



**RCR Energy Limited**  
**RCR Infrastructure (New Zealand) Limited**  
**RCR Building Products (New Zealand) Limited**  
**(Administrators Appointed)**

Voluntary Administrators' report pursuant to section 239AU of the  
Companies Act 1993

30 April 2019



McGrathNicol



# Glossary

<b>ACC</b>	Accident Compensation Corporation	<b>MUFG</b>	MUFG Bank
<b>Act</b>	New Zealand Companies Act 1993	<b>NPAT</b>	Net profit after tax
<b>Administrators</b>	Conor McElhinney and Andrew Grenfell	<b>NZ</b>	New Zealand
<b>AIG</b>	AIG Australia Limited	<b>NZCN</b>	New Zealand Company Number
<b>Appointment Date</b>	18 December 2018	<b>ODGH</b>	O'Donnell Griffin
<b>ASA</b>	Asset sale agreement	<b>PMSI</b>	Purchase Money Security Interest
<b>AU</b>	Australia	<b>PPSR</b>	Personal Property Securities Register
<b>Australian Administrators</b>	Jason Preston, Jamie Harris, Matthew Caddy and Rob Brauer	<b>RCR</b>	RCR Tomlinson Limited (ASX:RCR) and all subsidiaries
<b>Board</b>	the Directors	<b>RCR AU</b>	RCR Tomlinson Limited (ASX:RCR) and Australian subsidiaries
<b>CBA</b>	Commonwealth Bank of Australia	<b>RCR NZ</b>	RCRE, RCRI and RCRBP
<b>CGU</b>	CGU Insurance Limited	<b>RCRBP</b>	RCR Building Products (New Zealand) Limited
<b>Chubb</b>	Chubb Insurance Australia Limited	<b>RCRE</b>	RCR Energy Limited
<b>CRL</b>	City Rail Link Limited	<b>RCRI</b>	RCR Infrastructure (New Zealand) Limited
<b>Directors</b>	Bruce James, Andrew Stevens and Andrew Batch	<b>Secured Creditors</b>	CBA, HCC, MUFG, Swiss Re and Chubb
<b>DOCA</b>	Deed of Company Arrangement	<b>Swiss Re</b>	Swiss Re International SE Singapore Branch
<b>EBITDA</b>	Earnings before interest, tax, depreciation and amortisation	<b>Watershed Meeting</b>	The second creditors' meeting pursuant to section 239AT of the Act to be held at the offices of Russell McVeagh on Tuesday, 7 May 2019 at 11:00am
<b>First Creditors Meeting</b>	Creditors' meeting held on 8 January 2019 pursuant to section 239AN of the Act		
<b>FYXX</b>	Financial year ended 30 June 20XX		
<b>GST</b>	Goods and Services tax		
<b>HCC</b>	HCC International Insurance Company		
<b>IRD</b>	Inland Revenue		
<b>KWM</b>	King & Wood Mallesons		
<b>m</b>	Millions		



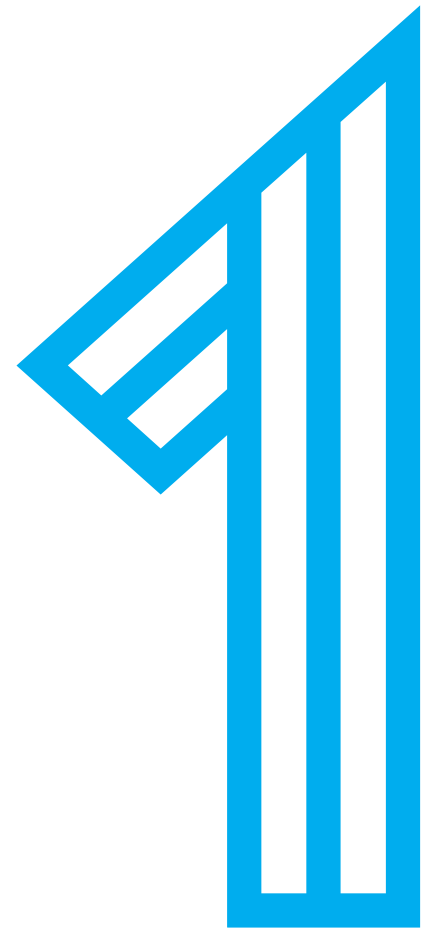
## Contents

### Glossary of terms

1.	Executive summary	4
2.	Introduction	8
3.	Background	13
4.	Recent financial information	17
5.	Events leading to appointment	24
6.	Administrators' actions to date	27
7.	Sale process	30
8.	Investigations	33
9.	Alternatives available to creditors	37
10.	Appendices	39

---

## Executive summary



# 1. Executive summary

This section provides creditors with answers to key questions they may have in relation to the administration, the Administrators' findings and summarises other information in this report.

Questions	Answers
<b>What is the purpose of this report?</b>	<p>This report provides creditors with details of the business and financial circumstances of RCR NZ in preparation for the forthcoming Watershed Meeting.</p> <p>This report also informs creditors about the investigations undertaken by the Administrators and the Administrators' opinion and recommendation on each of the options available to creditors to vote on at the Watershed Meeting.</p>
<b>What is the Watershed Meeting?</b>	<p>The purpose of the Watershed Meeting is for creditors to decide on the future of RCR NZ.</p> <p>The options available for creditors to vote on are whether RCR NZ should be returned to the control of the Directors or enter into liquidation. The Administrators note that, as at the date of this report, no Deed of Company Arrangement ("DOCA") has been proposed and, consequently, the option for any of RCR NZ to enter into a DOCA is not available.</p>
<b>Where and when is the Watershed Meeting?</b>	<p>The Watershed Meetings will be held concurrently at the offices of <b>Russell McVeagh, Level 30, the Vero Centre, 48 Shortland Street, Auckland, on Tuesday 7 May 2019 at 11:00am.</b></p> <p>Observers are able to attend the meeting, however will not be entitled to participate, either by voting or by asking questions.</p>
<b>What is RCR NZ and what did RCR NZ do?</b>	<p>RCR NZ are wholly owned subsidiaries of RCR AU, which was placed into administration on 21 November 2018. RCR NZ operations were located across New Zealand, under three key divisions: building products, energy and infrastructure.</p>
<b>What is the status of RCR NZ?</b>	<p>On 18 December 2018, Conor McElhinney and Andrew Grenfell of McGrathNicol were appointed administrators of RCR NZ. This means that each of the RCR NZ companies are in voluntary administration, which is a type of formal insolvency appointment.</p>
<b>Who controls RCR NZ now?</b>	<p>From the date of the appointment, the Administrators have had responsibility for the day-to-day management of RCR NZ.</p>

Questions	Answers
<b>What were the key events leading to the appointment of administrators?</b>	<p>RCR AU faced a number of challenges driven by rapid expansion into large-scale solar projects. Readers are referred to the Australian Administrators' Report section 3.10 for a timeline of key events prior to the appointment of administrators to the Australian companies.</p> <p>RCR NZ continued to operate on a "business as usual" basis during the period that the Australian businesses began to encounter challenges. The specific events that led to the appointment of the Administrators to RCR NZ is outlined in section 5.1 of this report, which was primarily due to demands from CGU and AIG in relation to Australian projects that RCR NZ guaranteed.</p>
<b>What actions have the Administrators taken to date?</b>	<p>Since the Appointment Date, the Administrators and their staff have attended to the following:</p> <ul style="list-style-type: none"> <li>▪ appraising each of the business units within RCR NZ to determine viability and saleability;</li> <li>▪ managing of the ongoing trading and cash flow of the business units while undertaking a sale of business process on a going concern basis;</li> <li>▪ undertaking health &amp; safety reviews at each operating site and commissioning a formal health &amp; safety inspection for specific sites, to ensure the safety of staff;</li> <li>▪ liaising with employees and unions, and calculating employee entitlements;</li> <li>▪ negotiating sale of business agreements in relation to business units and then managing completion and transition processes;</li> <li>▪ conducting preliminary investigations into the affairs of RCR NZ; and</li> <li>▪ meeting statutory obligations, including preparing reports for, and convening meetings of creditors.</li> </ul>

# 1. Executive summary

Questions	Answers
<b>What was the sale process that the Administrators undertook and what was the outcome?</b>	<p><i>Global process run by Australian Administrators</i></p> <p>The Australian Administrators commenced a sale process of all of the business and assets of RCR immediately following their appointment, engaging Record Point Operations to act as their exclusive financial and corporate advisor.</p> <p>Ultimately, each bidder who had initially engaged in the whole of business sale process concluded that they would not submit final bids for the business as a whole.</p> <p><i>Local process run by New Zealand Administrators</i></p> <p>Shortly after appointment, the Administrators commenced an accelerated sale process for the RCR NZ businesses and assets, separately from the Australian sale process. The purpose of commencing a new, independent process was to target local trade buyers more intensively.</p> <p>The local sale process was successful, with the Administrators entering into sale and purchase agreements with four separate purchasers for each of the RCR NZ businesses.</p>
<b>Why do the Directors of RCR NZ believe it became insolvent?</b>	<p>The Boards advised that RCR NZ was not experiencing financial difficulties and remained in a cash flow solvent position prior to, and then during, the Administration of RCR AU.</p> <p>However, following receipt of legal advice in relation to demands issued by CGU and AIG against RCR NZ, the Directors considered that they would be unable to execute sale and purchase agreements for the New Zealand entities, including in relation to a pending sale of Metalbilt (part of RCRBP).</p> <p>Consequently, the Boards resolved to appoint Administrators to each of the RCR NZ companies on Tuesday 18 December 2018.</p>

Questions	Answers
<b>Why do the Administrators believe RCR NZ became insolvent?</b>	<p>The Administrators agree that the demands issued by CGU and AIG and inability to agree forbearance ultimately resulted in the appointment of Administrators to RCR NZ, as RCR NZ could not meet these demands as they fell due.</p> <p>These demands arose out of the failure of RCR AU, which was outside the control of RCR NZ. Readers are referred to the Australian Administrators' Report section 7 for an explanation of the Australian parent company's failure.</p>
<b>What was the date of insolvency?</b>	<p>The Administrators' preliminary investigations indicate that RCR NZ may have become insolvent when the demands were issued by Australian creditors that could not be satisfied by RCR NZ. It could also be argued that RCR NZ became insolvent when RCR AU entered Administration on 21 November 2018, increasing the likelihood that contingent guarantee liabilities would crystallise.</p> <p>However, the Boards' actions in attempting to negotiate forbearance agreements and to sell the RCR NZ companies outside of insolvency may have resulted in better returns to creditors. Additional investigations by an appointed liquidator will consider further the date that RCR NZ became insolvent.</p>
<b>What claims have the Administrators identified that may be available to a Liquidator?</b>	<p>Potential claims available to a liquidator include (among others) insolvent trading, voidable transactions and breach of director's duties.</p> <p>Whilst the Administrators have considered the underlining causes of RCR NZ's failure, their investigations into claims arising from those matters are at an early stage. Section 8 outlines the status of the Administrators' investigations to date.</p>

# 1. Executive summary

Questions	Answers
<b>Has a DOCA been proposed?</b>	At the date of this report, no DOCA has been proposed and, based on information presently available to the Administrators, a DOCA proposal is unlikely to be received.
<b>Will employees and other preferential creditors be paid?</b>	Preferential creditors rank ahead of secured and unsecured creditors for distribution purposes against the net proceeds of realisation from pre-appointment inventory, work in progress and accounts receivable. Employees have already been paid their preferential entitlements in full, or had their employment (and entitlements) transferred to a new owner as part of a sale of business. The Administrators are assessing preferential IRD claims, which are also expected to be paid in full.
<b>Will the Secured Creditors be repaid their debt?</b>	As set out in the section 9 of the Australian Administrators' Report, total secured claims are estimated to be between A\$226.2m and A\$231.9m. The Australian Administrators estimate a shortfall to the Secured Creditors of between A\$69.5m and A\$151.0m. Given this significant shortfall, all surplus funds from RCR NZ after meeting the cost of the administration (and certain liquidation costs), paying preferential creditors and PMSI creditors, will be distributed to Secured Creditors.
<b>Will unsecured creditors be paid a dividend?</b>	Due to the quantum of the shortfall to Secured Creditors, any recoveries for unsecured creditors (or shareholders) is dependent on recoveries that become available in the liquidation, such as voidable transactions claims or legal actions.
<b>What do the Administrators recommend creditors vote for at the Watershed Meeting and why?</b>	<b>In the absence of a DOCA proposal, and with the businesses being insolvent, the Administrators recommend that creditors vote for each of the RCR NZ companies to be placed into liquidation. There are no other viable options at this time.</b>
<b>As a creditor, what do I need to do?</b>	You are not required to do anything. But you are entitled to vote at the Watershed Meeting, either by postal vote, attending in person, or appointing a proxy. A voting form is attached with the notice to creditors. We also recommend that you submit a creditors claim form, if you have not done so already. Although we do not expect there to be any return to unsecured creditors at this time, the position may change in the future.

---

## Introduction





## 2. Introduction

### 2.1 Overview

This section provides information on the entities to which the Administrators were appointed, the objectives of the administration, the purpose of this report, meetings of creditors and the Administrators relevant relationships.

#### Appointment of Administrators

- Andrew Grenfell and Conor McElhinney of McGrathNicol New Zealand were appointed joint and several administrators of the following entities on 18 December 2018 by a resolution of the RCR NZ Directors, pursuant to Part 15A of the Companies Act 1993:
  - RCR Energy Limited, NZCN 159951;
  - RCR Infrastructure (New Zealand) Limited, NZCN 490863; and
  - RCR Building Products (New Zealand) Limited, NZCN 1775025.

#### Objective of voluntary administration

- In a voluntary administration, administrators are empowered by the Act to assume control of an insolvent company, superseding the powers of the directors and officers, to manage the company's affairs and deal with its assets in the interests of its creditors.
- The intention of a voluntary administration is to maximise the prospects of a company continuing in existence or, if that is not possible, to achieve better returns to creditors than would be achieved by its immediate liquidation. During a voluntary administration there is a moratorium over most pre-administration creditor claims.
- Administrators are also required to investigate the company's affairs and report to creditors on the administrators' opinion as to which outcome of the voluntary administration process is in the creditors' best interest, informing the creditors prior to their voting at the Watershed Meeting (refer section 8).

