to the cost of time spent by the Liquidator and his partners and staff, calculated at the hourly rates as detailed in the Liquidator’s Remuneration Approval Report dated 22 December 2022 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$40,231 exclusive of GST, and that the Liquidator can draw the remuneration on a monthly basis or as required.”

Resolution 2: remuneration from 17 December 2022 to the conclusion of the liquidation

“That the future remuneration of the Liquidator from 17 December 2022 to completion is determined at a sum equal to the cost of time spent by the Liquidator and his partners and staff, calculated at the hourly rates as detailed in the Liquidator’s Remuneration Approval Report dated 22 December 2022 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$25,000 exclusive of GST, and that the Liquidator can draw the remuneration on a monthly basis or as required.”

3.1.2 Further resolutions

I will be seeking approval of the following resolution to approve the Voluntary Administrators' remuneration. Details to support the resolution is included at **Annexure G**.

Resolution 3: remuneration of the Voluntary Administrators' from 24 September 2022 to 28 September 2022

"That the remuneration of the Voluntary Administrators for the period from 24 September 2022 to 28 September 2022 is determined at a sum equal to the cost of time spent by the Voluntary Administrators and the Voluntary Administrators' partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 19 December 2022 such sum to be capped at the amount of \$10,000 exclusive of GST."

3.2 Details of remuneration

The below tables sets out the current time charges and the predicted time charges incurred to each major task area by staff members working on the liquidation for the period between 11 October 2022 to the conclusion. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule A and B below.

3.3 Total remuneration reconciliation

To date, we have drawn \$45,000 exclusive of GST and I am seeking a further \$65,231 excluding GST. In preparing this remuneration approval report, I have made my best estimate at what I believe the liquidation will cost to complete and I do not anticipate that I will have to ask creditors to approve any further remuneration. However, should the liquidation not proceed as expected, I will advise creditors and I may seek approval of further remuneration and provide details on why the remuneration has changed. Matters that may affect the progress and the cost of the liquidation, include the task involved in pursuing recoveries.

3.4 Likely impact on dividends

The dividend to any creditor will ultimately be impacted by the realisations achieved by the liquidator and the value of creditor claims admitted to participate in the dividend and the fees for the work performed to achieve realisations has prior.

The likelihood of a dividend being paid to creditors depends on the outcome of my investigations and any recoveries. A further notice will be sent to creditors prior to any dividend distribution.

Part 4: Disbursements

Details of the type and calculation of disbursements are included in the attached initial remuneration notice. 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** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.

- **Internal disbursements** such as photocopying, printing and postage. These disbursements, if charged to the Liquidation, 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. Details of the basis of recovery of each of these costs is discussed in my initial remuneration notice.

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

I will not be seeking further approval from creditors regarding disbursements.

Part 5: Summary of Receipts and Payments

Please see section 6 of my Statutory Report to creditors dated 22 December 2022.

Part 6: Queries

If you have any queries in relation to the information in this report, please contact Anny Ngo on (02) 8020 5853 or via email at anny@hogansproles.com.au.

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

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

Part 7: Approval of remuneration

At **Annexure B to C and H**, I have enclosed the following for your completion by **Monday, 23 January 2023**:

- Voting slip for the current liquidator’s remuneration;
- Voting slip for the future liquidator’s remuneration; and
- Voting slip for the Voluntary Administrators’ remuneration.

In my report I am seeking creditors to vote via a proposal without a meeting on the following resolutions:

Resolution 1: remuneration from 11 October 2022 to 16 December 2022

“That the current remuneration of the Liquidator from 11 October 2022 to 16 December 2022 is determined at a sum equal to the cost of time spent by the Liquidator and his partners and staff, calculated at the hourly rates as detailed in the Liquidator’s Remuneration Approval Report dated 22 December 2022 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest

\$10), up to a capped amount of \$40,231 exclusive of GST, and that the Liquidator can draw the remuneration on a monthly basis or as required.”

