

**The PAS Group of Companies
(All Administrators Appointed)
(the “PAS Group” or “Group”)**

Administrators:

Martin Ford

Stephen Longley

David McEvoy

Voluntary Administrators’ report

7 August 2020



Glossary

Abbreviations	Definitions
Act	Corporations Act 2001 (Cth)
Administrators	Martin Ford, Stephen Longley and David McEvoy
AEDST	Australian Eastern Daylight Savings Time
AEST	Australian Eastern Standard Time
AFG Retail	AFG Retail Pty Limited ACN 133 613 251
APAAP	All present and after-acquired property, a term associated with security interests under the PPSA
ARITA	Australian Restructuring Insolvency and Turnaround Association
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
BAS	Business Activity Statement
Black Pepper	Black Pepper Brands Pty Ltd (Administrators Appointed) A.C.N 112 065 559
Bondi Bather	Bondi Bather Pty Limited ACN 620 985 864
Capelle Group	The Capelle Group Pty Limited ACN 121 867 641
CBA	Commonwealth Bank of Australia Ltd A.C.N 123 123 124
CERPO Act	Coronavirus Economic Response Package Omnibus Act 2020
Chestnut Apparel	Chestnut Apparel Pty Limited ACN 112 091 522
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
PAS Group or Group	The PAS Group of Companies (All Administrators Appointed)
D&O Policy	Directors and Officers Insurance Policy
Deed	Deed of Company Arrangement
Designworks	Designworks Clothing Company Pty Ltd (Administrators Appointed) A.C.N 117 343 807
Designworks Holdings	Designworks Holdings Pty Limited ACN 113 900 057
DOCA	Deed of Company Arrangement
DOXG	Deed of Cross Guarantee
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities, pursuant to s436DA of the Act and Code.
Distribution DOCA	One company will enter a DOCA under which the proceeds of all realisations will be aggregated and distributed to creditors via a distribution fund
EBITDA	Earnings before interest, tax, depreciation and amortisation
FEG	Fair Entitlements Guarantee, a scheme administered by the Attorney-General's Department to provide assistance to employees owed employee entitlements following the insolvency/bankruptcy of an employer
Fiorelli	Fiorelli Licensing Pty Limited ACN 122 295 827
First Meetings	First Meetings of Creditors held pursuant to s 436E of the <i>Corporations Act 2001</i> held on 11 June 2020
FY	Financial Year (e.g. the financial year 1 July 2018 to 30 June 2019 would be expressed as FY19)
HRN	Holder Reference Number
Hopkins Group	The Hopkins Group Aust Pty Limited ACN 119 023 273
HY	Half Year (e.g. the half financial year 1 July 2019 to 31 December 2019 would be expressed as HY19)
IPR	Insolvency Practice Rules (Corporation) 2016

Abbreviations	Definitions
Jets	Jets Swimwear Pty Ltd (Administrators Appointed) A.C.N 068 819 581
k	Thousand
M	Million
Metpas	Metpas Pty Ltd ACN 127 957 653
Moneytech	Moneytech Finance Pty Ltd ACN 112 110 906
NZ	New Zealand
PAS Finance	PAS Finance Pty Ltd ACN 169 478 291
PAS Group Limited	The PAS Group Limited ACN 169 477 463
PASCO Group	PASCO Group Pty Ltd ACN 117 244 943
PASCO Operations	PASCO Operations Pty Ltd ACN 112 078 547
PMSI	Purchase Money Security Interest as defined in the PPSA
PPSA	Personal Property Security Act 2009 (Cth)
PPSR	Personal Property Securities Register – a register set up under the PPSA for the registration of security interests
PwC	PricewaterhouseCoopers Australia
Q&A	Questions and answers
Review	Review Australia Pty Ltd (Administrators Appointed) A.C.N 122 295 836
ROCAP	Report on Company Activities and Property
Report	This report, prepared pursuant to Insolvency Practice Rule 75-225 and section 439A of the Act about the business, property, affairs and financial circumstances of the Company
s	Section of the Act
Second Meetings	Meetings held pursuant to Insolvency Practice Rule 75-225 and s439A of the Act where creditors determine the future of the PAS Group
Transaction Support DOCAs	18 companies will enter into identical DOCAs empowering the deed administrators to transfer assets and novate (or extinguish) liabilities between those companies to facilitate one or more sale transactions
World Brands	World Brands Pty Ltd ACN 075 219 135
Yarra Trail	Yarra Trail Pty Ltd (Administrators Appointed) A.C.N 110 902 102
Yarra Trail Holdings	Yarra Trail Holdings Pty Limited ACN 110 901 561
YTD20	Year to date, eleven months from 1 July 2019 to 29 May 2020

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1. 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 Meetings.
- The contents of this Report are based on information obtained from the Group's books and records, financial systems, representations from the directors, key management 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 Meetings.
- 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 PAS Group 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 Meetings.

2. Executive summary

2.1. Appointment background

Martin Ford, Stephen Longley and David McEvoy of PricewaterhouseCoopers (**PwC**), 2 Riverside Quay, Southbank, Victoria were appointed Joint and Several Administrators (**Administrators**) of The PAS Group Limited and 18 of its subsidiaries on 29 May 2020 by the directors under s436A of the Act.

The nineteen companies in Administration are collectively referred to as the **PAS Group** or **Group**. Please refer to **Appendix A** for the full list of the PAS Group companies in administration. The PAS Group also has certain foreign subsidiary companies which are not in administration. These companies are shown in the diagram in section 4.2.

2.2. Extension of convening period

On 22 June 2020 the Federal Court of Australia granted an extension to the convening period for the Second Meetings of Creditors of the PAS Group to 29 September 2020. The Second Meetings of Creditors must be held by the date five business days after the end of the extended convening period. The date of the Second Meetings of Creditors has been brought forward to support the potential sale and recapitalisation process requirements. We have now convened the Second Meetings of Creditors because we have formed the view that doing so will best facilitate the sale and recapitalisation process and maximise the proceeds for the benefit of creditors and the preservation of as much as possible of the PAS Group's businesses.

2.3. Report's purpose

The purpose of this report is to table the findings of our investigations into the PAS Group'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 Group.

This single consolidated Report deals with all the PAS Group of companies as opposed to a separate report being prepared and issued for each of the PAS Group companies. As it is not possible at this time to cover all matters required by the ARITA Code of Professional Practice guidelines, the Administrators have included at **Appendix C** a summary of matters that have not been included in the Report.

2.4. Administrators' opinion

Under the Act, creditors have three options available in order to determine the future of each of the PAS Group companies:

- The administration ends with control of the company reverting to its directors
- The Administrators execute a Deed of Company Arrangement (**DOCA**)
- The company be wound up (i.e. placed into liquidation).

We recommend that it is in the creditors' interests to execute a DOCA for each of the PAS Group companies.

By entering into the DOCAs on the terms set out in section 2.7 below, the Administrators consider that the structure will:

- provide the best prospect of preserving ongoing employment for PAS Group staff and future trading opportunities for PAS Group suppliers
- improve the prospects of achieving the highest sale price for the PAS Group companies or their businesses, and therefore the highest return for creditors.

2.5. Second meetings of creditors

The Second Meetings of Creditors for the PAS Group (**Second Meetings**) will be held concurrently on:

Date:	Monday 17 August 2020
Meeting access time:	2:15pm AEST
Meeting time:	2:30pm AEST
Location	Please note, to ensure we are acting in line with the Government's safe distance measures put in place in response to the COVID-19 pandemic, we will be holding the concurrent Second Meetings electronically using a video conference facility.

Formal notification, Form 529 – Notice of Meetings of Creditors, is attached at **Appendix B**.

2.5.1. How to participate in the Second Meetings

To participate in the Second Meetings, creditors must access the creditor portal using your Holder Reference Number (**HRN**) and:

- submit a proof of debt and supporting information to substantiate your claim. If you have already lodged a proof of debt, you do not need to lodge a second proof of debt, unless the value of your claim has changed since the First Meetings.
- nominate a proxy to attend the Second Meetings. If you are not able to attend the Second Meetings but would like to participate, please appoint a proxy to vote on your behalf at the Second Meetings. This will be necessary if the creditor is a company.

Creditors will also be able to vote in the creditor portal prior to the Second Meetings on the resolutions that will be presented at the Second Meetings. **The Administrators strongly recommend all creditors submit their votes prior to the Second Meetings, to streamline the voting process.**

You can access the creditor portal at: <https://events.miraqle.com/OCP/PASGroup/>

Please submit your proof of debt and nominated proxy in the creditor portal by no later than **4:00pm AEST on Friday 14 August 2020**. If you have any issues accessing the creditor portal, please contact Link Market Services at pasgrouppltd@linkmarketservices.com.au or 1300 794 682.

Please note, if you have a claim in multiple entities within the PAS Group, you will need to submit a form for each claim (creditors have been issued with a different HRN for each indebted PAS Group entity).

2.5.2. Access to video conference facility

A link to register attendance and access the video conference facility for the Second Meetings can be found on the homepage of the creditor portal and the PAS Group creditor information page at <https://insolvency.pwc.com.au/>

2.6. Sale of business

Shortly after appointment, the Administrators conducted a process to seek expressions of interest for the sale and/or recapitalisation of the PAS Group.

On 4 June 2020 and 9 June 2020 advertisements calling for expressions of interest were placed in The Australian Financial Review. Following this, 44 parties expressed interest in the PAS Group and an information memorandum was distributed to 40 parties. The Administrators received non-binding indicative offers from 12 parties.

After a review and assessment of the offers, several parties were invited to undertake detailed due diligence and invited to submit a final offer by 20 July 2020. We received indicative offers from two parties for the PAS Group (**Principal Bidders**) who were considered credible and capable of completing a transaction. Given the nature of the Principal Bidders' offers (which contained a variety of conditions), the Administrators have not yet determined preferred bidder status. The offers are currently being assessed by the Administrators. A number of other offers were also received for parts of the PAS Group.

Separately, the Administrators have received a non-binding offer to purchase the Jets Swimwear brand name, inventory and intellectual property. The Jets Swimwear business was not integral to the Principal Bidders' offers and can therefore be transacted separately. The offer has been agreed to in-principle by the Administrators, and the purchasers' solicitors are drafting a sale agreement. We will report further at the Second Meeting.

2.7. Deed of Company Arrangement

Based on our review of the business and operations of the PAS Group, we have formed the view that a sale of the PAS Group businesses is in the creditors' interests.

To facilitate this process, we propose that the PAS Group enters a "Transaction Support and Distribution" DOCA structure. These DOCAs will confer on the deed administrators broad powers to arrange the Group's assets and liabilities in a way that optimises the sale transaction(s) and will allow for the selection of the preferred bidder/transaction structure to be deferred until the bidder offers are sufficiently unconditional and certain.

The remaining interested parties in the sale process have welcomed the prospect of this flexibility and the associated certainty of outcome. We are confident that this structure will provide the best outcome for creditors as a whole, and the continuation of the greatest part of the PAS Group's businesses and operations.

We note for completeness that the Administrators have not received a deed of company arrangement proposal from any third party which complies with the terms of the Corporations Act and is in a form capable of acceptance.

2.7.1. Structure

The following is an overview of the proposed structure. Please note that it is indicative only and subject to change.

The PAS Group is comprised of 19 companies. Under the proposed "Transaction Support and Distribution" DOCA structure:

- a. 18 companies will enter into identical DOCAs empowering the deed administrators to transfer assets and novate (or extinguish) liabilities between those companies to facilitate one or more sale transactions (**Transaction Support DOCAs**); and
- b. one company will enter a DOCA under which the proceeds of all realisations will be aggregated and distributed to creditors via a distribution fund (**Distribution DOCA**).

The structure as proposed will not prejudice an individual creditor's return under the DOCA scenario.

2.7.2. Key features of proposed DOCA structure

The following are the key features of the proposed DOCA structure:

- a. **Establishment** – Each DOCA must be executed within 15 business days of approval at the second creditors' meeting and its operation will be subject to each of the other DOCAs having been executed.
- b. **Enforcement moratorium** – There will be a continuation of the voluntary administration enforcement moratorium and prohibition on share transfers in PAS Group Limited until the DOCAs terminate.
- c. **Extinguishment of claims** – Creditors' claims will be subject to the usual proofs. Extinguishment, release or novation of a claim by the deed administrators under a Transaction Support DOCA in relation to a particular PAS Group company will entitle the relevant creditor to an equivalent claim under the Distribution DOCA. Future and contingent claims will be valued in accordance with the methodology contained in the Distribution DOCA.
- d. **Leases** – The deed administrators will allocate leases (including non-property leases) to one of the following categories: leases that the deed administrators will –
 - (a) cause the relevant Group company to continue performing;
 - (b) cause the relevant Group company to continue performing, but only on revised terms and conditions acceptable to the deed administrator; and
 - (c) **not** cause the relevant Group company to continue performing.All claims arising prior to that allocation will be extinguished and will be payable in accordance with the terms of the Distribution DOCA. Future/contingent claims will be completely extinguished for category (c) leases, and partially extinguished for category (b) leases (to the extent of the compromise under the new lease terms). Claims arising during the voluntary administration and DOCA period which are either expenses of the administration or for which the administrators are personally liable will be given priority under the Distribution DOCA. The deed administrators will have regard to the preferences of the preferred bidders in making the lease allocations above.
- e. **Deed Creditors' Committee** – The current Committee of Inspection will continue as the Deed Creditors' Committee. If a poll is called, the members will vote according to the creditors they represented in number and value at the second creditors' meetings. The Deed Creditors' Committee will also have the power to approve the Deed Administrators' remuneration.
- f. **Powers of deed administrators** – The deed administrators will have powers to novate, release and extinguish liabilities of PAS Group companies, transfer assets between PAS Group companies, sell or allot shares or other securities in the PAS Group companies, and transfer proceeds of sale to facilitate their distribution to creditors.

- g. **Approval of sale transactions** - Sale transactions for Designworks, Review or Black Pepper will require approval by the Deed Creditors' Committee. Committee meetings to approve the sale transactions for Designworks, Review and Black Pepper can be held at short notice, which we define as two clear business days' notice.
- h. **DOCA "waterfall"** – The deed administrators will make distributions to creditors in an order of priority that mirrors section 556 of the Corporations Act (which applies in the winding up of a company). The deed administrators will be obliged to ensure that creditors are not materially and unfairly prejudiced in relation to the distributions compared to their position under a counterfactual liquidation scenario.
- i. **Preservation of claims** – The deed administrators will, to the extent possible, seek to preserve any claims available only to a liquidator or third party for the benefit of all creditors, by novation of any claims.
- j. **Termination** – The DOCAs will terminate on the earlier of liquidation of the relevant PAS Group company, payment of all entitlements in accordance with the DOCA Waterfall, or at the absolute discretion of the deed administrators. The DOCAs will provide for the mediation of any dispute with creditors.

2.8. Estimated return to creditors

We estimate creditors' returns under a 'high' and 'low' case liquidation scenario will be:

Creditor type	Liquidation High Cents in the dollar	Liquidation Low Cents in the dollar
Secured creditors (all Group companies)	100	100
Employees (all Group companies)	100	100
Unsecured creditors*		
YARRA TRAIL	1.8	0.2
BLACK PEPPER	19.0	3.9
DESIGNWORKS CLOTHING COMPANY	19.0	3.9
REVIEW	19.0	3.9
JETS	22.0	3.9
PASCO OPERATIONS	19.0	3.9
BONDI BATHER	0.0	0.0
PAS FINANCE	0.0	0.0
PASCO GROUP	0.0	0.0
DESIGNWORKS HOLDINGS	0.0	0.0
AFG RETAIL	0.0	0.0
CHESTNUT APPAREL	0.0	0.0
YARRA TRAIL HOLDINGS	0.0	0.0
CAPELLE GROUP	0.0	0.0
FIORELLI	0.0	0.0
METPAS	0.0	0.0
HOPKINS GROUP	0.0	0.0
WORLD BRANDS	0.0	0.0
PAS GROUP LIMITED	19.0	3.9

As the sale and recapitalisation process is still underway, the Administrators are not able to provide creditors with an estimate of the distribution that will be paid under the DOCA scenario, however, we expect the return under a DOCA to each creditor to be materially higher than a downside liquidation scenario and likely to be in line with our liquidation high case estimates.

In this regard it is relevant to note that the "high case" estimated liquidation return relies on the retail and wholesale businesses continuing to trade in line with forecasts (already adjusted for COVID-19 impacts). Accordingly, due to the ever-changing nature of the pandemic, there is significant uncertainty as to the impact that ongoing and potentially more severe restrictions may have on the "high case" estimated outcome.

Further, the DOCAs maximise the chances of as much as possible of the Group's business remaining in existence, with consequent benefits for preserving employment and providing suppliers with ongoing trading arrangements.

Further detail about how we have calculated the estimated liquidation returns is provided in **Section 10**.

2.9. Offences and liquidation recoveries

The Administrators have undertaken preliminary investigations into the affairs of the PAS Group. From these investigations, there is no clear indication that the Group has traded whilst insolvent, however it may have become insolvent in the short term had Administrators not been appointed. Additionally, we have not found evidence of voidable transactions.

Since our investigations are at a preliminary stage, we are not able to provide a conclusive view on potential offences that may have been committed or amounts that may be recoverable in the event any of the PAS Group companies are placed into liquidation.

2.10. Administrators' overview

2.10.1. Conduct of administrations

On appointment the Administrators assumed control of the PAS Group's operations, businesses and assets. The initial strategy was as follows:

- Maintain business as usual - continue to trade the PAS Group while undertaking a review and assessment of operations
- Explore and negotiate options for the sale and/or restructuring of the Group
- Attend to statutory reporting and investigations

We refer to **Section 5** for further details.

2.10.2. PAS Group financial background

- PAS Group Limited is required to report consolidated audited financial reports (which include all PAS Group companies) to the ASX on a half-yearly and yearly basis.
- The depressed macroeconomic environment due to the COVID-19 pandemic, and declining consumer sentiment generally in the retail sector, has impacted the Group's revenue levels and resulted in a drop in the Group's EBITDA to \$672k for the eleven months to May 2020 (**YTD20**) after reported EBITDA of \$6.4m for FY19.
- Overall, the consolidated Group financial position has shown a decrease in the net asset position from \$122.3m at 30 June 2018 to \$115.2m at 29 May 2020. This is primarily reflected by:
 - an increase in borrowings (-\$10.8m)
 - the impact of the first-time adoption of AASB 16 Leases (-\$3.4m); offset by
 - an increase in cash and cash equivalents and trade receivables (+\$8.7m).
- Although the Group reported an increase in cash of c.\$5.7m from 30 June 2019, the Group also increased its borrowings by \$10.2m to fund a short-term gap in liquidity, arising from significantly reduced sales due to the disruption to the Group's operations as a result of COVID-19.

2.10.3. Reasons for Group's difficulties

The directors attribute the Group's current financial position to the COVID-19 pandemic and the resulting disruption to operations. This was further compounded by the challenges already being faced by the retail sector prior to COVID-19, caused by soft consumer sentiment.

We concur with the directors' stated reasons for the Group's current financial position and further add:

- A large proportion of the Group's apparel is produced in factories in China and the spread of COVID-19 resulted in factory and port closures due to quarantine restrictions. These closures impacted the delivery of orders to the Group.
- The Group was also impacted by the COVID-19 lock down regulations which were enforced by the State and Federal Governments. This resulted in a dramatic decline in foot traffic in key shopping precincts and consequently the Group made the decision to close all of its retail stores. In addition, many of its wholesale customers cancelled orders due to delivery delays and reduced trading in their own businesses.

2.11. Remuneration

2.11.1. Voluntary Administrators' remuneration

We will not be seeking approval for our remuneration at the Second Meetings as the Administrators will seek approval from the Committee of Inspection for the Voluntary Administrators' remuneration for each entity within the PAS Group.

A copy of our Remuneration Reports can be provided to creditors upon request. The Remuneration Reports include full details of key activities undertaken by us, our partners and staff and the remuneration approval sought and approved.

We summarise below the Voluntary Administrators' approved remuneration and the estimated remuneration for the combined 19 entities within the PAS Group up to execution of the DOCA.

Period	Remuneration (\$)
Remuneration approved to date	
29 May 2020 to 30 June 2020	1,380,286.50
Estimated Administrators' remuneration	
1 July 2020 to 17 August 2020 (Second Meetings)	1,321,484.00
18 August 2020 to execution of DOCA	582,401.50
Total estimated Administrators' remuneration	3,284,172.00

2.11.2. Deed Administrators' remuneration

As noted in **Section 2.7.2**, the Deed Creditors' Committee has the power to approve the Deed Administrators' remuneration. Therefore, we will not be seeking creditor approval for the Deed Administrators' remuneration at the Second Meetings.

