

23 APRIL 2025

REPORT TO CREDITORS

PURSUANT TO SECTION 75-225 OF THE INSOLVENCY PRACTICE RULES (CORPORATIONS) 2016

NEPEAN RIVER DAIRY PTY LIMITED
(ADMINISTRATOR APPOINTED)
ACN 603 943 942



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GLOSSARY OF TERMS

Act	<i>Corporations Act 2001</i>
Active Forklifts	Active Forklifts (Australia) Pty Ltd
Administrators	Rajiv Goyal and Andrew McEvoy
Administrator	Rajiv Goyal
ALLPAAP	All Present and After – Acquired Property
ANZ	Australia and New Zealand Banking Group Limited
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASIC	Australian Securities and Investments Commission
ACG	Aston Chace Group Pty Ltd
ATO	Australian Taxation Office
CGT	Capital Gains Tax
COI	Committee of Inspection
Company	Nepean River Dairy Pty Limited (Administrator Appointed)
Company Search	Company Search of ASIC data base
DCT	Deputy Commissioner of Taxation
Decision Meeting	Second meeting of creditors to be held on Thursday, 1 May 2025
Director	Emmanuel Vaggis
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
DOE	Department of Employment
DQ	Director Questionnaire
EOI	Expressions of Interest
ERV	Estimated Realisable Value
EXAD	External Administration
FEG	Fair Entitlements Guarantee
First Report	First report to creditors dated 10 January 2025
FLV	Forced Liquidation Value
FMVICU	Fair Market Value in Continued Use
Former Directors	Former directors of the Company named in section 3 of this report
GSA	General Security Agreement
GST	Goods & Services Tax
Holding Company	Nature One Dairy (Australia) Pte. Ltd.
IPR	<i>Insolvency Practice Rules (Corporations) 2016</i>
Landlord	Eastern & LG Holding Pty Ltd
LSL	Long Service Leave
MYOB	Mind Your Own Business (Accounting Package)
Mr Jomaa	Imad (Emad) Jomaa
NAB	National Australia Bank Limited
NBIO	Non-Binding Indicative Offer
NOD	Nature One Dairy (Australia) Pte Ltd.
NORCO	NORCO Co-operative Limited
NDA	Non-Disclosure Agreement
Origin	Origin Energy Electricity Limited
OSR	Office of State Revenue
PAYG	Pay As You Go Withholding Tax
PILN	Payment in Lieu of Notice
PMSI	Purchase Money Security Interest
POD	Proof of Debt



PPSA	<i>Personal Property Securities Act 2009</i>
PPSR	Personal Property Security Registration
Proponent	Nature One Dairy (Australia) Pte. Ltd
Trading Premises	7-9 Gibbon Road, Winston Hills NSW 2153
PRM	Professional Risk Manager
ROCAP	Report On Company Activities and Property
RBA	Running Balance Account
RMS	Road & Maritime Services
ROT	Retention of Title
ROU	Right of Use
Sanitarium	Australian Health Association Limited t/as Sanitarium Health Food Company
SGC	Superannuation Guarantee Charge
SI	Security Interest
SIG	SIG Combibloc Australia Pty Ltd
Xero	Xero (Cloud-based Accounting Package)