#### First creditors' meeting

- Section 239AN of the Act requires an administrator to convene a first creditors' meeting within eight business days of being appointed.
- The first creditors' meetings for RCR NZ were held on 8 January 2019 (with no nominations to appoint an alternative administrator).
- Creditors resolved at the meeting to appoint a Creditors' Committee to RCRE, RCRI and RCRBP.

#### Creditors' committee

- There have been no Creditors' Committee meetings held. This is because the Committee did not request any meetings and because there were no matters that required consultation with the Committee.

#### Extension of convening period

- Section 239AT of the Act requires the Administrators to convene the Watershed Meeting within the convening period, being 20 business days of being appointed.
- The Watershed Meetings were due to be held on or before 30 January 2019. However, at the First Creditors' Meeting we noted that, if we believed it was in the best interests of creditors and would preserve value, the Administrators might submit an application to the High Court to extend the convening period for the Watershed Meeting.
- On 21 January 2019 the Administrators filed such an application in the Auckland High Court requesting an extension of the convening period to 30 April 2019. The Administrators did this because, in their view, an extension of the time for holding the Watershed Meeting would be beneficial as it would provide:
  - a stable environment for the Administrators to realise RCR NZ assets in an orderly fashion to maximise value;
  - if going concern sales were achieved (which they were), a better outcome for creditors as employee claims would be minimised from the transfer of their employment to new employers, lessor claims would be minimised from the assignment of leases (both equipment and premises) and principal claims would be minimised as works would be completed; and
  - the Administrators more time to investigate the affairs of RCR NZ, to report to creditors on potential future recoveries, and make a recommendation at the Watershed Meeting regarding the future of RCR NZ.
- On 23 January 2019 the High Court granted the orders extending the convening period for the Watershed Meeting to 30 April 2019.

## 2. Introduction

### 2.2 Watershed meeting and this report

The Watershed Meetings for RCR NZ are to be held at the offices of Russell McVeagh at Level 30, the Vero Centre, 48 Shortland Street, Auckland, on Tuesday 7 May 2019 at 11:00am.

#### Watershed Meeting

- The Watershed Meetings for RCR NZ are to be held at the offices of Russell McVeagh at Level 30, the Vero Centre, 48 Shortland Street, Auckland, on Tuesday 7 May 2019 at 11:00am. A copy of the notice of meeting is attached to this report.
- The purpose of the Watershed Meeting is for creditors to resolve what option to take in relation to the future of the entities under administration. The options available (under section 239AU of the Act) are whether each entity should:
  - be returned to its director(s); or
  - enter into a Deed of Company Arrangement (“DOCA”); or
  - enter into liquidation.
- In respect of these options, given RCR NZ is insolvent and no DOCA has been proposed, the Administrators’ view is that the only option is for each of the RCR NZ companies to be placed in liquidation.

#### Purpose of this report

- Section 239AU of the Act requires the Administrators to provide a report (“Report”) to all creditors ahead of the Watershed Meeting, containing:
  - details about the business, property, affairs and financial circumstances of the entities under administration;
  - the Administrators’ opinion and recommendation on each of the options available to creditors; and
  - if a DOCA is proposed, the details of the DOCA.
- This Report has been prepared in respect of RCR NZ and informs creditors about the investigations undertaken by the Administrators to date.
- Please refer to the appendices for the following information:
  1. receipts and payments from the date of appointment to 31 March 2019;
  2. time costs from the date of appointment to 31 March 2019;
  3. description of work completed during the administration; and
  4. summary of work outstanding, to be completed.

#### Context of this report

- In reviewing this Report, creditors should note the following:
  - References to RCR NZ in this report are to RCRE, RCRI and RCRBP. Individual balance sheets for the entities are included at Section 4.
  - This Report and the statements herein are based upon our preliminary investigations to date. Any additional material issues identified subsequent to this Report may be the subject of a further written report and/or tabled at the forthcoming Watershed Meeting.
  - The investigations of RCR NZ’s affairs have been prepared from books and records made available to the Administrators, as well as information provided by RCR NZ’s officers, key personnel where applicable, and from our own enquiries. Whilst we have no reason to doubt any information contained in this Report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially changes from the date of this Report.
  - The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information that may be provided to us between the date of this Report and the date of the Watershed Meeting.
  - In considering the options available to creditors and formulating our recommendation, the Administrators have necessarily made forecasts of asset realisations and total creditors. These forecasts and estimates may change as asset realisations progress and claims are received from creditors. Whilst the forecasts and estimates are the result of the Administrators’ best assessment in the circumstances, creditors should note that the outcome for creditors may differ from the information provided in this Report.
  - Amounts in this report are in New Zealand dollars, unless otherwise stated and may not sum exactly due to rounding.

## 2. Introduction

### 2.3 Declaration of independence

**As at the date of this Report, the Administrators' opinion as to our independence has not varied from the first declaration provided in our circular to creditors. The purpose of the declaration is to allow creditors to make an informed decision about our independence in relation to the administration.**

#### **Declaration of Independence, Relevant Relationships and Indemnities**

The Restructuring Insolvency and Turnaround Association of New Zealand Inc. Code of Professional Conduct ("the Code") requires the Practitioner/s appointed to an insolvent entity to make a Declaration 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 2 years;
  - c) any prior professional services for the company within the previous 2 years;
  - d) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This Declaration is made in respect of ourselves, our partners and McGrathNicol (New Zealand). The purpose of the declaration is to allow creditors to make an informed decision about our independence in relation to the administration.

#### **A. Independence**

We, Conor John McElhinney and Andrew John Grenfell, of McGrathNicol (New Zealand) have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of RCR NZ 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***

On 13 August 2018, Rod Brown the Chairman of RCR approached Robyn McKern, a partner of McGrathNicol (Australia) and Jason Ireland of McGrathNicol (Australia) was approached by King & Wood Malletsons (KWM), in its capacity as legal advisors to RCR, seeking to engage McGrathNicol (Australia) on behalf of RCR to assist in assessing the short-term cashflow forecast and the forecasting process of RCR and to undertake contingency planning for a potential appointment of Voluntary Administrators to RCR.

On 24 October 2018, KWM again in its capacity as legal advisor to RCR, sought McGrathNicol's assistance on behalf of RCR.

RCR management was concerned there was a risk of breaching financial covenants with its secured lenders at the end of December 2018 and RCR was in the process of finalising its quarterly compliance certificate for delivery to its secured lenders on 30 October 2018.

RCR submitted a formal request to its secured lenders for additional financial support on 20 November 2018. On 21 November 2018, the request was declined by its secured lenders, resulting in the directors of RCR AU appointing Voluntary Administrators on 21 November 2018, excluding RCR NZ.

Since that time the Directors advise that RCR NZ continued to trade in a self-sufficient and cash flow positive manner. However, RCR NZ, as guarantors for certain liabilities of RCR AU, received demands from bond holders with claims against the Australian business, seeking recovery from guarantors they believed may be in a cash position to pay. With this exposure over the New Zealand businesses, the Directors of RCR NZ, after taking legal advice, formed the view that Voluntary Administration offered staff and other key stakeholders the best protection. As a consequence, the Directors contacted Conor McElhinney and Andrew Grenfell of McGrathNicol (New Zealand) and requested that they accept appointment as Voluntary Administrators to RCR NZ on 18 December 2018.

McGrathNicol Limited were not engaged by, and had not provided any advice to, RCR NZ, its officers or advisers, prior to the Administrators appointment.

##### ***(ii) Relevant Relationships (excluding professional services to the Insolvent)***

Neither we, nor McGrathNicol (New Zealand), have, or have had, within the preceding 2 years, any relationships with any of the RCR NZ companies or any person or entity that has security over the whole or substantially whole of RCR NZ's property.

##### ***(iii) Prior professional services to the Insolvent***

Neither we, nor our firm, have provided any professional services to RCR NZ, in the previous 2 years.

##### ***(iv) No other relevant relationships to disclose***

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 2 years with RCR NZ, or any person or entity that has security over the whole or substantially the whole of RCR NZ's property that should be disclosed.

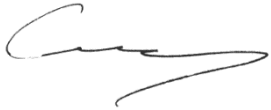
---

## 2. Introduction

### C. Indemnities and Up-front Payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

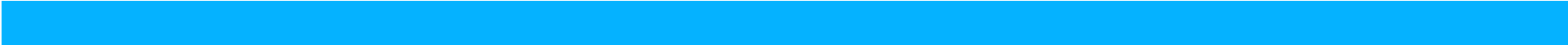
Dated: Tuesday 18 December 2018



**Conor John McElhinney**



**Andrew John Grenfell**



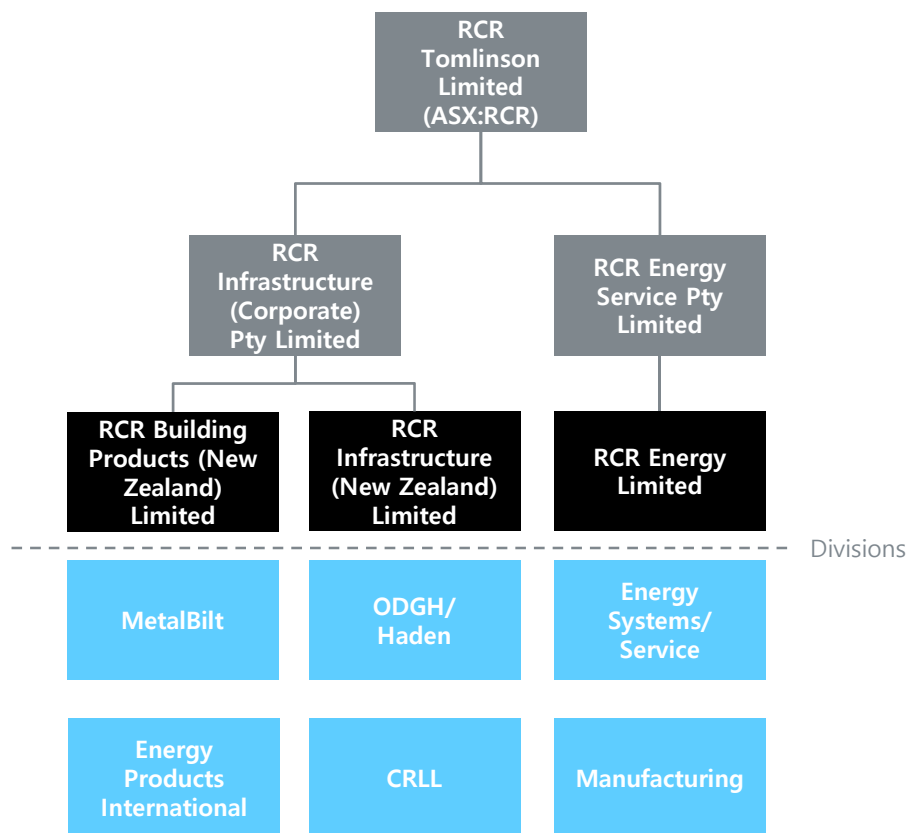
Background



### 3. Background information

#### 3.1 Business overview

The below provides RCR NZ’s ownership structure and an overview of the business units operated in New Zealand.



Overview of business units				
Business unit	Description	FY18 revenue	# of employees	Entitlements (\$'m)
RCR Energy	<ul style="list-style-type: none"> <li>Design and construction of major thermal energy plant requirements, typically power and steam (boilers) installations and servicing</li> </ul>	\$40.0m	114	\$0.7m
RCR Infrastructure	<ul style="list-style-type: none"> <li>Provider of rail and transport, renewable energy, water, electrical, HVAC, oil &amp; gas and technical facilities management services</li> </ul>	\$26.0m	124	\$0.8m
RCR Energy Products	<ul style="list-style-type: none"> <li>Fabricator of radiation hot water boilers, air handling units and other thermal products to the commercial building market</li> </ul>	\$12.0m	37	\$0.2m
Metalbilt DOORS	<ul style="list-style-type: none"> <li>Manufacturer of commercial and industrial doors</li> </ul>	\$13.6m	59	\$0.5m

#### Current directors and officers

Company	Bruce James	Andrew Stevens	Andrew Batch
RCR Energy Limited	✓	✓	
RCR Infrastructure (New Zealand) Limited	✓	✓	✓
RCR Building Products (New Zealand) Limited	✓	✓	

Note: Darryl Edwards, Andrew Phipps and Paul Dalgleish all resigned as directors in the months leading up to appointment.

■ Australia (In Liquidation) ■ NZ (Voluntary Administration)

## 3. Background information

### 3.2 Secured creditors and other charges

This section summarises the security held by the Secured Creditors and other suppliers. Although RCR NZ did not have any direct borrowings, it was a guarantor of the Australian facilities. The Australian Administrators estimate a shortfall to the Secured Creditors of between A\$69.5m and A\$151.0m. Consequently, any surplus from the RCR NZ administration will go to Secured Creditors and therefore we do not expect any funds to be available for unsecured creditors.

#### Syndicate of lenders

- Although RCR NZ did not have any direct borrowings, it was a guarantor of RCR AU's facilities. As at appointment, the secured syndicate of lenders consisted of Commonwealth Bank of Australia (CBA or the Security Trustee or the Agent), HCC International Insurance Company, MUFG Bank Ltd (formerly known as The Bank of Tokyo-Mitsubishi UFJ Ltd), Swiss Re International SE Singapore Branch and Chubb Insurance Australia Ltd (the "Secured Creditors").
- RCR entered into a syndicated facility agreement on 11 July 2013 (as amended and restated from time to time) ("the SFA"), and had the following facilities:
  - Facility A: an amortising cash advance facility;
  - Facility B and D: multi-currency contingent instrument facilities; and
  - Facility C: a multi-option facility, provided by CBA under the terms of a separate Multi-Option Facility Agreement ("MOFA").
- As part of the capital raise arrangements in August 2018, the CBA agreed to reallocate the MOFA commitments so that an additional A\$25.0m was available under RCR's overdraft sub facility. There was also a corresponding A\$25.0m reduction in headroom that was previously available under Facility B of the SFA. The reallocation under the MOFA resulted in a corresponding reduction of A\$25.0m in the contingent instrument sub facility under the MOFA (reducing the total contingent instrument facility limits to A\$270.0m).
- The Secured Creditors' exposure under each facility as at appointment of the Australian Administrators is summarised in the table adjacent. All facilities rank equally and pari passu with each other.
- As set out in the section 9 of the Australian Administrators' Report, total secured claims are estimated to be between A\$226.2m and A\$231.9m. The Australian Administrators estimate a shortfall to the Secured Creditors of between A\$69.5m and A\$151.0m. Given this significant shortfall, all surplus funds from RCR NZ after meeting the cost of the administration, paying preferential creditors and PMSI creditors, will be distributed to Secured Creditors. We do not expect there to be any funds available for unsecured creditors from the administration of RCR NZ.