We estimate the Deed Administrators' remuneration will be in the range of \$600,000 – 800,000, depending on the timing of finalising the sale transactions and approval of the transactions by the Deed Creditors' Committee.

3. Introduction

3.1. Appointment information

Martin Ford, Stephen Longley and David McEvoy were appointed as Administrators of The PAS Group Limited and eighteen of its subsidiaries on 29 May 2020 under s436A of the Act.

3.2. Declaration of Independence, Relevant Relationships and Indemnities

Our Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was provided in our initial report to creditors dated 1 June 2020. The DIRRI discloses information regarding any prior personal or professional relationships the Administrators and PricewaterhouseCoopers had with the PAS Group or related parties, our independence and any indemnities received relating to this appointment.

3.3. 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 director(s)).
- investigations conducted

3.4. Purpose of second meetings

The Second Meetings will:

- address the contents of this Report
- respond to questions from creditors
- determine the Group's future by resolving one of the three available options
- formation of a Committee of Inspection (**COI**).

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

The options available to creditors and the Administrators' opinion on each option are set out in detail in **Section 11**.

We recommend that each of the PAS Group companies **execute a DOCA**.

3.5. Second meetings details

The Second Meetings will be held on Monday 17 August 2020 at 2:30pm AEST. Formal notification Form 529 – Notice of Meeting of Creditors is attached at **Appendix B**.

Please note, to ensure we are acting in line with the Government's safe distance measures put in place in response to the COVID-19 pandemic, we will be holding the concurrent Second Meetings electronically using a video conference facility. Further information on how to access the video conference facilities is detailed below.

The Act stipulates the timing of the Second Meetings. Generally, the Second Meetings 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 successfully applied to the Federal Court of Australia to have the convening period extended until 29 September 2020. Given the size and complexity of the Group, we sought the convening period extension in order to allow the Administrators sufficient time to conclude the sale of business campaign and to assess any proposal(s) for a DOCA.

3.6. Meeting registration

To participate in the Second Meetings, creditors must access the creditor portal using your Holder Reference Number (HRN) and:

- submit a proof of debt and supporting information to substantiate your claim. If you have already lodged a proof of debt, you do not need to lodge a second proof of debt, unless the value of your claim has changed since the First Meetings.
- nominate a proxy to attend the Second Meetings.

If you are not able to attend the Second Meetings but would like to participate, please appoint a proxy to vote on your behalf at the Second Meetings. This will be necessary if the creditor is a company.

You can access the creditor portal at: <https://events.miraqle.com/OCP/PASGroup/>

Please submit your proof of debt and nominated proxy in the creditor portal by no later than **4:00pm AEST on Friday 14 August 2020**. If you have any issues accessing the creditor portal, please contact Link Market Services at pasgrouppltd@linkmarketservices.com.au or 1300 794 682.

Please note, if you have a claim in multiple entities within the PAS Group, you will need to submit a form for each claim (creditors have been issued with a different HRN for each indebted PAS Group entity).

3.7. Access to video conference facility

A link to register attendance and access the video conference facility for the Second Meetings can be found on the homepage of the creditor portal and the PAS Group creditor information page at <https://insolvency.pwc.com.au/>

Creditors are encouraged log into the video conference as early as possible to enable the orderly registration of attendees so that the meetings can commence on time.

3.8. Voting at the Second Meetings

In line with ASIC's current directives for holding meetings, the Chairperson will be required to conduct all voting by a poll. Voting by poll via video conference is a difficult and time-consuming process, especially with a significant number of attendees.

The Administrators strongly recommend all creditors submit their votes via the creditor portal (i.e. submit a Special Proxy) prior to the Second Meetings to assist with the voting process. A Special Proxy is one where the creditor specifically defines how they would like to vote on the various resolutions, prior to the Meeting.

Only creditors of the PAS Group are entitled to vote at the Second Meetings.

3.9. Committee of Inspection (COI)

At the First Meetings of Creditors, creditors voted to establish a single committee of inspection for The PAS Group Limited, with membership of this COI comprising creditors of all the main employing / trading entities and representing various stakeholder groups (i.e. landlords, employees). For further details on the composition of the COI and meetings to date, we refer to **Section 5** of the Report.

Under the proposed DOCAs, this COI will continue as the Deed Creditors' Committee, if creditors resolve to execute the DOCAs as summarised in **Section 2.7**.

If creditors resolve to wind up the PAS Group companies, we recommend that creditors establish a COI. A minimum of two members is required to form a COI.

Creditors should consider whether they are able to be a COI member, as membership of a COI requires attendance at meetings. 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:

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

3.10. Administrators' comments on this Report

The ARITA Code of Professional Practice (**the Code**) provides guidance to Insolvency Practitioners on a number of matters concerning the external administration of companies, including the contents of an Administrators' report to creditors.

Due to the size and complexity of the PAS Group, and the current stage of the sale and recapitalisation process, it is not possible at this time to cover all matters required by the Code. A summary of such matters is included at **Appendix C**.

3.11. 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 D** is ASIC's publication "Insolvency information for directors, employees, creditors and shareholders", which provides an index of the information sheets that are available. You can download these information sheets from:

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

4. PAS Group background

4.1. PAS Group overview

The PAS Group is an Australian-based fashion retail group, with interests in both the retail and wholesale segments of the market, as well as a significant online business.

The PAS Group Limited (**PAS**) is a public company whose shares are listed on the Australian Securities Exchange (**ASX**) and is the ultimate holding company of each of the PAS Group companies. The PAS Group head office is located at Mount Waverley, Victoria and the Group employed approximately 1,200 employees across Australia at the time of our appointment.

PAS Group operates 143 retail stores and outlets in Australia and 18 retail stores and outlets in New Zealand, plus a further 57 concessions within Myer stores in Australia under licence.

The wholesale division includes Designworks and Yarra Trail and the retail division includes Review and Black Pepper. Jets Swimwear is a multichannel brand. A brief summary of each business unit is provided below:

- Designworks designs, supplies and markets fashion apparel for major retailers including Target, David Jones, Kmart, Coles, David Jones, Big W and Rebel. Its licensed brands include Everlast, Russell Athletic, Lonsdale, Review Kids, B.O.D by Finch, Mooks Clothing Co, Republic, Sista, Slazenger, 20th Century Fox, Coca-Cola Dreamworks, Sony, Universal, Nickelodeon, Mattel Beatrix Potter, Hasbro and Sesame Street.

Designworks®

- Yarra Trail is a wholesale division, selling womenswear through Myer and over 200 independent retailers across Australia, New Zealand and South Africa, with a growing online presence.

yarra trail
make life one long weekend

- Jets offers retail through three company owned stores, and local and international wholesale. Its focus is swimwear and it has a growing online presence.

JETS
AUSTRALIA

- Review has a retail portfolio covering 36 owned stores and outlets, in addition to 57 Myer concessions and a strong online business. The brand comprises more than 50% of the Group's total retail revenue and focuses on fashion for women aged between 24 and 40.

REVIEW

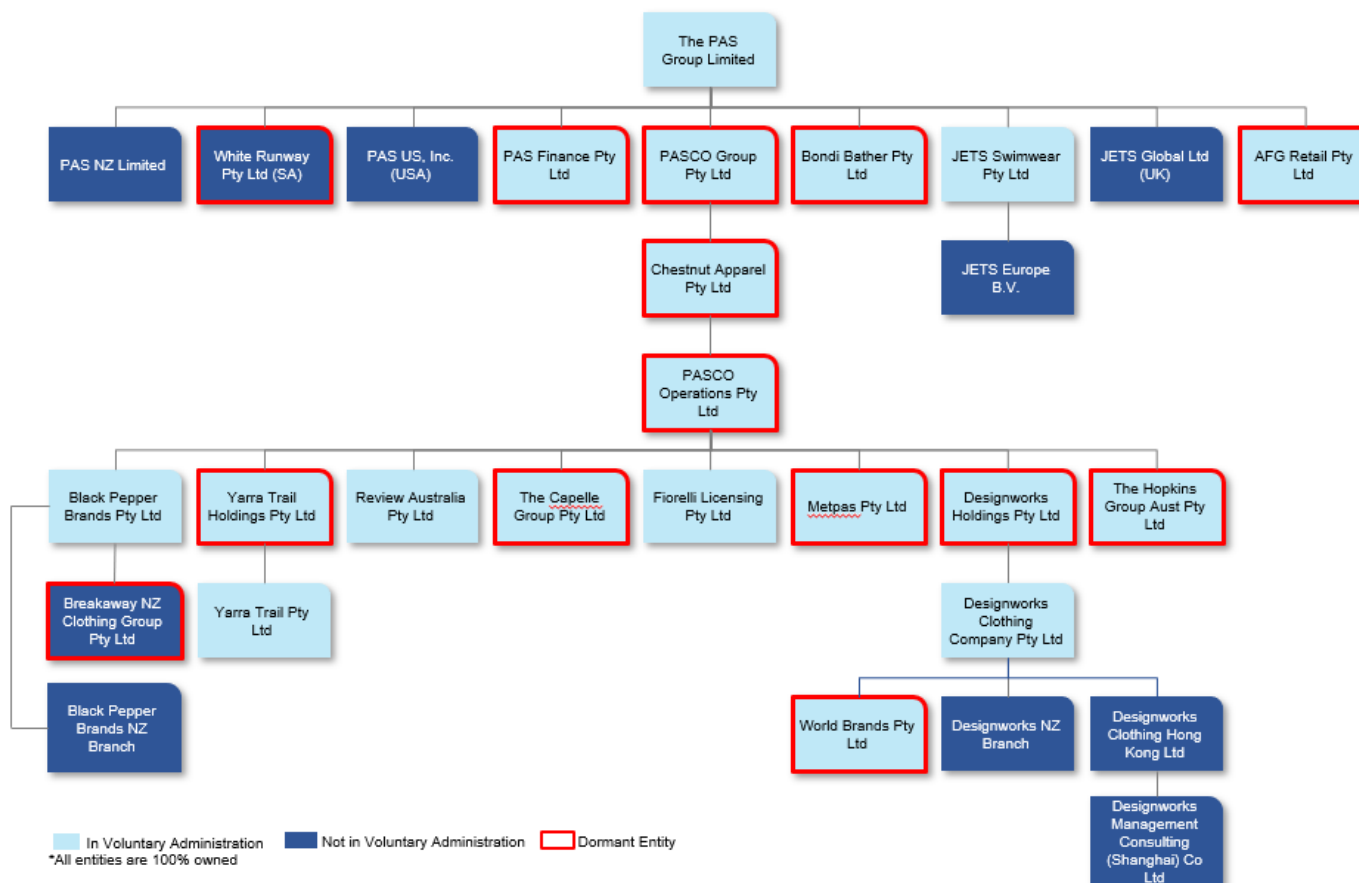
- Black Pepper is sold through 120 retail stores in Australia and New Zealand, with a growing online presence. It comprises more than 40% of the Group's total retail revenue.

BLACK PEPPER
• • •

Information regarding the Group's financial background is discussed in **Section 6**.

4.2. Group structure

A diagram of the PAS Group structure at the date of our appointment is provided below.



*We note that the International companies are not in Administration, however, as they are 100% owned subsidiaries of the companies in Administration they are under the control of the Administrators.

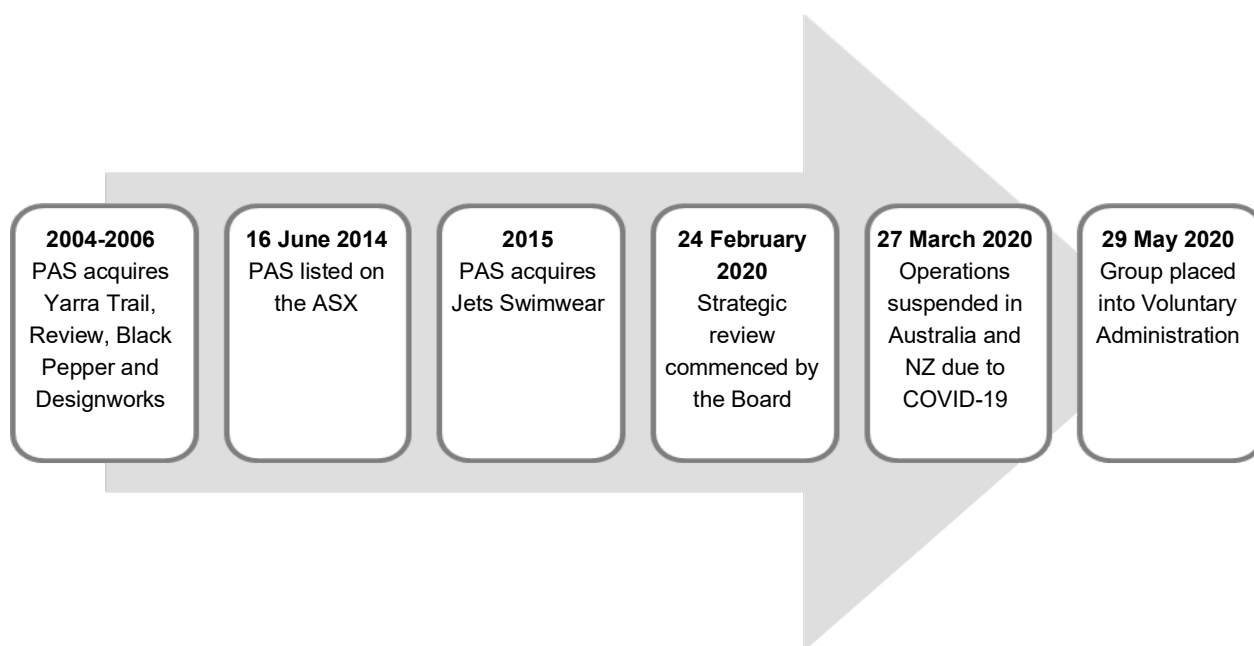
4.3. Deed of Cross Guarantee (DOXG)

A deed of cross guarantee (**DOXG**) was entered into between several companies within the PAS Group on 24 June 2014. Each PAS Group member subject to the DOXG is required to guarantee the debts of each other PAS Group member subject to the DOXG, upon a winding up. Creditors of an insolvent company that is a member of a DOXG are provided access to claim against the assets of the holding company and each member of the DOXG, and vice versa.

The PAS Group companies subject to the Deed of Cross Guarantee are listed in **Appendix E**.

4.4. Recent events

Outlined below is a brief timeline of key recent events in the Group's history.



4.5. Statutory information

A search of ASIC's database reveals details of the PAS Group companies, and their directors, other officers and shareholders as contained in **Appendix F**.

PAS Group Limited is an ASX listed company that had issued 136,690,860 ordinary paid shares. The top 20 shareholders as at 29 May 2020 were:

No.	Holder name	Total shares held	% of shares held
1	HSBC Custody Nominees (Australia) Ltd - GSCO ECA	66,376,217	48.6%
2	Brand Acquisition Company LLC	22,440,859	16.4%
3	Cannes Management	14,512,001	10.6%
4	Citicorp Nominees	7,717,693	5.6%
5	Mr Christopher Ian Switzer	2,144,665	1.6%
6	J P Morgan Nominees Australia	1,897,882	1.4%
7	KNH Investments (Aust) Pty Ltd	1,668,866	1.2%
8	Mr Eric Morris	1,598,134	1.2%
9	Mrs Kerry Elizabeth Draffin	1,023,307	0.7%

No.	Holder name	Total shares held	% of shares held
10	National Nominees	785,008	0.6%
11	Mackerr	699,798	0.5%
12	Mr David Scicluna & Mr Anthony Scicluna	652,017	0.5%
13	Fuentes Family A/C	513,319	0.4%
14	Sandhurst Trustees	490,937	0.4%
15	Mr Milton Yannis	450,000	0.3%
16	Coupe Super Fund	395,000	0.3%
17	Dalziel Superannuation	380,417	0.3%
18	Barking Dog Pty Ltd	300,000	0.2%
19	Lilyfield Super Fund A/C	275,953	0.2%
20	BCAW Family Super Fund	250,000	0.2%
Total		124,572,073	91.1%

Source: *Link Market Services*

4.6. Creditors' claims

At our appointment date, the claims of the PAS Group's creditors totalled approximately \$57.6m. The following table summarises estimated claims by each known class of creditor.

Creditor class	Number of creditors	Amount (\$)
Secured creditors		
Circulating and non-circulating	2	8,104,273*
Circulating only	14	416,148*
Non-circulating only	4	Unknown
Employee entitlements (excludes redundancy and PILN)		
Priority creditors	1,184	4,323,810
Excluded employee entitlements (unsecured creditors)	3^	546,104
Unsecured creditors		
Trade/External creditors	664	20,699,095
Contingent landlord claims	146	19,861,823
Australian Taxation Office	1	3,610,779
Total creditor claims	2,018	57,562,032

* This amount is based on the creditor claims received by the Administrators at the date of this report and does not include values for all creditors within this class.

^ Includes the claim of a former director for outstanding annual leave entitlements.

These claims may be subject to change.

These amounts have been derived from the:

- Report on Company Activities and Property (**ROCAP**) provided by the directors (**Section 6.3**)
- The Group's books and records
- Formal proof of debt or claim forms submitted by creditors.

4.6.1. Secured creditors

A 'secured creditor' is a creditor that holds a security interest over some or all of a company's assets. To be valid, the security interest must generally be registered on the Personal Property Securities Register (**PPSR**) or, in the case of land and buildings, at the relevant Land Titles Office. Security interests can be over:

- circulating assets (formerly known as 'floating' assets) e.g. debtors, stock and cash
- non-circulating assets (formerly known as 'fixed' assets) e.g. property, plant and equipment, land, goodwill and rights to dividends.

PPSR searches conducted at the date of our appointment show that 93 security interests were registered by a total of 20 creditors across the PAS Group. These security interests comprise:

- general security interests over all, or substantially all, of the assets of the Group (called APAAP registrations); and
- specific security interests (including claims of other secured parties over specific assets or classes of assets such as leased vehicles or goods supplied).

A summary of the classes of the PPSR security interests is as follows:

Creditor class	No. of security interest(s)
Account	2
APAAP* (no exceptions)	21
APAAP* (with exceptions)	19
Chattel Paper	2
General Intangibles	2
Motor Vehicles	17
Other goods	30
Total security interests	93

* All present and after-acquired property (**APAAP**)

Based on the Group's records, the two largest secured creditors are the Commonwealth Bank of Australia Ltd (**CBA**) and Moneytech Finance Pty Ltd (**Moneytech**).

Full details of secured creditors are provided at **Appendix G**.

4.6.2. Employees

Outstanding employee entitlements have a statutory priority for payment over other creditors (except from the proceeds of non-circulating asset realisations).

The table below details all known outstanding employee entitlements based on the Group's books and records and the ROCAP provided by the directors (**Section 6.3**). Employee entitlements have not been verified by us at this stage. Additional amounts for payment in lieu of notice and severance pay may also need to be factored in if employees are made redundant.

Entitlements	Total Amount (\$)
Wages	-
Annual leave	3,035,070
Long service leave	1,771,074
Rostered day off/Time in lieu	3,770
Other	60,000
Total Priority Creditors excluding redundancy	4,869,914
Less Excluded Employee Entitlements	(546,104)
Total Priority Employee Entitlements excluding redundancy	4,323,810

4.6.3. Excluded employees

Excluded employees are defined in the Act as directors and their spouses or relatives (s556(2)).

Priority employee entitlements for excluded employees are limited to \$2,000 for wages (including superannuation) and \$1,500 for unpaid annual leave and long service leave. The balance of their entitlements ranks as an unsecured claim (s556(1A) and (1B)) of the Act.

4.6.4. Fair Entitlements Guarantee (FEG)

Given the unique challenges arising from COVID-19, we cannot definitively state that sufficient assets will be available to enable all outstanding employee entitlements to be paid in full if the employing entities within the PAS Group were to be wound up.

However, based on the current financial position and the proposed DOCA's, we anticipate that all such entitlements would be met under a DOCA scenario.

If the Group is placed into liquidation, an employee may be eligible for payment of any shortfall in their entitlements (excluding superannuation) under FEG which is administered by the Attorney-General's Department.

Former employees must meet eligibility requirements outlined in the *Fair Entitlements Guarantee Act 2012*.

FEG advances are repaid to the Government if funds become available, in the same priority as employees' claims.

Further information can be found on FEG's website at www.ag.gov.au/FEG.

