

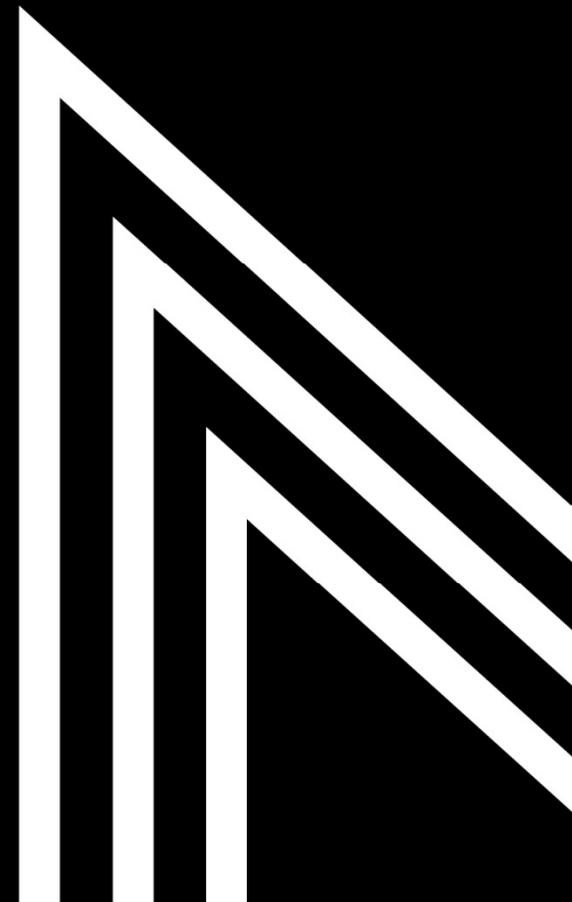
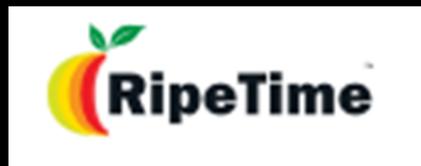
Ripetime Limited (Administrators Appointed) (the Company)

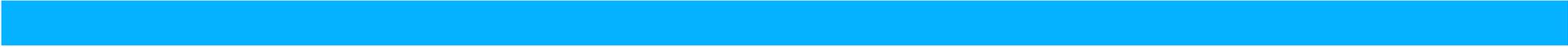
Voluntary Administrators' report pursuant to section
239AU of the Companies Act 1993

18 August 2020



McGrathNicol





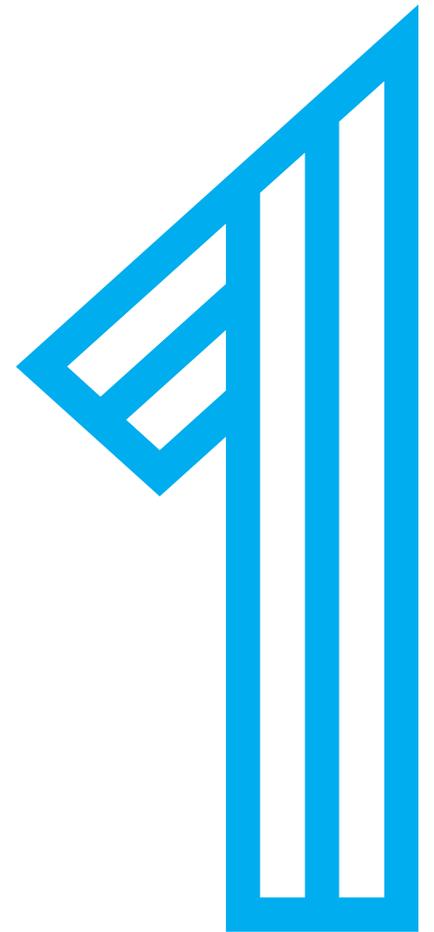
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Glossary

Act	New Zealand Companies Act 1993
Administrators	Conor McElhinney and Kare Johnstone of McGrathNicol NZ
Appointment Date	21 July 2020
Board	the Directors
Company	Ripetime Limited (Administrators Appointed)
Directors	Jonathan David Lowy, Grant Andrew Sargent, Jonathon Ross Shannon, Ross Ellwood Shannon, Michael Anthony Van Tinteren
DOCA	Deed of Company Arrangement
First Creditors Meeting	Creditors meeting held on 31 July 2020 pursuant to section 239AN of the Act
FYXX	Financial year ended 31 March 20XX
FY21YTD	Period from 1 April 2020 to 29 June 2020
GST	Goods and Services Tax
IP	Intellectual property
McN	McGrathNicol Limited
NZ	New Zealand
NZCN	New Zealand Company Number
NZIAS 38	New Zealand Equivalent to International Accounting Standard 38 - Intangible Assets
PMSI	Purchase Money Security Interest
PPSR	Personal Property Securities Register
R&D	Research and development
Report	This watershed report
Watershed Meeting	The second creditors meeting pursuant to section 239AT of the Act was to be held at the offices of McGrathNicol on Tuesday, 25 August 2020 at 10:00am. However, given the Covid-19 Level 3 restrictions imposed by the New Zealand Government, it will now proceed by video conference.