#### Security interests

- A search of the PPSR as at the Appointment Date revealed numerous registered security interests held against RCR NZ, as summarised in the table adjacent.

#### Secured creditors

A\$m	Description	Exposure on	
		Facility limit	Australian appointment
Facility A	Senior debt facility	31.3	31.3
Facility B and D	Contingent instrument facilities	270.0	138.7
Facility C	Multi-option facility, including overdraft, cash advance and business card facilities	100.0	65.3
<b>Total</b>		<b>401.3</b>	<b>235.3</b>

*Note: RCR NZ guaranteed these amounts owing by RCR AU*

#### Security interests

Creditor group	Collateral class	Number		
		RCRE	RCRI	RCRBP
Banks	All present and after-acquired property	1	1	1
Suppliers	Other goods, intangibles and specific items	26	34	24
<b>Total</b>		<b>27</b>	<b>35</b>	<b>25</b>

*Source: PPSR searches undertaken on 18 December 2018*

## 3. Background information

### 3.3 Trade and other creditors

This section summarises the unsecured creditor position at the Appointment Date and provides a summary of claims submitted as at the date of this report.

- RCR NZ's books and records at the Appointment Date show that it had approximately 773 trade and other unsecured creditors, owed a total of approximately \$4.3m, as set out in the table adjacent.
- The Administrators have received a significant number of proof of debt forms, including claims for contingent liabilities. The Administrators are in the process of assessing the proofs of debt received in relation to claims for the purposes of voting at the Watershed Meeting. A summary of the claims submitted at the date of this report is set out adjacent.
- A formal adjudication process for dividend purposes will only be performed in the event that sufficient recoveries are made to enable a distribution to unsecured creditors. As previously noted, at this time we do not expect any funds to be available for unsecured creditors from the RCR NZ administrations.

#### RCR NZ creditor summary at 18 December 2018

	# of creditors	Amount (\$'000)
RCR Building Products (New Zealand) Limited	278	1,491
RCR Infrastructure (New Zealand) Limited	315	1,686
RCR Energy Limited	180	1,082
<b>Total</b>	<b>773</b>	<b>4,259</b>

Source: Company books and records

#### Claims submitted

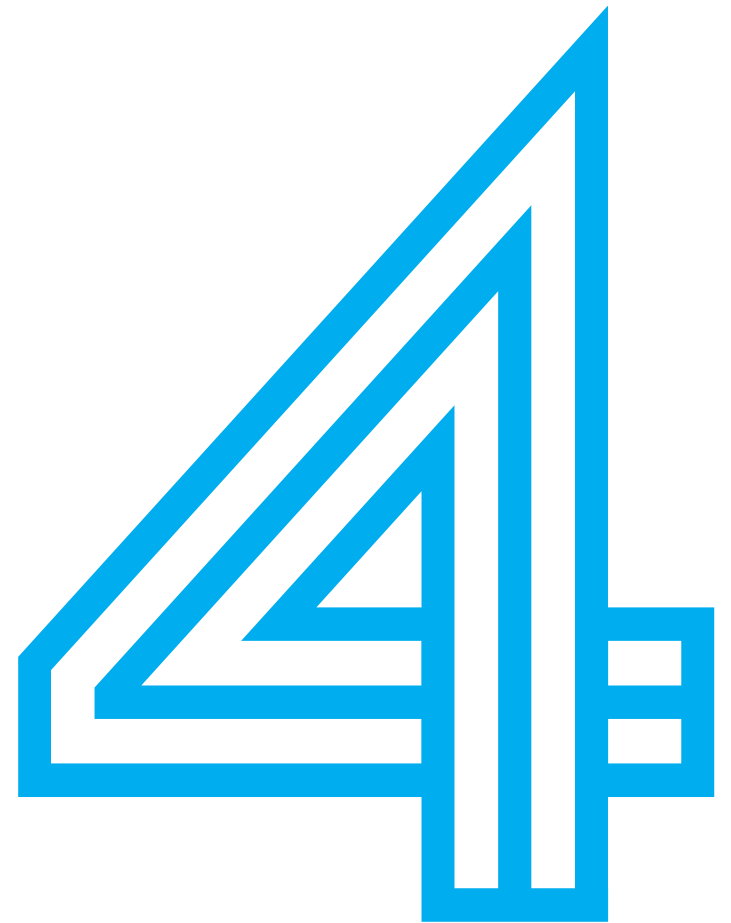
\$'000	RCR all	RCRI	RCRE	RCR BP	Total
Secured claims					
NZ	-	80	386	29	494
AU	249,919	-	-	-	249,919
<b>Total secured claims</b>	<b>249,919</b>	<b>80</b>	<b>386</b>	<b>29</b>	<b>250,414</b>
Unsecured claims					
NZ	-	3,791	2,885	3,318	9,995
AU	30,410	-	-	-	30,410
<b>Total unsecured claims</b>	<b>30,410</b>	<b>3,791</b>	<b>2,885</b>	<b>3,318</b>	<b>40,405</b>
<b>Total claims</b>	<b>280,330</b>	<b>3,871</b>	<b>3,271</b>	<b>3,348</b>	<b>290,819</b>

Source: Claims received by Administrators as at the date of this report



---

## Recent financial information



## 4. Recent financial information

### 4.1 RCRBP historical profit and loss and balance sheet

A summary of RCRBP's profit and loss and balance sheet for the financial years FY16, FY17 and FY18 is set out below. RCRBP's financial results include MetalBilt and Energy Products International. RCRBP was the most profitable business unit in NZ, generating \$6.4m of NPAT from FY16 to FY18. The related party advances and loans are primarily with its Australian related group companies.

RCR Building Products (New Zealand) Limited - Profit and loss			
\$'000	FY16	FY17	FY18
<b>Revenue</b>	<b>26,019</b>	<b>25,633</b>	<b>26,358</b>
Cost of goods sold	(17,858)	(17,823)	(17,973)
<b>Gross profit</b>	<b>8,161</b>	<b>7,810</b>	<b>8,385</b>
<i>Gross margin %</i>	<i>31.4%</i>	<i>30.5%</i>	<i>31.8%</i>
Administration	(3,848)	(3,498)	(4,303)
Rent	(982)	(993)	(999)
Motor vehicles	(475)	(478)	(552)
<b>Total expenses</b>	<b>(5,305)</b>	<b>(4,969)</b>	<b>(5,854)</b>
<b>EBITDA</b>	<b>2,856</b>	<b>2,841</b>	<b>2,531</b>
Depreciation	(84)	(74)	(78)
Tax	(774)	(921)	(608)
Other income	243	226	222
<b>NPAT</b>	<b>2,241</b>	<b>2,072</b>	<b>2,067</b>

Source: Audited financial statements

RCR Building Products (New Zealand) Limited - Balance sheet				
\$'000	FY16	FY17	FY18	30-Nov-18
Inventories	2,188	2,057	2,441	2,857
Trade and other receivables	5,128	6,268	6,225	5,958
Related party advance	3,916	4,916	6,916	7,663
Cash and cash equivalents	2,644	3,015	2,409	1,786
<b>Total current assets</b>	<b>13,876</b>	<b>16,256</b>	<b>17,991</b>	<b>18,264</b>
Property, plant and equipment	168	303	454	650
Intangible assets	1,827	1,827	1,827	1,827
Deferred tax	370	347	348	-
<b>Total non-current assets</b>	<b>2,365</b>	<b>2,477</b>	<b>2,629</b>	<b>2,477</b>
<b>Total assets</b>	<b>16,241</b>	<b>18,733</b>	<b>20,620</b>	<b>20,741</b>
Trade and other payables	(3,678)	(3,907)	(3,621)	(1,398)
Income tax payable	(240)	(437)	(365)	-
Related party loan	(1,035)	(1,029)	(1,238)	(1,632)
Provisions	(221)	(225)	(210)	(816)
<b>Total current liabilities</b>	<b>(5,174)</b>	<b>(5,598)</b>	<b>(5,434)</b>	<b>(3,847)</b>
Provisions	(105)	(101)	(85)	-
<b>Total non-current liabilities</b>	<b>(105)</b>	<b>(101)</b>	<b>(85)</b>	<b>-</b>
<b>Total liabilities</b>	<b>(5,279)</b>	<b>(5,699)</b>	<b>(5,519)</b>	<b>(3,847)</b>
<b>Net assets</b>	<b>10,962</b>	<b>13,034</b>	<b>15,101</b>	<b>16,894</b>

Source: Audited financial statements and management accounts as at 30-Nov-18

## 4. Recent financial information

### 4.1 RCRBP historical cash flow

RCRBP generated positive cash flow from operations over the last three years of \$3.8m. In FY16, RCRBP paid a dividend of \$9.1m to its parent, RCR Infrastructure (Corporate) Pty Limited, that was subsequently used to fund the ongoing working capital requirements of RCRI.

RCR Building Products (New Zealand) Limited - Cash flow			
\$'000	FY16	FY17	FY18
Cash flows from operating activities			
Receipts from customers	24,814	24,923	26,190
Payments to suppliers and employees	(22,872)	(22,862)	(24,318)
Income tax and subvention payments paid	(728)	(701)	(680)
<b>Cash generated from operations</b>	<b>1,214</b>	<b>1,360</b>	<b>1,192</b>
Cash flows from investing activities			
Interest received	243	190	220
Proceeds from sale of property, plant and equipment	-	36	2
Purchase of property, plant and equipment	(76)	(209)	(229)
Movements in advances to group companies	8,522	(1,006)	(1,791)
<b>Net cash used in investing activities</b>	<b>8,689</b>	<b>(989)</b>	<b>(1,798)</b>
Cash flows from financing activities			
Dividends paid	(9,109)	-	-
<b>Net cash used in financing activities</b>	<b>(9,109)</b>	<b>-</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>794</b>	<b>371</b>	<b>(606)</b>
Cash and cash equivalents at the beginning of the year	1,850	2,644	3,015
<b>Cash and cash equivalents at the end of the year</b>	<b>2,644</b>	<b>3,015</b>	<b>2,409</b>

Source: Audited financial statements

## 4. Recent financial information

### 4.2 RCRI historical profit and loss and balance sheet

RCRI was undertaking a strategic review of its business to improve profitability through increasing pricing to customers and improving its recovery of labour. This resulted in the gross margin increasing by 5.1% from 11.9% in FY16 to 17.0% in FY18. Despite RCRI's losses, the business had positive net assets, even when intangible goodwill from acquiring Tyco New Zealand is excluded.

RCR Infrastructure (New Zealand) Limited - Profit and loss			
\$'000	FY16	FY17	FY18
Revenue	24,919	22,427	26,182
Cost of goods sold	(21,960)	(18,602)	(21,721)
<b>Gross profit</b>	<b>2,959</b>	<b>3,825</b>	<b>4,461</b>
<b>Gross margin %</b>	<b>11.9%</b>	<b>17.1%</b>	<b>17.0%</b>
Administration	(3,403)	(2,509)	(4,017)
Rent	(1,091)	(1,148)	(1,110)
<b>Total expenses</b>	<b>(4,494)</b>	<b>(3,657)</b>	<b>(5,127)</b>
<b>EBITDA</b>	<b>(1,535)</b>	<b>168</b>	<b>(666)</b>
Depreciation	(61)	(59)	(70)
Tax	415	31	228
Interest	(23)	(39)	(52)
Other income	14	2	58
<b>NPAT</b>	<b>(1,190)</b>	<b>103</b>	<b>(502)</b>

Source: Audited financial statements

RCR Infrastructure (New Zealand) Limited - balance sheet				
\$'000	FY16	FY17	FY18	30-Nov-18
Inventories	1,372	1,473	2,895	1,503
Trade and other receivables	4,059	3,903	5,061	5,905
Income tax receivable	2	1	1	-
Cash and cash equivalents	721	1,471	1,025	710
<b>Total current assets</b>	<b>6,154</b>	<b>6,848</b>	<b>8,982</b>	<b>8,118</b>
Property, plant and equipment	332	299	315	318
Intangible assets	1,705	1,705	1,705	1,705
Deferred tax	759	416	466	-
Trade and other receivables	-	115	39	-
<b>Total non-current assets</b>	<b>2,796</b>	<b>2,535</b>	<b>2,525</b>	<b>2,023</b>
<b>Total assets</b>	<b>8,950</b>	<b>9,383</b>	<b>11,507</b>	<b>10,141</b>
Trade and other payables	(3,761)	(3,585)	(5,465)	(2,400)
Related party loan	-	(550)	(1,275)	(3,220)
Provisions	(128)	(67)	(99)	(823)
<b>Total current liabilities</b>	<b>(3,889)</b>	<b>(4,202)</b>	<b>(6,839)</b>	<b>(6,444)</b>
Provisions	(42)	(59)	(48)	-
<b>Total non-current liabilities</b>	<b>(42)</b>	<b>(59)</b>	<b>(48)</b>	<b>-</b>
<b>Total liabilities</b>	<b>(3,931)</b>	<b>(4,261)</b>	<b>(6,887)</b>	<b>(6,444)</b>
<b>Net assets</b>	<b>5,019</b>	<b>5,122</b>	<b>4,620</b>	<b>3,697</b>

Source: Audited financial statements and management accounts as at 30-Nov-18

## 4. Recent financial information

### 4.2 RCRI historical cash flow

RCRI's parent converted an intercompany loan of \$9.1m to equity in FY16 to recapitalise RCRI. Support from the parent and other RCR NZ companies allowed RCRI to meet payments as they fell due, despite trading losses.

