



McGrathNicol

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**Focus on Furniture Pty Ltd
ACN 089 394 712
and associated entities listed in Schedule 1
(collectively, the Focus Group)
Circular to Suppliers - Update**

I refer to the appointment of Katherine Sozou, Matthew Caddy and I as Administrators (**Administrators**) of the Focus Group on 15 May 2019, and our previous Circular to Suppliers regarding continued trading arrangements for the Administration period.

Execution of a Deed of Company Arrangement

At meetings of Focus Group's creditors convened on 20 June 2019, creditors resolved to accept the terms of a proposed Deed of Company Arrangement (**DOCA**).

I confirm that a DOCA for the Focus Group on the terms proposed was executed on Friday 28 June 2019 and effectuated on Saturday 29 June 2019.

Control of operations

As a term of the DOCA, control of the Focus Group's affairs and possession of its assets reverted its Directors from 29 June 2019.

All matters relating to ongoing supplies or purchase orders for goods or services supplied to Focus Group from 29 June 2019 should now be directed to Focus Group.

Finalisation of supplies made to the Administrators

The Administrators ceased to have control of Focus Group's affairs and operations from 28 June 2019.

The Administrators' liability for goods or services supplied to Focus Group will cease accordingly.

Please adopt the following procedure for the Administrators account(s):

- close your account(s) that were opened as at the date of our appointment, being 15 May 2019, being accounts in the name of the relevant Focus Group entity followed by (Administrators Appointed);
- please finalise your account(s) in the name of the entity to which you provide goods or services authorised by the Administrators during the period 15 May 2019 to 28 June 2019; and
- forward relevant tax invoices to the Administrators for payment according to the terms of the previous account arrangements.

All purchase orders previously authorised by the Administrators, where goods or services **have not been** supplied or delivered to Focus Group by 28 June 2019, are revoked.

Suppliers should contact Focus Group to confirm if goods or services previously ordered by the Administrators are required by Focus Group after 28 June 2019.

C13-190626-FOCUFOC01-Circular to Suppliers Admin Trading Ceased-JTP-KS

In association
with



Liability limited by a scheme approved
under Professional Standards Legislation

**ADVISORY
RESTRUCTURING**



The Administrators **will not be liable** for goods or services delivered to Focus Group after 28 June 2019, notwithstanding that a prior authorised purchase order may have been issued by the Administrators.

Payments made by the Administrators must be applied against debts incurred by the Administrators and cannot be applied against any pre-appointment debt owed to you by the Focus Group.

Please note:

- If there are any outstanding or unfulfilled orders placed by the Focus Group prior to our appointment, including those under which there are goods in transit, please contact Focus Group directly as a matter of urgency to ascertain whether the goods or services are still required by the Focus Group.
- The Administrators did not and have not personally adopted any contract that existed, between you and the Focus Group at the date of appointment of the Administrators. Payment for any goods or services by the Administrators is not an adoption of a contract or liability.
- Under taxation legislation, we are obliged to withhold 46.5% from payments to suppliers who do not quote a current Australian Business Number (ABN). Please ensure that a current ABN is quoted for each supply made by you.
- Input tax credits for payments made to registered suppliers cannot be claimed until a valid tax invoice has been received. Accordingly, suppliers must provide a valid tax invoice for GST purposes before payment will be made.

Privacy and Personal Information

We may have collected personal information from you, the Focus Group or otherwise, in connection with your trading arrangements with the Focus Group. McGrathNicol takes all reasonable steps to protect the information that we hold (including personal information) from misuse, loss and from unauthorised access, modification or disclosure. Our Privacy Policy can be found on the McGrathNicol website.

Pre-appointment debts

Pursuant to the terms of the DOCA amounts owed by the Focus Group prior to 15 May 2019 are now liabilities of the Focus Group Creditors Trust and are not payable by the Administrators.

No dividend to unsecured creditors is expected in the DOCA due to a significant shortfall to the Secured Creditor.