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 provided in more detail in this report.

Questions	Answers
What is the purpose of this report?	<p>This report provides creditors with details of the business and financial circumstances of the Company 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>
What is the Watershed Meeting?	<p>The purpose of the Watershed Meeting is for creditors to decide on the future of the Company.</p> <p>The options available for creditors to vote on are whether the Company 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 the Company to enter into a DOCA is not available.</p>
Where and when is the Watershed Meeting?	<p>The Watershed Meeting was due to be held at the offices McGrathNicol, Level 17, AIG Building, 41 Shortland Street, Auckland, on 25 August 2020 at 10:00am. However, as a result of the Covid-19 Level 3 restrictions imposed by the New Zealand Government, the Watershed Meeting will now be held by video conference.</p> <p>Observers are able to attend the meeting, however will not be entitled to participate, either by voting or by asking questions.</p>
What is Ripetime and what did Ripetime do?	<p>The Company was developing and marketing sensor technology that would detect extremely low levels of ethylene in the atmosphere to assist with forecasting and tracking of fresh produce quality as it is moved through the supply chain.</p>
What is the status of Ripetime?	<p>The Company had not commenced trading other than limited trials of the equipment at potential customer sites. The technology was still under development.</p>
Who controls Ripetime now?	<p>From the Appointment Date, the Administrators have had responsibility for the day-to-day management of Ripetime.</p>

Questions	Answers
What were the key events leading to the appointment of administrators?	<p>The Administrators have identified the following key factors that impacted the ability of the Company to continue operating:</p> <ul style="list-style-type: none"> ▪ breakdown in relationship with contracting engineering firm; ▪ employment dispute with one of the key founders of the business involved in the IP development; ▪ irreconcilable differences between the Board members resulting in High Court proceedings being instigated; and ▪ a lack of funding to complete the development of the technology.
What actions have the Administrators taken to date?	<p>Since the Appointment Date, the Administrators and their staff have attended to the following:</p> <ul style="list-style-type: none"> ▪ identified the assets of the Company based on company records, discussions with four of the five Directors and through independent enquiries of third parties; ▪ gathered information and undertaken research to identify parties that may be interested in purchasing the Ripetime brand and intellectual property (the sale process has not yet commenced); ▪ met statutory obligations, including preparing reports for, and convening, meetings of creditors; and ▪ conducted preliminary investigations into the affairs of the Company.
Have the Administrators undertaken a sale process and if so what was the outcome?	<ul style="list-style-type: none"> ▪ A process to sell the Ripetime brand and intellectual property is currently being prepared by the Administrators and is expected to be implemented this month. The process is taking time to commence as the Administrators gather the Company's IP from disparate sources. ▪ We anticipate that a sale process will have commenced by the time of the Watershed Meeting and will be concluded by the liquidator (if appointed).

1. Executive summary

Questions	Answers
Why do the Directors of Ripetime believe it became insolvent?	Given the dissention between the Directors, the Administrators have received a variety of reasons from each of the five Directors. It is commonly agreed that a breakdown in management and lack of cashflow (due to an inability to raise new funds because of the dispute) led to the demise of the Company.
Why do the Administrators believe Ripetime became insolvent?	Ripetime did not have sufficient cash resources available to complete the technology development.
What was the date of insolvency?	Although the Administrators have commenced investigations into the date of insolvency, it is too early to determine at this time, given the significant complexities of the disputes between the stakeholders of the Company. In addition, the Company was a "start-up", rather than a normal trading entity, and consequently was reliant on regular capital raisings to meet obligations as they fell due.
What claims have the Administrators identified that may be available to a Liquidator?	The Administrators have identified some creditor claims and payments that may be able to be voided by a Liquidator. This could improve the position for creditors in a liquidation. However, investigations will take longer than the time permitted prior to the Watershed Meeting. A liquidator has additional powers available under the Act to review transactions entered into prior to the liquidation.
Has a DOCA been proposed?	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.
Will employees and other preferential creditors be paid?	This depends on the realisation received for the brand and intellectual property and the success of any potential actions taken by a Liquidator in the event the Company is placed into liquidation.
Will unsecured creditors be paid a dividend?	Given the Company is still in the development phase of its life cycle, its only real asset is its brand and IP. Until the value of this has been determined, we are not in a position to confirm whether there may be a dividend for unsecured creditors.

Questions	Answers
What do the Administrators recommend creditors vote for at the Watershed Meeting and why?	In the absence of a DOCA proposal, and with the business being insolvent, the Administrators recommend that creditors vote for the Company to be placed into liquidation. There are no other viable options at this time.
As a creditor, what do I need to do?	You are not required to do anything. But you are entitled to vote at the Watershed Meeting, either by postal vote, attending in person via the video conference, or by 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. The Covid-19 restrictions on physical distancing require that we hold the meeting via video conference. To enable the smooth running of the Watershed Meeting, we strongly urge creditors who intend to vote at the Watershed Meeting to do so via postal vote in advance of the meeting.