4.7. Unsecured Creditors

We estimate that the claims of the Group's unsecured creditors total approximately \$44.2m as follows:

Creditor class	No of creditors	Group records or ROCAP amount (\$)
Trade/External creditors	664	20,699,095
Contingent landlord claims	146	19,861,823
Australian Taxation Office	1	3,610,779
Total unsecured creditor claims	811	44,171,697

The table below provides an overview of the PAS Group's top 10 unsecured creditors by value at date of the Administrators' appointment (noting some critical supplier payments have been made during the Administrations to minimise disruption to the supply of goods):

No.	Creditor name	Amount claimed (\$)	% of outstanding claims
1	SCENTRE GROUP	5,531,384	12.5%
2	AUSTRALIAN TAXATION OFFICE	3,610,779	8.2%
3	JIANGSU SAGA HOLDINGS CO LTD	2,597,411	5.9%
4	VICINITY CENTRES	2,506,522	5.7%
5	AKAROA ENTERPRISE CO LTD (VATICA)	1,429,268	3.2%
6	ZHANGJIAGANG HAMBAUG IMP & EXP CO LTD	1,148,186	2.6%
7	IBML	916,810	2.1%
8	HIGH HOPE INT'L GROUP	893,606	2.0%
9	EVERLAST WORLDWIDE INC	718,521	1.6%
10	FJONE INTERNATIONAL CO LTD	709,980	1.6%
Total of top 10		20,062,467	45.4%
Total unsecured creditors		44,171,697	100.0%

4.8. Intercompany loans

There are a number of intercompany loans between various PAS Group companies as shown in the table below. On a consolidated basis, these loans net to zero in the Group's consolidated accounts.

	Yarra Trail Pty Ltd	Yarra Trail Holdings Pty Ltd	Designworks Clothing Co Pty Ltd	World Brands	The Hopkins Group Pty Ltd	The Capelle Group Pty Ltd	Fiorelli Licensing Pty Ltd	Review Australia Pty Ltd	Metpas Pty Ltd	Jets Swimwear Pty Ltd	Bondi Bather Pty Ltd	PASCO Operations Pty Ltd	Chestnut Apparel Pty Ltd	PASCO Group Pty Ltd	PAS Finance Pty Ltd	The PAS Group Ltd	Black Pepper	Total
Yarra Trail Pty Ltd		(28,415)	-	-	-	-	-	-	-	-	-	2,465	-	-	-	(773)	-	(26,722)
Yarra Trail Holdings Pty Ltd	28,415		-	-	-	-	-	-	-	-	-	681	-	-	-	-	-	29,096
Designworks Holdings Pty Ltd	-	-	58,993	-	-	-	-	-	-	-	-	(58,993)	-	-	-	-	-	-
Designworks Clothing Co Pty Ltd	-	-		714	-	-	-	-	-	-	-	19,987	-	-	-	273	-	(38,018)
World Brands	-	-	(714)		-	-	-	-	-	-	-	4,066	-	-	-	6	-	3,359
The Hopkins Group Pty Ltd	-	-	-	-		-	-	-	-	-	-	14,995	-	-	-	4	-	14,999
The Capelle Group Pty Ltd	-	-	-	-	-		-	-	-	-	-	13,258	-	-	-	-	-	13,257
Fiorelli Licensing Pty Ltd	-	-	-	-	-	-		-	-	-	-	1,179	-	-	-	(4)	-	1,175
Review Australia Pty Ltd	-	-	-	-	-	-	-		-	-	-	(20,682)	-	-	-	(6,011)	-	(26,694)
Metpas Pty Ltd	-	-	-	-	-	-	-	-		-	-	(16,220)	-	-	-	233	-	(15,987)
Jets Swimwear Pty Ltd	-	-	-	-	-	-	-	-	-		-	(780)	-	-	-	(276)	-	(1,056)
Bondi Bather Pty Ltd	-	-	-	-	-	-	-	-	-	-		-	-	-	-	(136)	-	(136)
PASCO Operations Pty Ltd	(2,465)	(681)	(19,987)	(4,066)	(14,995)	(13,258)	(1,179)	20,682	16,220	780	-		(113,594)	(1,802)	(72,065)	15,635	35,665	(96,117)
Chestnut Apparel Pty Ltd	-	-	-	-	-	-	-	-	-	-	-	113,594		(101,621)	-	(53)	-	11,921
PASCO Group Pty Ltd	-	-	-	-	-	-	-	-	-	-	-	1,802	101,621		(34,840)	(70,265)	-	(1,683)
PAS Finance Pty Ltd	-	-	-	-	-	-	-	-	-	-	-	72,065	-	34,840		(106,907)	-	(2)
The PAS Group Ltd	773	-	(273)	(6)	(4)	-	4	6,011	(233)	276	136	(15,635)	53	70,265	106,907		3,758	172,031
Black Pepper	-	-	-	-	-	-	-	-	-	-	-	(35,665)	-	-	-	(3,758)	-	(39,423)
Total	26,722	(29,096)	38,018	(3,359)	(14,999)	(13,257)	(1,175)	26,694	15,987	1,056	136	96,117	(11,921)	1,683	2	(172,031)	39,423	-

Note: The table should be read using the company list in the left-hand column

- Positive values indicate net intercompany loan receivable
- Negative values indicate net intercompany loan payable

The intercompany loans have not been verified or adjudicated upon.

5. Conduct of the administrations

5.1. First meetings of creditors

The first meetings of creditors of the PAS Group were held on 11 June 2020 (**First Meetings**) pursuant to s436E of the Act. A copy of the first meetings minutes may be obtained from ASIC's website.

On 9 June 2020, the Federal Court of Australia made orders in respect of the Administration of the PAS Group including permitting a single committee of inspection (**COI**) to be formed in respect of The PAS Group Limited to operate as the COI for the PAS Group. Creditors at the meetings resolved that a single COI of the PAS Group be formed comprising:

Representative names

Moneytech Finance

Commonwealth Bank of Australia

Australian Taxation Office

Scentre Group

Vicinity Centres

Sheridan Roworth (employee representative – The PAS Group Limited)

Rachel Digby (employee representative – Black Pepper Brands Pty Ltd)

Karen Brewster (employee representative – Review Australia Pty Ltd)

Patrick Burris (employee representative – Yarra Trail Pty Ltd)

Darren Stephen (employee representative – Designworks Clothing Company Pty Ltd and Jets Swimwear Pty Ltd)

Marcus Crowe (employee representative – The PAS Group Limited)

Brooke Norton (employee representative – Designworks Clothing Company Pty Ltd)

To date there has been one meeting of the COI convened on 3 August 2020 to:

- discuss progress with the sale of the businesses and assets of the PAS Group
- seek approval for the Administrators' remuneration incurred during the period 29 May 2020 to 30 June 2020.

We expect a further COI will be convened between issuing this report and the Second Meetings, to provide the COI with a further update on the sale process.

5.2. Update on current progress

On appointment the Administrators assumed control of the PAS Group's operations, businesses and assets. The initial strategy was as follows:

- Maintain business as usual – continue to trade while undertaking a review and assessment of operations
- Explore and negotiate options for the sale and/or restructuring of the PAS Group
- Attend to statutory reporting and investigations

5.2.1. Continued trading

The Administrators have continued to operate the PAS Group retail stores as normal, in-line with current local restrictions across Australia and New Zealand. The wholesale businesses, including Designworks, are also continuing to trade as normal.

The Administrators' operational strategy was to keep stock flowing through both the Retail and Wholesale businesses, to maximise the value in the Group.

This strategy has resulted in a strong trading performance and positive cash flow to date, enabling us to:

- keep as many stores as possible open, while developing a store and overhead rationalisation plan with management
- avoid any employee redundancies. In June 2020, approximately 85% of the Group's c.1,180 employees were either actively employed or receiving the Federal Government's Job Keeper payments, which the Group enrolled in prior to our appointment. The remaining employees were deemed ineligible for the program in accordance with the ATO's instructions
- be flexible with retail operations and Head Office staffing despite COVID-19 restrictions, particularly given Melbourne's Stage 3 (now Stage 4) lockdown

Group performance as at 30 June 2020

Trading for the Retail brands 'Review' and 'Black Pepper' has remained strong since our appointment, despite the challenging conditions presented to the retail sector by Australia's response to COVID-19. The brand managers have implemented a range of strategies to encourage sales, while maintaining the image of the brands.

The Group's trading performance in June 2020 has exceeded management's forecast (adjusted for local restrictions), due to re-opening retail stores and improved online sales. The table below shows the actual trading results for the month of June 2020.

Table: Trading profit & loss for June 2020

	Jun-20 Actual \$'000s	Jun-20 Forecast \$'000s
Retail revenue	9,796	5,687
- Review	3,578	2,538
- Black Pepper	5,731	2,920
- Yarra Trail	177	122
- Other	311	108
Wholesale revenue	7,441	6,272
- Designworks	6,573	6,083
- Yarra Trail	507	99
- Other	362	90
Total revenue	17,238	11,960
Net margin		
Retail	6,041	3,549
Wholesale	1,843	1,843
Net margin	7,884	5,392
<i>Net margin%</i>	<i>45.7%</i>	<i>45.1%</i>
<i>Retail</i>	<i>61.7%</i>	<i>62.4%</i>
<i>Wholesale</i>	<i>24.8%</i>	<i>29.4%</i>
Operating expenses		
Direct expenses	(1,508)	(1,302)
Advertising & marketing	(237)	(268)
Payroll	(4,589)	(4,909)
Property	(118)	(1,255)
General admin	(1,540)	(815)
Other	3,016	2,739
Total operating expenses	(4,975)	(5,809)
EBITDA	2,909	(417)

Based on July 2020 flash results, we expect revenue will exceed management's expectations, however, ongoing trading expectations for August 2020 are unclear pending clarification on the impact of Stage 4 restrictions in Victoria.

Cash position

During the first weeks of the appointment, the Administrators worked with management to develop cash flow forecasts for each of the business divisions and at a consolidated level. The Administrators have relied on generating a trading surplus to fund the business and meet working capital requirements.

Just prior to our appointment, the PAS Group had cash on hand of approximately \$3.9m, over which the secured creditor, CBA, applied a right of set-off against its outstanding exposure across the PAS Group.

In addition, Designworks settled an outstanding debtor facility of \$3.4m with Moneytech through debtor collections in the month of June 2020.

As at 26 July 2020, the Group had \$11.8m cash at bank. Receipts have totalled \$34.3m and payments during the same period have totalled \$23.9m.

Customers

The Group's main customers (debtors) are in the Designworks business, being major retailers including Target, David Jones, Kmart, Coles, David Jones, Big W and Rebel. Together with management and employees, the Administrators have engaged with customers to understand their supply needs and security of supply. Providing clarity to customers regarding ongoing and uninterrupted supply commenced on appointment and is ongoing.

Suppliers

The Administrators have worked with suppliers to ensure ongoing supply of stock and services to the PAS Group. Engagement with suppliers has predominantly related to negotiating ongoing supply and trading terms during the Administration. In some instances, the Administrators have been required to make duress payments in order for supply to continue. This has been necessary to minimise risks in the supply chain and therefore ensure the Group's operations can continue. The Administrators have made the following material duress payments since appointment to maintain relationships with major suppliers:

- Inventory suppliers: \$4.2m
- Logistic suppliers: \$0.4m
- Warehousing services: \$0.2m

Employees

Just over 1,100 employees were employed in six entities across all states and territories of Australia except Northern Territory at the time of our appointment.

The table below shows the total number of employees by PAS Group entity.

Company	Number of employees
Black Pepper	457
The PAS Group	47
Review	486
Yarra Trail	37
Designworks	119
Jets Swimwear	40
Total	1,186

We have engaged on a regular basis with staff via dedicated staff webinars and have spent considerable time answering questions to ensure that staff had a clear understanding of the voluntary administration process and ongoing trading arrangements. With the assistance of Group HR, we have also addressed various questions including the impact of the

voluntary administration on wage payments, superannuation, leave and other employment arrangements, employee entitlements, the sale and recapitalisation process and the extension to the convening period.

Prior to the Administration, the Group was eligible for (and enrolled in) the Job Keeper subsidy scheme. During the Administration period, the Administrators have continued to be eligible for (and enrolled in) the Job Keeper subsidy scheme. We will complete the process prescribed by the ATO for determining whether the companies in the Group will remain eligible for the Job Keeper scheme beyond 28 September 2020. Should the Group be placed into liquidation, we understand the Group will no longer be eligible for payments under the Job Keeper scheme.

Property

The Group leases 166 properties which are primarily retail stores in major shopping centres across Australia and New Zealand, as well as the Designworks office and warehouse, Jets head office and PAS Group head office. A summary of leased properties by entity is shown in the table below:

Company	Australia	New Zealand	Total
Black Pepper	103	17	120
Designworks	1	2	3
Jets Swimwear	5	-	5
The PAS Group	1	-	1
Review	35	1	36
Yarra Trail	1	-	1
Total	146	20	166

The Administrators sought orders from the Federal Court of Australia, which were granted, extending the period in which the Administrators incur no personal liability for rent and other amounts payable in respect of property used or occupied by the PAS Group up to 22 June 2020. This was to allow the Administrators more time to enter into arrangements and negotiate with landlords on the continued use of the retail stores, offices and warehouse sites. The Administrators also sought further orders to clarify the ranking of landlord claims up to 22 June 2020. Please see **Section 5.4.2** for further details.

The Administrators have engaged with most landlords to negotiate a reduction in rental costs across the Administration period.

5.2.2. Asset realisation / sale and recapitalisation process

Following a review of the businesses and operations of the PAS Group in administration, the Administrators commenced a process for the sale and/or recapitalisation of the Group with advertisements requesting expressions of interest placed in The Australian Financial Review on 4 June and 9 June 2020.

44 parties expressed interest and an information memorandum was prepared and distributed to 40 parties after execution of non-disclosure agreements.

Non-binding indicative offers were received from 12 interested parties between 30 June 2020 and 6 July 2020 for the whole or part of the Group's businesses and/or assets. After review and assessment of the offers, several parties were invited to progress to the second phase of the process. These parties commenced detailed due diligence which included data room Q&A, site visits and management meetings

We received updated offers from two parties on 20 July 2020 who we consider credible and capable of completing a transaction. Given the nature of the offers (which contained a variety of conditions), the Administrators have not yet determined preferred bidder status. We are assessing the offers for both the monetary value as well as the settlement risk, with a preference to the transaction with the fewest conditions and therefore greatest certainty of return. We will provide an update to creditors at the Second Meetings.

Separately, the Administrators have received and accepted a non-binding offer to purchase the brand name, inventory and intellectual property owned by Jets Swimwear Pty Ltd. The offer excludes debtors, leases and ongoing store operations. If the proposed transaction proceeds, the purchaser will offer seven Jets Swimwear employees ongoing roles, including taking on their employee entitlements. We consider the sale, including retention of up to seven employee roles, to be a positive outcome for the business.

5.3. Creditor engagement

Throughout the Administration we have maintained communications with creditors through several channels, including the following:

- First meetings of creditors
- Dedicated PAS Group enquiry email and phone lines (provided by both PwC and Link Market Services)
- Direct responses to creditor questions
- Regular creditor updates on major developments / information, informal COI meetings and staff briefings.

5.4. Court applications

5.4.1. Federal Court orders 9 June 2020

On 9 June 2020 the Administrators obtained various orders from the Federal Court of Australia, being:

Electronic provision of notices to creditors

If the Administrators are required to provide any notifications to creditors during the Administrations which are not covered by the *Corporations (Coronavirus Economic Response) Determination (No 1) 2020*, the Administrators will have satisfied the notification requirements if they:

- Have an email address for a creditor, by notifying that creditor via email
- Do not have an email address but have a postal address, notifying the relevant creditor via post
- By publishing the notice of the relevant matter on the website maintained by the Administrators at <https://insolvency.pwc.com.au/groupEntityCases/the-pasgroup-ltd-and-associated-entities-all-administrators-appointed/casePage>

Committee of Inspection

A single committee of inspection be formed in respect of The PAS Group Limited to operate as the committee of inspection for each of the PAS Group companies.

The single committee of inspection also has the power to approve the Administrators' remuneration for each of the PAS Group companies.

Response to information requests

An extension of time for the Administrators to respond to creditor information requests from five business days to ten business days.

The Administrators may provide information, a report or a document requested by a creditor by publishing that information on the website maintained by the Administrators and referring that creditor to the website.

Extension of time for the exercise of rights in relation to property

The Administrators incur no personal liability for rent and other amounts payable in respect of property used or occupied by, or in the possession of, the PAS Group up to 22 June 2020.

Time was also extended relating to the period in which the Administrators may issue notices to owners and lessors under section 443B(3) of the Act from "within five business days after the beginning of the administration" to "By no later than the day the company ceases to be under administration".

CBA facility agreements

The Administrators are relieved from personal liability for debts incurred pursuant to the multi-option facility agreement and merchant facility agreement with the Commonwealth Bank of Australia.

5.4.2. Federal Court orders 21 July 2020

The Administrators sought directions from the Federal Court of Australia to consider whether the rental costs in the "rent free period" from 29 May 2020 to 22 June 2020 are considered an expense of the administration or should be included as part of each landlord's ordinary unsecured creditor claim.

The Court made orders on 21 July 2020 that the rental costs in the period from 29 May 2020 to 22 June 2020 are to be considered as an expense of the administration and to be paid in priority to ordinary unsecured creditor claims.

6. Group financial background

PAS Group Limited is required to report consolidated audited financial reports (which include all PAS Group companies) to the ASX on a half-yearly and yearly basis. The last financial statements reported to ASIC and the ASX were the half-yearly audited financial statements prepared as at 31 December 2019. The financial statements were audited by Deloitte Touche Tohmatsu Limited.

In addition to the external reporting requirements, the PAS Group's internal finance team maintains an AP21 accounting system and prepares monthly management accounts. The management accounts are presented on a business unit basis, as well as on a consolidated Group basis.

Management accounts are prepared for the purposes of monthly Board reporting and monitoring of financial performance and position. The forecasts are prepared on the same basis and are assessed and updated based on the monthly trading performance.

We have completed a preliminary financial analysis on the following historical results:

- FY18 and FY19 consolidated Group audited financial statements; and
- Year to date (YTD) consolidated Group unaudited management accounts to May 2020 for continuing operations (i.e. excluding White Runway, which was divested in February 2020).

The consolidated financials include PAS Group Limited and all its subsidiary entities. These financials include some of the overseas entities not subject to voluntary administration, however, overall these entities only account for 0.8% of the revenue of the Group for YTD20.

For illustrative purposes, we have included at **Appendix H** a statement of financial performance and financial position for the main PAS Group entities for YTD20. We have not reconciled these to the consolidated YTD20 statement of financial performance and financial position; accordingly, we are unable to comment on the accuracy of the individual company data.

6.1. PAS Group consolidated financial performance/Profit and Loss

Key Comments

- The depressed macroeconomic environment due to the COVID-19 pandemic, and declining consumer sentiment generally in the retail sector, has impacted the Group's revenue levels and resulted in a drop in the Group's EBITDA to \$672k at YTD20 after reported EBITDA of \$6.4m for FY19.

The Group's financial performance (Profit and Loss) for the two fiscal years ended 30 June 2018 and 30 June 2019 and the eleven months to May 2020 is summarised below:

	FY18 \$'000s	FY19 \$'000s	YTD20 \$'000s
Retail	135,021	123,978	91,112
Wholesale	114,607	148,722	113,474
Revenue	249,628	272,703	204,586
Cost of goods sold	(111,789)	(137,876)	(102,053)
Gross Profit	137,839	134,828	102,533
Other revenue	2,348	1,343	6,415
Employee benefits expenses	(65,686)	(66,750)	(56,741)
Selling & distribution expenses	(16,795)	(19,665)	(18,422)
Occupancy expenses	(30,117)	(27,550)	(20,085)
Marketing expenses	(6,045)	(6,913)	(6,187)
Administration expenses	(10,055)	(8,888)	(6,841)
EBITDA	11,307	6,405	672
Depreciation and amortisation	(7,347)	(7,264)	(5,855)

Impairment	(5,113)	(960)	-
Finance costs	(605)	(943)	(957)
EBIT	(1,758)	(2,762)	(6,140)
Income tax (expense)/benefit	(720)	1,249	2,447
Net Profit/(Loss) After Tax	(2,478)	(1,514)	(3,693)
Gross Profit Margin	55.2%	49.4%	50.1%
Operating costs as % of revenue	50.7%	47.1%	49.8%
EBITDA margin %	4.5%	2.3%	0.3%

The following commentary provides a high-level overview of the financial performance of the PAS Group during the period 1 July 2017 to 29 May 2020:

- The Group experienced a \$4.9m reduction in EBITDA for the year ended 30 June 2019, driven by:
 - An 8% decline in retail division revenue due to the closure of 25 marginal or unprofitable stores and a reduction in retail sales and concession sales in department stores. This was slightly offset by the opening of five new stores.
 - Wholesale division revenue increased by 29% due to the Designworks business successfully executing contracts won in FY18. This growth outweighed the impact of the strategic exit from the Black Pepper independent wholesale business.
 - An overall 5% decline in gross margin percentage was driven by the retail store closures which saw an increase in stock sales at reduced margins, partially offset by the strong economies of scale from the new business in the wholesale division.
- The Group continued to experience a decline in EBITDA during the 11 months to 31 May 2020, with a reported EBITDA of \$672k for the period. This performance was driven by:
 - A 27% decline in revenue for the wholesale and retail divisions (primarily retail) due to the disruption caused by COVID-19, specifically due to forced store closures and supply delays. The supply delays impacted both the retail and wholesale divisions.
 - A 3% increase in employee benefit expenses as a percentage of revenue, largely relating to the Review and Black Pepper businesses. The fixed nature of these costs meant the impact was greater against a declining revenue base.