RCR Infrastructure (New Zealand) Limited - Cash flow			
\$'000	FY16	FY17	FY18
Cash flows from operating activities			
Receipts from customers	27,974	25,832	25,100
Payments to suppliers and employees	(29,784)	(25,937)	(26,369)
Subvention payments received	506	368	178
<b>Cash generated from operations</b>	<b>(1,304)</b>	<b>263</b>	<b>(1,091)</b>
Cash flows from investing activities			
Finance costs	(23)	(39)	(52)
Proceeds from sale of property, plant and equipment	14	-	58
Purchase of property, plant and equipment	(109)	(24)	(86)
<b>Net cash used in investing activities</b>	<b>(118)</b>	<b>(63)</b>	<b>(80)</b>
Cash flows from financing activities			
Movements in advances to group companies	(9,109)	550	725
Contribution from capitalisation	9,109	-	-
<b>Net cash used in financing activities</b>	<b>-</b>	<b>550</b>	<b>725</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,422)</b>	<b>750</b>	<b>(446)</b>
Cash and cash equivalents at the beginning of the year	2,143	721	1,471
<b>Cash and cash equivalents at the end of the year</b>	<b>721</b>	<b>1,471</b>	<b>1,025</b>

Source: Audited financial statements

## 4. Recent financial information

### 4.3 RCRE historical profit and loss and balance sheet

RCRE's revenue increased by \$8.5m from \$33.1m in FY16 to \$41.6m in FY18 primarily through an increase in the sale of energy systems (\$17.8m) offset by the closure of the New Plymouth service branch (\$6.7m) and reduction in packaged boiler sales. Related party advances and loans are primarily with its Australian related group companies.

RCR Energy Limited - Profit and loss			
\$'000	FY16	FY17	FY18
<b>Revenue</b>	<b>33,050</b>	<b>35,090</b>	<b>41,553</b>
Cost of goods sold	(27,430)	(28,668)	(32,907)
<b>Gross profit</b>	<b>5,620</b>	<b>6,422</b>	<b>8,646</b>
<i>Gross margin %</i>	<i>17.0%</i>	<i>18.3%</i>	<i>20.8%</i>
Salaries and wages	(3,419)	(2,457)	(2,072)
Operating leases and royalty cost	(1,079)	(1,266)	(1,267)
Other	(1,500)	(2,078)	(2,480)
<b>Total expenses</b>	<b>(5,998)</b>	<b>(5,801)</b>	<b>(5,819)</b>
<b>EBITDA</b>	<b>(378)</b>	<b>621</b>	<b>2,827</b>
Depreciation	(349)	(251)	(283)
Tax	427	(292)	(845)
Interest	285	231	337
Other income	542	110	239
<b>NPAT</b>	<b>527</b>	<b>419</b>	<b>2,275</b>

Source: Audited financial statements

RCR Energy Limited - Balance sheet				
\$'000	FY16	FY17	FY18	30-Nov-18
Inventories	3,062	2,885	2,994	2,287
Trade and other receivables	9,222	11,832	9,592	7,660
Income tax receivable	575	139	-	-
Cash and cash equivalents	1,428	3,565	6,398	1,994
Derivative financial instruments	-	7	128	-
<b>Total current assets</b>	<b>14,287</b>	<b>18,428</b>	<b>19,112</b>	<b>11,940</b>
Property, plant and equipment	1,411	1,665	1,862	1,739
Intangible assets	31	14	11	-
Deferred tax	277	337	279	-
Related party advance	4,660	6,873	6,475	7,061
<b>Total non-current assets</b>	<b>6,379</b>	<b>8,889</b>	<b>8,627</b>	<b>8,800</b>
<b>Total assets</b>	<b>20,666</b>	<b>27,317</b>	<b>27,739</b>	<b>20,741</b>
Trade and other payables	(4,619)	(10,540)	(7,952)	(2,082)
Derivative financial instruments	-	(21)	-	-
Income tax payable	-	-	(864)	-
Warranty and other provisions	(133)	(397)	(200)	(795)
Related party loan	-	-	-	(497)
<b>Total current liabilities</b>	<b>(4,752)</b>	<b>(10,958)</b>	<b>(9,016)</b>	<b>(3,374)</b>
Deferred tax	(91)	(148)	(109)	-
<b>Total non-current liabilities</b>	<b>(91)</b>	<b>(148)</b>	<b>(109)</b>	<b>-</b>
<b>Total liabilities</b>	<b>(4,843)</b>	<b>(11,106)</b>	<b>(9,125)</b>	<b>(3,374)</b>
<b>Net assets</b>	<b>15,823</b>	<b>16,211</b>	<b>18,614</b>	<b>17,367</b>

Source: Audited financial statements and management accounts as at 30-Nov-18

## 4. Recent financial information

### 4.3 RCRE historical cash flow

RCRE generated positive cash flow of \$7.9m from operations over the last three years. In FY17 and FY18, RCRE made further fixed asset investments in its Dannevirke fabrication plant of \$1.0m.

RCR Energy Limited - Cash flow			
\$'000	FY16	FY17	FY18
Cash flows from operating activities			
Receipts from customers	42,289	36,548	48,977
Payments to suppliers and employees	(40,678)	(30,360)	(43,834)
GST & VAT payments	(2,244)	(1,709)	(902)
Income tax and subvention payments received	(539)	166	159
Other income	12	110	84
Finance costs	(16)	(68)	(47)
<b>Cash generated from operations</b>	<b>(1,176)</b>	<b>4,687</b>	<b>4,437</b>
Cash flows from investing activities			
Interest received	16	35	22
Proceeds from sale of property, plant and equipment	1,569	1	8
Purchase of property, plant and equipment	(74)	(520)	(505)
Purchase of intangible assets	-	-	(1)
<b>Net cash used in investing activities</b>	<b>1,511</b>	<b>(484)</b>	<b>(476)</b>
Cash flows from financing activities			
Loans advanced to related parties	(3,000)	(2,750)	(525)
<b>Net cash used in financing activities</b>	<b>(3,000)</b>	<b>(2,750)</b>	<b>(525)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(2,665)</b>	<b>1,453</b>	<b>3,436</b>
Cash and cash equivalents at the beginning of the year	4,203	1,428	2,885
Effects of exchange rate changes	(110)	4	77
<b>Cash and cash equivalents at the end of the year</b>	<b>1,428</b>	<b>2,885</b>	<b>6,398</b>

Source: Audited financial statements

---

## Events leading to appointment





## 5. Events leading to appointment

### 5.1 Overview

This section of the Report provides the Boards' and Administrators' view on the underlying issues or causes of the failure of RCR NZ.

- RCR AU faced a number of challenges driven by rapid expansion into large-scale solar projects. Readers are referred to the Australian Administrators' Report section 3.10 for a timeline of key events prior to the appointment of administrators to the Australian companies.
- RCR NZ continued to operate on a "business as usual" basis during the period that the Australian businesses began to encounter challenges. The specific events that led to the appointment of the administrators to RCR NZ is outlined adjacent.
- As noted in section 3.2, RCR NZ are guarantors for RCR AU's secured creditors. Following appointment of administrators to RCR AU, the parties were negotiating a forbearance agreement to allow RCR NZ to continue to trade in order to pursue a sale outside of insolvency, in order to maximise returns for all stakeholders. RCR NZ was also discussing similar forbearance arrangements with certain unsecured bond issuers.
- Demands were issued by CGU and AIG against RCR NZ totalling A\$29.0m, for bonds that had been issued in relation to RCR AU, but for which RCR NZ is guarantor. The Board determined that RCR NZ could not meet these demands. Unfortunately, a forbearance agreement could not be negotiated with CGU Insurance Limited ("CGU") and AIG Australia Limited ("AIG").
- Had RCR NZ been successful in agreeing forbearance arrangements with RCR AU secured and unsecured creditors, it is possible that all RCR NZ creditors may have been better off. The Board's intention was to sell the businesses by way of share sales, meaning that RCR NZ's liabilities (including unsecured creditors) would have transferred to the purchasers and would have been paid in the ordinary course of business (assuming no adverse event of the purchaser).

#### Timeline of key events

Date	Description
21-Nov-18	RCR AU Board resolves to appoint Administrators.
21-Nov-18 to 11-Dec-18	RCR NZ Board continuing discussions to obtain forbearance from bond providers in relation to Australian project defaults, for which guarantees were provided by RCR NZ.
30-Nov-18	Demands for A\$9.9m issued by CGU to RCR NZ, as guarantors for bonds issued in relation to Australian projects.
4-Dec-19	CRLI advises RCR that, as a result of the parent company administration, "there's no picture I have that RCR would be able to carry on and do the construction. So, we are planning other scenarios that don't involve them," (Sean Sweeny, CRLI CEO). This was RCRI's largest single contract.
5-Dec-19	Board notes the forward order book for project-based businesses, particularly RCRE, is reducing due to customer concerns regarding the administration of the Australian companies.
10/11-Dec-19	Further demand for A\$11.0m issued by CGU and demands for A\$8.1m issued by AIG to RCR NZ, as guarantors for bonds issued in relation to Australian projects.
14-Dec-19	Boards meet to consider options as a result of inability to negotiate forbearance in relation to CGU/AIG demands totalling A\$29.0m.
18-Dec-19	RCR NZ Boards resolves to appoint Conor McElhinney and Andrew Grenfell of McGrathNicol as administrators of RCR NZ.

## 5. Events leading to appointment

### 5.2 Opinion as to reasons for failure

The key cause of RCR NZ's failure was contagion from RCR AU's failure, which manifested through demands issued under guarantees given by RCR NZ for RCR AU projects.

#### Directors' opinion as to reasons for failure and statement of company position

- The Directors have collectively prepared a Statement of the Company's Position as at 30 November 2018, pursuant to section 239AF of the Act ("Directors' Statement"). The Directors' Statement summarises the financial position of RCR NZ and provides the Directors' views on the reasons leading to the appointment of administrators.
- The Boards advised that RCR NZ was not experiencing financial difficulties and remained in a cash flow solvent position prior to, and then during, the administration of RCR AU.
- However, following receipt of legal advice in relation to demands issued by CGU and AIG against RCR NZ, the Directors considered that they would be unable to execute sale and purchase agreements for the New Zealand entities, including in relation to a pending sale of Metalbilt (part of RCRBP).
- In addition, the Board noted that, as a result of the parent company entering administration in Australia, it became increasingly difficult to manage customers and suppliers. Customers were reluctant to award significant contracts to RCR NZ due to concerns about the parent company's solvency. A number of suppliers also reduced credit terms for RCR NZ, with some requiring payment on delivery. Although this did not affect the companies' ability to meet payments as they fell due in the near-term, a continued loss of projects, specifically in RCRE, could have caused RCR NZ to become insolvent in the future.
- Consequently, the Boards resolved to appoint administrators to each of the RCR NZ companies on Tuesday 18 December 2018.
- The RCR NZ companies' financial positions as set out by the Directors as at 30 November 2018 are provided in section 4.

#### Administrators' opinion as to reasons of failure

- The Administrators agree that the demands issued by CGU and AIG and inability to agree forbearance ultimately resulted in the appointment of the Administrators to RCR NZ, as they could not meet these demands as they fell due.
- The demands arose out of the failure of RCR AU, which was outside the control of RCR NZ. Readers are referred to the Australian Administrators' Report section 7 for an explanation of the RCR AU's failure.

---

## Administrators' actions to date



## 6. Administrators' actions to date

This section of the Report provides creditors with an overview of the key activities undertaken by the Administrators and their staff since the Appointment Date. The key activities were to ensure the ongoing trading of RCR NZ, whilst seeking a sale of the businesses, and meeting our statutory and general obligations.

### Statutory and general obligations

- Notifying the bank of the appointment and establishing control of banking facilities.
- Attending to the Administrators' statutory duties including informing IRD, ACC and various other statutory authorities of the appointments.
- Holding meetings with the executive management team and key employees to understand the background, operating structure and financial performance of RCR NZ.
- Issuing requests to the Directors to complete a Statement of the Company's Position as at 30 November 2018 and deliver the books and records of RCR NZ to the Administrators.
- Securing the RCR NZ's books and records including electronic accounting records.
- Liaising with the following key stakeholders, including issuing circulars and being available to answer queries:
  - employees;
  - customers;
  - Secured Creditors;
  - regulators;
  - landlords; and
  - unsecured trade creditors.
- Preparing and issuing media releases in relation to the progress of the administration and sale of business and asset process.
- Undertaking health & safety reviews at each operating site and commissioning a formal health & safety inspection for specific sites, to ensure the safety of RCR and administration staff.
- Undertaking stock takes at relevant sites.
- Attending to other general matters and statutory requirements.

### Trade-on management

- Liaising with management in relation to the stabilisation of the businesses and development of an initial trade-on strategy, and continued reassessment of the trade-on strategy and viability of the Companies.
- Communicating with customers and suppliers regarding continuity of service on contracts, securing payments and supply.
- Aligning communications between employees, the Administrators and their staff, and establishing escalation processes and procedures.
- Developing revised trading and control policies, together with a list of frequently asked questions with answers in conjunction with management.
- Reviewing key financial information required for monitoring ongoing trading, including cash flow forecasts and related information.
- Working with RCR NZ's finance department to prepare financial analysis, including trading profit and loss statements, ongoing trading position statements and estimated outcome statements for the administration period.
- Establishing financial control processes for payroll, payments, purchase orders and document retention matters. Authorising the creation of purchase orders and payment of invoices.
- Liaising with suppliers to establish new accounts and securing ongoing supply of services.
- Liaising with the bank in relation to funds held, organising bank sweeps of funds held in the pre-appointment bank accounts to the post-appointment administration bank accounts.
- Authorising purchase orders and maintaining a purchase order register.
- Reconciling cash daily and evaluating the ongoing trading position.
- Issuing correspondence and holding discussions with landlords, including advising them of the Administrators' appointment and intention to exercise property rights, initial strategy of the administration, and their rights as landlord pursuant to the leases.
- Liaising with legal advisers in relation to certain supplier correspondence.
- Reviewing and assessing claims, negotiating payments and continuation (or exiting) of projects.

## 6. Administrators' actions to date

### Sale process

- Shortly after the appointment, the Administrators commenced a sale process for the RCR NZ's businesses and assets, seeking to effect a sale on a going concern basis.
- Refer section 7 for details of the sales process during the administration period.

### Asset realisation

- Assessing the WIP and debtor position of each business unit, processing invoices in relation to unbilled WIP and actively pursuing all outstanding debtor collections from customers.
- Engaging agents to perform valuations of RCR NZ's owned assets and arranging collection of assets from third party sites.
- Reviewing available options for the sale of RCR NZ's owned assets in consultation with a sale agent and executing the agreed asset realisation strategy.