Introduction



2. Introduction

2.1 Overview

This section provides information on the the objectives of the administration, the purpose of this report, meetings of creditors and the Administrators' relevant relationships.

Appointment of Administrators

- Conor McElhinney and Kare Johnstone of McGrathNicol were appointed joint and several administrators of Ripetime Limited, NZCN: 3681221 (the **Company**) on 21 July 2020 by a resolution of the Company's Directors, pursuant to Part 15A of the Act.

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 interests, 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 for the purpose of creditors to decide to replace the existing administrators and/or form a Creditors' Committee.
- The first creditors meetings for the Company was held on 31 July 2020, with no nominations to appoint an alternative administrator.
- Creditors resolved at the meeting not to appoint a Creditors' Committee.

2. Introduction

2.2 Watershed meeting and this report

The Watershed Meeting for the Company is to be held by video conference on 25 August 2020 at 10:00am.

Watershed Meeting

- The Watershed Meeting for the Company was to be held at the offices of McGrathNicol, Level 17, AIG Building, 41 Shortland Street, Auckland, on 25 August 2020 at 10:00am. However, given the Covid-19 Level 3 restrictions imposed by the New Zealand Government, the meeting will now proceed by video conference. A copy of the notice of the Watershed 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 Company under administration. The options available (under section 239AU of the Act) are whether the Company should:
 - be returned to its director(s); or
 - enter into a DOCA; or
 - enter into liquidation.
- In respect of these options, given the Company is insolvent and no DOCA has been proposed, the Administrators' opinion is that the only option is for the Company to be placed into 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 Company 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 the Company 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 and fees paid from Appointment Date to the date of this report;
 2. explanation of hourly rates and disbursements.

Context of this report

- In reviewing this Report, creditors should note the following:
 - 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 the Company's affairs is based on books and records made available to the Administrators, as well as information provided by the Company'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 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 had 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. (**RITANZ**) Code of Professional Conduct (**Code**) requires the Practitioner/s appointed to an insolvent entity to make a Declaration as to:

- A. their independence generally;
- B. relationships, including:
 - i. the circumstances of the appointment;
 - ii. any relationships with the company and others within the previous 2 years;
 - iii. any prior professional services for the company within the previous 2 years;
 - iv. 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. 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 Kare Johnstone (**Administrators**), RITANZ Accredited Insolvency Practitioners of the firm McGrathNicol, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

B. Declaration of Relationships

(i) Circumstances of appointment

McGrathNicol was approached by a Barrister, Paul Murray of Akarana Chambers, who acted for one of the Company's directors, to potentially act as Administrators of the Company.

We believe this referral does not result in a conflict of interest or duty because McGrathNicol has no prior business relationship with the Company or the director.

We subsequently had limited correspondence with the Company's directors, including Ross Shannon and Jonny Shannon, and Mr Murray, for the purposes of outlining the process of an administration (and liquidation) and obtaining sufficient information to plan for our appointment as administrators. We received no remuneration for this preparatory work and were not engaged by the Company or the directors to provide advice in relation to the administration.

In our opinion, this does not affect our independence for the following reasons:

- It is recognised by the Courts that pre-appointment advice on the insolvency process and available options is necessary and does not amount to an impediment to accepting an appointment.
- The nature of the advice provided was such that it would not be subject to review and challenge during the course of the administration. Nor would the advice influence our ability to be able to fully comply with the statutory and fiduciary obligations associated with the administration in an objective and impartial manner.

We have provided no other information or advice to the Company or its directors prior to our appointment beyond that outlined in this Declaration.

(ii) Relevant relationships (excluding professional services to the Insolvent)

Neither we, nor our firm, have, or have had, within the preceding two years, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property.

(iii) Prior professional services to the Insolvent

Neither we, nor our firm, have provided any professional services to the Company, in the previous two years.

(iv) No other relevant relationships to disclose

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

2. Introduction

2.3 Declaration of independence (continued)

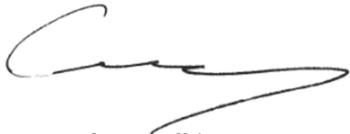
C. Indemnities and Up-front Payments

We have been provided with the following upfront payment for remuneration for the conduct of this administration:

Name	Relationship with the Company	Nature of Payment
Ross Shannon	Director	Mr Shannon has provided the Administrators with a loan of \$92,000 to fund the Administrators' fees and costs. The loan is interest-free, has no conditions, and is only repayable if sufficient recoveries are made from the assets of the Company.

This does not include statutory indemnities. We have not received any other indemnities or up-front payments.

Dated: 21 July 2020



Conor John McElhinney



Kare Johnstone



Background



3. Background information

3.1 Company structure and operations

The Company had ceased its business activity of research, development and testing its sensor technology prior to the Appointment Date.