I. EXECUTIVE SUMMARY

INTRODUCTION Refer to Section 2	<ul style="list-style-type: none">• Rajiv Goyal and Andrew McEvoy were appointed as the Administrators of the Company on 8 January 2025. Mr McEvoy resigned as an Administrator on 26 March 2025. Mr Goyal continues as the sole Administrator of the Company.• The initial meeting of creditors of the Company was held virtually on 20 January 2025 at 11:00am. At the meeting, creditors appointed a Committee of Inspection.• The Administrator is recommending that, at the Decision Meeting, creditors resolve that the Company execute a DOCA proposed by the Holding Company as it may provide as much as an estimated 100 cents in the dollar return to priority creditors and an estimated 29.06 cents in the dollar return to ordinary, unsecured creditors.
BACKGROUND AND STATUTORY INFORMATION Refer to Section 3	<ul style="list-style-type: none">• The Company was incorporated on 30 January 2015 in New South Wales under its present name.• The Company's primary business has been the manufacture of dairy products in New South Wales. The Company ceased trading prior to the Administrators' appointment.• A PPSR search identified seventy-six (76) security interests registered against the Company as at 8 January 2025.• The Company's sole director and secretary, Emmanuel Vaggis, was appointed on 15 November 2024. The immediately preceding director and secretary, Imad Jomaa, ceased to be a director and secretary of the Company on 6 December 2024.
CONDUCT OF THE ADMINISTRATION Refer to Section 4	<ul style="list-style-type: none">• On appointment, the Administrators conducted statutory and administrative tasks and held discussions with the Director, Former Directors, management, suppliers, creditors, employees and other stakeholders.• They also preserved the Company's business and assets and commenced a sale campaign of the business or the assets of the Company and also undertook preliminary investigations into the Company's affairs.
BOOKS AND RECORDS Refer to Section 5	<ul style="list-style-type: none">• It is the Administrator's opinion, based on the books and records of the Company received and reviewed to date, that the books and records retained by the Company are not sufficient to comply with section 286 of the Act from at least 1 July 2023.
HISTORICAL FINANCIAL PERFORMANCE AND POSITION Refer to Section 6	<ul style="list-style-type: none">• Past financial records are considered material to creditors' decision concerning the Company's future and, therefore, should be disclosed.• The Administrators have received financial records of the Company. However, given the limitations of these records, they have not placed reliance on them, only summarising the information and commenting on them for illustrative purposes.
EXTENSION OF CONVENING PERIOD Refer to Section 7	<ul style="list-style-type: none">• The standard convening period for the Decision Meeting provided by the Act is insufficient to complete a trade sale of the business or assets of the Company or for a Proponent to formulate a DOCA proposal involving such a sale.• It therefore was the Administrators' opinion that it was in the best interests of creditors that the convening period be extended to allow time for a sale of the business or the assets of the Company or for a proponent to formulate a DOCA proposal involving such a sale.• Accordingly, the Administrators applied to the Court to extend the convening period. The Court ordered that the convening period be extended up to and including 6 May 2025.



SALE OF BUSINESS AND ASSETS Refer to Section 8	<ul style="list-style-type: none"> • The Administrators have endeavoured to sell the business or the assets of the Company. • Despite their best efforts, a successful sale was not achieved. However, upon realisation that the Administrators' sale process had been unsuccessful, the Holding Company submitted a DOCA proposal.
TRADE ON Refer to Section 9	<ul style="list-style-type: none"> • Following the Administrators' appointment, they maintained the status quo with the Company's business and assets whilst undertaking the sale process. This included continuing the employment of eight staff, undertaking repair and maintenance of the Trading Premises and collecting rent from a tenant, NORCO. • Following the unsuccessful sale process, the Administrators made seven of the eight employees redundant.
CURRENT FINANCIAL POSITION Refer to Section 10	<ul style="list-style-type: none"> • The ERV of the assets and liabilities provides a net deficiency of \$30,157,213. • The ERV of the assets is withheld due to its commercially sensitive nature. • Priority creditors total \$748,056 which relates to wages, SGC and leave entitlements • Unsecured creditors total \$18,505,421. The ATO has advised that the Company's taxation liability is \$253,562.
OFFENCES, VOIDABLE TRANSACTIONS AND INSOLVENT TRADING Refer to Section 11	<ul style="list-style-type: none"> • The Administrator's preliminary investigations have identified potential claims against the Director, Former Directors and the Holding Company. • These include potential preference payments of \$987,242 and unreasonable director-related transactions of \$95,000, which a Liquidator may consider to be voidable transactions under Part 5.7B of the Act in a liquidation of the Company. • The Administrator has also formed the view that the Company may have traded whilst insolvent since at least 1 July 2023 and that a Liquidator may have a claim for insolvent trading of as much as \$3,303,800. • The Administrator will report the results of his findings to ASIC in accordance with Section 438D of the Act.
PROPOSAL FOR A DEED OF COMPANY ARRANGEMENT Refer to Section 12	<ul style="list-style-type: none"> • A DOCA is a mechanism for dealing with creditors' claims. A DOCA, if approved by creditors, binds all unsecured creditors, shareholders and directors unless otherwise specified. • At the date of this report, I have received a DOCA proposal. A copy is attached at ANNEXURE "H".
ESTIMATED RETURN TO CREDITORS Refer to Section 13	<ul style="list-style-type: none"> • Priority creditors may expect a return of 100 cents in the dollar in a DOCA. • Ordinary, unsecured creditors may expect a return of 29.06 cents in the dollar in a DOCA. • Priority creditors may expect a return of 100 cents in the dollar in a Liquidation. • Ordinary, unsecured creditors may expect a return of 2.47 cents in the dollar in a Liquidation. • Should the Company be placed into liquidation, payments under the FEG scheme may be available to former employees for their employee entitlements other than superannuation. The FEG scheme is not available if the Company is not wound up. • Any estimates provided in this report are subject to change.
ADMINISTRATORS' RECOMMENDATION Refer to Section 14	<ul style="list-style-type: none"> • Section 75-225(3)(b) of the IPR requires me to prepare a statement setting out my opinion as to whether it would be in the creditors' interests for the Company to execute a DOCA, for it to be wound up or for the administration to end. • In this report I have recommended to creditors that the Company execute a DOCA.