Resolution 2: remuneration from 17 December 2022 the conclusion of the liquidation

“That the future remuneration of the Liquidator from 17 December 2022 to completion is determined at a sum equal to the cost of time spent by the Liquidator and his partners and staff, calculated at the hourly rates as detailed in the Liquidator’s Remuneration Approval Report dated 22 December 2022 that may be increased at a rate of 10% at 1 July each year (rounded to the nearest \$10), up to a capped amount of \$25,000 exclusive of GST, and that the Liquidator can draw the remuneration on a monthly basis or as required.”

Resolution 3: remuneration of the Voluntary Administrators’ from 24 September 2022 to 28 September 2022

“That the remuneration of the Voluntary Administrators for the period from 24 September 2022 to 28 September 2022 is determined at a sum equal to the cost of time spent by the Voluntary Administrators and the Voluntary Administrators’ partners and staff, calculated at the hourly rates as detailed in the remuneration report dated 19 December 2022 such sum to be capped at the amount of \$10,000 exclusive of GST.”

Schedule A – Resolution 1 - Calculation of remuneration

ACTUAL HOURS INCURRED FOR THE PERIOD 11 OCTOBER 2022 TO 16 DECEMBER 2022
CALCULATION OF REMUNERATION

Employee	Position	\$ /hour	Total actual hours	Total (\$)	Task Area									
					Assets hrs	\$	Creditors hrs	\$	Employees hrs	\$	Investigation hrs	\$	Administration hrs	\$
Brendan Copeland	Partner	595	16.2	9,639	9.2	5,474	2.4	1,428	4.6	2,737	-	-	-	-
Christian Sprowles	Partner	595	0.0	-	-	-	-	-	-	-	-	-	-	-
Anny Ngo	Director	550	9.2	5,060	1.2	660	1.5	825	3.9	2,145	1.9	1,045	0.7	385
Tony Nguyen	Supervisor	420	56.6	23,761	8.0	3,339	33.1	13,912	13.0	5,460	-	-	2.5	1,050
Christine Xiao	Analyst	240	2.6	624	-	-	-	-	1.7	408	0.6	144	0.3	72
Tom Farquhar	Analyst	240	0.8	192	-	-	-	-	-	-	-	-	0.8	192
Jackson Young	Undergraduate	190	0.1	19	-	-	-	-	-	-	-	-	0.1	19
Dominique Bui	Administration	120	7.8	936	-	-	-	-	-	-	-	-	7.8	936
Total			93.3	40,231	18.4	9,473	37.0	16,165	23.2	10,750	2.5	1,189	12.2	2,654
GST				4,023										
TOTAL (Including GST)				44,254										
Average hourly rate (Excluding GST)				431										

Schedule B – Resolution 2 - Calculation of remuneration

ESTIMATED HOURS FOR THE PERIOD 17 DECEMBER 2022 TO CONCLUSION OF THE LIQUIDATION
CALCULATION OF REMUNERATION

Employee	Position	\$ /hour	Total actual hours	Total (\$)	Task Area									
					Assets hrs	\$	Creditors hrs	\$	Employees hrs	\$	Investigation hrs	\$	Administration hrs	\$
Brendan Copeland	Partner	595	18.0	10,710	5.0	2,975	4.0	2,380	2.0	1,190	6.0	3,570	1.0	595
Anny Ngo	Director	550	10.0	5,500	2.0	1,100	2.0	1,100	3.0	1,650	3.0	1,650	0.0	0
Tony Nguyen	Supervisor	420	19.0	7,980	4.0	1,680	5.0	2,100	4.0	1,680	5.0	2,100	1.0	420
Tom Farquhar	Analyst	240	1.5	360	0.0	0	0.5	120	0.0	0	0.0	0	1.0	240
Dominique Bui	Administration	120	4.0	480	0.0	0	0.0	0	0.0	0	0.0	0	4.0	480
Total			52.5	25,030	11.0	5,755	11.5	5,700	9.0	4,520	14.0	7,320	7.0	1,735
SAY				25,000										
GST				2,500										
TOTAL (Including GST)				27,500										
Average hourly rate (Excluding GST)				477										

Schedule C – Resolution 1 - Table of major tasks for remuneration

The below table provides a description of the work which has been undertaken in each major task area during the course of the liquidation.

