



McGrathNicol

22 November 2018

**McGrathNicol
Partnership**

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**RCR Tomlinson Ltd (Administrators Appointed)
ACN 008 898 486
and subsidiaries as listed in Annexure A
(collectively, the RCR Group or Companies)**

Circular to Employees

Jason Preston, Jamie Harris, Matthew Caddy and Rob Brauer were appointed joint and several Voluntary Administrators (**Administrators**) of RCR Tomlinson Ltd, and each of its Australian wholly owned subsidiaries as listed in Annexure A, on 21 November 2018.

Background to the appointment

The RCR Group required additional funding beyond its current facilities and made a request to its financiers earlier this week. The Companies' financiers advised that additional funding would not be provided. Consequently, the directors of the RCR Group resolved that the Companies were insolvent, or likely to become insolvent, and appointed the Administrators to the entities listed in Annexure A.

The appointment of Administrators is an interim measure pending a review of the RCR Group's affairs and a determination by the Companies' creditors as to the future of the RCR Group.

The Administrators have assumed control of the RCR Group's affairs and have entered into possession of its assets. The RCR Group's position is presently being analysed to determine the options available to preserve the value in the businesses.

Employees are asked to continue with their normal duties and report to their usual managers unless instructed otherwise. Wages and entitlements accrued for continued employment post appointment of the Administrators will be paid by the Administrators.

Please note that the Administrators do not adopt any employment or other contract you may have with the RCR Group.

In association
with



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**ADVISORY
RESTRUCTURING**



Meeting of creditors

An initial meeting of creditors of the RCR Group, which includes employees with claims for accrued entitlements, will be held within eight business days of the Administrators' appointment. Separate materials concerning this meeting will be provided to employees in the next few days.

Other matters and contact details

A schedule setting out information for employees of a company in administration is attached for your guidance. All instructions relating to the management of the RCR Group will now be issued by the Administrators or their authorised personnel. Please refer to your normal line managers in relation to day to day operations.

A copy of the "Insolvency information for directors, employees, creditors and shareholders" information sheet issued by the Australian Securities and Investments Commission (**ASIC**) is also enclosed for your information.

A Frequently Asked Questions sheet on operational matters is enclosed and will be updated regularly. This (and updates to this document) will be distributed internally and displayed on employee notice boards.

If you require any further information, please contact your direct supervisor/line manager in the first instance. An enquiry telephone line has also been established for employees. The telephone number for this enquiry line is 1300 911 275.

Yours faithfully

RCR Group (Administrators Appointed to all)

A handwritten signature in black ink, appearing to read 'Jason Preston'.

Jason Preston

Joint and Several Voluntary Administrator

Enclosure(s):

Annexure A – RCR Group – entities over which the Administrators are appointed

Schedule of responsibilities of officers and employees of a company under administration

ASIC "Insolvency information for directors, employees, creditors and shareholders" Information Sheet

Employee frequently asked questions



Annexure A: RCR Group - entities over which the Administrators are appointed

	Company	ACN
1	RCR Tomlinson Ltd	008 898 486
2	A.C.N. 076 421 755 Pty Limited	076 421 755
3	Applied Laser Pty Ltd	123 597 991
4	Positron Group Pty Ltd	053 751 009
5	Positron Power Pty. Ltd.	100 647 756
6	RCR Asset Maintenance Pty Ltd	123 094 735
7	RCR Building Products (Holdings) Pty Ltd	111 148 853
8	RCR Building Services (Egan Bros) Pty Ltd	056 237 006
9	RCR Corporate Pty. Ltd.	009 246 182
10	RCR Energy (Gladstone) Pty Ltd	010 941 054
11	RCR Energy (Stelform VRBT) Pty Ltd	099 683 584
12	RCR Energy (Stelform) Pty Ltd	003 416 564
13	RCR Energy Pty Ltd	080 753 680
14	RCR Energy Service Pty Ltd	009 133 475
15	RCR Haden (Holdings) Pty Ltd	111 148 844
16	RCR Haden (Telco) Pty Ltd	086 284 871
17	RCR Haden Pty Ltd	000 694 173
18	RCR Infrastructure (Corporate) Pty Ltd	126 817 883
19	RCR Infrastructure Group (XNFK) Pty Ltd	125 709 971
20	RCR Infrastructure Pty Ltd	060 002 959
21	RCR Laser Pty Ltd	116 641 144
22	RCR Mining Pty Ltd	060 002 940
23	RCR O'Donnell Griffin (Holdings) Pty Ltd	111 148 835
24	RCR O'Donnell Griffin (Projects) Pty Ltd	151 990 573
25	RCR O'Donnell Griffin Pty Ltd	003 905 093
26	RCR Oil & Gas Pty Ltd	121 838 702
27	RCR Power Pty Ltd	106 084 879
28	RCR Rel Corp Management Services Pty Ltd	080 877 756
29	RCR Resolve FM (Engineering) Pty Ltd	064 596 854
30	RCR Resolve FM (Holdings) Pty Ltd	111 148 862
31	RCR Resolve FM Pty Ltd	054 527 865
32	RCR Resources (Heat Treatment) Pty Ltd	060 002 968
33	RCR Resources (Tripower) Pty Ltd	075 567 734
34	RCR Resources Pty Ltd	063 053 814
35	RCR Tomlinson (Custodian) Pty Ltd	060 012 419
36	RCR Trafalgar Building Products Pty Ltd	004 924 252
37	RCR Water (WA) Pty Ltd	134 043 815
38	RCR Water Pty. Ltd.	606 869 005
39	RCReate Pty Ltd	614 291 879
40	Sartap Pty Ltd	003 412 628
41	Stelform Piping Systems Pty Ltd	099 683 566



