

RSM Bird Cameron Partners

Chartered Accountants

The Cardinal Group

Formerly trading as Cardinal Project Services, Complete Concrete Cutting,
Reefway Environmental Services, Recycled Resources and Smartskip

REPORT TO CREDITORS

Pursuant to Section 439A
of the Corporations Act

23 January 2012

DATE OF MEETING OF CREDITORS:

1 February 2012

AT THE OFFICES OF:

RSM Bird Cameron Partners
Level 12, 60 Castlereagh Street
Sydney NSW 2000

DATE OF APPOINTMENT OF ADMINISTRATORS:

15 December 2011

APPOINTEES:

Peter Marsden
Richard Stone

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Cardinal Group Pty Limited
(Administrators Appointed) (Receivers and Managers Appointed)
ACN: 129 933 393

As Trustee For
Cardinal Group Unit Trust
Reefway Asset Trust
Reefway Environmental Services Trust - Formerly trading as Reefway Environmental
Services, Recycled Resources, Smartskip

Cardinal Project Services Pty Limited
(Administrators Appointed) (Receivers and Managers Appointed)
ACN: 090 113 705

Complete Concrete Cutting Pty Limited
(Administrators Appointed) (Receivers and Managers Appointed)
ACN: 107 206 842

Cardinal Logistic Services Pty Limited
(Administrators Appointed) (Receivers and Managers Appointed)
ACN: 087 389 642

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Enclosures

- Notice of Meeting
- Formal Proof of Debt
- Appointment of Proxy

1 Glossary

Term	Abbreviation
Australia and New Zealand Banking Group Limited	ANZ
Australian Securities and Investment Commission	ASIC
Australian Taxation Office	ATO
Card Services Pty Limited	CS
Cardinal Group Pty Limited, Cardinal Project Services Pty Limited, Cardinal Logistic Services Pty Limited and Complete Concrete Cutting Pty Limited	the Companies the Group Cardinal
Cardinal Group Pty Limited	CG
Cardinal Group Unit Trust	CGUT
Cardinal Logistic Services Pty Limited	CLS
Cardinal Project Services Pty Limited	CPS
Commonwealth Bank of Australia Limited	CBA
Complete Concrete Cutting Pty Limited	CCC
Corporations Act 2001	the Act
Deed of Company Arrangement	DOCA
Estimated Realisable Value	ERV
National Australia Bank Limited	NAB
PPB Advisory	PPB
Recycled Resources	RR
Reefway Asset Trust	RAT
Reefway Environmental Services	RES
Reefway Environmental Services Trust	REST
Report as to Affairs	RATA
Sam Ebeid, Andrew Travers and Michael Burns	the directors
Smartskip	SS

2 Introduction

We were appointed Joint and Several Administrators by the directors of the Companies on 15 December 2011 pursuant to Section 436A of the Act. The first meeting of creditors was held concurrently on 23 December 2011, at which our appointment as Administrators was confirmed. During the course of the meeting it was determined that a Committee of Creditors would not be formed.

A second meeting of creditors of the Companies is to be held concurrently on 1 February 2012. Please refer to the attached notice of meeting. The second meeting will consider, amongst other matters, the future of the Companies. Telephone conference facilities will be available for creditors unable to physically attend the meeting. Please advise Ms Stefanie Bennett or Ms Alex Daly of our office by 3pm, 31 January 2012 should you wish to utilise these facilities.

The purpose of the appointment of Administrators is to allow for an independent insolvency practitioner to take control of and investigate the affairs of an insolvent company. During that time creditors' claims are put on hold. At the end of that period we are required to provide creditors with information and recommendations to assist creditors in deciding on the future of the Companies.

The purpose of this report is to provide creditors with sufficient information to enable an informed decision about the future of the Companies, including details of the following:

- Background information about the Companies;
- Results of our investigations;
- The estimated returns to creditors;
- Details of any proposal for a DOCA and
- The options available to creditors and our opinion regarding each of these options.

In the time available to us, we have undertaken the following investigations to prepare this report and formulate our opinion:

- Meetings and communications with the directors and their advisers as well as other parties regarding the Companies' affairs;
- Liaised with the secured creditor and the Receivers and Managers; and
- Collected and reviewed the available books and records of the Companies and made demands for the provision of further information regarding the Companies.

Due to the time constraints imposed under the Voluntary Administration regime our investigations are only at a preliminary stage.

At the meeting of creditors to be held on 1 February 2012, creditors are able to make a decision by passing a resolution in respect of options available to them. In this report we have recommended to creditors that the Companies be placed into liquidation and detailed why this option, in our opinion, is in creditors' best interests.

3 Executive Summary

Upon our appointment the Companies had insufficient working capital required for continued trading, therefore, we had no other alternative than to cease trading the business of the Companies immediately.

Our initial focus was securing and collecting chattel assets and preserving debtors records. To assist with these priorities, we engaged the services of DMS Davlan, specialist auctioneers and valuers and Stoneink, specialist mercantile agents.

On Monday 19 December 2011, Mr Christopher Hill and Mr Mark Robinson of PPB were appointed by NAB as Receivers and Managers. On this date they took control of all the assets of the Companies pursuant to the fixed and floating charges held by NAB. The leases for the operating premises were specifically excluded from the Receivers and Managers appointment.

NAB is owed approximately \$26m and has a fixed and floating charge over all the assets of the Companies. Any return to unsecured creditors is subject to satisfaction of the secured debt to NAB being met in full, or recoveries by the Liquidator in respect of preferences and other antecedent transactions and insolvent trading.

We were also appointed as Joint and Several Liquidators to CS, which is a labour hire company, which employed all the staff who worked in the Group. All employees of CS were terminated on 15 December 2011.

Our initial investigations have identified numerous antecedent transactions that may be available to a Liquidator should creditors resolve that the Companies be wound up. Any antecedent transactions that are recovered in the Liquidation scenario do not form property available to NAB under its security.

No proposal for a DOCA has been received, therefore, we recommend the Companies be wound up.

In order for creditors to make an informed decision on the future of the Companies, we recommend that this report be considered in its entirety. Should you have any information that may assist our investigations or have any queries regarding this report, please contact Ms Stefanie Bennett or Ms Alex Daly of our office.

4 Background

4.1 Declaration of Independence, Relevant Relationships and Indemnities (“DIRRI”)

We have previously provided a DIRRI to creditors with our notice of the first meeting of creditors of the Companies dated 15 December 2011. We advise there have been no matters requiring any updates or changes to that DIRRI. We restate that we were provided with funds in advance to cover the costs of the administration (including the Liquidation of CS) in the amount of \$125,000.

4.2 Statutory Information

The statutory information for each of the Companies is set out in Annexure A. This information was obtained from searches of the ASIC database on 22 December 2011.

4.3 Structure

The structure of the Companies is set out in Annexure B. We note that CG is the corporate trustee for the following 3 trusts:-

Trust	Unit Holders	Units	Related to
CGUT	Ramsgate Assets Pty Ltd	50,000	The directors
	Simple Holdings (Aust) Pty Ltd	50,000	
	MAMB Pty Ltd	4,026	
RAT	Cardinal Group Pty Limited	1,000	The directors
REST	Cardinal Group Pty Limited	1,000	The directors

4.4 Winding Up Applications

According to the ASIC database an application to windup CG was lodged in the Supreme Court of NSW on 24 November 2011 by Duck Out Properties Pty Limited. The directors have advised that this action relates to unpaid rent to the landlords of Duck Street, Auburn. This site was previously occupied by the Companies. We note that Mr Michael Burns is a director of Duck Out Properties Pty Limited.

We are not aware of any other winding up applications against the Companies.

4.5 Charges

NAB hold fixed and floating charges over all the assets and undertakings of the Companies which was created on 23 December 2010 and registered on 24 December 2010.

NAB provided funding to the Companies in consideration for the charge and has advised our office that the indebtedness is approximately \$26 million.

ANZ previously held two charges over all the assets and undertakings of the Companies. The first was created on 23 May 2008 and registered on 26 May 2008. The second was created on 10 July 2009 and registered on 13 July 2009. An ASIC search indicates that both of these charges were satisfied on 24 December 2010. There are no other charges listed with ASIC for any of the Companies.

5 History

Based on a review of the books and records of the Companies, as well discussions with the directors and their advisers, we understand the history of the Companies to be as follows.

The Group was a large privately owned environmental services business, which specialised in waste management, recycling, hazardous waste management, site remediation, demolition and industrial and building services.

The Cardinal business was founded in 1993 and expanded through acquisition and organic growth. At the date of appointment the Group was made up of seven entities. We have been appointed as Voluntary Administrators to Companies which control all those entities.

At the date of appointment the Companies provided employment for approximately 200 people in NSW, QLD and the ACT. The Companies had offices in Rydalmere, Silverwater, Alexandria, New South Wales, as well as in Oxley, Queensland. As discussed in section 3, we were appointed as Liquidators of CS on 15 December 2011, a labour hire Company which employed all of the staff.

The trading names of the businesses were Reefway Environmental Services, Recycled Resources, Smartskip, Cardinal Project Services and Complete Concrete Cutting. A brief summary of each of these entities is provided below.

5.1 Reefway Environmental Services (“RES”) and Smartskip (“SS”)

RES was established in 1987 and acquired by the Group in 2008. RES provided waste management and recycling services to the construction and infrastructure industry through its fleet of trucks and skip bins. The SS bin business was acquired in 2010 to compliment Reefway and provided additional waste management services.

5.2 Recycled Resources (“RR”)

RR was acquired by the Group in 2009 and its main role was resource recovery, recycling construction and demolition waste. RR produced road base, aggregates, sand, soil, decorative gravel and timber mulches for the building, construction and landscaping markets by reprocessing waste material.

5.3 Cardinal Project Services (“CPS”)

CPS provided the following contracting services to the construction, infrastructure and industrial sectors:

- Hazmat Management
 - Removed and disposed of hazardous materials including asbestos and lead.
- Demolition and Site Reconfiguration
 - Provided demolition, dismantling, reconfiguration and site clearing services to the construction, industrial and infrastructure sectors.
- Civil Works Division
 - Provided services in site remediation, excavation, site shoring, site retention and car park and underground construction.
- Industrial Services Contracting
 - Provided services for the remediation of industrial sites.

These divisions often worked in conjunction with each other whilst utilising the services of RES, RR and SS for their waste disposal.

5.4 Complete Concrete Cutting (“CCC”)

CCC provided concrete coring, wall sawing, road sawing, wire sawing and concrete bursting services to the building, construction and demolition sectors. CCC operated as a contractor who provided services to the Companies and to external customers.

5.5 Non Trading Entities

The non-trading entities, being CLS, CGUT and the RAT held the assets of the Companies. As discussed in section 2, CG acted as the Trustee for the CGUT, RAT & REST.

5.6 Timeline

To summarise, a time line of key events from the establishment of Cardinal through to the date of our appointment is provided below:

Date	Event
1993	The Cardinal business is co-founded by Sam Ebeid and Andrew Travers. The core business of the Group was excavation, demolition and hazmat management.
May 1999	CLS is incorporated
October 1999	CPS is incorporated
November 1999	Sam Ebeid and Andrew Travers appointed as directors of CLS
May 2001	Sam Ebeid and Andrew Travers appointed as directors of CPS
November 2003	CCC is incorporated
February 2008	CG is incorporated
May 2008	First ANZ charge created and registered Reefway is acquired. Michael Burns appointed as director of CG
July 2009	Second ANZ charge is created and registered RR is acquired.
February 2010	Michael Burns appointed as director of CPS and CLS
December 2010	Both ANZ charges are satisfied Michael Burns appointed as director of CCC NAB charge is created and registered SS is acquired
November 2011	Winding up application filed in the Supreme Court by Duck Out Properties
15 December 2011	Voluntary Administrators Appointed (RSM)
19 December 2011	Receivers and Managers Appointed (PPB)

5.7 Reasons for Financial Difficulties

The directors of the Companies have provided the following reasons for the financial difficulties experienced by the Companies:-

- There was a focus on growth and acquisitions which resulted in the business performance and financial reporting suffering.
- Tipping costs increased and terms were COD resulting in a major cash flow squeeze that hindered the performance of other divisions within the Group.
- Adoption of poor management processes evident with management reports being issued late and infrequently, difficulty experienced with month end processes, lack of controls and accountability.

