



**Mediacloud Pty Ltd
ACN 641 575 304 (Mediacloud)**

Circular to Employees

Jonathan Henry and I were appointed Joint and Several Administrators (**Administrators**) of Mediacloud on 9 November 2020.

Immediate objectives

As Administrators, we have assumed control of Mediacloud's affairs and have entered into possession of its assets. We are currently undertaking an urgent assessment to determine the best course of action to preserve the business.

All instructions related to the management of Mediacloud will now be issued by the Administrators or by my authorised personnel, through your normal reporting channels.

The key objective of a voluntary administration is to restructure the business or transfer it to a new owner. In these circumstances, it usually the case that employee entitlements are either transferred to the new owner or dealt with as part of a Deed of Company Arrangement (**DOCA**). However, in the event there are insufficient assets to meet employee entitlements and Mediacloud goes in to 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.

Wages

The Administrators ask employees to continue with their normal duties. Wages and entitlements for continued employment will be paid by Mediacloud in Administration, and the Administrators are personally liable to pay staff entitlements during the administration (i.e. from 9 November 2020 onwards).

The Administrators will process the wage payment on Wednesday to avoid disruption and to ensure staff can continue to meet their own day to day expenses.

Please note however, that because the Administrators are not liable for pre-appointment entitlements, the payment made to you is in respect of the period from 9 November 2020 and not work done previously.

Pre-appointment entitlements

Claims against Mediacloud for certain categories of employee entitlements, for the period prior to my appointment, may receive priority payment under the *Corporations Act*. However, there may be other higher-ranking payment priorities. There must also be sufficient recovery of monies from a specific class of secured assets of Mediacloud (after the costs of realising those assets) to fund payment of the priority claims.

At this point, we are unable to confirm whether there will be sufficient assets available to meet employees' pre-appointment claims. As soon as the position of prior-ranking claims has been clarified and Mediacloud's asset position determined, you will be advised further.

As stated earlier, in the event this does not occur and Mediacloud goes in to liquidation, there is a government scheme called the Fair Entitlements Guarantee scheme which may provide access to some or all of you your pre-administration entitlements.

Moving forward

An initial meeting of creditors of Mediacloud, which includes employees with claims for outstanding wages and other entitlements, will be held within the next 8 business days. Notice of the meeting time date will be provided to you by the Administrators shortly.

At the initial meeting, the Administrators will explain the administration process, and creditors will have the opportunity to appoint a creditors committee and nominate an alternative administrator, if they so wish. You are not obliged to attend this meeting in person.



In the future, a second meeting of creditors will be held, at which the Administrators will present the results of our investigation into the financial position of Mediacloud and give our recommendation on the best course of action for the future of Mediacloud.

Further information

A schedule setting out the responsibilities of employees of a company under administration is enclosed for your guidance. Our authorised personnel, will now issue all instructions concerning the management of Mediacloud.

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

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

If you have any queries, please contact Alex Woolcott on (02) 9338 2667 or by email (mediacloudemployees@mcgrathnicol.com).

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

Dated: 9 November 2020

Mediacloud Pty Ltd (Administrators Appointed)

Barry Kogan
Joint and Several Administrator

Enclosures:

- 1 Schedule of responsibilities of officers and employees
- 2 ASIC "Insolvency information for directors, employees, creditors and shareholders" information sheet
- 3 Proof of Debt forms
- 4 Employees frequently asked questions



Responsibilities of Officers and Employees

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

- All documents issued by Mediacloud must have "(Administrators Appointed)" after the company name where it first appears on the document.
- When a company is placed under administration, the powers of the directors and other officers are suspended. However, under certain circumstances, and only with the consent of the Administrators, those powers may continue. Some obligations of the directors will continue to apply, for example the obligation to lodge Annual Statements with ASIC.
- The Administrators may carry on the business and may employ or remove an officer or employee 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 Administrators, or a person nominated by the Administrators.
 - No goods will be accepted by Mediacloud from any source whatsoever that are not the subject of an order signed by the Administrators, or the nominated representative of the Administrators.
 - No credit will be incurred.
 - No payments will be made.
 - No goods will be returned to any supplier.
- All cash and cheques received will be passed to the Administrators.
- No assets of Mediacloud will be removed from Mediacloud'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 undertaking of Mediacloud are under the express and sole control and custodianship of the Administrators and may only be dealt with by the Administrators.
- Employees and directors are requested to refrain from making any comments to the media. All enquiries from the media should be referred to the Administrators to ensure that accurate information is communicated, at the appropriate time.