6.2. PAS Group consolidated financial position/Balance Sheet

Key Comments

- Overall, the consolidated Group financial position has shown a decrease in the net asset position from \$122.3m at 30 June 2018 to \$115.2m at 29 May 2020. This is reflected in:
 - an increase in borrowings (-\$10.8m)
 - the impact of the first-time adoption of AASB 16 Leases (-\$3.4m); offset by
 - an increase in cash and cash equivalents and trade receivables (+\$8.7m).
- Although the Group has reported an increase in cash of c.\$5.7m since 30 June 2019, the Group has also increased its borrowings by \$10.2m resulting from the disruption to operations as a result of COVID-19 and the need to fund a short-term gap in liquidity.

The Group's financial position (Balance Sheet) as at 30 June 2018, 30 June 2019 and 31 May 2020 is summarised below:

	Notes	FY18 \$'000s	FY19 \$'000s	YTD20 \$'000s
ASSETS				
Current assets				
Cash and cash equivalents	1	(732)	274	5,984
Trade and other receivables	2	19,251	18,059	21,052
Inventories	3	35,990	36,458	34,409
Current tax assets		1,273	521	119
Other financial assets		1,715	2,061	-
Assets classified as held for sale	4	-	1,123	-
Other current assets		2,884	2,008	6,524
Total current assets		60,381	60,504	68,088
Non-current assets				
Trade and other receivables		-	-	57
Property, plant and equipment	5	12,737	9,376	6,795
Right of use assets	6	-	-	17,929
Deferred tax assets	6	6,418	8,173	16,141
Goodwill	7	54,106	54,106	54,105
Intangible assets	8	29,912	29,567	29,162
Other non-current assets		1,141	1,827	169
Total non-current assets		104,314	103,049	124,357
Total assets		164,695	163,553	192,445
LIABILITIES				
Current liabilities				
Borrowings	9	-	-	(10,844)
Lease liabilities	6	-	-	(11,044)
Trade and other payables	10	(20,001)	(20,668)	(22,128)
Current tax liabilities		(37)	(20)	1,790
Provisions	11	(5,843)	(6,148)	(7,114)
Liabilities associated with assets classified as held for sale	4	-	(846)	-
Other liabilities	12	(2,709)	(4,395)	(1,324)

	Notes	FY18 \$'000s	FY19 \$'000s	YTD20 \$'000s
Total current liabilities		(28,590)	(32,077)	(50,664)
Non-current liabilities				
Deferred tax liabilities	6	(7,913)	(8,050)	(14,741)
Provisions	11	(797)	(815)	(1,258)
Other liabilities	12	(5,124)	(2,470)	-
Lease liability		-	-	(10,874)
Borrowings		-	-	229
Total non-current liabilities		(13,834)	(11,335)	(26,644)
Total liabilities		(42,424)	(43,412)	(77,309)
Net assets		122,271	120,141	115,136

Notes

- Cash and cash equivalents increased from \$274k at Jun-19 to c.\$6.0m at May-20. This improvement was primarily due to working capital management and utilisation of funding lines.
- Trade and other receivables are c.\$20.0m at May-20 which is an increase of \$2.8m since Jun-19. Trade receivables primarily relate to the Designworks business (c.\$17.3m at May-20). We understand that Designworks has an outstanding debt of \$690k with Harris Scarfe which entered external administration in December 2019. A portion of this amount has been recorded as a provision. Otherwise, trade receivables are largely collected within trading terms.
- Inventory includes raw materials, stock in transit, work in progress and finished goods. Most of the amount relates to the retail division. From Jun-19 to May-20 the balance decreased by c.\$2.2m due to stock rationalisation in the first half of FY20.
- Assets classified as held for sale relates to the discontinued White Runway business. In August 2019, the Group announced that it was taking active steps to divest the business. The business was sold on 29 February 2020 and the sale is due to be finalised shortly.
- Property, plant and equipment includes plant and equipment and leasehold improvements and has decreased from \$12.7m at Jun-18 to \$6.8m at May-20. Aside from the normal depreciation associated with these assets, the decrease is due to a slowdown in the rate of new store roll outs and refurbishments in YTD20, due to the decline in market conditions and COVID-19 related store closures.
- The May-20 balances relate to the first-time adoption of AASB 16 Leases which requires a lessee to recognise assets and liabilities for all leases with a term greater than 12 months. The balance sheet includes \$17.9m of right of use assets and an associated lease liability of \$10.9m. We understand that the AASB 16 recognition has also impacted the level of deferred tax assets / liabilities recorded on the balance sheet.
- Goodwill has remained at the same level at around \$54.1m from FY18 to YTD20. Most of the goodwill is attributable to the Designworks and Black Pepper businesses.
- Intangible assets include trademarks, brand names, software and website development costs.
- At 30 June 2019, the Group's borrowings were nil. At 29 May 2020, \$10.8m was drawn down from the facilities which comprised \$7m from CBA and the remainder from the Moneytech debtor financing facility. The Moneytech debtor financing facility agreement was executed on 17 December 2019.
- The trade payables balance increased from c.\$12.7m to c.\$14.4m from Jun-18 to May-20. The increase largely occurred from March 2020 as COVID-19 began to impact the Group. This saw an increase in the average credit period with suppliers, as the Group negotiated an extension of payment with some suppliers in order to preserve liquidity. The Designworks business was impacted the most, with trade payables increasing from \$4.8m in March 2020 to \$7.8m and \$8.1m in April 2020 and May 2020, respectively. In the period preceding administration, days payables increased from 29 days in January 2020 to 62 and 57 days in April 2020 and May 2020, respectively.

11. Provisions mostly comprises employee benefits, including annual leave, long service leave and bonuses. This has increased from \$5.8m to \$7.1m from FY18 to YTD20 which is due to increases in bonus provisions, due to tenure of employees in the corporate division, and an increased number of employees in Designworks during this period.
12. Other liabilities include deferred revenue, deferred consideration and lease incentives.

6.3. Directors' Report on Company Activities and Property (ROCAP)

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 directors of each of the PAS Group companies have provided a ROCAP in accordance with their responsibilities under the Act.

The ROCAPs have not been included in this report due to their size and number, however, the information therein does not materially vary from the financial information provided in the Report. If you are a creditor of any of the PAS Group companies and wish to review the ROCAP for the entity to which your debt relates to, please refer to **Section 12** of this report.

7. Investigations

Key Comments

While our investigations are ongoing, we summarise our initial findings below:

- The Group was trading below expectations but appeared not to be insolvent prior to the date of the Administrators appointment. While rent was deferred on the majority of leased premises for April and May, and extended trading terms were negotiated with some suppliers, we characterise these steps as liquidity preservation measures to navigate through the COVID-19 pandemic, rather than indications of insolvency.
 - The COVID-19 pandemic, which saw disruption to the operations of the Group through forced store closures and supply delays, was the primary reason for the Group's failure, compounded by an already challenging retail environment.
 - As a result of the challenging retail environment, the Board commenced a restructure of the Group at the start of 2020. However, due to the COVID-19 pandemic, the Board accelerated its plans to restructure the Group. The Board determined that there was a large funding need to restructure the PAS Group outside of a voluntary administration process, which could not be met from availability liquidity. At the time of the Administrators appointment, the Board had formed the view that while the Group could pay its debts as they fell due at that time, it would not be able to pay them at some point in the future without raising significant debt or equity funding.
-

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

- books and records, including management reports and board reports
- electronic financial systems
- accounting and database information systems used within the business
- directors, officers, management and key staff members (where available)
- external professional reports, including audit reports
- publicly available information.

7.1. Directors' explanation for the Group's difficulties

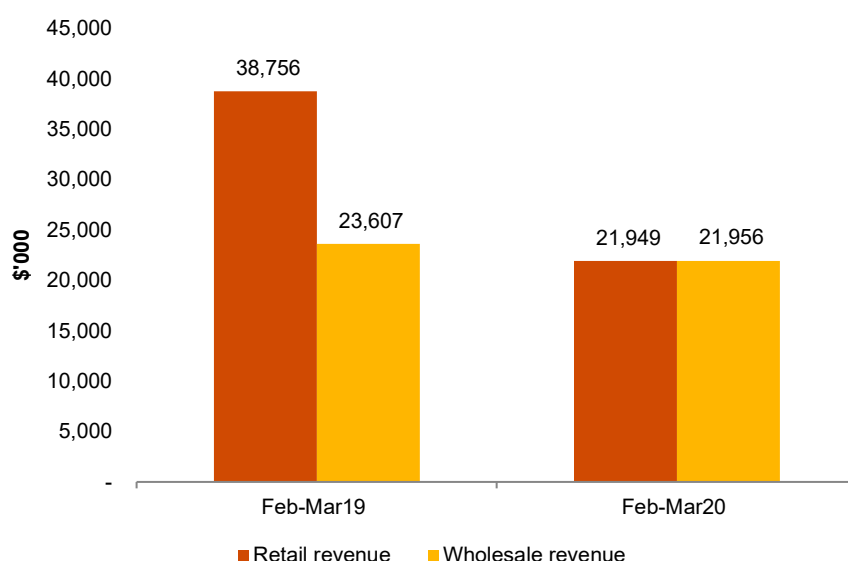
The directors attribute the Group's current financial position to the COVID-19 pandemic and the resulting disruption to the Group's operations. This compounded the challenges already being faced by the retail sector prior to COVID-19, caused by soft consumer sentiment.

7.2. Administrators' opinion of the reasons for the Group's difficulties

We concur with the directors' stated reasons for the Group's current financial position and provide additional detail in relation to the COVID-19 impact as follows:

- A large proportion of the Group's apparel is produced in factories in China and the spread of COVID-19 resulted in factory and port closures due to quarantine restrictions. These closures impacted the delivery of orders to the Group's wholesale and retail businesses.
- The Group was also impacted by the COVID-19 lock down regulations which were enforced by the State and Federal Governments. This resulted in a dramatic decline in foot traffic in key shopping precincts and consequently the Group made the decision to close its retail stores. In addition, many of its wholesale customers cancelled orders due to delivery delays and reduced trading in their own businesses. The February to March year-on-year comparison for FY19 and YTD20 shows an \$18.5m decline in total revenue which is largely caused by a \$16.8m reduction in retail revenue. The chart below shows the impact on revenue in this period.

Chart: Year-on-year revenue comparison (February to March)



7.3. Steps taken prior to Administrators' appointment

Prior to the appointment of the Administrators, the Board and management took steps to attempt to restructure the Group, as outlined below.

From June 2019	<p>The Group started exploring recapitalisation options to deleverage CBA's trade finance facility which was due to expire on 9 January 2020. The target milestones included:</p> <ul style="list-style-type: none"> • Raise new debt by 31 March 2020; or • In the case of a rights issue, by 30 June 2020.
17 December 2019	<ul style="list-style-type: none"> • An amendment deed was signed extending the terms of the CBA facility to 31 August 2020; • The Group entered into a new receivables financing arrangement with Moneytech Finance, maturing 16 December 2021.
Late March 2020	<p>The Group engaged PwC to assist it in assessing its position following the disruption to operations caused by COVID-19. This involved a review and assessment of restructuring options prepared by the Group's management.</p>
27 April 2020	<p>An ASX announcement was made by the Group confirming the commencement of a strategic review.</p>
May 2020	<p>PwC was engaged by the Group to prepare plans for the following options:</p> <ul style="list-style-type: none"> • A plan for the solvent restructure of the Group on the assumption that a capital raising was successful; and • A contingency plan for a potential voluntary administration of the Group in the event that a capital raising did not proceed. <p>The volatility of COVID-19 made it difficult to predict any forecast with confidence and therefore made it difficult to determine the quantum of funds required for FY21.</p>
28 May 2020	<p>The Group's board discussed the quantum of funds required for FY21. The volatility of COVID-19 made it difficult to predict any forecast, however the assumptions under the best and worst-case scenarios demonstrated that there was a large funding requirement requiring an external injection of cash which was not able to be procured.</p>
29 May 2020	<p>The Board resolved to appoint Voluntary Administrators.</p>

7.4. Insolvency

Our preliminary view is that the Group was trading below expectations but appeared not to be insolvent prior to the date of the Administrators' appointment. While rent was deferred on the majority of leased premises for April and May, and extended trading terms were negotiated with some suppliers, we characterise these steps as liquidity preservation measures to navigate through the COVID-19 pandemic, rather than indications of insolvency. Notably, as a consequence of interruptions to the supply chain arising from Chinese suppliers facing the initial challenges of COVID-19 in January/February 2020, the Group started utilising its debt facilities from 9 January 2020 up to the date of the Administrators' appointment.

The Directors' resolved at the Board meeting on 29 May 2020 that, in the opinion of the Board, the Group was likely to become insolvent at some future time.

The methods of testing solvency include but are not limited to the Cash Flow Test and the Balance Sheet Test, which are examined below.

A company is insolvent if it is unable to pay its debts as and when they become due and payable.

Liquidators are required to demonstrate that a company is insolvent in order to pursue certain recovery proceedings (**Section 8**).

7.4.1. Cash Flow Test

The Cash Flow Test is a measure of the Group's ability to pay its liabilities from available resources as and when they fall due.

The books and records indicate that the PAS Group:

- was generally able to pay its debts as and when they fell due, however once the full impact of the COVID-19 pandemic had been felt in late March 2020 / early April 2020, the Group was required to negotiate with creditors to extend trading terms and rent was unpaid at the majority of retail sites from April 2020 as they were closed. During this period, the Group sought to negotiate reduced rent and terms with its landlords to assist in navigating through COVID. In our view we would characterise the rent deferrals and negotiation of extended supplier terms as liquidity preservation measures rather than an inability to pay debts as they fell due.
- was reporting a cash positive position in its daily cash flow forecast up until the date of appointment, with a cash on hand balance of \$3.98m as at 29 May 2020.

Working capital and net current assets

Working capital is an indicator of liquid assets available to pay debts due within 12 months. A working capital ratio of less than one indicates that a company may not be able to pay its debts as and when they fall due.

Our analysis of the Group's records relating to working capital and net current assets did not disclose immediate liquidity issues. Over the period June-18 to May-20 the Group reported a working capital ratio of between 2.11 and 1.34 (see below) although it is noticeable that the ratio declined significantly over this period, indicating a tightening liquidity position:

	Jun-18 \$'000s	Jun-19 \$'000s	May-20 \$'000s
Net working capital			
Current assets	60,381	60,504	68,088
Current liabilities	(28,590)	(32,077)	(50,664)
Working capital			
(Current assets less current liabilities)	31,791	28,427	17,424
Working capital/Liquidity ratio			
(Current assets/Current liabilities)	2.11	1.89	1.34

Short term cash flow forecast

Our review of the Group's short-term cash flow forecast indicates that cash flow was being closely monitored through the medium of daily cash flow forecasts, and more recently, preparing cash flow sensitivity models in order to:

- identify the expected trade risk and impact on cash flows due to COVID-19; and
- review actioned and proposed cost savings.

Cost savings and cash flow measures included:

- Negotiations to extend terms with stock and non-stock suppliers;
- Order cancellations with suppliers where appropriate;
- Voluntary reduction in staff hours or redundancies for some employees;
- Deferral of tax payments (BAS, Payroll Tax, NZ Income Tax) through discussions with the ATO and NZ Inland Revenue;
- The potential to crystallise a portion of the Group's in money hedging (mark-to-market) position; and
- Halting development and associated costs for any future season's product.

Despite this, because of the unprecedented nature of COVID-19 and its impact on the Group, the Board recognised that they could not complete the proposed restructure without significant funding. This saw the engagement of PwC in order to assess what options were available and to assist the Board in making an informed decision on the steps forward.

Creditor pressures

From our discussions with management and our review of the Group's financial information, it appears that no formal creditor payment plans were in place in the lead up to the administration. However, it was noted that since the COVID-19 pandemic commenced:

- the Group negotiated informal extended payment terms with some suppliers
- lease liabilities were unpaid on most retail stores from April 2020
- suppliers began to press for payment of outstanding debts shortly prior to the Administrators' appointment.

7.4.2. Balance Sheet test

The Balance Sheet Test assesses the solvency of a company by reference to its net asset position (i.e. the level of total assets relative to total liabilities) and capital base.

Our review of the financial records has found that the PAS Group reported a positive net asset position throughout the period under review.

	Jun-18 \$'000s	Jun-19 \$'000s	May-20 \$'000s
Total assets	164,695	163,553	192,445
Total liabilities	(42,424)	(43,412)	(77,309)
Net assets	122,271	120,141	115,136
Adjustment for intangible assets	(84,017)	(83,839)	(83,391)
Net tangible assets	38,254	36,302	31,745

Net debt

- The Group's cash flow forecast indicates that the CBA borrowing facilities were not utilised in FY20 until 9 January 2020, at which time \$2m of the facility was drawn down.
- Total borrowings peaked at \$10m throughout March 2020 and April 2020, before decreasing to \$7m as at the date of appointment.
- The Moneytech debtor financing facility was not utilised until 20 January 2020, at which time \$3m was drawn.

Covenant compliance

- As the Group's main financier, CBA has consistently provided support to the Group.
- At 31 December 2019, the Group was compliant with all CBA financial banking covenants and the commitment to clearing down the CBA debt to zero for five consecutive business days up to and including 31 December 2019.
- In March 2020, the Group contacted CBA to advise that it expected to breach the covenant requirements at 31 March 2020 under the facility agreements, due to the disruption caused by COVID-19. At this time, CBA advised it would waive the covenant compliance for 31 March and 30 June 2020. Additionally, CBA agreed to renounce the store closures enforced due to COVID-19, as a default event under the facility agreement, pursuant to certain conditions being met.

7.4.3. Other Indicators of Insolvency

Our investigations to date have not identified any indicators of insolvency until at or just prior to the Administrators' appointment.

Determining whether a company is insolvent (and the date at which insolvency occurred) is often difficult and is ultimately a matter for the courts to decide. The courts have identified fourteen general indicators of insolvency that are considered further in ASIC Regulatory Guide 217.

Our investigations to date have identified that a limited number of these indicators apply, or may apply, to the Group, as summarised below:

Indicator	Present	Comment								
Continuing trading losses	No	Although the Group's reported EBITDA declined from \$11.3m for the year ended June 2018 to \$672k at 29 May 2020, EBITDA has remained positive.								
Liquidity ratio below one	No	<table><tr><th></th><th>FY18</th><th>FY19</th><th>YTD20</th></tr><tr><td>Liquidity ratio</td><td>2.11</td><td>1.89</td><td>1.34</td></tr></table>		FY18	FY19	YTD20	Liquidity ratio	2.11	1.89	1.34
	FY18	FY19	YTD20							
Liquidity ratio	2.11	1.89	1.34							
Overdue Commonwealth and state taxes	No	Management advised that all taxes are up to date, excluding the liabilities owing to the ATO for February 2020 BAS for Yarra Trail and Review, totalling \$368k. In agreement with the ATO, these payments were deferred for 4 months to 20 July 2020.								
Poor relationship with borrower/financier including inability to borrow additional funds	No	The Group had a strong relationship with its main borrower, CBA. When the Group failed to meet covenant requirements at 31 March 2020, CBA agreed to waive the requirements for March 2020 and June 2020. Additionally, in relation to the store closures enforced during COVID-19, CBA provided a waiver to the Group so that the closures would not be considered a default event under the facility agreement, subject to the Group meeting a number of conditions.								
No access to alternative finance	No	The Group was in the process of seeking alternative finance prior to the appointment of Administrators. Numerous offers had been received from parties for review.								

Inability to raise further equity	Yes	The Group was considering this option but had not sufficiently progressed this process prior to appointment.
Supplier placing debtor on COD terms, otherwise demanding special payments before resuming supply	No	Management has advised that there were no suppliers on COD terms.
Creditors outside trading terms	Yes*	While rent was deferred on the majority of leased premises for April and May, and extended trading terms were negotiated with some suppliers, we characterise these steps as liquidity preservation measures to navigate through the COVID-19 pandemic, rather than indications of insolvency.
Issuing of post-dated cheques	N/a	No evidence of post-dated cheques
Dishonoured cheques	N/a	No evidence of dishonoured cheques / payments
Special arrangements with selected creditors	No	Management has advised that there were no payment plans in place with any trade creditors or the ATO prior to the Administrators appointment. However, we note that there was a payment deferral in place for the February 2020 BAS for Yarra Trail and Review.
Legal action threatened or commenced, or judgements entered against the company	No	No evidence of legal action threatened or commenced against the Group.
Payments to creditors of rounded figures, which are irreconcilable to specific invoices	No	No evidence of payments to creditors of rounded figures
Inability to produce timely and accurate financial information to display the company's trading performance and financial position, and make reliable forecasts	No	Management has provided detailed financial information (actual and forecast) in relation to the Group, including financial performance and position.

