

The Brink Company Pty Ltd (Administrators Appointed) Previously trading as 'Brink Drinks' ACN: 628 948 694

Second report to creditors
4 June 2024

Strictly private and confidential



Glossary

Our report includes a number of terms and short descriptions which are defined in the below table.

Term/Abbreviation	Definition	Term/Abbreviation	Definition
Act	Corporations Act 2001	DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
Joint and Several Administrators	Michael Fung and Martin Ford	DOCA	Deed of Company Arrangement
AEST	Australian Eastern Standard Time	EBITDA	Earnings before interest, tax, depreciation and amortisation
ALLPap	All present and after acquired property security interest registered on the PPSR	Excl.	Excluding
Amort.	Amortisation	FY	Financial Year
ARITA	Australian Restructuring Insolvency and Turnaround Association	GST	Goods & Service Tax
ASIC	Australian Securities and Investments Commission	NAB	National Australia Bank
ATO	Australian Taxation Office	NCL	Non-current Liabilities
AUD	Australian Dollar	OSR	Office of State Revenue
circa. or c.	approximately	PAYG	Pay As You Go
COI	Committee of Inspection	PPSR	Personal Property Securities Register
Company	The Brink Company Pty Ltd previously trading as 'Brink Drinks'	PwC	PricewaterhouseCoopers
COPP	Code of Professional Practice	ROCAP	Reports on Company Activities and Property
DCIG	Dorman Capital Investment Group	SROV	State Revenue Office Victoria
Depn.	Depreciation	VIC	Victoria

Disclaimer

In reviewing this Report, creditors should note:

- This Report is based upon our preliminary investigations to date. Any additional material issues that are identified subsequent to issuing this Report may be the subject of a further written report and/or tabled at the Second Meeting.
- The contents of this Report are based on information obtained to date from the Company's books and records, financial systems, representations from the directors, the Company's legal representatives and accountants and our own enquiries and investigations.
- The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading.
- Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any amended or additional information which may be provided to us between the date of this Report and the date of the Second Meeting.
- In considering the options available to creditors and formulating our recommendation, the Administrators have necessarily made forecasts of asset realisations and total creditor claims. These forecasts and estimates may change as asset realisations progress and claims are received from creditors. While the forecasts and estimates are based on the Administrators' best assessment in the circumstances, creditors should note that the eventual outcome for creditors may differ from that estimated in this Report.
- Neither the Administrators, PricewaterhouseCoopers, nor any member or employee of the firm, is responsible in any way whatsoever to any person in respect of any errors in this Report arising from incorrect information provided to us.
- The Administrators do not assume or accept any responsibility for any liability or loss sustained by any creditor or any other party as a result of the circulation, publication, reproduction or any use of the information presented in this Report.
- This Report is not for general circulation, publication, reproduction or any use other than to assist creditors in evaluating their position as creditors of the Company and must not be disclosed without the prior approval of the Administrators.

Creditors should consider seeking their own independent legal advice as to their rights and the options available to them at the Second Meeting.



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To the Creditor as addressed

We report on the voluntary administration of The Brink Company Pty Ltd (Administrators Appointed) in accordance with our appointment on 8 May 2024.

This report has been prepared pursuant to section 75-225 of the *Insolvency Practice Schedule 2016* and outlines the Company's financial position, findings from our initial investigations, and our recommendation as to the future of the Company.

We accept no liability (including for negligence) to anyone else or for any other purpose in connection with this report, and it may not be provided to anyone else.

The information reviewed for the purpose of this report has not been audited by us and no warranties are given as to the accuracy or completeness thereof. Our comments and findings are predicated on the assumption that the information provided to us is materially accurate.

Yours faithfully

A handwritten signature in black ink, appearing to be 'Michael Fung'.

Michael Fung
Administrator

A handwritten signature in black ink, appearing to be 'Martin Ford'.

Martin Ford
Administrator

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Executive Summary

Appointment Background

Michael Fung and Martin Ford of PwC were appointed Joint and Several Administrators of the Company on 8 May 2024 by resolution of the directors of the Company pursuant to section 436A of the *Corporations Act* 2001.

Administrators' overview

Since our appointment we have:

- Liaised with the directors regarding appointment, securing of books and records and relevant information
- Prepared and issued requests for books and records to advisors and the directors
- Undertaken searches to identify any assets of the Company
- Assessed the need for employee support, making redundancies as required
- Liaised with the directors and other advisors to obtain information regarding the Company, realisation of debtors, inventory, and plant and equipment
- Liaised with stakeholders including customers, landlords and suppliers regarding options and scenarios for the recovery of debtors and realisation of inventory and plant and equipment
- Liaised with valuers regarding valuation, and sale agents regarding realisation of inventory and plant and equipment
- Recovered certain debtors and realised certain inventory and plant and equipment, and continue negotiations for same
- Conducted a preliminary review of the Company's financial statements
- Liaised with creditors in regards to their claims, including customers who made prepayments
- Issued an initial Circular to Creditors and held first meeting of creditors
- Conducted investigations into the corporate structure, and
- Prepared this report to creditors and called the second meeting of creditors.

Report's Purpose

The purpose of this report is to table the findings of our investigations into the Company's business, property, affairs and financial circumstances, as well as provide an opinion on the three options available to creditors in deciding the future of the Company. These options are to bring to an end the administration and hand back control to the directors of the Company, accept a Deed of Company Arrangement proposal, or wind up the Company.

End Administration

While creditors have the option to end the Administration and hand back control to the directors, we do not consider this is a viable option given the insolvency of the Company and creditors will remain in the same position as before our appointment.

Deed of Company Arrangement

We have not received any Deed of Company Arrangement (**DOCA**) proposals for the Company at the date of this Report to Creditors and therefore the option for creditors to vote in favour of a DOCA proposal is currently unavailable. We will advise creditors accordingly should a DOCA proposal be received after issue of this Report and before the meeting of creditors.

Administrators' opinion (Wind Up Company)

It is our opinion that it is in the creditors' best interests to have the Company wound up (i.e. placed into liquidation) for the following reasons:

- No DOCA proposal has been received at the date of this Report, therefore this option is not available
- The Company is insolvent and therefore we do not consider it to be in the interest of creditors that the administration end and the Company be returned to the control of the directors
- Winding up of the Company is the only viable option for creditors.

The Statement of Administrators' Opinion is attached at **Appendix 1**.

Executive Summary (contd.)

Estimated return to creditors

There is no alternative DOCA proposal to estimate the potential return to creditors. This report indicates where possible, the potential return to creditors should the Company be wound up. There are two main sources of recovery for the benefit of creditors – the assets of the Company, and any recovery actions able to be pursued by the appointed Liquidators.

Plant, equipment and inventory assets, and debtor recoveries as at the writing of this report continue to be negotiated and finalised. An accounting of asset realisations will be provided in the future.

In regards to potential recovery actions, we have undertaken preliminary investigations based on the records available to us and in the limited time available during the Administration. While we have reached a preliminary estimate of potential claims and their quantum, more detailed investigations would be required by the appointed Liquidator to establish the claims and their values, consider the merits of the claims, and seek to determine the transaction recipient's ability to meet a claim.

Given the above circumstances, it is difficult to reliably estimate a return to creditors in a liquidation. Accordingly the range of potential return is estimated for priority creditors to be between 0 cents to 100 cents in the dollar, and there is not anticipated to be a return for unsecured creditors in the liquidation. No estimate of return is provided for secured parties while asset sales and recoveries are still underway. Further information is contained in Section 9.

Second meeting of creditors

The Second meeting of creditors (Second Meeting) will be held on:

Date:	Wednesday, 12 June 2024
Registration:	10:00am AEST
Meeting time:	10:30am AEST
Location:	Virtual meeting

To register attendance and be entitled to vote at the Second Meeting, creditors must complete and submit the following forms attached at Appendix 4 and 5.

- Form 532 – Appointment of proxy
- Form 535 – Proof of debt or claim.

Creditors that have previously lodged a Proof of debt form with the Administrators are not required to lodge a further Proof of debt form unless there is a change in the amount claimed.

Proxy forms from the first meeting of creditors are unable to be used for the second meeting of creditors. Creditors wishing to vote at the second meeting must complete a new proxy form.

Video conference details will be provided to creditors that have submitted a proxy form and indicated that they wish to attend.

Forms must be submitted to this office or by email to amit.a.kotecha@au.pwc.com by no later than **4.00pm AEST on Tuesday, 11 June 2024.**

Executive Summary (contd.)

Remuneration

We are seeking approval for our remuneration at the second meeting of creditors as summarised below:

Period	Amount (excl. GST) (\$)
Voluntary Administration	
Resolution 1: 8 May 2024 to 27 May 2024	187,831.00
Resolution 2: 27 May 2024 to the end of the administration*	110,000.00
Liquidation	
Resolution 6: 12 June 2024 to the end of the liquidation*	90,000.00

* These amounts have been estimated to the completion of the administration and liquidation. Should the costs exceed these estimates further creditor approval may be sought for any increase. Alternatively if the costs are less than estimates (assuming approved) only the amount actually incurred will be paid.

Note while we are seeking approval of remuneration from creditors, the payment of this remuneration is subject to sufficient recoveries being made in the liquidation to enable payment of this remuneration.

Please refer to our Remuneration Approval Report at **Appendix 6** for full details of key activities undertaken by us, our partners and staff and the remuneration approval sought.

Enquiries

We ask creditors to submit questions they would like addressed at the Second Meeting by email to amit.a.kotecha@au.pwc.com by no later than **4pm AEST on Tuesday, 11 June 2024**. Whilst we will make every effort to address questions submitted, we reserve the right to exclude questions to avoid compromising creditors' interests or due to time constraints.

We will address all material matters that come to our attention after the date of this Report at the Second Meeting. Should any significant information affecting the creditors' decision regarding the future of the Company become known, we will endeavour to advise creditors prior to the Second Meeting by emailing such information to creditors and posting on PwC's website at:

<https://insolvency.pwc.com.au/singleEntityCases/the-brink-company-pty-ltd-administrators-appointed-trading-as-brink-drinks/casePage>

Report

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Introduction

Appointment Information

Martin Ford and Michael Fung were appointed as Administrators of the Company on 8 May 2024 by resolution of the Directors of the Company pursuant to s436A of the Act.

Background to independence

The conduct of insolvency professionals is governed by the Act and by the standards set by the Australian Restructuring Insolvency and Turnaround Association (**ARITA**).

The Act requires that a person appointed as Administrator of a company must be a registered Liquidator and must not be a significant debtor or creditor, officer, auditor or partner or employee of an officer or auditor of the Company.

The ARITA's Code of Professional Practice (**COPP**) states that the overriding qualifications of persons appointed as Administrators are that they are, and are seen to be, independent and that they have the necessary expertise to deal effectively and efficiently with a company.

The rationale for independence

Independence is critical because of the nature of the role of the Administrator. Tasks such as adjudicating on complex and competing interests, preserving and selling assets and investigating and pursuing claims require a high degree of objectivity and impartiality.

Stakeholders are entitled to have confidence in the Administrator's conduct and decision making processes. They need to be able to regard the Administrator as fair, unbiased and not acting from self interest when exercising their professional and commercial judgment.

The test of independence

As set out in the COPP, there are two aspects to independence.

An insolvency practitioner must:

- be independent in fact
- be seen or perceived to be independent.

An insolvency practitioner must be independent in fact, that is, they should act and conduct the administration in an independent manner.

An insolvency practitioner must be seen to be independent, that is, they must not accept an appointment, or continue to act under an existing appointment, if:

- a reasonable and informed third party
- on the information available (or which should have been available) at the time might reasonably form the opinion that the Administrator might not bring an independent mind to the administration and thus may not be impartial or may in fact act with bias
- because of a lack of independence, or a perception of a lack of independence.

Compliance with qualifications to act as Administrators

With reference to the Act, we confirm that we are:

- Registered Liquidators; and
- Not disqualified to act as Administrators.

With reference to the COPP, we confirm that we are:

- Members of the ARITA
- Have adhered to, and intend to adhere to, the guidelines set out in the COPP with respect to the acceptance of our appointment as Administrators of the Company, and in our continuing role as Administrators of the Company, and Liquidators if so appointed.

Introduction (contd.)

Declaration of Independence, Relevant Relationships and Indemnities

Our Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) was provided with our initial notice to creditors dated 10 May 2024. There have been no changes to our DIRRI that need to be reported.

We confirm that the Administrators and PricewaterhouseCoopers have had no prior personal or professional relationships or dealings with the Company or directors, other than the interactions detailed in the DIRRI during the period 19 April 2024 to 8 May 2024 leading up to the appointment. We are completely independent to the Company and directors. Our duties are to the Company and all stakeholders.

We have not received any indemnities or payments relating to this appointment.

Report's purpose

An administrator is required to investigate a company's business, property, affairs and financial circumstances and report to creditors on the administrator's opinion on the options available to creditors, being that the:

- company be wound up ("liquidation")
- company execute a DOCA
- administration should end (with control of the company reverting to the Company's directors).

This Report is based upon our investigations to date. Any additional issues we identify after this report and before the second meeting of creditors, may be the subject of a further written report emailed to creditors and posted on PwC's website and/or tabled at the Second Meeting.

Purpose of second meeting

The Second Meeting will:

- address the contents of this Report
- respond to questions from creditors
- determine the company's future by resolving one of the three available options
- seek approval of:
 - administrators' remuneration
 - future remuneration of the liquidators
- should creditors desire, consider the formation of a Committee of Inspection ("COI")

The current Administrators automatically become the Deed Administrators or Liquidators unless creditors resolve to replace them.

Our opinion regarding the future of the Company is set out in Appendix 1.

In summary, our opinion is that the Company is insolvent, and our recommendation is that it should be wound up at the Second Meeting.

Introduction (contd.)

Second meeting details

The Second Meeting will be held at 10:30am AEST on **Wednesday, 12 June 2024** virtually. Formal notification Form 529 – Notice of Meeting of Creditors is attached at **Appendix 3**.

Video conferencing facilities will be provided to creditors that submit a Proof of Debt and proxy form indicating their attendance at the meeting before **4pm AEST on Tuesday, 11 June 2024**.

The Act stipulates the timing of the Second Meeting. Generally, the Second Meeting must be convened between 15-25 business days (or 20-30 business days at Christmas and Easter) from the date the administration begins. The Court may extend the convening period if circumstances require.

We have not applied to the Court for an extension of time.

Meeting registration

To register attendance and be entitled to vote at the Second Meeting, creditors must complete and submit the following forms attached at **Appendix 4** and **Appendix 5**.

Forms must be submitted no later than **4pm AEST on Tuesday, 11 June 2024** to Amit Kotecha by email at amit.a.kotecha@au.pwc.com or via regular post to The Brink Company Pty Ltd (Administrators Appointed), 2 Riverside Quay, Southbank, VIC 3006. If returning the forms via post you must allow time for postage to ensure that they are received by the due date.

Only creditors of the Company are entitled to vote at the Second Meeting.

If you plan to attend via video conference, please indicate when returning your completed proxy form for the meeting. The video conference details will only be provided to creditors that have lodged a proxy form and confirmed their attendance via video conference before the time indicated above.

Creditors are encouraged to join the meeting as early as possible after the registration time to enable the orderly registration of attendees so that the meeting can commence on time.

Registration forms

Form 532 – Appointment of Proxy

A new proxy form is required to be completed for each creditors' meeting (i.e. previous meeting proxy forms are invalid for the Second Meeting).

If a corporate creditor wants to be represented at the Second Meeting, it must appoint an individual to act on its behalf by providing an executed proxy form.

Individuals may choose to appoint a representative to vote on their behalf by executing a proxy form. If an individual is attending in person a proxy form is not required.

Form 535 - Proof of Debt or Claim Form

This form is required to be completed to entitle a creditor to vote at the Second Meeting. Documents to support the amount claimed (e.g. unpaid invoices) must also be provided.

There is no requirement to resubmit a proof of debt form if previously provided unless the amount claimed has changed.

Please take care when completing the form to ensure the correct party is named as the creditor. As an example, this may include XYZ Pty Ltd as trustee for the ABC Family Superannuation Fund.

Introduction (contd.)

Committee of Inspection (“COI”)

Creditors may wish to establish a COI at the Second Meeting, typically to assist and guide the liquidator or deed administrator (as applicable). A minimum of two members is required to form a COI, except in the case of a DOCA, where a COI must consist of at least three and not more than five members (unless the DOCA provides otherwise).

It is our opinion that a COI is not required in the current circumstances. An information sheet on the role of a COI is included at **Appendix 7**.

Creditors should consider whether they are in a position to be a COI member, as membership of a COI requires attendance at meetings (video conference facilities will be available, so members do not have to attend in person). Members of the COI must have regard for the creditor group’s interest, not their own interests.

Importantly, for a creditor to be eligible for appointment as a member of a COI, they must either:

- be in attendance at the Second Meeting
- appoint a general power of attorney to attend the Second Meeting on their behalf
- authorise a person in writing to be a member of the COI on their behalf.

If you wish to be a COI member or would like to nominate a member for appointment to a COI (if one is appointed), please complete the attached Nomination at **Appendix 8** and return it to this office by email to Amit Kotecha by email at amit.a.kotecha@au.pwc.com by no later than **4pm AEST on Tuesday, 11 June 2024**.

Further information

To assist creditors, employees, and shareholders to understand the voluntary administration process, the Australian Securities and Investments Commission (“ASIC”) has released a package of insolvency information sheets endorsed by ARITA.

Enclosed at **Appendix 9** is ASIC’s publication Insolvency information for directors, employees, creditors and shareholders, which provides an index of all the information sheets that are available. You can download these information sheets from:

- www.asic.gov.au
- www.arita.com.au

Company Background

Company overview

Our searches of ASIC's database indicates the Company was registered on 21 September 2018.