Task Area	General Description	Includes
Assets 18.4 hours \$9,473	Plant and Equipment	Receive correspondence from potential purchasers Liaising with valuers and interested parties Correspondence with director regarding plant and equipment
	Assets subject to specific charges	All tasks associated with realising a charged asset Liaising with secured interest parties
	Debtors	Correspondence with debtors Review Company records for documents to support claim Reviewing and assessing debtors' ledgers Liaising with solicitors to discuss recovery Follow up debtors and pursue debtors for non payment Review and collate company records to pursue debtors Internal discussions regarding settlement of debtors
	Other assets	Tasks associated with realising other assets
Creditors 37.0 hours \$16,165	Creditor Enquiries	Receive and respond to creditor enquiries Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives Documenting Considering reasonableness of creditor requests Obtaining legal advice on requests Compiling information requested by creditors
	Secured creditor reporting	Notifying PPSR registered creditors of appointment Responding to secured creditor's queries
	Creditor reports	Preparation statutory report to creditors Prepare estimated position and return to creditors
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend

Task Area	General Description	Includes
	Proposals to Creditors	<ul style="list-style-type: none"> Preparing proposal notices and voting forms Forward notice of proposal to all known creditors Preparation and lodgement of proposal outcome with ASIC
Employees 23.2 hours \$10,750	Employee enquiries	<ul style="list-style-type: none"> Review company books and records for employee entitlements Liaise with company director and staff regarding employee entitlements Receive and follow up employee enquiries Review and prepare correspondence to creditors and their representatives via facsimile, email and post Letters to employees regarding entitlements
	Calculation of entitlements	<ul style="list-style-type: none"> Reviewing employee files and company's books and records
Investigation 2.5 hours \$1,189	Conducting investigation Litigation/Recoveries	<ul style="list-style-type: none"> Contacted the Petitioning creditor's liquidator's office Contacted and corresponded with the Director Preparing correspondence to the Accountant requesting books & records Review and preparation of company nature and history Conducting and summarising statutory searches Correspondence with MYOB and access to account Investigation into the affairs of the company. Reviewing books and records and prepare creditors list Preparing correspondence to landlords
Administration 12.2 hours \$2,654	Document maintenance/fire review/checklist	<ul style="list-style-type: none"> Filing of documents File reviews Preparing correspondence to the Director Preparing day one notices re appointment
	Bank account administration	<ul style="list-style-type: none"> Requesting bank statements Correspondence with banks
	ASIC Forms and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC Forms including 505 and 507
	ATO and other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Correspondence with ATO regarding lodgements and registration
	Planning / Review	<ul style="list-style-type: none"> Discussions regarding status of administration

Schedule D – Resolution 2 - Table of major tasks for remuneration

The below table provides a description of the work which has been undertaken in each major task area during the course of the liquidation.

Task Area	General Description	Includes
Assets 11.0 hours \$5,755	Assets subject to specific charges	Correspondence to security interest holders Collecting information regarding the vehicles and the balances on the accounts Various correspondence with the Director regarding the vehicles in his possession Correspondence with Pickles regarding the collection of vehicles Realising the vehicles Dealing with proceeds of sale Attending to the payment in respect of the security interest
	Other Assets	Tasks associated in dealing with other assets (if any)
Employees 9.0 hours \$4,520	Employee enquiries (if any)	Received and follow up employee enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via email and post
	FEG	Correspondence with FEG
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records
Creditors 11.5 hours \$5,700	Creditor Enquiries, Requests & Directions	Receive and respond to creditor enquiries Maintaining creditor request log Review and prepare correspondence to creditors and their representatives
	Creditor reports	Preparation statutory report to creditors Prepare investigations, meeting and general report to creditors Prepare estimated position and return to creditors
	Dealing with proofs of debt	Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend

