



McGrathNicol

McGrathNicol
Partnership

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mcgrathnicol.com

Southern Engineering Services Pty Limited (Administrators Appointed)

ACN 000 091 716

Circular to Creditors

I advise that Shaun Fraser and I were appointed Joint & Several Administrators of the above company on 18 August 2014.

First statutory meeting of creditors

A first statutory meeting of creditors must be held within eight business days of my appointment. It has been convened for 28 August 2014. The statutory purpose of the first meeting is to allow creditors to determine whether a committee of creditors should be appointed and to appoint an alternative administrator if it is so resolved at the meeting. **The meeting will be held on 28 August 2014 at 3:00pm at Wesley Conference Centre, The Lyceum Room, 220 Pitt Street, Sydney NSW 2000.** A formal Notice of Meeting is enclosed.

Creditors who intend to vote at the meeting are required to lodge a formal proof of debt. A blank proof of debt form along with instructions on how to complete it, are enclosed. Creditors who are unable to attend the meeting and wish to be represented should ensure that either a proxy form, power of attorney, or evidence of appointment of a company representative is completed. A blank proxy form is enclosed. Documents may be lodged with me prior to the meeting or may be brought to the meeting (although the meeting may be adjourned by creditors).

Creditors who are unable to attend in person may participate via teleconference subject to providing relevant proof of debt and proxy documents in advance. Please contact us on or before 5:00pm on 26 August 2014 should you wish to participate via teleconference.

Report and second meeting

All creditors will receive a detailed report from me regarding the company's affairs before the second statutory meeting of creditors must be held. A decision on the company's future will be made at the second statutory meeting.

Declaration of Independence, Relevant Relationships and Indemnities

In accordance with Section 436DA of the Corporations Act 2001 and the Australian Restructuring, Insolvency & Turnaround Association ("ARITA") *Code of Professional Practice*, a Declaration of Independence, Relevant Relationships and Indemnities is enclosed for your information.

This declaration discloses information regarding our independence, any prior personal or professional relationships with the company or related parties and any indemnities received in relation to this appointment.

Southern Engineering Services Pty Limited

In association
with



Liability limited by a scheme
approved under Professional
Standards Legislation

Advisory
Forensic
Transactions
Restructuring
Insolvency



The partners and staff of McGrathNicol have extensive experience in Voluntary Administrations of large and small companies. McGrathNicol partners have acted as Voluntary Administrators for companies operating small to medium businesses, through to very large public companies.

Remuneration

The Administrators' remuneration can only be fixed by resolution of creditors, a resolution of a committee of creditors or by application to the Court. Approval of our remuneration will be sought at the second meeting of creditors.

In accordance with ARITA's *Code of Professional Practice*, a Schedule of Remuneration Methods and Hourly Rates is enclosed for your information. A Remuneration Report providing details of the remuneration sought will be provided prior to the second meeting of creditors.

Other matters

No further credit should be extended to the company without an order signed personally by me (or one of my authorised representatives). A separate circular will be issued to suppliers for authorisation and account arrangements.

Copies of public documents concerning this matter will be placed on our website: www.mcgrathnicol.com.

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

If you require any further information, please contact Rachael Neiberding of my staff on (02) 9338 2600 or by email rneiberding@mcgrathnicol.com.

Dated: 21 August 2014

Barry Kogan
Joint & Several Administrator

Enclosures:

Notice of Meeting

Proof of Debt

Instructions for Completion of Proof of Debt

Proxy

Information for attendance at meeting

Declaration of Independence, Relevant Relationships and Indemnities

Schedule of Remuneration Methods and Hourly Rates

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

FORM 529A
Corporations Act 2001

Subregulation 5.6.12(1)

**NOTICE OF FIRST MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION**

Southern Engineering Services Pty Limited (Administrators Appointed)
A.C.N. 000 091 716 (“the Company”)

1. On 18 August 2014 the Company, under Section 436A, appointed Shaun Fraser and Barry Kogan of McGrathNicol as Joint & Several Administrators.
2. Notice is now given that a meeting of the creditors of the Company will be held at: Wesley Conference Centre, The Lyceum Room, 220 Pitt Street, Sydney NSW 2000 on 28 August 2014 at 3:00 PM.
3. The purpose of the meeting is to determine:
 - (a) whether to appoint a committee of creditors; and
 - (b) if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - (a) remove the Administrators from office; and
 - (b) appoint someone else as Administrator of the Company.