Business structure

- Ripetime Limited was incorporated on 8 December 2011.
- The Directors at the Appointment Date were:

Director	Appointment
Jonathan David Lowy	21-May-19
Grant Andrew Sargent	21-May-19
Jonathan Ross Shannon	18-Jul-19
Ross Ellwood Shannon	31-Oct-18
Michael Anthony Van Tinteren	18-Jul-19

- The following persons resigned as Directors in the two years preceding the Appointment Date:

Director	Ceased
Kevin John McFall	14-Apr-19
Gregory John Sitters	31-Oct-18
Michael Vukcevic	31-Oct-18
Adam Hunt	26-Sep-18
Martin Ross Oxley	23-Aug-18

- A search of the PPSR as at the Appointment Date did not show any registered financing statements. There have not been any subsequent registrations.
- The Company does not appear to have any secured debts/loans.
- The Company did not operate an overdraft facility with any of the major NZ banks.
- The Company has a subsidiary, Ripetime Custodians Limited, which was incorporated on 5 December 2016. We understand this subsidiary is a mechanism for shares to be held in Ripetime Limited and as such does not trade or hold any assets. Although the Companies Office shows Michael Vukcevic as the sole Director, we understand that he has resigned and has not been replaced.
- The Company had ceased its business activity of research, development and testing its sensor technology prior to the Appointment Date.

- Based on the Company's records received to date, we understand the shareholders at the Appointment Date were as set out below. However, we note that parties have expressed concerns that these records may be incorrect.

Shareholder	Shareholding	%
Ross Shannon, Ruth Shannon and the Shannon Trustee Company Limited	65,033,954	27.82%
Jonny Shannon	46,875,069	20.05%
Way Maker Trustee Co Limited	31,760,052	13.58%
Joel Taylor	16,240,546	6.95%
Michael Van Tinteren	15,617,157	6.68%
Mokoia Investment Group Limited	11,157,234	4.77%
McFall Family Trust	9,419,511	4.03%
Kennedy Westland Garland and Christopher Gary Deane	7,327,490	3.13%
Jonathan Brian Michell and Joanna Lita Mearns	6,699,569	2.87%
Ripetime Custodians Limited	2,952,294	1.26%
Bill Johnson	2,495,937	1.07%
Abigail McKoy	2,448,338	1.05%
Aspire NZ Seed Fund Limited	2,087,074	0.89%
7 Fat Cows Limited	2,021,704	0.86%
O'Hagan Investment Club	1,831,609	0.78%
Martin Oxley	1,796,586	0.77%
Thomas Jones	1,437,417	0.61%
Southern Hills Imperial Timber (1932) Pty Limited	1,426,787	0.61%
Todd Funk	1,327,492	0.57%
Sparkbox Investments Limited	1,125,118	0.48%
Kerimere Family Trust	980,210	0.42%
GD1 Seed Fund Nominees Limited	892,858	0.38%
CocoBabette Pty Limited	435,664	0.19%
Nat Torkington	204,752	0.09%
Stephen Robertson	122,098	0.05%
Joshua Newton	46,961	0.02%
Randy Clark	14,659	0.01%
Icehouse Ventures Nominees Limited	13,651	0.01%
Total	233,791,791	100.00%

3. Background information

3.2 Creditors

This section summarises the unsecured creditor position at the Appointment Date and provides a summary of claims submitted in the administration up to 18 August 2020.

Creditors

- The Company's books and records at the Appointment Date show Ripetime having 14 unsecured creditors (including related parties) owed a total of approximately \$1.3 million, as set out in the adjacent table.
- The Administrators have received a number of unsecured creditor claim forms, including one unquantified claim treated as a contingent liability. 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. It is likely that we will continue to use the same basis for voting as we did in the first creditors' meeting, held on 31 July 2020.
- A summary of the claims submitted at the date of this report is also set out in the table adjacent. This shows total a total of 16 unsecured claims totalling \$2.4 million. The composition and details of the claims made are discussed further in section 7 of this report
- We note that there are only three truly independent creditor claims: Anderson Creagh Lai, Callaghan Innovation and Palmas Ltd. All other creditors are related to the Company in some way, either with common directorships, or as former contractors or employees.
- The Administrators have received information from various parties in relation to the validity of certain claims set out in the table opposite. A formal adjudication process for dividend purposes will be performed by a liquidator (if appointed), if in the future there are funds to distribute to creditors in a liquidation of the Company.

Callaghan development grant

- Ripetime signed a funding agreement with Callaghan Innovation in October 2016. The grant was for a minimum of three years with a start date of 1 July 2016 carrying through to 30 June 2019.
- The grant was to cover 20% of relevant R&D expenditure up to a maximum of \$5 million per year. Relevant expenditure had to relate to research or development as defined by the NZIAS 38.
- Ripetime had received just over \$1 million between January 2017 and February 2019. This becomes repayable upon a change event, of which insolvency is defined as a change event in the funding agreement.
- The grant is non-transferable.