7.4.4. Proving Insolvency

Further investigations into the Group's insolvency will be conducted by a liquidator should the Group be wound up.

7.5. Legal/class actions

We are unaware of any legal proceedings against the Group.

7.6. Outstanding or previous winding up applications

We are not aware of any outstanding or previous winding up applications against the Group.

7.7. Books and records

Our preliminary view is that the Group has maintained adequate books and records.

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) (discussed above at **Section 7.3**)

A liquidator (if appointed) will continue investigations into whether any breaches of the Act 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).

8. Offences and liquidation recoveries

Key Comments

From our investigations to date, there is no clear indication that the Group has traded whilst insolvent, however, it may have become insolvent in the short term had Administrators not been appointed. Additionally, we have not found evidence of voidable transactions.

As our investigations are at a preliminary stage, we are not able to provide a conclusive view on potential offences that may have been committed or amounts that may be recoverable in the event any of the PAS Group companies are placed into liquidation.

A liquidator has the ability pursue certain claims that may result in recoveries for creditors. Importantly, these claims are not available to a deed administrator should creditors vote to execute a DOCA proposal.

To compare the likely return to creditors under a DOCA and liquidation, administrators identify claims that a liquidator could pursue, including:

- voidable transactions and other potential recoveries
- recoveries against past or present directors, secretaries, other officers and company advisors.

Enclosed at **Appendix I** is a *Creditor Information Sheet: Offences, Recoverable Transactions and Insolvent Trading* published by ARITA, which provides general information for creditors on the types of claims that a liquidator can pursue.

8.1. COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared COVID-19 a pandemic. This pandemic has significantly impacted the Australian and international economies. In response to the financial impact of the pandemic, Australian and State Governments introduced a number of legislative changes aimed at providing temporary relief for financially distressed businesses. We have considered these legislative changes as part of our investigations into potential offences and liquidation recoveries.

8.1.1. Changes to insolvency law

On 22 March 2020, the Australian Government introduced Schedule 12 of the CERPO Act. The changes following introduction of the CERPO Act are summarised below:

- The director duty to prevent insolvent trading and associated personal liability for directors would not apply to debts incurred in the ordinary course of the company's business. This new temporary safe harbour type regime applies to debts incurred on or after 25 March 2020 for a six-month period.
- The CERPO Act clarified that the relief only related to debts incurred in the ordinary course of business and not where dishonesty and fraud were involved. The temporary reforms were aimed at providing directors with confidence to continue to trade, to the extent practically possible, during the pandemic.
- The threshold for statutory demands was increased from \$2,000 to \$20,000, and the time period within which to comply was extended from 21 days to six months.
- Consistent with the relief detailed above, as a result of COVID-19, the ATO indicated it may also defer enforcement action including Director Penalty Notices and winding up action during the pandemic

8.1.2. Job Keeper payment scheme

On 30 March 2020, the Job Keeper payment scheme was introduced by the Australian Federal Government.

It is a temporary subsidy for businesses significantly affected by COVID-19. Eligible employers, experiencing a fall in turnover of 30% or more, are able to apply to receive \$1,500 per eligible employee, per fortnight. The PAS Group was eligible to receive Job Keeper payments prior to the appointment of Administrators, and the Administrators continue to remain eligible (and enrolled in) the Job Keeper scheme. We will complete the process prescribed by the ATO for determining whether the companies in the Group will remain eligible for the Job Keeper scheme beyond 28 September

2020. Should the Group be placed into liquidation, we understand the Group will no longer be eligible for payments under the Job Keeper scheme.

8.1.3. Changes to the operation of commercial retail leases

On 7 April 2020, the National Cabinet announced the Mandatory Code of Conduct for small and medium sized commercial tenancies impacted by the COVID-19 pandemic. Subsequently, each state and territory passed laws affecting retail leases in their respective states and territories.

For a period of six month, landlords are not able to take enforcement action against Job Keeper qualifying retail tenants for not paying rent (or not trading). The enforcement actions prohibited, for the period of the legislation, include:

- Terminating the lease or taking possession
- Calling on a bank guarantee
- Pursuing guarantors

Due to the size of the PAS Group, this code of conduct does not apply to retail tenancies held by the Group.

8.2. Voidable transactions

The Act requires an administrator to specify whether there are any transactions that appear to the administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under the Act.

We have not identified any potential voidable transaction recoveries.

8.3. Insolvent trading

Based on our investigations to date, there is no clear indication that the Group has traded whilst insolvent, however, it may have become insolvent in the short term had Administrators not been appointed.

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.

The directors of the Group 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 cannot 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).

8.3.1. Director defences

Our investigations regarding whether the directors of the Group may have breached their statutory obligations or general law fiduciary duties are continuing but to date we have not identified any suspected breaches.

Defences available to directors under the Act regarding 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.

8.3.2. Director defences due to COVID-19

As noted at 8.1.1, relief for directors from any personal liability for trading while insolvent has been temporarily implemented for the 6-month period from 25 March 2020 as a result of the COVID-19 pandemic. This will apply with respect to debts incurred in the ordinary course of a company's business.

8.4. Offences

Directors and others have duties, obligations and responsibilities in relation to common law and statute.

8.4.1. Corporations Act 2001

Our preliminary investigations have not identified any offences committed by the directors or others of the Group.

A liquidator can conduct more thorough investigations to identify any potential offences and recoveries (if any).

If a director breaches any duties, obligations and responsibilities, they may be subject to civil and criminal penalties including:

- compensation to the company for damages resulting from the contravention
- fines (up to \$200,000)
- imprisonment (up to 5 years)
- disqualification from managing corporations.

8.4.2. Other Legislation

In addition to offences under the Act, directors and others may commit offences in respect of a company under other legislation, for example:

- Taxation laws
- Trade Practices Act
- Fair Trading Act.

Our preliminary investigations have not identified any other breaches.

8.5. Directors' and officers' insurance policy

A Directors and Officers insurance policy (**D&O Policy**) offers liability cover for company officers to protect them from claims which may arise from the decisions and actions taken within the scope of their regular duties. Such policies cover the personal liability of company directors and officers.

At the date of our appointment, the Group had a D&O Policy. To avoid prejudicing any potential claims, we are not disclosing the terms of the D&O Policy.

The D&O Policy will be subject to further investigation should the creditors elect to place the Group into liquidation at the Second Meetings, in particular the conditions, limits and period of cover. We have not put the insurer on notice of any potentially claimable events at this stage.

8.6. Public examinations

The Act provides that an 'eligible applicant', such as a liquidator, may examine officers of a company about its 'examinable affairs' and any other person who may be able to provide information relating to such affairs. 'Examinable affairs' is a comprehensive term with wide ranging application and includes:

- the promotion, formation, management, administration or winding up of the company
- other affairs of the company
- the business affairs of a connected company of the company insofar as they appear to be relevant to the company or its affairs.

If the Court is satisfied that a summons for examination should be issued, the examinee is usually required to produce at the examination any specified books that are in the person's possession and relate to the corporation.

We do not believe there would be any material benefit to creditors in examining the directors or other possible persons of interest at this stage.

8.7. Reporting of offences to ASIC

Administrators are required to complete and lodge a report with ASIC pursuant to s438D of the Act where it appears that:

- a past or present officer of a company may have committed an offence
- money or property has been misapplied or retained
- a party is guilty of negligence, default, breach of duty or breach of trust in relation to a company.

A liquidator is required to lodge a report of his findings with ASIC, pursuant to s533 of the Act.

Creditors should also be aware that any report lodged pursuant to s438D (or an investigative report lodged by a liquidator pursuant to s533 of the Act) is not available to the public.

We have not identified any offences at this stage which would require us to report to ASIC.

8.8. Costs of investigations and pursuing recovery actions

Creditors should note that recovery actions:

- may be expensive, lengthy and with uncertain outcomes
- should not be commenced unless defendants have the financial resources to satisfy any judgement (this is often difficult to establish)
- must be funded by existing assets, creditor funding or external litigation funders. (Litigation funders are likely to require a significant share of the proceeds of any judgement as a condition of funding the litigation).

8.9. Funding investigations and recoveries

Should creditors resolve that the Group be wound up and a liquidator appointed, the liquidator may not be fully funded to meet the costs of any recovery actions that may be available to pursue.

In these circumstances, a liquidator may invite creditors to consider providing funding to conduct further investigations.

Alternatively, a liquidator may seek external funding from a litigation funder in exchange for a share of any recovered proceeds.

9. Deed of Company Arrangement (DOCA)

A DOCA is a binding agreement between a company and its creditors, setting out how a company's affairs will be dealt with. It aims to maximise the chances of the company, or as much as possible of its business, continuing to exist or providing a better return to creditors than would be achieved by winding up the company.

Creditors can vote that the company execute a DOCA at the Second Meetings if one is proposed.

The Administrators propose that the PAS Group executes "Transaction Support and Distribution" DOCAs. These DOCAs will confer on the deed administrators' broad powers to arrange the Group's assets and liabilities in a way that optimises the sale transaction(s) and will allow for the selection of the preferred bidder/transaction structure to be deferred until the bidder offers are sufficiently unconditional and certain.

The remaining interested parties in the sale process have welcomed the prospect of this flexibility and the associated certainty of outcome. We are confident that this structure will provide the best outcome for creditors as a whole, and the continuation of the greatest part of the PAS Group's businesses and operations.

We note for completeness that the Administrators have not received a deed of company arrangement proposal from any third party which complies with the terms of the Corporations Act and is in a form capable of acceptance.

9.1. Structure

The following is an overview of the proposed structure. Please note that it is indicative only and subject to change.

The PAS Group is comprised of 19 companies. Under the proposed "Transaction Support and Distribution" DOCA structure:

- a. 18 companies will enter into identical DOCAs empowering the deed administrators to transfer assets and novate (or extinguish) liabilities between those companies to facilitate one or more sale transactions (**Transaction Support DOCAs**); and
- b. one company will enter a DOCA under which the proceeds of all realisations will be aggregated and distributed to creditors via a distribution fund (**Distribution DOCA**).

The structure as proposed will not prejudice an individual creditors' return under the DOCA scenario.

9.2. Key features

The following are the key features of the proposed DOCA structure:

- a. **Establishment** – Each DOCA must be executed within 15 business days of approval at the second creditors' meeting and its operation will be subject to each of the other DOCAs having been executed.
- b. **Enforcement moratorium** – There will be a continuation of the voluntary administration enforcement moratorium and prohibition on share transfers in PAS Group Limited until the DOCAs terminate.
- c. **Extinguishment of claims** – Creditors' claims will be subject to the usual proofs. Extinguishment, release or novation of a claim by the deed administrators under a Transaction Support DOCA in relation to a particular PAS Group company will entitle the relevant creditor to an equivalent claim under the Distribution DOCA. Future and contingent claims will be valued in accordance with the methodology contained in the Distribution DOCA.
- d. **Leases** – The deed administrators will allocate leases (including non-property leases) to one of the following categories: leases that the deed administrators will –
 - (a) cause the relevant Group company to continue performing;
 - (b) cause the relevant Group company to continue performing, but only on revised terms and conditions acceptable to the deed administrator; and
 - (c) **not** cause the relevant Group company to continue performing.

All claims arising prior to that allocation will be extinguished and will be payable in accordance with the terms of the Distribution DOCA. Future/contingent claims will be completely extinguished for category (c) leases, and partially extinguished for category (b) leases (to the extent of the compromise under the new lease terms). Claims arising during the voluntary administration and DOCA period which are either expenses of the administration or for which the administrators are personally liable will be given priority

under the Distribution DOCA. The deed administrators will have regard to the preferences of the preferred bidders in making the lease allocations above.

- e. **Deed Creditors' Committee** – The current Committee of Inspection will continue as the Deed Creditors' Committee. If a poll is called, the members will vote according to the creditors they represented in number and value at the second creditors' meeting.
- f. **Powers of deed administrators** – The deed administrators will have powers to novate, release and extinguish liabilities of PAS Group companies, transfer assets between PAS Group companies, sell or allot shares or other securities in the PAS Group companies, and transfer proceeds of sale to facilitate their distribution to creditors.
- g. **Approval of sale transactions** - Sale transactions for Designworks, Review or Black Pepper will require approval by the Deed Creditors' Committee. Committee meetings to approve the sale transactions for Designworks, Review and Black Pepper can be held at short notice, which we define as two clear business days' notice.
- h. **DOCA "waterfall"** – The deed administrators will make distributions to creditors in an order of priority that mirrors section 556 of the Corporations Act (which applies in the winding up of a company). The deed administrators will be obliged to ensure that creditors are not materially and unfairly prejudiced in relation to the distributions compared to their position under a counterfactual liquidation scenario.
The order of priority is:
 - (i) the secured creditors to the extent of their security interest
 - (ii) the costs, charges and expenses of the administration, including trading liabilities and costs incurred since the voluntary administration, indemnities and remuneration of the Administrators and the Deed Administrators
 - (iii) priority creditors, including employees
 - (iv) unsecured creditors rateably which will mean creditors receive not less than their entitlements under the Deeds of Cross Guarantee in any liquidation
 - (v) subordinated creditors, being the shareholders of the PAS Group companies. (There will be insufficient realisations to make any distributions to shareholders.)
- i. **Preservation of claims** - The deed administrators will, to the extent possible, seek to preserve any claims available only to a liquidator or third party for the benefit of all creditors by novation of any claims.
- j. **Termination** – The DOCAs will terminate on the earlier of liquidation of the relevant PAS Group company, payment of all entitlements in accordance with the DOCA Waterfall, or at the absolute discretion of the deed administrators. The DOCAs will provide for the mediation of any dispute with creditors.

9.3. Administrator' opinion on DOCA

By entering into the DOCAs, the Administrators consider that the structure will:

- provide the best prospect of preserving ongoing employment for PAS Group staff and future trading opportunities for PAS Group suppliers
- improve the prospects of achieving the highest sale price for the PAS Group companies and therefore the highest return for creditors.

The proposed DOCA structure also gives the Administrators flexibility to arrange the Group's assets and liabilities in a way that optimises the sale transaction(s) with the selected bidder.

9.4. Estimated return to creditors

As the sale and recapitalisation process is still underway, the Administrators are not able to provide creditors with an estimate of the distribution that will be paid under the DOCA scenario, however, we expect the return under a DOCA to be materially higher than a downside liquidation scenario and likely to be in line with our liquidation high case estimates.

In this regard it is relevant to note that the "high case" estimated liquidation return relies on the retail and wholesale businesses continuing to trade in line with forecasts (already adjusted for COVID-19 impacts). Accordingly, due to the ever-changing nature of the pandemic, there is significant uncertainty as to the impact that ongoing and potentially more severe restrictions may have on the "high case" estimated outcome.

Further, the DOCAs maximise the chances of as much as possible of the Group's business remaining in existence, with consequent benefits for preserving employment and providing suppliers with ongoing trading arrangements.

Section 10 details our calculation of estimated creditors' returns under a liquidation scenario.

9.5. DOCA general information

If creditors decide to vote for a DOCA:

- the Group must sign/execute the DOCAs within 15 business days of the Second Meetings, otherwise the Group automatically proceeds into liquidation. The court can allow longer time if required.
- unsecured creditors will be bound by the DOCA, even if they vote against it.
- property owners, lessors, and secured creditors who vote in favour will be bound by the DOCA.
- the court can bind any creditor to the DOCA.

10. Estimated returns to creditors

Detailed below is a comparison of the estimated returns to creditors under a 'high' and 'low' case liquidation scenario.

The Administrators will provide an update to creditors on the comparison in estimated returns between the DOCA and liquidation scenarios when this information is available.

We estimate 100 cents in the dollar return to priority employee creditors and the secured creditor in all scenarios.

Based on the assumptions detailed below, the 'high' case liquidation scenario provides for an estimated return to **unsecured creditors** of companies who are party to the DOXG of 19.0 cents in the dollar, with a 'low' case estimated return of 3.9 cents in the dollar.

Creditor type	Liquidation High Cents in the dollar	Liquidation Low Cents in the dollar
Secured creditors (all Group companies)	100	100
Employees (all Group companies)	100	100
Unsecured creditors*		
YARRA TRAIL	1.8	0.1
BLACK PEPPER	19.0	3.9
DESIGNWORKS CLOTHING COMPANY	19.0	3.9
REVIEW	19.0	3.9
JETS	22.0	3.9
PASCO OPERATIONS	19.0	3.9
BONDI BATHER	0.0	0.0
PAS FINANCE	0.0	0.0
PASCO GROUP	0.0	0.0
DESIGNWORKS HOLDINGS	0.0	0.0
AFG RETAIL	0.0	0.0
CHESTNUT APPAREL	0.0	0.0
YARRA TRAIL HOLDINGS	0.0	0.0
CAPELLE GROUP	0.0	0.0
FIORELLI	0.0	0.0
METPAS	0.0	0.0
HOPKINS GROUP	0.0	0.0
WORLD BRANDS	0.0	0.0
PAS GROUP LIMITED	19.0	3.9

10.1.1. Overview of liquidation analysis

The 19 PAS Group Companies have been placed in three categories for the purposes of this liquidation analysis:

- c. parties to the ASIC deed of cross-guarantee dated 24 June 2014 ("**DOXG**") (11 companies in total, "**DOXG Companies**");
- d. non-DOXG Companies with assets and unsecured debts owing to non-related creditors (Jets Swimwear Pty Ltd and Yarra Trail Pty Ltd); and
- e. non-DOXG Companies with no assets or unsecured debts owing to non-related creditors (6 companies in total, "**Category (c) Companies**").

We have modelled a liquidation scenario where the assets of each DOXG Company are pooled and available to satisfy the aggregated claims against the DOXG Companies ("**Pooled Analysis**").

The range of returns for unsecured creditors shown are net of secured claims (CBA) and priority claims against the PAS Group Companies (including claims by employees and administration expenses), each of which would be paid in full under these scenarios.

10.1.2. Jets Swimwear Pty Ltd

The Administrators have received and accepted a non-binding offer to purchase the brand name, inventory and intellectual property owned by Jets Swimwear Pty Ltd. The offer excludes debtors, leases and ongoing store operations. If the proposed transaction proceeds, the purchaser will offer seven Jets Swimwear employees ongoing roles, including taking on their employee entitlements.

The net proceeds of that sale (after satisfaction of priority claims from employees and the voluntary administrators) will be applied towards satisfaction of claims by CBA (the sole secured finance creditor of Jets Swimwear Pty Ltd with debt outstanding).

Any return to unsecured creditors will be subject to debtor recoveries. We currently estimate the value of JETS return to unsecured creditors on a “high case” at 22.0 cents in the dollar and “low case” at 3.9 cents in the dollar.

10.1.3. Yarra Trail Pty Ltd

Yarra Trail Pty Ltd is a non-DOXG Company. Therefore, the estimated return to its unsecured creditors has been based on the realisation of its assets only in accordance with the following formula:

$$\frac{\text{net proceeds of sale of company assets} - \text{priority claims against company (employees and administrators)}}{\text{total unsecured claims against company (including claims of related creditors)}}$$

We have estimated the value of Yarra Trail’s assets on both a “high case” at 1.8 cents in the dollar and “low case” basis at 0.1 cents in the dollar.

10.1.4. Category (c) Companies

We have analysed the intra-Group loans to determine the ultimate beneficiaries of those loans. The two beneficiaries are The PAS Group Ltd and PASCO Operations Pty Ltd, both of which are DOXG Companies.

Given that Category (c) Companies have no assets (and are not the ultimate beneficiary of any intra-Group loans), the estimated return to unsecured creditors of Category (c) Companies is recorded as nil cents in the dollar.

10.1.5. DOXG Companies

Our analysis for these companies assumes that the assets of each DOXG Company are pooled on their winding-up and available to satisfy the aggregated claims against the DOXG Companies. We have disregarded claims under intra-Group loans, as the effect of the DOXG is to unwind any asset distribution in favour of The PAS Group Ltd and PASCO Operations Pty Ltd effected by the intra-Group loan structure.

The estimated return to unsecured creditors of the DOXG Companies is net of outstanding secured finance claims (i.e. CBA’s outstanding claims following payment from the proceeds of sale of the assets of Jets Swimwear Pty Ltd) and priority claims against the DOXG Companies (including claims by employees and administration expenses). It has been calculated in accordance with the following formula:

$$\frac{\text{net proceeds of sale of DOXG assets} - \text{priority claims against DOXG Co's} - \text{outstanding secured claims of CBA}}{\text{total unsecured claims against DOXG Co's (excluding claims under intra Group loans)}}$$

We note that every member of the PAS Group (and therefore, each DOXG Company) is a security provider in favour of CBA. Therefore, priority payment of CBA out of the pooled assets is appropriate.

