

HASTIE GROUP LIMITED AND SPECIFIC SUBSIDIARIES (ADMINISTRATORS APPOINTED) ('HASTIE GROUP')

Independent Commission Agents Aust Pty Limited (Administrators Appointed) (the 'Company') ACN 152 251 093

Status at appointment:	Trading / <u>Dormant</u> / Administrative
Date acquired by Hastie Group:	22 July 2011
Principal activity:	Intended to provide consulting services to the building sector in relation to independent commissioning services, building tuning and energy audits and ratings. The business was expected to launch in July 2012 and as such had not commenced trading before appointment.
Location of operations:	n/a

Creditors should consider this Hastie Group company report in conjunction with the body of this report under the following headings:

1. Expected return to creditors
2. Reasons for the Company's failure
3. Offences, voidable transactions and insolvent trading
4. Directors' Report as to Affairs (RATA)
5. Summary of historical financial results

Creditors are also advised to have regard to sections 7 and 8 of the Report for details of directors, registered charges and shareholders, along with the discussion on books and records.

1. Expected return to creditors

Based upon investigations to date, we estimate the return to creditors from the realisation of Company assets (excluding any realisations from claims by a liquidator) as:

Banking syndicate	-
Security interest holder	-
Employees	-
Ordinary unsecured creditors	-

Subject to the outcome of potential litigation (if pursued), the return to certain creditor classes may increase (refer section 7 of the main report).

2. Reasons for the Company's failure

The Administrators' consider the principal reasons for the Company's failure are:

- The cessation of funding from a related company, Hastie Holdings Pty Ltd.

3. Offences, voidable transactions and insolvent trading

The Administrators' preliminary findings are detailed at Section 7 of the body of this report.

4. Directors' Report as to Affairs (RATA)

The directors have not supplied a RATA.

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5. Summary of historical financial results

The table below includes the Administrators' estimate of the:

- value of the Company's assets and liabilities
- shortfall to the ordinary unsecured creditors.

	Notes	Company reported at 30 April 2012	Administrators' estimate at 28 May 2012
		Book Value \$'000	Realisable Value \$'000
Assets			
Cash on hand		-	-
Trade receivables	1	132	-
Inventory		-	-
Work in progress	1	26	-
Current and deferred tax assets		11	-
		169	-
Liabilities			
Secured creditors	2	-	-
Intercompany loans		(159)	(159)
Priority creditors (employees)		-	-
Ordinary unsecured creditors (inc accruals)		(35)	(35)
		(194)	(194)
Surplus / (deficiency)		(25)	(194)

The above deficiency does not take account of:

- Administrators' or Liquidators' costs. Total Administrators' costs to 31/12/2012 are \$21k.
- Potential recoveries that are only available to a Liquidator to pursue.

Administrators' Comments

1. Management has advised that the amounts reported for receivables and work in progress were incorrectly invoiced by the entity and have subsequently been re-invoiced by other Hastie Group entities.
2. The Company has entered into a deed of cross guarantee with Hastie Group Ltd pursuant to ASIC Class Order 98/1418.
3. Unsecured creditors include an amount due to the Australian Taxation Office for GST on receivables identified at note 1. This debt will also be payable by other Hastie Group entities.

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	Notes	2009 \$'000s	2010 \$'000s	2011 \$'000s	30-Apr-12 \$'000s
Sales		-	-	-	372
Expenses: Cost of sales		-	-	-	(332)
Gross Profit	1	-	-	-	40
GM%		-	-	-	10.8%
Other operating expenses	2	-	-	-	(76)
Other Significant items		-	-	-	-
EBITDA	A	-	-	-	(36)
Net Assets	B	-	-	-	(25)
Working capital	C	-	-	-	123
Current Assets / Current Liabilities	3	-	-	-	0.871
Net cash inflow / (outflow)	D	-	-	-	-

* Financial results reported above are prior to intra-company consolidation adjustments.

Key

- Earnings before interest, depreciation & amortisation and after any significant items.
- Surplus / (deficit) of total assets less total liabilities.
- The sum of trade receivables and inventories (inclusive of WIP) less any trade payables.
- The change in available cash at bank or notional cash over the relevant period.

Administrators' comments

- The business was expected to launch externally in July 2012 and as such operations reported are only from initial intercompany billing.
- Other operating expenses represent an allocation of head office expenses related to the setup of Company structures and systems.
- A result of less than one indicates that the Company was operating with financial stress. This was however mitigated by funding provided by Hastie Holdings Pty Ltd.