

Corporations Act 2001

Section 449E

**ACN 008 700 178 Pty Limited (formerly Direct Engineering Services Pty Limited)
ACN 008 700 178
(Administrators Appointed)**

Remuneration Report

The Administrators' remuneration report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format:

1. Tasks undertaken by the Administrators and remuneration claimed for the period 28 May 2012 to 31 December 2012
2. Administrators' anticipated tasks and estimated remuneration for the period 1 January 2013 to the date of the second meeting of creditors
3. Should the Company be placed into liquidation, the Liquidators' anticipated tasks and estimated remuneration for the period from the date of the second meeting of creditors to the finalisation of the liquidation
4. Summary of the Administrators' disbursements for the period 28 May 2012 to 31 December 2012
5. Summary of the Administrators' receipts and payments for the period 28 May 2012 to 31 December 2012

1. Summary of work undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012

Task Area	General Description	Includes
Administration 694.89 hrs \$197,404.75	Correspondence	<ul style="list-style-type: none"> - Prepared letters to various government departments advising of the appointment of Administrators - Prepared notifications to Directors, including request for completion of Report as to Affairs and questionnaire
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Attended to filing - Updated checklists for statutory duties
	Insurance	<ul style="list-style-type: none"> - Identified potential issues requiring attention of insurance specialists - Corresponded with Willis regarding initial and ongoing insurance requirements - Obtained and reviewed insurance policies - Corresponded with pre-appointment brokers - Discussed and corresponded with legal advisors regarding existence of Directors and Officers insurance policy
	Bank account administration	<ul style="list-style-type: none"> - Corresponded with financial institutions to establish new accounts and freeze pre-appointment accounts - Requested bank statements - Prepared bank account reconciliations - Corresponded with bank regarding specific transfers - Calculation of split between circulating and non-circulating assets for fees approved by the committee of creditors for the purpose of reporting pursuant to the indemnity
	ASIC Form 505, 524 and other forms	<ul style="list-style-type: none"> - Prepared and lodged ASIC forms - Corresponded with ASIC regarding statutory lodgements
	ATO & other statutory reporting	<ul style="list-style-type: none"> - Prepared and lodged monthly business activity statements with the Australian Taxation Office - Considered ongoing financial and statutory reporting requirements - Reconciliation of PAYG payments to Australian Taxation Office - Reconciliation of payroll tax and correspondence with local payroll tax offices
	Processing receipts and payments	<ul style="list-style-type: none"> - Prepared and authorised receipt and payment vouchers - Entered receipts and payments into accounting system - Processing receipt vouchers for debtor realisations of c\$2.4m
	Planning / Review	<ul style="list-style-type: none"> - Various internal planning meetings - Discussed the status/strategy of the administration - Allocation of tasks, review and completion
Assets 999.17 hrs \$438,173.17	Books and records / storage	<ul style="list-style-type: none"> - Boxed c750 archive boxes of books and records from multiple sites - Prepared detailed listing of books and records - Sent job files to storage
	Plant and equipment	<ul style="list-style-type: none"> - Secured the Company's assets - Engaged Grays Online to prepare fixed assets listing and conduct valuation of same - Reviewed valuation reports prepared by Grays Online to identify potentially leased assets - Arranged collection from employees of company-owned vehicles, laptops and mobile phones - Considered realisation and marketing strategies - Advised all known creditors of the Company of the proposed sale of plant and equipment and sought details of any claims of ownership over plant and equipment in the Company's possession - Advertised the Company's assets for sale - Corresponded and negotiated with interested parties - Reviewed and considered offers received - Obtained the consent of the Banking Syndicate to proceed with sale of assets - Corresponded with legal advisors to prepare sale documentation - Reviewed and executed sale agreement - Dealt with post sale issues - Considered appropriate realisation strategy for remaining assets not sold through expressions of interest campaign - Obtained the consent of the Banking Syndicate to proceed with auction of remaining assets - Directed Grays Online to auction the Company's plant and equipment - Liaised with Grays Online regarding post sale issues, auction realisations and costs and arrangements to exit leased premises - Liaised with legal advisors regarding application to Court to obtain