### Employees

- Ensuring all employees were made aware of their rights and obligations following the appointment of the Administrators, the manner in which the administration process affects their entitlements, and responding to employee enquiries, via direct contact, email, staff meetings and Q&A documents.
- Reviewing employee files and RCR NZ's books and records to understand employment details, and liaising with RCR NZ payroll staff on an ongoing basis.
- Preparing and filing an application to Court to seek an extension to the 14 day notice period for staff under s239Y(3) of the Act.
- Preparing employee retention and termination letters for both casual and permanent employees.
- Liaising with legal advisors regarding employee entitlements and drafting and issuing correspondence to employees where necessary.
- Paying accrued employee entitlements for the post-administration period as well as certain pre-administration preferential entitlements.

### Creditors

- Reviewing books and records and issuing notices of appointment and a first circular to creditors convening the First Meetings of Creditors.
- Convening and chairing the First Meetings of Creditors.
- Preparing and filing an application to Court to seek an extension of the convening period for the Watershed Meeting.
- Preparing the Administrators' Report (i.e. this Report) pursuant to section 239AU of the Companies Act 1993 including:
  - undertaking investigations;
  - making a recommendation to creditors on the future of RCR NZ; and
  - convening the Watershed Meeting.
- Reviewing indicatively the books and records and any proofs of debt received, in order to form a view on the value of the unsecured creditor claims.
- Liaising with PMSI creditors identified from searches of the PPSR in relation to goods supplied under security arrangements.
- Assessing, reviewing and adjudication of claims for retention of title, liaising with claimants and maintaining a register of claims.
- Corresponding with creditors in response to their enquiries.
- Obtaining legal advice in relation to queries from creditors as necessary.
- Responding to legal notices and applications from suppliers, subcontractors and contract principals and third/related parties and seeking legal advice where appropriate.
- Maintaining and updating an estimated outcome statement to assess estimated outcomes to different classes of creditors throughout the administration process.

---

Sale process



## 7. Sale process

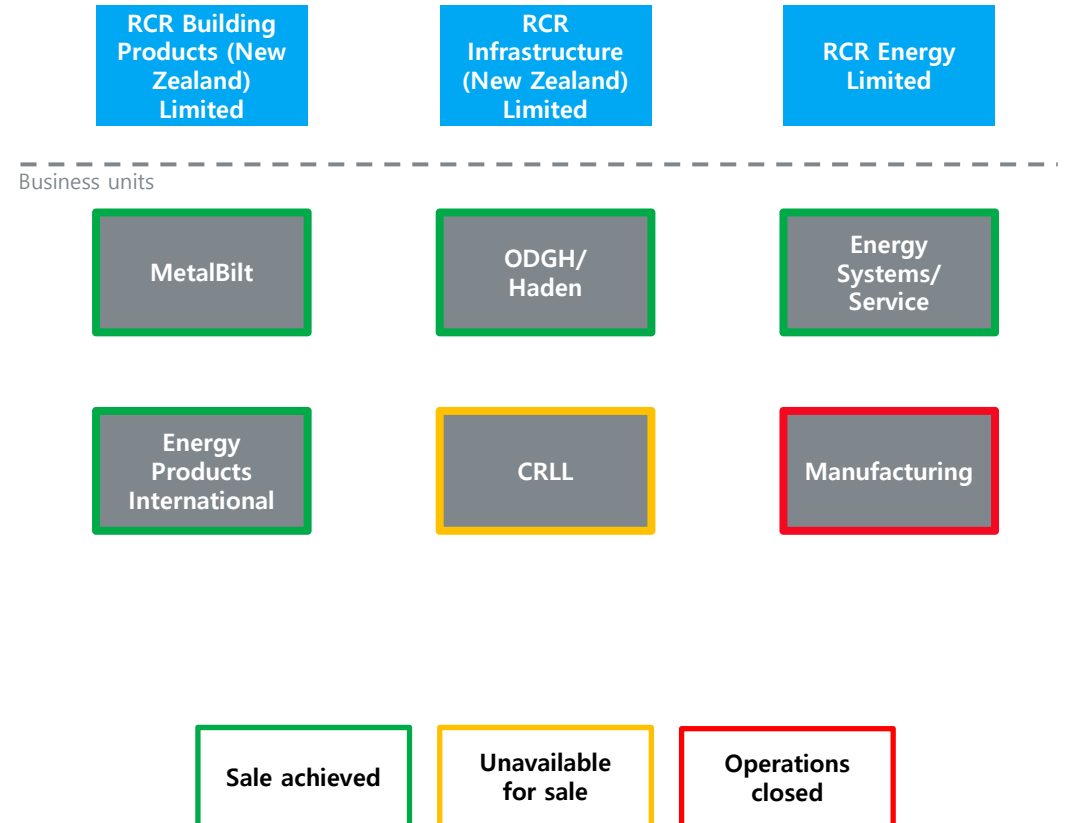
The Administrators completed sales of almost all of the NZ business units by 28 February 2019, resulting in only 44 of 334 staff (on appointment) being made redundant, with the remaining employees securing new employment.

### Global process run by Australian Administrators

- The Australian Administrators commenced a sale process of all of the business and assets of RCR immediately following their appointment, engaging Record Point Operations to act as their exclusive financial and corporate advisor. The sale process included the shares or business and assets of RCR NZ.
- The initial focus was to sell RCR as a whole (excluding the solar business unit) prior to the Christmas holiday period. Selling the RCR group as a whole as opposed to individual business units would have minimised costs, enabled the sale process to be completed in a shorter timeframe and enabled the Second Meetings of Creditors to be held on an earlier date. Ultimately, each bidder who had initially engaged in the whole of business sale process concluded that they would not submit final bids for the business as a whole.
- Readers are referred to the Australian Administrators' Report section 6 for more detail in relation to the Australian sale process.

### Local process run by New Zealand Administrators

- Shortly after appointment, the Administrators commenced an accelerated sale process for the RCR NZ businesses and assets, separately from the Australian sale process. The purposes of commencing a new, independent process was to target local trade buyers more intensively. The sale process targeted more than 30 interested parties and sought bids with minimal conditionality, in order to provide certainty of outcome to creditors and employees.
- Noting the time of the year and the vulnerability of contract and project businesses, the sale process commenced on 7 January 2019, whilst the Administrators with the assistance of RCR NZ staff prepared due diligence materials in anticipation of bidder requirements.
- The local sale process was successful, with the Administrators entering into sale and purchase agreements with four separate purchasers for each of the RCR NZ businesses. Unfortunately, the RCRE manufacturing operations in Dannevirke could not be sold, resulting in the closure of this plant and the redundancies of 29 staff. In addition, the CRL contract and business could not be sold as the principal had withdrawn the economic benefit of the contract prior to the appointment of the Administrators due to concerns regarding RCR NZ's solvency.



## 7. Sale process

### **Metalbilt & Danks Roller doors (“MetalBilt”)**

- RCR NZ engaged Deloitte to conduct a contestable sale process for Metalbilt in July 2018. The process commenced prior to RCR NZ being placed into administration. This process was significantly progressed by the time of appointment of the Administrators.
- The Administrators retained Deloitte on 18 December 2018 to complete this process. Deloitte and the Administrators then engaged with the purchasers, who expressed a desire to finalise a sale of the business, before value deteriorated further.
- In order to re-test the sale price, on 19 December 2018 an email was sent by Deloitte, attaching a letter from the Administrators, to parties who had originally submitted an indicative bid, informing them that Metalbilt had entered Voluntary Administration and giving them the opportunity to reconsider acquiring the business, now as an asset sale. The deadline for submitting an offer was midday 21 December 2018.
- On 24 December 2018, the Administrators executed an Asset Sale Agreement (“ASA”) for the MetalBilt business with Ara Group NZ Limited. The sale completed on 31 January 2019, for \$10.5m consideration. The Administrators continue to work with the purchaser to collect reimbursable costs and transfer debtors.
- The sale of the Metalbilt business preserved the jobs of approximately 59 staff and avoided the administration incurring the costs of preferential employee entitlements of \$0.5m.

#### *Sale engagement*

- 16 interested parties;
- three indicative offers received; and
- one final bid received.

### **Energy Products International (“EPI”)**

- On 19 February 2019, the Administrators executed an ASA for EPI with Temperzone Limited. The sale completed on 28 February 2019, for \$1.7m consideration. The sale of EPI excludes accounts receivable outstanding at completion with an estimated realisable value of \$1.6m. The working capital adjustment under the ASA is yet to fall due. The Administrators (and future liquidators) will also collect the accounts receivable ledger.
- The sale of the EPI business preserved the jobs of approximately 37 staff and avoided the administration incurring the costs of preferential employee entitlements of \$0.2m.

#### *Sale engagement*

- eight interested parties

- three indicative offers received; and
- two final bids received.

### **Haden and ODGH**

- On 7 February 2019, the Administrators executed an ASA for Haden and ODGH with RCR Infrastructure Limited (formerly NZ Project 51 Company Limited). The sale completed on 11 February 2019, for \$3.1m consideration. The working capital adjustment under the ASA is yet to fall due and the Administrators continue to collect reimbursable costs and transfer debtors.
- The sale of the Haden and ODGH preserved approximately 80 jobs and avoided the administration incurring the costs of preferential employee entitlements of \$0.4m.
- The Administrators also transferred CRL employees for the CRL project to the JV partner to complete the CRL contract.

#### *Sale engagement*

- Six interested parties;
- three indicative offers received; and
- two final bids received.

### **Energy Systems and Energy Service**

- On 26 February 2019, the Administrators executed an ASA for Energy Systems and Energy Service with Windsor Engineering Group Limited. The sale completed on 28 February 2019, for \$1.3m consideration. The working capital adjustment under the ASA is yet to fall due. The Administrators (and future liquidators) will also collect the accounts receivable ledger.
- The sale of the Energy Systems and Energy Service preserved approximately 64 jobs and avoided the administration incurring the costs of preferential employee entitlements of \$0.4m.
- The sale did not include the Dannevirke fabrication plant, which was subsequently closed in April 2019 after completing a specific project, resulting in 29 redundancies. The Administrators realised the fixed assets and inventory in Dannevirke for \$1.6m.

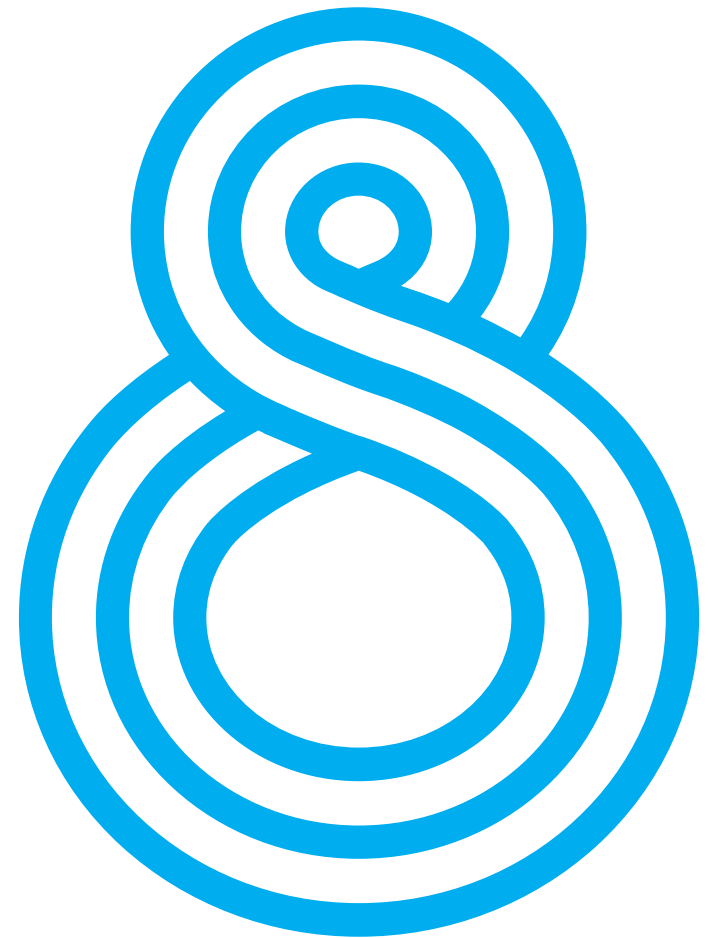
#### *Sale engagement*

- Five interested parties;
- two indicative offers received; and
- two final bids received.



---

## Investigations



## 8. Investigations

This section of the Report informs creditors about the investigations undertaken by the Administrators to date, and sets out whether any potential recovery actions have been identified that may be available to a liquidator to pursue for the benefit of creditors.

### Overview

- The Administrators have undertaken preliminary investigations on whether there are any potential recoveries or actions available in a liquidation, or any transactions that appear to be voidable pursuant to the Act whereby a liquidator (if appointed) may be able to recover money or property for the benefit of creditors.
- These investigations enable the Administrators to form an opinion on each of the three possible options available to creditors to vote at the Watershed Meetings, including an opinion as to which of the three options is in the best interests of creditors.
- However, in this context, we note that there is practically only one option available to creditors: to resolve to appoint liquidators to each of the RCR NZ companies. This is because no DOCA has been proposed, and returning the companies to the Directors is impractical as the companies are insolvent.
- Nevertheless, we report on our initial investigations in order to provide creditors with full information regarding the administration and what may be considered in a liquidation. In the event liquidators are appointed to RCR NZ, further investigations will need to be undertaken pursuant to the statutory duties and powers that liquidators have under the Act.
- Readers are also referred section 8 of the Australian Administrators' Report, setting out initial investigations into RCR AU.

### Investigations undertaken

The Administrators' investigations undertaken include, but were not limited to:

- a review and analysis of RCR NZ's financial accounting information and other books and records;
- a review of RCR NZ's board minutes for the period following administration of RCR AU;
- a review and analysis of records from the IRD;
- discussions with certain Board members;
- discussions with management;
- an analysis of the various banking and loan facilities and other financing arrangements;

- consideration of cash and funding available to RCR NZ and its timeliness of payments to creditors; and
- PPSR searches.

### Adequacy of books and records

- Pursuant to section 194 of the Act, the board of a company is required to ensure that accounting records are maintained that correctly record and explain the company's transactions, financial position and performance, and that would enable financial statements to be prepared and audited.
- If the board fails to maintain books and records in accordance with section 194, each director commits an offence and is liable on conviction to a penalty not exceeding \$50,000 pursuant to section 374 (3) of the Act.
- Based on the books and records of RCR NZ provided to us, the Administrators are of the opinion that the books and records are adequate pursuant to section 194 of the Act.