Company structure

The Company does not have any subsidiaries. The ownership of the Company is outlined below.

Statutory information

A search of ASIC's database reveals the following details of the Company and its directors, other officers and shareholders.

Company details

Date of incorporation	21 September 2018
Registered office	351 Learmonth Road
Principal place of business	MITCHELL PARK, VIC 3355

Directors

Appointment from / to

Peter John Batman Caughey	3 August 2021 to 5 April 2023, and 9 June 2023 to Current
Jason Paul Vanderzalm	11 April 2022 to Current
Luke Anthony Dillon	27 May 2021 to 07 February 2022
Stuart Benjamin Richardson	27 May 2021 to 30 June 2023
Brett Allan Carey	21 September 2018 to 17 April 2023
Emma Elizabeth Carey	21 September 2018 to 8 February 2022

Secretary

Appointment from / to

Emma Elizabeth Carey	21 September 2018 to 8 February 2022
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Current issued capital

Ordinary shareholdings

Number of ordinary shares/ interests issued	29,544,875
Total amount paid/ taken to be paid	\$8,691,903.48
Total amount due and payable	\$0.00

Top 5 ordinary shareholders

% holding

Maverick Venture Pty. Ltd.	27.08
Riversdale Capital Pty Ltd	10.66
Prest Investments Pty Ltd	7.33
B & E Carey Pty. Ltd.	6.77
CLJ Investments Pty Ltd	5.33

Preference shareholdings

Number of preference shares/ interests issued	273,000,000
Total amount paid/ taken to be paid	\$2,730,000.00
Total amount due and payable	\$0.00

Preference shareholders

% holding

Riversdale Capital Pty Ltd	47.25
C L J Super Pty Ltd	27.11
CLI Investments Pty Ltd	20.15
TMT Super Pty Ltd	3.66
Relentless Ventures Pty Ltd	1.83

Company Background

Registered security interests

Our searches of the Personal Property Securities Register (PPSR) indicate the following 38 security interests registered over the Company's assets:

- 33 x Other goods
- 4 x Motor vehicle
- 1 x ALLPap with exception

A summary outlining the PPSR creditors of the Company as at the date of our appointment is enclosed in **Appendix 2**.

Refer to the Summary of ROCAP Section 5 for details how the registrations have been dealt with since our appointment.

Business background

The Company is a manufacturer of bespoke alcoholic and non-alcoholic beverages that provides a whole-of-project management service including design, blending, bottling, packaging, warehousing and supply chain management services. The Company's business traded under the name "Brink Drinks".

The Company's business operated from two premises in Ballarat, Victoria. The manufacturing and packaging facility operated from a leased premises at 351 Learmonth Road, Mitchell Park and the warehouse is located in leased premises at 30-32 Grandlee Drive, Wendouree.

The Company employed 21 staff on appointment including a Production Manager and a Warehouse Manager.

The business started trading in or around November 2018. At appointment there were c.40 active customers.

The Company held product for each separate customer, and ingredients for each customers' bespoke beverage product.

The customers primarily consisted of boutique food and beverage suppliers, who required relatively small production runs. The Company's strategy was to acquire a range of large customers to achieve economies of scale and maintain continuous production runs, thereby reducing setup costs for product manufacturing.

One of the production lines is a bottling line, however demand for bottles has declined in recent years.

Reasons for failure

We are advised by the directors of the Company via interview, their ROCAPs, and Director questionnaires, that the reasons for the current financial position of the Company are:

- Under-capitalisation / withdrawal of funding support
- Post-COVID downturn in business
- Unable to secure large, reliable customers to achieve large scale production runs
- Trading losses due to contract and order mispricing, and small production runs
- Poor receivables collection / cashflow management
- Delayed supply of packaging affecting production and order output, and
- Reduction in demand for certain products and under utilisation of production lines.

Conduct of Administration

First Meeting of creditors

The first meeting of creditors of the Company was held on 17 May 2024 (First Meeting), pursuant to s436E of the Act. No resolutions were proposed at the meeting. Minutes for this meeting can be obtained from ASIC (www.asic.gov.au).

Assets / Trading of Business

Subsequent to the appointment on 8 May 2024, the Administrators staff attended the Company's premises to identify and secure the Company's assets.

The business ceased operating whilst an urgent assessment of current trading and scheduled customer orders was conducted. The customers were asked if they would provide financial support to complete production orders. There was no appetite to provide financial support. Given it was commercially unviable to continue production, the majority of staff were immediately stood down and steps were taken to place the manufacturing facility into care and maintenance.

A skeleton staff was retained to assist with the movement and sale of stock in the warehouse.

An assessment of inventory and completed stock held in the warehouse identified rejected and/or defective stock which was in dispute and/or unsaleable. Negotiations with customers are continuing for the sale of as much stock as is commercially viable, considering holding costs.

Details of the inventory realisations have been withheld so as to not prejudice the continuing sale negotiations. An accounting for inventory and stock realisations will be provided in the future.

Valuers and sale agents were engaged to provide a valuation and sale strategy for the Company's plant and equipment, subject to secured creditor and other security interest claims. This included the following items of plant and equipment:

- mixing and storage tanks
- rinsing, bottling, and canning plant
- carbonisation equipment
- water treatment plant
- conveyor plant
- packaging equipment
- warehouse shelving and pallet racking
- forklifts and motor vehicles
- control and instrumentation equipment

The Administrators also advertised the sale of this equipment and/or the business in the Australian Financial Review on 16 May 2024.

Details of the plant and equipment realisations have been withheld so as to not prejudice the continuing sale negotiations. An accounting for plant and equipment realisations will be provided in the future.

Negotiations and recovery of customer debtors is also continuing and an accounting for debtor receipts will be provided in the future.

Conduct of Administration

Major work streams

In conjunction with our statutory obligations, our areas of focus in the administration to date have included the following:

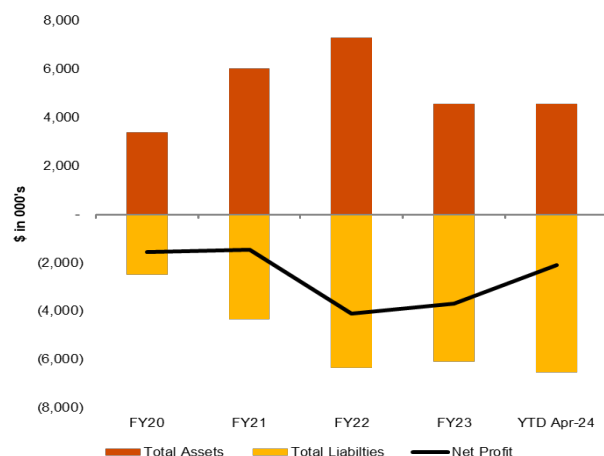
- Identified and secured the Company's assets and considered realisation strategies for each asset
- Obtained insurance cover for the Company's assets and placed public liability insurance
- Liaised with customers regarding outstanding and/or disputed debts, completed products, inventory and considered options for recovery in the administration
- Liaised with landlords, suppliers and creditors regarding the Company's premises, and accounting for inventory and stock
- Received and assessed c.15 supplier PPS claims and continue to contact other secured parties
- Engaged valuers and sale advisors to assist with realisation strategies for the Company's assets
- Marketed the business and assets for sale
- Liaised with c.20 interested parties regarding a sale of the business and plant and equipment in situ and/or individual
- Liaised with ATO regarding alcohol held in the bonded warehouse relating to excise duty
- Communicated with employees regarding the appointment and extracted from the Company's records a schedule of outstanding employee entitlements
- Assessed workforce requirements to assist with the administration workstreams, and retained, stood down and/or terminated employment as appropriate
- We have undertaken real property, motor vehicle and financial institution searches to identify assets of the Company
- Sought completion of Reports on Company Activities and Property (ROCAP) and director's questionnaires by each director of the Company
- Sought production of all books and records of the Company from the directors and other advisors to the Company
- Prepared and issued notices to creditors calling this first meeting of creditors
- Communications with creditors regarding appointment, their debt, proof of debt and proxy forms for the first and second meeting of creditors
- Prepared for and conducted the first meeting of creditors
- Prepared minutes and lodge with Australian Securities and Investments Commission (ASIC) after the conclusion of first meeting of creditors
- Review of books and records, ROCAPs and directors' questionnaires when received
- Lodged the Directors' ROPCAPs with ASIC
- Conducted preliminary investigations into the Company's affairs based on the books and records produced to the Administrators and assessment of potential recovery actions available to a Liquidator appointed to the Company
- Conduct preliminary solvency analysis
- Preparation of this report to creditors including notice for calling the second meeting of creditors, and
- Preparation for second meeting of creditors.

Company Financial Background

Company financial information

The Company's financial information was maintained in the Xero accounting software. We have been provided access to this software and the Company's former accountant provided the audited financial statements for FY21 to FY22, the unaudited financial statements for FY23, and the management accounts for the period June 2023 to April 2024 given no externally prepared accounts have been prepared for this period. We have not audited or verified the accuracy of this financial information.

The financial information shows the Company was loss making year on year at both a net profit and EBITDA level from at least FY20 to appointment and was net asset deficient since at least June 2023.



Audit Report Information

The auditor provided a qualified opinion on the company's FY22 financial statements in relation to quantity and valuation of inventory. The auditor also notes a material uncertainty related to going concern.

The FY23 financial accounts were not audited.

Profit and Loss Information

\$ in 000's	Notes	FY20	FY21	FY22	FY23	YTD Apr-24
Sales	1	1,659	6,585	8,540	7,856	5,073
Other Income	2	109	183	75	25	0
Revenue		1,768	6,767	8,614	7,882	5,073
Cost of Goods Sold	3	(1,733)	(5,462)	(7,933)	(7,431)	(4,146)
Gross Profit		34	1,305	681	451	928
Operating Expenses	4	(1,292)	(2,130)	(3,860)	(3,412)	(2,214)
EBITDA	5	(1,258)	(825)	(3,179)	(2,962)	(1,287)
Depn. & Amort.		(222)	(440)	(579)	(487)	(315)
Net Interest & Taxes		(92)	(212)	(337)	(238)	(512)
Net Profit / (Loss)	5	(1,572)	(1,478)	(4,096)	(3,686)	(2,113)

Notes

1. The Company's main source of revenue is from the sale of beverages which is recognised on the delivery of goods to customers according to the Company's audited financial statements.
2. Other income comprises non-production or sales related income including ATO and other government rebates, Jobkeeper subsidiary and minor amounts of interest income.
3. Cost of goods sold comprises expenditure related to production including purchases of raw materials and packaging, direct wages costs, and freight and transport costs.
4. Operating expenses includes, external consultant fees (e.g. accountants, lawyers, IT specialists), waste management, general overheads and repairs and maintenance costs.
5. The Company incurred year on year losses at an EBITDA level from at least FY20 to appointment.

Company Financial Background (contd.)

Balance Sheet Information

\$ in 000's	Notes	Jun-21	Jun-22	Jun-23	Apr-24
Current assets					
Cash & Cash Equivalents	1	41	631	67	33
Inventory	2	2,419	2,383	1,165	1,505
Other Current Assets	3	60	61	377	(3)
Receivables	4	710	1,399	488	590
Total current Assets		3,229	4,474	2,097	2,125
Non-current assets					
Property, Plant & Equipment	5	2,777	2,831	2,459	2,170
Intangibles	6	16	0	-	264
Total non-current assets		2,793	2,831	2,459	2,434
Total assets		6,022	7,305	4,557	4,559
Current liabilities					
ATO Liabilities	7	(129)	(363)	(275)	(710)
Employee Liabilities	8	(42)	(72)	(50)	(701)
Payables	9	(2,611)	(3,264)	(3,148)	(1,644)
Provisions	10	(159)	(245)	(138)	(116)
Shareholder Accounts	11	(110)	25	25	(16)
Chattel Mortgages (Current)	12	(276)	(75)	(91)	-
Short Term Loans	13	-	(560)	(557)	(1,277)
Total current liabilities		(3,328)	(4,555)	(4,233)	(4,463)
Non-current liabilities					
Shareholder Accounts (NCL)	11	(124)	-	-	25
Chattel Mortgages	12	(502)	(70)	(15)	-
Loyalty Funding - Packaging Supplier	14	(234)	(203)	(182)	(2,087)
Private Asset Funding	15	(160)	(14)	-	-
Long Term Loans	13	-	(1,508)	(1,660)	-
Total non-current liabilities		(1,020)	(1,795)	(1,857)	(2,062)
Total liabilities		(4,348)	(6,350)	(6,090)	(6,525)
Net Assets		1,674	956	(1,533)	(1,967)
Share Capital		5,059	8,437	8,584	11,314
Current Year Earnings		(1,478)	(4,096)	(3,686)	(2,113)
Retained Earnings		(1,907)	(3,385)	(6,431)	(11,168)
Equity		1,674	956	(1,533)	(1,967)

Notes

- Bank accounts and cash on hand. We have written to financial institutions to confirm any balances held by the Company.
- Inventory includes materials, finished goods, stock in transit (goods invoiced not received, and goods received not invoiced), production and miscellaneous consumables, spare parts and work in progress, net of any provision for unsaleable stock on hand. We note the comments of the auditor in the FY22 audit report regarding lack of records to demonstrate the valuation of opening and closing inventory values. We have not investigated the Company's inventory valuation methodology and note that the book value disclosed may not represent the asset's market value which is determinable upon sale if realised.
- Other current assets includes the net value of items such as prepayments, foreign currency exchange gain/loss, equipment or property bonds, and prepaid expenses.
- The balance of the trade receivables are recognised at the nominal transaction value net of a doubtful debt provision if required. Approximately 75% of the trade receivables as at 30 April 2024 were 2 months old or less indicating a high level of recoverability. However, this was deemed to not be the case after further investigations were undertaken. This is discussed further in Section 6.
- Comprises buildings and improvements, capital equipment work in progress (relocation), and plant and equipment, net of accumulated depreciation. The plant and equipment comprises motor vehicles, mixing, bottling and packaging machinery, furniture and other chattels. The net book value disclosed is not necessarily representative of the assets' market value and will only be determined upon sale of these assets whether individually or via sale of the business, if any. We have undertaken vehicle searches to confirm all items registered in the Company's name. Property, plant and equipment may be encumbered in respect of the liabilities set out in Notes 12, 13, 14 and 15.
- Intangibles includes borrowing costs.

4 June 2024

Company Financial Background (contd.)

Notes (cont.)

7. ATO liabilities in respect of the integrated client account, GST and PAYG. We are yet to receive this information from the ATO. The Company's books and records indicate there had been numerous payment plans setup over the years, all defaulting. The latest ATO payment plan was dated January 2023, and the Company was making payments of \$14,100 per month before defaulting prior to appointment. We have requested confirmation from the Australian Taxation Office (**ATO**) of any debt outstanding or otherwise, and details of outstanding lodgements. More detail is provided in Section 6.
8. Comprises superannuation payable in respect of employees. An assessment of any outstanding employee entitlements including superannuation will be conducted and reported to employees as soon as possible.
9. Comprises items such as trade creditors, prepaid income, accrued expenses, accrued labour, inventory accrual, short term loans and security bonds. Foreign currency accounts payables have been converted to AUD using rates provided by XE.com or as otherwise stated in the financial reports. We have written to creditors seeking details of their debt.
10. Comprises provisions for items such as annual leave, long service leave and income tax.
11. Compromised of loans from shareholders and to Directors classed as current (due within 12 months after the reporting date) or non-current (due more than 12 months after the reporting date). The historical accounts included loans from Krebs Family Trust, SBR Ventures, and a loan to former Director, Brett Carey. Further investigation will be undertaken into any Director and other related party loans by a liquidator.
12. Compromised of chattel mortgages classed as current (due within 12 months after the reporting date) or non-current (due more than 12 months after the reporting date). The historical accounts included mortgages in respect of premium insurance funding and hire purchase from external suppliers. Specific current and non-current mortgages may represent finance in respect of plant and equipment indicated in Note 5.
13. Short term and long term loans includes a working capital facility and a convertible note from Dorman capital Investment Group (DCIG). DCIG has an 'ALLPap - With exceptions' security interest registered against the Company. The secured party group contains several shareholders. Further investigation will be undertaken into any related party loans by a liquidator.
14. Comprised of prepayment /finance arrangement with packaging supplier, Orora Limited, in respect of machinery and supplies. Orora Limited has registered a security interest in respect of goods supplied to the Company.
15. Comprised of a loan from shareholder Sophella Property Pty Ltd. It is not clear if a registered security interest exists in respect of this loan. Further investigation will be undertaken into any related party loans by a liquidator.

Report on Company Activities and Property (ROCAP)

Directors' Reports on Company Activities and Property (ROCAs)

A company director must provide an administrator with a ROCAP outlining the company's business, property, affairs and financial circumstances at the appointment date. The ROCAP should include:

- net asset book values (based on historical financial records)
- estimated asset realisable values
- known liabilities.

The ROCAs dated 31 May 2024 submitted by the Directors to the Administrators are summarised below.

\$ in 000's	Notes	ROCAP Book Value	ROCAP Estimated realisable value	Administrators Estimated realisable value
Cash at Bank	1	34,432	34,432	34,432
Accounts Receivable	2	766,517	Not Stated	Withheld
Inventory	3	1,155,226	Not Stated	Withheld
Buildings & Improvements	4	223,427	Not Stated	Withheld
Plant & Equipment	4	1,769,436	Not Stated	Withheld
Total Known Assets		3,949,038	34,432	Withheld
Priority Creditors				
Employee Liabilities	5	(331,194)	(331,194)	TBC
Secured Creditors	6	Not Stated	Not Stated	(2,486,639)
Statutory Creditors				
ATO	7	(678,561)	(678,561)	TBC
Unsecured Creditors				
State Revenue Office Vic.	8	(23,459)	(23,459)	TBC
Accounts Payable	9	(1,455,215)	(1,455,215)	(1,455,215)
Total Known Liabilities		(2,488,430)	(2,488,430)	(3,941,854)
Surplus Subject to cost of liquidation		1,460,608	(2,453,998)	Unknown

Notes to Directors' ROCAs

1. Cash at Bank

Our investigations identified that the Company held a bank account with the National Australia Bank (**NAB**) with a credit balance of \$34,431.87 on appointment.