**RCR Tomlinson Ltd (Administrators Appointed)
ACN 008 898 486
and subsidiaries as listed in Annexure A
(collectively, the "RCR Group")**

Responsibilities of Officers and Employees of a Company under Administration

The duties and responsibilities of officers and employees of a company under administration are set out below for your guidance.

- All documents issued by the company must have ("Administrators Appointed") after the name of the company where it first appears on the document.
- When a company is under administration, all the powers of the directors and other officers are suspended. However, under certain circumstances those powers may continue, but only with the consent of the Administrators. Certain obligations of directors continue to apply, for example, the obligation to lodge Company Statements with ASIC.
- The administration of the company is an interim measure pending a review of the company's affairs and a recommendation to the company's creditors as to a course of action.
- In the interim period, the Administrators must preserve the assets of the company. The Administrators may carry on the business and may employ or remove an officer or employee of the company, execute any document in the company's name and do whatever else is necessary for this purpose.
- Without the express written authority of the Administrators:
 - No order for goods or services will be placed that has not been signed personally by the Administrator or a person nominated by him or her in writing.
 - No goods will be accepted by the company from any source whatsoever which are not the subject of a signed order by the Administrator or his or her nominated representative.
 - No credit will be incurred.
 - No payments will be effected.
 - No goods will be returned to any supplier.
- All cash and cheques received will be passed to the Administrators.
- No Assets of the company will be removed from the company's custody without the written approval of the Administrators.
- All assets are to be secured against theft, under lock and key.
- The entire assets and undertakings of the company are under the express and sole control and custodianship of the Administrators and may only be dealt with by the Administrators.

Please contact your manager for clarification on any of the above points or any other matters affecting the company.



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

This information sheet (INFO 39) lists ASIC's information sheets for directors, employees, creditors and shareholders affected by a company's insolvency.

We have produced these with endorsement from the Australian Restructuring Insolvency & Turnaround Association (ARITA).

The information sheets give a basic understanding of the three most common company insolvency procedures – liquidation, voluntary administration and receivership – as well as the independence requirements for external administrators and approving external administrator remuneration. There is also a glossary of commonly used insolvency terms.

List of information sheets

- [INFO 41](#) Insolvency: A glossary of terms
- [INFO 42](#) Insolvency: A guide for directors
- [INFO 43](#) Insolvency: A guide for shareholders
- [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 74](#) Voluntary administration: A guide for creditors
- [INFO 75](#) Voluntary administration: A guide for employees
- [INFO 84](#) Independence of external administrators: A guide for creditors
- [INFO 85](#) Approving fees: A guide for creditors

Where can I get more information?

Further information is available from the [ARITA website](#). The ARITA website also contains the [ARITA Code of Professional Practice for Insolvency Practitioners](#).

This is **Information Sheet 39 (INFO 39)** updated on 1 September 2017. Information sheets provide concise guidance on a specific process or compliance issue or an overview of detailed guidance.



**RCR Tomlinson Ltd (Administrators Appointed)
ACN 008 898 486
and the entities listed in Annexure A
(collectively, the RCR Group)**

Employee Frequently Asked Questions

22 November 2018

Jason Preston, William James Harris, Robert Brauer and Matthew Caddy were appointed Joint and Several Voluntary Administrators (**Administrators**) of the RCR Group on 21 November 2018 following a resolution of its board of directors.

The purpose of this document is to answer some frequently asked questions that employees may have about the Administration. The Administrators will update employees regularly on the status of the Administration and their employment, particularly in the early phases while the Administrators undertake a financial and operational assessment of the RCR Group on a business-by-business basis.

Employees should direct any additional questions to their supervisor / manager in the first instance, and then to the Administrator's representatives. The Administrators will also add to this document as required and updated versions may be accessed on the RCR Group's intranet and McGrathNicol's website www.mcgrathnicol.com.au under "Assignments".