Task Area	General Description	Includes
	Proposals to Creditors	<ul style="list-style-type: none"> Preparing proposal notices and voting forms Forward notice of proposal to all known creditors Reviewing votes and determining outcome of proposal Preparation and lodgement of proposal outcome with ASIC
Investigations 14.0 hours \$7,320	Conducting investigations	<ul style="list-style-type: none"> Collection of company's books and records Reviewing company's books and records 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 Consider and review related party loans and transactions Preparation and lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Litigation/Recoveries	<ul style="list-style-type: none"> Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions
	ASIC Reporting	<ul style="list-style-type: none"> Preparing statutory investigation reports Preparing affidavits seeking non-lodgement assistance Liaising with ASIC
Administration 7.0 hours \$1,735	Correspondence	<ul style="list-style-type: none"> With various stakeholders Liaise with director, solicitor and/or accountant to discuss financial position
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> First month, then six monthly administration reviews Filing of documents File reviews Updating checklist
	Bank account administration	<ul style="list-style-type: none"> Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	<ul style="list-style-type: none"> Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms

Task Area	General Description	Includes
	ATO and other statutory reporting	Notification of appointment Correspondence with ATO regarding lodgements and registration Notifying ATO of finalisation Cancelling AGN/GST/PAYG registration Request for information
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Recall records for investigations and collation of documents Sending job files to storage



Schedule of rates as @ 1 July 2022

Private & Confidential

Title	Description	Hourly rate (Excl. GST) (\$)
Partner	Registered liquidator, Chartered Accountant, degree qualified with more than fifteen years of extensive experience in insolvency, restructuring and business advisory matters. experience. Leads engagements with full accountability for strategy and execution.	595
Director	Generally Chartered Accountant and degree qualified with more than ten years of experience. Extensive experience in managing large, complex engagements at a senior level. Autonomously leads complex insolvency appointments reporting to Partner.	550
Senior Manager	Generally Chartered Accountant and degree qualified with more than seven years of experience. Significant experience across all types of engagements. Self-sufficiently conducts small to medium insolvency appointments.	500
Manager	Generally Chartered Accountant and degree qualified with more than five years of experience. Experience in complex matters, day to day conduct of small to medium engagements. Assists senior staff on complex matters.	450
Supervisor	Generally Chartered Accountant and degree qualified with more than three years of experience. Assists senior staff in planning and conduct of small to large engagements. Supervise a small team and control small engagements.	420
Senior Analyst 1	Generally degree qualified and undertaking Chartered Accountant's qualification. Controls certain tasks on small engagements and assists staff with completing tasks on medium to large engagements.	370
Senior Analyst 2	Experienced graduate controlling certain tasks on small engagements. Assists senior staff in completing tasks on small to large engagements.	360
Analyst 1	Experienced graduate. Required to assists senior staff in completing tasks on small to large engagements.	310
Analyst 2	Generally a university graduate with appropriate qualifications. Assists with day to day tasks under the supervision of senior staff.	240
Graduate	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification with less than one year of experience. Assists with day to day tasks under the supervision of senior staff.	215
Undergraduate	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	190
Senior Bookkeeper	Experienced bookkeeper with more than 18 months experience. Assist senior staff with accounting functions of engagement.	190
Bookkeeper	Assist senior staff with accounting functions of engagement.	170
PA	Appropriate skills and experience to support professional staff in an administrative capacity.	150
Administration	Appropriate skills and experience to support professional staff in an administrative capacity.	120

WLP Restructuring

CORPORATIONS ACT 2001

Insolvency Practice Rules (Corporations) 70-45(3)

Remuneration Approval Report

**Unreal Steel Pty Ltd
(In Liquidation)
ACN 609 618 322 ("the Company")**

Glenn Livingstone and Alan Walker were appointed Joint and Several Administrators on 24 September 2022 pursuant to Section 436A of the Corporations Act 2001. We remained as Administrators of the Company up until the winding up of the Company and the appointment of Brendan Copeland as Liquidator on 28 September 2022.

We are asking creditors to approve our remuneration for the period in which we acted as Administrators. This remuneration approval 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 of the Company.