2. Accounts Receivable

The Directors provided an aged receivables summary report as at 8 May 2024 printed from the Xero accounting software which reports a balance of \$766,517. No estimated realisable value was provided. We reviewed the details of the receivables with the assistance of the Company's accountant and it was determined that the reported value is not representative of the realisable value. The estimated realisable value has been withheld so as to not prejudice debtor recovery actions. The Company's receivables value and collectability is discussed further in Section 6.

3. Inventory

The Directors provided a stock on hand report for finished goods, returnables and materials as at 8 May 2024 which reports a balance of \$1,155,226. There exists numerous security interests registered on the PPS register in respect of inventory, and the Administrators are dealing with the secured parties and suppliers accordingly. The estimated value is withheld whilst negotiations are continuing. We also note the auditor's qualified opinion and commentary regarding inventory value in the FY22 financial report.

4. Buildings & Improvements and Plant & Equipment

The Directors provided a depreciation schedule for the 10 months ended 30 April 2024 printed from the Xero accounting software which reports a closing balance of \$223,427 for 'Buildings & Improvements' and \$1,992,863 for 'Plant & Equipment'. However this value is not representative of the realisable value as the Company capitalised installation and improvement costs, and the realisable value may be adversely affected by their location, holding and/or removal costs, demand for asset specification, and whether sold in situ or individually. There exists numerous security interests registered on the PPS register in respect of assets including building improvements and plant and equipment, and the Administrators are dealing with the secured parties accordingly. The estimated value is withheld so as to not prejudice the continuing sale of assets.

Report on Company Activities and Property (ROCAP) (contd.)

5. Employee Liabilities

The Directors provided a spreadsheet calculation of employee entitlements owed to 16 employees totalling \$248,293 consisting of:

- \$22,190.53 unpaid wages;
- \$72,416.73 accrued annual leave;
- \$50,955.32 payment of notice in lieu; and
- \$102,730.53 redundancy.

These amounts exclude employee entitlements for 4 employees retained to assist with the liquidation. The Directors also provided a 'Super Contributions Report' reporting unpaid superannuation as follows:

- \$50,066 for the period 1 January 2024 to 31 March 2024 (March 2024 quarter); and
- \$32,835 for the period 1 April 2024 to 24 May 2024 (partial June 2023 quarter).

Employee entitlement claims have a priority over circulating interests of the Company and employees may also be eligible for the FEG payment scheme in the liquidation of the Company. Preliminary investigations and calculations of the estimated liability have been prepared, subject to any further redundancies.

6. Secured creditors

A secured creditor is a creditor that holds a security interest over some or all of the Company's assets. These security interests are generally either registered on the Personal Property Securities Register (PPSR) or, in the case of land, at the relevant Land Titles Office. A secured creditor will generally have the first right to proceeds from the sale of the relevant asset.

The Directors confirmed in the ROCAP that Company owes secured creditors, but did not disclose the value of the amount owed. The liquidators' estimate realisable value is the total of the amounts provided in the 'Form 535 Proof of debt' submitted by the GSA secured creditors.

There are numerous security interests registered over the Company's assets including 'Other Goods', 'Motor vehicle' and 'ALLPAP – with exception'. Please refer to Notes 2, 3 and 4 regarding the Company's assets which may be the subject of a security interest. We are liaising with the secured parties to seek details of their security interest and details of their debt outstanding, and where appropriate to realise the specific assets subject of the security interests. We are yet to receive responses from each of these creditors.

We do not have sufficient information at this time to advise whether the secured creditors will be paid out in full from the proceeds of the sale of the assets the subject of their security, or will suffer a shortfall and claim against the Company. Note if a secured creditor suffers a shortfall they are entitled to lodge a Proof of Debt and share in any return to non-priority creditors.

7. ATO

The Directors reported an amount owing to the ATO. We have written to the ATO seeking confirmation of the debt owed to the ATO and details of any outstanding lodgements. We note an ATO payment plan was in place on appointment. The payment plan is discussed further in Section 6.

8. State Revenue Office Victoria (SROV)

The Directors reported an amount owing to the SROV. We have written to the SROV seeking confirmation of the debt owed to the SROV and details of any outstanding lodgements.

9. Accounts Payable

The Directors provided an aged payables summary report as at 8 May 2024 printed from the Xero accounting software which reports a balance of \$1,455,215. We have received some Proofs of Debt to date which have generally been in line with the amounts disclosed in the Company's books and records.

Investigations

Background

We have made enquiries into the financial affairs of the Company. The investigations we have undertaken are only indicative of the actions that may be possible in the event of a liquidation.

A Liquidator of a company has the power to pursue certain transactions that took place prior to the date of liquidation with a view to enhancing the pool of funds available to the Creditors. It is important to note that these actions can only be pursued in the event that Creditors resolve to wind up the company and a Liquidator is appointed. Creditors should note that these actions may become expensive due to the time costs incurred in thoroughly investigating all aspects of potential claims and obtaining legal advice on the merits of the claims. In some cases, Court intervention is necessary to enforce recoveries, which adds to the length of time and costs to pursue the claims.

Where Liquidators do not have funds available to pursue recovery actions, or where they do not consider it commercial or in the best interests of Creditors to pursue an action, Creditors prepared to fund such action may choose to do so. Creditors providing such funding should, if sufficient moneys are recovered from the action, be entitled to receive the amount of their contribution in priority to other Creditors.

Alternatively, actions may be funded by litigation insurance, which is effectively a fund provided by a third party insurer/funder rather than by a creditor of the company. Litigation insurance tends to be available only for cases where legal advice indicates that the potential success of an action is very strong and outweighs the expense involved.

Certain defences may be available in relation to these claims and creditors should also consider the financial capacity of defendants and their ability to settle any established insolvent trading claim.

Reasons for the Company's difficulties

We have conducted investigations into the reasons for the Company's failure to the extent possible in the available time. We have based our investigations and opinions on information obtained from:

- available books and records, including management accounts, reports and financials
- directors
- discussions with creditors and customers
- former advisors to the Company
- searches of ASIC, and
- publicly available information.

Based on our preliminary investigations, the current financial position of the Company appears due to:

- inadequate cash flow
- under capitalisation
- ageing of customer receivables and poor cashflow management
- trading losses
- small production runs with high set up and production costs
- lack of large, reliable customers to achieve large scale, continuous production runs
- supply delays affecting production output, and
- poor economic conditions including reduced or stagnant demand for bespoke beverages.

The above will be investigated further should the Company be wound up.

Investigations (contd.)

Insolvency

In the course of our investigations we have endeavoured to ascertain whether the Company was insolvent at any particular point in time prior to our appointment as Administrators, in order to determine a point in time from which the provisions of Part 5.7B may be applied.

Solvency is defined in section 95A of the Act as when a company is able to pay all its debts as and when they become due and payable. A company that is not solvent is insolvent.

Whether a company is able to meet its debts as they become due is essentially a “cash flow” test rather than a “balance sheet” test (although its balance sheet is relevant). We have considered both tests as part of our investigations.

Consideration of the entire financial position of a company at any single point in time is required to establish if it is insolvent. This includes factors such as:

- the value of a company's assets relative to its liabilities
- the nature of these assets and liabilities
- the extent to which cash is expected to be generated from future trading activities
- the extent that cash is available from alternative sources.

In the case of a company, some of the factors that a Liquidator may also consider in determining the solvency position of the company are:

- the ability or otherwise of the company to obtain further funding from its financiers
- the ability or otherwise of the Shareholders or directors to inject further funds into the company
- the ability or otherwise of the Company to attract external investors
- the likelihood of success of negotiations with the company's suppliers in relation to extending payment terms

- the likelihood of success of negotiations with the company's key customers in relation to increasing sales
- any other relevant factors that the directors may assert that they had reasonable grounds to continue trading.

Directors who allow a company to continue trading when there are reasonable grounds for suspecting that the company is, or may become, insolvent may be held personally liable for debts incurred.

Given the Company's business as a bespoke beverage producer, a holistic approach with the benefit of hindsight needs to be considered as to whether the costs being incurred to operate the business were reasonably recoverable from the likely income from sale of beverages. Further, it is important to know if the Company had systems to manage its accounting and finance functions, and sufficient resources or ability to access appropriate funding in order to meet its debts as and when they fell due.

We have sought to consider these issues as part of our solvency analysis within the limited time available, and the limited records and information available.

Investigations (contd.)

Balance sheet

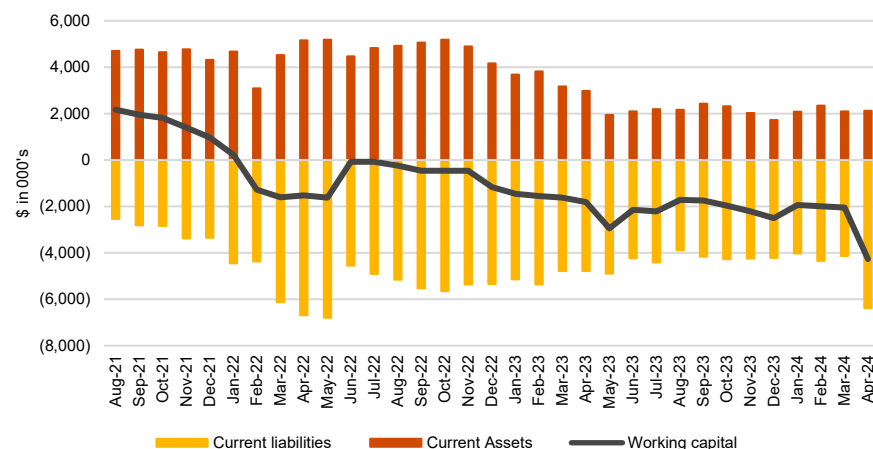
The balance sheet test assesses the solvency of a company with reference to its net asset position (i.e. the quantum of total assets relative to total liabilities). The Company's historical balance sheet is summarised below.

\$ in 000's	Jun-21	Jun-22	Jun-23	Apr-24
Total Assets	6,022	7,305	4,557	4,559
Total Liabilities	4,348	6,350	6,090	6,525
Net Assets	1,674	956	(1,533)	(1,967)

The balance sheet analysis can be limiting as it reflects a position at a single point in time and is subject to the carrying value of assets in the Company's records being correct. Relying solely on the balance sheet as reported, the Company has reported a net asset deficiency indicating it is balance sheet insolvent from at least June 2023. Noting the auditor's qualified opinion and commentary in the FY22 financial report that there was not sufficient appropriate evidence as to the closing June 2021, and closing June 2022 inventory quantities and valuations, the total and net asset positions summarised in the above table may be overstated. A downward adjustment in the valuation of inventory at FY21 and FY22 reporting dates may have resulted in earlier periods of net asset deficiency, meaning the Company may have been balance sheet insolvent earlier than June 2023.

Cashflow

Working capital analysis is representative of a cashflow analysis. Working capital, or net current assets, is an indicator of liquid asset available to pay debts as and when they fall due. A working capital ratio of less than one indicates that the Company may not be able to pay its debts as and when they fall due, i.e. their current assets are insufficient to meet their current liabilities. An analysis of the Company's working capital using the financial information in the Company's Xero accounting software is below.



The Company had a deteriorating working capital position from at least September 2021. However, the working capital was both deteriorating and in deficit every month from at least July 2022 until approximately June 2023 when \$1.05m of working capital was raised via a preference share issue. Notwithstanding the \$1.05m working capital injection in June 2023 and further \$1.08m and \$600k working capital raises via preference share issue in August 2023 and in January 2024 respectively, the overall working capital position remained in deficit, and decreasing on average until the appointment of Administrators on 8 May 2024.

Investigations (contd.)

Based on our investigations to date, the support of certain shareholders was the Company's only means by which the Company could meet its ongoing obligations. These shareholders had provided a secured syndicated debt facility and convertible note facility, and several tranches of unsecured funding via equity. Administrators were appointed following those shareholders withdrawing support by declining to provide further working capital funds as requested by the Directors on 3 May 2024.

Other solvency indicators

In addition to the above balance sheet and cashflow analysis there are other indicators of potential insolvency at various points in time. Our preliminary observations are summarised in the following table and further commentary follows.

Indicator	Present	Comment
Continuing trading losses	Yes	Trading losses at an EBITDA level since at least FY20
Liquidity ratio below one	Yes	Both Current ratio and Quick ratio less than 1 on reporting dates from FY20 to appointment; Net working Capital in deficit and deteriorating since at least July 2022
Overdue Commonwealth and state taxes	Yes	ATO and OSR to confirm position, noting existence of ongoing payment plans with ATO since October 2020
Poor relationship with borrower/financier	No	Not identified in the Company's records
No access to alternative finance	Uncertain	Further investigation required
Inability to raise further equity	Uncertain	Further investigation required
Supplier placing debtor on COD terms, otherwise demanding special payments before resuming supply	Yes	Suppliers ceasing supply, enforcing payment plans and/or issuing letters of demand from at least January 2023, payment plan with c.30 suppliers in June 2023
Creditors outside trading terms	Yes	Deterioration of aged payables (>3 months) since at least August 2022
Issuing of post-dated cheques	N/A	It is likely the Company exclusively used electronic banking
Dishonoured cheques	N/A	It is likely the Company exclusively used electronic banking
Special arrangements with selected creditors	Uncertain	Further investigations required
Legal action threatened or commenced, or judgements entered against the company	No	Not identified in the Company's records
Payments to creditors of rounded figures, which are irreconcilable to specific invoices	No	Not identified in the Company's bank statements

Investigations (contd.)

Continuing trading losses

As set out in 'Profit and Loss Information' in Section 4, the Company incurred year on year trading losses from FY20 to appointment at both the EBITDA and net profit level as summarised below.

\$ in 000's	FY20	FY21	FY22	FY23	YTD Apr-24
Gross Profit	34	1,305	681	451	928
EBITDA	(1,258)	(825)	(3,179)	(2,962)	(1,287)
Net Profit / (Loss)	(1,572)	(1,478)	(4,096)	(3,686)	(2,113)

Liquidity ratios

As set out in 'Cashflow' earlier in section 9, the working capital position, measured by net current assets was in deficit since at least July 2022. This translates to a liquidity ratio of less than 1 for at least this period.

Liquidity ratio	Jun-20	Jun-21	Jun-22	Jun-23	Apr-24
Current ratio (Current assets/Current liabilities)	0.86	0.97	0.98	0.50	0.48
Quick ratio (Cash + Acct rec)/Current liabilities)	0.31	0.23	0.45	0.13	0.14
Current assets	1,236	3,229	4,474	2,097	2,125
Current liabilities	(1,437)	(3,328)	(4,555)	(4,233)	(4,464)
Net working capital \$'000 (Current assets – Current liabilities)	(201)	(99)	(80)	(2,136)	(2,339)

Distressed sale and recovery values aside, an analysis determined the current asset position to be overstated in respect of the reported values of accounts receivable as detailed below.

Accounts receivable collectability

An analysis of the accounts receivable balance reported in the Company's accounting records on appointment was conducted to facilitate debtor collection and recovery actions.

The accounts receivable balance extracted from the Company's accounting software on appointment was \$724,482 across c.60 debtors. A summary of the Administrators' initial analysis of the collectability of accounts receivable is as follows:

Description	\$'000
Reported balance of accounts receivable 8 May 2024	724.5
Add back credit balances	42.3
Less prepayments	(357.6)
Accounts receivable net of credit balances and prepayments	409.1

The above mentioned values are before the administrators' fees, disbursements, costs of collection and legal fees. The commerciality of recovery will be assessed for each debtor. The estimated recoverable values are withheld in this report so as to not prejudice ongoing debtor recovery.

Investigations (contd.)

Overdue Commonwealth and state taxes

The Company has been on payment plans with the ATO since at least 26 October 2020. A summary of the payment plans and default correspondence from the ATO in the Company's books and records is summarised below.

Date	Amount of plan (\$)	Plan start date	Plan end date
26/10/2020	122,263.89	2/11/2020	3/5/2021
31/03/2021	120,797.29	6/4/2021	6/4/2023
30/11/2021	Plan defaulted; \$139,045.88 due		
3/5/2022	323,159.10	9/5/2022	9/5/2024
29/09/2022	Plan defaulted; \$328,314.99 due		
27/01/2023	338,121.29	6/2/2023	6/1/2025
28/04/2023	Plan defaulted; \$337,436.64 due		
7/7/2023	393,408.71	14/07/2023	14/12/2023
28/09/2023	Plan \$64,267.92 in arrears		
17/10/2023	Plan \$148,922.84 in arrears		
23/10/2023	Plan defaulted; \$326,386.34 due		
23/05/2024	715,566.12	17/05/2024	17/01/2025

The Company had a payment plan dated 28 September 2023 with the SROV to run weekly from 16 October 2023 to 18 December 2023. The Company's accountant advised that one payment was made on the plan.

Supplier arrangements and demands

Information submitted by the Directors indicates that the Company arranged and agreed payment plans for c.30 trade creditors in June 2023.