Dated this 21 August 2014



Barry Kogan
Joint & Several Administrator

FORM 535

Corporations Act (2001)

**FORMAL PROOF OF DEBT OR CLAIM
(GENERAL FORM)**

To the Administrators of Southern Engineering Services Pty Limited (Administrators Appointed)

1. This is to state that the company was on 18 August 2014 (*date of court order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up*), and still is, justly and truly indebted to:

_____ *(full name and address of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor)*
for \$ _____ and _____ cents.

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 the company, 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. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.
- *3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

.....
Signature
Occupation:
Address

Dated

Proof of Debt Reference:

**Guarantees/Indemnities**

- Executed guarantee/indemnity;
- Notice of Demand served on the guarantor; and
- Calculation of the amount outstanding under the guarantee.

Judgment Debt

- Copy of the judgment; and
- Documents/details to support the underlying debt as per other categories.

Deficiencies on Secured Debt

- Security Documents (eg. mortgage);
- Independent valuation of the secured portion of the debt (if not yet realised) or the basis of the creditor's estimated value of the security;
- Calculation of the deficiency on the security; and
- Details of income earned and expenses incurred by the secured creditor in respect of the secured asset since the date of appointment.

Loans (Bank and Personal)

- Executed loan agreement; and
- Loan statements showing payments made, interest accruing and the amount outstanding as at the date of appointment.

Tax Debts

- Documentation that shows the assessment of debts, whether it is an actual debt or an estimate, and separate amounts for the primary debt and any penalties.

Employee Debts

- Basis of calculation of the debt;
- Type of Claim (eg. wages, holiday pay, etc);
- Correspondence relating to the debt being claimed; and
- Contract of Employment (if any).

Leases

- Copy of the lease; and
- Statement showing amounts outstanding under the lease, differentiating between amounts outstanding at the date of the appointment and any future monies.

FORM 532
Corporations Act 2001

Regulation 5.6.29

Southern Engineering Services Pty Limited (Administrators Appointed)
ACN: 000 091 716

APPOINTMENT OF PROXY

I/We (1) _____ of

_____ a creditor/member of **Southern Engineering Services Pty Limited (Administrators Appointed)** appoint

(2) _____ or in his/her absence

(3) _____ as my/our general/special proxy to vote at the meeting of creditors to be held on 28 August 2014 at 3:00 PM or at any adjournment of that meeting.

DATED this _____ day of _____ 20

(4) Signature _____

CERTIFICATE OF WITNESS - only complete if the person given the proxy is blind or incapable of writing.

I, _____ of _____
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED this _____ day of _____ 20

Signature of witness _____

Description _____

Place of residence _____

Notes:

- (1) If a firm strike out "I" and set out the full name of the firm.
- (2) Insert the name of the person appointed.
- (3) If a special proxy, "add the words 'to vote for' or the words 'to vote against' and specify the particular resolution".
- (4) If the creditor is a sole trader, sign in accordance with the following example: "A.B., proprietor".
If the creditor is a partnership, sign in accordance with the following example: "A.B., a partner of the said firm."
If the creditor is a company, then the form of proxy must be under its Common Seal or under the hand of some officer duly authorised in that capacity, and the fact that the officer is so authorised must be stated in accordance with the following example: "for the company, A.B." (duly authorised under the Seal of the Company).