Task Area	General Description	Includes
	Stock	<ul style="list-style-type: none"> - Reviewed stock on hand - Considered realisation and marketing strategies - Liaised with interested parties - Negotiated sale of stock - Prepared, reviewed and executed sale agreement
	Work in progress ('WIP')	<ul style="list-style-type: none"> - Assessed project contracts and WIP - Engaged quantity surveyor to value WIP - Prepared and submitted payment claims for work undertaken by the Company up to the date of the appointment of Administrators - Converted WIP to debtors - Liaised with clients regarding payment
	Debtors	<ul style="list-style-type: none"> - Met with the Company's accounts receivable staff to identify the status of current projects and understand the Company's invoicing systems - Reviewed and assessed debtors ledgers comprising c100 debtors totalling \$5.5m - Reviewed debtor contracts and project agreements - Considered strategy for collection of outstanding pre-appointment debtors - Responded to disputes and negotiated commercial settlements - Provided instructions to collection agent to collect the debtor book - Liaised with collection agents regarding payment of debtors
	Leasing	<ul style="list-style-type: none"> - Conducted searches of the Personal Property Securities Register ('PPSR') and identified parties holding security interests over assets in the Company's possession - Reviewed asset listings and depreciation schedules to identify assets subject to lease / hire arrangement - Corresponded with owners/lessors regarding various property leased by the Company and to notify of the appointment of Administrators - Prepared and issued notices of Administrators intention not to exercise property rights in respect of leased property - Identified and arranged return of property subject to third party security interests - Prepared multiple applications to Court to extend the period for the Administrators to deal with property under section 443B of the Act from 5 business days to 20 business days and then subsequently to 35 business days
Creditors 335.01 hrs \$134,163.69	Creditor enquiries	<ul style="list-style-type: none"> - Liaised with Link Market Services to establish telephone hotline and dedicated email address for creditor enquiries - Prepared 'Questions and Answers' document for distribution to Link Market Services client team - Prepared regular updates to creditors as seen on the PPB Advisory website - Received and followed up creditor enquiries via telephone, facsimile and email
	Retention of title claims	<ul style="list-style-type: none"> - Reviewed initial notifications from creditors advising of retention of title claims - Liaised with creditors regarding retention of title claims and requested additional information to substantiate claims - Adjudicated on retention of title claims and corresponded with creditors regarding same
	Creditor reports	<ul style="list-style-type: none"> - Corresponded with legal advisors to prepare multiple applications to Court in relation to the notice and distribution of the first report to creditors and the distribution of the s439A report to creditors - Applied to Court to obtain directions in relation to the notice and distribution of the first report to creditors - prepared initial report to creditors advising of the appointment of Administrators and convening the first meeting of creditors - prepared application to Court to obtain directions in relation to the distribution of the s439A report to creditors - Held initial planning meetings with s439A report team, including allocation of report areas, initial report content and design of individual sub-report format - Collated financial, operational and investigation information prepared by various parties and drafted s439A report - prepared remuneration reports for inclusion with s439A report - Engaged legal advisors to review s439A report - Conducted review process of s439A report