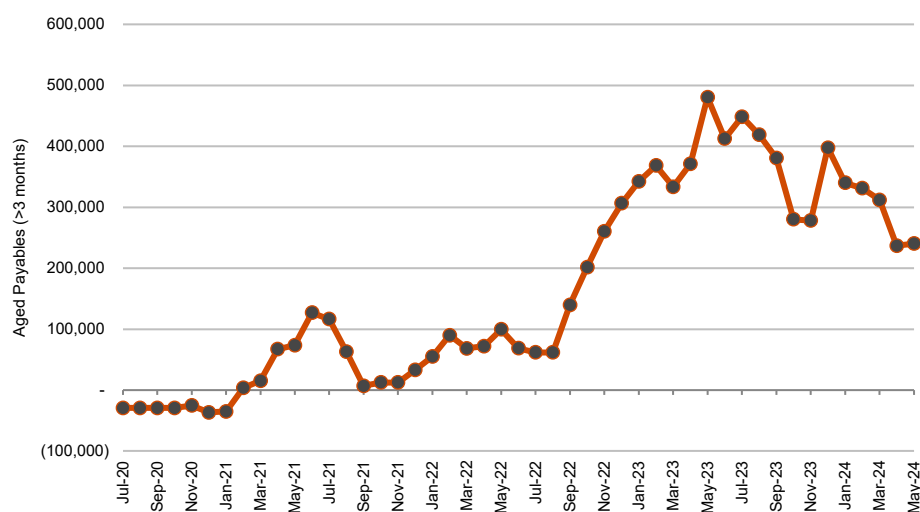
Additionally, correspondence in the Company's books and records from as early as January 2023 included informal demands for payment, overdue accounts referred to collection agencies, stop supply letters and payment plan default letters.

Date	Supplier	Notice type
18/01/2023	LTS Lift Truck Specialists PL	Informal demand
28/02/2023	O'Neil Transport Pty Ltd	Deed of settlement
28/04/2023	JK Personnel c/- The Debt Collection Company Pty Ltd	Informal demand
23/05/2023	BVAC PL	Informal demand
5/01/2024	CMPT	Informal demand
5/01/2024	Wine Storage Options	Informal demand
4/02/2024	Redox	Overdue letter and stop supply
22/03/2024	Redox	Overdue letter
17/05/2024	Blackbook Executive Pty Ltd c/- JMA Credit Control	Default of payment plan and letter of demand
29/04/2024	COSPAK	Informal demand
3/08/2024	Allianz Australia Insurance Limited	final letter of demand
4/08/2024	AGL	Disconnection of service due to non-payment of accounts
TBC	DMC Automation	Payment plan defaulted

Investigations (contd.)

Accounts Payable ageing

An analysis of the Company's aged payables (greater than 3 months) using the financial information in the Company's Xero accounting software is below.



The aged payables (greater than 3 months) deteriorates (i.e. increases) significantly after June 2022 reaching a peak in around June 2023 when working capital funds of \$1.05m were provided. However, from June 2023, the Company entered payment plans with c.30 creditors and the directors sought safe harbour advice. This is a further indication that the Company was unable to meet its debts as and when they fell due from at least June 2023, subject to the success of the payment plans in improving working capital.

Further investigations are required to determine if any of the creditor amounts in the accounts payable were in dispute or incorrectly recorded in the Company's accounts.

Working capital funding / Going concern

The funding support from investor parties over the period FY21 to appointment includes unsecured loans, a secured debt facility, a convertible note facility, and preference shares issued. The principal of investor funding over the period totals \$5.3m, with \$0.5m of unsecured loans repaid according to the Company's financial information. According to the facility agreements in the Company's books and records and the PPS registration against the Company, the secured investor parties are:

- Riversdale Capital Pty Ltd (ACN 612 652 990) as trustee of the Riverside Capital Trust
- CLJ Investments Pty Ltd (ACN 164 392 992) as trustee for Jensz Family Trust
- Kerry Anne Smith, and
- TMT Super Pty Ltd (ACN 160 135 768) as trustee for The Money Tree Super Fund (ABN 38 572 159 609).

The 'Working Capital Facility – DCIG' and 'Convertible Note – DCIG' appear to be secured facilities pursuant to a PPSR registered 'ALLPAP – with exceptions' security interest dated 7 March 2022. A legal review of the facility documents and security registration may be required prior to distributing liquidation funds, if any, to determine if:

- the security interest is valid
- the secured lenders have secured creditor priority status, and
- there is a priority status between the secured facilities.

Investigations (contd.)

The funding support is summarised from information extracted from the Company's financial statements and management accounts in the following table.

Date	Method of funding since June 2021	Principle funding \$'000	Date repaid / Balance on appt \$'000
30/06/2021	Loan - Allan & Jenny Carey (Loan # 1) Loan - Allan & Jenny Carey (Loan # 2) Loan - Parker Investment Trust Loan - SBR Ventures (Loan #2)	257	30/08/2022
30/06/2021	Loan - Sophella Property Pty Ltd	160	31/07/2022
30/03/2022	Loan - TDG Superannuation Pty Ltd	40	30/06/2022
30/03/2022	Loan - TDG Family Trust	60	30/06/2022
30/03/2022	Working Capital Facility - DCIG	557	632
30/06/2022	C-Note - DCIG	1,508	1,883
30/06/2023	Preference share issue	1,050	NA
31/08/2023	Preference share issue	1,080	NA
31/01/2024	Preference share issue	600	NA
31/01/2024	Loan - TDG Superannuation Pty Ltd	13	16
Total funding		5,324	NA
Less principal repayments		(517)	NA
Net funding		4,807	2,531
Funding split:			
Debt		2,077	2,531
Equity		2,730	NA

Solvency assessment

Based on our investigations to date, the support of certain shareholders who had provided a secured syndicated debt facility and convertible note facility, and several tranches of unsecured funding for equity, was the Company's only means by which the Company could meet its ongoing obligations. Administrators were appointed following those shareholders withdrawing support by declining to provide further working capital funds as requested by the Directors on 3 May 2024.

Therefore, the Company may have been insolvent from around the time of the apparent withdrawal of support by the shareholders. If further investigations reveal that the shareholders withdrew support earlier, or there were no prospects of the Company ever being in a position to repay the secured facilities to the shareholders, it is possible that an earlier date of insolvency may be identified.

In this regard and based on the preliminary investigations into the Company's financial performance and creditor management, the Company was showing signs of financial distress in FY20, and indicators of insolvency from at least July 2022. However, investor support continued with working capital funding up to June 2023, upon which the Company agreed payment plans for c.30 trade creditors. Around this time the Directors also obtained safe harbour advice indicating they believed the Company was either insolvent or likely to become insolvent. Therefore on the balance of information we consider that **the Company may have been insolvent from as early as June 2023.**

Further investigations into the Company's insolvency will be conducted by a liquidator should the Company be wound up. We note the Directors may have defences to an insolvent trading claim as discussed in Section 7.

Determining when a company became insolvent can be a costly and complex exercise, involving a detailed review of the company's financial position, cash flow, and other relevant information. Other relevant information may include the ease of access to working capital funding from shareholders, prospects of repaying the secured debt facilities, and alternative sources of finance the Company had during the relevant time.

Investigations (contd.)

Books and records

Although our review of the books and records provided is ongoing, we believe sufficient books and records have been provided to satisfy s286 of the Act.

A company must keep written financial records that:

- correctly record and explain its transactions, financial position and performance
- would enable true and fair financial statements to be prepared and audited
- must be kept for seven years after the transactions covered by the records are completed (s286).

Directors are responsible for ensuring that adequate financial records are maintained. Directors who fail to take all reasonable steps to ensure compliance with this requirement may be subject to a civil penalty order. This includes shadow and de facto directors. Failure to maintain books and records may give rise to a presumption of insolvency (pursuant to s588E of the Act).

A liquidator (if appointed) will continue investigations into whether any breaches of the Act may have occurred in relation to the maintenance of proper books and records, including:

- failure to keep proper financial records (s286)
- failure to take all reasonable steps to comply with financial records reporting requirements (s344)
- requiring officers to exercise a reasonable degree of care and diligence in the exercise of their powers and discharge of their duties (s180).

Director Duties

The Directors and Officers of a company are subject to a civil duty of care and diligence as provided for in Section 180(1) of the Act, amongst other statutory and common law duties.

Subsection 180(2) of the Act provides that a director or other officer who makes a “business judgment” is taken to have met the requisite statutory duty and the equivalent requirements in Common Law and in Equity, in respect of the judgment if they:

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

Pursuant to Section 1317E of the Act, if a Court is satisfied that a person has contravened Section 180 of the Act, it must make a declaration of that contravention. If a person contravenes Section 1317E of the Act, a Court may make a compensation order pursuant to Section 1317H of the Act.

These investigations are ongoing and will be completed by the Liquidators if the creditors decide that the Company is to be wound up.

Offences and liquidation recoveries

Background on voidable transactions

These investigations centre on transactions entered into by a company that a Liquidator may seek to void or challenge where a company is wound up. Investigations of this nature allow an Administrator to inform Creditors of what funds may become available in the event a company is wound up.

An Administrator's obligations with respect to investigations of this type is not to the same level as a Liquidator. A Liquidator may take many months to investigate these matters before reaching a conclusion as to any potential claims that may be recoverable.

These transactions generally fall into the categories as set out below:

- Unfair preference payments
- Uncommercial transactions
- Unfair loans
- Unreasonable Director related transactions
- Transactions with related parties.

The information provided in this section is based on our investigations to date. We have not yet had the opportunity to consider such matters in detail and more detailed investigations would be required before any final view can be formed.

In order for a transaction to be void as against a Liquidator, a company must have been insolvent at the time of the transaction. In this regard, we refer to our previous comments with respect to solvency.

Unfair preferences

Section 588FA of the Act provides that a transaction is an unfair preference if, and only if:

- the company and the creditor are parties to the transaction (even if someone else is also a party)
- the transaction results in the creditor receiving from the company, in respect of an unsecured debt that the company owes the creditor, more than the creditor would receive from the company in respect of the debt if the transaction were set aside and the creditor were to prove for the debt in the winding up of the company.

Even if the transaction is entered into, is given effect to, or is required to be given effect to, because of an Order of an Australian Court or a direction by an agency.

Unfair preferences apply to transactions entered into in a period of up to six months leading up to the appointment.

Where a transaction is part of a continuing business relationship, the preference payment claim could be reduced to the difference between the maximum amount payable within the six months leading up to the appointment and the amount payable at appointment (a "running balance" reduction).

We have commenced our investigation for the purposes of determining whether there were any transactions which may be recoverable under Part 5.7B of the Act, including:

- reviewed the Company's transactions for the six month period to our appointment
- reviewed running balance account statements (when available) to identify any potential "running balance" reduction to claims, including payment plans
- prepared a list of payments that may constitute unfair preferences.

Offences and liquidation recoveries (contd.)

Unfair preferences (cont.)

Our preliminary investigation has identified the following payments which may be recoverable as preference payments:

- three payments to the ATO totalling \$42,300, noting the Company had been on payment plans and arrangements with the ATO since October 2020
- payments totalling \$112,546 to six suppliers who had been issuing late payment notices and payment demands to the Company, noting a running balance account review has not been conducted on all, some payments may have been to induce supply, and some may be uncommercial to pursue
- transactions labelled as loan repayments to related parties totalling \$54,682 which require further investigations to confirm the nature of these payments.

Investigations into these and other transactions will be completed by a liquidator should the Company be wound up.

Uncommercial and insolvent transactions

For an uncommercial transaction to exist at the time of the transaction, it must have the following features:

- a reasonable person would not have entered into the transaction after considering the detriment and benefits to the company
- it was made when the company was insolvent
- it must have been entered into two years or less prior to our appointment as Administrators (however if it was a related entity it may be 4 years prior to the commencement of the administration)
- the person could have reasonably been aware that the company was insolvent at the time of the transaction or the person did not provide valuable consideration.

Transactions including loans to related parties and equity funding through share issuances to raise working capital have been identified in the Company's books and records. These transactions, along with the Company's solvency require further investigations to confirm the nature of the transactions including the commerciality of the terms and conditions accepted by the Company. These investigations will be completed by a liquidator should the Company be wound up.

Unfair loans

Section 588FD of the Act defines a loan as being unfair if:

- the interest on the loan was extortionate when the loan was made, or has since become extortionate because of variation
- the charges in relation to the loan were extortionate when the loan was made, or have since become extortionate because of variation.

In determining whether the interest on the loan was extortionate, the Liquidator will consider the commerciality of the arrangement, including but not limited to:

- the length of the loan term
- the security being offered, including third party security and the ranking of that security
- the amount of the loan
- any historical relationship the lender had with the company prior to the loan being granted
- the assets of the company, i.e. whether they are tangible, valuable etc.

Whilst loans and funding transactions have been identified, in the Company's books and records, these transactions require further investigations to confirm the nature of the transactions including the commerciality of the terms and conditions accepted by the Company. These investigations will be completed by a liquidator should the Company be wound up.

Offences and liquidation recoveries (contd.)

Unreasonable director related transactions

Section 588FDA of the Act sets out that a transaction of a company is an unreasonable director-related transaction of the company if the transaction is:

- a payment made by the company
- a conveyance, transfer or other disposition by the company of property of the company
- the issue of securities by the company
- the incurring by the company of any obligation to make such a payment, disposition or issue.

Apart from payments identified above, no other claims have been identified in our preliminary investigations. These investigations will be completed by a liquidator should the Company be wound up.

Insolvent trading

Insolvent trading is when a company incurs a debt at a time when:

- The company was insolvent or became insolvent by incurring the debt
- There were reasonable grounds to suspect the company was insolvent or would become so as a result of incurring the debt.

Company directors have a duty to prevent insolvent trading by not incurring debt when there are reasonable grounds for suspecting that the company is or will be unable to pay its debts as and when they fall due.

The objective test or standard of measure in deciding whether insolvent trading has occurred is whether a director can demonstrate that their actions are at the same degree and level that would be required of an ordinary reasonable person holding a similar position and responsibility in the same circumstances.

A director who fails to prevent a company from incurring a debt at a time when there are reasonable grounds for suspecting that the company is insolvent, or will become insolvent by incurring that debt, contravenes s588G of the Act.

Creditors should note that only a liquidator or an individual creditor with the liquidator's permission can bring an action against a director for breach of s588G. An administrator or deed administrator can not pursue a director for recoveries from contraventions of s588G of the Act.

A liquidator may recover from a director the amount of loss or damages suffered by a creditor (s588M).

Based on our investigations to date, the support of certain shareholders who had provided a secured syndicated debt facility and convertible note facility was the Company's only means by which the Company could meet its ongoing obligations. Administrators were appointed following those shareholders withdrawing support by declining to provide further working capital funds as requested by the Directors.

Offences and liquidation recoveries (contd.)

The Directors determined that the Company was insolvent in May 2024 when the shareholder investors withdrew financial support. If further investigations reveal that the shareholder investors withdrew support earlier, or there were no prospects of the Company ever being in a position to repay the secured facilities to the shareholders, it is possible that an earlier date of insolvency may be identified.

In this regard, an analysis indicates the Company was showing signs of insolvency from at least June 2023 (based on a preliminary assessment of insolvency indicators) when payment plans were agreed for at least 30 trade creditors and having received a safe harbour report which indicated that the Company may have been insolvent or likely to become insolvent.

We have identified trade supplier debts of approximately \$663,908 relating to an increase in the trade debtor position from June 2023 to appointment as an example of potential liquidator recoveries. However, a detailed assessment of other secured or unsecured debt incurred would be required to be undertaken after settling the date of insolvency, which may increase the potential insolvent trading claim.

There are inherent risks and difficulties in proving and pursuing these types of claims. Further analysis will be required by the Liquidator appointed to fully investigate the merit, other elements and quantum of any insolvent trading claim.

Defences

Defences available to directors under the Act in regard to allegations of insolvent trading are:

- the director had reasonable grounds to expect, and did expect, that the company was solvent at that time and would continue to be solvent if it incurred the debt.
- the director had reasonable grounds to believe that a competent and reliable person was responsible for providing adequate information about whether the company was solvent and that person was fulfilling the responsibility and it was expected, that on the basis of the information provided, that the company was solvent and would continue to be solvent when the debt was incurred.
- at the time the debt was incurred the director, due to illness or other good reason, did not take part in the management of the company.
- the director took all reasonable steps to prevent the company from incurring the debt.

We would expect that the directors will seek to rely on defences should a claim be made for insolvent trading. As previously mentioned, and based on our investigations to date, the support of certain shareholders who had provided a secured syndicated debt facility and convertible note facility was the Company's only means by which the Company could meet its ongoing obligations. Administrators were appointed following those shareholders withdrawing support to provide further working capital funds.

Note it is on the director to establish and prove the defence. At this time we have been unable to assess the merits of any potential defences that might be put forward by the directors.

Offences and liquidation recoveries (contd.)

Safe harbour

Directors of financially distressed businesses are afforded a 'safe harbour' to turn around their business free of the worry of being personally pursued for insolvent trading actions. However the 'safe harbour' protection is not available unless certain criteria is met including:

- The Company's books records and key liabilities must be in order. Employee entitlement obligations, including superannuation, must be fully paid, and tax reporting must be up to date including GST and PAYG lodgements.
- Engaging a safe harbour advisor to advise on the Company's financial position and the options available, undertake a better outcome assessment, and advise the next steps.
- Being properly informed about the financial position of the Company and making a decision which is reasonably likely to lead to a better outcome for the Company than if it had entered into voluntary administration or liquidation.
- Developing and implementing a restructuring plan for the company, including documenting the plan and its implementation, reassessing its appropriateness and revising and updating the plan depending on the effectiveness or changes to the operating environment.

Rather 'safe harbour' is a protection which company directors can be afforded if they are taking steps to achieve a better outcome for the creditors of the company compared to the outcome if the company were to be wound up. The steps to achieve a better outcome is a dynamic process of designing, documenting and implementing a restructuring plan, and monitoring and reviewing the restructuring plan, and revising the restructuring plan when necessary and/or appropriate.