This report has the following information included:

Part 1: Declaration

Part 2: Executive Summary

Part 3: Remuneration

3.1 Remuneration claim resolutions

3.2 Details of remuneration

3.3 Likely impact on dividends

Part 4: Disbursements

Part 5: Summary of Receipts and Payments

Part 6: Approval of remuneration and internal disbursements

Part 7: Queries

Part 1 Declaration

Glenn Livingstone and Alan Walker of WLP Restructuring Pty Ltd have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of Unreal Steel 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 Administration.

Part 2 Executive Summary

To date, no remuneration or disbursements have been approved or paid for the voluntary administration. This remuneration report details approval sought for the following fees:

	Report Reference	Amount (ex GST)
Current Remuneration claim:		
Voluntary Administration Resolution 1: For the period from 24 September 2022 to 28 September 2022	3.1	\$10,000.00
Total - Voluntary Administration		\$10,000.00

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

This is less than the estimate of costs provided in the Initial Advice to Creditors dated 26 September 2022, which estimated a cost to the completion of the administration of \$50,000 - \$75,000 (excluding GST).

Creditors are advised that the time costs I have incurred during the Administration total \$31,322.50. When preparing this remuneration report, I have elected to write off and not seek approval of \$21,322.50 (excl. GST) in remuneration for the benefit of the creditors of the Company. This represents a discount of approximately 68%.

Part 3 Remuneration

3.1 Remuneration claim resolutions

Resolution 1

"That the remuneration of the Administrators for the period from 24 September 2022 to 28 September 2022 is determined 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 remuneration report dated 19 December 2022 such sum to be capped at the amount of \$10,000 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required."

The table below sets out the time charge to each major task area performed by the Administrators and their staff for the period 24 September 2022 to 28 September 2022.

Employee	Position	Rate (ex GST) \$/Hour	Task Area													
			Total		Assets		Creditors		Employees		Trade On		Investigation		Administration	
			Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Alan Walker	Appointee/Partner	685	29.50	20,207.50	2.80	1,918.00	-	-	5.30	3,630.50	-	-	10.00	6,850.00	11.40	7,809.00
Glenn Livingstone	Appointee/Partner	685	4.50	3,082.50	-	-	-	-	-	-	1.50	1,027.50	2.30	1,575.50	0.70	479.50
Alison Walker	Senior Manager	575	3.10	1,782.50	-	-	1.30	747.50	-	-	-	-	-	-	1.80	1,035.00
Teresa Zhang	Manager	500	0.50	250.00	-	-	0.20	100.00	0.10	50.00	-	-	-	-	0.20	100.00
Billy Batbileg	Assistant Manager	450	9.00	4,050.00	0.20	90.00	4.60	2,070.00	1.20	540.00	0.70	315.00	1.20	540.00	1.10	495.00
Christabel Clarissa	Junior Accountant	250	2.10	525.00	-	-	1.40	350.00	0.70	175.00	-	-	-	-	-	-
Jody Kw ee	Junior Accountant	250	4.70	1,175.00	-	-	3.70	925.00	-	-	0.30	75.00	-	-	0.70	175.00
Ryan Pascoe	Junior Accountant	250	1.00	250.00	-	-	1.00	250.00	-	-	-	-	-	-	-	-
Total (excluding GST)			54.40	31,322.50	3.00	2,008.00	12.20	4,442.50	7.30	4,395.50	2.50	1,417.50	13.50	8,965.50	15.90	10,093.50
GST				3,132.25		200.80		444.25		439.55		141.75		896.55		1,009.35
Total (including GST)				34,454.75		2,208.80		4,886.75		4,835.05		1,559.25		9,862.05		11,102.85
Average Hourly Rate (exc GST)				575.78		669.33		364.14		602.12		567.00		664.11		634.81

Below is a summary of the tasks undertaken to date to secure the Company's assets, investigate the Company's affairs, deal with enquiries from creditors and fulfil our statutory obligations as set out in the Corporations Act 2001. Under each task we have detailed how many hours each task has taken and applied a cost based on the charge out rates for each Team Member.

