



**Sound Diagnostics Pty Ltd (Administrators Appointed) (Controllers Appointed)
ACN 116 377 201
(Sound Diagnostics)**

Initial Information for Creditors

Matthew Caddy and I were appointed Administrators of Sound Diagnostics on 25 May 2020.

We have been appointed to represent the interests of all creditors. We are responsible for taking control of Sound Diagnostics' assets and business, investigating Sound Diagnostics' affairs, reporting and providing opinions to creditors and holding meetings of creditors to make decisions on the future of Sound Diagnostics.

According to Sound Diagnostics' records, you may be a creditor of Sound Diagnostics.

The purpose of this document is to provide you with information about the voluntary administration and your rights as a creditor.

Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)

We enclose our DIRRI. Our independent status and who appointed us is outlined in our DIRRI.

What you should do

You should:

- read the enclosed information;
- decide whether you are going to participate in the first meeting; and if so
- complete and return your proof of debt and proxy form (if required) by **5.00PM ACST on Wednesday 3 June 2020**.

Meetings of creditors

As voluntary administrators, we are required to hold two meetings of creditors.

First meeting of creditors

The first meeting of creditors of Sound Diagnostics will be held as follows:

Date: 4 June 2020

Time: 1.15 PM (ACST)

Address: By virtual meeting only

The meeting will be held virtually as a Zoom webinar given the recent government guidance regarding COVID-19 and social distancing measures. The Zoom webinar can be joined from a computer (preferred) or mobile device. Questions can be typed or asked verbally within the webinar, or submitted via email or SMS. Voting will be conducted by taking a poll by an electronic survey accessible by computer or mobile device. Please confirm whether you wish to attend the meeting, prior to the above date, by 5pm on 3 June 2020, by contacting acleuet@mcgrathnicol.com or by telephone on 08 6363 7635 and you will be provided with details of the Zoom webinar and detailed instructions regarding participation in the virtual meeting.

The purpose of this meeting is to consider:

- our appointment; and
- whether to appoint a Committee of Inspection.

We enclose a notice of meeting in the same terms as the one provided by email on 27 May 2020.



To participate in this meeting, you must submit a proof of debt and information to substantiate your claim. If the creditor is a person and will attend the meeting, this is all that is required. However, if the creditor is another type of entity (such as a company), they must also appoint a person – a “proxy” or person authorised under a power of attorney – to vote on behalf of the creditor at the meeting. A proxy should also be appointed if the creditor is a person, such as an employee, but is not available to attend the meeting.

You can appoint the chairperson of the meeting as your proxy and direct the chairperson how you wish your vote to be cast. If you choose to do this, the chairperson must cast your vote as directed.

Proof of debt and proxy forms are enclosed, together with guidance notes to assist you when you complete them. Your completed proof of debt and, if applicable, proxy form must be returned to Antoine Cleuet by post or by email to acleuet@mcgrathnicol.com by 5.00PM ACST on Wednesday 3 June 2020. Email communication is preferred given the current delays with delivery of the post. If you are using the post to return your forms please ensure to use the ‘express post’ option.

We also enclose general information for attending and voting at meetings of creditors.

Committee of Inspection

At the first meeting, creditors will consider whether a Committee of Inspection (**COI**) should be appointed. The role of a COI is to consult with the voluntary administrators and receive reports on the conduct of the administration. A COI can also approve the voluntary administrators’ fees.

It is our opinion that a COI is not required for this voluntary administration. There are a relatively small number of creditors with outstanding claims which facilitates efficient direct communication and saves the cost of convening a further meeting(s).

However, it is for creditors to decide if they would like to form a COI in this voluntary administration.

Second meeting of creditors

We will also, in due course, call a second meeting of creditors.

The purpose of that meeting is for creditors to consider our report and make a decision on the future of Sound Diagnostics.

Before that meeting you will be sent the notice of meeting and a detailed report which will set out the options for Sound Diagnostics’ future. We will also provide our opinion as to what option we think is in the best interests of creditors.

You are encouraged to attend these meetings and participate in the voluntary administration process.

What do you need to know?