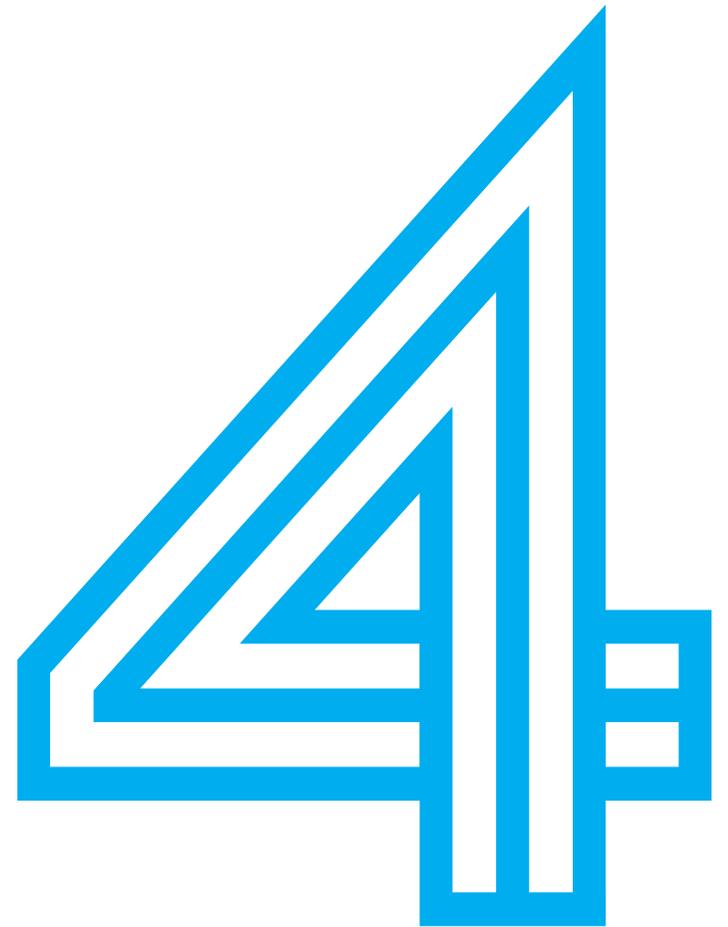
Creditors per company records and claims received to date

Creditor	Outstanding per records (\$)	Claim received (\$)	Difference (\$)
Alex Mospanyuk	24,489	1,663	(22,826)
Anderson Creagh Lai Ltd	9,820	15,057	5,237
Bramford Horton	44,022	15,963	(28,059)
Callaghan Innovation	-	1,020,330	1,020,330
Gamify	32,185	32,185	(0)
Jonathan Lowy	-	1 ¹	1
Jonathan Shannon	71,881	163,185	91,304
Joshua Dunford	24,489	1,663	(22,826)
Michael Van Titeren	72,105	72,105	-
Michael Vukcevic	20,263	20,263	-
Mitchell Denton	24,489	1,663	(22,826)
Mitchell Swanson	24,489	1,663	(22,826)
Neil Burmester	26,063	26,704	640
Palmas Limited	1,042	1,042	-
Ross Shannon	716,790	729,204	12,414
Salvo Limited	185,696	327,169	141,473
Total	1,277,822	2,429,860²	1,152,038

Notes

1. Claim filed for unknown amount; assigned value of \$1 until determined.
2. ACC advises there is a debt due; formal claim not yet received.

Recent financial information



4. Recent financial information

4.1 Historical financial statements

The Company is reportedly balance sheet solvent. However, this is based on the value of the Company's IP, represented by the deferred R&D expenditure of \$2.8 million. Excluding this asset, the Company would be balance sheet insolvent, as its liabilities would exceed its assets. The value of this asset will be determined by a sale process.

- The Administrators have received management accounts from the Company's accountants. The reported financial position of the Company is summarised in the adjacent table and the profit and loss statement is summarised on the following page.
- The management accounts are not finalised nor signed by the Directors and therefore we would caution any parties placing reliance on these accounts.
- We have carried out our own investigations and made third party enquiries in relation to the assets of the Company. Based on these enquiries, the assets we have identified as at the Appointment Date are as follows.
 - ASB Bank accounts \$2,632. However, ASB has asserted its right of setoff and applied these funds against the amount owed on an ASB credit card. We have yet to receive the documentation from ASB to verify when and by whom the credit card facility was established.
 - Debtors \$21,372. This is shown as being owed by two parties. Based on the information received to date, we do not consider either of these two amounts will be collectible.
 - Stock inventory held for re-sale \$157,019. Based on the information received to date, it is unlikely that any significant value will be realised from this inventory. We understand that this pertains to 40 testing units, which the Directors advise are not functional.
 - Intellectual property comprising the brand, patent, customer information, website etc. The Administrators intend to advertise these assets for sale before the end of August 2020, with any sale process to be concluded by a liquidator, if appointed at the Watershed Meeting.
 - Possibly a small recovery for computer equipment as shown in the Company's fixed asset register.
- Note that the primary asset of the Company is the IP, represented by the deferred R&D expenditure of \$2.8 million. Excluding this asset, the Company would be balance sheet insolvent, as its liabilities would exceed its assets. The value of this asset will be determined by a sale process.