Task Area	General Description	Includes
Assets Number of hours: 3.0 Cost: \$2,008.00	Debtors	Reviewing and assessing debtors' ledgers Correspondence with debtors Meetings with debtor/customer to discuss the current status of projects and potential funding arrangements Liaising with debtor's solicitors
	Assets subject to specific charges	All tasks associated with realising a charged asset Dealing and liaising with chargeholders
	Other Assets	Tasks associated with realising other assets
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
Creditors Number of hours: 12.2 Cost: \$4,442.50	Creditor Enquiries, Requests & Directions	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
	Secured creditor reporting	Initial notices to PPSR secured creditors Responding to secured creditor's queries
	Creditor reports	Preparing initial circular 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 Undertaking a review of the claims submitted by creditors including supporting documents
	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.
Employees Number of hours: 7.3 Cost: \$4,395.50	Employee Enquiries	Receive and follow up and employee enquiries via telephone Preparation of letters to employees advising of their entitlements and options available Preparation of employee separation certificates Dealing and liaising with ACIRT
	FEG	Liaising with FEG regarding potential FEG involvement and liability
Trade On Number of hours: 2.5 Cost: \$1,417.50	Trade on management	Liaising with suppliers Liaising with management and staff Dealing and liaising with CFMEU regarding the continued trading of the Company's business Attendance on site Preparing and authorising receipt vouchers Preparing and authorising payment vouchers

Task Area	General Description	Includes
	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting and financial reporting	Reviewing company's budgets and financial statements Meetings to discuss trading position Budgeting and preparing cash flow forecast for the Administration
Investigation Number of hours: 13.5 Cost: \$8,965.50	Conducting investigation	Collection of company books and records 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
	Litigation	Liaising with solicitor in respect of forthcoming court hearing for winding up application Attendance at court hearing for winding up application
Administration Number of hours: 15.9 Cost: \$10,093.50	Correspondence	General correspondence with stakeholders Meetings and discussions with the director to discuss the administration and trading on
	Document maintenance/file review/checklist	First month review Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with insurance broker 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 certain transfers
	ASIC Form and lodgements	Preparing and lodging ASIC forms including 505 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Preparing BAS
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage

3.2 Details of remuneration

Although we have incurred time costs of \$31,322.50 for the period of 24 September 2022 to 28 September 2022, we are seeking approval of our remuneration for this period in the sum of \$10,000 (excl GST).

3.3 Likely impact on dividends

The Corporations Act 2001 sets the order for payment of claims against the Company, and it provides for remuneration of the Administrators to be paid in priority to other claims. This ensures that when there are sufficient funds, the Administrators receive payment for the work done to recover assets, investigate the Company's, report to creditors and ASIC and distribute any available funds. Even if creditors approve our remuneration, this does not guarantee that we will be paid, as we will only be paid if sufficient assets are recovered.

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

Part 4 Disbursements

Disbursements are divided into three types:

- **External professional services** - these are recovered at cost. An example of an externally provided professional service is legal fees. It does not include insolvency services, as insolvency services are claimed as remuneration.
- **External non-professional costs** - these are recovered at cost. Examples of external non-professional expenses include travel, accommodation and search fees such as company searches, land title searches and PPSR searches.
- **Firm non-professional costs** – such as photocopying, printing and postage. These costs, 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 are not required to seek creditor approval for expenses paid to third parties or for disbursements where we are recovering a cost incurred on behalf of the administration, but we must account to creditors. We must be satisfied that these expenses and disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of a disbursement where we, or a related entity of ourselves, may directly or indirectly obtain a profit. In these circumstances, creditors will be asked to approve our disbursements prior to these disbursements being paid from the administration.

No disbursements have been approved or paid to date.

Part 5 Summary of Receipts and Payments

There were no receipts and payments during the period in which we were appointed Administrators.

Part 6: Approval of remuneration and disbursements

Remuneration Methods

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

1. Time based / hourly rates

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

2. **Fixed Fee**
The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.
3. **Percentage**
The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
4. **Contingency**
The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

Given the nature of this administration we propose that our remuneration be calculated on Time based/hourly rates. This is because:

- Given the size of the company and given the company has ceased trading, it is appropriate to charge on an hourly basis and only when tasks are required to be completed by a Team Member.
- I will only be paid for work if sufficient realisations are made from the Company's assets or if there are insufficient assets then I will be paid from the Indemnity provided by the secured creditor.
- I have a time recording system that can produce a detailed analysis of time spent on each task by each Team Member enabling creditors to better understand what time has been spent completing each Task providing full accountability
- I am not able to estimate with certainty the total amount of time that will be required to be spent completing the Tasks at this stage of the Administration.