These difficulties increased with the manual consolidation of accounts from a number of different accounting systems due to a lack of integration between the entities.

- The synergy intended from the purchase of SS, RR and RES did not eventuate due to poor strategic management.
- The Companies were undercapitalised and unable to meet their significant debt obligations to the NAB, including unachievable reducing covenants.

Based on our enquiries we are of the view that the explanation provided by the directors for the financial position of the Companies appears to be consistent and reasonable. However, we also consider the following factors as contributing to the financial difficulties of the Group:-

- The acquisition of SS in 2010 added significantly to the cost base of the Group which could not be covered by the SS revenue.
- Under capitalised.
- Significant trading losses over an extended period.

6 Financial Information

We received RATA's from the directors on 11 January 2012, detailing the assets and liabilities of the Companies. A summary of the RATAs is provided in the table below, along with our general comments and views regarding the overall assets and liabilities for the Group. For a more detailed assessment of the information contained in each RATA as well as further commentary, please refer to Annexure C.

	Directors Estimated Realisable Value				
	CG \$'000	CPS \$'000	CCC \$'000	CLS \$'000	Group \$'000
Assets					
Sundry Debtors	2,500	1,500	150	15	4,165
Cash on Hand / Cash at Bank	2	40	3	(22)	24
Stock	250		50	50	350
Plant and Equipment	150		75	3,500	3,725
Other Assets	3,500	150			3,650
Total Assets	6,402	1,690	278	3,544	11,914
Liabilities					
Amounts owing and secured by debenture or floating charge	26,000	Unknown			26,000
Less Payable in advance of secured creditor		Unknown	Unknown	3,485	3,485
Tax Liabilities			142	283	425
Balances owing to partly secured creditors	2,787	Unknown			2,787
Unsecured creditors	5,240	7,360	345	2,766	15,711
Total Liabilities	34,027	7,360	487	6,534	48,408
Estimated Net Deficiency	(27,625)	(5,670)	(209)	(2,991)	(36,495)

6.1 Assets

The total ERV of the assets of the Companies is estimated by the directors to be \$11.9m.

As discussed in section 3, NAB appointed PPB as Receivers and Managers pursuant their registered fixed and floating charge over all the assets of the Companies. The Receivers and Managers are responsible for realising the assets of the Companies. The process is ongoing and the valuation and ERVs cannot be disclosed as this information is commercially sensitive.

The Receivers have advised that they do not expect to make realisations sufficient to discharge the debt to NAB in full.

It is our view that the actual realisations will be substantially less than the directors' ERV disclosed above.

6.2 Liabilities

According to the directors, the estimated liabilities of the Companies total \$48.4m. This includes amounts owing to the secured creditor, NAB, partly secured creditors and unsecured creditors, as well as tax liabilities. The management accounts support these figures.

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To date, we have received Proof of Debts from unsecured creditors which total \$13,931,232 for all Companies. The majority of claims are against CG and CPS. Related parties of the directors and intercompany creditors are stated to be owed an estimated amount of \$4,603,536. Please refer to Annexure D for a listing of all related party and intercompany creditors and the quantum of their claims.

6.3 Estimated Net Deficiency

The directors have estimated the net deficiency of the Companies to be \$36.5m. We expect that this deficiency will increase. Any return to unsecured creditors from the assets of the Companies is subject to satisfaction of the secured debt to NAB being met in full, which is unlikely at this stage.

6.4 Books and Records

We have collected and received some of the books and records of the Companies, including the management accounts which were maintained in the accounting software package MYOB. We have also received records from the Companies' solicitors and accountants.

Section 286 of the Act requires a Company to keep written financial records that correctly record and explain its transactions, financial position and performance that would enable true and fair financial statements to be prepared and audited. This section also requires a Company to retain its financial records for a period of seven (7) years after the transactions covered by the records are completed. At this stage, we consider that the Companies have complied with Section 286 of the Act in relation to maintaining its books and records.

6.5 Financial Statements

We have been provided with consolidated audited financial statements for the Companies for the financial years ending 30 June 2007, 2008, 2009, 2010 and consolidated management accounts prepared up to 31 May 2011. Management accounts for the individual entities/businesses were prepared to November 2011.

A summary of the financial statements and May management accounts are provided at Annexure E. The financial statements for the year ended 30 June 2011 were not finalised. We are advised the accounts are in draft form and we have corresponded with the external accountants and auditors in order to obtain a copy. At the time of writing this report we are yet to receive these draft accounts.

The financial statements for years 2007 to 2010 were prepared on a consolidated basis for the Group and incorporate the results of other related entities to which we are not appointed Administrators. These other entities include, Cardinal Holdings (Aust) Pty Ltd, Hazmat Abatement Services Pty Ltd, Cardinal Group Services Pty Ltd (formerly Cardinal Labour Holdings Co Pty Ltd), Setco2 Pty Ltd, Active Management (Australia) Pty Ltd, Project Labour Pty Ltd, Expert Labour Pty Ltd, Expert Labour Hire Pty Ltd, Project labourers Pty Ltd, Pike River Pty Ltd as Trustee for 25 Pike Street Unit Trust, Bayview Parkside Pty Ltd.

The management accounts to 31 May 2011 incorporate only the entities to which we are appointed. The management accounts omit a number of year end accounting entries that would otherwise be contained in a finalised set of accounts.

For reasons discussed above, the comparative financial statement annexed to this report is therefore of limited value. We note that we express no view regarding the accuracy or completeness of the information contained in the financial statements and management accounts. Provided hereunder is our initial analysis of same.

6.5.1 Balance sheet

Based on our review of the Group balance sheet, we provide the following summary of the current ratio from 2007 to 2011.

Year	May 2011	2010	2009	2008	2007
Current Ratio	0.95	1.11	1.05	0.89	0.68

A ratio of less than 1 indicates a deficiency of liquid assets to meet debts due within 12 months and is an indicator of insolvency. The current ratio identifies the Group had insufficient funds to pay its short term debts as they fell due in 2007, 2008 and 2011.

The following table summarises the debt to equity ratio from 2007.

Year	May 2011	2010	2009	2008	2007
Debt to Equity Ratio	8.29	6.73	7.93	4.68	3.98

The Group has steadily increased its reliance on debt financing to fund its operations and acquisitions. In December 2010 the NAB refinanced the \$20m facility that had previously been provided by ANZ. At that time, NAB also granted an additional facility for approximately \$6m for the purchase of the SS business.

The following table summarises the movement in the net asset position of the Group.

Year	May 2011	2010	2009	2008	2007
Net assets (\$m)	4.43	4.53	3.96	5.60	2.42

The Group maintained a positive net asset position. However, we note that intangible assets are being carried in the balance sheet for a book value of \$8m in 2010 and \$12m in 2011. Intangible assets are comprised wholly of goodwill which is not a readily saleable asset and contingent upon the operations of the Group continuing as a going concern.

We are of the view that goodwill ought to have been written down substantially given the ongoing losses that were being generated by the Group and the directors' inability to sell the businesses or attract an equity investor. In any event, the entire amount of \$12m should have been written off prior to our appointment as the value was \$Nil at the time of our appointment.

6.5.2 Profit & loss

The following table shows the gross profit as a percentage of total sales since 2007.

Year	May 2011	2010	2009	2008	2007
Gross Profit %	17.95	38.14	19.03	25.94	19.71

Gross Profit percentage indicates the Group had reasonable margins over cost of goods sold, however this did not flow to net profits as shown by the following table.

Year	May 2011	2010	2009	2008	2007
Net Profit %	-0.20	0.08	-0.63	5.44	2.47

The Group has a very low net profit percentage and in some instances it is negative, due to trading losses. In 2010, although the Group has its best gross profit in percentage terms, the net profit is less than 1%. The Group has been incurring increased overheads and indirect business expenditure since 2009.

The comparative financial statements demonstrate the Group's poor trading performance can be linked to:

- Increases in expenditure from 2009 onwards;
- A reliance on debt funding for the Group's operations resulting in higher interest costs;
- Large increases in occupancy expenses, related to additional rent payable upon the acquisition of the RES and SS businesses; and
- Acquisition of RES & SS added to the cost of the business, but did not produce increased profit.

6.6 Receipts and Payments

Attached as Annexure F is a summary of receipts and payments we have received as Administrators of CG.

There have been no receipts or payments for the other entities in the Group.

7 Investigations

We are required under the Act to inform creditors as to whether there are any transactions to which provisions of Part 5.7B of the Act may apply. The Act provides that where a company is being wound up, certain transactions may be recovered by a Liquidator as unfair preferences, uncommercial transactions, unfair loans or insolvent transactions.

The following investigations have been undertaken in order to identify voidable transactions:

- A review of the MYOB files and transactions with creditors for each of the Companies in the 6 months prior to the winding up.
- A review and analysis of each of the audited financial statements and management accounts.
- Identification and analysis of related party transactions, intercompany transactions and director related transactions through transactions listed on MYOB files.
- Review of the books and records of the Companies.
- Discussions with directors, advisors, the Companies accountants and creditors, debtors and employees.

We note that given the time available to us, our investigations should only be regarded as being of a preliminary nature at this stage.

7.1 Unfair Preferences - Section 588FA of the Act

A transaction is an unfair preference if it results in a creditor receiving from the Company, in respect of an unsecured debt, more than the creditor would receive from the Company if the transaction were set aside and the creditor were to prove for the debt in the winding up of the Company. If the payment(s) to the creditor was made within the six months preceding the appointment of the Administrator, a liquidator can take action to recover funds from the preferred creditor and distribute them according to the order of priority contained in section 556 of the Act.

Based on the books and records received and the investigations conducted to date we have identified possible unfair preferences payments across all the Companies. Our investigations have identified a number of round payments made to various creditors, numerous statutory demands being made and several payment plans being entered into. These are indicative of preferential payments being made to creditors who knew that the Companies were insolvent.

If appointed as Liquidators, we will conduct further investigations, and undertake recovery proceedings against creditors who have received a preference. We will take into consideration whether it is commercial to pursue each preference. At this stage we are unable to report with certainty the amounts we are likely to recover under section 588FA, however, we estimate the amount of the preferences which are commercially viable to pursue to be in the vicinity of \$6.7m. Please refer to the below table that sets out the possible preference amounts that we have identified for each of the Companies.

Possible Unfair Preferences - Section 588FA of the Act

<i>Company</i>	<i>Amount Estimated to be pursuable</i>
Cardinal Group	2,145,150
Cardinal Project Services	4,211,730
Complete Concrete Cutting	Not commercial to pursue
Cardinal Logistic Services	323,431
TOTAL	6,680,311

7.2 Uncommercial transactions - Section 588FB of the Act

For an uncommercial transaction to exist at the time of the transaction, it must have the following features:

- A reasonable person would not have entered into the transaction after taking into account the detriment and benefits to the company;
- It was made when the company was insolvent;
- It must have been entered into two years or less prior to our appointment as Administrators however, if it was a related entity it may be 4 years prior to the commencement of the Administration; and
- The person could have reasonably been aware that the company was insolvent at the time of the transaction or the person did not provide valuable consideration.

Based on the investigations conducted to date, we have not identified any transactions of an uncommercial nature. If appointed as Liquidators, we will conduct further investigations.

7.3 Unfair Loans - Section 588FD of the Act

Section 588FD of the Act defines a loan as being unfair if:

- The interest on the loan was extortionate when the loan was made, or has since become extortionate because of variation; or
- The charges in relation to the loan were extortionate when the loan was made, or has since become extortionate because of variation.