Task Area	General Description	Includes
	Meeting of Creditors	<ul style="list-style-type: none"> - Corresponded with legal advisors to prepare multiple applications to Court in relation to the extension of the convening periods for the first and second meetings of creditors - Applied to Court and obtained extension of the convening period for the first meeting of creditors - Prepared meeting notices and advertisements for first and second creditor meetings for PPB Advisory website and all major Australian newspapers, in accordance with the Court orders - Organised meeting venues for the first and second meetings of creditors - Liaised with Link Market Services to establish interactive proof of debt and proxy forms and facilitate the signing in of creditors at the first meeting of creditors - Prepared 'Questions and Answers' document for first creditor meetings as posted on PPB Advisory website and provided to Link Market Services - Responded to enquiries in relation to the first meetings of creditors - Prepared meeting files, including agenda, certificate of postage, reports to creditors, advertisement of meeting, updated DIRRI, draft minutes of meeting and media releases - Prepared presentation for first meeting of creditors - Attended and chaired first meeting of creditors - Responded to creditor enquiries immediately following the first meeting of creditors
	Banking Syndicate reporting	<ul style="list-style-type: none"> - Prepared, reviewed and distributed report to the Banking Syndicate and their representatives - Attended to various discussions and meetings with the Banking Syndicate and their representatives - Responded to enquiries from the Banking Syndicates and their representatives via telephone, facsimile and email
Employees 52.75 hrs \$18,345.50	Employee enquiries	<ul style="list-style-type: none"> - Received and followed up employee enquiries via telephone, facsimile and email - Reviewed and prepared correspondence to employees via facsimile, email and post - Discussions with Electrical Trades Union regarding employee payments and calculations
	Calculation of entitlements	<ul style="list-style-type: none"> - Met with the Company's payroll staff to compile employee entitlements calculations - Extracted employee entitlements data from the Company's payroll system - Reviewed and verified employee entitlements calculations - Reviewed employee files and the Company's books and records - Reviewed employee agreements and awards
	Workers compensation claims	<ul style="list-style-type: none"> - Reviewed insurance policies - Corresponded with Willis to provide initial notification of appointment and obtain appropriate insurance coverage - Corresponded with pre-appointment insurance brokers
	Other employee issues	<ul style="list-style-type: none"> - Prepared and issued employee PAYG payment summaries - Liaised with the Child Support Agency
Investigation 124.22 hrs \$45,947.94	Conducting investigation	<ul style="list-style-type: none"> - Prepared investigation strategy - Prepared investigation strategy and briefed staff - Conducted forensic imaging of computers and servers - Collected and reviewed the Company's books and records - Reviewed and Prepared details of company nature and history - Conducted and summarised statutory searches - Prepared a summary of security interests registered against the company - Prepared comparative financial statements - Prepared analysis of historical financial performance, key income and balance sheet items - Conducted insolvent trading review, including review of cashflows, balance sheet and financial forecasts and other indicators of insolvency - Identified and documented reasons for failure - Collated evidence of potential breaches of directors duties - Prepared investigations file

Task Area	General Description	Includes
Trade On / Wind Down 282.03 hrs \$125,776.69	Close down of sites	<ul style="list-style-type: none"> - Liaised with management to identify key personnel required to assist the Administrators - Interview of CEO, key managers, company secretary regarding the Company's status including trading activity, sites, assets, records, employees, third party assets etc - Coordinated attendances at each Company site to address approximately 130 employees and meet with union representatives - Reviewed customer contracts and prepared summary report of Company projects - Secured each Company site and conducted initial assessment of potential OH&S risks - Notification to employees and businesses to cease trading
	Accounting for Indemnity Agreement	<ul style="list-style-type: none"> - Prepared and assessed statement of position and estimated outcome statement - Internal reporting of financial position under the terms of the Indemnity

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Professional fees for work undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012.

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2. Summary of anticipated work to be undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Voluntary Administration process for the period 1 January 2013 to the date of the second meeting of creditors

Task Area	General Description	Includes
Administration 15.00 hrs \$6,000.00	Document maintenance / file review / checklist	- Attendance to filing - Updating checklists for statutory duties
	Insurance	- Corresponding with Willis regarding ongoing insurance requirements
	Bank account administration	- Requesting bank statements - Preparing bank account reconciliations - Corresponding with bank regarding specific transfers
	ATO & other statutory reporting	- Preparing and lodging business activity statements with the ATO - Considering ongoing financial and statutory reporting requirements
	Processing receipts and payments	- Preparing and authorising receipt and payment vouchers - Entering receipts and payments into accounting system
	Planning / Review	- Various internal planning meetings - Attending to media enquiries - Discussing the status/strategy of the administration
Assets 6.00 hrs \$2,400.00	Debtors	- Reviewing and assessing debtors ledgers - Reviewing debtor contracts and project agreements - Considering strategies for collection of outstanding pre-appointment debtors - Responding to disputes and negotiating commercial settlements
Creditors 28.00 hrs \$11,200.00	Creditor enquiries	- Liaising with Link Market Services regarding creditor enquiries received through the telephone hotline and dedicated creditor email address relating to the second meeting of creditors - Preparing and updating 'Questions and Answers' document for distribution to Link Market Services client team - Providing regular updates to creditors to be published on the PPB Advisory website - Receiving and following up creditor enquiries via telephone, facsimile and email - Assisting creditors via telephone to complete proof of debt and proxy forms for the second meeting of creditors
	Dealing with proofs of debt	- Receipting and filing proof of debt forms relating to the second meeting of creditors
	Creditor reports	- Finalising the s439A report to creditors
	Meeting of Creditors	- Internal planning meetings in preparation for the second meeting of creditors - Responding to enquiries in relation to the second meeting of creditors - Preparing meeting file, including agenda, certificate of postage, reports to creditors, advertisement of meeting and draft minutes of meeting - Preparing presentation for the second meeting of creditors - Attending and chairing the second meeting of creditors
	Banking Syndicate reporting	- Preparing reports to the Banking Syndicate and their representatives - Attending to enquiries from the Banking Syndicate and their representatives
Employees 3.00 hrs \$1,200.00	Employee enquiries	- Receiving and following up employee enquiries via telephone, facsimile and email
Investigation 3.00 hrs \$1,200.00	Conducting investigation	- Completing preliminary investigations and finalising investigations file
Trade On / Wind Down 3.00 hrs \$1,200.00	Accounting for Indemnity Agreement	- Internal reporting of financial position under the terms of the Indemnity - Updating estimated outcome statement