The Directors have advised that they obtained safe harbour advice and undertook a restructuring plan.

A review of the Company's records would need to be conducted to determine if statutory reporting and employee entitlement payments were up to date during the restructuring period, a requirement for safe harbour protection to be afforded to the Directors.

A liquidator will review the Company's records to determine if the Directors might be afforded any safe harbour protection during the relevant period.

Offences and liquidation recoveries (contd.)

Recoverability

In considering an action against the directors for insolvent trading, it should be noted that any proceedings are only commercially justifiable if a director has assets to satisfy any judgement made against them. The director may also be entitled to claim certain defences available under Section 588H of the Act.

We have completed an initial search of publicly available records for assets held in the names of directors who were acting during the period June 2023 (the likely date of insolvency) to appointment. We identified two properties in Victoria in the names of Directors that are both mortgaged to Westpac.

We have not assessed any other methods of holding assets for the above mentioned directors.

In addition to seeking to quantify the directors' capacity to meet any potential claim, regard also needs to be had to the costs and practicalities of pursuing such a claim, i.e. is there likely to be a commercial return in pursuing a claim. Further analysis will be required by the Liquidator appointed to assess a potential claim, merits and risks of the claim, and likely commercial return and recovery.

Matters to be decided at the second meeting

What Creditors can decide at the meeting

At the Second Meeting, Creditors are required to decide whether:

1. The Company should execute a DOCA
2. The administration of the Company should end
3. The Company should be wound up.

In accordance with the requirements of section 439A(4)(b) of the Act, the Administrators must provide an opinion on each of the above options and whether the options is in the Creditors' interests.

Administrators' opinion on the options available to Creditors

1. The Company should execute a DOCA

No DOCA has been proposed. Therefore, this option is not available to creditors.

Should a DOCA proposal be received prior to the meeting of creditors the Chairperson will further advise creditors of their options. This may include the ability to adjourn the meeting for up to 45 business days should the creditors at the meeting so resolve that this is in their best interests.

2. The Administration of the Company should end

We do not consider that the Administration should come to an end, taking into account that the Company appears to be insolvent.

3. The Company should be wound up

We recommend that the Company be wound up and placed into Liquidation, taking into account the following:

- The Company appears to be insolvent, potentially since June 2023;
- Areas of investigation and potential recovery actions have been identified that are only available if the Company is wound up; and
- There is no other option available for creditors in the absence of a DOCA proposal, and where the Company is insolvent.

Estimated return to creditors

Detailed herein is a comparison of the estimated returns to creditors under 'high' and 'low' cases in the event of a liquidation.

Based on the assumptions detailed in the notes below, it is estimated as follows:

- subject to verification of the security agreements and secured claims, there will be a shortfall to the GSA secured creditor from the net realisation proceeds of non-circulating and circulating assets;
- priority creditors may be paid between 0 and 100 cents in the dollar from the total of net circulating assets and potential liquidator recoveries;
- secured parties with specific collateral or PMSI registrations are unsecured creditors for any shortfall in the net realisation proceeds of the specific PE or inventory; and
- it is anticipated that unsecured creditors will not receive any return in the liquidation.

Notes

1. Estimated plant and equipment asset values are based on valuations and preliminary discussions with interested parties, and have been withheld so as to not prejudice a sale during negotiations. An accounting of realisations will be provided in the future.
2. Administrators' costs include insurance, rent, wages, contractor costs, valuation fees, advertising and marketing costs, decommissioning, other holding and sales costs, agent commission and contingency for future costs.
3. Refer to the Remuneration Approval Report in Appendix 6 for Administrators' and Liquidators' remuneration. The Administrators' and Liquidators' disbursements are an estimate of costs incurred as a result of the administration and liquidation and may include:
 - Legal fees
 - Postage costs
 - Printing costs
 - Travel costs

Item	Notes	Low \$'000	High \$'000
Non-circulating assets			
Plant and equipment	1	Withheld	Withheld
Total non-circulating asset realisations		Withheld	Withheld
Administration costs non-circulating assets			
Administrators' costs	2	(167)	(259)
Administrators' remuneration and disbursements	3	(75)	(100)
Total costs non-circulating assets		(242)	(359)
Specific collateral/PMSI claims			
Less secured party claims	4	Unknown	Unknown
Net available for GSA creditors		Unknown	Unknown
GSA creditor claims			
Working capital facility	5	(667)	(667)
Convertible notes		(1,820)	(1,820)
Surplus / (shortfall) to GSA Creditors		Unknown	Unknown
Circulating assets			
Cash at Bank	6	19	19
Trade debtor receipts	7	66	66
Trade debtor recovery	7	Withheld	Withheld
Inventory realisations	8	Withheld	Withheld
Less PPSR/ROT claims	9	(Unknown)	(Unknown)
Shareholder/Director loan	10	-	25
Insurance claim proceeds	11	Withheld	Withheld
Total circulating assets		Withheld	Withheld
Administration costs circulating assets			
Administrators' trading and holding costs	12	(105)	(125)
Administrators' remuneration and disbursements	3	(125)	(200)
Legal fees	13	(30)	(50)
Total administration costs circulating assets		(260)	(375)
Net realisations circulating assets		Withheld	Withheld
Liquidator recovery actions			
Voidable transactions	14	-	210
Insolvent trading		-	664
Total liquidator recoveries		-	873
Liquidators' costs			
Legal fees	13	-	(250)
Liquidators' remuneration and disbursements	4	(90)	(250)
Net liquidation recovery		-	373
Net realisations and recoveries for distribution		-	373
Priority creditors			
Employee entitlements	15	(331)	(331)
Surplus/(shortfall) to priority creditors		(331)	42
Return to employees in liquidation		0.00	1.00
Surplus available to GSA creditor	5	-	42
Available for unsecured creditors	16	-	-

4 June 2024

Estimated return to creditors (contd.)

Notes cont.

4. Subject to agreement for the Administrators to realise the assets, secured parties with specific collateral or PMSI registrations will receive the net realisation proceeds from the sale of the Company's assets in which they hold a security interest. Any surplus from the sale of the Company's assets, net of the administrators' realisation costs, will form part of the available funds of the Company for distribution. The shortfall to secured parties is currently unknown as asset realisation is presently ongoing, and there are several complex and presently unquantifiable claims to consider in relation to specific PE or inventory.
5. GSA secured creditor claims are subject to verification of the security agreements for the working capital and convertible notes facilities, and the claim amounts. It is anticipated there will be a shortfall to the GSA secured creditor from the net realisation proceeds of non-circulating and circulating assets.
6. The Company's National Australia Bank Limited bank account had cash of \$34,432 on appointment. However c.\$15k was identified as prepayments for an upcoming production run and/or materials made in the days after appointment, and will be returned to the relevant customer.
7. Trade debtor receipts includes amounts deposited post appointment. The trade debtor recoveries includes many smaller balances, difficult recoveries, potential offsets and/or disputed receivables. The estimated recoveries have been withheld so as to not prejudice a recovery during negotiations. The value of trade debtors was significantly overstated in the Company's records and an analysis was undertaken to enable commercial negotiations to proceed.
8. Inventory and material realisations are based on the valuation and preliminary discussions with interested parties, and have been withheld so as to not prejudice a sale during negotiations. A commercial approach is required to maximise realisations and minimise costs. An accounting of realisations will be provided in the future.
9. There are several complex and presently unquantifiable claims to consider in relation to inventory and materials. Therefore the total claims in respect of specific and PMSI security registrations are currently unknown, and not all creditors have submitted their proof of debts.
10. The Company's accounts show several shareholder and director loan accounts which need further investigation. The amount shown relates to a loan to a previous Director which according to the Company's accounting records remains outstanding.
11. The Company advised of an insurance claim in progress of which the prospects and progress will be monitored by a liquidator.
12. Administrators' trading and holding costs includes insurance, wages, contractors, rent, duress payments, insurance, utilities and contingency attributable to the realisation of circulating assets.
13. Legal fees relating to the realisation of and assessment of security interests for circulating assets, and recovery actions. Legal fees are an estimate and may vary based on the issues that present during the administration.
14. Liquidator recovery actions includes potential preference payment recoveries of \$42,300 from the ATO, \$112,546 from suppliers, and \$54,682 of repayments to related parties. An insolvent trading claim of \$663,908 relating to an increase in the trade debtor position from June 2023 (based on a preliminary assessment of insolvency indicators) to appointment has been included as an example of potential liquidator recoveries. However a detailed assessment of other debt incurred would be required to be undertaken after settling the date of insolvency and this may increase the potential insolvent trading claim. The high estimate assumes successful recovery of the total value of the identified recovery actions while the low range assumes zero recovery. There are inherent risks and difficulties in proving and pursuing these types of claims hence the difficulty in providing any reliable estimate of potential recovery. Creditors should bear this in mind in regards to making any assessment of potential returns
15. Estimated employee entitlements include unpaid wages, accrued annual leave, notice in lieu, redundancy and outstanding superannuation. Any shortfall to employees in a liquidation is guaranteed by FEG, subject to FEG wage caps and exclusions.
16. Due to the estimated quantum of the GSA creditor claim, it is anticipated that there will not be a return to unsecured creditors in a liquidation.

Administrators' opinion

It is our obligation to make a recommendation to creditors on which alternative course of action is in the best interests of creditors.

We are of the opinion that it is in the creditors' best interests that the Company be wound up.

Our analysis of each option available to creditors is discussed below.

Liquidation

We are of the opinion that it is in the best interest of creditors that the Company be wound up as there is no proposal for a DOCA, and the Administration cannot end as the Company is insolvent.

If creditors resolve that the Company be wound up, a liquidator would be appointed to conduct detailed investigations into the circumstances leading up to the appointment of the Administrators.

A liquidator will be empowered to:

- pursue various potential recoveries under the Act, such as voidable transactions (refer Section 7)
- distribute recoveries made in accordance with the priority provisions of the Act
- complete thorough investigations into:
 - the Company's dealings and affairs
 - actions of the Directors
 - report findings to ASIC pursuant to the Act.

The potential return in a liquidation scenario is unknown due to a number of factors, including:

- Realisation of assets and accounting to parties with registered security interests.

- Investigations are preliminary based on information available.
- Any recovery actions identified are subject to costs of recovery and the recipient of the claims having the capacity to meet the claim
- Have not received responses from all secured creditors as to their debts and assets their security relates.
- Have not received Proofs of Debt from all creditors to confirm the full extent of creditors.

Despite these limitations, we are of the opinion that it is in the creditors' best interests that the Company be wound up, as the Company is insolvent.

DOCA

We have not received any proposal for a DOCA at the date of this Report so this is not an option for creditors to consider at the upcoming meeting.

Administration to end

We are of the opinion that it is not in the best interest of creditors to end the administration.

While our investigations are continuing, it is evident that the Company is insolvent and unable to pay its debts as and when they fall due. Accordingly, returning control of the Company to the Directors would be inappropriate in the present circumstances.

Enquiries

Should you have any queries relating to the contents of this Report, the Second Meeting or the administration generally please contact Amit Kotecha of this office by emailing Amit.A.Kotecha@au.pwc.com or phoning +61 456 399 791.

If you wish to participate in the meeting of creditors you are required to provide us with your proof of debt and proxy form by no later than **4pm AEST on Tuesday, 11 June 2024**. Please return this form via email to Amit Kotecha whose email appears above. If you wish to return these forms via post please ensure you allow sufficient time for them to be received by the due date.

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Appendix 1 – Statement of Administrators' Opinion

Appendix 2 – Registered Security Interests

Collateral Class	Organization Name	Registration Number	Date Registration	End Date	Description
Other goods	Blue H2O Filtration Pty. Ltd.	202103010021250	01-Mar-21	01-Mar-46	All equipment sold, leased or hired from the secured party under the agreement for lease between the grantor and the secured party including, but not limited to, the BHF/Enkrott UF Water Treatment Plant and RO Treatment Plant, ADV UV Disinfection Systems, UV Trap Housings, Carbon Filter Housing, Parker CO2 Polishing, Parker HyperChill Refrigeration Unit, Compressor, Air/Gas Receival Tanks, N2 Buffer Tank, Compressed Air Dryer, Nitrogen Generator and all parts, components and accessories.
Other goods	Blue H2O Filtration Pty. Ltd.	202103010021143	01-Mar-21	01-Mar-46	All equipment sold, leased or hired from the secured party under the agreement for lease between the grantor and the secured party including, but not limited to, the BHF/Enkrott UF Water Treatment Plant and RO Treatment Plant, ADV UV Disinfection Systems, UV Trap Housings, Carbon Filter Housing, Parker CO2 Polishing, Parker HyperChill Refrigeration Unit, Compressor, Air/Gas Receival Tanks, N2 Buffer Tank, Compressed Air Dryer, Nitrogen Generator and all parts, components and accessories.
Other goods	Waverley Forklifts Pty Ltd	202404120052383	12-Apr-24	12-Apr-31	All goods sold, hired, leased, rented, bailed, consigned or otherwise made available to the grantor by the secured party
Other goods	Waverley Forklifts Pty Ltd	202403270025978	27-Mar-24	27-Mar-31	All goods sold, hired, leased, rented, bailed, consigned or otherwise made available to the grantor by the secured party
Other goods	Konvoy Australia Pty Limited	202403250062661	25-Mar-24	25-Mar-31	All equipment and other goods (including kegs) now and in the future, rented or otherwise made available to the debtor by Konvoy Australia Pty Limited, including, without limitation, pursuant to the general customer terms and any subsequent terms between the debtor and Konvoy Australia Pty Limited.
Other goods	Sugar Australia Pty Limited	202312110051153	11-Dec-23	10-Dec-30	All goods sold, bailed, consigned, or otherwise made available to the grantor by the secured party including but not limited to sweeteners (both natural and non-natural) and oils and any of their associated or derivative products.
Other goods	Cmtp Pty Ltd	202309050007856	05-Sep-23	05-Sep-30	NA
Other goods	Chemiplas Australia Pty Ltd	202010160051438	16-Oct-20	16-Oct-27	Inventory

Appendix 2 – Registered Security Interests (contd.)

Collateral Class	Organization Name	Registration Number	Date Registration	End Date	Description
Other goods	Canon Finance Australia Pty Ltd	202305030037830	03-May-23	03-May-30	All goods or Equipment sold, leased, consigned or otherwise made available from time to time (whether present or future) by the secured party to the grantor including but not limited to the Agreement Number listed as the Giving of Notice Identifier in this financing statement
Other goods	United Equipment Pty Limited	202204110020171	11-Apr-22	11-Apr-29	All parts, equipment (excluding motor vehicles) and other goods sold, rented, loaned or otherwise provided to the Grantor by the Secured Party.
Other goods	Amtrade International Pty Ltd	202112150028792	15-Dec-21	15-Dec-28	All goods supplied by the secured party Amtrade International Pty Limited, to the grantor Raw materials, procured products, manufactured components, ingredients for resupply or use as, incorporation into, or consumption in manufacture of the Buyer's inventory or product.
Other goods	Supagas Pty Limited	202108110055116	11-Aug-21	11-Aug-28	All goods, equipment and/or other tangible property (including any accessions to those goods, equipment and/or property) sold, leased, hired, rented, bailed, supplied on consignment, sold subject to a conditional sale agreement (including retention of title) or otherwise made available by the secured party to the grantor, including but not limited to bulk gas storage vessels and compressors
Other goods	Hawkins Watts Australia Pty Limited	202104070043470	07-Apr-21	07-Apr-28	All products and ingredients supplied by Hawkins Watts Australia Pty Limited including any products manufactured with the products and ingredients supplied by Hawkins Watts Australia Pty Limited.
Other goods	Air Powered Services Pty Ltd	202011170034193	17-Nov-20	17-Nov-27	All goods, equipment and/or other tangible property (including any accessions to those goods, equipment and/or property) sold, leased, hired, rented, bailed, supplied on consignment, sold subject to a conditional sale agreement (including retention of title) or otherwise made available by the secured party to the grantor, including but not limited to compressors, tools and associated parts.
Other goods	Invita Australia Pty Ltd	202009210004250	21-Sep-20	21-Sep-27	All goods supplied by the Secured Party to the Grantor.

Appendix 2 – Registered Security Interests (contd.)

Collateral Class	Organization Name	Registration Number	Date Registration	End Date	Description
Other goods	Schutz Australia Pty Ltd	202010210052076	21-Oct-20	21-Oct-27	All goods, equipment and/or other tangible property (including any accessions to those goods, equipment and/or property) sold, leased, hired, rented, bailed, supplied on consignment, sold subject to a conditional sale agreement including retention of title or otherwise made available by the secured party to the grantor.
Other goods	Visy Logistics No 2 Pty Ltd Regional Recyclers Pty Ltd Visy Automation International Pty Ltd Southern Paper Pty Ltd Visy West Coast Pty Ltd Visy Industries Australia Pty Ltd Visy Leasing Pty Ltd Visy Logistics Pty Ltd Visy Cdl Services Pty Ltd Salvage Paper Pty Ltd Mason Duflex Displays Pty. Limited P & I Pty. Ltd. Visy Recycling Australia Pty Ltd Visy Technology Systems Pty Ltd Visy Tech Systems Pty. Ltd. Mpc Quikpak Pty Ltd Ace Print And Display Pty Limited The Trustee For Southern Paper Converters Trust Visy Paper Pty. Ltd. Build Run Repair (Australia) Pty Ltd Visypet Pty. Ltd. Visy Packaging Pty. Ltd. Visy Pulp And Paper Pty. Ltd. Visy Glama Pty Ltd Visy Board Proprietary Limited Visy Glass Operations (Australia) Pty Ltd	202008240027255	24-Aug-20	24-Aug-27	All goods sold, hired, rented, leased, bailed, consigned or otherwise made available to the grantor by the Secured Party.