We have not identified any transactions of this nature to date, however if appointed as Liquidators, we will conduct further investigations.

7.4 Insolvent Trading - Section 588G of the Act

The Act provides in Section 588G that directors have a duty to prevent a company incurring liabilities where they know or ought to know that the company is insolvent. The directors can be liable to compensate the Company for losses resulting from insolvent trading, subject to defences available. In addition, a holding company may be similarly responsible for the debts incurred by an insolvent subsidiary.

Information about possible insolvent trading is relevant to creditors when making a decision about the future of the Company as directors of the Company may generally only be sued for insolvent trading if the Company is in Liquidation. As with the voidable transactions analysis above, creditors have to assess the advantages to them of any DOCA, which cannot include proceeds from insolvent trading actions, compared to the likely return in a Liquidation, which could include the net proceeds of an insolvent trading action. As there is no DOCA being proposed, it is anticipated that the Companies will be wound up and liquidators appointed.

We have undertaken an initial investigation with a view to identifying whether the directors have allowed the Companies to continue trading whilst insolvent. As part of our initial investigation we have undertaken the following:

- Reviewed the books and records of the Companies;
- Reviewed the Groups management accounts and financial statements; and
- Interviewed management of the Companies.

An action against the directors must analyse the date on which each individual debt was incurred. That debt must be currently outstanding. The debt must also have been incurred at a time that the Companies were insolvent, i.e. it could not pay its debts as and when they fell due.

Creditors should be aware that in order to establish a case for insolvent trading against a director, the liquidator must establish that a director or a reasonable person in the director's position should have been aware that the company was insolvent at a particular time. Furthermore, creditors should be aware that before pursuing any claim for insolvent trading against a director, it would be prudent to look at that individual's personal asset position to establish whether or not such litigation is commercially viable.

The Companies were insolvent at the time of our appointment. A review of the balance sheet indicates the Group had continually maintained a positive net asset position up to and including May 2011. However, based on the current ratio of 0.95 our analysis indicates the Group had insufficient current assets to meet current liabilities. As at May 2011, the Group had a working capital deficiency of \$0.77m. Further investigation will be required to determine when the Group became insolvent on a balance sheet basis. The primary test of solvency, as prescribed by the Courts, is the cash flow solvency test i.e., is the Company able to meet its debts as and when they fall due.

We have conducted an analysis of the financial position of the Companies based on the books and records of the Companies. As the cash flow test of solvency is the most relevant, a detailed review of the ageing of trade creditors was conducted. The ageing of trade creditors deteriorates from July 2011 until the date of our appointment. In September 2011 the Group implemented repayment arrangements with a significant number of creditors. The ageing of trade creditors increases dramatically from this time forward until our appointment.

We have not received confirmation from the ATO regarding the outstanding amounts for income tax and GST liabilities. Due to employees being employed by a separate entity, there are no PAYG Withholding and SCG liabilities for the Group. Preliminary reviews of the books and records indicate there are minimal income tax liabilities. GST liabilities of \$685k and GST refunds of \$465k are recorded in the management accounts at the date of our appointment. Further investigation is required regarding the BAS lodgements to which these amounts relate. The ATO have notified us that some BAS lodgements have been outstanding since 30 June 2011. Unpaid tax liabilities and outstanding lodgements are an indicator of insolvency.

In this regard we note that CS is a creditor of the Group for an amount of \$3.9m. We understand the majority of this amount is represented by unpaid PAYG in CS.

Other indicators of insolvency identified by our investigations to date include:

- Statutory demand issued and winding up proceedings being commenced, by Duck Out Properties Pty Limited; and
- Cheques were prepared but not issued to creditors.

Given the large volume of creditors across the Group, both in terms of number and value, it is clear that there is an argument that the directors may have continued to trade whilst insolvent. In terms of quantifying this potential claim, assuming that it could be proven that the Companies were all insolvent from 1 September 2011, the unpaid creditor position since this date, to the time of our appointment is \$6.5m.

We have been provided with written statements of the personal asset and liability position of each of the directors and based on those statements, the commercial prospects of commencing insolvent trading proceedings are not strong as we do not believe that the directors would have capacity to meet a judgement. The directors have not authorised us to advise creditors of the details of their personal financial position.

We note that insolvent trading litigation is expensive to investigate and prosecute. The successful return to creditors in this type of action would take a considerable time. If a Liquidator was appointed and decided to pursue this action funding would be required either from creditors or a litigation funder.

7.5 Creditor Funding

Should creditors resolve the Company be wound up, we would in the first instance write directly to the parties involved seeking to recover the respective amounts in relation to voidable transactions. Should this action not result in any recovery, we may be forced to commence legal action for the recovery of those amounts. However, based on the asset realisations to date, we do not have sufficient funds to mount any substantial recovery actions. In this instance, we would consider approaching creditors or a litigation funder for the funding of further actions.

We note that creditors that provide funding to a Liquidator for such actions should seek an order for priority distribution of any recovery made pursuant to Section 564 of the Act. It should be noted however that any recovery action may take some time to resolve and there are no guarantees of a successful outcome for creditors. Creditors should note that there are significant risks in initiating any litigation.

Should any creditor wish to assist by funding further investigations and/or examinations or wish to commence their own insolvent trading action, please advise this office **in writing within seven (7) days** from the date of this report.

7.6 Future Public Examination

Should creditors resolve to wind up the Company, Part 5.9 of the Act provides that we may apply to the Courts to summon an examinable officer or other person that may be able to provide information about the Company's examinable affairs. The examination is conducted before a court and the examinee is required to provide evidence on oath and/or produce books and records relating to the Company's examinable affairs.

If we are to conduct further investigations and enquiries, including an examination of the officers and other parties, we will require creditors or another party to provide the requisite funding so that we may undertake same.

Should creditors wish to provide funding for our investigations/public examination, we request they confirm their position in **writing with seven (7) days** from the date of this report.

7.7 Report to Australian Securities and Investment Commission ("ASIC")

As Administrators, we are required to forward a report to ASIC pursuant to Section 438D of the Act, should we discover any material offences committed by the directors. This report is confidential and is not available for public inspection. We advise that have not yet lodged the above report with ASIC.

Should the Companies be wound up, this will allow for further investigations to take place and any such offences we believe have been committed by the directors and/or the Companies will be detailed in our Section 533 report to ASIC. Creditors are advised that the Section 533 report remains confidential between the Liquidator and ASIC and is given qualified privilege pursuant to Section 535 of the Act.

The Assetless Administration Fund (“AA Fund”) was established by the Australian Government and is administered by ASIC. It finances preliminary investigations and reports by liquidators into the failure of companies with few or no assets, where it appears to ASIC that enforcement action may result in the investigation and report. A particular focus of the AA Fund is to curb fraudulent phoenix activity. The AA Fund enables a Liquidator to carry out a proper investigation and report, which assists ASIC decide whether to commence enforcement action (e.g. Director banning under Section 206F of the Act).

Our decision to make an application to the AA Fund is dependent on whether any recoveries are made to enable us to undertake these investigations.

7.8 Estimated Return from a winding up

As we are still in the preliminary stage of our investigations it is difficult to quantify the estimated return from the winding up of the Companies.

Any return to unsecured creditors under a Liquidation scenario is subject to satisfaction of the debt to NAB being met in full from asset realisations made by the Receivers and Managers. However, any antecedent transactions that are recovered are available to a Liquidator in the event that the creditors resolve for the Companies be wound up. These recoveries do not form property available to NAB under their security.

As discussed in section 5.1 we have identified a number of potential unfair preferences that we will seek to recover should we be appointed as Liquidators. The timing of a return to creditors will depend on the extent of the recoveries made and the length of time it takes to finalise any legal proceedings that may need to be undertaken. These recoveries will be subject to the remuneration and expenses incurred, including legal expenses. As such, it is uncertain what the level of return will be to creditors.

8 Administrators' Recommendation

8.1 Options Available

The following options are available for creditors to decide at the forthcoming meeting:

- resolve that the Administration end; or
- resolve that the Company execute a DOCA; or
- resolve that the Company be wound up; or
- Adjourn the meeting for up to 45 business days.

We note that the above options are mutually exclusive. Therefore, only one (1) of the above options may be resolved at the forthcoming meeting of creditors. Our comments on each option regarding the above for each of the Companies are as follows:

8.1.1 The Administrations End

At the forthcoming meeting, creditors are able to resolve that the Voluntary Administrations end. Such a resolution would result in the Companies being released from the Administration and control of the Companies reverting back to the directors. Creditors would then be free to pursue any debt recovery actions.

As the Companies are insolvent, we believe a formal insolvency appointment is essential. This is an issue to be resolved by creditors at the forthcoming meeting.

8.1.2 The Companies Execute DOCAs

No DOCA has been proposed for any of the Companies and therefore we are unable to recommend that the Companies execute a DOCA.

8.1.3 The Companies be Wound Up

As no DOCA has been proposed, the only option we are able to recommend is that the Companies be wound up. The appointment of a liquidator allows for an investigation into the affairs of the Company and the conduct of the directors and possible recovery of antecedent transactions.

8.1.4 Adjournment of the meeting

Pursuant to s439B(2) of the Act, a meeting convened under s439A may be adjourned from time to time, but the period of the adjournment, or the total of the periods of adjournment must not exceed 45 business days. Hence, creditors have an option available to adjourn the meeting of creditors, however, we do not see an adjournment as being appropriate as there are limited options available as the Companies are insolvent.

8.2 Our Recommendations

Our recommendation for each of the Companies is as follows:

CG

In relation to CG we advise as follows:

- We **do not** consider it would be in the creditors best interests for the Administrations to end given CG is insolvent.
- We **do not** consider a DOCA should be accepted as there is no proposal submitted.
- We **do** consider in the interest of all creditors that CG be wound up.

CPS

In relation to CPS we advise as follows:

- We, **do not** consider it would be in the creditors best interests for the Administrations to end given CPS is insolvent.
- We, **do not** consider a DOCA should be accepted as there is no proposal submitted.
- We **do** consider in the interest of all creditors that CPS be wound up.

CCC

In relation to CCC we advise as follows:

- We, **do not** consider it would be in the creditors best interests for the Administrations to end given CCC is insolvent.
- We, **do not** consider a DOCA should be accepted as there is no proposal submitted.
- We **do** consider in the interest of all creditors that CCC be wound up.

CLS

In relation to CLS we advise as follows:

- We, **do not** consider it would be in the creditors best interests for the Administrations to end given CLS is insolvent.
- We, **do not** consider a DOCA should be accepted as there is no proposal submitted.
- We **do** consider in the interest of all creditors that CLS be wound up.

9 Remuneration

Enclosed as Annexure H is our Remuneration Report for each of the Companies. At the forthcoming meeting, creditors will be asked to approve the Administrators remuneration, and where applicable, the Liquidators' remuneration as follows:

Company	Voluntary Administration		Liquidation
	15/12/2011 – 13/01/2012	14/01/2012 – 31/01/2012	From 1 February
CG	66,586	30,000	75,000
CPS	23,974	20,000	45,000
CCC	7,787	10,000	20,000
CLS	16,296	10,000	20,000

Professional fees for work done by our staff and ourselves are calculated on a time basis in accordance with the hourly rates set from time to time by RSM Bird Cameron Partners for staff of various levels of experience and skill. Such fees will be drawn on a monthly basis based on the hourly rates charged by RSM Bird Cameron Partners, if and when funds become available. We reiterate that we have been provided with an indemnity as disclosed in our DIRRI and we intend to draw payment of the above time costs, plus GST and disbursements, once approved by creditors.

Creditors should feel free to contact our office to seek further information concerning the remuneration claim if they so need.