RECEIPTS AND PAYMENTS Refer to Section 15	<ul style="list-style-type: none">• My receipts and payments are attached at Annexure “D”.
REMUNERATION Refer to Section 16	<ul style="list-style-type: none">• The Administrators' remuneration has been approved by COI members at the COI meetings held on 24 February 2025 and 7 April 2025.• A Remuneration Report is attached at Annexure “E” which deals with remuneration incurred to date and future remuneration required to deal with the remainder of the Administration (and the Liquidation, depending on the outcome on the decision meeting of creditors convened for Thursday, 1 May 2025.
DECISION MEETING OF CREDITORS Refer to Section 17	<ul style="list-style-type: none">• The decision meeting of creditors to decide the future of the Company will be held virtually at 11:00am on Thursday, 1 May 2025. It will not be possible for creditors to attend the meeting personally.• The notice of meeting for the decision meeting is attached at Annexure A.• A Proxy Form and POD for the meeting are attached at Annexure F and G respectively and are to be returned to my office by 4:00pm on Wednesday, 30 April 2025.



2. INTRODUCTION

Appointment

Rajiv Goyal and Andrew McEvoy of ACG were appointed as the Administrators of the Company on 8 January 2025 by resolution of the Director, pursuant to Section 436A of the Act.

Mr McEvoy resigned as an Administrator on 26 March 2025. Rajiv Goyal continues as the sole Administrator of the Company.

In this report, the term Administrators and plural pronouns are used to refer to both Mr McEvoy and me whilst the term Administrator and singular pronouns are used to refer to myself, Rajiv Goyal.

Objective of a Voluntary Administration

In a Voluntary Administration, administrators are empowered by the Act to assume control of an insolvent company, superseding the powers of its directors and officers, to manage the company's affairs and to deal with its assets in the interests of its creditors.

The intention of a Voluntary Administration is to maximise the prospects of a company, or as much as possible of its business, continuing in existence or, if this is not possible, to achieve a better return for its creditors than would be achieved by its immediate liquidation. During a Voluntary Administration, there is a moratorium on bringing or further prosecuting most pre-Voluntary Administration creditor claims.

Administrators are required to investigate the Company's business, property, affairs and financial circumstances and report to creditors on their opinion as to which of the following outcomes of the Voluntary Administration process is in the creditors' best interests prior to the creditor voting at the decision meeting of creditors:

- the Company be wound up; or
- the Company execute a DOCA; or
- the Administration end.

Purpose of this Report

This report is made pursuant to Section 75-225(3) of the IPR. It provides information about the Company's business, property, affairs and financial circumstances in order to provide creditors with sufficient information to make an informed decision about the future of the Company. The report includes:

- Background information about the Company
- The results of my investigations
- The options available to creditors and my opinion on each of these options
- Details of the proposed DOCA
- The estimated return to creditors from this DOCA as compared with a liquidation

Declaration of Independence, Relevant Relationships and Indemnities

The appointment of the Administrators was made pursuant to a resolution of the Director. In accepting the appointment, the issue of independence was considered.



In accordance with Section 436DA of the Act and the ARITA Code, a DIRRI was prepared and provided with the Administrators' First Report. After issuing this First Report, the Administrators made amendments to the DIRRI to disclose additional funding received from NOD and the NAB on 7 March 2025 and 18 March 2025 respectively, to cover remuneration and expenses associated with the Voluntary Administration.