### Determining the date of insolvency

- An insolvent company is one that is unable to pay its debts when they fall due for payment, or is one where its liabilities exceed its assets. It is important to understand the timing of insolvency, because it can provide opportunities for a liquidator to pursue certain claims against parties that would not otherwise be available if the company was solvent.
- On 18 December 2018 the Board resolved that RCR NZ was insolvent, or may become insolvent, and responded by appointing the Administrators. This is therefore the latest date that we could determine as RCR NZ becoming insolvent.

### Cash flow solvency

- The Board reviewed RCR NZ's cash positions and cash forecasts at each board meeting, confirming in the minutes that RCR NZ had sufficient cash to meet obligations as they fell due. Our initial analysis supports this position. We have observed that RCR NZ was:
  - meeting all of their obligations to the IRD for PAYE, GST etc. on time;
  - meeting all of their obligations to trade creditors. Other than two disputed amounts, as at 14 December 2018, over 90% of creditors were aged less than 30 days; and

## 8. Investigations

- profitable, other than for RCRI, which was supported by advances from its shareholder and other RCR NZ companies and was undergoing a strategic review to improve its performance.
- However, RCR NZ could not meet the demands issued by AIG and CGU, as set out in section 3. Consequently, it could be argued that RCR NZ were insolvent at the date of the first demand, being 30 November 2019.
- Directors are generally allowed some time to consider their options and determine whether the situation can be resolved. The Board was attempting to do so by negotiating forbearance agreements with AIG and CGU.

### *Balance sheet solvency*

- The balance sheet test specifies that a person or company is insolvent if its total liabilities (including contingent liabilities) exceed the value of its total assets; i.e. there are insufficient assets to discharge its liabilities at a point in time.
- Summarised in section 4 are RCR NZ's statements of financial position, as recorded in its audited annual accounts and its management accounts as at 30 November 2018 (being the last set of monthly accounts prepared prior to the Appointment Date).
- As shown in section 4, RCR NZ's assets were greater than their liabilities, with significant net assets. It could be argued that the related party advances made by RCRE and RCRBP to its parent entities were, however, of no value following the administration of RCR AU. Intangible assets, such as those recorded in RCRI's and RCRE's balance sheet are also not generally considered available to be realised to discharge amounts due to creditors, in particular goodwill which has no value in its own right, and is instead a reflection of the value of the business as a going concern.
- Even discounting these amounts in full, each of the three RCR NZ companies still had positive net assets. Consequently, it appears that RCR NZ's insolvency was caused by the crystallisation of contingent liabilities, being the guarantees provided to RCR AU creditors. The question therefore is when those liabilities should reasonably have been expected to crystallise, given the difficulties faced by RCR AU.
- In the event that RCR NZ goes into liquidation, further analysis would be performed by the appointed liquidator to apply adjustments to the balance sheet in order to assess the date at which RCR NZ became balance sheet insolvent.

### *Administrators' initial conclusions regarding solvency*

- Solvency is a question of fact to be ascertained from a consideration of a company's financial position as a whole. The Administrators' preliminary investigations indicate that RCR NZ may have become insolvent when the demands issued by Australian creditors could not be satisfied by RCR NZ. It could also be argued that RCR NZ became insolvent when RCR AU entered Administration on 21 November 2018, increasing the likelihood that contingent guarantee liabilities would crystallise.
- However, the Boards' actions in attempting to negotiate forbearance agreements and to sell RCR NZ outside of an insolvency process may have resulted in better returns to creditors. Further investigations by an appointed liquidator will endeavour to determine with more precision the date that RCR NZ became insolvent.

### **Voidable transactions**

- In the event that the RCR NZ companies are put into liquidation, certain transactions that occurred prior to the appointment of the Administrators, and where the property of RCR NZ was disposed of or dealt with, may be recovered by the liquidator. These are known as voidable transactions. Potentially voidable transactions include:
  - preferential payments, i.e. insolvency transactions;
  - transactions at an undervalue;
  - unreasonable director-related transactions;
  - creation of a charge over any property; and
  - transactions for the purpose of defeating creditors.
- For the purposes of voidable transactions, the "specified period", being the relevant time period in which transactions may be deemed to be voidable transactions under the Act, is generally two years before the date a company is put into liquidation (or the date an application is filed to place the company in liquidation).
- There are also a number of statutory defences available under the Act to counterparties of the potentially voidable transactions. Specifically, section 296(3) of the Act provides that a court must not order repayment by a party who proves that, when it received the payment:
  - it acted in good faith; and
  - there were no reasonable grounds to suspect, and it did not suspect, that the company was, or would become, insolvent; and
  - it either gave value for the payment or altered its position in the reasonably held belief that the payment was validly made and would not be set aside.

## 8. Investigations

- It may be arguable that any payment received by a creditor between 21 November 2018, when RCR AU entered administration, and 18 December 2018, when RCR NZ entered administration, could be a voidable preference, as there may have been reasonable grounds to suspect that RCR NZ would be insolvent as a result of the parent company's failure.
- For example, we are aware that some creditors refused to continue to provide credit to RCR NZ after the parent company's trading halt and/or date of administration, which must have been due to a suspicion that RCR NZ may become insolvent. Other creditors, however, relied on communications from RCR NZ's management that the companies were trading on a "business as usual" basis and were not affected by the RCR AU administration. These creditors continued to provide credit in good faith to RCR NZ.
- Further investigations would therefore be required by an appointed liquidator to determine whether any voidable transaction claims exist, and whether or not they would be commercial to pursue.

### **Directors' and Officers' responsibilities**

- Sections 131 to 138 of the Act set out the duties, obligations and responsibilities imposed on directors, which are designed to promote good governance and ensure that directors act in the best interests of the company. These include duties of:
  - care, diligence and skill;
  - good faith; and
  - acting in the best interests of the company.
- If identified, an Administrator must, as soon as practicable, report to the Registrar any misconduct of a director, officer or shareholder of the company, pursuant to section 239A1 of the Act.
- The Administrators' preliminary investigations have not identified any evidence of potential breaches pursuant to the Act. In the event that liquidators are appointed to RCR NZ, further investigations will need to be undertaken pursuant to the statutory duties liquidators have under the Act.

---

## Alternatives available to creditors



## 9. Alternatives available to creditors

The purpose of this section is to advise creditors of their options at the Watershed Meeting and highlight the Administrators recommended option. In the absence of a DOCA proposal, and with the businesses insolvent, the Administrators recommend that creditors vote for each of the RCR NZ companies to be placed into liquidation. There are no other viable options at this time.

### Alternative courses of action

- The primary purpose of the Watershed Meeting is for creditors to vote on the future of the companies. The Administrators are required to provide their opinion as to whether it would be in the creditors' interests for:
  - RCR NZ to execute a DOCA; or
  - the administrations to end, with control of RCR NZ reverting to the Directors; or
  - a liquidator be appointed.
- The Administrators recommend that creditors vote for the third option, to appoint liquidators to each of the RCR NZ companies, for the reasons set out below.

### *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. It aims to maximise the chances of the company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate liquidation.
- To date, no DOCA proposal has been put forward to the Administrators for their consideration. The reason for this is that the companies could not be rehabilitated to continue trading due to the significant claims made against the companies by the Australian creditors. As a result, the only practical option was to sell the business and assets of the companies, to allow these parts of the businesses to continue. The legal entities, however, cannot be rehabilitated due to the significant claims against them and the insolvency of RCR NZ's direct shareholders, being RCR AU.
- As such, there is no DOCA proposal on which the Administrators can report or provide an opinion on, or on which creditors can vote. This option is therefore not available.

### *Administration to end*

- Creditors may consider ending the administrations and returning the control of RCR NZ to the Directors. We do not believe this to be a commercially viable option, given RCR NZ is without funds to meet creditor liabilities and are therefore insolvent.
- In our opinion, it is not in the best interests of creditors to vote for the administrations to end.

### *That a liquidator be appointed*

- An administrator would usually recommend that creditors vote for an insolvent company to be put into liquidation in the absence of an acceptable DOCA proposal. The liquidation of RCR NZ would involve:
  - further enquiries with regard to potential insolvent trading and voidable transactions; and
  - adjudicating creditor claims and payment of dividends, if sufficient recoveries are made.
- Given RCR NZ is insolvent and no DOCA has been proposed, the Administrators recommend that creditors vote in favour of each of the RCR NZ companies being placed into liquidation. The Administrators consider this to be the only viable option at this time.

### Return to creditors

- Preferential creditors rank ahead of secured and unsecured creditors for distribution purposes against the net proceeds of realisation from pre-appointment inventory, work in progress and accounts receivable. Employees have already been paid their preferential entitlements in full, or had their employment (and entitlements) transferred to a new owner as part of a sale of business. We are assessing preferential IRD claims, which are also expected to be paid in full.
- The Secured Creditors' hold 'all present and after acquired security interests' in each of the entities in administration and their debt is cross-collateralised across these entities. As previously noted, the Australian Administrators estimate a shortfall to the Secured Creditors from the Australian administration of between A\$69.5m and A\$151.0m. Consequently, any surplus from the administration of RCR NZ after paying costs, preferential creditors and PMSI creditors will be paid to the Secured Creditors.
- Therefore, unfortunately we do not expect there to be any funds available to unsecured creditors from the RCR NZ administrations. Any recoveries for unsecured creditors (or shareholders) is therefore dependent on recoveries that become available in the liquidation, such as voidable transactions claims or legal actions. We provide an overview of our high-level investigations to date in this regard in section 8.

---

## Appendices



## Appendix one

### RCRI receipts and payments for the period 18 December 2018 to 31 March 2019

#### RCRI receipts and payments for the period 18 December 2018 to 31 March 2019

Including GST	NZ\$'000
<b>Sale of business</b>	
Pre-appointment and post-appointment debtors	2,794
Work in progress	389
Fixed assets	315
Employee entitlements transferred	(415)
Proceeds from sale of business	3,084
Pre-appointment debtor receipts	3,832
Receipts held on behalf of purchaser	946
Post-appointment debtor receipts	908
Cash at bank on appointment	56
Interest	5
<b>Total receipts</b>	<b>8,831</b>
<b>VA costs</b>	
Appointee fees and disbursements	(498)
Legal fees and disbursements	(157)
<b>Total VA costs to date</b>	<b>(655)</b>
Wages & salaries	(2,712)
GST paid	(333)
Staff expenses	(269)
Rent & rates	(240)
Purchases	(216)
Contractors	(151)
Telephone & fax	(25)
Other costs	(55)
<b>Total payments</b>	<b>(4,656)</b>
<b>Cash at bank as at 31 March 2019</b>	<b>4,175</b>

- Please note that analysis regarding the allocation between pre-appointment and post-appointment debtor receipts remains ongoing and the post-appointment debtor receipts presented may include elements of WIP and accrued revenue held at the Appointment Date.
- A schedule of remuneration method, hourly rates and disbursements was tabled at the First Meeting of Creditors. A summary of the Administrators hourly rates and disbursements is set out in Appendix three.
- Note that appointee fees do not agree to the detail shown in appendix two, as the receipts and payments schedule is prepared on a cash basis and March 2019 fees were paid in April 2019.



## Appendix one

### RCRE receipts and payments for the period 18 December 2018 to 31 March 2019

#### RCRE receipts and payments for the period 18 December 2018 to 31 March 2019

<b>Including GST</b>	<b>NZ\$'000</b>
<b>Sale of business</b>	
Fixed assets	281
Inventory	1,003
Proceeds from sale of business	1,284
Pre-appointment debtor receipts	4,676
Post-appointment debtor receipts	1,442
Other fixed asset realisations	1,099
Cash at bank on appointment	970
Interest	3
<b>Total receipts</b>	<b>9,473</b>
VA costs	
Appointee fees and disbursements	(467)
Legal fees and disbursements	(103)
<b>Total VA costs to date</b>	<b>(570)</b>
Wages & salaries	(2,428)
Purchases	(518)
Rent & rates	(130)
Freight	(85)
Auctioneer's charges	(39)
GST	(37)
Fringe benefit tax	(20)
Hire & leasing	(15)
Electricity & gas	(11)
Telephone & fax	(11)
Other costs	(22)
<b>Total payments</b>	<b>(3,885)</b>
<b>Cash at bank as at 31 March 2019</b>	<b>5,588</b>

- Please note that analysis regarding the allocation between pre-appointment and post-appointment debtor receipts remains ongoing and the post-appointment debtor receipts presented may include elements of WIP and accrued revenue held at the Appointment Date.
- A schedule of remuneration method, hourly rates and disbursements was tabled at the First Meeting of Creditors. A summary of the Administrators hourly rates and disbursements is set out in Appendix three.
- Note that appointee fees do not agree to the detail shown in appendix two, as the receipts and payments schedule is prepared on a cash basis and March 2019 fees were paid in April 2019.

## Appendix one

### RCRBP receipts and payments for the period 18 December 2018 to 31 March 2019

#### RCR BP receipts and payments for the period 18 December 2018 to 31 March 2019

Including GST	NZ\$'000
<b>Sale of businesses (both Metalbilt/Danks and EPI)</b>	
Goodwill	6,544
Pre-appointment and post-appointment debtors	3,296
Inventory and work in progress	2,400
Fixed assets	650
Employee liabilities	(687)
Proceeds from sale of businesses	12,203
Pre-appointment debtor receipts	3,513
Post-appointment debtor receipts	952
Cash at bank on appointment	460
Receipts held on behalf of purchaser	194
Interest	10
<b>Total receipts</b>	<b>17,332</b>
<b>VA costs</b>	
Appointee fees and disbursements	(407)
Legal fees and disbursements	(126)
<b>Total VA costs</b>	<b>(533)</b>
Wages & salaries	(1,238)
Purchases	(504)
Commission	(461)
Debtor receipts paid to purchaser	(198)
Rent & rates	(135)
GST paid	(119)
Freight inwards	(59)
PMSI claims	(49)
Other	(57)
<b>Total payments</b>	<b>(3,352)</b>
<b>Cash at bank as at 31 March 2019</b>	<b>13,980</b>

- Please note that analysis regarding the allocation between pre-appointment and post-appointment debtor receipts remains ongoing and the post-appointment debtor receipts presented may include elements of WIP and accrued revenue held at the Appointment Date.
- A schedule of remuneration method, hourly rates and disbursements was tabled at the First Meeting of Creditors. A summary of the Administrators hourly rates and disbursements is set out in Appendix three.
- Note that appointee fees do not agree to the detail shown in appendix two, as the receipts and payments schedule is prepared on a cash basis and March 2019 fees were paid in April 2019.