Financial position			
NZ\$	FY21YTD	FY20	FY19
Current assets			
Cash	2,308	6,458	216,069
Prepayments	237	237	5,520
Accounts receivable	21,372	21,372	-
Income tax receivable	31	68	38
Deferred R&D expenditure	2,791,336	2,791,336	2,791,336
Employee advances	5,828	5,828	5,919
Tax credit due	265,100	265,100	265,100
Share purchase loans	285,513	285,513	285,513
GST receivable	113,534	114,077	54,386
Stock for resale	157,019	157,019	157,019
Total current assets	3,642,278	3,647,008	3,780,900
Non-current assets			
Property, plant and equipment	74,941	74,941	4,147
Intangibles	24,442	24,442	24,442
Total non-current assets	99,383	99,383	28,589
Total assets	3,741,661	3,746,391	3,809,489
Liabilities			
Visa credit card	(9,200)	(9,200)	-
Trade and other payables	(924,343)	(914,365)	(176,285)
Shareholder loans	(357,161)	(357,161)	(467,778)
Total liabilities	(1,290,704)	(1,280,726)	(644,063)
Net assets	2,450,957	2,465,665	3,165,426

Source: Company financial information

4. Recent financial information

4.1 Historical financial statements

As Ripetime has not been commercialised, the profit and loss statement shows considerable trading losses from R&D.

- The table opposite summarises the financial performance of the Company for the same period as the financial position set out on the previous page.
- As noted, the Company was a start-up and had not reached commercialisation. Consequently, income was limited primarily to grant income, and the Company incurred significant losses.

Profit and Loss			
NZ\$	FY21YTD	FY20	FY19
Trading income			
Grant income received	-	11,578	257,666
Licence	-	5,347	-
R&D cost recovery	-	7,007	-
Total trading income	-	23,932	257,666
Other income			
Finance income	1	110	134
R&D tax credit	-	-	265,100
Total other income	1	110	265,234
Total income	1	24,042	522,900
Expenses			
Contractors/staff	-	(665,549)	(95,587)
Interest expense	(13,751)	(55,035)	(61,684)
Management expense	-	(16)	(66,000)
R&D contracted services	-	(211,183)	(648,091)
R&D wages	-	(56,145)	(58,975)
R&D analytics related	-	(399)	(325,806)
Rent	-	(104,071)	(3,000)
Other expenses	(960)	(123,640)	(148,012)
Total expenses	(14,711)	(1,216,038)	(1,407,155)
Net profit/(loss) before tax	(14,710)	(1,191,996)	(884,255)
Taxation and adjustments	-	(136)	(175)
Net profit/(loss) after tax	(14,710)	(1,192,132)	(884,430)

Source: Company financial information

Events leading to appointment



5. Events leading to appointment

5.1 Overview and opinion as to reasons for failure

As a start-up, the Company required ongoing capital injections to fund R&D to reach a point of commercialisation. Irreconcilable disputes between directors/shareholders caused the Company to be unable to raise funds and continue operating, leaving the Company unable to pay its debts as they became due.

Events leading to appointment

- Based on the information received from various sources and our discussions with four of the five Directors, it is apparent that there was a breakdown in the relationship between Board members, shareholders and with a contracting engineering firm.
- There was also an employment dispute with one of the key founders of the business involved in the IP development.
- The Board had become fractious. Management and decision making at the Company had become gridlocked and as such governance was obstructed.
- Litigation was in progress at the Appointment Date between certain individual directors. There appeared to have been attempts to settle the issues within the director/shareholder group, both through mediation and outside of a formal process, but these attempts were unsuccessful.
- The irreconcilable differences referred to above severely impacted Ripetime's ability to secure the required ongoing funding needed to complete the development and commercialisation of its technology.
- Consequently, a Board meeting was called for 15 July 2020. The attending Directors resolved that the Company was insolvent, or would become insolvent, and resolved to place the Company into voluntary administration.

Solvency

- For the purposes of this Act, a company satisfies the solvency test if:
 - a) the company is able to pay its debts as they become due in the normal course of business; and
 - b) the value of the company's assets is greater than the value of its liabilities, including contingent liabilities.
- Ripetime did not appear to pass the solvency test at the Appointment Date, as it could not pay its debts as they became due. We note that the amounts outstanding to creditors set out in section 3.2 had been outstanding for some time.
- How long the Company was insolvent for prior to this date will be a matter for the liquidator, if appointed, to consider.

Administrators' actions to date



6. Administrators' actions to date

Set out below is a summary of the actions the Administrators have performed to date.

Statutory and general obligations

- Notifying ASB, the Company's transactional bank, of the appointment and establishing control of banking facilities.
- Attending to the Administrators' statutory duties including informing Inland Revenue, ACC and various other parties of the appointment.
- Issuing requests to the Directors to complete a Statement of the Company's Position as at 21 July 2020 and deliver the books and records of Ripetime to the Administrators.
- Holding discussions with the Directors and management to understand the background, operating structure and financial performance of Ripetime.
- Securing Ripetime's books and records including accounting records held on Xero and held by the Company's external accountants.
- Obtaining a forensic copy of the Company's electronic records and emails (where possible).
- Contacting various legal firms who we understood had been involved with the Company.
- Reviewing financial transactions processed through the Company's bank account and entries made into the Company's general ledger.
- Reviewing creditor claims received and supporting documents.
- Initial work in preparing for a sale of the patent and other IP and computer equipment.
- Convening and conducting the first meeting of creditors in the administration.
- Attending to other general matters, enquiries and statutory requirements.