I confirm that there are no issues, circumstances or relationships disclosed in or arising from the updated DIRRI which would preclude my continuing appointment. A copy of the updated DIRRI dated 15 April 2025 is attached as **Annexure B**.

Initial Meeting of Creditors

Pursuant to Section 436E of the Act, the initial meeting of creditors of the Company was held virtually on Monday, 20 January 2025 at 11:00am (Sydney Time). At that time, creditors resolved to appoint a COI.

The creditors further resolved to appoint the following creditors as members of the COI:

- Dennis Cai, representing Eastern & LG Holding Pty Ltd
- Isaac Awraham, representing One Aim Property Services Pty Ltd
- Helen Li, representing Eficaz Consulting Pty Ltd

A copy of the minutes of the initial meeting of creditors has been prepared and lodged with ASIC. A copy of these minutes can be provided to creditors upon request.

COI Meetings

To date, three COI meetings have been held. Details are as follows:

Meeting on 29 January 2025

A meeting was held on the above date to provide an update on the Voluntary Administration and the sales process and to inform of the Administrators' intention to make a Court application to extend the convening period for the second meeting of the creditors of the Company for three months. There were no objections or concerns raised at the meeting by the COI members, including as to the proposal to extend the convening period.

Meeting on 24 February 2025

A meeting was held on the above date to provide an update on the Voluntary Administration and the sales process and to seek approval of the Administrators remuneration and expenses associated with the Voluntary Administration from COI members.

The COI approved the remuneration of the Administrators for the period from 8 January 2025 to 7 February 2025 in the amount of \$269,912.50 plus GST and in a capped amount not exceeding \$200,000 plus GST for the period from 8 February 2025 to the end of the administration.

Meeting on 7 April 2025

A further meeting was held on the above date to provide an update on the Voluntary Administration and to seek approval of the Administrators additional remuneration associated with the Voluntary Administration from COI members.



The COI approved the remuneration of the Administrators for the period from 28 March 2025 to 30 March 2025 in the amount of \$5,951 plus GST and in a capped amount not exceeding \$200,000 plus GST for the period from 31 March 2025 to the end of the administration.

A copy of the minutes of the COI meetings have been prepared and lodged with ASIC. A copy of these minutes can be provided to creditors upon request.

Decision Meeting of Creditors

In accordance with Section 439A of the Act, the decision meeting of creditors will be held virtually on **Thursday, 1 May 2025 at 11:00am** (Sydney time). It will not be possible for creditors to attend the meeting personally.

At the decision meeting of creditors, creditors will decide the future of the Company by passing one of three alternative resolutions. The alternatives are that:

- The Company executes a DOCA (if one is proposed);
- The Company be wound up; or
- The Administration end.

Alternatively, pursuant to Section 75-140(3) of the IPR, creditors may also resolve that the decision meeting of creditors be adjourned for a period of up to forty-five (45) business days.

This report has been prepared to present creditors with the information necessary for them to decide upon the future of the Company having regard for the options available to creditors in considering the business, property, affairs and financial circumstances of the Company.

Administrator's Opinion

In this report, I have recommended to creditors that they resolve that **the Company execute the DOCA** proposed by the Holding Company and detailed why this is, in my opinion, in creditors' best interests.

The advantages of the DOCA are as follows:

- The proposed DOCA contemplates the preservation of the business (which is one of the overriding objectives of Part 5.3A of the Act) to which I must have regard.
- Provides a return of 29.06 cents in the dollar to participating ordinary unsecured creditors compared with 2.47 cents in the dollar return in a Liquidation high scenario.
- It is unlikely that any greater distribution would become available should the Company be placed into Liquidation.
- The proposed DOCA contains a provision for the non-participation of the Holding Company thereby increasing the pool of funds available to participating creditors. The amount has a significant impact on a dividend in a DOCA scenario.
- As well, the claims of the NAB, SIG and the Landlord will also be dealt with outside the DOCA, thereby increasing the pool of funds available to participating creditors.