As above, we have estimated the value of the DOXG assets on both a “high case” basis at 19.0 cents in the dollar and “low case” basis at 3.9 cents in the dollar, as shown in the table below.

Table showing estimated return to DOXG companies:

\$'000s as at 30 June 2020		High scenario	Low scenario
Circulating assets:			
Cash at bank (excluding pre-appointment balance)		12,282	12,282
Group receivables (excl. Designworks)		1,471	1,287
Designworks receivables		11,964	10,613
Inventory		19,570	17,124
Total circulating assets	1	45,287	41,306
Administrators' costs, disbursements and remuneration			
Trading costs of the Administration	2	(18,361)	(20,142)
Administrators' remuneration and disbursements		(3,488)	(3,488)
Total costs		(21,849)	(23,630)
Total circulating assets less costs		23,437	17,676
Priority employee claims:			
	3	(12,949)	(12,949)
Return to employees from circulating assets (cents in the dollar)		100	100
Non-circulating assets:			
PPE		497	497
Goodwill & intangibles		-	-
Total non-circulating assets		497	497
Total available to secured creditor		10,986	5,224
Secured creditor claim	4	(3,825)	(3,825)
Return to secured creditor (cents in the dollar)		100	100
Available to unsecured creditors		7,161	1,400
Unsecured creditor claims:			
Trade creditors	5	(37,067)	(35,517)
Excluded employees		(546)	(546)
Related entities		-	-
Total claims		(37,613)	(36,063)
Estimated return to unsecured creditors (cents in the dollar)		19.0	3.9

Notes

- 1 Circulating assets are based on book values as at 30 June 2020, with discounts applied for liquidation realisation scenarios
- 2 These costs include duress payments to critical suppliers, costs of realising the circulating assets, payments to landlords and other trading costs
- 3 An estimate of accrued employee leave liabilities plus redundancy payments
- 4 The CBA claim is net of funds swept from the bank account upon appointment and less amounts proposed to be paid to CBA from the Jets sale proceeds
- 5 Trade creditor balances are as at 30 June 2020, being the creditor claims received, with adjustments for duress payments already made during the Administration and an estimate of claims not yet received

11. Administrators' opinion

In our opinion it is in the creditors' best interests that the PAS Group executes the proposed DOCAs.

Our opinion on each option available to creditors is discussed below.

11.1. Liquidation

In our opinion it is not in the best interest of creditors that the PAS Group be wound up.

From our investigations to date, there are no clear indications that the Group has traded whilst insolvent, nor have we identified any potential voidable transactions. That said, a liquidator (if appointed) would be able to conduct detailed investigations into the circumstances leading up to the appointment of the Administrators.

A liquidator (if appointed) will be empowered to:

- assist employees in applying for FEG for the payment of certain employee entitlements that cannot otherwise be funded by the company (**Section 4.5.4**). Given the unique challenges arising from COVID-19, we cannot definitively state that sufficient assets will be available to enable all outstanding employee entitlements to be paid in full if the employing entities within the PAS Group were to be wound up.
- pursue various potential recoveries under the Act, such as voidable transactions (**Section 8.2**)
- distribute recoveries made in accordance with the priority provisions of the Act
- complete thorough investigations into:
 - the PAS Group's dealings and affairs
 - actions of the director(s)
- report findings to ASIC pursuant to the Act

The 'high' case liquidation scenario provides for an estimate return to unsecured creditors of 19.0 cents in the dollar, with a 'low' case scenario of 3.3 cents in the dollar.

11.2. DOCA

In our opinion it is in the best interest of creditors that the PAS Group enters into the proposed "transaction support and distribution" DOCAs. The DOCAs will confer on the deed administrators' broad powers to arrange the Group's assets and liabilities in a way that optimises the sale transaction(s) and will allow for the selection of the preferred bidder/transaction structure to be deferred until the bidder offers are sufficiently unconditional and certain. The DOCAs maximise the chances of the Group remaining in existence, while also maximising returns to creditors.

We expect the return under a DOCA to be materially higher than a downside liquidation scenario and likely to be in line with our liquidation high case estimates.

In this regard it is relevant to note that the "high case" estimated liquidation return relies on the retail and wholesale businesses continuing to trade in line with forecasts (already adjusted for COVID-19 impacts). Accordingly, due to the ever-changing nature of the pandemic, there is significant uncertainty as to the impact that ongoing and potentially more severe restrictions may have on the "high case" estimated outcome.

Further, the DOCAs maximise the chances of as much as possible of the Group's business remaining in existence, with consequent benefits for preserving employment and providing suppliers with ongoing trading arrangements.

11.3. Administrations to end

In our opinion it is not in the best interest of creditors to end the administrations.

12. Enquiries

Should you have any enquiries please contact the PricewaterhouseCoopers Melbourne office on +61 3 8603 1000 or by email at au_pas_creditors@pwc.com.

DATED this 7th day of August 2020

A handwritten signature in black ink, appearing to be a stylized 'M' followed by a flourish.

Martin Ford, Stephen Longley and David McEvoy
Administrators

Appendices

Appendix A – Companies in Administration

**The PAS Group Ltd and Associated Entities
(All Administrators Appointed)**

Company name	ACN
The PAS Group Limited	169 477 463
PASCO Group Pty Ltd	117 244 943
PAS Finance Pty Ltd	169 478 291
JETS Swimwear Pty Limited	068 819 581
AFG Retail Pty Limited	133 613 251
Chestnut Apparel Pty Limited	112 091 522
PASCO Operations Pty Ltd	112 078 547
Black Pepper Brands Pty Limited	112 065 559
Designworks Holdings Pty Limited	113 900 057
Designworks Clothing Company Pty Limited	117 343 807
World Brands Pty Ltd	075 219 135
Yarra Trail Holdings Pty Limited	110 901 561
Yarra Trail Pty Limited	110 902 102
Review Australia Pty Limited	122 295 836
The Capelle Group Pty Limited	121 867 641
Fiorelli Licensing Pty Limited	122 295 827
Metpas Pty Ltd	127 957 653
The Hopkins Group Aust Pty Limited	119 023 273
Bondi Bather Pty Limited	620 985 864

Appendix B – Notice of meetings of creditors

**NOTICE OF CONCURRENT SECOND MEETINGS OF
CREDITORS OF COMPANIES UNDER ADMINISTRATION**

**PAS GROUP OF COMPANIES AS PER ATTACHED SCHEDULE
(ALL ADMINISTRATORS APPOINTED)
("the PAS Group")**

Notice is now given that meetings of the creditors of the PAS Group will be held concurrently at 2:30pm AEST on Monday 17 August 2020.

In line with the Government's safe distance measures put in place in response to the current COVID-19 pandemic, the meetings will be held via video conference.

Please note that as per ASIC's current directives for holding creditors meetings, the Chairperson will be required to conduct all voting via a poll. **In this regard, we recommend all creditors submit their votes via the creditor portal prior to the meetings to assist with voting.**

Agenda

The purpose of the meeting is to:

1. To receive a Report by the Administrators about the business, property, affairs and financial circumstances of the PAS Group.
2. For creditors to consider the options available and to resolve for each PAS Group company:
 - a. The administration end with control of the company reverting to its directors
 - b. The Administrators execute a Deed of Company Arrangement (DOCA)
 - c. The company be wound up (i.e. placed into liquidation).
3. To consider the appointment of a Committee of Inspection (if creditors resolve that each of the PAS Group companies be wound up), and if so appointed, who are to be the committee members
4. Any other business

If you wish to attend the Second meetings, you can register to attend and access the video conference facility via the link on the homepage of the creditor portal at <https://events.miraqle.com/OCP/PASGroup/> or the PAS Group creditor information page at <https://insolvency.pwc.com.au/>.

Creditors wishing to vote at the Second Meetings must access the creditor portal using your Holder Reference Number (**HRN**) and:

- submit a proof of debt and supporting information to substantiate your claim. If you have already lodged a proof of debt, you do not need to lodge a second proof of debt, unless the value of your claim has changed since the First Meetings.
- nominate a proxy to attend the Second Meetings.

A proxy must be nominated where a corporate creditor is attending, or an individual creditor wants to appoint another person or attorney to act on their behalf at the meetings. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairperson of the meetings, prior to the commencement of the meetings. A creditor may also choose to appoint the Chairperson to vote on their behalf.

Please note, under section 75-35 of the Insolvency Practice Rules (Corporations) (**IPR**), if you wish to participate in the meeting, you must nominate a proxy via the creditor portal by **4:00pm AEST on Friday 14 August 2020** setting out:

1. the name of the person and of the proxy or attorney (if any); and
2. an address to which notices to the person, proxy or attorney may be sent; and
3. a method by which the person, proxy or attorney may be contacted for the purposes of the meeting.

Additionally, proof of debt forms must be submitted to the Administrators by **4:00pm AEST on Friday 14 August 2020** via the creditor portal.

If you require a HRN to be issued to you, please contact Link Market Services at pasgrouppltd@linkmarketservices.com.au or on 1300 794 682. Additionally, if you require assistance with accessing the creditor portal or registering and attending the Second Meetings via video conference, please contact Link Market Services.

DATED this 7th day of August 2020



Martin Ford, Stephen Longley and David McEvoy
Administrators

Voting at a Meeting: the effect of Insolvency Practice Rules (Corporations) 75-85

Entitlement to vote at meetings of creditors

- (1) A person other than a creditor (or the creditor's proxy or attorney) is not entitled to vote at a meeting of creditors.
- (2) Subject to subsections (3), (4) and (5), each creditor is entitled to vote and has one vote.
- (3) A person is not entitled to vote as a creditor at a meeting of creditors unless:
 - (a) his or her debt or claim has been admitted wholly or in part by the external administrator; or
 - (b) he or she has lodged, with the person presiding at the meeting, or with the person named in the notice convening the meeting as the person who may receive particulars of the debt or claim:
 - (i) those particulars; or
 - (ii) if required—a formal proof of the debt or claim.
- (4) A creditor must not vote in respect of:
 - (a) an unliquidated debt; or
 - (b) a contingent debt; or
 - (c) an unliquidated or a contingent claim; or
 - (d) a debt the value of which is not established;unless a just estimate of its value has been made.
- (5) A creditor must not vote in respect of a debt or a claim on or secured by a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor unless he or she is willing to do the following:
 - (a) treat the liability to him or her on the instrument or security of a person covered by subsection (6) as a security in his or her hands;
 - (b) estimate its value;
 - (c) for the purposes of voting (but not for the purposes of dividend), to deduct it from his or her debt or claim.
- (6) A person is covered by this subsection if:
 - (a) the person's liability is a debt or a claim on, or secured by, a bill of exchange, a promissory note or any other negotiable instrument or security held by the creditor; and
 - (b) the person is either liable to the company directly, or may be liable to the company on the default of another person with respect to the liability; and
 - (c) the person is not an insolvent under administration or a person against whom a winding up order is in force.

***The PAS Group Ltd and Associated Entities
(All Administrators Appointed)***

Company name	ACN
The PAS Group Limited	169 477 463
PASCO Group Pty Ltd	117 244 943
PAS Finance Pty Ltd	169 478 291
JETS Swimwear Pty Limited	068 819 581
AFG Retail Pty Limited	133 613 251
Chestnut Apparel Pty Limited	112 091 522
PASCO Operations Pty Ltd	112 078 547
Black Pepper Brands Pty Limited	112 065 559
Designworks Holdings Pty Limited	113 900 057
Designworks Clothing Company Pty Limited	117 343 807
World Brands Pty Ltd	075 219 135
Yarra Trail Holdings Pty Limited	110 901 561
Yarra Trail Pty Limited	110 902 102
Review Australia Pty Limited	122 295 836
The Capelle Group Pty Limited	121 867 641
Fiorelli Licensing Pty Limited	122 295 827
Metpas Pty Ltd	127 957 653
The Hopkins Group Aust Pty Limited	119 023 273
Bondi Bather Pty Limited	620 985 864

Appendix C – Report compliance with ARITA code

ARITA Code Section	ARITA Code guidance	Compliance	Administrators comments
4.4.2 – B. Shareholders, officers and charges	<p>The Voluntary Administrator's report should incorporate details of the company's existing shareholders and officers and material security interests (in summary form if necessary).</p> <p>Relevant changes in these details that have occurred within twelve months before the Administrator's appointment should also be disclosed.</p>	Partial compliance	This Report does not include a listing of all the shareholders for The PAS Group Limited, however it does include a corporate structure and a listing of the top 20 shareholders of The PAS Group Limited.
4.4.2 – E. Historical financial performance	The Voluntary Administrator's report must incorporate a summary of the company's historical financial results and a preliminary analysis and commentary from the Administrator.	Partial compliance	<p>Given there are 19 companies in voluntary administration, it would not be practical to include historical financials together with commentary for each. Further, due to the structure of the PAS Group and DOCGs, it would not be appropriate to assess the financials on an individual company basis.</p> <p>We have included a balance sheet and income statement for YTD20 for the main 6 Companies in the PAS Group for illustrative purposes.</p>
4.4.2 – G. Directors' Report on Company Activities and Property (ROCAP)	The Voluntary Administrator's report should outline the content of the directors' ROCAP and include the Administrator's comments as to the Administrator's estimate of realisable value of assets and liabilities. If directors have failed to provide a ROCAP, this needs to be disclosed.	Non compliance	Due to the number of companies in Administration, it is not practical to include a summary of each of the directors' ROCAPs. Further, due to the sale and recapitalisation process we cannot disclose values of the PAS Group assets. ROCAPs will be available to view by creditors upon request.
4.4.2 – J. Related entities	<p>The Voluntary Administrator's report should disclose to the best of the Administrator's knowledge:</p> <ul style="list-style-type: none"> those creditors of the company who are related entities the quantum of their claims when the debt was incurred how the debt was incurred if the debt was assigned, the amount paid for the assignment, and the process taken by the Administrator to verify the claims made by related entities. 	Partial compliance	<p>A listing of intercompany loans is disclosed in the Report.</p> <p>Due to the nature of dealings and number of intercompany loans between the PAS Group entities, it is not practicable to disclose when and how each related entity debt was incurred and how it was incurred, however an overview of the intercompany loans (including amounts) has been provided.</p>
4.4.3 – C. Insolvent trading	<p>The Voluntary Administrator's report has to include comments regarding whether the company engaged in insolvent trading and should, if possible, provide an estimate of the loss incurred by the company as a result.</p> <p>The report should also comment on whether the directors have advised the voluntary administrator that they intend to rely on the safe harbour defence in the event of an insolvent trading claim.</p>	Partial compliance	<p>As our investigations are at a preliminary stage, the date of insolvency has not been conclusively determined.</p> <p>We have noted in the Report that relief for directors from any personal liability for trading while insolvent has been temporarily implemented for directors for the 6-month period from 22 March 2020 as a result of the COVID-19 pandemic.</p>
4.4.4 – Estimated return from a winding up	Where a Deed is proposed, it is recommended that the Voluntary Administrator's report should include a table providing creditors with a direct comparison of the estimated returns and costs in a liquidation and under the Deed.	Non compliance	This Report does not include an estimated return to creditors from a DOCA for the reasons noted in the Report. As the sale and recapitalisation process is still underway, the Administrators are not currently able to provide creditors with an indication of the estimated distribution that will be paid by the PAS Group. If creditors resolve that the PAS Group execute the DOCAs, the Deed Administrators will provide a report to creditors following completion of the PAS Group sale and recapitalisation process which will include the estimated return to creditors.

4.4.6 – Proposal for a deed of company arrangement	If a Deed is being proposed, the Voluntary Administrator's report must disclose the estimated return to creditors and likely timing of the return to creditors from the proposed Deed. The report must also include a comparison of the estimated return to creditors from the proposed Deed to the estimated return to creditors from a winding up of the company.	Non compliance	This Report does not include an estimated return to creditors from the DOCA for the reasons noted in the Report. As the sale and recapitalisation process is still underway, the Administrators are not currently able to provide creditors with an indication of the estimated distribution that will be paid by the PAS Group. If creditors resolve that the PAS Group execute the DOCAs, the Deed Administrators will provide a report to creditors following completion of the PAS Group sale and recapitalisation process which will include the estimated return to creditors.
4.4.6 – Proposal for a deed of company arrangement	The report must disclose an estimate of the total Remuneration payable for administering the proposed Deed.	Non compliance	Due to the uncertainty regarding the timeframe for sale of the PAS Group and finalisation of DOCAs, we are not able to provide an estimate of the prospective remuneration of the Deed Administrators. This will be provided to creditors in our report following the completion of the PAS Group sale and recapitalisation process.

Appendix D – ASIC information sheet



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

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

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

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

List of information sheets

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

Getting copies of the information sheets

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

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

Appendix E – Companies subject to DOXG

The PAS Group of Companies subject to the Deed of Cross Guarantee (DOXG)
(All Administrators Appointed)

Company name	ACN
The PAS Group Limited	169 477 463
PASCO Group Pty Ltd	117 244 943
PAS Finance Pty Ltd	169 478 291
Chestnut Apparel Pty Limited	112 091 522
PASCO Operations Pty Ltd	112 078 547
Designworks Holdings Pty Limited	113 900 057
Designworks Clothing Company Pty Limited	117 343 807
Review Australia Pty Limited	122 295 836
Metpas Pty Limited	127 957 653
Black Pepper Brands Pty Limited	112 065 559
The Hopkins Group Aust Pty Limited	119 023 273

Appendix F – Statutory information

Directors as at 29 May 2020

		Directors				Secretary
		ERIC MORRIS	LAUNA INMAN	MICHAEL GORDON	SILVIA MAZZUCCHELLI	MARCUS CROWE
Company (Administrators Appointed)	THE PAS GROUP LIMITED	✓	✓	✓	✓	✓
	AFG RETAIL PTY LIMITED	✓				✓
	BLACK PEPPER BRANDS PTY LIMITED	✓				✓
	BONDI BATHER PTY LIMITED	✓				✓
	CHESTNUT APPAREL PTY LIMITED	✓				✓
	DESIGNWORKS CLOTHING COMPANY PTY LIMITED	✓				✓
	DESIGNWORKS HOLDINGS PTY LIMITED	✓				✓
	IORELLI LICENSING PTY LIMITED	✓				✓
	JETS SWIMWEAR PTY LIMITED	✓				✓
	METPAS PTY LTD	✓				✓
	PAS FINANCE PTY LTD	✓				✓
	PASCO GROUP PTY LTD	✓				✓
	PASCO OPERATIONS PTY LTD	✓				✓
	REVIEW AUSTRALIA PTY LIMITED	✓				✓
	THE CAPELLE GROUP PTY LIMITED	✓				✓
	THE HOPKINS GROUP AUST PTY LIMITED	✓				✓
	WORLD BRANDS PTY LTD	✓				✓
	YARRA TRAIL HOLDINGS PTY LIMITED	✓				✓
	YARRA TRAIL PTY LIMITED	✓				✓

THE PAS Group Limited

Company details	
Date of incorporation	9-May-2014
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Launa Inman	01 February 2020 to Current
Michael Gordon	15 January 2020 to Current
Silvia Mazzucchelli	01 November 2017 to Current
Eric Morris	09 May 2014 to Current
Christopher Murphy	01 August 2017 to 15 January 2020
Craig Holland	21 December 2016 to 22 November 2019
Loretta Soffe	22 August 2016 to 12 December 2016
Adam Gray	23 February 2016 to 01 February 2020
Matthew Lavelle	23 February 2016 to 30 September 2017
Jacqueline Naylor	22 May 2014 to 23 February 2016
Jonathan Brett	22 May 2014 to 14 November 2016
Rodney Walker	09 May 2014 to 30 September 2017
David Fenlon	09 May 2014 to 23 February 2016
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	13 February 2015 to 10 August 2015
Derrick Krowitz	09 May 2014 to 17 February 2015
Shareholders and shareholders' details	
Please refer to section 4.4 in the body of this Voluntary Administrators' Report to Creditors.	