Question	Answer
What is a voluntary administration?	<p>A voluntary administration, or VA, is a process initiated by the director(s) of a company or a secured creditor of a company when they form the view the company is, or is likely to become, insolvent. ‘Insolvent’ means that the company is, or is likely to become, unable to pay its debts when they fall due. Less commonly, a VA is commenced by a liquidator of the company. In this case, the VA appointment was made by the director of the company.</p> <p>The objective of a voluntary administration is to preserve as much as possible of the business of the company or, if that is not feasible, seek a better outcome for creditors than an immediate liquidation of the company. The process involves the appointment of a voluntary administrator to the company to administer and investigate the business, property, affairs and financial circumstances of the company. A voluntary administrator must complete investigations, form an opinion about the company’s financial position and its future and issue a detailed report to creditors of the company. Creditors are then given the opportunity to vote on the future of the company.</p>



Question	Answer
<p>What are your rights as a creditor?</p>	<p>We enclose a copy of the information sheet “Creditor Rights in Voluntary Administrations” issued by the Australian Restructuring Insolvency & Turnaround Association (ARITA). It includes information on your rights to:</p> <ul style="list-style-type: none"> ▪ make reasonable requests for information; ▪ give directions to the Administrators; ▪ appoint a reviewing liquidator; and ▪ replace us as Administrators.
<p>What happens to your debt?</p>	<p>All creditors of Sound Diagnostics are now creditors in the voluntary administration and your debt will be dealt with in the voluntary administration.</p> <p>It is important to note that a voluntary administration creates restrictions on creditors being able to enforce their rights. You generally cannot enforce your claim, recover your property, enforce your security, commence an action to place the company into liquidation or act on a personal guarantee.</p> <p>If you have leased property to Sound Diagnostics, have a retention of title claim or have a registered personal property security interest in relation to Sound Diagnostics, please contact Antoine Cleuet on (08) 6363 7635 or by email to acleuet@mcgrathnicol.com as soon as possible.</p> <p>We are continuing to trade the business of Sound Diagnostics. If you are a supplier or employee, you should have received a separate communication on how this appointment affects your ongoing dealings with Sound Diagnostics.</p>
<p>What is the cost of the voluntary administration?</p>	<p>We get paid out of Sound Diagnostics’ money, including realisations from assets or from money paid to us by others, such as Sound Diagnostics’ director. If there is not enough money in the voluntary administration, we do not get paid in full.</p> <p>We enclose our Initial Remuneration Notice which provides you with information about how we propose to be paid for undertaking the voluntary administration.</p> <p>We will seek your approval of our remuneration at the second meeting of creditors, unless that remuneration is approved earlier by a COI (if one is appointed). We will provide you with detailed information about what tasks we have undertaken and the costs of those tasks.</p>
<p>What happens next with the voluntary administration?</p>	<p>We will proceed with the voluntary administration, which will include:</p> <ul style="list-style-type: none"> ▪ trading the business; ▪ potentially realising some or all of the assets of the company if that is the most appropriate course of action; ▪ preparing for and holding the meetings of creditors; ▪ investigating Sound Diagnostics’ affairs; ▪ analysing any offer for a Deed of Company Arrangement that is proposed; and ▪ preparing our report to creditors. <p>As discussed above, you will receive further correspondence from us before the second meeting of creditors.</p>
<p>Where can you get more information?</p>	<p>ARITA provides information to assist creditors to understand voluntary administrations and insolvency. This information is available from ARITA’s website at www.arita.com.au/creditors.</p> <p>A copy of the information sheet, “Insolvency information for directors, employees, creditors and shareholders”, issued by the Australian Securities and Investments Commission (ASIC) is also enclosed for your information.</p>



If you have any queries, please contact Antoine Cleuet by email at acleuet@mcgrathnicol.com or by telephone on 08 6363 7635. For further information about this engagement, please refer to the website www.mcgrathnicol.com/creditors.

Dated: 28 May 2020

Rob Kirman
Administrator

Enclosures:

- 1 ARITA Information Sheet - Creditor Rights in Voluntary Administrations
- 2 Declaration of Independence, Relevant Relationships and Indemnities
- 3 Notice of Meeting
- 4 Proof of Debt (Form 535)
- 5 Proof of Debt Guidance Notes
- 6 Proxy Form
- 7 Proxy Form Guidance Notes
- 8 General information for attending and voting at meetings of creditors
- 9 ARITA Information Sheet – Committees of Inspection
- 10 Initial Remuneration Notice
- 11 ASIC Information Sheet - Insolvency information for directors, employees, creditors and shareholders