- The proposed DOCA allows the claims against SIG to be explored and pursued by the Holding Company with a portion of any proceeds payable to creditors of the Company. If the Company were placed into liquidation, it is unlikely I would pursue the SIG claim, without additional funding in place.
- During the DOCA period the Company will be under the control of its new directors as nominated by the Holding Company and the Company will be able to swiftly transition out of Administration with any costs incurred to be borne by the Holding Company.
- The Holding Company has advised that there are sufficient funds in its lawyer's trust account to meet the initial deed contribution of \$650,000.



3. BACKGROUND AND STATUTORY INFORMATION

Background and History

A Company search indicates that the Company was incorporated on 30 January 2015 under its present name. The principal activity of the Company has been the production and export of a variety of third-party and self-branded liquid milk products from a manufacturing facility located at the Trading Premises.

The Company is a wholly owned subsidiary of the Holding Company, a Singaporean registered company.

As at the date of the Administrators' appointment, the Director was the sole director and secretary of the Company. Imad Jomaa (who has also been a director of the Holding Company since 19 May 2023) was a director of the Company for the period from 24 May 2023 to 6 December 2024. Further details of all Former Directors of the Company are set out later in this report.

Key Timeline of Events and Trading History

For ease of reference, I set out below a timeline of key events in the Company's trading history based on the Administrators' investigations, their review of the Company's books and records, as well as information obtained from the Director in the period leading up to the Administrators' appointment.

Date	Fact
23 April 2021	AGL Sales Pty Limited filed a winding up application against the Company.
30 June 2021	The Company's audited financial statements recorded a loss of \$8,173,276 for FY21.
24 September 2021	NOD became the sole shareholder & ultimate Holding Company of the Company.
23 September 2021	Nick Dimopoulos and Francesco Licciardello were appointed as directors of the Company.
26 May 2022	A pre-trial review was held in a NSW Local Court between Smart Tax Partners (Plaintiff) and the Company (Defendant), in relation to outstanding financial obligations.
6 June 2022	Mr Jomaa ceased being a director of the Company.
24 May 2023	Francesco Licciardello ceased being a director of the Company. Mr Jomaa was appointed as a director of the Company.
20 June 2023	One Aim Property Services Pty Ltd filed a proceeding against the Company in relation to a commercial property dispute.
30 June 2023	The Company's management accounts recorded a loss of \$14,703,360. The accumulated losses since FY23 totalled \$40,583,899
18 October 2023	Nick Dimopoulos ceased being a director of the Company.
5 December 2023	Rui Wang ceased being a director of the Company.
17 January 2024	Dispute between Origin Energy LPG Limited and the Company concerning outstanding financial obligations.
2 February 2024	You Zhou was appointed as a director of the Company.
22 February 2024	You Zhou ceased being a director of the Company.
1 May 2024	AMPS Technology Pty Ltd initiated a motion against the Company concerning financial obligations.
24 May 2024	Coles notified Mr Jomaa that it was withdrawing from a supplier-manufacturer contract to produce Coles-branded milk products, citing quality assurance issues. Coles agreed to sell down the Company's remaining stock in the 12 weeks following this notification (ending late August 2024).
30 June 2024	The Company's management accounts recorded a loss of approximately \$8,556,851. The accumulated losses since FY24 totalled \$49,140,750.
September 2024	The Company subsequently ceased all trade on or around September 2024 and has not traded since. Mr Jomaa advised that the Company commenced the process to sell the business.
4 September 2024	Restock Pty Ltd filed a proceeding against the Company in relation to a consumer/commercial dispute.
15 November 2024	Emmanuel Vaggis was appointed as director of the Company.



30 November 2024	The Company entered into a Deed of Settlement and Release with Origin with respect to outstanding debts in the amount of \$976,913.
6 December 2024	Mr Jomaa ceased being a director of the Company.
3 January 2025	The Company entered into a Deed of Forbearance and Settlement with the Landlord with respect to outstanding rent and water rates in the amount of \$3,170,087.
8 January 2025	Administrators appointed.

At the date of the Administrators' appointment, the Company employed nine staff who had knowledge of the Company's operations and specialised machinery and equipment. The Company was continuing to employ these individuals to maintain the specialised machinery and equipment of the business and thereby preserve the Company's business and goodwill.

Upon the Administrators' appointment, they terminated the employment of one staff member and continued the employment of the remaining eight staff during the Voluntary Administration period. On 5 March 2025, the Administrators terminated seven of these staff as the sale process had been not successful. The Administrators continued the employment of one staff to assist with matters pertaining to the Company's premises and equipment.