Proxy forms should have been completed and returned by no later than 5:00 PM on 27 August 2014 to be eligible to vote at the meeting.

RETURN TO: **Southern Engineering Services Pty Limited (Administrators Appointed)**
of care of McGrathNicol
Address: GPO Box 9986, Sydney NSW 2001
Phone: +61 2 9338 2600
Fax: +61 2 9338 2699



Southern Engineering Services Pty Limited (Administrators Appointed)
ACN 000 091 716

General Information for Attending and Voting at Meetings of Creditors

Time and Place of Meeting

Pursuant to Corporations Regulation (**Regulation**) 5.6.14 a meeting of creditors must be convened at a time and place most convenient for the majority of creditors entitled to receive notice of the meeting.

Quorum

- Pursuant to Regulation 5.6.16 a meeting must not act for any purpose except:
 - the election of a chairperson; and
 - the proving of debts; and
 - the adjournment of the meeting:unless a quorum is present.
- A quorum is deemed to be present if at least 2 (two) creditors are present at the meeting in person, by proxy, by power of attorney or participating by telephone.
- A meeting is sufficiently constituted if only one person is present in person if the person represents personally or by proxy or otherwise a number of persons sufficient to constitute a quorum.

Chairperson

Pursuant to Regulation 5.6.17 the Administrator is appointed Chairperson of the meeting. Alternatively, the Administrator may, pursuant to Regulations 5.6.17 and 5.6.34, appoint someone else to act as chairperson of the meeting and authorise that person to use any proxies held by the Administrator on the Administrator's behalf.

For the second meeting of creditors in a Voluntary Administration, the Administrator must chair the meeting pursuant to Section 439B of the Corporations Act 2001.

Voting

- Pursuant to Regulation 5.6.23 creditors will not be eligible to vote at the meeting unless they have lodged particulars of their debt or claim prior to or at the meeting.
- Accordingly, creditors who intend to vote at the meeting should ensure that they lodge a formal proof of debt with the company prior to or at the meeting.
- Pursuant to Regulation 5.6.19 all resolutions put to the meeting will be decided on the voices unless a poll is demanded, before or on the declaration of the result of the voices.

A poll may be demanded by:

- the chairperson; or
- at least 2 (two) persons present in person, by proxy, by power of attorney or participating by telephone and entitled to vote at the meeting; or



- a person present in person, by proxy, by power of attorney or participating by telephone and representing not less than 10% of the total voting rights of all persons entitled to vote at the meeting.
- Pursuant to Regulation 5.6.21, should a poll be demanded:
 - a resolution will be carried if a majority in number and a majority in value vote in favour of the resolution; and
 - a resolution will be lost if a majority in number and a majority in value vote against the proposed resolution.

In the event of a deadlock, the chairperson may exercise a casting vote. In such situations, the minutes of the meeting must specify the chairperson's reasons for exercising, or not exercising, their casting vote.

Proxies

- Pursuant to Regulation 5.6.28 creditors who are entitled to attend and vote at the meeting may appoint a natural person over the age of 18 years as their proxy to attend and vote at the meeting on their behalf.
- Accordingly, creditors who are unable to attend the meeting but who wish to be represented should ensure that a validly executed proxy form is lodged with the Administrator prior to the meeting.
- Pursuant to Regulations 5.6.28 and 5.6.36A creditors may lodge a facsimile copy of a proxy form with the Administrator prior to the meeting; however, the original of the instrument must be received by the Administrator within 72 hours of receipt of the faxed copy.
- Pursuant to Regulations 5.6.28, 5.6.29 and 5.6.31 creditors may lodge a proxy form with the company prior to the meeting by electronic means, however electronic lodgement will only be possible where the convenor has specified an electronic address or other electronic means on the proxy form. Proxy forms lodged via electronic means must be validly executed by signing and scanning the form.
- Pursuant to Regulation 5.6.32 a person may, should they so desire, appoint the Administrator by name or by reference to his or her office to act as his, her or its general or special proxy.