AFG Retail Pty Limited

Company details	
Date of incorporation	8-Oct-2008
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	8-22 Bowden Street Alexandria NSW 2015
Directors' details	Appointment from/to
Eric Morris	30 November 2015 to Current
Adrian Allen	30 September 2009 to 30 November 2015
Robert Schonberger	08 October 2008 to 30 September 2009
Secretary's details	Appointment from/to
Marcus Eamonn Crowe	24 July 2018 to Current
Kwong Yap	30 November 2015 to 31 August 2018
Adrian Allen	30 September 2009 to 30 November 2015
Robert Schonberger	08 October 2008 to 30 September 2009
Shareholders	Shareholding details
The PAS Group Limited	100 ordinary shares issued (total amount paid\$100.00)

Black Pepper Brands Pty Limited

Company details	
Date of incorporation	7-Dec-2004
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	08 August 2005 to Current
Matthew Durbin	04 February 2016 to 14 December 2017
Kwong Yap	04 February 2016 to 31 August 2018
Rodney Walker	06 August 2013 to 30 September 2017
Olav Uittenbosch	30 September 2009 to 06 August 2013
Gene Lorenz	03 March 2005 to 27 February 2006
Richard Black	03 March 2005 to 18 June 2014
Albin Kurti	07 December 2004 to 11 August 2011
Olav Uittenbosch (Alternate Director)	03 March 2005 to 30 September 2009
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	03 March 2005 to 17 February 2015
Albin Kurti	07 December 2004 to 03 March 2005
Shareholders	Shareholding details
Pasco Operations Pty Ltd	6,674,017 ordinary shares issued (total amount paid \$6,674,017.00)

Bondi Bather Pty Limited

Company details	
Date of incorporation	9-Aug-2017
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	09 August 2017 to Current
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	09 August 2017 to 31 August 2018
Shareholders	Shareholding details
The PAS Group Limited	1 ordinary share issued (total amount paid \$1.00)

Chestnut Apparel Pty Limited

Company details	
Date of incorporation	22-Feb-2005
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	08 August 2005 to Current
Peter Dowding	13 April 2006 to 13 April 2006
Robert Dalziel	30 November 2005 to 13 April 2006
Gene Lorenz	03 March 2005 to 27 February 2006
Albin Kurti	22 February 2005 to 18 June 2014
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	13 February 2015 to 10 August 2015
Derrick Krowitz	03 March 2005 to 17 February 2015
Albin Kurti	22 February 2005 to 03 March 2005
Shareholders	Shareholding details
Pasco Group Pty Ltd	48,159,650 ordinary shares issued (total amount paid \$48,159,650.00)

Designworks Clothing Company Pty Limited

Company details	
Date of incorporation	29-Nov-2005
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	29 November 2005 to Current
Brendan Santamaria	02 March 2012 to 02 April 2020
Albin Kurti	05 May 2006 to 11 August 2011
Derrick Krowitz	29 November 2005 to 05 May 2006
Gary Brown	29 November 2005 to 30 June 2009
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	29 November 2005 to 17 February 2015
Shareholders	Shareholding details
Designworks Holdings Pty Limited	100,000 ordinary shares issued (total amount paid \$20,161,026.00)

Designworks Holdings Pty Limited

Company details	
Date of incorporation	29-Nov-2005
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	29 November 2005 to Current
Albin Kurti	05 May 2006 to 11 August 2011
Gary Brown	30 November 2005 to 05 May 2006
Derrick Krowitz	29 November 2005 to 05 May 2006
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	29 November 2005 to 17 February 2015
Shareholders	Shareholding details
Pasco Operations Pty Ltd	20,000,000 ordinary shares issued (total amount paid \$20,161,026.00)

Fiorelli Licensing Pty Limited

Company details	
Date of incorporation	25-Oct-2006
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	25 October 2006 to Current
Albin Kurti	25 October 2006 to 11 August 2011
Peter Collings	25 October 2006 to 31 August 2011
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	25 October 2006 to 17 February 2015
Shareholders	Shareholding details
Pasco Operations Pty Ltd	1,000,000 ordinary shares issued (total amount paid \$5,491,570.00)

Jets Swimwear Pty Limited

Company details	
Date of incorporation	28-Mar-1995
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	First Floor Suite 42I 110-116 Bourke Road Alexandria NSW 2015
Directors' details	Appointment from/to
Eric Morris	30 November 2015 to Current
Adrian Allen	27 May 2000 to 30 November 2015
Jessika Allen	27 May 2000 to 18 December 2009
Greta Allen	28 March 1995 to 27 May 2000
Neville Allen	28 March 1995 to 27 May 2000
Maurice Howe	28 March 1995 to 28 March 1995
Marea Howe	28 March 1995 to 28 March 1995
Susan Lang	28 March 1995 to 28 March 1995
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	30 November 2015 to 31 August 2018
Neville Allen	15 May 2015 to 28 October 2015
Adrian Allen	27 May 2000 to 30 November 2015
Jessika Allen	27 May 2000 to 18 December 2009
Greta Allen	28 March 1995 to 27 May 2000
Neville Allen	28 March 1995 to 27 May 2000
Maurice James Howe	28 March 1995 to 28 March 1995
Shareholders	Shareholding details
The PAS Group Limited	2 ordinary shares issued (total amount paid \$2.00)

Metpas Pty Ltd

Company details	
Date of incorporation	22-Oct-2007
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	22 October 2007 to Current
Albin Kurti	22 October 2007 to 11 August 2011
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	22 October 2007 to 17 February 2015
Shareholders	Shareholding details
Pasco Operations Pty Ltd	1 ordinary share issued (total amount paid\$1.00)

PAS Finance Pty Ltd

Company details	
Date of incorporation	9-May-2014
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	09 May 2014 to Current
Jacqueline Naylor	22 May 2014 to 23 February 2016
Jonathan Brett	22 May 2014 to 14 November 2016
Rodney Walker	09 May 2014 to 30 September 2017
David Fenlon	09 May 2014 to 23 February 2016
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	13 February 2015 to 10 August 2015
Derrick Krowitz	09 May 2014 to 17 February 2015
Shareholders	Shareholding details
The Pas Group Limited	1 ordinary share issued (total amount paid\$1.00)

PASCO Group Pty Ltd

Company details	
Date of incorporation	22-Nov-2005
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	23 November 2005 to Current
Jacqueline Naylor	22 May 2014 to 23 February 2016
Jonathan Brett	22 May 2014 to 14 November 2016
Michael Lukin	29 April 2013 to 18 June 2014
Andrew Savage	29 April 2013 to 18 June 2014
David Fenlon	29 April 2013 to 23 February 2016
Peter Dowding	25 October 2011 to 28 February 2013
Rodney Walker	19 October 2011 to 30 September 2017
Fraser Henderson	03 March 2008 to 28 February 2013
Alex Varley	25 May 2006 to 13 September 2007
Albin Kurti	13 April 2006 to 18 June 2014
Derrick Krowitz	22 November 2005 to 13 April 2006
Robert Dalziel	22 November 2005 to 05 October 2011
Peter Dowding	11 June 2013 to 18 June 2014
Jennifer Weinstock	06 May 2013 to 18 June 2014
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	13 February 2015 to 10 August 2015
Derrick Krowitz	22 November 2005 to 17 February 2015
Shareholders	Shareholding details
The Pas Group Limited	9,799,354 ordinary shares issued (total amount paid \$40,185,504.04)

PASCO Operations Pty Ltd

Company details	
Date of incorporation	7-Dec-2004
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	08 August 2005 to Current
Jonathan Brett	22 May 2014 to 14 November 2016
Jacqueline Naylor	22 May 2014 to 23 February 2016
Michael Lukin	29 April 2013 to 18 June 2014
Andrew Savage	29 April 2013 to 18 June 2014
David Fenlon	29 April 2013 to 23 February 2016
Peter Dowding	25 October 2011 to 28 February 2013
Rodney Walker	19 October 2011 to 30 September 2017
Fraser Henderson	03 March 2008 to 28 February 2013
Robert Dalziel	22 November 2005 to 05 October 2011
Gene Lorenz	03 March 2005 to 27 February 2006
Albin Kurti	07 December 2004 to 18 June 2014
Peter Dowding (Alternate Director)	11 June 2013 to 18 June 2014
Jennifer Weinstock (Alternate Director)	06 May 2013 to 18 June 2014
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	13 February 2015 to 10 August 2015
Derrick Krowitz	03 March 2005 to 17 February 2015
Albin Kurti	07 December 2004 to 03 March 2005
Shareholders	Shareholding details
Chestnut Apparel Pty Limited	32,033,493 ordinary shares issued (total amount paid \$32,033,493.00)

Review Australia Pty Limited

Company details	
Date of incorporation	27-Oct-2006
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	2 October 2006 to Current
Jennifer Mills	20 August 2009 to 25 June 2010
Peter Strain	27 October 2006 to 26 April 2008
Jayne Ellis	27 October 2006 to 26 April 2008
Albin Kurti	27 October 2006 to 11 August 2011
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	27 October 2006 to 17 February 2015
Shareholders	Shareholding details
Pasco Operations Pty Ltd	1,000,000 ordinary shares issued (total amount paid \$13,995,960.00)

The Capelle Group Pty Limited

Company details	
Date of incorporation	25-Oct-2006
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	25 October 2006 to Current
Leon Pendergast	25 October 2006 to 09 July 2009
Albin Kurti	25 October 2006 to 11 August 2011
Peter Collings	25 October 2006 to 31 August 2011
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	25 October 2006 to 17 February 2015
Shareholders	Shareholding details
Pasco Operations Pty Ltd	1,000,000 ordinary shares issued (total amount paid \$23,302,432.00)

**The Hopkins Group Aust Pty
Limited**

Company details	
Date of incorporation	29-Mar-2006
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	29 March 2006 to Current
Albin Kurti	05 May 2006 to 11 August 2011
Derrick Krowitz	29 March 2006 to 05 May 2006
Christopher Switzer	29 March 2006 to 18 June 2014
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	29 March 2006 to 17 February 2015
Shareholders	Shareholding details
Pasco Operations Pty Ltd	1,000,000 ordinary shares issued (total amount paid \$22,871,297.00)

World Brands Pty Ltd

Company details	
Date of incorporation	13-Aug-1996
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	02 January 2007 to Current
Albin Kurti	01 July 2008 to 11 August 2011
Sue Morphet	31 October 2007 to 01 July 2008
Paul Moore	02 January 2007 to 31 October 2007
Stephen Tierney	02 January 2007 to 01 July 2008
Frank Dammenhayn	01 November 2005 to 02 January 2007
Harold Hooke	02 December 2004 to 01 February 2007
Stephen Kelly	05 November 2004 to 31 October 2005
Sonand Michael	15 June 2004 to 02 January 2007
Robert Hershan	25 November 2003 to 01 July 2004
Stephen Kelly	25 November 2003 to 15 June 2004
Gary Brown	25 November 2003 to 30 June 2009
Francis Truscott	25 November 2003 to 05 November 2004
Melvin Sutton	01 November 2002 to 05 March 2003
Robert Hershan	29 January 2002 to 01 November 2002
James Fisher	13 August 1996 to 10 March 2000
Peter Hill	13 August 1996 to 25 November 2003
Josephine Curran	13 August 1996 to 13 August 1996
Stephen David Hill	13 August 1996 to 25 November 2003
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	01 July 2008 to 17 February 2015
John Grover	02 January 2007 to 01 July 2008
Gerhard Correa	05 November 2004 to 02 January 2007
Charlie Wood	05 March 2003 to 05 November 2004
Michael Sonand	18 April 2002 to 05 March 2003
Peter Hill	13 August 1996 to 25 November 2003
Josephine Curran	13 August 1996 to 13 August 1996
Shareholders	Shareholding details
Designworks Clothing Company Pty Limited	1,000 ordinary shares issued (total amount paid \$1,000.00)

Yarra Trail Holdings Pty Limited

Company details	
Date of incorporation	9-Sep-2004
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	08 August 2005 to Current
Rodney Walker	06 August 2013 to 06 September 2013
Olav Uittenbosch	30 September 2009 to 06 August 2013
Albin Kurti	03 March 2005 to 11 August 2011
Thomas Latham	05 November 2004 to 04 August 2005
Steven Kish	05 November 2004 to 18 October 2005
Gene Lorenz	09 September 2004 to 27 February 2006
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	17 March 2005 to 17 February 2015
Paul Zammit	05 November 2004 to 06 July 2005
Gene Lorenz	01 November 2004 to 05 November 2004
Shareholders	Shareholding details
Pasco Operations Pty Ltd	20,389,227 ordinary shares issued (total amount paid \$12,763,227.00)

Yarra Trail Pty Limited

Company details	
Date of incorporation	9-Sep-2004
Registered office	17-21 Hardner Road Mount Waverley VIC 3149
Principal place of business	17-21 Hardner Road Mount Waverley VIC 3149
Directors' details	Appointment from/to
Eric Morris	08 August 2005 to Current
Rodney Walker	06 August 2013 to 06 September 2013
Olav Uittenbosch	30 September 2009 to 06 August 2013
Albin Kurti	03 March 2005 to 11 August 2011
Thomas Latham	05 November 2004 to 04 August 2005
Steven Kish	05 November 2004 to 18 October 2005
Gene Lorenz	09 September 2004 to 27 February 2006
Secretary's details	Appointment from/to
Marcus Crowe	24 July 2018 to Current
Kwong Yap	10 August 2015 to 31 August 2018
Steven Milicevic	11 February 2015 to 10 August 2015
Derrick Krowitz	29 March 2005 to 17 February 2015
Paul Zammit	05 November 2004 to 06 July 2005
Gene Lorenz	01 November 2004 to 05 November 2004
Shareholders	Shareholding details
Yarra Trail Holdings Pty Limited	1 ordinary share issued (total amount paid\$1.00)

Appendix G – List of secured parties

Security registered against	Secured Party	PPSR Registration #	Start Date	Collateral Class
The PAS Group Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
The PAS Group Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090042416	9/01/2017	All Pap With Except
The PAS Group Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010769	14/08/2015	Motor Vehicle
The PAS Group Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010776	14/08/2015	Motor Vehicle
The PAS Group Ltd	ACN 001419807 FUJI XEROX FINANCE LIMITED; ACN 000341819 FUJI XEROX AUSTRALIA PTY. LIMITED	201807060046631	6/07/2018	Other Goods
The PAS Group Ltd	ACN 064 837 743 COMPUTERS NOW PTY LTD	201709220022716	22/09/2017	Other Goods
Black Pepper Brands Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Black Pepper Brands Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043105	9/01/2017	All Pap With Except
Black Pepper Brands Pty Ltd	ACN 099 004 145 ISLAND PACIFIC AUSTRALIA PTY LIMITED	201207110078419	11/07/2012	Chattel Paper
Black Pepper Brands Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010769	14/08/2015	Motor Vehicle
Black Pepper Brands Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010776	14/08/2015	Motor Vehicle
Black Pepper Brands Pty Ltd	ABN 37086345575 HOOVER FLOORCARE ASIA PACIFIC PTY LTD	201401290418626	29/01/2014	Other Goods
Black Pepper Brands Pty Ltd	ACN 000728398 WINC AUSTRALIA PTY LIMITED	201412170042692	17/12/2014	Other Goods
Black Pepper Brands Pty Ltd	ACN 001419807 FUJI XEROX FINANCE LIMITED; ACN 000341819 FUJI XEROX AUSTRALIA PTY. LIMITED	201310230010396	23/10/2013	Other Goods
Black Pepper Brands Pty Ltd	ACN 001900741 STOCKLAND TRUST MANAGEMENT LIMITED	201401140123986	14/01/2014	Other Goods
Black Pepper Brands Pty Ltd	ACN 001900741 STOCKLAND TRUST MANAGEMENT LIMITED	201401240151395	24/01/2014	Other Goods
Black Pepper Brands Pty Ltd	ACN 001900741 STOCKLAND TRUST MANAGEMENT LIMITED	201402240038409	24/02/2014	Other Goods
Black Pepper Brands Pty Ltd	ACN 005 787 913 VISY BOARD PROPRIETARY LIMITED	201201050043607	30/01/2012	Other Goods
Black Pepper Brands Pty Ltd	ACN 006 884 457 SHANN AUSTRALIA PTY LTD	201211300021114	30/11/2012	Other Goods
Black Pepper Brands Pty Ltd	ACN 093 114 286 JB HI-FI GROUP PTY LTD; ACN 073 359 010 CLIVE ANTHONYS PTY LTD	201507090083320	9/07/2015	Other Goods
Black Pepper Brands Pty Ltd	ACN 099 004 145 ISLAND PACIFIC AUSTRALIA PTY LIMITED	201207110079049	11/07/2012	Other Goods
Black Pepper Brands Pty Ltd	ACN 147275518 VISY LOGISTICS NO 2 PTY LTD; ACN 069806462 REGIONAL RECYCLERS PTY LTD; ACN 118294090 VISY AUTOMATION INTERNATIONAL PTY LTD; ACN 090908188 SOUTHERN PAPER PTY LTD; ACN 078028574 VISY WEST COAST PTY LTD; ACN 004337615 VISY INDUSTRIES AUSTRALIA PTY LTD; ACN 075051517 VISY LEASING PTY LTD; ACN 089137986 VISY LOGISTICS PTY LTD; ACN 004052260 VISY CDL SERVICES PTY LTD; ACN 101429716 SALVAGE PAPER PTY LTD; ACN 080570430 MASON DUFLEX DISPLAYS PTY. LIMITED; ACN 000619018 P & I PTY. LTD.; ACN 118295239 VISY RECYCLING AUSTRALIA PTY LTD; ACN 077758895 VISY TECHNOLOGY	201401300269753	30/01/2014	Other Goods

Security registered against	Secured Party	PPSR Registration #	Start Date	Collateral Class
	SYSTEMS PTY LTD; ACN 095313741 VISY TECH SYSTEMS PTY. LTD.; ACN 094313461 MPC QUIKPAK PTY LTD; ACN 000639743 ACE PRINT AND DISPLAY PTY LIMITED; ABN 49984541896 The Trustee for SOUTHERN PAPER CONVERTERS TRUST; ACN 005803234 VISY PAPER PTY. LTD.; ACN 155555052 BUILD RUN REPAIR (AUSTRALIA) PTY LTD; ACN 099764119 VISYPET PTY. LTD.; ACN 095313723 VISY PACKAGING PTY. LTD.; ACN 086513144 VISY PULP AND PAPER PTY. LTD.; ACN 077517581 VISY GLAMA PTY LTD; ACN 095321592 SIG COMBIBLOC AUSTRALIA PTY LTD; ACN 005787913 VISY BOARD PROPRIETARY LIMITED			
Black Pepper Brands Pty Ltd	ACN 147275518 VISY LOGISTICS NO 2 PTY LTD; ACN 069806462 REGIONAL RECYCLERS PTY LTD; ACN 118294090 VISY AUTOMATION INTERNATIONAL PTY LTD; ACN 090908188 SOUTHERN PAPER PTY LTD; ACN 078028574 VISY WEST COAST PTY LTD; ACN 004337615 VISY INDUSTRIES AUSTRALIA PTY LTD; ACN 075051517 VISY LEASING PTY LTD; ACN 089137986 VISY LOGISTICS PTY LTD; ACN 004052260 VISY CDL SERVICES PTY LTD; ACN 101429716 SALVAGE PAPER PTY LTD; ACN 080570430 MASON DUFLEX DISPLAYS PTY. LIMITED; ACN 000619018 P & I PTY. LTD.; ACN 118295239 VISY RECYCLING AUSTRALIA PTY LTD; ACN 077758895 VISY TECHNOLOGY SYSTEMS PTY LTD; ACN 095313741 VISY TECH SYSTEMS PTY. LTD.; ACN 094313461 MPC QUIKPAK PTY LTD; ACN 000639743 ACE PRINT AND DISPLAY PTY LIMITED; ABN 49984541896 The Trustee for SOUTHERN PAPER CONVERTERS TRUST; ACN 005803234 VISY PAPER PTY. LTD.; ACN 155555052 BUILD RUN REPAIR (AUSTRALIA) PTY LTD; ACN 099764119 VISYPET PTY. LTD.; ACN 095313723 VISY PACKAGING PTY. LTD.; ACN 086513144 VISY PULP AND PAPER PTY. LTD.; ACN 077517581 VISY GLAMA PTY LTD; ACN 095321592 SIG COMBIBLOC AUSTRALIA PTY LTD; ACN 005787913 VISY BOARD PROPRIETARY LIMITED	201401300269931	30/01/2014	Other Goods
Review Australia Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Review Australia Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043356	9/01/2017	All Pap With Except
Review Australia Pty Ltd	ACN 000008668 CHARLES PARSONS & CO PTY LTD	201401300355906	30/01/2014	General Intangible
Review Australia Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010769	14/08/2015	Motor Vehicle
Review Australia Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010776	14/08/2015	Motor Vehicle
Review Australia Pty Ltd	ABN 37086345575 HOOVER FLOORCARE ASIA PACIFIC PTY LTD	201401290435945	29/01/2014	Other Goods
Review Australia Pty Ltd	ACN 000728398 WINC AUSTRALIA PTY LIMITED	201412170047024	17/12/2014	Other Goods
Review Australia Pty Ltd	ACN 001419807 FUJI XEROX FINANCE LIMITED; ACN 000341819 FUJI XEROX AUSTRALIA PTY. LIMITED	201310230010515	23/10/2013	Other Goods
Review Australia Pty Ltd	ACN 005182598 CEVOL INDUSTRIES PTY. LIMITED	201305220055859	22/05/2013	Other Goods
Review Australia Pty Ltd	ACN 078 821 904 AMBRA CORPORATION PTY LTD	201707130051376	13/07/2017	Other Goods
Designworks Clothing Company Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019026	16/12/2019	Account
Designworks Clothing Company Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	202001200052737	20/01/2020	Account