Further information

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

The Administrators' supplier frequently asked question sheet (**FAQ**) is enclosed for your reference and is available via our website: www.mcgrathnicol.com/creditors/focusgroup.



We thank you in advance for your assistance and cooperation. If you require any further information, please email FocusSuppliers@mcgrathnicol.com.

Dated: 1 July 2019

Focus on Furniture Pty Ltd

Barry Kogan

Former Administrator

Enclosures:

1. Insolvency information for directors, employees, creditors and shareholders
2. Supplier FAQ



Schedule 1 – the Focus Group entities over which the Administrators were appointed

Company name	ACN
Focus On Furniture Pty Ltd (Administrators Appointed)	089 394 712
Beds Online Australia Pty Limited (Administrators Appointed)	122 205 029
Best Furniture Group Pty Limited (Administrators Appointed)	101 571 699
D. Gallery Pty Limited (Administrators Appointed)	131 012 318
E-Commerce Ventures Pty Limited (Administrators Appointed)	154 473 364
Furniture Online Australia Pty Ltd (Administrators Appointed)	151 871 313
Loveadeal Pty Ltd (Administrators Appointed)	107 198 578
Oz Retail Pty Ltd (Administrators Appointed)	161 618 293
Pacific Global Furniture Pty Limited (Administrators Appointed)	106 668 026
Pillows Online Australia Pty Limited (Administrators Appointed)	158 267 013
Trusted Web Sites Pty Ltd (Administrators Appointed)	158 267 675
United Furniture Warehouse Pty Ltd (Administrators Appointed)	127 727 959



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.



**Focus on Furniture Pty Ltd (Administrators Appointed)
ACN 089 394 712
and associated entities listed in Schedule 1
(collectively known as the Focus Group).**

Suppliers Frequently Asked Questions

15 May 2019

Barry Kogan, Katherine Sozou and Matthew Caddy were appointed Joint and Several Voluntary Administrators (**Administrators**) of the Focus Group on 15 May 2019 following a resolution of its board of directors.

The purpose of this document is to answer some frequently asked questions that suppliers may have about the Administration.

This information sheet covers the following key areas:

- operations;
- administration process; and
- suppliers.

As Administrators, we act as agents of the Focus Group. The Administrators are not adopting any contract that exists, or may have existed, between any party and Focus Group.

Please note that this document will be revised periodically by the Administrators and is subject to change. Any revised documents will be made available in store and on Administrators' website:

www.mcgrathnicol.com/creditors/focusgroup/

Queries

Supplier queries should be directed in the first instance to their usual contact within the Focus Group.

Queries can also be emailed to FocusSuppliers@mcgrathnicol.com.

The Administrators or the Focus Group staff may respond directly or by update to this FAQ. The Administrators will also add to this document as required and updated versions will be provided to stores.



OPERATIONS

Is the business continuing to trade?

Yes.

The Administrators are working with the company and its management team to restructure its physical store footprint, and recalibrate the network to the core, profitable locations in Victoria, regional New South Wales, South Australia and the Australian Capital Territory, whilst intending to maintain national coverage via its online store.

The Administrators are conducting an urgent review, including a possible exit of unprofitable stores in New South Wales, Queensland and Victoria.

How soon will a decision be made about the future of the Focus Group?

No timetable has been set at this time. The Administrators will provide updates throughout the administration.

ADMINISTRATION PROCESS

What has happened to Focus Group? Why did the administration come about?

The Directors resolved to appoint the Voluntary Administrators following sustained challenges to the Focus on Furniture business, stemming from New South Wales and Queensland operations.

As part of the administration process, these stores will likely be exited in order to make the overall group sustainable, profitable performance.

What is a voluntary administration?

Voluntary administration is an insolvency procedure where the directors of an insolvent company (i.e. one that is unable to pay its debts) appoint an external administrator called a 'Voluntary Administrator'.

The role of the Voluntary Administrator is to investigate the Focus Group's affairs to assess the potential for rehabilitation or recapitalisation, to report to creditors and to recommend to creditors whether the Focus Group should enter into a Deed of Company Arrangement, go into liquidation or be returned to the directors.