Corporate Creditors

Corporate creditors who wish to attend the meeting should note that they may only be represented by an individual if that person is validly granted a proxy or power of attorney by that corporation.

Alternatively, Section 250D of the Corporations Act 2001 provides that a corporation may, by resolution of its board, provide a standing authority for a specified person to represent the corporation at specified meeting of creditors. A copy of any such resolution should be provided to the Administrator prior to attending the meeting.

Committee of Inspection/Committee of Creditors

Pursuant to Section 436G of the Corporations Act 2001, a person may only serve as a member of a Committee of Creditors if the person is:

- a creditor of the company personally; or
- the attorney of a creditor under a general power of attorney; or
- authorised in writing by a creditor.

Corporate creditors who are members of a Committee of Inspection may be represented by:

- an officer or employee of the member; or
- an individual authorised in writing by the member to represent the member on the committee.



Proxy

Notes for your Guidance

- Insert full name and address of creditor, contributory or member on the top line.
- On the second line, insert the name of the person you appoint as your proxy. You may insert "the Chairperson of the meeting" if you wish.
- On the next line insert the organisation the proxy holder represents or works for (not required if the Chairperson is your proxy).
- You may appoint an alternate proxy on the fourth line who may act if your first appointed proxy cannot attend the meeting. You may insert "the Chairperson of the meeting" if you wish.
- If the proxy is a general proxy the form requires no addition.
- If the proxy is a special proxy the form must include instructions regarding the use of the proxy (i.e. details of the resolution and whether the proxy holder is to cast a vote in favour or against the resolution or abstain from voting).
- Date and sign the Proxy form using one of the following various forms of execution:
 - Sole Trader - Sign the proxy yourself.
 - Partnership - e.g. sign – "Smith & Associates
Per John Smith - Partner"
 - Company - (i) By a director or secretary, e.g. "J Smith – Director".
(ii) By a person duly authorised to sign on behalf of the company, e.g.
"Smith & Sons Pty Ltd. ACN: _____
Per: J Smith
A person duly authorised to sign on the company's behalf".

OR

"Smith & Sons Pty Ltd. ACN: _____
By its duly constituted attorney J Smith".

NB: If signing on behalf of a company the following example is not sufficient:

"Smith & Sons Pty Ltd. ACN: _____
Per: J Smith"
- "Certificate of Witness" is only to be used where the Proxy is being completed on behalf of a person who is blind or incapable of writing. In all other cases a witness to the signature of the person appointing the Proxy is not required and you may ignore the section headed "Certificate of Witness".



Remuneration methods and hourly rates

1 Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

1.1 *Time based/hourly rates*

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work, multiplied by the number of hours spent by each person on each of the tasks performed.

1.2 *Fixed Fee*

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

1.3 *Percentage*

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.

1.4 *Contingency*

The practitioners' fee is structured to be contingent on a particular outcome being achieved.

2 Method Proposed

Given the nature of this administration we propose that our remuneration will be calculated on a time basis which will be recorded in six minute increments. Details of the hourly rates for different levels of staff are included below. The complexity and demands of the administration will determine the staff to be utilised for this appointment

We have chosen this method because this method is considered to be most suitable for this appointment as it ensures creditors are only charged for work that is performed in the external administration, which can be difficult to accurately estimate at the date of appointment.

Creditors will be advised of the proposed basis of remuneration in our initial remuneration advice to them.

3 Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table, together with a general guide showing the qualifications and experience of staff who will be engaged in the administration and the role they take. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.