## Appendix two

### Explanation of hourly rates

Our hourly rates are set out in the table below, together with a general guide showing the qualifications and experience of staff and the role they take in the external administration. 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)
<b>Appointee/ Partner</b>	Accredited Insolvency Practitioners, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$640
<b>Director</b>	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than ten years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$545
<b>Senior Manager</b>	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 work streams in larger matters.	\$475
<b>Manager</b>	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 work streams in larger matters.	\$415
<b>Assistant Manager</b>	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages work stream activity within appointments.	\$365
<b>Senior Analyst</b>	Generally, degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within work streams and appointments under supervision.	\$295

Title	Guide to qualifications and role	Hourly rate (excl GST)
<b>Analyst</b>	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 work streams and appointments under supervision.	\$280
<b>Administrator</b>	Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$275
<b>Secretaries</b>	Appropriately experienced and undertakes support activities, such as meeting co-ordination and preparation of materials where it is efficient and appropriate to do so.	\$170

- We note that our hourly rates have changed from 1 April 2019, due to annual increases:
  - Senior Manager      \$475 to \$480
  - Manager              \$415 to \$420
  - Assistant Manager    \$365 to \$370

## Appendix two

### Explanation of Disbursements

#### Disbursements are divided into three types:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs – such as travel, accommodation, external printing services and search fees, which are also recovered at cost.
- Internal disbursements – office service charge, which includes the cost of photocopying, printing, postage, telecommunications and other fixed and variable overheads.

Disbursement	Rate (excl GST)
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements: office service charge	3.0% of hourly rate
Internal disbursements: staff vehicle use*	\$0.62-\$1.00 per KM, depending on the size of the vehicle's engine
Internal disbursements: conference calls	At cost

## Appendix two

### RCRI time costs for the period 18 December 2018 to 31 March 2019

#### RCRI time costs for the period from 18 December 2018 to 31 March 2019

Name/ No. per position	Position	\$/hour (excl GST)	Administration		Creditors		Sale of business		Employees		Trading		Total	
			Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)
Conor McElhinney	Appointee	640	8.7	5,547	11.9	7,595	48.3	30,891	2.6	1,685	47.5	30,400	118.9	76,117
Andrew Grenfell	Appointee	640	6.8	4,373	1.5	939	1.1	725	0.7	448	6.1	3,904	16.2	10,389
1	Partner	640	0.8	512	0.1	64	0.3	213	-	-	1.5	981	2.8	1,771
3	Director	545	28.1	15,315	18.8	10,264	88.5	48,214	19.9	10,864	226.7	123,570	382.1	208,226
1	Senior Manager	475	5.7	2,692	-	-	-	-	-	-	6.5	3,088	12.2	5,779
2	Manager	415	26.3	10,915	48.7	20,197	19.0	7,885	-	-	218.3	90,593	312.3	129,589
2	Senior Analyst	295	8.9	2,635	38.6	11,377	5.2	1,534	-	-	209.0	61,655	261.7	77,202
1	Administrator	275	0.9	257	-	-	-	-	-	-	1.6	440	2.5	697
1	Secretary	170	2.3	385	19.4	3,298	-	-	0.3	51	4.0	674	25.9	4,409
<b>Total (excl GST)</b>			<b>88.5</b>	<b>42,630</b>	<b>138.9</b>	<b>53,733</b>	<b>162.4</b>	<b>89,463</b>	<b>23.6</b>	<b>13,048</b>	<b>721.2</b>	<b>315,305</b>	<b>1134.6</b>	<b>514,179</b>

Includes time accrued to 31 March 2019, but billed and paid in April 2019

#### Disbursements at cost for the period 18 December 2018 to 31 March 2019

\$	Total
Creditor meeting room hire	1,290
Travel expenses	4,280
Office service charge	15,425
Dataroom	1,044
Other disbursements	1,845
<b>Total (excl GST)</b>	<b>23,885</b>

The Administrators declare that all disbursements were necessary and proper

## Appendix two

### RCRE time costs for the period 18 December 2018 to 31 March 2019

RCRE time costs for the period from 18 December 2018 to 31 March 2019														
Name/ No. per position	Position	\$/hour (excl GST)	Administration		Creditors		Sale of business		Employees		Trading		Total	
			Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)
Conor McElhinney	Appointee	640	15.2	9,707	6.0	3,819	120.1	76,843	10.5	6,741	39.0	24,960	190.7	122,069
Andrew Grenfell	Appointee	640	6.8	4,373	1.5	939	1.2	789	1.7	1,088	10.1	6,464	21.3	13,653
1	Partner	640	0.8	512	0.1	64	0.3	213	-	-	1.5	981	2.8	1,771
3	Director	545	36.9	20,111	22.3	12,172	71.5	38,949	21.2	11,572	250.3	136,432	402.3	219,235
1	Senior Manager	475	5.7	2,692	-	-	-	-	-	-	6.5	3,088	12.2	5,779
2	Manager	415	30.0	12,450	31.5	13,059	89.2	37,018	-	-	138.8	57,605	289.5	120,132
2	Senior Analyst	295	11.9	3,520	22.7	6,687	14.3	4,219	0.3	89	109.5	32,303	158.7	46,817
1	Administrator	275	0.9	257	-	-	11.8	3,245	-	-	10.9	2,998	23.6	6,499
1	Secretary	170	5.7	963	9.2	1,564	1.9	323	0.3	51	6.9	1,167	23.9	4,069
<b>Total (excl GST)</b>			<b>113.9</b>	<b>54,585</b>	<b>93.2</b>	<b>38,302</b>	<b>310.3</b>	<b>161,599</b>	<b>34.1</b>	<b>19,541</b>	<b>573.5</b>	<b>265,997</b>	<b>1125.0</b>	<b>540,024</b>

Includes time accrued to 31 March 2019, but billed and paid in April 2019

#### Disbursements at cost for the period 18 December 2018 to 31 March 2019

\$	Total
Creditor meeting room hire	1,290
Travel expenses	9,677
Office service charge	16,197
Other disbursements	1,354
<b>Total (excl GST)</b>	<b>28,519</b>

The Administrators declare that all disbursements were necessary and proper

## Appendix two

### RCRBP time costs for the period 18 December 2018 to 31 March 2019

RCR BP time costs for the period from 18 December 2018 to 31 March 2019														
Name/ No. per position	Position	\$/hour (excl GST)	Administration		Creditors		Sale of business		Employees		Trading		Total	
			Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)	Hours	Fees (\$)
Conor McElhinney	Appointee	640	8.7	5,547	7.1	4,523	91.3	58,411	0.6	405	27.8	17,792	135.4	86,677
Andrew Grenfell	Appointee	640	6.8	4,373	1.5	939	1.6	1,045	0.7	448	4.1	2,624	14.7	9,429
1	Partner	640	0.8	512	0.1	64	0.3	213	-	-	1.5	981	2.8	1,771
3	Director	545	29.0	15,805	14.4	7,866	127.1	69,251	9.0	4,923	105.9	57,734	285.5	155,579
1	Senior Manager	475	5.7	2,692	-	-	-	-	-	-	6.7	3,183	12.4	5,874
2	Manager	415	26.0	10,790	43.0	17,831	29.4	12,201	-	-	148.0	61,409	246.3	102,231
2	Senior Analyst	295	8.9	2,635	17.1	5,035	43.5	12,833	-	-	103.6	30,574	173.1	51,076
1	Administrator	275	0.9	257	0.2	55	1.2	330	0.2	55	3.9	1,073	6.4	1,769
1	Secretary	170	2.0	334	8.3	1,411	9.4	1,598	0.3	51	0.2	28	20.1	3,423
<b>Total (excl GST)</b>			<b>88.8</b>	<b>42,945</b>	<b>91.6</b>	<b>37,723</b>	<b>303.8</b>	<b>155,882</b>	<b>10.9</b>	<b>5,883</b>	<b>401.7</b>	<b>175,397</b>	<b>896.8</b>	<b>417,830</b>

Includes time accrued to 31 March 2019, but billed and paid in April 2019

#### Disbursements at cost for the period 18 December 2018 to 31 March 2019

\$	Total
Creditor meeting room hire	1,290
Travel expenses	4,280
Office service charge	12,585
Dataroom	1,044
Other disbursements	1,354
<b>Total (excl GST)</b>	<b>20,553</b>

The Administrators declare that all disbursements were necessary and proper

## Appendix three

RCRI description of work completed from 18 December 2018 to 31 March 2019

Description of work completed	
Task area	General description
<b>Administration</b>	<ul style="list-style-type: none"> <li>▪ Plan staff allocation</li> <li>▪ Prepare task list</li> <li>▪ Prepare appointment documents and notices to creditors/employees</li> <li>▪ Arrange travel to sites</li> <li>▪ Respond to media enquiries and issue releases where appropriate</li> </ul>
<b>Sale of business</b>	<ul style="list-style-type: none"> <li>▪ Preparation of and coordination of advertising of businesses' for sale</li> <li>▪ Marketing businesses to targeted potential interested parties</li> <li>▪ Preparation of Information Memorandum</li> <li>▪ Compilation of due diligence information and set up of data room</li> <li>▪ Liaising with potential purchasers</li> <li>▪ Conducting due diligence process and answering detailed purchaser enquiries</li> <li>▪ Drafting legal documentation</li> <li>▪ Negotiating sale conditions with purchasers and their legal advisors</li> <li>▪ Providing transitional operational services</li> <li>▪ Facilitating the transfer of employees to the purchaser</li> <li>▪ Facilitating the transfer of leased assets to purchasers</li> <li>▪ Advising suppliers and customers of change of ownership</li> <li>▪ Transferring essential services accounts to purchaser</li> <li>▪ Analysing debtors receipts during administration</li> <li>▪ Reporting to the secured creditors regarding the sale process and seeking their consent and release of security</li> </ul>

Description of work completed	
Task area	General description
<b>Creditors</b>	<ul style="list-style-type: none"> <li>▪ Claims               <ul style="list-style-type: none"> <li>– Recording creditor claim forms</li> <li>– Consideration of value to assign to contingent claims</li> <li>– Filing and tabulating claim forms</li> <li>– Responding to creditor queries re the status of claims</li> </ul> </li> <li>▪ Enquiries               <ul style="list-style-type: none"> <li>– Respond to various creditor enquiries received</li> <li>– Upload all relevant creditor information to McGrathNicol website</li> <li>– Distribution of information regarding extension of convening period</li> </ul> </li> <li>▪ Meetings               <ul style="list-style-type: none"> <li>– Prepare and submission of application for extension of convening period</li> <li>– Preparation of statutory advertising and meeting notices for publication</li> <li>– Liaise with meeting venue and coordinate requirements</li> <li>– Email notification to all individual creditors of first creditors meeting details, including provision of proxies, voting slips etc</li> <li>– Preparation of first creditors meeting presentation</li> <li>– Staff attendance at creditors meeting, tabulation of votes</li> <li>– Drafting of meeting minutes</li> </ul> </li> <li>▪ PPSR Creditors               <ul style="list-style-type: none"> <li>– Conducting searches of the PPSR Register</li> <li>– Issuing PPSR questionnaires to all parties with a registered security interest</li> <li>– Conducting stocktake of stock supplied by secured parties remaining on hand at date of appointment</li> <li>– Identifying machinery on site secured by PPSR registrations and cross referencing details</li> <li>– Determining validity of PPSR registrations and settling valid security interests</li> </ul> </li> </ul>



## Appendix three

### RCRI description of work completed from 18 December 2018 to 31 March 2019

Description of work completed	
Task area	General description
<b>Employees</b>	<ul style="list-style-type: none"> <li>▪ Meet with all employees and advise of Administration appointment</li> <li>▪ Obtain detail of all employment contracts and collective agreements</li> <li>▪ Calculate employee entitlements due</li> <li>▪ Receive and respond to employee enquiries</li> <li>▪ Review and prepare correspondence to employees</li> <li>▪ Obtain Court extension pursuant to section 239Y of the Companies Act 1993</li> <li>▪ Deal with a number of personal grievances underway as at the date of appointment and arising during the administration period</li> <li>▪ Review Health &amp; Safety controls</li> <li>▪ Seek specialist employment law advice</li> <li>▪ Review staff restraint of trade provisions</li> <li>▪ Termination of employment contracts</li> </ul>
<b>Trading</b>	<ul style="list-style-type: none"> <li>▪ On-going operational management of the business</li> <li>▪ Establish accounting cut-off</li> <li>▪ Coordinate with trading bank to freeze bank accounts</li> <li>▪ Open new administration bank accounts</li> <li>▪ Set up administrators and authorised agents as signatories</li> <li>▪ Monitor account balances and invest available funds</li> <li>▪ Establish new purchasing authorities</li> <li>▪ Establish an administration purchase order system</li> <li>▪ Communicate with all suppliers regarding Administrator ordering system</li> <li>▪ Regularly liaising with management and staff</li> <li>▪ Attendance at sites</li> </ul>

Description of work completed	
Task area	General description
<b>Trading continued</b>	<ul style="list-style-type: none"> <li>▪ Prepare trading cash flow and regularly update</li> <li>▪ Approve creditor payments and release through Administrators' banking system</li> <li>▪ Enter receipts and payments into accounting system</li> <li>▪ Review and file IRD returns</li> <li>▪ Liaising with the IRD regarding payroll tax arrears</li> <li>▪ Managing ongoing trading issues</li> <li>▪ Managing daily cash flow</li> <li>▪ Coordinate with CRLI partner re conduct of Joint Venture during administration</li> <li>▪ Meetings with CRLI Chairman</li> <li>▪ Establish amounts due to RCR NZ from CRLI</li> <li>▪ Obtain and review legal advice on CRLI dispute</li> <li>▪ Negotiate new terms of trade on loss making contracts</li> </ul>