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**ADVISORY
RESTRUCTURING**



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.

FORM 535

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

Mediacloud Pty Ltd (Administrators Appointed) ACN 641 575 304
(Mediacloud)

To the Administrator of Mediacloud

1. This is to state that Mediacloud was on 9 November 2020, and still is, justly and truly indebted to:

_____ (name of creditor)
of _____ (address of creditor)
for \$ _____ and _____ cents (GST inclusive) GST amount _____

Date	Consideration (state how the Debt arose)	Amount \$ c	Remarks (include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: *(insert particulars of all securities held. If the securities are on the property of Dr Roebuck's, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).*

Date	Drawer	Acceptor	Amount \$c	Due Date

3. Select which of the below applies (choose one):

- | | |
|---|--|
| <input type="checkbox"/> The creditor is a company and I am signing as a director of Mediacloud | <input type="checkbox"/> The creditor is a partnership and I am signing as a partner of the partnership |
| <input type="checkbox"/> The creditor is a company and I am signing as an authorised representative/duly constituted attorney of Mediacloud | <input type="checkbox"/> I am signing in my personal capacity as a member or contributory of Mediacloud (Administrators Appointed) |
| <input type="checkbox"/> I am an individual and I am signing in my personal capacity (which includes employees) | <input type="checkbox"/> Other: _____ |
| <input type="checkbox"/> The creditor is a sole trader and I am signing as the proprietor | |

4. If you are a related party, state your relationship _____

I nominate to receive electronic notifications of documents in accordance with Section 600G of the Corporations Act at the following email address

Email: _____

5. Is this debt claimed on the basis of an assignment? Yes No

If so, what consideration was paid for the debt? _____

The debt was incurred for the consideration stated and the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Signature Dated

Name: _____

Address: _____



**Mediacloud Pty Ltd
(Mediacloud or the Company)**

Employee Frequently Asked Questions

9 November 2020

Barry Kogan and Jonathan Henry were appointed Joint and Several Voluntary Administrators (**Administrators**) of Mediacloud on 9 November 2020 under section 436A of the Corporations Act 2001 (**the Act**).

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

This information sheet covers the following key areas:

- operations;
- administration process;
- employees;
- customers; and
- suppliers.

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

Please note that this document will be revised periodically by the Administrators and is subject to change. Any revised documents will be made available on McGrathNicol's website www.mcgrathnicol.com.au.

Queries

Employees should direct any additional questions to the Administrators' representatives or can be emailed to Alex Wolcott of my staff on mediacloudemployees@mcgrathnicol.com.

The Administrators may respond directly or by update to this FAQ to Mediacloud's staff. The Administrators will also add to this document as required and updated versions will be provided.

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**ADVISORY
RESTRUCTURING**



OPERATIONS

Is the business continuing to trade?

The Administrators are undertaking an urgent assessment to determine the best course of action to preserve the business. Further information regarding the ongoing trading of the business will be provided as soon as possible.

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

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

ADMINISTRATION PROCESS

What is a voluntary administration?

Voluntary administration under section 436A of the Act 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 Mediacloud's affairs to assess the potential for rehabilitation or recapitalisation, to report to creditors and to recommend to creditors whether Mediacloud 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 Mediacloud's directors? Do we take direction from them or from the Administrators?

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

The Administrators continue to work with Mediacloud's management, and employees should continue to report to their 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 – www.mcgrathnicol.com.

What is the first meeting of creditors?

The Administrators are required to hold a meeting of creditors within 8 business days of their appointment. The first meeting of creditors will be held on 19 November 2020 and 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 creditors. A committee of creditors 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 creditors 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 one 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 Mediacloud. The options available to creditors can include returning control of Mediacloud back to its directors; executing a Deed of Company Arrangement if one is proposed; or, placing Mediacloud into liquidation.