The IPA has produced a document entitled "Creditor Information Sheet: Approving Remuneration In External Administrations" that can be downloaded from the IPA website, www.ipaa.com.au, or alternatively a copy can be obtained by contacting Ms Stefanie Bennett or Ms Alex Daly at this office on (02) 9233 8933.

10 Notice of Meeting

We advise that concurrent meetings of the creditors of the Companies will be held on 1 February 2012 at 11.00am at the offices of RSM Bird Cameron Partners, Level 12, 60 Castlereagh Street, Sydney, NSW 2000. Please arrive at the venue with sufficient time to allow creditors to sign the attendance register before the commencement of the meeting.

You do not have to attend this meeting. You can nominate someone else or the Chairman to attend and vote on your behalf. The Chairman will vote on all proxies as directed by you save for any resolutions where the Chairman may have a fiduciary interest in the particular resolution. Your non-attendance will not affect the validity of your claim against the Company for which you are a creditor.

10.1 Proxy Form (Form 532)

Please note that corporate creditors must submit a proxy if they intend to vote at the meeting. A Company may execute a document without a common seal if the document is signed by two (2) directors of the Company; or a director and a Company secretary of the Company; or for a proprietary Company that has a sole director who is also the sole Company secretary - that director. A Company with a common seal may execute a document if the seal is fixed to the document and the fixing of the seal is witnessed by two (2) directors of the Company; or a director and a Company secretary of the Company; or for a proprietary Company that has a sole director who is also the sole Company secretary - that director.

The appointment of a proxy must be by an instrument in accordance with Form 532 (enclosed). Proxy forms, or facsimile copies of proxy forms, must be lodged with me at least 15 minutes prior to the meeting. Where a facsimile copy of a proxy is lodged, the original must be lodged within seventy two (72) hours after receipt of the faxed copy. A person claiming to be an attorney of a creditor must show the instrument by which he or she was appointed attorney to the chairperson.

10.2 Formal Proof of Debt (Form 535)

Creditors wishing to attend and vote at the meeting should complete and lodge a Formal Proof of Debt form in accordance with the attached Form 535, together with all supporting documentation in respect of your claim, with our office prior to the meeting. Any creditor that does not provide sufficient documentation to evidence their claim may be ineligible to vote at the meeting.

10.3 Committee of Inspection

In accordance with the provisions of the Act, creditors may appoint a Committee of Inspection. We note that currently there is no Committee of Inspection. Should creditors wish to create a Committee we request written nominations be provided in order for the issue to be further discussed at the forthcoming meeting.

11 Disclaimer

Our report and preliminary investigations into the affairs of the Companies have been prepared and conducted from the available books and records provided to us as well as communications with the Companies' directors and their advisers. Whilst we have endeavored to determine the accuracy or otherwise of the information provided we are unable to warrant the accuracy, completeness or reliability of same. We have not conducted a detailed investigation and/or audited the Companies' financial affairs.

Should creditors have any other information which may assist in our investigations, we request that they forward this to our office as soon as possible.

This report is not to be considered legal advice. Accordingly, creditors should consider seeking their own legal advice in relation to the matters contained within this report.

If any creditor has any queries regarding any matters contained in this Report, requires assistance with completing the attached forms, or has any query relating to the winding up in general, please do not hesitate to contact Ms Stefanie Bennett or Ms Alex Daly of this office on (02) 9233 8933.

DATED this 23rd day of January 2012.

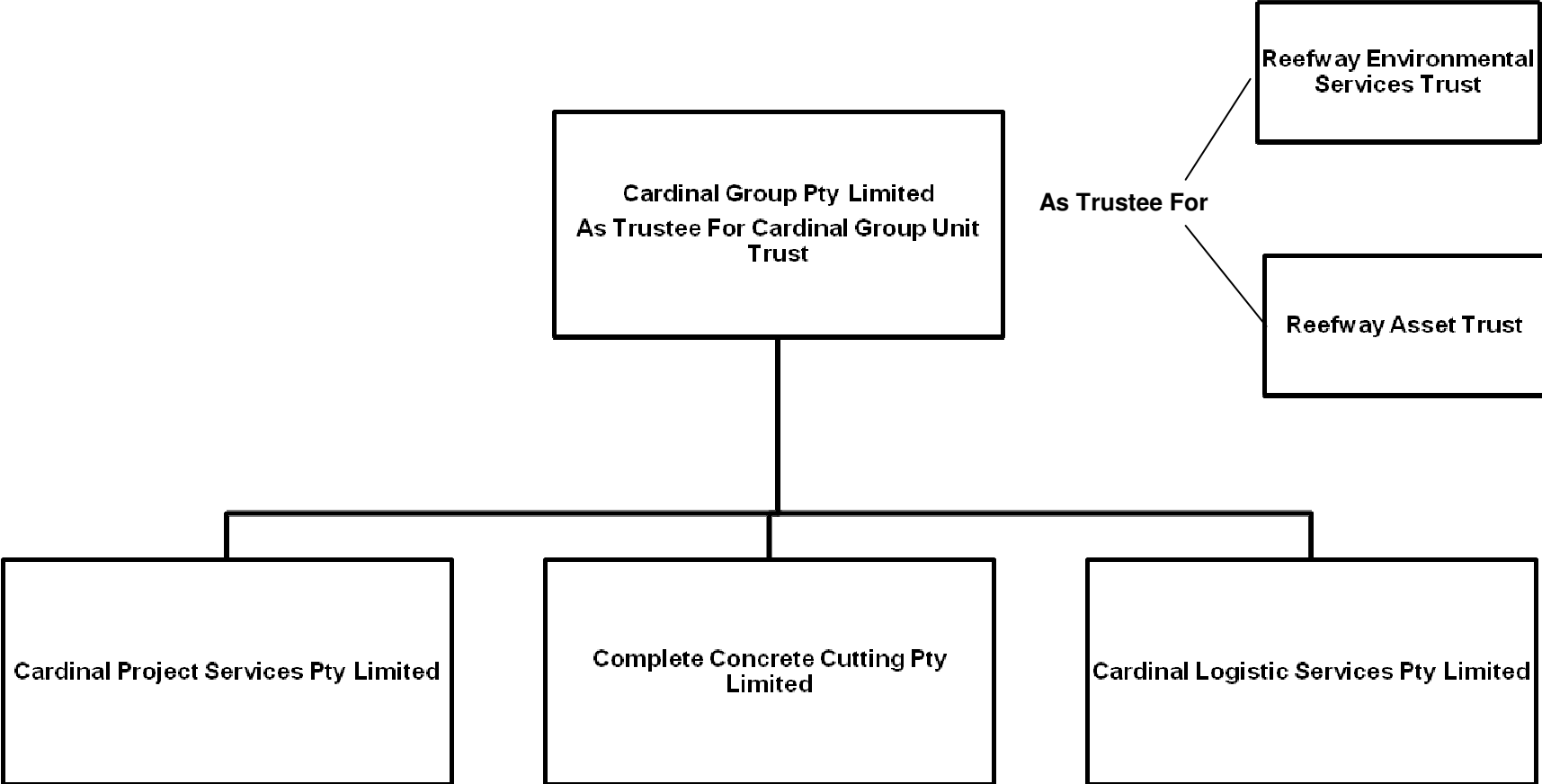


PETER MARSDEN
Joint and Several Administrator

Annexure A – Statutory Information

	Cardinal Group Pty Ltd	Cardinal Project Services Pty Ltd	Complete Concrete Cutting Pty Ltd	Cardinal Logistic Services Pty Ltd
Date of incorporation	28/02/2008	25/10/1999	28/11/2003	03/05/1999
Trading Names	Reefway Environmental Services Recycled Resources Smartskip	Cardinal Project Services Pty Ltd	Complete Concrete Cutting Pty Ltd	Cardinal Logistic Services Pty Ltd
Former names	None	Cardinal Holdings (Aust) Pty Ltd	Cardinal Concrete Cutting Pty Ltd	One Nine One Trading Company Pty Ltd
Principal place of business	25 Pike Street RYDALMERE NSW 2116	25 Pike Street RYDALMERE NSW 2116	25 Pike Street RYDALMERE NSW 2116	25 Pike Street RYDALMERE NSW 2116
Registered office address	L6 Westfield Towers' Suite 601 100 William Street WOOLLOOMOOLOO NSW 2011	25 Pike Street RYDALMERE NSW 2116	25 Pike Street RYDALMERE NSW 2116	25 Pike Street RYDALMERE NSW 2116
Directors	Sam Ebeid - 28/02/2001 - Current Andrew Travers - 28/02/2008 - Current Michael Burns - 22/05/2008 - Current	Sam Ebeid - 21/05/2001 - Current Andrew Travers - 21/05/2001 - Current Michael Burns - 03/02/2010 - Current	Sam Ebeid - 28/11/2003 - Current Andrew Travers - 28/11/2003 - Current Michael Burns - 01/12/2010 - Current	Sam Ebeid - 22/11/1999 - Current Andrew Travers - 22/11/1999 - Current Michael Burns - 03/02/2010 - Current
Former directors in 12 months prior to appointment	None	None	None	None
Secretaries in 12 months prior to appointment	Thomas John Meehan - 16/04/2008 - 29/04/2011	Sam Ebeid - 28/02/2001 - Current Thomas John Meehan - 06/05/2009 - 29/04/2011 James Allan Brown - 07/11/1999 - 21/05/2011	Andrew Travers - 28/11/2003 - Current	Andrew Travers - 22/11/1999 - Current
Shareholders	Simple Holdings (Australia) Pty Limited 50 Ordinary Shares Paid up in full at \$50 Ramsgate Assets Pty Limited 50 Ordinary Shares Paid up in full at \$50	Cardinal Group Pty Ltd 200,000 Ordinary Shares Paid up in full at \$20,380	Cardinal Group Pty Ltd 200 Ordinary Shares Paid up in full at \$200	Cardinal Group Pty Ltd ATF Cardinal Group Unit Trust 200 Ordinary Shares Paid up in full at \$200

Annexure B – Corporate Structure



Annexure C – RATA Summary

CG	Amounts (\$)		
	Book Value	Directors' ERV	Administrators' ERV
ASSETS			
Trade Debtors	3,045,974	2,500,000	Unknown
Cash on Hand	1,500	1,500	2,110
Cash at Bank	(4,190,381)	(4,190,381)	Unknown
Stock	488,604	250,000	Unknown
Plant and Equipment	273,728	150,000	Unknown
Other Assets	11,960,624	3,500,000	Unknown
Total Assets	12,722,956	2,211,119	Unknown
LIABILITIES			
Amounts owing and secured by debenture or floating charge		21,810,000	21,810,000
Balances owing to partly secured creditors		2,787,174	16,142
Unsecured creditors		5,239,559	10,590,149
Total Liabilities		29,836,733	32,416,291
ESTIMATED NET DEFICIENCY		27,625,614	Unknown

Trade Debtors

The directors have included trade debtors in the RATA as having a book value of \$3,045,974 of which they have estimated \$2,500,000 to be realisable. These amounts correlate with the management accounts of CG as at the date of appointment.

Trade debtors are subject to NAB's floating charge and will therefore be realised by the Receivers and Managers. As such, we hold insufficient information to enable us to provide an estimate of the realisable value of the trade debtors.

Cash on Hand

The directors have identified cash on hand to be valued and realisable in the amount of \$1,500.

We recovered \$2,110 in petty cash from the Companies' sites.

Cash at Bank

The directors have advised that the balance of the NAB overdraft was \$4,190,381 at the date of our appointment. The management accounts support this figure.

We have written to a number of banking institutions requesting confirmation of the bank accounts held by CG. We have identified accounts in the name of both CG and Reefway Environmental Services Trust, which are held with CBA and NAB respectively.

Below is a table which sets out the non-overdraft accounts identified and their balances as at the date of our appointment.

Account Name	Bank	Credit Balance
		\$
CG	CBA	592,964.48
CG	CBA	106,727.12
Reefway	NAB	62,834.24
Smartskip	NAB	127,412.28

We have requested further particulars regarding the above accounts however at the date of writing this report, we are yet to receive a response to our requests.