For more information regarding administrations, please visit www.asic.gov.au.

What is the role/authority of the Focus Group directors? Do we take direction from them or from the Administrators?

The Administrators make all financial and strategic decisions relating to the Focus Group and have ultimate executive control of the Focus Group. The Focus Group's directors' duties are suspended while the Focus Group is in Administration.

The Administrators continue to work with the Focus Group management and employees should continue to report to their store / operations managers.

Who is McGrathNicol?

McGrathNicol is an independent advisory and restructuring firm specialising in Advisory, Forensic, Transactions, Restructuring and Insolvency.

Where can I get information in relation to the administration?

Information will periodically be posted to the Administrators' website:

<http://www.mcgrathnicol.com/creditors/focusgroup/>.



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. 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 Focus Group. The options available to creditors can include returning control of Focus Group back to its directors; executing a Deed of Company Arrangement if one is proposed; or, placing Focus Group into liquidation.

Should I attend the creditor meetings?

Creditors are entitled to attend the meetings of creditors or appoint a proxy on their behalf. A proxy form will be provided to you together with notice of the meeting.

SUPPLIERS

What is the process for receiving orders from the Focus Group?

The process for orders under Administration is:

- open a new account(s) in the name of the entity to which you provide goods or services followed immediately by (Administrators Appointed). For example, suppliers of Focus on Furniture Pty Ltd would name the administration period account "Focus on Furniture Pty Ltd (Administrators Appointed)".
- purchase orders will be provided but must be authorised by an authorised signatory (please refer circular to supplies for authorised signatories)

When issuing invoices for supply after the appointment of Administrators, please ensure the above company name is used on invoices and that a copy of the invoice is sent to your usual address as well as to FocusSuppliers@mcgrathnicol.com (along with a copy of the authorised purchase order and delivery docket to ensure no delays in processing for payment).

What should I do with deliveries received?

If the stock has been prepaid, the delivery should be accepted. If the stock has not been paid for, please consult with the Administrators and their representatives.

Who is authorised to place orders?

Please refer to the circular to supplies for authorised signatories. These are currently: Barry Kogan, Katherine Sozou, Matthew Caddy, Rajiv Goyal, Alison Wong, Stuart Johnstone, Lauren Del Monte and Ben Lee.

Will outstanding supplier accounts be paid?

The amount outstanding at the date of the Administrators' appointment is an unsecured debt of the Focus Group and unfortunately cannot be paid. Please refer to the circular to creditors dated 15 May 2019 for further information.

I have received a payment; can I apply this to amounts owed to me?

No, all payments made by the Administrators must be applied to post-appointment supply.



How do suppliers lodge a claim?

To lodge a claim suppliers must complete a proof of debt or claim form. These are available on the Administrators website and attached to the circular to creditors dated 15 May 2019. These can be forwarded to FocusSuppliers@mcgrathnicol.com or left with the sales assistant who can arrange for these to be passed to the Administrators.

Focus Group has an amount outstanding, why should suppliers continue to trade with the Administrators?

Under the Corporations Act 2001, the Administrators' are personally liable for debts incurred post 15 May 2019 with their express authority (i.e. have been ordered via an authorised purchase order).

Accordingly, any orders authorised by the Administrators will be paid.



Schedule 1 – Entities over which the Administrators were appointed

Company	ACN
E-Commerce Ventures Pty Limited	154 473 364
Focus On Furniture Pty Ltd	089 394 712
Beds Online Australia Pty Limited	122 205 029
Pillows Online Australia Pty Limited	158 267 013
Trusted Web Sites Pty Ltd	158 267 675
Pacific Global Furniture Pty Limited	106 668 026
Oz Retail Pty Ltd	161 618 293
Furniture Online Australia Pty Ltd	151 871 313
Loveadeal Pty Ltd	107 198 578
Best Furniture Group Pty Limited	101 571 699
D. Gallery Pty Limited	131 012 318
United Furniture Warehouse Pty Ltd	127 727 959