Investigations



7. Investigations

7.1 Overview

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, if one is appointed, 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 and that is to resolve to appoint liquidators to Ripetime. This is because no DOCA has been proposed, and returning the Company to the Directors is impractical as the Company is 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 the Company, further investigations will need to be undertaken pursuant to the statutory duties and powers that liquidators have under the Act.

Investigations undertaken

- The Administrators' investigations undertaken include, but were not limited to:
 - reviewing and analysing Ripetime's financial information and other books and records;
 - reviewing Inland Revenue and payroll records;
 - discussions with Board members and management;
 - reviewing correspondence from legal advisors;
 - reviewing timelines of events and questionnaires of relevant information requested from the individual directors; and
 - considering cash and funding available to Ripetime and its timeliness of payments to creditors.

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 Ripetime provided to us, the Administrators are of the opinion that the books and records may not have been kept up to date and appear to be deficient in certain respects. Further enquiries are required to determine whether the Board has failed to maintain adequate books and records and whether the Registrar of Companies should therefore be notified of such.

Determining the date of insolvency

- As stated earlier in section 5 of this report, Ripetime was insolvent at the Appointment Date as it could not pay its debts as they fell due.
- 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, such as voidable transactions and transactions at undervalue.
- There are significant complexities in determining the date of insolvency due to the disputes between the various stakeholders. Consequently, the Administrators have not been able to form a view on the date of insolvency in the time available. This will be investigated further by a liquidator.

7. Investigations

7.2 Voidable transactions

The Administrators' preliminary investigations indicate that Ripetime was insolvent at the Appointment Date and that there are creditor claims and payments made to related parties that require further investigation by a liquidator.

Voidable transactions

- In the event that the Company is put into liquidation, certain transactions that occurred prior to appointment where property of the Company was disposed of or dealt with, may be recovered by a liquidator. These are known as voidable transactions and include:
 - preferential payments, i.e. insolvent transactions;
 - transactions at an undervalue;
 - unreasonable director/shareholder related transactions; 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 a number of statutory defences available under the Act to counterparties of 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.
- As voidable transactions can only be pursued by a liquidator, further investigations would be required by the appointed liquidator to determine whether any voidable transaction and non-arms length related party claims exist, and whether or not they would be commercial to pursue.

Creditor claim analysis at Appointment Date

Creditor	Amount claimed (\$)	Incurred	Debt claim in respect of
Alex Mospanyuk	1,663	Oct-19	Employee holiday pay
Anderson Creaqh Lai Ltd	15,057	Jun to Jul-19	Legal services
Bramford Horton	15,963	May to Aug-19	IT services
Callaghan Innovation	1,020,330	Appointment date	Grant funds repayable due to insolvency
Gamify	32,185	Inv dated Oct-19	Sydney office sublease. Feb to Oct-19
Jonathan Lowy	1	Unknown	Unpaid salary
Jonathan Shannon	163,185	Jun to Oct-19	Unpaid salary & subrogated costs
Joshua Dunford	1,663	Oct-19	Employee holiday pay
Michael Van Titeren	72,105	Jan-20	Consulting services May to Dec-19
Michael Vukcevic	20,263	May to Jun-19	Consulting services
Mitchell Denton	1,663	Oct-19	Employee holiday pay
Mitchell Swanson	1,663	Oct-19	Employee holiday pay
Neil Burmester	26,704	Dec-19	Website design
Palmas Limited	1,042	Mar to Jun-20	Accounting services
Ross Shannon	729,204	Apr-19 to Jun-20	Consulting services & shareholder loan
Salvo Limited	327,169	Feb-19 to Jul-20	R&D activities & equipment storage
Total	2,429,860		