A report will be provided to creditors from the Administrators ahead of this meeting, outlining the options available and providing creditors with a recommendation.

Should I attend the creditor meetings?

As creditors, employees are entitled to attend the meetings of creditors. A proxy form will be provided to you together with notice of the meeting and there will be further communications in this regard.

EMPLOYEES

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

What happens to my employment?

The Administrators will provide an update on your employment as soon as possible following the urgent assessment of the business and its operations.

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 any work that they request from you.

Ongoing wage payment details

If the Administrators continue your employment, then they are personally liable to pay staff entitlements during the administration (i.e. from 9 November onwards).

You will continue to have a claim in the administration for any pre-appointment entitlements and we will correspond with you further in this regard shortly.

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

What happens to my entitlements?

Claims against Mediacloud for certain categories of employee entitlements, for the period prior to my appointment, may receive priority payment under the *Corporations Act 2001*. However, there may be other higher-ranking payment priorities. There must also be sufficient recovery of monies from a specific class of secured assets of Mediacloud (after the costs of realising those assets) to fund payment of the priority claims.

At this point, we are unable to confirm whether there will be sufficient assets available to meet employees' pre-appointment claims. As soon as the position of prior-ranking claims has been clarified and Mediacloud's asset position determined, you will be advised further.

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 for any wage payments made post-appointment.



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

What happens to my pre-appointment leave balances?

You will have a claim against Mediacloud 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 key objective of a voluntary administration is to restructure the business or transfer it to a new owner. In these circumstances, it is usually the case that employee entitlements are either transferred to the new owner or dealt with as part of a Deed of Company Arrangement (**DOCA**). However, in the event there are insufficient assets to meet employee entitlements and Mediacloud 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 Mediacloud you will need to complete a Proof of Debt form, attached to this letter. You will also receive a summary of your accrued leave balances, which will assist you in filling out the Proof of Debt form for Mediacloud.

In making a claim, you will become a creditor of the relevant Company addressed in this letter that is indebted to you.

What is the Fair Entitlements Guarantee scheme?

In the event that Mediacloud 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 Employment.

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.

What happens if I find another job or resign?

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

What is a Deed of Company Arrangement (DOCA)

A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with, which may be agreed to as a result of the company entering Voluntary Administration. In this case, a DOCA may provide an accelerated pathway to achieve a sale transaction.



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.

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

Mediacloud is still your employer and should be listed on any census, bank forms and applications you complete.

Can I claim an employee reimbursement?

If you need to incur an expense in the ordinary course of business, please seek approval from the Administrators prior to the expense being incurred.

How should we deal with enquires?

Enquires should be handled by employees and if they are unable to deal with the queries, it should be directed to a manager.

Any queries for the Administrators should be emailed to Alex Woolcott of my staff (mediacloudemployees@mcgrathnicol.com).

SUPPLIERS

Supplier queries should be dealt with by employees to the extent possible in line with the below. Suppliers should have received a copy of the circular to suppliers or can otherwise access it at www.mcgrathnicol.com under the "Creditors" tab.

What is the process for receiving orders from Mediacloud?

The process for orders under Administration is:

- open a new account as relevant styled "Mediacloud (Administrators Appointed)"
- purchase orders will be provided but must be authorised by an authorised signatory (please refer to the circular to suppliers for authorised signatories)

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

Who is authorised to place orders?

Please refer to the circular to suppliers for authorised signatories. These are currently: Barry Kogan, Jonathan Henry, Heather Matheson and Richard Woolf.

Will outstanding supplier accounts be paid?

The amount outstanding at the date of the Administrators' appointment is an unsecured debt of Mediacloud and unfortunately cannot be paid. Further information relating to unsecured creditors will be provided by the Administrators shortly.

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 can be forwarded to mediacloudgeneral@mcgrathnicol.com of our staff.

Mediacloud 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 9 November 2020 with their express authority (i.e. have been ordered via an authorised purchase order).

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