## Appendix three

RCRE description of work completed from 18 December 2018 to 31 March 2019

Description of work completed	
Task area	General description
<b>Administration</b>	<ul style="list-style-type: none"> <li>▪ Plan staff allocation</li> <li>▪ Prepare task list</li> <li>▪ Prepare appointment documents and notices to creditors/employees</li> <li>▪ Arrange travel to sites</li> <li>▪ Respond to media enquiries and issue releases where appropriate</li> </ul>
<b>Sale of business</b>	<ul style="list-style-type: none"> <li>▪ Preparation of and coordination of advertising of businesses' for sale</li> <li>▪ Marketing businesses to targeted potential interested parties</li> <li>▪ Preparation of Information Memorandum</li> <li>▪ Compilation of due diligence information and set up of data room</li> <li>▪ Liaising with potential purchasers</li> <li>▪ Conducting due diligence process and answering detailed purchaser enquiries</li> <li>▪ Drafting legal documentation</li> <li>▪ Negotiating sale conditions with purchasers and their legal advisors</li> <li>▪ Providing transitional operational services</li> <li>▪ Facilitating the transfer of employees to the purchaser</li> <li>▪ Facilitating the transfer of leased assets to purchasers</li> <li>▪ Advising suppliers and customers of change of ownership</li> <li>▪ Transferring essential services accounts to purchaser</li> <li>▪ Realisation of residual fixed assets</li> <li>▪ Realisation of stock</li> <li>▪ Securing assignment of supply agency agreements</li> <li>▪ Analysing debtors receipts during administration</li> <li>▪ Obtain recovery of provisional tax payments made</li> <li>▪ Reporting to the secured creditors regarding the sale process and seeking their consent and release of security</li> </ul>

Description of work completed	
Task area	General description
<b>Creditors</b>	<ul style="list-style-type: none"> <li>▪ Claims               <ul style="list-style-type: none"> <li>– Recording creditor claim forms</li> <li>– Consideration of value to assign to contingent claims</li> <li>– Filing and tabulating claim forms</li> <li>– Responding to creditor queries re the status of claims</li> </ul> </li> <li>▪ Enquiries               <ul style="list-style-type: none"> <li>– Respond to various creditor enquiries received</li> <li>– Upload all relevant creditor information to McGrathNicol website</li> <li>– Distribution of information regarding extension of convening period</li> </ul> </li> <li>▪ Meetings               <ul style="list-style-type: none"> <li>– Preparation and submission of application for extension of convening period</li> <li>– Preparation of statutory advertising and meeting notices</li> <li>– Liaise with meeting venue and coordinate requirements</li> <li>– Email notification to all individual creditors of first creditors meeting details, including provision of proxies, voting slips etc</li> <li>– Preparation of first creditors meeting presentation</li> <li>– Staff attendance at creditors meeting, tabulation of votes</li> <li>– Drafting of meeting minutes</li> </ul> </li> <li>▪ PPSR Creditors               <ul style="list-style-type: none"> <li>– Conducting searches of the PPSR Register</li> <li>– Issuing PPSR questionnaires to parties with registered security interests</li> <li>– Conducting stocktake of stock supplied by secured parties remaining on hand at date of appointment</li> <li>– Identifying machinery on site secured by PPSR registrations and cross referencing details</li> <li>– Determining validity of PPSR registrations and settling valid security interests</li> </ul> </li> </ul>

## Appendix three

RCRE description of work completed from 18 December 2018 to 31 March 2019

Description of work completed	
Task area	General description
<b>Employees</b>	<ul style="list-style-type: none"> <li>▪ Meet with all employees and advise of Administration appointment</li> <li>▪ Obtain detail of all employment contracts and collective agreements</li> <li>▪ Calculate employee entitlements due</li> <li>▪ Receive and respond to employee enquiries</li> <li>▪ Review and prepare correspondence to employees</li> <li>▪ Obtain Court extension pursuant to section 239Y of the Companies Act 1993</li> <li>▪ Deal with a number of personal grievances underway as at the date of appointment and arising during the administration</li> <li>▪ Review Health &amp; Safety controls</li> <li>▪ Seek specialist employment law advice</li> <li>▪ Plan for and implement closure of Dannevirke manufacturing facility and start redundancies</li> <li>▪ Termination of employment contracts</li> </ul>
<b>Trading</b>	<ul style="list-style-type: none"> <li>▪ On-going operational management of the business</li> <li>▪ Establish accounting cut-off</li> <li>▪ Coordinate with trading bank to freeze</li> <li>▪ Open new Administration bank accounts</li> <li>▪ Set up Administrators and authorised agents as signatories</li> <li>▪ Monitor account balances and invest available funds</li> <li>▪ Establish new purchasing authorities</li> <li>▪ Establish an Administration purchase order system</li> <li>▪ Communicate with all suppliers regarding Administrator ordering system</li> <li>▪ Regularly liaising with management and staff</li> <li>▪ Attendance at sites</li> </ul>

Description of work completed	
Task area	General description
<b>Trading continued</b>	<ul style="list-style-type: none"> <li>▪ Prepare trading cash flow and regularly update</li> <li>▪ Approve creditor payments and release through Administrators' banking system</li> <li>▪ Enter receipts and payments into accounting system</li> <li>▪ Review and file IRD returns</li> <li>▪ Liaising with the IRD regarding payroll tax arrears</li> <li>▪ Managing ongoing trading issues</li> <li>▪ Managing daily cash flow</li> <li>▪ Attempt to negotiate new terms of trade on loss making contracts</li> </ul>

## Appendix three

RCRBP description of work completed from 18 December 2018 to 31 March 2019

Description of work completed		Description of work completed	
Task area	General description	Task area	General description
<b>Administration</b>	<ul style="list-style-type: none"> <li>▪ Plan staff allocation</li> <li>▪ Prepare task list</li> <li>▪ Prepare appointment documents and notices to creditors/employees</li> <li>▪ Arrange travel to sites</li> <li>▪ Respond to media enquiries and issue releases where appropriate</li> </ul>	<b>Creditors</b>	<ul style="list-style-type: none"> <li>▪ Enquiries                             <ul style="list-style-type: none"> <li>– Respond to various creditor enquiries received</li> <li>– Upload all relevant creditor information to McGrathNicol website</li> <li>– Distribution of information regarding extension of convening period</li> </ul> </li> <li>▪ Meetings                             <ul style="list-style-type: none"> <li>– Preparation and submission of application for extension of convening period</li> <li>– Preparation of statutory advertising and meeting notices for publication</li> <li>– Liaise with meeting venue and coordinate requirements</li> <li>– Email notification to all individual creditors of first creditors meeting details, including provision of proxies, voting slips etc</li> <li>– Preparation of first creditors meeting presentation</li> <li>– Staff attendance at creditors meeting, tabulation of votes</li> <li>– Drafting of meeting minutes</li> </ul> </li> <li>▪ PPSR Creditors                             <ul style="list-style-type: none"> <li>– Conducting searches of the PPSR Register</li> <li>– Issuing PPSR questionnaires to all parties with a registered security interest</li> <li>– Conducting stocktake of stock supplied by secured parties remaining on hand at date of appointment</li> <li>– Identifying machinery on site secured by PPSR registrations and cross referencing details</li> <li>– Determining validity of PPSR registrations</li> <li>– Advising secured parties of status of registration</li> <li>– Settling valid security interests</li> </ul> </li> </ul>
<b>Sale of business</b>	<ul style="list-style-type: none"> <li>▪ Preparation of and coordination of advertising of businesses' for sale</li> <li>▪ Marketing businesses to targeted potential interested parties</li> <li>▪ Preparation of Information Memorandum</li> <li>▪ Compilation of due diligence information and set up of data room</li> <li>▪ Liaising with potential purchasers</li> <li>▪ Conducting due diligence process and answering detailed purchaser enquiries</li> <li>▪ Drafting legal documentation</li> <li>▪ Negotiating sale conditions with purchasers and their legal advisors</li> <li>▪ Providing transitional operational services</li> <li>▪ Facilitating the transfer of employees to the purchaser</li> <li>▪ Facilitating the transfer of leased assets to purchasers</li> <li>▪ Advising suppliers and customers of change of ownership</li> <li>▪ Transferring essential services accounts to purchaser</li> <li>▪ Analysing debtors receipts during administration</li> <li>▪ Obtain recovery of provisional tax payments made</li> <li>▪ Reporting to the secured creditors regarding the sale process and seeking their consent and release of security</li> </ul>		
<b>Creditors</b>	<ul style="list-style-type: none"> <li>▪ Claims                             <ul style="list-style-type: none"> <li>– Recording creditor claim forms</li> <li>– Consideration of value to assign to contingent claims</li> <li>– Filing and tabulating claim forms</li> <li>– Responding to creditor queries re the status of claims</li> </ul> </li> </ul>		

## Appendix three

### RCRBP description of work completed from 18 December 2018 to 31 March 2019

Description of work completed	
Task area	General description
<b>Employees</b>	<ul style="list-style-type: none"> <li>▪ Meet with all employees and advise of Administration appointment</li> <li>▪ Obtain detail of all employment contracts and collective agreements</li> <li>▪ Calculate employee entitlements due</li> <li>▪ Receive and respond to employee enquiries</li> <li>▪ Review and prepare correspondence to employees</li> <li>▪ Obtain Court extension pursuant to section 239Y of the Companies Act 1993</li> <li>▪ Deal with a number of personal grievances underway as at the date of appointment and arising during the administration</li> <li>▪ Review Health &amp; Safety controls</li> <li>▪ Respond to personal grievances arising during the administration period</li> <li>▪ Seek specialist employment law advice</li> <li>▪ Review staff restraint of trade provisions</li> <li>▪ Termination of employment contracts</li> </ul>
<b>Trading</b>	<ul style="list-style-type: none"> <li>▪ On-going operational management of the business</li> <li>▪ Establish accounting cut-off</li> <li>▪ Coordinate with trading bank to freeze bank accounts</li> <li>▪ Open new Administration bank accounts</li> <li>▪ Set up Administrators and authorised agents as signatories</li> <li>▪ Monitor account balances and invest available funds</li> <li>▪ Establish new purchasing authorities</li> <li>▪ Establish an Administration purchase order system</li> <li>▪ Communicate with all suppliers regarding Administrator ordering system</li> <li>▪ Regularly liaising with management and staff</li> <li>▪ Attendance at sites</li> </ul>

Description of work completed	
Task area	General description
<b>Trading continued</b>	<ul style="list-style-type: none"> <li>▪ Prepare trading cash flow and regularly update</li> <li>▪ Approve creditor payments and release through Administrators' banking system</li> <li>▪ Enter receipts and payments into accounting system</li> <li>▪ Review and file IRD returns</li> <li>▪ Liaising with the IRD regarding payroll tax arrears</li> <li>▪ Managing ongoing trading issues</li> <li>▪ Managing daily cash flow</li> </ul>

## Appendix four

### RCRI summary of work to be completed

Description of work to be completed	
Task area	General description
<b>Work to be completed</b>	<ul style="list-style-type: none"><li>▪ Review and pay remaining preferential creditors (including IRD)</li><li>▪ Review and pay/collect working capital adjustment on sale of business</li><li>▪ Invoice and collect costs to be reimbursed by purchaser under transitional arrangements</li><li>▪ Communicate with CRLI to end the contract and potentially pursue or resolve a dispute</li><li>▪ Exit premises leases at end of transitional period</li><li>▪ Invoice final CRLI payment claim for February and March 2019</li><li>▪ Review and pay outstanding creditor invoices incurred during the administration</li><li>▪ Complete and file IRD returns</li><li>▪ Respond to correspondence from creditors</li><li>▪ Comply with statutory reporting requirements</li></ul>

## Appendix four

### RCRE summary of work to be completed

Description of work to be completed	
Task area	General description
<b>Work to be completed</b>	<ul style="list-style-type: none"><li>▪ Review and pay remaining preferential creditors (including IRD)</li><li>▪ Review and pay/collect working capital adjustment on sale of business</li><li>▪ Invoice and collect costs to be reimbursed by purchaser under transitional arrangements</li><li>▪ Finalise transfers of agencies under sale agreement</li><li>▪ Finalise exit from Dannevirke manufacturing site</li><li>▪ Finalise assignment of operating leases</li><li>▪ Exit premises leases at end of transitional period</li><li>▪ Review and pay outstanding creditor invoices incurred during the administration</li><li>▪ Complete and file IRD returns</li><li>▪ Respond to correspondence from creditors</li><li>▪ Collection of RCRE accounts receivable ledger</li><li>▪ Comply with statutory reporting requirements</li></ul>

## Appendix four

### RCRBP summary of work to be completed

Description of work to be completed	
Task area	General description
<b>Work to be completed</b>	<ul style="list-style-type: none"><li>▪ Review and pay remaining preferential creditors (including IRD)</li><li>▪ Review and pay/collect working capital adjustment on sale of business</li><li>▪ Finalise assignment of operating leases</li><li>▪ Engaging with solicitors and insurers regarding a historical dispute in relation to Soho Apartments</li><li>▪ Invoice and collect costs to be reimbursed by purchaser under transitional arrangements</li><li>▪ Review and pay outstanding creditor invoices incurred during the administration</li><li>▪ Complete and file IRD returns</li><li>▪ Respond to correspondence from creditors</li><li>▪ Collection of EPI accounts receivable ledger</li><li>▪ Comply with statutory reporting requirements</li></ul>



## Appendix five

### Our offices

---

<b>ADELAIDE</b>	T +61 8 8468 3700 F +61 8 8468 3799	Level 26, 91 King William Street, Adelaide South Australia 5000 GPO Box 9986 Adelaide South Australia 5001
<b>AUCKLAND</b>	T +64 9 366 4655 F +64 9 366 4656	Level 17, 34 Shortland Street, Auckland 1010, New Zealand PO Box 106-733, Auckland 1143, New Zealand
<b>BRISBANE</b>	T +61 7 3333 9800 F +61 7 3333 9899	Level 7, 175 Eagle Street, Brisbane Queensland 4000 GPO Box 9986 Brisbane Queensland 4001
<b>CANBERRA</b>	T +61 2 6222 1400 F +61 2 6222 1499	Level 1, 24 Brisbane Avenue, Barton ACT 2600 GPO Box 9986 Canberra ACT 2601
<b>MELBOURNE</b>	T +61 3 9038 3100 F +61 3 9038 3199	Level 6, 171 Collins Street, Melbourne Victoria 3000 GPO Box 9986 Melbourne Victoria 3001
<b>PERTH</b>	T +61 8 6363 7600 F +61 8 6363 7699	Level 17, 37 St Georges Terrace, Perth Western Australia 6000 GPO Box 9986 Perth Western Australia 6001
<b>SYDNEY</b>	T +61 2 9338 2600 F +61 3 9338 2699	Level 12, 20 Martin Place, Sydney NSW 2000 GPO Box 9986 Sydney NSW 2001

---