3. Summary of anticipated work to be undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Liquidation process for the period from the date of the second meeting of creditors to the completion of the liquidation

Task Area	General Description	Includes
Administration 75.00 hrs \$30,000.00	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Attendance to filing - Updating checklists for statutory duties
	Insurance	<ul style="list-style-type: none"> - Corresponding with Willis regarding insurance policies - Arranging the finalisation of insurance policies
	Bank account administration	<ul style="list-style-type: none"> - Preparing correspondence to close bank accounts - Requesting bank statements - Preparing bank account reconciliations - Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> - Preparing and lodging forms with the ASIC - Correspondence with the ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> - Lodging business activity statements with the ATO - Considering ongoing financial and statutory reporting requirements
	Finalisation	<ul style="list-style-type: none"> - Notifying ATO of finalisation - Cancelling ABN / GST / PAYG registration - Completing finalisation checklists
	Planning / review	<ul style="list-style-type: none"> - Various internal planning meetings - Attending to media enquiries - Discussions with the secured creditors and their representatives regarding status / strategy of liquidation
	Processing receipts and payments	<ul style="list-style-type: none"> - Preparing and authorising receipt and payment vouchers - Entering receipts and payments into accounting system
	Books and records / storage	<ul style="list-style-type: none"> - Dealing with records in storage - Sending job files to storage
Creditors 75.00 hrs \$30,000.00	Creditor enquiries	<ul style="list-style-type: none"> - Preparing regular updates to creditors to be published on the PPB Advisory website - Receiving and following up creditor enquiries via telephone, facsimile and email - Reviewing and preparing correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	<ul style="list-style-type: none"> - Preparing general reports to creditors - Preparing reports to the members of the Committee of Inspection (Col), should one be appointed
	Dealing with informal proofs of debt	<ul style="list-style-type: none"> - Receipting and filing proofs of debt when not related to a dividend
	Banking Syndicate	<ul style="list-style-type: none"> - Preparing reports to the Banking Syndicate and their representatives - Responding to enquiries from the Banking Syndicate and their representatives - Attending meetings with the Banking Syndicate and their representatives - Preparing and distributing dividend to Banking Syndicate
	Meetings of creditors	<ul style="list-style-type: none"> - Preparing notices relating to general meetings of creditors - Responding to creditor enquiries related to general meetings of creditors - Preparing meeting file, including agenda, attendance register, list of creditors, reports to creditors and draft minutes of meeting - Attending and chairing creditors meetings - If a Col is appointed: <ul style="list-style-type: none"> o Preparing notices relating to meetings of the Col o Preparing meeting file, including agenda, attendance register, list of Col members, reports to the Col and draft minutes of meeting o Attending and chairing Col meetings - Preparing and lodging minutes of meetings with the Australian Securities and Investments Commission (ASIC)
Dividend 25.00 hrs \$10,000.00	Processing proofs of debt	<ul style="list-style-type: none"> - Corresponding with creditors inviting lodgement of proofs of debt - Receipting proofs of debt and maintaining proof of debt register - Adjudicating proofs of debt - Preparing correspondence to creditors advising outcome of claim adjudication