Appendix 2 – Registered Security Interests (contd.)

Collateral Class	Organization Name	Registration Number	Date Registration	End Date	Description
Other goods	Orora Limited	202002050004263	05-Feb-20	05-Feb-27	Goods supplied by the secured party to the grantor from time to time subject to retention of title.
Other goods	Orora Limited	202002050003458	05-Feb-20	05-Feb-27	Canpro Filler Seamer Model CP-GF- 9/2 S/N SHIN-2020-002
Other goods	Silver Chef Rentals Pty Ltd	201911290033480	29-Nov-19	27-Nov-26	Equipment hired or bailed to the grantor from time to time by the secured party. The collateral includes but is not limited to equipment listed on the schedule available from silver chef upon request
Other goods	Doehler Australia Pty Ltd	201911130043597	13-Nov-19	13-Nov-26	All goods, equipment and/or other tangible property (including any accessions to those goods, equipment and/or property) sold, leased, hired, rented, bailed, supplied on consignment, sold subject to a conditional sale agreement including retention of title or otherwise made available by the secured party to the grantor.
Other goods	Redox Limited	201909260021383	26-Sep-19	26-Sep-26	All of the present and after acquired goods (including any returnable packaging in any form) supplied by Secured Party to the Purchaser, any goods into which they are commingled by the Purchaser and any Proceeds of all present and after acquired property.
Other goods	Silver Chef Rentals Pty Ltd	201909270036661	27-Sep-19	25-Sep-26	Equipment hired or bailed to the grantor from time to time by the secured party. The collateral includes but is not limited to equipment listed on the schedule available from silver chef upon request
Other goods	Silver Chef Rentals Pty Ltd	201909200034580	20-Sep-19	18-Sep-19	Equipment hired or bailed to the grantor from time to time by the secured party. The collateral includes but is not limited to equipment listed on the schedule available from silver chef upon request
Other goods	Silver Chef Rentals Pty Ltd	201908230006550	23-Aug-19	21-Aug-26	Equipment hired or bailed to the grantor from time to time by the secured party. The collateral includes but is not limited to equipment listed on the schedule available from silver chef upon request
Other goods	Packserv Pty Limited	201908010054835	01-Aug-19	01-Aug-26	AAT-8- 60510450

Appendix 2 – Registered Security Interests (contd.)

Collateral Class	Organization Name	Registration Number	Date Registration	End Date	Description
Other goods	Packserv Pty Limited	201908010051784	01-Aug-19	01-Aug-26	NA
Other goods	Visy Logistics No 2 Pty Ltd Regional Recyclers Pty Ltd Visy Automation International Pty Ltd Southern Paper Pty Ltd Visy West Coast Pty Ltd Visy Industries Australia Pty Ltd Visy Leasing Pty Ltd Visy Logistics Pty Ltd Visy Cdl Services Pty Ltd Salvage Paper Pty Ltd Mason Duflex Displays Pty. Limited P & I Pty. Ltd. Visy Recycling Australia Pty Ltd Visy Technology Systems Pty Ltd Visy Tech Systems Pty. Ltd. Mpc Quikpak Pty Ltd Ace Print And Display Pty Limited The Trustee For Southern Paper Converters Trust Visy Paper Pty. Ltd. Build Run Repair (Australia) Pty Ltd Visypet Pty. Ltd. Visy Packaging Pty. Ltd. Visy Pulp And Paper Pty. Ltd. Visy Glama Pty Ltd Visy Board Proprietary Limited Visy Glass Operations (Australia) Pty Ltd	201907190043914	19-Jul-19	19-Jul-26	All goods sold, leased, rented, bailed or otherwise made available to the grantor by the secured party.
Other goods	Hp Financial Services (Australia) Pty Limited	201907020039450	02-Jul-19	02-Jul-26	All goods sold, leased, rented, bailed or otherwise made available to the grantor by the secured party.
Other goods	Hp Financial Services (Australia) Pty Limited	201907020039445	02-Jul-19	02-Jul-26	All goods sold, leased, rented, bailed or otherwise made available to the grantor by the secured party.

Appendix 2 – Registered Security Interests (contd.)

Collateral Class	Organization Name	Registration Number	Date Registration	End Date	Description
Other goods	Omni Pty Ltd	201906180069264	18-Jun-19	18-Jun-26	The supply of packaging and all goods, equipment and/or other tangible property (including any accessions to those goods, equipment and/or property), sold, leased, hired, rented, bailed, supplied on consignment, sold subject to a conditional sale agreement (including retention of title) or otherwise made available by the secured party to the grantor.
Other goods	Opal Packaging Australia Pty Ltd	201911140019889	14-Nov-19	18-Jul-25	Goods supplied by the secured party to the grantor from time to time subject to retention of title.
Other goods	Pathway International Pty Limited	201909240049161	24-Sep-19	30-Jun-25	Raw materials, chemicals, procured products, ingredients and all other goods being tangible or intangible supplied by Pathway International Pty Ltd to the Grantor for resupply or use as, incorporation into, or consumption in manufacture of the Grantor's inventory or product.
Motor vehicle	Waverley Forklifts Pty Ltd	202404120052377	12-Apr-24	12-Apr-31	All motor vehicles sold, hired, leased, rented, bailed, consigned or otherwise made available to the grantor by the secured party.
Motor vehicle	Waverley Forklifts Pty Ltd	202403270025966	27-Mar-24	27-Mar-31	All motor vehicles sold, hired, leased, rented, bailed, consigned or otherwise made available to the grantor by the secured party.
Motor vehicle	United Equipment Pty Limited	202204110020163	11-Apr-22	11-Apr-29	All motor vehicles, including, but not limited to forklifts, scissor lifts, boom lifts or other equipment sold, rented, loaned or otherwise provided to the Grantor by the Secured Party.
Motor vehicle	Air Powered Services Pty Ltd	202011170033131	17-Nov-20	17-Nov-27	All motor vehicles (as defined in the Personal Property Securities Act and Regulations) and their associated parts, accessories and equipment - rented, leased, hired, bailed, supplied on consignment, sold subject to a conditional sale agreement (including retention of title), or otherwise made available to the grantor by the secured party
All Pap With Except	Riversdale Capital Pty Ltd The Trustee For Dorman Capital Trust Clj Investments Pty Ltd The Trustee For Jenz Family Trust	202203070079411	07-Mar-22	07-Mar-47	Except any personal property of the grantor which is not from time to time subject to a security agreement in favour of the secured party. It will be a breach of the security agreement if certain dealings in the collateral (including selling or leasing it) occur without the secured party's consent.

Appendix 3 – Notice of Meeting



Statement of Administrators' Opinion

Pursuant to IPR 75-225(3)(b)

The Brink Company Pty Ltd
(Administrators Appointed)
ACN: 628 948 694
("the Company")

This statement sets out our opinions in relation to the alternatives which the creditors of the Company will consider at the Second Meeting to be held virtually at 10:30am AEST on Wednesday, 12 June 2024.

The following options are available to creditors to decide at the Second Meeting pursuant to Section 439C of the Act, being that:

- a) the Company should execute a Deed of Company Arrangement; or
- b) the administration of the Company should end; or
- c) the Company be wound up.

Opinion

IPR 75-225(3)(b) requires the Administrators to express an opinion and give their reasons on each option available to creditors:

Option	Opinion and reason(s)
Company execute a Deed of Company Arrangement (DOCA)	<ul style="list-style-type: none">– No DOCA proposal has been submitted to the Administrators– This option is NOT available to the creditors of the Company
The administration should end	<ul style="list-style-type: none">– This option is NOT in the creditors' interests as the Company is insolvent and there is no likelihood of it returning to solvency in the current circumstances
The Company should be wound up	<ul style="list-style-type: none">– This option is presently the only option available to creditors and therefore the Administrators recommend that the Company be wound up

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: +61 3 8603 1000, F: +61 3 8603 1999, www.pwc.com.au

Liability limited by a scheme approved under Professional Standards Legislation.

Additional information for creditors

IPR 75-225(3)(b) requires that the Administrators provide the following additional information to creditors:

Information for creditors	Administrators' response
Such other information as will enable creditors to make an informed decision	– This opinion should be read in conjunction with our Second Report to Creditors and accompanying appendices.
Voidable transactions recoverable by a liquidator	– Our preliminary investigations have identified a number of voidable transactions that may be recoverable by a liquidator (refer Section 6 of the Second Report to Creditors).

DATED: 4th June 2024



Michael Fung
Administrator



Martin Ford
Administrator

Appendix 4 – Proxy Form

**APPOINTMENT OF PROXY
CREDITORS MEETING**

**THE BRINK COMPANY PTY LTD. - (ADMINISTRATORS APPOINTED)
ACN 628 948 694 (the Company)**

A. Appointment of a proxy

I/We.....
(If a company, strike out "I" and set out full name of the company)

of
(address)

a creditor of the Company appoint
as my/our proxy, or in his/her absence....., to vote at the meeting of creditors
to be held on, or at any adjournment of that meeting.

B. Voting directions

Option 1: ☐ If appointed as a general proxy, as he/she determines on my/our behalf
(Please proceed to section C ie do not complete the table below)

and/or

Option 2: ☐ If appointed as a special proxy in the manner set out below:
(Please complete the table below before proceeding to section C)

No.	Resolution	For	Against	Abstain
1	That the remuneration of the Administrators is approved for the period 8 May 2024 to 27 May 2024 in the amount of \$187,831.00 plus GST as set out in the Remuneration Approval Report dated 4 June 2024 to be drawn from available funds immediately or as funds become available.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	That the remuneration of the Administrators is approved for the period 28 May 2024 to the conclusion of the Administration up to a maximum amount of \$110,000.00 plus GST, as set out in the Remuneration Approval Report dated 4 June 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	The Company to execute a Deed of Company Arrangement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	The Administration should end (and control revert back to the Company director(s))	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	The Company be wound up	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

6 (if applicable)	That the remuneration of the Liquidators is approved for the period 12 June 2024 to the conclusion of the Liquidation up to a maximum amount of \$90,000.00 plus GST, as set out in the Remuneration Approval Report dated 4 June 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 (if applicable)	If the Company is wound up, that a Committee of Inspection be formed comprising representatives as nominated at the meeting of creditors	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

C. Signature (in accordance with Sections 127 or 250D of the Corporations Act 2001)

If the creditor is an individual

.....

If the creditor is a Company

.....

Director/Company Secretary

.....

Print name

DATED this day of 2024.

CERTIFICATE OF WITNESS

Please note: *This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.*

Iof
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Signature of Witness:

Place of residence:

Dated:

Appendix 5 – Proof of Debt

FORM 535

FORMAL PROOF OF DEBT OR CLAIM

To the Joint and Several Administrators of The Brink Company Pty Ltd (Administrators Appointed) ACN 628 948 694 (the Company)

1. This is to state that the Company was, on 8 May 2024 and still is, justly and truly indebted to:

.....('Creditor') (name of creditor)

.....of (full address)

for \$.....(amount inclusive of GST)

Particulars of the debt are:

Date (when the debt arose)	Consideration (how debt arose and attach supporting documentation)	Assigned debt (was this debt assigned to you?)	Amount \$ (if an assigned debt, the consideration paid)

I have attached the following documents to substantiate my claim (*tick as many as appropriate*):

- ☐ Invoices ☐ Judgement from Court ☐ Letters of demand ☐ Orders from Company
☐ Monthly statements ☐ Statutory demand ☐ Credit application ☐ Guarantee from Company
☐ Assignment of debt ☐ Other – please
specify.....

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

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

Date	Drawer	Acceptor	Amount A\$	Due Date

3. Select one of the following options:

- ☐ I am **not** a related creditor of the Company
☐ I am a related creditor of the Company (eg director, relative of director, related company)

4. Signatory (*select one of the following options*)

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

Signature: Date:

Name: Phone number:

Address:

FUTURE COMMUNICATION BY EMAIL

Do you elect to receive electronic notification of future notices and documents from this office by email in accordance to Section 600G of the Corporations Act 2001?

☐ Yes, send all future notices to this email address:

.....
☐ No

Appendix 6 – Remuneration Approval Report

**The Brink Company Pty. Ltd.
(Administrators Appointed)
Previously trading as 'Brink Drinks'
ACN 628 948 694**

Remuneration Approval Report

4 June 2024

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.

You should read this report and the other documentation that we have sent you and then attend the meeting of creditors in order to voice your opinion by casting your vote on the resolutions put to the meeting. The meeting will also give you an opportunity to ask any questions that you may have.

Alternatively, you are also able to appoint a representative to attend on your behalf by lodging a proxy form. Lodging a specific proxy form allows you to specify how your proxy must vote. Lodging a general proxy form allows your representative to choose how your vote is exercised.

Information about the meeting of creditors is provided at **Appendix 3** of the Second report to creditors.

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1 Declaration

Michael Fung and Martin Ford of PricewaterhouseCoopers have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of The Brink Company Pty. Ltd. (the Company) 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.

2 Executive Summary

To date, no remuneration has been approved and paid.

This remuneration report details approval sought for the following fees:

Period	Report reference	Amount (plus GST)
Current remuneration approval sought:		
Voluntary Administration		
Resolution 1: 8 May 2024 to 27 May 2024	Schedule A1 & B1	\$187,831.00
Resolution 2: 28 May 2024 to completion*	Schedule A2 & B2	\$110,000.00
Liquidation		
Resolution 6: 12 June 2024 to completion*	Schedule A3 & B3	\$90,000.00
Total current remuneration approval sought		\$387,831.00

*Approval for the future remuneration sought is based on an estimate of the work necessary to the completion of the administration. Should additional work be necessary beyond what is contemplated, further approval may be sought from creditors.

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

3 Remuneration

3.1 Remuneration

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

Resolution 1

That the remuneration of the Administrators is approved for the period 8 May 2024 to 27 May 2024 of \$187,831.00 plus GST as set out in the Remuneration Approval Report dated 4 June 2024 to be drawn from available funds immediately or as funds become available.

Resolution 2

That the remuneration of the Administrators is approved for the period 28 May 2024 to the conclusion of the Administration up to a maximum of \$110,000.00 plus GST, as set out in the Remuneration Approval Report dated 4 June 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Resolution 6

That the remuneration of the Administrators is approved for the period 12 June 2024 to the conclusion of the Liquidation up to a maximum of \$90,000.00 plus GST, as set out in the Remuneration Approval Report dated 4 June 2024 to be drawn from available funds as incurred or as funds become available. This amount may be revised by resolution of creditors or by order of the court.

Future remuneration is approved subject to a maximum or cap. Sometimes the actual cost of the administration will exceed the maximum which has been approved, in which case, we may seek another resolution for additional remuneration. We will not pay any amount exceeding the maximum without this approval.

Where funds are available, we will usually pay approved remuneration at intervals not less than one month. Where funds are not available, remuneration will not be paid.

3.2 Details of remuneration

The basis of calculating the remuneration claims are summarised in **Schedules A1, A2 & A3 of Appendix A**.

The details of the major tasks performed and the costs associated with each of those major tasks are contained in **Schedules B1, B2 & B3 of Appendix B**.

3.3 Total remuneration reconciliation

We have not previously sought any approval from creditors in respect of our remuneration. We are seeking approval of \$297,831.00 (plus GST) for the remuneration of Joint and Several Administrators. This is more than the estimated amount of \$150,000 (plus GST) as included in our Initial Remuneration Notice dated 10 May 2024. The reason for the variance is due to significant additional time and resources required to undertake the following workstreams:

- Identification, reconciliation and valuation of the Company's bespoke inventory and assets.
 - The Company's inventory reports were found to be inaccurate and took some time to reconcile to a physical stocktake, and
 - There were very limited records setting out amounts owed on 3rd party assets which required investigation to determine ownership and outstanding liabilities;
- Negotiating sales of materials and inventory and determining the commerciality of these sales given the claims of third parties, customers and PPS registrations (see below);
- Dealing with numerous affected suppliers with PPS registrations and retention of title claims over comingled goods;
- Dealing with lessors regarding leased or hired plant and equipment;
- Reporting to the syndicate of secured creditors and determining the priorities of their claims;
- Advertising the sale of business and dealing with a higher than expected number of interested parties;
- Attendances with the ATO regarding alcohol held in the bonded warehouse relating to excise duty;
- Reconciling the Company's receivables balance and stock and inventory to understand the collectible and realisable amounts;
- Negotiating and settling customers' disputes regarding debtor amounts owed per the Company's books and records and completed stock;

- Dealing with employee redundancies;
- Landlord negotiations and management; and
- Other creditor and stakeholder management.

We have not previously estimated a cost for the liquidation of the Company. We estimate this cost to be \$90,000 (plus GST) and this is the amount being sought for approval from creditors.

3.4 Likely impact on dividends

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

Any dividend 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.

We are unable to provide a dividend estimate of any certainty at this stage of the administration.

3.5 Remuneration recovered from external sources

The Joint and Several Administrators have not received any funding from external sources for their remuneration.

4 Disbursements

Disbursements are divided into three types:

- **External professional services** - these are recovered at cost. An example of an external professional service disbursement is legal fees.
- **External non-professional costs** – these are recovered at cost. Examples of external non-professional costs are travel, accommodation and search fees.
- **Firm non-professional disbursements** such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We are not required to seek creditor approval for costs 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 have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

4.1 Internal disbursement claim

The following disbursements have been paid by our firm but not yet claimed for the period 8 May 2024 to 27 May 2024:

Disbursements paid	Total (plus GST)
For the period 8 May 2024 to 27 May 2024	
Internal disbursements	
Accommodation charges	\$14.98
Entertainment & Food expenses	\$304.46
Staff vehicle use	\$210.80
Total internal disbursements	\$530.24
Third party paid disbursements	
Subscription for inventory software	\$2,323.12
Advertisement charges	\$4,020.00
Total	\$6,343.12

4.2 Future basis of internal disbursements (if required)

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

Basis of disbursement claim

Disbursements	Rate (excl GST)
External professional services	At cost
External non-professional costs	At cost
Firm non-professional costs	
Staff vehicle use	78 cents per kilometre for first 150km of return trip and 40 cents per kilometre thereafter

5 Summary of receipts and payments

The summary of receipts and payments for the period from 8 May 2024 to 31 May 2024 is contained in **Appendix C**.