Explanation of Hourly Rates

The rates for my remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Rate \$/hour	Experience
Appointee	\$685	Registered Liquidator. Appointee bringing his or her specialist skills to the administration or insolvency task.
Director	\$635	More than 9 years insolvency experience. Answerable to the appointee but otherwise responsible for all aspects of administration. Very competent. Control staff and their training.
Senior Manager	\$575	More than 7 years insolvency experience, more than 3 years as a manager, qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of administration. Experienced at all levels and considered very competent. Control staff and their training.
Manager	\$500	6-7 years, qualified accountant, with well-developed technical and commercial skills. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on work streams in larger matters.
Supervisor	\$450	4-6 years. Chartered Accountant (CA) program or equivalent complete. Will have had conduct of minor administrations and experience in control of 1-3 staff. Assists planning and control of medium to larger jobs.

Title	Rate \$/hour	Experience
Senior Accountant	\$415	Post graduate qualification (or equivalent) would normally be completed within this period. Assists planning and control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.
Intermediate	\$375	Undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within work streams and appointments under supervision.
Junior Accountant	\$275	Undertaking university degree, but not yet qualified. Assist with tasks within work stream and appointments under supervision.
Administration	\$250	Appropriate skills, including books and records management and accounts processing particular to the administration.

Part 7 Queries

If you have any queries in relation to the information in this report, please contact Billy Batbileg on 1300 760 830.

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

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

Dated this 19th day of December 2022



Alan Walker
Former Administrator

Resolution 3 Notice of Proposal to Creditors Date: 22 December 2022 <i>Corporations Act 2001</i> <i>Insolvency Practice Schedule 75-40</i>	Return to no later than 23 January 2023 to: WLP Restructuring, PO Box 3534, SYDNEY NSW 2001 Tel: 02 8020 5853 Email: anny@hogansprowles.com.au
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Indebted Company: Unreal Steel Pty Ltd (In Liquidation) ACN 609 618 322
Date of Appointment: 24 September 2022

A. Name and Contact Details of Creditor

¹ _____ (the Creditor)

(if in a personal capacity, given name and surname; if a corporate entity, full name of company, etc)

² of _____

(insert address)

³ Tel: _____

⁴ Email: _____

Tick this box to elect to receive electronic notification of notices or documents, in accordance with Section 600G of the Corporations Act 2001, at the email address specified above.

⁵ Select one of the following options:

I am not a related creditor of the Company

I am a related party creditor of the Company, relationship: _____

B. Details of Debt or Claim

¹ Select one of the following options:

I have previously submitted a proof of debt form and supporting documents

I have enclosed a proof of debt form and supporting documents with this proposal form

C. Proposal for creditor approval

"That the remuneration of the Administrators for the period from 24 September 2022 to 28 September 2022 is determined 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 remuneration report dated 11 November 2022 such sum to be capped at the amount of \$10,000 exclusive of GST, and that the Administrators may draw the remuneration on a monthly basis or as required."

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

Approval via a proposal without a meeting reduces the costs of the liquidation. The Liquidator's remuneration and disbursements are treated as a priority payment in the liquidation. They have the effect of reducing the funds available (if any) to distribute to creditors as a dividend unless there are sufficient funds to pay a dividend of 100 cents in the dollar.

E. Vote on proposal

Creditor are given the option of approving, not approving or objecting to the proposed resolution being resolved without a meeting of creditors. Please place an "X" in one (only) of the following options to indicate your vote¹:

Yes - I approve the proposal

No - I do not approve the proposal

**I object to the proposal being resolved
without a meeting**

F. Signature

¹ Dated: _____

² Signature: _____

³ Name / Capacity: _____