7. Investigations

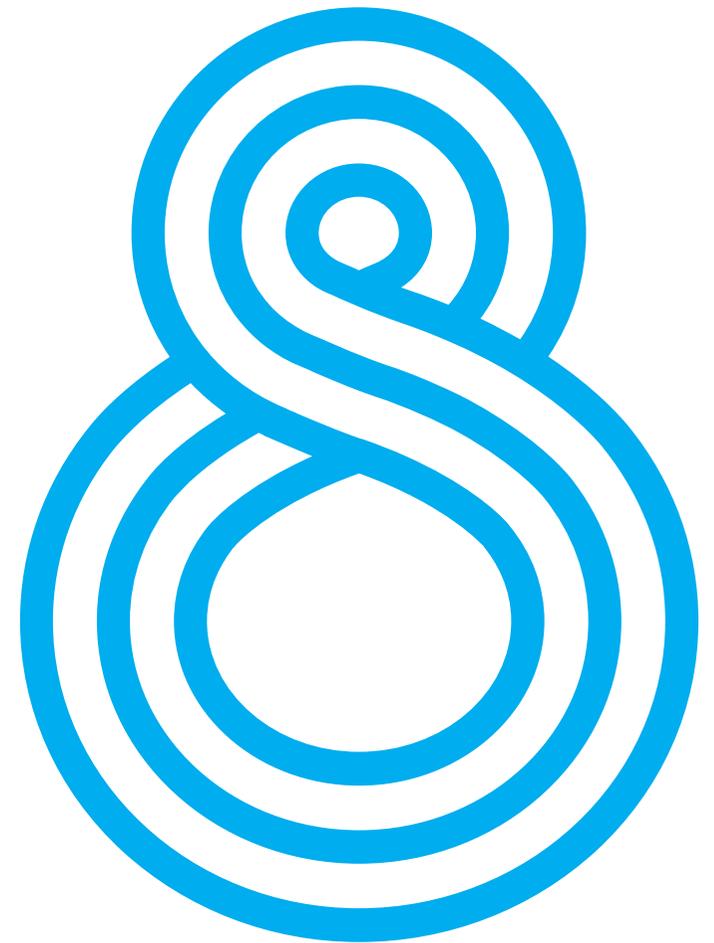
7.3 Directors' duties

The Administrators have received significant information from various stakeholders requiring further investigation by a liquidator, if one is appointed, before conclusions can be reached regarding potential actions for possible breaches of directors' duties.

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.
- In the event that liquidators are appointed to Ripetime, further investigations will need to be undertaken pursuant to the statutory duties liquidators have under the Act. Any misconduct of a director, officer or shareholder, will need to be reported to the Registrar of Companies.
- We received a significant volume of information from various stakeholders in relation to Ripetime. A number of these matters have also been the subject of lengthy litigation between parties to date. It was therefore impractical for the Administrators to review all of this information and form views as to whether there are claims against the directors in the time available prior to production of this Report.
- Should we be appointed as liquidators, we will continue our investigations and report to creditors on potential actions once these investigations are concluded, and providing such reporting does not prejudice any actions that may be taken.

Alternatives available to creditors



8. Alternatives available to creditors

8.1 Recommended course of action: liquidation

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 Company being insolvent, the Administrators recommend that creditors vote for the Company 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 Company. The Administrators are required to provide their opinion as to whether it would be in the creditors' interests for:
 - Ripetime to execute a DOCA; or
 - the administration to end, with control of Ripetime reverting to the Directors; or
 - a liquidator be appointed.
- The Administrators recommend that creditors vote for the third option, to appoint a liquidator to the Company, 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 Company could not be rehabilitated to continue its R&D efforts due to the significant breakdown in the various relationships outlined in section 5 and the lack of capital required to continue with the R&D activities being available. As a result, the only practical option is to sell the assets of the Company. The legal entity, however, cannot be rehabilitated due to the significant claims against it.
- 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 administration and returning control of Ripetime to the Directors. We do not believe this to be a commercially viable option, given the Company has insufficient funds to meet creditor liabilities and is therefore insolvent.
- In our opinion, it is not in the best interests of creditors to vote for the administration 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 Ripetime would involve:
 - further enquiries into potentially voidable transactions;
 - adjudicating creditor claims; and
 - realising the value of its assets including its intellectual property.
- Given Ripetime is insolvent and no DOCA has been proposed, **the Administrators recommend that creditors vote in favour of the Company 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 unsecured creditors for distribution purposes against the net proceeds of realisation from pre-appointment inventory, work-in-progress and accounts receivable. We are currently assessing claims lodged by several individuals who are claiming employee entitlements.
- Apart from the realisations of any sale of the Company's assets (per section 4.1), which will be applied firstly to meet the costs of the Administrators'/Liquidators' fees and disbursements, any recovery for unsecured creditors is dependent on actions that become available in the liquidation, such as voidable transaction claims or legal actions. We provide an overview of our high-level investigations to date in this regard in section 7.

Appendices



Appendix one

Ripetime receipts and payments and remuneration paid in the period 21 July 2020 to the date of this report

Receipts

Shareholders advance	3,527.63
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Payments

Legal fees – external provider	<u>3,527.63</u>
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Cash on hand at the date of this report

NIL

Fees paid to the Administrators

- No fees or disbursements have been paid to the Administrators as at the date of this report.

Appendix two

Explanation of hourly rates and disbursements

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)
Appointee/ Partner	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.	\$645
Director	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.	\$550
Senior Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major work streams in larger matters.	\$485
Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on work streams in larger matters.	\$425
Assistant Manager	Generally, Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages work stream activity within appointments.	\$375
Senior Analyst	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.	\$300
Analyst	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.	\$285

Title	Guide to qualifications and role	Hourly rate (excl GST)
Administrator	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
Secretaries	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

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*	\$0.68-\$1.09 per KM, depending on the size of the vehicle's engine
Internal disbursements: conference calls	At cost

Appendix three

Our offices

ADELAIDE	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
AUCKLAND	T +64 9 366 4655 F +64 9 366 4656	Level 17 AIG Building, 41 Shortland Street, Auckland 1010, New Zealand PO Box 106-733, Auckland 1143, New Zealand
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CANBERRA	T +61 2 6222 1400 F +61 2 6222 1499	Level 1, 24 Brisbane Avenue, Barton ACT 2600 GPO Box 9986 Canberra ACT 2601
MELBOURNE	T +61 3 9038 3100 F +61 3 9038 3199	Level 6, 171 Collins Street, Melbourne Victoria 3000 GPO Box 9986 Melbourne Victoria 3001
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