6 Queries

Please contact Amit Kotecha on +61 456 399 791 or by email amit.a.kotecha@au.pwc.com should you have any further queries or require any further information.

You can access additional information on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at <http://asic.gov.au/regulatory-resources/insolvency/insolvency-information-sheets/>

DATED this 4th day of June 2024.



Michael Fung
Joint and Several Administrator

Appendices

Appendix A Calculations of remuneration schedules

Appendix B Table of major tasks for remuneration

Appendix C Summary of receipts and payments

Appendix A Calculations of remuneration schedules

The Brink Company Pty. Ltd.
Calculation of Remuneration
For the period 8 May 2024 to 27 May 2024

Schedule A1

Staff Name	Position	\$/hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Investigations		Trade on		Employees		Administration	
					Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Martin Ford	Appointee	850.00	0.9	765.00	-	-	-	-	-	-	-	-	-	-	0.9	765.00
Michael Fung	Appointee	850.00	26.2	22,270.00	7.8	6,630.00	6.7	5,695.00	1.9	1,615.00	1.6	1,360.00	0.7	595.00	7.5	6,375.00
Richie Dobson	Director	765.00	15.8	12,087.00	3.5	2,677.50	-	-	1.7	1,300.50	10.6	8,109.00	-	-	-	-
Carl Hoerner	Director	765.00	83.6	63,954.00	52.4	40,086.00	1.0	765.00	-	-	13.7	10,480.50	0.2	153.00	16.3	12,469.50
Mahala Hazell	Director	765.00	20.1	15,376.50	-	-	11.4	8,721.00	8.7	6,655.50	-	-	-	-	-	-
Sylwia Young	Senior Manager	680.00	1.0	680.00	-	-	-	-	-	-	-	-	-	-	1.0	680.00
Michael Harris	Manager	635.00	12.1	7,683.50	-	-	-	-	-	-	12.1	7,683.50	-	-	-	-
Armit Kotecha	Senior Consultant	535.00	66.5	35,577.50	5.3	2,835.50	39.4	21,079.00	-	-	5.0	2,675.00	6.5	3,477.50	10.3	5,510.50
Anuj Rungta	Senior Consultant	535.00	7.6	4,066.00	0.8	428.00	1.6	856.00	0.9	481.50	-	-	1.4	749.00	2.9	1,551.50
Adam Fruewirth	Senior Consultant	535.00	0.2	107.00	0.1	53.50	0.1	53.50	-	-	-	-	-	-	-	-
Annabel Marks	Senior Consultant	535.00	21.9	11,716.50	11.1	5,938.50	4.8	2,568.00	-	-	1.8	963.00	0.6	321.00	3.6	1,926.00
Lisa Nguy	Consultant	430.00	2.2	946.00	0.8	344.00	0.9	387.00	-	-	-	-	0.5	215.00	-	-
	Offshore Professional	350.00	29.5	10,325.00	-	-	22.1	7,735.00	7.4	2,590.00	-	-	-	-	-	-
	Administration Support	230.00	9.9	2,277.00	-	-	-	-	-	-	-	-	-	-	9.9	2,277.00
Total			297.5	187,831.00	81.8	58,993.00	88.0	47,859.50	20.6	12,642.50	44.8	31,271.00	9.9	5,510.50	52.4	31,554.50
GST				18,783.10												
Total (including GST)				206,614.10												
Average rate (excluding GST)				631.36		721.19		543.86		613.71		698.01		556.62		602.19

Calculation of Remuneration
For the period 28 May 2024 to completion of the administration

Schedule A2

Position	\$/hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Investigations		Trade on		Employees		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	850.00	11.9	10,115.00	4.5	3,825.00	1.9	1,615.00	2.6	2,210.00	1.0	850.00	0.9	765.00	1.0	850.00
Partner	850.00	7.9	6,715.00	2.3	1,955.00	1.0	850.00	2.6	2,210.00	0.6	510.00	0.4	340.00	1.0	850.00
Director	765.00	23.1	17,671.50	7.5	5,737.50	2.2	1,683.00	5.8	4,437.00	3.0	2,295.00	2.4	1,836.00	2.2	1,683.00
Senior Manager	680.00	12.5	8,500.00	5.7	3,876.00	2.4	1,632.00	3.2	2,176.00	0.4	272.00	0.2	136.00	0.6	408.00
Manager	635.00	19.1	12,128.50	9.1	5,778.50	3.9	2,476.50	3.5	2,222.50	1.0	635.00	0.6	381.00	1.0	635.00
Senior Consultant	535.00	55.0	29,425.00	25.2	13,482.00	7.7	4,119.50	8.2	4,387.00	5.8	3,103.00	5.0	2,675.00	3.1	1,658.50
Consultant	430.00	33.8	14,534.00	9.0	3,870.00	5.8	2,494.00	5.1	2,193.00	5.6	2,408.00	4.0	1,720.00	4.3	1,849.00
Offshore Professional	350.00	14.7	5,145.00	-	-	4.7	1,645.00	5.3	1,855.00	-	-	-	-	4.7	1,645.00
Administration Support	230.00	25.1	5,766.00	-	-	-	-	-	-	-	-	-	-	25.1	5,766.00
Total		203.1	110,000.00	63.3	38,524.00	29.6	16,515.00	36.3	21,690.50	17.4	10,073.00	13.5	7,853.00	43.0	15,344.50
GST			11,000.00												
Total (including GST)			121,000.00												
Average rate (excluding GST)			541.69		608.59		557.94		597.53		578.91		581.70		357.10

The Brink Company Pty. Ltd.
Calculation of Remuneration
For the period 12 June 2024 to completion

Schedule A3

Position	\$/hours (ex GST)	Total Hrs	Total (\$)	Assets		Creditors		Investigations		Employees		Administration	
				Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$	Hrs	\$
Appointee	850.00	9.8	8,330.00	3.7	3,145.00	1.6	1,360.00	2.1	1,785.00	1.6	1,360.00	0.8	680.00
Partner	850.00	6.4	5,440.00	1.9	1,615.00	0.8	680.00	2.1	1,785.00	0.8	680.00	0.8	680.00
Director	765.00	18.9	14,458.50	6.2	4,743.00	1.8	1,377.00	4.7	3,595.50	4.4	3,366.00	1.8	1,377.00
Senior Manager	680.00	10.2	6,936.00	4.6	3,128.00	2.0	1,360.00	2.6	1,768.00	0.6	408.00	0.4	272.00
Manager	635.00	15.5	9,842.50	7.4	4,699.00	3.2	2,032.00	2.8	1,778.00	1.1	698.50	1.0	635.00
Senior Consultant	535.00	44.9	24,021.50	20.6	11,021.00	6.3	3,370.50	6.7	3,584.50	8.8	4,708.00	2.5	1,337.50
Consultant	430.00	27.1	11,653.00	7.3	3,139.00	4.7	2,021.00	4.2	1,806.00	7.8	3,354.00	3.1	1,333.00
Offshore Professional	350.00	12.9	4,515.00	-	-	3.9	1,365.00	5.1	1,785.00	-	-	3.9	1,365.00
Administration Support	230.00	20.9	4,803.50	-	-	-	-	-	-	-	-	20.9	4,803.50
Total		166.6	90,000.00	51.7	31,490.00	24.3	13,565.50	30.3	17,887.00	25.1	14,574.50	35.2	12,483.00
GST			9,000.00										
Total (including GST)			99,000.00										
Average rate (excluding GST)			540.27		609.09		558.25		590.33		580.66		354.78

Appendix B Table of major tasks for remuneration

Schedule B1

Resolution 1

The below table provides a description of the work undertaken in each major task area for the administration for the period 8 May 2024 to 27 May 2024.

Task Area	General description	Includes
Assets 81.8 hours \$58,993.00	Sale of Business	Issued instructions for advert for sale of business. Attendance on sale of business advertisement and interested parties. Dealings and correspondence with the landlord for Learmonth Road.
	Plant and Equipment	Attend head office/warehouse and manufacturing sites and inspect raw materials and stock as well as plant and equipment. Issued confidentiality agreement to IDL and facilitated site inspection for IDL. Reviewed notice of termination of site waste management agreement Attendance regarding site visit and waste management and finalisation of care and maintenance Consider summary valuation report and email request for listing of plant and equipment. Email correspondence with BlueH20 regarding service and payment. Correspondence regarding sale of plant, issue confidentiality agreement and arrange site inspection. General correspondence with PwC staff on sale process Issued confidentiality agreements to various interested parties, updating interested party register, and updating MFiles in relation of same Multiple email correspondence regarding confidentiality agreement and asset sale Emails to interested parties in relation to the plant and equipment information pack, reviewed confidentiality agreements received and updates to the interested party register, compilation and analysis of plant and equipment listings for circulation to interested parties. Attendance regarding completeness of the P&E listing, reviewed and filing of confidentiality agreements and sending information packs.
	Leased assets	Prepared, reviewed and issued letters to landlords. Correspondence in relation to Orora supply agreement, Letter to air powered systems and container traders to advise on retention of equipment
	Debtors	Prepared and Issued letter to debtors demanding payment. Conducted high level debtor analysis.

Table of major tasks for remuneration

Task Area	General description	Includes
Creditors 88.0 hours \$47,859.50		Drafted tax invoice for Secret States purchase. Prepared letters to debtors regarding outstanding debt, including quantum of debt and payment method to settle debt. Reviewed documentation received and reconciled to bank statements
	Stock	Attend warehouse and review stock position. Email correspondence regarding re-establishing inventory software and emails. Email correspondence with customers Darling Distillery, Sojo, Muscle Nation regarding inventory. Correspondence regarding customer settlements, settlement offer. Prepared a tax invoice for the sale of ingredients. Reviewed inventory report Reconciled inventory to PPSR registrations Prepared summary schedule of PPSR creditor claim and stock on hand. Reviewed and amended release agreement. Respond to enquiries from customers regarding stock
	Other Assets	Prepared letter to ATO regarding excise tax implications. Multiple calls with ATO excise tax team in relation to alcohol liability and reviewed of information received from ATO in relation of same
	Creditor Enquiries	Attendance regarding the administration, lodged their claim and requested for Proof of Debt form Prepared, reviewed and signed the letters to landlords, secured creditors and ASIC notice of first creditor's meeting. Reviewed and approved creditor letters Responded to various creditor and customer enquiries via email and telephone.
	Proof of debt	Prepared schedule of PODs and proxies received, and reviewed PODs received from creditors. Reviewed proxies provided for the first creditors meeting and prepared schedule of proof of debts received for the first creditors meeting
	Creditor meetings	Prepared for the first creditors meeting and sending meeting invites to creditors. Reviewed minutes of meeting and attendance register Attendance register and update attendance register as per discussion and draft form 5011 lodgement with ASIC.
	Creditor reports	Reviewed the collated document and labels instructed Prepared initial estimated outcome statement. Reviewed and prepared report template for second report Prepared the dealtool of P&L and BS for the meeting and presentation report Drafting second report to creditors, company back ground, conduct of admin and notes to Financial statements.

Table of major tasks for remuneration

Task Area	General description	Includes
		Conducted bank statement analysis, identified ATO Payments, related party payment and preference payment etc.
	GSA Creditors	Reviewed letters to GSA creditors and discussions with key syndicate financiers Prepared estimated outcome statement for secured creditors.
	PMSI Creditors	Reviewed the security document to confirm the validity of security interest, Attendance regarding secured creditors, PPSR register and how to manage the register and determine the validity of the security interest. Reviewed of unpaid Orora invoices and potential payout figures, Attendance to PMSI creditors relating to outstanding information. Reviewed Blue H2O agreement and outstanding invoices, HP agreement and payout balances, obtained unpaid invoices. Reviewed and compilation of PPSA information, hire and rental agreements in relation of same and payout figures in PPSA schedule.
	Other PPSA creditors	Prepared PPSR schedule and correspondence with PPSR creditors regarding picking up equipment, extension of rental contracts. Reviewed PPSR claims emails to date and updates to tracker in relation of same
	Shareholder enquiries	Prepared letters to utility providers regarding the appointment of Administrators and requesting a new account to be set up, and copies of the Company's financial accounts and Proof of Debt form to be submitted
Employees 9.9 hours \$5,510.50	Employee correspondence	Prepared, reviewed, and signed the employee letters. Prepared wages payment pack for approval Prepared employee separation certificates for terminated employees and sent via email. Emailed week 1 payslips to employees.
	Calculation of entitlements	Reviewed employee entitlement calculations
	Other employee issues	Prepared termination letters for employees regarding recent termination within the last week.
Trade On 44.8 hours \$31,271.00	Trade on Management	Prepared letters to financial institutions to identify accounts held by Company, ASIC Form 505, insurance notification and IPS case set up form. Reviewed company search and appointment documents. Reviewed and printed documents for site attendance. Prepared summary of investigations and information Attendance to discuss the Administration strategy and plan. Various meetings with management and staff to discuss order book / customer costing analysis. Prepared debtor reports in relation to proof of delivery.

Table of major tasks for remuneration

Task Area	General description	Includes
		<p>Arranged for valuer to attend site to conduct valuation</p> <p>Showed around factory and warehouse.</p> <p>Reviewed and filed numerous emails relation to trade on decision, debtor book analysis, demands of accountant, recovery of equipment., pending settlements, creditor correspondences, PPSR claims, lease claims and stock.</p> <p>Reviewed costing analysis for productions orders on foot</p> <p>Multiple telephone discussions regarding confirmation of production order, customers base, orders and work in progress</p> <p>Issue instructions regarding negations for sale of inventory.</p> <p>Attend the trading premises for the production facility and Meeting with staff to be retained to wind down operations.</p> <p>Attendance regarding settling customer accounts, sale of stock, negotiations with above.</p> <p>Issue directions to Brink staff regarding stock counts and dealing with creditors.</p> <p>Email correspondence with external accountant regarding information requests.</p> <p>Review and analysis of on-costs related to fixed overheads whilst trading on</p> <p>Prepared payment voucher for wages, verify wage rate with prior week's wage rate.</p> <p>Reviewed letters to utility providers</p>
	Cash management	<p>Understanding cash on hand and decisions on using cash</p>
Investigation 20.6 hours \$12,642.50	Conducting investigation	<p>Correspondence regarding on site attendance, trade on decision makings and general file strategy.</p> <p>Reviewed and filed numerous emails in relation debtors, creditors, enquiries, employees etc.</p> <p>Conducted google search to understand the nature of the business of the Company to complete information on Form 505</p> <p>Attendance regarding the administration, status of the operations and further course of action.</p> <p>Added employee data in IPS and reviewed list of creditors.</p> <p>Attendance to email from a proposed buyer requesting marketing material to consider purchase of the business / assets of the company.</p> <p>Reviewed and filed correspondence in relation to bank account sweep request, possible interest in business. And claim for return of goods.</p> <p>Setting up slide deck for second creditors meeting, reviewed updates to intro and background section of the reports etc.</p> <p>Prepared letters to debtors</p> <p>Reviewed historical financial reports, audit reports and balance sheet items for investigation.</p>

Table of major tasks for remuneration

Task Area	General description	Includes
Administration 52.4 hours \$31,554.50	Director correspondence & ROCAP	Correspondence with directors regarding completion of ROCAPs, director's questionnaires and provision of books and records Prepared and Reviewed ROCAP letters
	Appointment documents & DIRRI	Prepared, reviewed, and issued day one letters to ATO banks, state revenue for land tax and payroll tax, Sheriff offices, Workcover offices utility providers, PPSR letters to secured creditors listed in the company search and director packages to the Directors. Reviewed and signed appointment documents
	General correspondence	General email correspondence and file note review Miscellaneous emails to stakeholders Emailed letters to the landlord of two leased properties. Attendance to Prest Investments Trust in relation to query received
	Project management	File management. Planning and general project management with team Catch up on status of major tasks with teams. Email to regarding instructions and allocation of tasks. Reviewed and discussed job background and priorities. Issued instructions to PwC staff regarding sale process, wages, and sundry matters. Attendance regarding creditor enquiries and action items to complete. Meeting with team to review tasks for completion, planning tasks to complete and status update.
	File maintenance	Reviewed Client Open Form and set up new case on IPS. Entered relevant details from supporting docs i.e. Company Search. Completed AST related tasks as per the Client Open Form and Saved all documents in client folder on G-drive. Created new M-files appointment and transferred the documents from the existing appointment to the new appointment. Attendance regarding day one check list, template documents and IPS case form. Filed emails and documents to date on M-files
	Insurance	Completed day one insurance form for lodgement. Correspondence with insurer regarding initial and ongoing insurance requirement
	Bank account administration	Completed relevant account opening form, save in client folder on G-drive & M-Files. Send to appointee for approval by M-Files. Reviewed the email from NAB confirming the bank accounts held in the name of the company. Filed the account opening confirmation from the bank to client folder on G-Drive. Added the bank account details onto IPS. Liaise with NAB by phone regarding pre-appt a/c & get request escalated and for assistance in getting funds transferred from pre appointment to post appointment account and also requested NAB for a short term

Table of major tasks for remuneration

Task Area	General description	Includes
		<p>overdraft to settle the payroll whilst waiting for funds to arrive from pre appointment account.</p> <p>Emailed signed letter to NAB to sweep funds between bank accounts.</p> <p>Added new vendor to IPS. Reviewed paperwork first before entering on IPS. Enter data on IPS cashbook.</p> <p>Prepared ABA file to upload onto banking platform.</p> <p>Updated employee details on IPS for employees</p>
	Cash management	<p>Downloaded, prepared, reviewed and approved the VCF.</p> <p>Prepared reviewed and approved the vouchers</p>
	ASIC Forms and lodgements	<p>Prepared and lodged ASIC Form 531, 505 for the appointment of administrators and notice of advertisement.</p>
	ATO and other statutory reporting	<p>Notified ATO of Appointment</p> <p>Uploaded Notification of Appointment, and Requested for Documents</p> <p>Lodged initial report to creditors on the ATO portal.</p>
	Books and records	<p>Obtained Xero access and subscription set-up.</p>

Table of major tasks for remuneration

Schedule B2

Resolution 2

The below table provides a description of the work undertaken in each major task area for the administration for the period 28 May 2024 to completion of the administration.