Stock

The directors have valued the stock of CG as \$488,604, with an ERV of \$250,000.

Presently, we have not been provided with, nor obtained, a stock listing and cannot comment on what the items of stock are.

The Receivers have undertaken a realisation of the stock and advise that the valuations and ERV are commercially sensitive and have therefore not disclosed same.

Plant and Equipment

The directors have valued the plant and equipment of CG as \$273,728, with an ERV of \$150,000.

The plant and equipment of CG consists of motor vehicles, skip bins, skid steers and various other items of waste recycling equipment.

The Receivers have undertaken a realisation of the plant and equipment and advise that the valuations and ERV are commercially sensitive and have therefore not disclosed same.

Other Assets

Other assets are listed in the RATA with a book value of \$11,960,624. The directors have estimated the realisable value of these other assets as \$3,500,000.

We have not been provided with or obtained a listing of these other assets and are therefore unable to comment on them.

The Receivers have undertaken a realisation of all other assets and advise that the valuations and ERV are commercially sensitive and have therefore not disclosed same.

Partly secured creditors

According to the RATA, amounts owed to partly secured creditors totals \$2,787,174, which is also recorded in the Companies' management accounts.

To date, one partly secured creditor has lodged a proof in the amount of \$16,192. At the time of writing this report we are unable to form a view as to whether this is a valid claim against CG. We note that the total debt to NAB may also include partly secured amounts.

We expect that this amount will increase as further investigations are made.

Ordinary unsecured creditors

The amount outstanding to unsecured creditors is estimated by the directors to total \$5,239,559. The major creditors listed are SITA Australia, David Abbott and Jack Simpson Fuel Supplies. Related parties of the directors are stated to be owed an estimated amount of \$1,279,282.86.

To date, we have received Proof of Debt forms from unsecured creditors which total \$10,613,761.45.

At the time of writing this report we are unable to form a view as to whether they represent valid claims against CG.

CPS	Amounts (\$)		
	Book Value	ERV	Administrators' ERV
ASSETS			
Trade Debtors	2,910,046	1,500,000	Unknown
Cash at Bank	40,385	40,385	Unknown
Work in Progress	187,517	0.00	Unknown
Other assets	3,898,360	150,000	Unknown
Total Assets	7,036,308	1,690,385	Unknown
LIABILITIES			
Less payable in advance of secured creditor		Unknown	Unknown
Amounts owing and secured by debenture or floating charge		Unknown	Unknown
Unsecured creditors		7,360,372	2,784,459
Total Liabilities		7,360,372	2,784,459
ESTIMATED NET DEFICIENCY		5,669,987	Unknown

Trade Debtors

The directors have included the trade debtors in the RATA with a book value of \$2,910,046 of which they have estimated \$1,500,000 to be realisable. These amounts correlate with the management accounts of CPS as at the date of appointment.

Trade debtors are subject to NAB's floating charge and will therefore be realised by the Receivers. As such, we hold insufficient information to enable us to provide an estimate of the realisable value of the trade debtors.

Cash at Bank

We have identified a bank account held with NAB in the name of CPS. The directors have advised that the amount of \$40,385 was held in the account as at the date of appointment.

The statement we have received for this account indicates that the cash at bank as at the date of our appointment was \$312,386.71 however is subject to the bankers right of set off.

Work in Progress

The Work in Progress of CPS is estimated by the directors to be \$187,517, with its ERV being nil. These amounts are consistent with those listed in the management accounts.

We have undertaken a preliminary assessment of the work in progress as at the date of our appointment and note that there are several amounts that are yet to be claimed for some work undertaken.

Upon our appointment a number of key contracts were terminated due to insolvency event default clauses.

The Receivers have advised that they are attempting to identify projects which are capable of being completed with a view to realising outstanding debtor and retention amounts.

Other Assets

Other assets are listed in the RATA with a book value of \$3,898,360. The directors have estimated the realisable value of these other assets as \$150,000.

These assets comprise inter-company loans within the Group of \$3.3m and therefore are not recoverable, as well as retentions, deposits and prepayments of \$634k which are difficult to recover.

Amounts owing and secured by debenture or floating charge over assets

The directors have advised that the amounts owing and secured by debenture or floating charge over assets is unknown.

We have written to NAB and requested that they clarify the total amounts owing to them pursuant to their charge. At the time of writing this report we have not received a formal response to our request, although, we have been advised that the total debt to NAB across the Companies is approximately \$26 million.

Ordinary unsecured creditors

The amount outstanding to unsecured creditors is estimated by the directors to total \$7,360,372. The major creditors listed are I-Recruit, Northshore Paving and Kohinor Scaffolding. Related parties of the directors are stated to be owed an estimated amount of \$3,531,935.06.

At the time of writing this report we have received Proof of Debt forms from unsecured creditors which total \$2,784,459.

At the time of writing this report we are unable to form a view as to whether they represent valid claims against CG.

CCC	Amounts (\$)		
	Book Value	ERV	Administrators' ERV
ASSETS			
Trade Debtors	248,460	150,000	Unknown
Cash at Bank	3,043	3,043	Unknown
Stock	92,647	50,000	Unknown
Plant and Equipment	140,631	75,000	Unknown
Other Assets	25,000	0.00	Unknown
Total Assets	509,781	278,043	Unknown
LIABILITIES			
Less payable in advance of secured creditor		Unknown	Unknown
Tax Liabilities		142,041	Unknown
Unsecured creditors		345,112	324,844
Total Liabilities		487,153	324,844
ESTIMATED NET DEFICIENCY		209,110	Unknown

Trade Debtors

The directors have valued the trade debtors of CCC to total \$248,460 of which they have estimated \$150,000 to be realisable. These amounts correlate with the management accounts of CCC as at the date of appointment.

Trade debtors are subject to NAB's floating charge and will therefore be realised by the Receivers. As such, we hold insufficient information to enable us to provide an estimate of the realisable value of the trade debtors.

Cash at Bank

We have identified a bank account held with NAB in the name of CCC. The directors have advised that the amount of \$3,043 was held in the account as at the date of appointment however is subject to set off.

We have received limited bank statements for the corporate cheque account held in the name of CCC. These statements indicate that the cash at bank as at the date of our appointment was \$12,023.48.

Stock

The directors have valued the book value of the stock of CCC as \$92,647, with an ERV of \$50,000.

Presently, we have not been provided with, nor obtained, a stock listing and cannot comment on what the items of stock are.

The Receivers have undertaken a realisation of the stock and advise that the valuations and ERV are commercially sensitive and have therefore not disclosed same.

Plant and Equipment

The directors have valued the plant and equipment of CCC as \$140,631, with an ERV of \$75,000.

The plant and equipment of CCC consists of power cutters, drills, saws and various other items of concrete cutting equipment.

The Receivers have undertaken a realisation of the plant and equipment and advise that the valuations and ERV are commercially sensitive and have therefore not disclosed same.

Other Assets

Other assets are listed in the RATA with a book value of \$25,000. The directors have estimated the realisable value of these other assets as nil.

We have not been provided with or obtained a listing of these other assets and are therefore unable to comment on them.

Amounts owing and secured by debenture or floating charge over assets

We note that the CCC RATA did not disclose amounts owing and secured by debenture or floating charge over the assets, however, the amount owed to NAB pursuant to their charge is across all of the Companies.

We have written to NAB and requested that they clarify the total amounts owing to them pursuant to their charge. At the time of writing this report we have not received a formal response.

Tax liabilities

We have advised the ATO of our appointment and requested further particulars of the tax debt outstanding in order to verify the amount of \$142,041 disclosed by the directors. We are yet to receive a response to our correspondence.

The MYOB file indicates that at our appointment the tax debt totalled \$121,639.

Ordinary unsecured creditors

The amount outstanding to unsecured creditors is estimated by the directors to total \$345,112, the major creditors being Card Services, Reddi Diamond Tools and Tyrolit Australia.

To date, we have received Proof of Debt forms from unsecured creditors which total \$324,844.

We have received limited books and records in support of these claims and at the time of writing this report we are unable to form a view as to whether they represent valid claims against CCC.

CLS	Amounts (\$)		
	Book Value	ERV	Administrators' ERV
ASSETS			
Trade Debtors	85,711	15,000	Unknown
Cash at Bank	-21,506	-21,506	Unknown
Stock	73,383	50,000	Unknown
Plant and Equipment	5,665,362	3,500,000	Unknown
Total Assets	5,802,950	3,543,494	Unknown
LIABILITIES			
Payable in advance of secured creditor		3,484,853	Unknown
Tax Liabilities		283,123	285,652
Unsecured creditors		2,765,767	Unknown
Total Liabilities		6,533,743	Unknown
ESTIMATED NET DEFICIENCY		2,990,249	Unknown

Trade Debtors

The directors have included trade debtors with a book value of \$85,711 of which they have estimated \$15,000 to be realisable. These amounts correlate with the management accounts of CCC as at the date of appointment.

Trade debtors are subject to NAB's fixed and floating charge and will therefore be realised by the Receivers. As such, we hold insufficient information to enable us to provide an estimate of the realisable value of the trade debtors.

Cash at Bank

We have identified bank accounts held with ANZ and NAB in the name of CLS. The directors have advised that the bank accounts were overdrawn to the extent of \$21,506.

These accounts include a NAB overdraft account. The bank statement indicates that the overdraft as at the date of our appointment was \$1,389,440.

Below is a table which sets out the accounts identified and their balances as at the date of our appointment.

Company/Operation	Bank	Credit Balance
		\$
CLS	ANZ	154.22
CLS	NAB	-23,772

We have written to NAB and ANZ to obtain further information regarding these accounts, however at the time of writing this report we are yet to receive a response.

Stock

The directors have valued the book value of the stock of CLS as \$73,383, with an ERV of \$50,000.

Presently, we have not been provided with, nor obtained, a stock listing and cannot comment on what the items of stock are.

The Receivers have undertaken a realisation of the stock and advise that the valuations and ERV are commercially sensitive and have therefore not disclosed same.

Plant and Equipment

The directors have included plant and equipment with a book value of \$5.67m and an ERV of \$3.5m.

CLS was the asset holding entity in the group for the plant and equipment that related to the project side of the business.

The Receivers have undertaken a realisation of the plant and equipment and advise that the valuations and estimated realisable value are commercially sensitive and have therefore not disclosed same.

We did not receive a valuation of these assets prior to the appointment of the Receivers.

Payable in advance of secured creditor

The RATA includes an amount of \$3.4m however no details of this liability are provided. It is our view that there are no priority amounts payable in respect of employee entitlements payable in advance of the secured creditor.

Amounts owing and secured by debenture or floating charge over assets

We note that the CLS RATA did not disclose amounts owing and secured by debenture or floating charge over the assets, however, the amount owed to NAB pursuant to their charge is across all of the Companies.

We have written to NAB and requested that they clarify the total amounts owing to them pursuant to their charge. At the time of writing this report we have not received a formal response. The Receivers have confirmed the overall NAB position to be at the above level.

Tax liabilities

We have advised the ATO of our appointment and requested further particulars of the tax debt outstanding in order to verify the amount of \$283,123 disclosed by the directors. We are yet to receive a response to our correspondence.

The MYOB file indicates that at our appointment the GST liabilities were \$2,528 and other tax liabilities were \$283,123, totalling \$285,652.

Ordinary unsecured creditors

The amount outstanding to unsecured creditors is estimated by the directors to total \$2,765,767 however the detailed schedule of creditors only totals \$719k and includes major creditors being Card Services, RN Cribb and PMA Solutions. To date, we have received Proof of Debt forms from unsecured creditors which total \$231,780.

We have received limited books and records in support of these claims and at the time of writing this report we are unable to form a view as to whether they represent valid claims against the CLS.