In this document, any reference to wages includes employees paid either on hourly-based or salary-based wages.

The Administrators act as agents of the RCR Group. By issuing this information sheet, the Administrators are not adopting any contract of employment that exists, or may have existed, between any employee and any member company of the RCR Group.



What happens to my employment?

Your employment will continue as normal and employees are asked to continue with their usual duties until instructed otherwise.

Whilst the Administrators do not personally adopt your employment contract, the Administrators will pay wages in accordance with your current contract, award, Enterprise Bargaining Agreement or other industrial instrument.

The Administrators are personally responsible for paying employee wages for work completed from 21 November 2018 onwards.

You will continue to be paid in line with your pre-appointment arrangements and in the usual manner (i.e. payroll will occur in the same frequency as before the administration unless otherwise advised).

The funds will be drawn from the Administrators' bank account and wages paid by the Administrators will refer to 'Administrators Appointed' on the payslips.

How certain is my continued employment?

The Administrators' review of staffing requirements will be ongoing and subject to our obligation to endeavour to maximise the realisations from the RCR Group's assets. Further communications will be provided to staff as and when there is greater clarity around options available to the Administrators and as the strategy evolves.

What happens to my entitlements?

Claims against the RCR Group for certain categories of employee entitlements, for the period prior to our appointment, may receive priority under the *Corporations Act*. At this point, we are undertaking an urgent review of the asset position of the RCR Group to determine if there are sufficient realisable assets to meet employees' pre-appointment claims. As soon as the position of prior-ranking claims has been clarified and the RCR Group's asset position determined, we will advise you further.

In the event there are insufficient assets to meet employees' pre-appointment claims, employees are able to make a claim through the Commonwealth Government's Fair Entitlements Guarantee Scheme. Further details on this scheme are provided below. Please note that this scheme is only available in a liquidation scenario.

Will my outstanding wages be paid up to date?

We have requested funding from the financiers to allow payment of outstanding pre-appointment wages. This funding request is still being considered. In the event that this funding request is not agreed to, this outstanding amount will form part of your claim against your RCR Group employing entity.

Will I be paid the same wage as before?

Yes. While the Administrators do not personally adopt your employment contract, the Administrators will pay wages in accordance with your current contract, award Enterprise Bargaining Agreement or other industrial instrument for the period from their appointment.



Will my superannuation be paid?

The Administrators will deduct superannuation as usual from your wages and make payment to your nominated superannuation fund for the period following the date of their appointment.

Any deductions from your wages for superannuation that were not remitted to your superannuation fund by your RCR Group employing entity for the period prior to the Administrators' appointment will form part of the claim you have against the relevant RCR Employing Entity. The Administrators are presently assessing this and will communicate with you further about this as soon as possible.

Will other deductions continue to be made from my wages such as private health, child support and salary sacrifice?

Yes, the Administrators will deduct payments as usual and remit to third parties for the period following the date of their appointment. Any deductions that were not remitted to third parties from your wages by your RCR Employing Entity prior to the Administrators' appointment will form part of the claim you have against your RCR Employing Entity.

What will happen if I have to make child support payments?

All scheduled child support payments will be processed in the normal payment structure that was in place prior to the Administrators' appointment.

Can I claim an employee reimbursement?

Employees should not be incurring any out of pocket expenses during the administration period. If you have any unpaid expenses for the period prior to the appointment of Administrators, this will be a claim against your RCR Employing Entity.

What do I do if I need to book flights?

If you need to arrange travel or accommodation, please speak with your Manager prior to booking. Any requests to book travel will be assessed on a case-by-case basis.

Will I continue to accrue leave?

Yes, during the Administration you will continue to accrue annual, long service and sick leave and other entitlements.

I have been approved to take leave after 21 November 2018. Can I still take leave and will it be paid?

Pre-appointment leave entitlements are not to be taken at this time and any approved leave will need to be taken as unpaid.

I would like to take leave in the future but have not put in a leave request form. What should I do?

Leave should be applied for in the normal course for consideration by your supervisor or manager, who should then consult with the Administrators. Any new applications for leave will be approved only in exceptional circumstances at this time.



Will I receive a payment summary for FY19?

Yes.

The payroll team for your RCR Employing Entity will prepare payment summaries for the period 1 July 2018 – 20 November 2018. These will be issued to you as normal after the end of the 2019 taxation year.

The Administrators are responsible for preparing and distributing payment summaries for the period from 21 November 2018 onwards.

Will we be provided with a detailed breakdown of our entitlements, set out under various headings such as accrued annual leave and accrued long service leave? If so, when will this occur?

You will be provided with a breakdown of your entitlements as soon as possible. The Administrators are currently checking the calculation of outstanding entitlements and will provide you with this information in due course.