Security registered against	Secured Party	PPSR Registration #	Start Date	Collateral Class
Designworks Clothing Company Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Designworks Clothing Company Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043179	9/01/2017	All Pap With Except
Designworks Clothing Company Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010769	14/08/2015	Motor Vehicle
Designworks Clothing Company Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010776	14/08/2015	Motor Vehicle
Designworks Clothing Company Pty Ltd	ACN 001419807 FUJI XEROX FINANCE LIMITED; ACN 000341819 FUJI XEROX AUSTRALIA PTY. LIMITED	201310230009894	23/10/2013	Other Goods
Designworks Clothing Company Pty Ltd	ACN 147275518 VISY LOGISTICS NO 2 PTY LTD; ACN 069806462 REGIONAL RECYCLERS PTY LTD; ACN 118294090 VISY AUTOMATION INTERNATIONAL PTY LTD; ACN 090908188 SOUTHERN PAPER PTY LTD; ACN 078028574 VISY WEST COAST PTY LTD; ACN 004337615 VISY INDUSTRIES AUSTRALIA PTY LTD; ACN 075051517 VISY LEASING PTY LTD; ACN 089137986 VISY LOGISTICS PTY LTD; ACN 004052260 VISY CDL SERVICES PTY LTD; ACN 101429716 SALVAGE PAPER PTY LTD; ACN 080570430 MASON DUFLEX DISPLAYS PTY. LIMITED; ACN 000619018 P & I PTY. LTD.; ACN 118295239 VISY RECYCLING AUSTRALIA PTY LTD; ACN 077758895 VISY TECHNOLOGY SYSTEMS PTY LTD; ACN 095313741 VISY TECH SYSTEMS PTY. LTD.; ACN 094313461 MPC QUIKPAK PTY LTD; ACN 000639743 ACE PRINT AND DISPLAY PTY LIMITED; ABN 49984541896 The Trustee for SOUTHERN PAPER CONVERTERS TRUST; ACN 005803234 VISY PAPER PTY. LTD.; ACN 155555052 BUILD RUN REPAIR (AUSTRALIA) PTY LTD; ACN 099764119 VISYPET PTY. LTD.; ACN 095313723 VISY PACKAGING PTY. LTD.; ACN 086513144 VISY PULP AND PAPER PTY. LTD.; ACN 077517581 VISY GLAMA PTY LTD; ACN 095321592 SIG COMBIBLOC AUSTRALIA PTY LTD; ACN 005787913 VISY BOARD PROPRIETARY LIMITED	201710110062926	11/10/2017	Other Goods
Designworks Clothing Company Pty Ltd	ACN 609971717 OMNI PTY LTD	201803080046372	8/03/2018	Other Goods
JETS Swimwear Pty Limited	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
JETS Swimwear Pty Limited	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043736	9/01/2017	All Pap With Except
JETS Swimwear Pty Limited	ACN 000008668 CHARLES PARSONS & CO PTY LTD	201403060025944	6/03/2014	General Intangible
JETS Swimwear Pty Limited	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010769	14/08/2015	Motor Vehicle
JETS Swimwear Pty Limited	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010776	14/08/2015	Motor Vehicle
JETS Swimwear Pty Limited	ACN 101811116 OMEGA RENTALS PTY LTD; ACN 050059419 CLARK EQUIPMENT SALES PTY LTD; ACN 070507130 CLARK EQUIPMENT RENTALS PTY LTD	201505280053455	28/05/2015	Motor Vehicle
JETS Swimwear Pty Limited	ACN 001419807 FUJI XEROX FINANCE LIMITED; ACN 000341819 FUJI XEROX AUSTRALIA PTY. LIMITED	201609080065217	8/09/2016	Other Goods
JETS Swimwear Pty Limited	ACN 005 190 036 BALL & DOGGETT PTY LTD	201501210049468	21/01/2015	Other Goods

Security registered against	Secured Party	PPSR Registration #	Start Date	Collateral Class
JETS Swimwear Pty Limited	ACN 625744729 SMYJ PTY LTD	201807120065400	12/07/2018	Other Goods
Yarra Trail Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Yarra Trail Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090042999	9/01/2017	All Pap With Except
Yarra Trail Pty Ltd	ACN 099 004 145 ISLAND PACIFIC AUSTRALIA PTY LIMITED	201207110081652	11/07/2012	Chattel Paper
Yarra Trail Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010769	14/08/2015	Motor Vehicle
Yarra Trail Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010776	14/08/2015	Motor Vehicle
Yarra Trail Pty Ltd	ACN 001419807 FUJI XEROX FINANCE LIMITED; ACN 000341819 FUJI XEROX AUSTRALIA PTY. LIMITED	201310230011674	23/10/2013	Other Goods
Yarra Trail Pty Ltd	ACN 099 004 145 ISLAND PACIFIC AUSTRALIA PTY LIMITED	201207110081901	11/07/2012	Other Goods
Yarra Trail Pty Ltd	ACN 147275518 VISY LOGISTICS NO 2 PTY LTD; ACN 069806462 REGIONAL RECYCLERS PTY LTD; ACN 118294090 VISY AUTOMATION INTERNATIONAL PTY LTD; ACN 090908188 SOUTHERN PAPER PTY LTD; ACN 078028574 VISY WEST COAST PTY LTD; ACN 004337615 VISY INDUSTRIES AUSTRALIA PTY LTD; ACN 075051517 VISY LEASING PTY LTD; ACN 089137986 VISY LOGISTICS PTY LTD; ACN 004052260 VISY CDL SERVICES PTY LTD; ACN 101429716 SALVAGE PAPER PTY LTD; ACN 080570430 MASON DUFLEX DISPLAYS PTY. LIMITED; ACN 000619018 P & I PTY. LTD.; ACN 118295239 VISY RECYCLING AUSTRALIA PTY LTD; ACN 077758895 VISY TECHNOLOGY SYSTEMS PTY LTD; ACN 095313741 VISY TECH SYSTEMS PTY. LTD.; ACN 094313461 MPC QUIKPAK PTY LTD; ACN 000639743 ACE PRINT AND DISPLAY PTY LIMITED; ABN 49984541896 The Trustee for SOUTHERN PAPER CONVERTERS TRUST; ACN 005803234 VISY PAPER PTY. LTD.; ACN 155555052 BUILD RUN REPAIR (AUSTRALIA) PTY LTD; ACN 099764119 VISYPET PTY. LTD.; ACN 095313723 VISY PACKAGING PTY. LTD.; ACN 086513144 VISY PULP AND PAPER PTY. LTD.; ACN 077517581 VISY GLAMA PTY LTD; ACN 095321592 SIG COMBIBLOC AUSTRALIA PTY LTD; ACN 005787913 VISY BOARD PROPRIETARY LIMITED	201804160062493	16/04/2018	Other Goods
Yarra Trail Pty Ltd	ACN 625744729 SMYJ PTY LTD	201601060039790	6/01/2016	Other Goods
AFG Retail Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
AFG Retail Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043770	9/01/2017	All Pap With Except
Bondi Bather Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Bondi Bather Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201710170116091	17/10/2017	All Pap With Except
Chestnut Apparel Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Chestnut Apparel Pty Ltd	ACN 123 123 124 COMMONWEALTH BANK OF AUSTRALIA	201112112699045	30/01/2012	All Pap No Except
Chestnut Apparel Pty Ltd	ACN 123 123 124 COMMONWEALTH BANK OF AUSTRALIA	201203160010735	16/03/2012	All Pap No Except
Chestnut Apparel Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090042808	9/01/2017	All Pap With Except

Security registered against	Secured Party	PPSR Registration #	Start Date	Collateral Class
Designworks Holdings Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Designworks Holdings Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043200	9/01/2017	All Pap With Except
Fiorelli Licensing Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Fiorelli Licensing Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043413	9/01/2017	All Pap With Except
Metpas Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Metpas Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043523	9/01/2017	All Pap With Except
Metpas Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010769	14/08/2015	Motor Vehicle
Metpas Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010776	14/08/2015	Motor Vehicle
PAS Finance Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
PAS Finance Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090042542	9/01/2017	All Pap With Except
PASCO Group Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
PASCO Group Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090042617	9/01/2017	All Pap With Except
PASCO Operations Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
PASCO Operations Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043263	9/01/2017	All Pap With Except
PASCO Operations Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010769	14/08/2015	Motor Vehicle
PASCO Operations Pty Ltd	ACN 073245084 CUSTOM SERVICE LEASING PTY LTD	201508140010776	14/08/2015	Motor Vehicle
PASCO Operations Pty Ltd	ACN 093 114 286 JB HI-FI GROUP PTY LTD; ACN 073 359 010 CLIVE ANTHONYS PTY LTD	201507160050249	16/07/2015	Other Goods
The Capelle Group Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
The Capelle Group Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043497	9/01/2017	All Pap With Except
The Hopkins Group Aust Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
The Hopkins Group Aust Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043318	9/01/2017	All Pap With Except
World Brands Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
World Brands Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090043581	9/01/2017	All Pap With Except
Yarra Trail Holdings Pty Ltd	ACN 112110906 MONEYTECH FINANCE PTY LTD	201912160019618	16/12/2019	All Pap No Except
Yarra Trail Holdings Pty Ltd	ACN 123123124 COMMONWEALTH BANK OF AUSTRALIA	201701090042934	9/01/2017	All Pap With Except

Appendix H – Historical financial performance and position

H.1 Black Pepper

H.1.1 Profit & loss summary

AUD ('000) (\$)	Financial year ended 30 June 2019	11 months ending 29 May 2020
Revenue	58,719	42,685
Cost of Sales	(20,140)	(14,418)
Gross Profit	38,579	28,266
Other Gains / (losses)	18	2,895
Employee Benefit Expense	(18,737)	(17,255)
Direct Expenses	(1,418)	(1,123)
Occupancy Expenses	(10,083)	(8,036)
Marketing Expense	(1,991)	(1,704)
General Expenses	(1,306)	(999)
EBITDA	5,061	2,044
Finance Costs	-	(1)
Depreciation and Amortisation	(2,218)	(1,515)
Impairment	-	-
Profit / (loss) before Tax	2,843	528
Income Tax	(210)	284
Profit / (loss) for the Year	2,633	812

Source: Management Reports

H.1.2 Balance sheet summary

AUD ('000) (\$)	As at 30 June 2019	As at 29 May 2020
ASSETS		
Current assets		
Cash and cash equivalents	-	1,346
Trade and other receivables	867	560
Inventories	10,660	10,833
Current taxes	135	427
Other financial assets	-	-
Assets classified as held for sale	-	-
Other current assets	150	54
Total current assets	11,812	13,220
Non-current assets		
Trade and other receivables	213	1,461
Property, plant and equipment	2,867	1,843
Right of use assets	-	8,249
Deferred tax assets	182	375
Goodwill	-	-
Intangible assets	25,016	25,012
Other non-current assets	-	-
Total non-current assets	28,278	36,940
Total assets	40,090	50,160
LIABILITIES		
Current liabilities		
Borrowings	(32)	-
Lease liabilities	-	-
Trade and other payables	(3,615)	(3,599)
Provisions	(2,030)	(2,094)
Liabilities associated with assets classified as held for sale	-	-
Other liabilities	(588)	(511)

Total current liabilities	(6,265)	(6,204)
Non-current liabilities		
Deferred tax liabilities	-	-
Provisions	-	-
Intercompany loans	(19,973)	(27,923)
Lease liability	(1,094)	(9,568)
Borrowings	-	-
Total non-current liabilities	(21,067)	(37,491)
Total liabilities	(27,332)	(43,695)
Net assets		
	12,758	6,465

Source: Management Reports

H2 Designworks

H.2.1 Profit & loss summary

AUD ('000) (\$)	Financial year ended 30 June 2019	11 months ending 29 May 2020
Revenue	118,503	92,497
Cost of Sales	(81,250)	(59,607)
Gross Profit	37,646	32,890
Other Gains / (losses)	301	1,347
Employee Benefit Expense	(13,008)	(11,901)
Direct Expenses	(13,098)	(13,373)
Occupancy Expenses	(1,213)	(1,143)
Marketing Expense	(917)	(1,126)
General Expenses	(1,679)	(1,123)
EBITDA	8,033	5,571
Finance Costs	-	-
Depreciation and Amortisation	(635)	(467)
Impairment	(960)	-
Profit / (loss) before Tax	6,437	5,104
Income Tax	-	(508)
Profit / (loss) for the Year	6,437	4,596

Source: Management Reports

H.2.2 Balance sheet summary

AUD ('000) (\$)	As at 30 June 2019	As at 29 May 2020
ASSETS		
Current assets		
Cash and cash equivalents	1,242	2,108
Trade and other receivables	10,942	13,546
Inventories	8,546	8,320
Current tax assets	-	-
Other financial assets	-	-
Assets classified as held for sale	-	-
Other current assets	2,223	2,625
Total current assets	22,954	26,600
Non-current assets		
Trade and other receivables	22	384
Property, plant and equipment	1,211	920
Right of use assets	-	2,836
Deferred tax assets	-	-
Goodwill	-	-
Intangible assets	21,360	21,383
Other non-current assets	-	-
Total non-current assets	22,593	25,523
Total assets	45,547	52,123
LIABILITIES		
Current liabilities		
Borrowings	-	(3,444)
Lease liabilities	-	-
Trade and other payables	(7,967)	(12,372)
Current tax liabilities	-	(495)
Provisions	(1,423)	(1,817)
Liabilities associated with assets classified as held for sale	-	-
Other liabilities	(21)	(31)

Total current liabilities	(9,410)	(18,159)
Non-current liabilities		
Deferred tax liabilities	-	-
Provisions	-	-
Intercompany loans	(10,085)	(8,959)
Lease liability	(1,002)	(3,714)
Borrowings	-	-
Total non-current liabilities	(11,087)	(12,673)
Total liabilities	(20,498)	(30,832)
Net assets	25,050	21,291

Source: Management Reports

H3 Yarra Trail

H.3.1 Profit & loss summary

AUD ('000) (\$)	Financial year ended 30 June 2019	11 months ending 29 May 2020
Revenue	17,821	15,720
Cost of Sales	(11,378)	(10,670)
Gross Profit	6,443	5,050
Other Gains / (losses)	1	15
Employee Benefit Expense	(2,143)	(2,149)
Direct Expenses	(1,354)	(1,133)
Occupancy Expenses	(67)	(36)
Marketing Expense	(595)	(630)
General Expenses	(277)	(212)
EBITDA	2,007	905
Finance Costs	-	-
Depreciation and Amortisation	(22)	(21)
Impairment	-	-
Profit / (loss) before Tax	1,985	884
Income Tax	-	(29)
Profit / (loss) for the Year	1,985	855

Source: Management Reports

H.3.2 Balance sheet summary

AUD (‘000) (\$)	As at 30 June 2019	As at 29 May 2020
ASSETS		
Current assets		
Cash and cash equivalents	-	691
Trade and other receivables	2,870	2,378
Inventories	3,778	3,070
Current tax assets	-	-
Other financial assets	-	-
Assets classified as held for sale	-	-
Other current assets	184	62
Total current assets	6,832	6,202
Non-current assets		
Trade and other receivables	35	100
Property, plant and equipment	45	75
Right of use assets	-	64
Deferred tax assets	-	-
Goodwill	-	-
Intangible assets	-	-
Intercompany loans	9,517	8,373
Total non-current assets	9,597	8,612
Total assets	16,429	14,814
LIABILITIES		
Current liabilities		
Borrowings	(478)	-
Lease liabilities	-	-
Trade and other payables	(1,573)	(846)
Current tax liabilities	-	(29)
Provisions	(438)	(505)
Liabilities associated with assets classified as held for sale	-	-
Other liabilities	(38)	(64)

Total current liabilities	(2,527)	(1,443)
Non-current liabilities		
Deferred tax liabilities	-	-
Provisions	-	-
Other liabilities	-	-
Lease liability	-	(66)
Borrowings	-	-
Total non-current liabilities	-	(66)
Total liabilities	(2,527)	(1,509)
Net assets	13,902	13,305

Source: Management Reports

H4 Review Australia

H.4.1 Profit & loss summary

AUD ('000) (\$)	Financial year ended 30 June 2019	11 months ending 29 May 2020
Revenue	66,094	47,266
Cost of Sales	(21,245)	(15,523)
Gross Profit	44,849	31,743
Other Gains / (losses)	60	1,882
Employee Benefit Expense	(20,760)	(16,015)
Direct Expenses	(1,653)	(1,592)
Occupancy Expenses	(14,223)	(9,215)
Marketing Expense	(1,197)	(936)
General Expenses	(1,073)	(894)
EBITDA	6,003	4,973
Finance Costs	-	-
Depreciation and Amortisation	(1,993)	(1,792)
Impairment	-	-
Profit / (loss) before Tax	4,010	3,181
Income Tax	23	(85)
Profit / (loss) for the Year	4,033	3,096

Source: Management Reports

H.4.2 Balance sheet summary

AUD (‘000) (\$)	As at 30 June 2019	As at 29 May 2020
ASSETS		
Current assets		
Cash and cash equivalents	953	757
Trade and other receivables	1,363	827
Inventories	9,335	7,553
Current tax assets	-	-
Other financial assets	-	-
Assets classified as held for sale	-	-
Other current assets	290	224
Total current assets	11,941	9,361
Non-current assets		
Trade and other receivables	38	937
Property, plant and equipment	4,017	2,690
Right of use assets	-	5,861
Deferred tax assets	30	36
Goodwill	-	-
Intangible assets	18,853	18,949
Other non-current assets	-	-
Total non-current assets	22,938	28,473
Total assets	34,879	37,834
LIABILITIES		
Current liabilities		
Borrowings	-	-
Lease liabilities	-	-
Trade and other payables	(4,972)	(3,416)
Current tax liabilities	1	(87)
Provisions	(1,060)	(1,014)
Liabilities associated with assets classified as held for sale	-	-
Other liabilities	(1,233)	(1,150)

Total current liabilities	(7,264)	(5,667)
Non-current liabilities		
Deferred tax liabilities	-	-
Provisions	-	-
Intercompany loans	(7,828)	(9,690)
Lease liability	(1,616)	(7,609)
Borrowings	-	-
Total non-current liabilities	(9,444)	(17,299)
Total liabilities	(16,709)	(22,967)
Net assets		
	18,171	14,868

Source: Management Reports

H5 Jets Swimwear Pty Ltd

H.5.1 Profit & loss summary

AUD ('000) (\$)	Financial year ended 30 June 2019	11 months ending 29 May 2020
Revenue	12,729	8,053
Cost of Sales	(5,419)	(3,461)
Gross Profit	7,310	4,592
Other Gains / (losses)	20	(75)
Employee Benefit Expense	(3,606)	(2,501)
Direct Expenses	(2,204)	(1,195)
Occupancy Expenses	(691)	(611)
Marketing Expense	(979)	(482)
General Expenses	(686)	(354)
EBITDA	(836)	(626)
Finance Costs	-	-
Depreciation and Amortisation	(443)	(369)
Impairment	-	-
Profit / (loss) before Tax	(1,279)	(995)
Income Tax	16	167
Profit / (loss) for the Year	(1,262)	(828)

Source: Management Reports

H.5.2 Balance sheet summary

AUD ('000) (\$)	As at 30 June 2019	As at 29 May 2020
ASSETS		
Current assets		
Cash and cash equivalents	-	293
Trade and other receivables	2,109	1,050
Inventories	4,138	4,533
Current tax assets	-	167
Other financial assets	-	-
Assets classified as held for sale	-	-
Other current assets	353	93
Total current assets	6,600	6,136
Non-current assets		
Trade and other receivables	58	78
Property, plant and equipment	400	216
Right of use assets	-	721
Deferred tax assets	5	3
Goodwill	-	-
Intangible assets	381	348
Other non-current assets	-	-
Total non-current assets	844	1,366
Total assets	7,444	7,502
LIABILITIES		
Current liabilities		
Borrowings	(693)	-
Lease liabilities	-	-
Trade and other payables	(1,339)	(1,043)
Current tax liabilities	(17)	-
Provisions	(196)	(177)
Liabilities associated with assets classified as held for sale	-	-
Other liabilities	(40)	(108)

Total current liabilities	(2,285)	(1,328)
Non-current liabilities		
Deferred tax liabilities	-	-
Provisions	-	-
Intercompany loans	(2,700)	(4,040)
Lease liability	(42)	(710)
Borrowings	-	-
Total non-current liabilities	(2,742)	(4,750)
Total liabilities	(5,027)	(6,078)
Net assets	2,417	1,424

Source: Management Reports

Appendix I – ARITA Information Sheet

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading



Offences

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

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.



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