Annexure D - Related Party and Intercompany Creditors

Complete Concrete Cutting	\$
Card Services	228,554.96
Cardinal Project Services Pty Ltd	22,351.00
Total	250,905.96

Cardinal Group	\$
Card Services	518,140.11
MAMB	16,691.00
Total	534,831.11

Cardinal Logistic Services	\$
Card Services	263,513.58
Total	263,513.58

Cardinal Project Services	\$
Card Services	2,889,485.56
Complete Concrete Cutting	22,350.84
Reefway Environmental Services	23,628.00
CBS Refurbishment	618,821.50
Total	3,554,285.90

Annexure E - Summary of Financial Statements

BALANCE SHEET	Management May-11	Audited 2010	Audited 2009	Audited 2008	Audited 2007
Current Assets:					
Cash and cash equivalents	0	211,300	0	1,419,737	1,816,126
Trade and other receivables	11,497,758	13,448,241	16,626,293	9,026,459	2,547,670
Inventories	766,665	264,150	0	0	0
Other current assets	2,024,658	66,622	0	147,018	284,932
Current Assets:	14,289,081	13,990,313	16,626,293	10,593,214	4,648,728
Non Current Assets:					
Property, plant & equipment	14,860,383	12,023,102	11,239,308	13,593,024	6,404,881
Deferred tax assets	0	769,550	278,922	477,617	999,516
Intangible assets	12,030,742	8,226,746	7,235,764	7,128,246	6,540
Non Current Assets:	26,891,125	21,019,398	18,753,994	21,198,887	7,410,937
Total Assets	41,180,206	35,009,711	35,380,287	31,792,101	12,059,665
Current Liabilities:					
Trade and other payables	10,190,210	10,010,025	7,500,489	6,882,121	3,136,221
Financial liabilities	4,298,530	1,790,696	8,414,077	4,151,762	3,181,775
Current tax liabilities	570,083	(91,514)	(123,300)	264,687	307,089
Short term provisions	0	926,010	0	640,123	233,153
Current Liabilities:	15,058,823	12,635,217	15,791,266	11,938,693	6,858,238
Non Current Liabilities:					
Financial liabilities	21,687,341	16,374,276	14,888,841	12,927,454	1,967,221
Deferred tax liabilities	0	1,385,022	739,553	1,197,018	785,892
Long term provisions	0	88,134	0	132,762	25,984
Non Current Liabilities:	21,687,341	17,847,432	15,628,394	14,257,234	2,779,097
Total Liabilities	36,746,164	30,482,649	31,419,660	26,195,927	9,637,335
Net Asset / (Liability)	4,434,042	4,527,062	3,960,627	5,596,174	2,422,330
Equity					
Issued capital	1,212,400	1,810,500	1,210,500	1,211,820	1,516
Retained earnings	3,221,642	2,716,562	2,750,127	4,384,354	2,420,814
Total Equity	4,434,042	4,527,062	3,960,627	5,596,174	2,422,330

Summary of Financial Statements (cont.)

INCOME STATEMENT	Management May-11	Audited 2010	Audited 2009	Audited 2008	Audited 2007
Revenue	48,974,880	51,767,251	49,885,067	36,134,530	26,487,550
COGS	40,181,665	32,022,350	40,394,393	26,760,117	21,266,342
Gross Profit	8,793,215 [▼]	19,744,901 [▼]	9,490,674 [▼]	9,374,413	5,221,208
Other revenues	1,700,441	1,154,722	157,199	267,490	299,715
Total Revenue	10,493,656	20,899,623	9,647,873	9,641,903	5,520,923
Expenses					
Employee benefits expenses	1,130,344	9,386,234	0	0	0
Marketing expenses	0	69,299	115,552	155,639	83,472
Occupancy expenses	0	2,106,305	768,864	249,075	114,155
Administration expenses	1,273,474	1,110,363	3,187,922	4,072,833	2,846,806
Insurance costs	0	823,576	0	0	0
Other expenses	6,423,891	3,189,702	2,711,209	294,361	983,707
Total Expenses	8,827,709	16,685,479	6,783,547	4,771,908	4,028,140
EBITDA	1,665,947	4,214,144	2,864,326	4,869,995	1,492,783
Depreciation & Amortisation	0 [▼]	2,400,908 [▼]	1,914,330	986,920	301,163
EBIT	1,665,947 [▼]	1,813,236 [▼]	949,996 [▼]	3,883,075	1,191,620
Income tax expense	41,777	169,890	96,603	1,295,664	189,583
Finance costs	1,807,514	1,603,445	1,363,065	623,471	348,779
Net Profit / (Loss)	(99,790)	39,901 [▼]	(316,466)	1,963,940	653,258

Annexure F - Summary of Receipts and Payments

RECEIPTS	Total (AUD)
Sundry Debtors (B)	17,352.23
Cash on Hand	3,658.45
	<hr/>
	21,010.68
	<hr/>
PAYMENTS	
Bank Charges	28.65
	<hr/>
	28.65
Balances in Hand	20,982.03
	<hr/>
	21,010.68
	<hr/> <hr/>

Annexure G - Remuneration Report

1. *Initial Advice to Creditors*

1.1 **Remuneration Methods**

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

- **Time based / hourly rates**

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

- **Fixed Fee**

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

- **Percentage**

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

- **Contingency**

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

1.2 **Method chosen**

Given the nature of this administration I propose that our remuneration be calculated on Time based / hourly rates. This is because:

- This method reflects our practice of assigning staff at the appropriate level to conduct the necessary work. Individuals are required to record the nature of the work performed at intervals of six minutes. This method ensures creditors are only charged for work that is performed and provides complete transparency.
- Fixed fee and Percentage method are inappropriate as I am unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. In addition I am required to perform a number of tasks which do not relate to the realisation of assets, e.g., statutory obligations, responding to creditor queries, and reporting to ASIC.

It is proposed that the remuneration of the Administrators be calculated on an hourly basis at the hourly fees charged by RSM Bird Cameron Partners.

1.3 Explanation of Hourly Rates

The current rates for our remuneration calculation is set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services.

Classification	Guide to Level of Insolvency Experience	Rate per Hour \$
Appointee	Registered Liquidator / Trustee. Partner bringing his / her specialist skills to the administration or insolvency task.	590
Principal	Qualified. 12+ years experience. Capable of controlling all aspects of an administration and/or insolvency task.	475
Senior Manager	Typically qualified, 7+ years experience. Well developed technical and commercial skills. Assist appointee in the planning and control of all administrations and/or insolvency tasks. Responsible for supervision of junior staff.	400
Manager	Typically qualified, 6-7 years experience. Well developed technical and commercial skills. Assist appointee in the planning and control of all administrations and/or insolvency tasks. Responsible for supervision of junior staff.	325
Supervisor	4-6 years experience. Qualified or almost completed CA/CPA/IPAA. Conduct of small appointments, assists in planning and control of medium to larger appointments. Also supervises junior staff.	270
Senior 1	2-4 years experience, undertaking CA/CPA/IPAA. Assist planning and control of small to medium jobs and performs some more difficult tasks on larger jobs. Assists in supervision of junior staff.	220
Senior 2	1-3 years experience, undertaking CA/CPA/IPAA, Assist in day to day fieldwork of administrations and/or insolvency tasks under supervision of more senior staff.	185
Intermediate 1	1-2 years experience, graduate, undertaking CA/CPA/IPAA. Assist in day to day fieldwork of administrations and/or insolvency tasks under supervision of more senior staff.	170
Intermediate 2	0-2 years experience, typically will have graduated. Assist in day to day fieldwork of administrations and/or insolvency tasks under supervision of more senior staff.	160
Graduate	0-1 years experience for a graduate or an under-graduate completing course part time. Assist in day to day fieldwork of administrations and/or insolvency tasks under supervision of more senior staff.	150
Secretary	Assists all levels of staff undertaking general administrative and secretarial duties.	160
Treasury	Responsible for integrity of all aspect of cash receipts and payments, bank account reconciliations, preparation of statutory lodgements with ATO and ASIC	175
Treasury Assistant	Assists all levels of staff with administrative and bookkeeping tasks and managing Insolvency CORE software.	125
Junior	Data input and computer skills. Maintains data entry into specialised insolvency computer system, including receipts and payments and financial information, also prepares bank reconciliations, Form 524's and BAS returns.	125

Notes:

1. The scale of fees is intended to be a guide as to the qualifications and experience of the staff engaged. In some instances staff may be engaged under an appropriate classification principally due to experience.
2. The term "Qualified" means that the staff member has completed either the Institute of Chartered Accountants in Australia or Certified Practising Accountants in Australia's education program and the Insolvency Practitioners Association of Australia's education program.
3. Time spent on matters is recorded and charged in 6 minute intervals.
4. The above rates are effective as at 1 July 2011.
5. The above rates exclude Goods and Services Tax.

2. Declaration

We, Peter Marsden and Richard Stone, have undertaken a proper assessment of this remuneration claim for our appointment as Voluntary Administrators of the Companies in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work that has been properly performed in the conduct of the administration.

We also declare that all disbursements made in the course of the administration were necessary and proper.

3. Description of Work

Current fees for the period 15 December 2011 to 1 February 2012.

We note that the below activities are relevant to all of the Companies, unless stated otherwise.

ASSETS

- Sale of Business as a Going Concern (CG only)
 - Liaising with purchasers prior to the appointment of the Receivers & Managers
 - Internal meetings to discuss/maintain schedule of interested parties
- Plant and Equipment
 - Liaising with valuers, auctioneers and interested parties prior to the appointment of the Receivers & Managers
 - Reviewing asset listings
- Assets subject to specific charges
 - All tasks associated with realising charged assets
- Debtors
 - Correspondence with debtors and engagement of external debt collectors
 - Reviewing and assessing debtors ledgers
 - Liaising with debt collectors and solicitors prior to the appointment of the Receivers & Managers
- Other Assets
 - Tasks associated with realising other assets
- Leasing (This does not relate to CCC / CPS)
 - Reviewing leasing documents
 - Liaising with owners/lessors
 - Tasks associated with providing notice of intention not to exercise property rights

CREDITORS

- Creditor Enquiries
 - Receive and follow up creditor enquiries via telephone, facsimile and email
 - Maintaining creditor enquiry register
 - Review and prepare correspondence to creditors and their representatives via facsimile, email and post
 - Correspondence with creditors
- Retention of Title Claims
 - Receive initial notification of creditor's intention to claim
 - Provision of retention of title claim form to creditor
 - Forwarding all relevant retention of title queries to the Receivers & Managers
- Creditor reports
 - Preparing section report, investigation, meeting and general reports to creditors
- Dealing with proofs of debt
 - Receipting and filing POD's when not related to a dividend
 - Updating systems with respect to receipt of POD's
- Meeting of Creditors
 - Preparation of meeting notices, proxies and advertisements

- Forward notice of meeting to all known creditors
- Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting
- Preparation and lodgement of minutes of meetings with ASIC
- Responding to stakeholder queries and questions immediately following meeting

EMPLOYEES

- Employee enquiries (This does not relate to CLS)
 - Discussions with employees regarding the return of assets of the Companies
 - Receive and follow up employee enquiries via telephone
 - Maintain employee enquiry register
 - Review and prepare correspondence to creditors and their representatives via facsimile, email and post
 - Preparation of letters to employees advising of their entitlements and options available
 - Receive and prepare correspondence in response to employees objections to leave entitlements
- Workers compensation claims (This does not relate to CLS & CCC)
 - Review insurance policies
 - Identification of potential issues requiring attention of insurance specialists upon appointment

TRADE ON / TREASURY

- Closure of business
 - Liaising with management and staff
 - Attendance on site
- Processing receipts and payments
 - Entering receipt and payments into accounting system