Task Area	General Description	Includes
	Dividend procedures	<ul style="list-style-type: none"> - Preparing correspondence to creditors advising of intention to declare dividend - Advertising intention to declare dividend - Obtaining clearance from the ATO to allow distribution of the Company's assets - Calculating dividend rate - Corresponding with creditors announcing declaration of dividend - Advertising announcement of dividend - Preparing distribution and dividend file - Processing payment vouchers to pay dividend - Corresponding with creditors enclosing payment of dividend
Employees 25.00 hrs \$10,000.00	Employee enquiries	<ul style="list-style-type: none"> - Receiving and following up employee enquiries via telephone, facsimile and email - Reviewing and preparing correspondence to employees and their representatives via facsimile, email and post
	Employee dividend	<ul style="list-style-type: none"> - Corresponding with employees and the Department of Education, Employment and Workplace Relations (DEEWR) regarding intention to declare priority dividend - Liaising with Australian Taxation Office (ATO) regarding proof of debt related to superannuation guarantee charge - Advertising dividend notice - Receipting and adjudicating proofs of debt - Calculating dividend rate and preparing dividend file - Preparing payment vouchers to pay dividend - Preparing correspondence to employees and DEEWR enclosing payment of dividend - Ensuring PAYG is remitted to the ATO
	Other employee issues	<ul style="list-style-type: none"> - Preparing and issuing employee PAYG payment summaries - Liaising with the Child Support Agency
Investigation 25.00 hrs \$10,000.00	Conducting investigation	<ul style="list-style-type: none"> - Investigations regarding insolvent trading and voidable transactions - Reviewing financial statements and trading history - Obtaining and reviewing Company's books and records - Preparing investigations file
	ASIC reporting	<ul style="list-style-type: none"> - Lodgement of s533 investigation report with the Australian Securities and Investments Commission (ASIC) - Preparing and lodging supplementary s533 report with the ASIC (if required) - Liaising with the ASIC
Trade On / Wind Down 25.00 hrs \$10,000.00	Accounting for Indemnity Agreement	<ul style="list-style-type: none"> - Internal reporting of financial position under the terms of the Indemnity - Updating and finalising estimated outcome statement

4. Summary of the Administrators' disbursements for the period 28 May 2012 to 31 December 2012

Disbursements incurred by the Administrators during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012.

Disbursement Category	\$
A	1,264.76
B1	4,600.26
B2	21,158.82
Total	27,023.84
GST	2,702.38
Total (incl GST)	\$ 29,726.22

5. Summary of the Administrators' receipts and payments for the period 28 May 2012 to 31 December 2012

Administrators' receipts and payments during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012.

	\$
RECEIPTS	
Asset Realisations	1,222,206.88
Cash at Bank	247.65
Debtor Monies Collected	2,354,567.06
GEERS Funds	4,054,705.29
Insurance Premium Refund	242.00
Interest Income	19,513.55
Other Income	1,046.85
Pre Appointment Refunds	150.00
Refund of Auctioneer's Charges	751.49
Third Party Monies Received	1,776.11
Total Receipts	7,655,206.88
PAYMENTS	
Administrators' Costs	(26,483.09)
Advertising	(3,155.90)
Asset Realisation Costs	(115,922.27)
Bank Charges	(89.75)
Books and Records Storage	(9,339.25)
Debt Collection Fees	(31,822.88)
GEERS Employee Payments	(3,099,142.17)
GEERS Refunds	(47,772.12)
GST Paid	(93,419.00)
Insurance	(16,854.06)
Labour Hire	(1,276.00)
Legal Fees	(159,552.86)
Media Consulting Expense	(5,455.29)
PAYG Paid	(700,438.00)
PAYG Withheld	1,205.00
Postage/Courier Fees	(34,239.97)
Rent Expense	(91,154.71)
Retention of title claims	(14,738.90)
Security Locks / Guards	(2,178.50)
Stamp Duty	(976.04)
Surveyor Fees	(2,310.00)
Third Party Service Providers	(43,161.44)
Venue Hire and Incidentals	(5,991.74)
Wages & Salaries	(4,976.16)
Total Payments	(4,509,245.10)
Net Receipts / (Payments)	3,145,961.78