Title	Guide to qualifications and role	Hourly rate (excl GST)
Appointee/Partner	Registered liquidator, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$621
Director 1	Generally, Chartered Accountant or comparable qualification and degree qualified with more than ten years of experience, including four years of Director or equivalent experience. Autonomously leads complex insolvency appointments reporting to Appointee/Partner.	\$563
Director	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$522
Senior Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major workstreams in larger matters.	\$464
Manager 1	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than six years of experience, including two years of Manager or equivalent experience. Self-sufficiently conducts small to medium insolvency appointments and takes a supervisory role on workstreams in larger matters.	\$414
Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on workstreams in larger matters.	\$369
Assistant Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages workstream activity within appointments.	\$333
Senior Accountant 1	Generally, degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than two years of experience, including one year of Senior Accountant or equivalent experience. Completes multiple tasks within workstreams and appointments.	\$288
Senior Accountant	Generally, degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within workstreams and appointments under supervision.	\$257



Title	Guide to qualifications and role	Hourly rate (excl GST)
Accountant 1	Generally, degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with at least one year of Accountant or equivalent experience. Assists with tasks within workstreams and appointments under supervision.	\$225
Accountant	Generally, degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within workstreams and appointments under supervision.	\$221
Undergraduate/ Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$189
Practice Services Director	National Practice Service leaders, generally degree qualified with more than ten years of experience and reporting directly to partners. Technical experts in their specific areas and have team management responsibilities.	\$522
Senior Practice Services	Senior technical, professional or functional expert in national Practice Services. Generally degree qualified with more than seven years of experience. Reports to Practice Service leader and may be responsible for team management.	\$369
Senior Client Administration and Senior Treasury	Appropriately experienced and undertakes senior level administrative support activities or senior Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$189
Client Administration and Treasury	Appropriately experienced and undertakes support activities, including but not limited to Client administration, Treasury and document management functions.	\$144



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Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI")

Southern Engineering Services Pty Limited (Administrators Appointed)

ACN 000 091 716 ("the Company")

The *Corporations Act 2001* and professional standards require the Practitioners appointed to an insolvent entity to make a declaration as set out in this document as to:

- A. their independence generally;
- B. relationships, including:
 - a. the circumstances of the appointment;
 - b. any relationships with the Company and others within the previous 24 months;
 - c. any prior professional services for the Company within the previous 24 months;
 - d. that there are no other relationships to declare; and
- C. any indemnities given or up-front payments made to the Practitioner.

The following declaration addresses these issues and is made on behalf of ourselves, our partners and the firm McGrathNicol:

A. Independence

We, Shaun Fraser and Barry Kogan of the firm McGrathNicol have undertaken a proper assessment of the risks to our independence prior to consenting to our appointment as Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

(i) *Circumstances of appointment*

Shaun Fraser and Sean Wiles (a McGrathNicol employee) attended a meeting with the Company's directors (Andrew Wenham and Paul Wenham) and representatives of Colin Biggers & Paisley lawyers ("CBP") on 14 August 2014.

Separately, Shaun Fraser, Barry Kogan and Sean Wiles had a number of discussions with the Company's directors and financial controller (Graeme Warren) and, Scott Hedge and David Kennedy of CBP, during the period 14 August 2014 to 17 August 2014. The purpose of these discussions was to:

- understand the Company's current financial position;
- understand the Company's businesses and operations;
- understand the alternative courses of action available to the Company; and
- provide general information about insolvency processes.

We did not receive any remuneration for our attendances at the meeting and discussions set out above.

In our opinion, the above matters do not affect our independence for the following reasons:

- it is recognised by the Courts and the ARITA Code of Professional Practice that pre-appointment advice on the insolvency process and available options is necessary and does not amount to an impediment to accepting an appointment; and



McGrathNicol

- the nature of the advice provided was such that it would not be subject to review and challenge during the course of the administration. Nor would the advice influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration in an objective and impartial manner.

We have provided no other information or advice to the Company, its directors or its advisors prior to our appointment beyond that outlined in this DIRRI. Further information regarding our prior professional relationship with CBP is detailed below.