Task Area	General description	Includes
Assets 63.3 hours \$38,524.00	Sale of Business as a Going Concern	<ul style="list-style-type: none"> Liaising with purchasers Internal meetings to discuss/review offers received
	Plant and Equipment	<ul style="list-style-type: none"> Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets subject to specific charges	<ul style="list-style-type: none"> Liaising with valuers, agents, and strata agent Attendances regarding auction of assets All tasks associated with realising a charged asset
	Debtors	<ul style="list-style-type: none"> Correspondence with debtors Reviewing and assessing collectability of debtors' ledger Liaising with debt collectors and solicitors
	Stock	<ul style="list-style-type: none"> Conducting stock takes Reviewing stock values Liaising with purchasers
	Other Assets	<ul style="list-style-type: none"> Tasks associated with realising other assets
	Leasing	<ul style="list-style-type: none"> Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases
Creditors 29.6 hours \$16,515.00	Creditor Enquiries	<ul style="list-style-type: none"> Attendances to creditor enquiries via telephone Maintaining creditor enquiry files Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Retention of Title Claims	<ul style="list-style-type: none"> Search the PPSA register Notify PMSI creditors identified from PPSA register Receive initial notification of creditors' intention to claim Provision of retention of title claim form to creditors Receive completed retention of title claim forms Maintain retention of title file Meeting claimants on site to identify goods Adjudicate retention of title claims Forward correspondence to claimants notifying outcome of adjudication Preparation of payment vouchers to satisfy valid claims Preparation of correspondence to claimants to accompany payment of claims (if valid)
	Secured creditor reporting	<ul style="list-style-type: none"> Notifying PPSA registered creditors of appointment Preparing reports to secured creditor Regular verbal updates to secured creditor Responding to secured creditor's queries
	Creditor reports	<ul style="list-style-type: none"> Preparing second creditor report, investigation, meeting and general report sections
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend

Table of major tasks for remuneration

Task Area	General description	Includes
Employees 13.5 hours \$7,853.00	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting Conducting first meeting of creditors Preparation and lodgement of minutes of meetings with ASIC Responding to stakeholder queries and questions immediately following meeting
	Shareholder enquiries	Initial day one letters ITAA Section 104-145(1) declarations Responding to any shareholder legal action
	Employees enquiries	Receive and follow up employee enquiries via telephone Maintain employee enquiry files Review and prepare correspondence to employees and their representatives via facsimile, email and post Preparation of letters to employees advising of their entitlements Receive and prepare correspondence in response to employee's objections to leave entitlements
	FEG/GEERS	Correspondence with FEG Preparing notification spreadsheet Preparing FEG quotations Preparing FEG distributions
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend Correspondence with ATO regarding SGC proof of debt Calculating dividend rate Preparing dividend file Advertising dividend notice Preparing distribution Receipting PODs Adjudicating PODs Ensuring PAYG is remitted to ATO
	Workers compensation claims	Attendances to workers compensation claims as required
Trade On 17.4 hours \$10,073.00	Other employee issues	Correspondence with Child Support Correspondence with Centrelink
	Trade on Management	Attendances with suppliers, staff as required Monitoring trading performance Preparing and authorising receipt vouchers Preparing and authorising payment vouchers Liaising with superannuation funds regarding contributions, termination of employees' employment Liaising with OSR regarding payroll tax issues

Table of major tasks for remuneration

Task Area	General description	Includes
Investigation 36.3 hours \$21,690.50	Processing receipts and payments	Entering receipts and payments into accounting system
	Budgeting and financial reporting	Attendances to cash flow and treasury management as required
	Conducting investigation	Collection and filing of company books and records Correspondence with ASIC to receive assistance in obtaining reconstruction of financial statements, company's books and records and Report as to Affairs Reviewing company's books and records Review and preparation of company nature and history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of estimated outcome statement for liquidation scenario Review of specific transactions and liaising with directors regarding certain transactions Liaising with directors regarding certain transactions Investigations to identify indicators of insolvency and possible claims for insolvent trading Updating investigation file
	Examinations	Preparing brief to solicitor Liaising with solicitor(s) regarding examinations Attendance at examination Reviewing examination transcripts Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / Recoveries	Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
	Document maintenance/file review/checklist	First month, then six monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Review and confirmation of adequacy of cover Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
Administration 43.0 hours \$15,344.50		

Table of major tasks for remuneration

Task Area	General description	Includes
	ATO and other statutory reporting	Notification of appointment Preparing BAS Completing payment summaries, STP reporting
	Finalisation	Notifying ATO of finalisation of VA Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Job file storage

Schedule B3

Resolution 6

The below table provides a description of the work undertaken in each major task area for the liquidation for the period 12 June 2024 to completion.

Task Area	General description	Includes
Assets 51.7 hours \$31,490.0	Plant and Equipment	Liaising with valuers, auctioneers and interested parties Reviewing asset listings
	Assets subject to specific charges	All tasks associated with realising a charged asset
	Debtors	Correspondence with debtors Reviewing and assessing collectability of debtors' ledger Liaising with debt collectors and solicitors
	Stock	Liaising with purchasers
	Other Assets	Tasks associated with realising other assets
	Leasing	Liaising with owners/lessors Tasks associated with disclaiming leases
Creditors 24.3 hours \$13,565.50	Creditor Enquiries	Deal with creditor enquiries via telephone Maintaining creditor enquiry files Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Retention of Title Claims	Dealing with PMSI creditors as required
	Secured creditor reporting	Communications with secured creditor(s)
	Creditor reports	Preparing statutory report to creditors, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing POD when not related to a dividend Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Creditor meeting attendances as required including preparation and lodgement of minutes of meetings with ASIC
Employees 25.1 hours \$14,574.50	Employees enquiries	Attendances to employee enquiries
	FEG/GEERS	FEG attendances
	Calculation of entitlements	Employee entitlement attendances
	Employee dividend	Attendances to employee dividend
	Workers compensation claims	Attendances as required
	Other employee issues	Correspondence with Child Support Correspondence with Centrelink
Investigation 30.3 hours \$17,887.00	Conducting investigation	Reviewing company's books and records Review of specific transactions and liaising with directors regarding certain transactions Investigations into possible claims for insolvent trading Updating investigation file Preparation and lodgement of supplementary report if required
	Litigation / Recoveries	Preparing brief to solicitors and liaising regarding recovery actions

Table of major tasks for remuneration

Task Area	General description	Includes
Administration 35.2 hours \$12,483.00	ASIC reporting	Preparing statutory investigation reports Preparation and lodgement of supplementary report to ASIC if required Liaising with ASIC
	Document maintenance/file review/checklist	First month, then six monthly administration review Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Forms and lodgements	Preparing and lodging ASIC forms including 505, 5602/5603, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS STP reporting as required
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

Appendix C Summary of receipts and payments

The Brink Company Pty. Ltd.
(Administrators Appointed)
Transactions From 08 May 2024 To 31 May 2024

A/C	Account	Net	GST	Gross
1 - 1	Sales (Taxable) - Sales - to be customised to app	14,726.97	1,472.69	16,199.66
72	Pre-appointment debtors	60,437.82	0.00	60,437.82
74	Cash at bank	33,810.14	0.00	33,810.14
79 - 4	Other assets - Non taxable - Prepayments & deposits	18,446.25	0.00	18,446.25
96	Interest received	182.61	0.00	182.61
Total Receipts (inc GST)		\$127,603.79	\$1,472.69	\$129,076.48
13 - 1	Wages - Wages	40,840.41	0.00	40,840.41
13 - 14	Wages - Overtime	208.15	0.00	208.15
14	Superannuation compulsory	4,515.22	0.00	4,515.22
16 - 6	Allowances - Other	205.13	0.00	205.13
35	IT consumables & services (Taxable)	1,418.80	141.88	1,560.68
45	Professional fees (Taxable)	14,700.00	1,470.00	16,170.00
120	Asset maintenance (Taxable)	750.00	75.00	825.00
223 - 1	Superannuation clearing account - Super compulsory	(4,515.22)	0.00	(4,515.22)
234 - 1	Withholding tax (PAYG) - Total tax withheld (INB)	(8,500.00)	0.00	(8,500.00)
Total Payments (inc GST)		\$49,622.49	\$1,686.88	\$51,309.37
Balance in Hand - By Bank Account				
212	Cheque Account			77,767.11
				\$77,767.11

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Appendix 7 – Information Sheet on Committees of Inspection

Information Sheet: Committees of Inspection

You have been elected to be, or are considering standing for the role of, a member of a Committee of Inspection (COI) in either a liquidation, voluntary administration or deed of company arrangement of a company (collectively referred to as an external administration).

This information sheet is to assist you with understanding your rights and responsibilities as a member of a COI.

What is a COI?

A COI is a small group of creditors elected to represent the interests of creditors in the external administration. The COI advises and assists the external administrator and also has the power to approve and request certain things – this is discussed in more detail below.

Membership of the COI is a voluntary, unpaid position.

Who can be elected to a COI?

To be eligible to be appointed as a member of a COI, a person must be:

- A creditor
- A person holding the power of attorney of a creditor
- A person authorised in writing by a creditor; or
- A representative of the Commonwealth where a claim for financial assistance has, or is likely to be, made in relation to unpaid employee entitlements.

If a member of the COI is a company, it can be represented by an individual authorised in writing to act on that creditor's behalf. It also allows the creditor to maintain its representation if a change in the individual is required

A COI usually has between 5 and 7 members, though it can have more, or less, depending on the size of the external administration.

A member of a COI can be appointed by:

- resolution at a meeting of creditors
- an employee or a group of employees owed at least 50% of the entitlements owed to employees of the company
- a large creditor or group of creditors that are owed at least 10% of the value of the creditors' claims,

If an employee or group of employees, or a large creditor or group of creditors, appoints a member to the COI, they cannot vote on the general resolution of creditors to appoint members to the COI. Each of these groups also have the power to remove their appointed member of the COI and appoint someone else.

If you are absent from 5 consecutive meetings of the COI without leave of the COI or you become an insolvent under administration, you are removed from the COI.

What are the roles and powers of a COI?

A COI has the following roles:

- to advise and assist the liquidator, voluntary administrator or deed administrator (collectively referred to as the external administrator)
- to give directions to the external administrator
- to monitor the conduct of the external administration.

In respect of directions, the external administrator is only required to have regard to those directions. If there is a conflict between the directions of the COI and the creditors, the directions of the creditors prevail. If the external administrator chooses not to comply with the directions of the COI, the external administrator must document why.

A COI also has the power to:

- approve remuneration of the external administrator after the external administrator has provided the COI with a Remuneration Approval Report (a detailed report setting out the remuneration for undertaking the external administration)
- approve the use of some of the external administrator's powers in a liquidation (compromise of debts over \$100,000 and entering into contracts over 3 months)
- require the external administrator to convene a meeting of the company's creditors
- request information from the external administrator
- approve the destruction of the books and records of the external administration on the conclusion of the external administration
- with the approval of the external administrator, obtain specialist advice or assistance in relation to the conduct of the external administration
- apply to the Court for the Court to enquire into the external administration.

An external administrator is not required to convene a meeting of creditors if the request by the COI is unreasonable, or provide requested information if the request is unreasonable, not relevant to the administration or would cause the external administrator to breach their duties.

A request to convene a meeting of creditors is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- there are insufficient funds in the external administration to cover the cost of the request
- a meeting of creditors dealing with the same matters has already been held or will be held within 15 business days, or
- the request is vexatious.

If a request for a meeting is reasonable, the external administrator must hold a meeting of creditors as soon as reasonably practicable.

A request for information is unreasonable if:

- it would substantially prejudice the interests of a creditor or third party
- the information would be subject to legal professional privilege
- disclosure of the information would be a breach of confidence
- there are insufficient funds in the external administration to cover the cost of the request
- the information has been provided or is required to be provided within 20 business days, or
- the request is vexatious.

If the request for information is not unreasonable, the external administrator must provide the requested information within 5 business days, but the law provides for further time in certain circumstances.

An external administrator must inform the COI if their meeting or information request is not reasonable and the reason why.

How does the COI exercise its powers?

A COI exercises its powers by passing resolutions at meetings of the COI. To pass a resolution, a meeting must be convened and a majority of the members of the COI must be in attendance.

A meeting is convened by the external administrator by giving notice of the meeting to the members of the COI. Meetings of the COI can be convened at short notice. The external administrator must keep minutes of the meeting and lodge them with ASIC within one month of the end of the meeting.

ASIC is entitled to attend any meeting of a COI.

What restrictions are there on COI members?

A member of a COI must not directly or indirectly derive any profit or advantage from the external administration. This includes by purchasing assets of the company or by entering into a transaction with the company or a creditor of the company. This prohibition extends to related entities of the member of the COI and a large creditor(s) that appoints a member to the COI.

Creditors, by resolution at a meeting of creditors, can resolve to allow the transaction. The member of the COI or the large creditor(s) that appoints a member to the COI is not allowed to vote on the resolution.

Where can you 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 www.arita.com.au/creditors.

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

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

Appendix 8 – Committee of Inspection Nomination Form

**THE BRINK COMPANY PTY. LTD.
(ADMINISTRATORS APPOINTED)
ACN 628 948 694 (the Company)
Previously trading as 'BRINK DRINKS'**

NOMINATION FORM – COMMITTEE OF INSPECTION

Please complete the details below if you would like to be nominated to be as a member of the Committee of Inspection (COI) if one is formed at the forthcoming meeting of creditors. This form must be returned to amit.a.kotecha@au.pwc.com no later than Tuesday, 11 June 2024.

An information sheet about the rights and responsibilities as a member of the COI prepared by the Australian Restructuring Insolvency & Turnaround Association (ARITA) is attached. We recommend that interested creditors read the information sheet. There are also restrictions placed on COI members. Please direct any queries to amit.a.kotecha@au.pwc.com.

Signature:	
Creditor name:	
Creditor address:	
Contact name:	
Position:	
Email Address:	
Contact number:	

Return completed form to: PricewaterhouseCoopers

By email: amit.a.kotecha@au.pwc.com

By post: 2 Riverside Quay, SOUTHBANK VIC 3006

Appendix 9 – ASIC Information Sheets

Creditor Rights in Voluntary Administrations

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



Right to request information

Information is communicated to creditors in a voluntary administration through reports and meetings.

In a voluntary administration, two meetings of creditors are automatically held. You should expect to receive reports and notice of these meetings:

- The first meeting is held within 8 business days of the voluntary administrator's appointment. A notice of meeting and other information for this meeting will be issued to all known creditors.
- The second, or decision, meeting is usually held within 6 weeks of the appointment, unless an extension is granted. At this meeting, creditors will get to make a decision about the company's future. Prior to this meeting the voluntary administrator will provide creditors with a notice of the meeting and a detailed report to assist in making your decision.

Important information will be communicated to creditors prior to and during these meetings. Creditors are unable to request additional meetings in a voluntary administration.

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

A voluntary administrator 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 voluntary administrator 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:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) the information requested would be privileged from production in legal proceedings
- (c) disclosure would found an action for breach of confidence
- (d) there is not sufficient available property to comply with the request
- (e) the information has already been provided
- (f) the information is required to be provided under law within 20 business days of the request
- (g) the request is vexatious

If a request is not reasonable due to (d), (e) or (f) above, the voluntary administrator must comply if the creditor meets the cost of complying with the request.

Otherwise, a voluntary administrator must inform a creditor if their information request is not reasonable and the reason why.

Right to give directions to voluntary administrator

Creditors, by resolution, may give a voluntary administrator directions in relation to a voluntary administration. A voluntary administrator must have regard to these directions, but they are not required to comply with the directions.

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

An individual creditor cannot provide a direction to a voluntary administrator.

Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a voluntary administrator's remuneration or a cost or expense incurred in a voluntary administration. 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 voluntary administration, in priority to creditor claims.

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

Right to replace voluntary administrator

At the first meeting, creditors have the right to remove a voluntary administrator and appoint another registered liquidator to act as voluntary administrator.

A creditor must ensure that they have a consent from another registered liquidator prior to the first meeting if they wish to seek the removal and replacement of a voluntary administrator.

Creditors also have the opportunity to replace a voluntary administrator at the second meeting of creditors:

- If creditors vote to accept a proposed deed of company arrangement, they can appoint a different registered liquidator as the deed administrator.
- If creditors vote to place the company into liquidation, they can appoint a different registered liquidator as the liquidator.

It is however usual for the voluntary administrator to act as deed administrator or liquidator. It would be expected that additional costs would be incurred by an alternate deed administrator or liquidator to gain the level of knowledge of the voluntary administrator.

Like with the first meeting, a creditor must ensure that they have a consent from another registered liquidator prior to the second meeting if they wish to seek to appoint an alternative registered liquidator as deed administrator or liquidator.

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