INVESTIGATION

- Conducting investigation
 - Collection of books and records of the companies
 - Reviewing and listing books and records of the companies
 - Review and preparation of nature and history of the companies
 - Conducting and summarising statutory searches
 - Preparation of comparative financial statements
 - Preparation of deficiency statement
 - Review of specific transactions and liaising with directors regarding certain transactions
 - Liaising with directors regarding certain transactions
 - Preparation of investigation file / report
 - Liaising with OSR regarding payroll tax issues
- Litigation / Recoveries
 - Review of various legal documents and forwarding to Receivers & Managers where relevant

ADMINISTRATION

- Correspondence
 - General correspondence
- Document maintenance/file review/checklist
 - Administration review
 - Filing of documents
 - File reviews
 - Updating checklists
- Insurance
 - Identification of potential issues requiring attention of insurance specialists
 - Correspondence with insurer regarding initial and ongoing insurance requirements
 - Reviewing insurance policies

- Correspondence with previous brokers
- Bank account administration
 - Preparing correspondence in regards to opening and closing accounts
 - Requesting bank statements
 - Bank account reconciliations
 - Correspondence with bank regarding specific transfers
- ASIC Forms
 - Preparing and lodging ASIC forms including 505, 5011 etc
- ATO and other statutory reporting
 - Notification of appointment
- Planning / Review
 - Discussions regarding status of administration
- Books and records / storage
 - Dealing with records in storage
 - Sending job files to storage

4. Calculation of Remuneration

Cardinal Group Pty Ltd

Employee	Position	Average \$ / hour (ex GST)	Total actual hours	Total (\$)	Task Area						
					Assets (\$)	Creditors (\$)	Employees (\$)	Trade on (\$)	Investigation (\$)	Dividends (\$)	Administration (\$)
Peter Marsden	Partner	590.00	13.0	7,670.00	1,534.00	2,301.00	177.00	944.00			2,714.00
Richard Stone	Principal	475.00	31.4	14,915.00	5,082.50	3,182.50	1,140.00		4,797.50		712.50
Grahame Ward	Manager 1	400.00	0.4	160.00	160.00						
Craig Newell	Supervisor	270.00	5.1	1,377.00		1,134.00			243.00		
Timothy Hoad	Supervisor	270.00	38.4	10,368.00	2,187.00	2,214.00	54.00	405.00	4,752.00		756.00
Anny Ngo	Senior 1	220.00	30.0	6,600.00	3,300.00	1,012.00	374.00	44.00	1,078.00		792.00
Holly Nefodova	Intermediate 1	185.00	0.2	37.00		37.00					
Alex Daly	Intermediate 2	160.00	49.2	7,872.00	2,544.00	2,032.00	992.00	80.00	112.00		2,112.00
Stefanie Bennett	Intermediate 2	160.00	50.8	8,128.00	1,104.00	1,664.00			4,512.00		848.00
Chrissy Comminos	Secretary	160.00	1.7	272.00		32.00					240.00
Emma Louis-Renshaw	Junior	100.00	25.3	2,530.00		150.00			1,230.00		1,150.00
Ryan Wells	Junior	100.00	14.4	1,440.00		450.00			950.00		40.00
Taneka Lewis	Junior	125.00	8.5	1,062.50	137.50	375.00			200.00		350.00
Adrienne Gordon	Treasury	175.00	13.1	2,292.50	875.00	927.50		52.50	157.50		280.00
Anastasia Foundoukakis	Treasury Assistant	125.00	14.9	1,862.50	700.00	625.00		175.00	25.00		337.50
TOTAL (excluding GST)		224.65	296.4	66,586.50	17,624.00	16,136.00	2,737.00	1,700.50	18,057.00		10,332.00

GST \$6,658.65

TOTAL (including GST) \$ 73,245.15

Disbursements

Type	\$
800 Sundry Payments	192.45
821 Search Fees	64.57
872 Postage	2,184.24
873 Photocopying	689.20
875 Faxes	28.00
TOTAL	3,158.46
GST	315.85
TOTAL (Including GST)	\$3,474.31
GRAND TOTAL	\$76,719.46

Cardinal Project Services Pty Ltd

Employee	Position	Average \$ / hour (ex GST)	Total actual hours	Total (\$)	Task Area						
					Assets (\$)	Creditors (\$)	Employees (\$)	Trade on (\$)	Investigation (\$)	Dividends (\$)	Administration (\$)
Peter Marsden	Partner	590.00	0.8	472.00		354.00					118.00
Richard Stone	Principal	475.00	13.5	6,412.50	1,092.50	1,235.00	237.50		3,467.50		380.00
Timothy Hoad	Supervisor	270.00	21.0	5,670.00	756.00	1,242.00		1,944.00	1,350.00		378.00
Anny Ngo	Senior 1	220.00	12.5	2,750.00	704.00	726.00			550.00		770.00
Alex Daly	Intermediate 2	160.00	14.5	2,320.00	128.00	1,072.00			32.00		1,088.00
Stefanie Bennett	Intermediate 2	160.00	17.2	2,752.00	48.00	1,248.00		64.00	896.00		496.00
Chrissy Comminos	Secretary	160.00	0.3	48.00							48.00
Emma Louis-Renshaw	Junior	100.00	16.7	1,670.00				50.00	1,620.00		
Ryan Wells	Junior	100.00	2.0	200.00					180.00		20.00
Taneka Lewis	Junior	125.00	1.9	237.50					100.00		137.50
Adrienne Gordon	Treasury	175.00	4.1	717.50	245.00	297.50			52.50		122.50
Anastasia Foundoukakis	Treasury Assistant	125.00	5.8	725.00	12.50	600.00					112.50
TOTAL (excluding GST)		217.36	110.3	23,974.50	2,986.00	6,774.50	237.50	2,058.00	8,248.00		3,670.50

GST \$2,397.45
TOTAL (including GST) \$ 26,371.95

Disbursements

Type \$
 800 Sundry Payments 3,301.60
 873 Photocopying 104.80
TOTAL 3,406.40
 GST 340.64
TOTAL (Including GST) \$3,747.04

GRAND TOTAL \$30,118.99

Complete Concrete Cutting Pty Ltd

Employee	Position	Average \$ / hour (ex GST)	Total actual hours	Total (\$)	Task Area						
					Assets (\$)	Creditors (\$)	Employees (\$)	Trade on (\$)	Investigation (\$)	Dividends (\$)	Administration (\$)
Peter Marsden	Partner	590.00	0.8	472.00		354.00					118.00
Richard Stone	Principal	475.00	1.6	760.00	95.00	190.00			237.50		237.50
Timothy Hoad	Supervisor	270.00	9.1	2,457.00	405.00	837.00		27.00	837.00		351.00
Anny Ngo	Senior 1	220.00	3.1	682.00		66.00			88.00		528.00
Alex Daly	Intermediate 2	160.00	2.5	400.00	176.00	192.00					32.00
Stefanie Bennett	Intermediate 2	160.00	12.3	1,968.00	48.00	1,040.00			672.00		208.00
Chrissy Comminos	Secretary	160.00	0.3	48.00							48.00
Emma Louis-Renshaw	Junior	100.00	3.7	370.00					370.00		
Ryan Wells	Junior	100.00	0.5	50.00					30.00		20.00
Taneka Lewis	Junior	125.00	0.8	100.00					75.00		25.00
Adrienne Gordon	Treasury	175.00	1.6	280.00	35.00	105.00			52.50		87.50
Anastasia Foundoukakis	Treasury Assistant	125.00	1.6	200.00		112.50			12.50		75.00
TOTAL (excluding GST)		205.46	37.9	7,787.00	759.00	2,896.50		27.00	2,374.50		1,730.00

GST \$778.70
TOTAL (including GST) \$ 8,565.70

Disbursements

Type \$
 873 Photocopying 100.40
TOTAL 100.40
 GST 10.04
TOTAL (Including GST) \$110.44

GRAND TOTAL \$8,676.14

Cardinal Logistic Services Pty Ltd

Employee	Position	Average \$ / hour (ex GST)	Total actual hours	Total (\$)	Task Area						
					Assets (\$)	Creditors (\$)	Employees (\$)	Trade on (\$)	Investigation (\$)	Dividends (\$)	Administration (\$)
Peter Marsden	Partner	590.00	0.8	472.00		354.00					118.00
Richard Stone	Principal	475.00	6.6	3,135.00	380.00	665.00			1,852.50		237.50
Timothy Hoad	Supervisor	270.00	12.0	3,240.00	1,188.00	837.00		27.00	837.00		351.00
Anny Ngo	Senior 1	220.00	4.2	924.00	22.00	132.00			286.00		484.00
Alex Daly	Intermediate 2	160.00	9.4	1,504.00	784.00	496.00					224.00
Stefanie Bennett	Intermediate 2	160.00	26.3	4,208.00	1,152.00	1,232.00			1,520.00		304.00
Chrissy Comminos	Secretary	160.00	0.8	128.00							128.00
Emma Louis-Renshaw	Junior	100.00	15.3	1,530.00					1,330.00		200.00
Ryan Wells	Junior	100.00	1.8	180.00					150.00		30.00
Taneka Lewis	Junior	125.00	2.2	275.00					112.50		162.50
Adrienne Gordon	Treasury	175.00	2.5	437.50	35.00	227.50			52.50		122.50
Anastasia Foundoukakis	Treasury Assistant	125.00	2.1	262.50		200.00					62.50
TOTAL (excluding GST)		194.00	84.0	16,296.00	3,561.00	4,143.50		27.00	6,140.50		2,424.00

GST \$1,629.60
TOTAL (including GST) \$ 17,925.60

Disbursements

Type \$
 800 Sundry Payments 371.00
 872 Postage 4.64
 873 Photocopying 94.40
TOTAL 470.04
 GST 47.00
TOTAL (Including GST) \$517.04

GRAND TOTAL \$18,442.64

4.1 Future Fees

Future remuneration is sought in the event that creditors resolve to place the Companies in liquidation. An estimate of our future fees is summarised as follows.

Cardinal Group Pty Ltd

Task Area	\$
Assets	5,000
Creditors	20,000
Trade On	0
Investigation	40,000
Administration	10,000
Total	75,000

Cardinal Project Services Pty Ltd

Task Area	\$
Assets	0
Creditors	15,000
Trade On	0
Investigation	25,000
Administration	5,000
Total	45,000

Complete Concrete Cutting Pty Ltd

Task Area	\$
Assets	0
Creditors	5,000
Trade On	0
Investigation	10,000
Administration	5,000
Total	20,000

Cardinal Logistic Services Pty Ltd

Task Area	\$
Assets	0
Creditors	5,000
Trade On	0
Investigation	10,000
Administration	5,000
Total	20,000

This prospective fee approval is to be considered by creditors and will be subject to a cap, which represents the estimated fees based on the best assessment of the work to be undertaken. In the event that there is additional work that is required then a further meeting will be convened to consider a further approval. Fees approved prospectively will be drawn as incurred.