(i) Relevant Relationships (excluding Professional Services to the Insolvent)

We or a member of our firm, have or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons
Australia and New Zealand Banking Limited ("ANZ")	<p>ANZ holds a first ranking charge over the whole or substantially the whole of the property of the Company.</p> <p>McGrathNicol undertakes corporate recovery and advisory work from time to time on instructions from ANZ.</p>	<p>We believe these relationships do not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none">Each professional engagement undertaken for ANZ in relation to a particular entity or group of entities is conducted on an entirely separate basis which has no bearing on this appointment.These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders.McGrathNicol has not undertaken an engagement for ANZ for the Company previously. <p>Given these factors, our independence in acting as Voluntary Administrators of the Company has not been affected.</p>
Bibby Financial Services Australia Pty Ltd ("Bibby")	<p>Bibby has a debtor factoring funding agreement with the Company.</p> <p>McGrathNicol undertakes corporate recovery and advisory work from time to time on instructions from Bibby.</p> <p>McGrathNicol refers debtor collection work to Bibby's subsidiary, Integral Collections and also refers funding opportunities to Bibby from time to time.</p>	<p>We believe these relationships do not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none">Each professional engagement undertaken with Bibby in relation to a particular entity or group of entities is conducted on an entirely separate basis which has no bearing on this appointment.These engagements are only commenced after full regard is given to potential conflicts of interest in relation to all interested stakeholders.McGrathNicol has not undertaken an engagement for Bibby for the Company previously. <p>Given these factors, our independence in acting as Voluntary Administrators of the Company has not been affected.</p>
CBP	<p>CBP acts as Solicitors of the Company and, introduced McGrathNicol to the</p>	<p>We believe this relationship does not result in a conflict of interest or duty because:</p> <ul style="list-style-type: none">McGrathNicol has not undertaken any previous



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Name	Nature of relationship	Reasons
	<p>directors of SES.</p> <p>Various partners of McGrathNicol have a professional relationship with Scott Hedge, a partner of CBP and have received advice from Mr Hedge on unrelated matters in the past.</p>	<p>engagement for CBP in respect of the Company and the introduction to the directors of SES is entirely unconditional.</p> <ul style="list-style-type: none">▪ The relationship with Mr Hedge and CBP is a professional relationship.▪ Professional relationships between lawyers and business advisers are common practice and there are no formal agreements between McGrathNicol or its partners, CBP or Mr Hedge that impact our independence in carrying out our duty as administrators. <p>Given these factors, our independence in acting as administrators of the Company has not been affected.</p>

(ii) Prior professional services to the Insolvent

Neither we, nor the firm, have provided any professional services to the Company within the previous 24 months.

(iii) No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property that should be disclosed.

C. Indemnities and Up-front Payments

Name	Nature of relationship	Nature of indemnity or Payment
ANZ	Secured creditor (first ranking)	<p>The sum of approximately \$100,000 has been provided by the ANZ by way of a loan to the voluntary administrators under section 443D(a) towards wage and employee entitlement related costs of the voluntary administration to enable the Company to continue to trade in a limited capacity.</p> <p>Where sufficient net Company assets are realised, the repayment of the loan will rank as a cost and expense of the voluntary administration. There are no other conditions placed upon the provision of the loan.</p> <p>This loan will not impede our independence as there are no conditions which will impact the objectivity of the voluntary administrators and the funds provided are essential to enable the voluntary administrators to trade the business for a period of time to formulate and execute a realisation strategy.</p>



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Dated: 21 August 2014

Shaun Fraser

Barry Kogan

Note:

- A.** If the circumstances change or new information is identified, we are required under the Corporations Act 2001 and the ARITA Code of Professional Practice to update this Declaration and provide a copy to the creditors/Committee with our next communication, as well as table a copy of any replacement Declaration at the next meeting of the insolvent's creditors/Committee.
- B.** Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.

Please note that the presentation of the above information is in accordance with the standard format suggested by ARITA.



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.