What happens to my pre-appointment leave balances?

You will have a claim against your RCR Employing Entity for entitlements that accrued before the Administrators' appointment. This includes your pre-administration leave accruals (including long service leave and annual leave).

How you claim or get access to your pre-administration entitlements will depend on the ultimate outcome of the Administration and value recovered from assets.

The Administrators are likely to attempt to sell certain business units as going concern entities. In this case, there may be an opportunity for ongoing employment and transfer of your pre-administration entitlements to a purchaser. Alternatively, a Deed of Company Arrangement ("DOCA") or DOCAs may be received by the Administrators that may propose transfer of employment and pre-administration entitlements.

In the event there are insufficient assets to meet employee entitlements and your RCR Employing Entity goes into liquidation, there is a government scheme called the Fair Entitlements Guarantee scheme which may provide access to some or all of your pre-administration entitlements.

In any case, to make a claim against your RCR Employing Entity you will need to complete a Proof of Debt form. This form will be mailed to you in due course. You will also receive a summary of your accrued leave balances, which will assist you in filling out the Proof of Debt form.

In making a claim, you will become a creditor of your RCR Employing Entity.

What is the Fair Entitlements Guarantee scheme?

In the event that your RCR Employing Entity goes into liquidation, there is a Government scheme called the Fair Entitlements Guarantee Act (**FEG**). FEG assists eligible employees who have lost their employment due to the liquidation of their employer and who are owed certain employee entitlements.

FEG covers up to 13 weeks unpaid wages, annual leave, long service leave, up to five weeks payment in lieu of notice and up to 4 weeks redundancy pay for each year completed plus a pro-rata for each part year, subject to certain income limits. Please note, FEG is only applicable in the event of liquidation and is only applicable to eligible employees. We will provide more information on FEG in due course.

Please note that the eligibility of each claim is determined by the Department of Jobs and Small Business.



Will I be entitled to a redundancy payment if my employment is ultimately terminated?

Some employees are entitled to redundancies in the event their employment is terminated if provided for in their contracts or relevant industrial awards. If terminated, any redundancy payment is a pre-appointment claim against your RCR Employing Entity. Please see question "*What happens to my entitlements*" above for further information in this regard.

What happens if I find another job or resign?

You will not be entitled to any redundancy payment if you resign.

When completing forms (i.e. the Census, bank forms and applications), do I list my relevant RCR Employing Entity as my employer?

Your RCR Employing Entity is still your employer and should be listed on any census, bank forms and applications you complete.

What is the first meeting of creditors?

The Administrators are required to hold a meeting of creditors within 8 business days of their appointment. You will receive formal notification of the meeting details over the next few days.

At the meeting, creditors are given the opportunity to replace the Administrators with alternative administrators and to form a committee of inspection. A committee of inspection may be formed, following a vote of creditors, to consult with the Administrators and receive reports on the conduct of the administration. A committee of inspection can also approve the Administrators' fees.

What is the second meeting of creditors?

The Administrators are required to hold a second meeting of creditors within approximately 1 month of their appointment, although in a business of this size it is not unusual to seek an extension to this time period to allow sufficient time to develop and implement a strategy for the Administration. You will receive formal notification of the meeting details ahead of that time.

The purpose of this meeting is predominantly for creditors to determine the future of the RCR Group. The options available to creditors can include returning control of any RCR Group entity back to its directors; executing a Deed of Company Arrangement if one is proposed; or, placing any or all entities within the RCR Group into liquidation.

Should I attend the creditor meetings?

As creditors, employees are entitled to attend the meetings of creditors. However, as the meeting will take place on a business day, the Administrators request that employees attend to their usual duties and ask a representative to act as their proxy, being another employee or a union representative. A proxy form will be provided to you together with notice of the meeting and there will be further communications in this regard.

What is the role/authority of any RCR Group entity's directors? Do we take direction from them or from the Administrators?

The Administrators make all financial and strategic decisions relating to each entity comprising the RCR Group and have ultimate executive control of each such entity. The duties of directors of each of the RCR Group entities are suspended while the relevant entity of which he/she is a director is in Administration.



The Administrators continue to work with RCR management and employees should continue to report to their supervisor / operations managers.

How soon will a decision be made about the future of my RCR Employing Entity?

A voluntary administration has a strict timetable to be adhered to.

The first creditors meeting for each employing entity will be held within 8 business days of the date of the Administrators' appointment.

Regular updates will be provided to employees throughout the administration in relation to each entity.

Where can I get information in relation to the administration?

Employees should direct any additional questions to their supervisor in the first instance. Additionally, an employee enquiry telephone number is available for employee queries. This telephone number is 1300 911 275. The Administrators will also add to this document as required and updated versions may be accessed on the McGrathNicol website (www.mcgrathnicol.com) and the RCR Group intranet.