This estimate of the work to be performed by major task area is as follows:

ASSETS

- Debtors
 - Correspondence with debtors and referring to the Receivers & Managers
- Leasing
 - Reviewing leasing documents
 - Liaising with owners/lessors
 - Tasks associated with disclaiming leased assets

CREDITORS

- Creditor Enquiries
 - Receive and follow up creditor enquiries via telephone
 - Maintaining creditor enquiry register
 - Review and prepare correspondence to creditors and their representatives via facsimile, email and post
- Creditor reports
 - Preparing section report, investigation, meeting and general reports to creditors
- Dealing with proofs of debt
 - Receipting and filing POD's when not related to a dividend
 - Corresponding with OSR and ATO regarding POD's when not related to a dividend
- Meeting of Creditors
 - Meeting of Creditors Preparation of meeting notices, proxies and advertisements
 - Forward notice of meeting to all known creditors
 - Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.
 - Preparation and lodgement of minutes of meetings with ASIC
 - Responding to stakeholder queries and questions immediately following meeting

TRADE ON / TREASURY

- Processing receipts and payments
 - Entering receipt and payments into accounting system

INVESTIGATION

- Conducting investigation
 - Reviewing books and records of the companies
 - Reviewing nature and history of the companies
 - Summarising statutory searches
 - Analysis of comparative financial statements
 - Analysis of deficiency statement
 - Review of specific transactions and liaising with directors regarding certain transactions
 - Liaising with directors regarding certain transactions
 - Preparation of investigation file
 - Lodgement of investigation with the ASIC
 - Preparation and lodgement of supplementary report if required

- Litigation / Recoveries
 - Internal meetings to discuss status of litigation
 - Preparing brief to solicitors
 - Liaising with solicitors regarding recovery actions
 - Attending to negotiations
 - Attending to settlement matters
- ASIC reporting
 - Preparing statutory investigation reports
 - Preparing affidavits seeking non lodgements
 - Liaising with ASIC

ADMINISTRATION

- Correspondence
 - General correspondence
- Document maintenance/file review/checklist
 - First month, then six monthly administration review
 - Filing of documents
 - File reviews
 - Updating checklists
- Insurance
 - Correspondence with insurer regarding initial and ongoing insurance requirements
- Bank account administration
 - Requesting bank statements
 - Bank account reconciliations
 - Correspondence with bank regarding specific transfers
- ASIC Form 524 and other forms
 - Preparing and lodging ASIC forms including 505, 524, 911 etc
 - Correspondence with ASIC regarding statutory forms
- ATO and other statutory reporting
 - Preparing BAS'
- Finalisation
 - Notifying ATO of finalisation
 - Cancelling ABN / GST / PAYG registration
 - Completing checklists
 - Finalising WIP
- Planning / Review
 - Discussions regarding status of administration
- Books and records / storage
 - Dealing with records in storage
 - Sending job files to storage

4.2 Disbursements

Disbursements are divided into three types: **A, B1, B2**.

- A** Disbursements are all externally provided professional services. These are recovered at cost. An example of an A disbursement is legal fees.
- B1** B1 disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost.
- B2** Disbursements are internally provided non-professional costs such as photocopying, printing and postage. B2 disbursements are generally charged at cost; though some expenses such as telephone calls, photocopying and printing are charged at a rate which recoups both variable and fixed costs.

Creditor approval is not required for disbursements, however, creditors have the right to question the incurring of disbursements and may challenge disbursements in court.

Disbursements incurred but not yet paid are disclosed in Section 4.

5 Supporting Information

5.1 Statement of remuneration claim

The resolutions sought from creditors in respect of the Administrators' remuneration for each of the individual companies is specified below.

Company	Resolution for approval of the remuneration of the Voluntary Administrators
CG	That the remuneration of the Administrators, their partners and staff be fixed and approved for the periods 15 December 2011 to 13 January 2012 and 14 January 2012 to 31 January 2012 for the amounts \$66,586.50 and \$30,000 respectively (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work.
GPS	That the remuneration of the Administrators, their partners and staff be fixed and approved for the periods 15 December 2011 to 13 January 2012 and 14 January 2012 to 31 January 2012 for the amounts \$23,974.50 and \$20,000 respectively (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work.
CCC	That the remuneration of the Administrators, their partners and staff be fixed and approved for the periods 15 December 2011 to 13 January 2012 and 14 January 2012 to 31 January 2012 for the amounts \$7,787.00 and \$10,000 respectively (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work.
CLS	That the remuneration of the Administrators, their partners and staff be fixed and approved for the periods 15 December 2011 to 13 January 2012 and 14 January 2012 to 31 January 2012 for the amounts \$16,296.00 and \$10,000 respectively (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron Partners applicable to the classifications, qualifications and experience of the persons performing the work.
Company	Resolutions for approval of the remuneration of the Liquidators
CG	That the future remuneration of the liquidators, their partners and staff, for the period from 1 February 2012 onwards be fixed and approved up to a capped amount of \$75,000 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron partners applicable to the classifications, qualifications and experience of the persons performing the work, and that such remuneration may be drawn on a regular basis if and when funds become available, and should the liquidator's fees exceed this amount, he is entitled to seek further and additional fee approval from the creditors
GPS	That the future remuneration of the liquidators, their partners and staff, for the period from 1 February 2012 onwards be fixed and approved up to a capped amount of \$45,000 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron partners applicable to the classifications, qualifications and experience of the persons performing the work, and that such remuneration may be drawn on a regular basis if and when funds become available, and should the liquidator's fees exceed this amount, he is entitled to seek further and additional fee approval from the creditors
CCC	That the future remuneration of the liquidators, their partners and staff, for the period from 1 February 2012 onwards be fixed and approved up to a capped amount of \$20,000 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron partners applicable to the classifications, qualifications and experience of the persons performing the work, and that such remuneration may be drawn on a regular basis if and when funds become available, and should the liquidator's fees exceed this amount, he is entitled to seek further and additional fee approval from the creditors
CLS	That the future remuneration of the liquidators, their partners and staff, for the period from 1 February 2012 onwards be fixed and approved up to a capped amount of \$20,000 (plus GST and disbursements) calculated on a time basis and charged at the hourly rates of RSM Bird Cameron partners applicable to the classifications, qualifications and experience of the persons performing the work, and that such remuneration may be drawn on a regular basis if and when funds become available, and should the liquidator's fees exceed this amount, he is entitled to seek further and additional fee approval from the creditors

NOTICE OF MEETING OF CREDITORS

CARDINAL GROUP PTY LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
ACN 129 933 393

CARDINAL PROJECT SERVICES PTY LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
ACN 090 113 705

COMPLETE CONCRETE CUTTING PTY LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
ACN 107 206 842

CARDINAL LOGISTICS SERVICES PTY LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS & MANAGERS APPOINTED)
ACN 087 389 642

("the Companies")

NOTICE is given that a concurrent meeting of the creditors of the Companies will be held at the offices of RSM Bird Cameron Partners, Level 12, 60 Castlereagh Street, Sydney NSW on 1 February 2012 at 11:00am.

A G E N D A

1. To receive Statements about the companies' businesses, property, affairs and financial circumstances.
2. To receive statements to creditors by one of the directors, explaining the circumstances leading up to the Administrations.
3. To receive the report of the Administrators.
4. To receive questions from creditors.
5. For creditors to resolve:
 - a. that the companies execute a Deed of Company Arrangement; or
 - b. that the administrations should end; or
 - c. that the companies be wound up.
6. To fix the remuneration of the Joint and Several Administrators.
7. If the companies are wound up, to consider appointing a Committee of Inspection.
8. If no Committee is appointed, to fix the remuneration of the Liquidators.
9. If no Committee is appointed, to consider the destruction of the books and records at the conclusion of the winding up.
10. Any other business that may be lawfully brought forward.

DATED this 23rd day of January 2012.



PETER MARSDEN
Joint and Several Administrator

Telephone conference facilities will be available at the meeting. Please contact Miss Alex Daly should you wish to use this facility. Please note under Corporations Regulations 5.16.13A:

- (a) A person, or the proxy or attorney of a person, who wishes to participate in the meeting by telephone must give to the liquidator, not later than the second-last working day before the day on which the meeting is to be held, written statement setting out:
 - (i) the name of the person and of the proxy or attorney (if any); and
 - (ii) an address to which notices to the person, proxy or attorney may be sent; and
 - (iii) a telephone number at which the person, proxy or attorney may be contacted; and
 - (iv) any facsimile transmission number to which notices to the person, proxy or attorney may be sent.
- (b) A person, or the proxy or attorney of a person, who participates in the meeting by telephone must pay any costs incurred by the person, proxy or attorney in participating and is not entitled to be reimbursed for those costs from the assets of the company.

Proxies to be used at the meeting should be lodged at the office of the Joint and Several Administrators by 4.00pm on the day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to corporations Regulations 5.6.28 and 5.6.32 (inclusive) and if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against one of the companies in accordance with the Corporations Regulations and that clause has been admitted for voting purposes wholly or in part by the voluntary administrator.

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN 129 933 393

To the Joint and Several Administrators of **Cardinal Group Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)**

1. This is to state that the Company was, on **15 December 2011** ⁽¹⁾ and still is, justly and truly indebted to ⁽²⁾

 for
dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾	Amount \$	GST included \$	Remarks ⁽⁴⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:⁽⁵⁾
- 3.^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.^{(6)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2012

Signature of Signatory
 NAME IN BLOCK LETTERS
 Occupation
 Address
 Email Phone

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
- (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the Company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (4) Under "Remarks" include details of vouchers substantiating payment.
- (5) Insert particulars of all securities held. Where the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
\$	¢			

-
- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
-

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:

"This is the annexure of *(insert number of pages)* pages marked *(insert an identifying mark)* referred to in the *(insert description of form)* signed by me/us and dated *(insert date of signing)*; and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN 090 113 705

To the Joint and Several Administrators of **Cardinal Project Services Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)**

1. This is to state that the Company was, on **15 December 2011** ⁽¹⁾ and still is, justly and truly indebted to ⁽²⁾

 for
dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾	Amount \$	GST included \$	Remarks ⁽⁴⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:⁽⁵⁾
- 3.^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.^{(6)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2012

Signature of Signatory
 NAME IN BLOCK LETTERS
 Occupation
 Address
 Email Phone

See Directions overleaf for the completion of this form

OFFICE USE ONLY

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Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
 - (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
 - (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the Company between the dates of", "moneys advanced in respect of the Bill of Exchange".
 - (4) Under "Remarks" include details of vouchers substantiating payment.
 - (5) Insert particulars of all securities held. Where the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
\$	¢			

-
- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.

Annexures

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 - (b)
- E. A reference to an annexure includes a document that is with a form.

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN 107 206 842

To the Joint and Several Administrators of **Complete Concrete Cutting Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)**

1. This is to state that the Company was, on **15 December 2011** ⁽¹⁾ and still is, justly and truly indebted to ⁽²⁾

 for
dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾	Amount \$	GST included \$	Remarks ⁽⁴⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:⁽⁵⁾
- 3.^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.^{(6)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2012

Signature of Signatory
 NAME IN BLOCK LETTERS
 Occupation
 Address
 Email Phone

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OFFICE USE ONLY

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Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
 - (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
 - (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the Company between the dates of", "moneys advanced in respect of the Bill of Exchange".
 - (4) Under "Remarks" include details of vouchers substantiating payment.
 - (5) Insert particulars of all securities held. Where the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
\$	¢			

-
- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
-

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
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- E. A reference to an annexure includes a document that is with a form.

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

ACN 107 206 842

To the Joint and Several Administrators of **Cardinal Logistic Services Pty Ltd (Administrators Appointed) (Receivers & Managers Appointed)**

1. This is to state that the Company was, on **15 December 2011** ⁽¹⁾ and still is, justly and truly indebted to ⁽²⁾

 for
dollars and cents.

Particulars of the debt are:

Date	Consideration ⁽³⁾	Amount \$	GST included \$	Remarks ⁽⁴⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:⁽⁵⁾
- 3.^{(6)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.^{(6)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day of 2012

Signature of Signatory
 NAME IN BLOCK LETTERS
 Occupation
 Address
 Email Phone

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Directions

- * Strike out whichever is inapplicable.
- (1) Insert date of Court Order in winding up by the Court, or date of resolution to wind up, if a voluntary winding up.
 - (2) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
 - (3) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the Company between the dates of", "moneys advanced in respect of the Bill of Exchange".
 - (4) Under "Remarks" include details of vouchers substantiating payment.
 - (5) Insert particulars of all securities held. Where the securities are on the property of the Company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
\$	¢			

-
- (6) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.

Annexures

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ASIC

Australian Securities & Investments Commission

Insolvency Information for Directors, Employees, Creditors and Shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

2 *List of information sheets*

- Insolvency: a glossary of terms
- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors
- Independence of external administrators: a guide for creditors
- Approving fees: a guide for creditors

Important note: The information sheets contain a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.