Company Addresses

The Company search shows the Company's addresses as follows:

Address Type	Address	Start Date
Registered Office	Katralis & Co 724 Botany Road, Mascot NSW 2020	26 October 2023
Principal Place of Business	7-9 Gibbon Road, Winston Hills NSW 2153	10 December 2015

Directors and Secretaries

The Company search shows the Company's Directors and Secretaries to be as follows:

Name	Position	Appointment Date	Cessation Date
Emmanuel Vaggis	Director	15 November 2024	Current
Emad Jomaa	Former Director	24 May 2023	6 December 2024
You Zhou	Former Director	2 February 2024	22 February 2024
Rui Wang	Former Director	30 January 2015	5 December 2023
Nick Dimopoulos	Former Director	23 September 2021	18 October 2023
Francesco Licciardello	Former Director	23 September 2021	24 May 2023
Emad Jomaa	Former Director	30 January 2015	6 June 2022
Li Liu	Former Director	30 January 2015	23 September 2021
Emmanuel Vaggis	Secretary	6 December 2024	Current
Emad Jomaa	Former Secretary	24 May 2023	6 December 2024
You Zhou	Former Secretary	2 February 2024	22 February 2024
Nick Dimopoulos	Former Secretary	23 September 2021	18 October 2023
Peter Vaughan	Former Secretary	1 January 2022	26 January 2023
Emad Jomaa	Former Secretary	30 January 2015	6 June 2022



Shareholders

A company search confirms that the Ultimate Holding Company (**NOD**) became the Company's sole shareholder on 24 September 2021, as follows:

Name	Type of Shares	Number of Shares	Paid up Capital (\$)
Nature One Dairy (Australia) Pte. Ltd.	Fully Paid Ordinary	36,233,208	36,223,208

Registered Security Interests

At the date of the Administrators' appointment, the PPSR showed 76 security interests registered against the Company with 51 of the registered security interests registered by NAB. One of their security interests is an ALLPAAP, a second is an ALLPAAP with exceptions and the remainder were securities in the Other Goods category.

Upon the Administrators' appointment, they wrote to all secured creditors to advise of their appointment and requested further particulars of each registered security interest.

Further discussion regarding the secured creditors can be found in Section 10.7 of this report.



4. CONDUCT OF THE ADMINISTRATION

On appointment, the Administrators conducted statutory and administrative tasks, held discussions with the Director, one of the Former Directors, Imad Jomaa, secured creditors, suppliers, employees, creditors and other stakeholders. A detailed outline of the tasks performed over the course of the voluntary administration is provided with my Remuneration Report at **Annexure D** and a summary of these actions is set out below.

Actions	Summary
Administration	<ul style="list-style-type: none">• Notified major financial institutions of the Administrators' appointment and updated banking authorisations;• Established a Voluntary Administration bank account for the Company;• Advertised the Administrators' appointment and the notice of the first meeting of creditors via the ASIC insolvency notices website;• Issued requests to the Director and Mr Jomaa to complete ROCAPs and Director's questionnaires and to deliver the books and records of the Company;• Prepared and lodged statutory notifications and lodgements;• Prepared an application to the Court to extend the convening period for the second meeting of creditors; and• Attended to other general administrative tasks as required.
Asset realisation / Sale of Business	<ul style="list-style-type: none">• Investigated, identified and insured Company assets;• Attended the Trading Premises to inspect the plant and equipment;• Engaged Gordon Brothers to conduct a valuation of the assets;• Conducted bank searches to identify any accounts maintained by the Company;• Conducted motor vehicle searches with the relevant state motor vehicle registries;• Identified assets subject to specific security interests and assessed any available equity;• Engaged Hamilton Locke to conduct a detailed review of the security interests over the Company's assets;• Conducted searches in relation to IP assets (ie business names, trademark, domains, patents etc).• Liaised with Mr Jomaa to obtain information to assist with the sales process including but not limited to obtaining key documents, details of potential interested parties and information on the plant and equipment.• Undertook an EOI campaign for the sale of the Company's business and assets;• Prepared advertisements for the sale of business and assets;• Collated information and documents for a data room;• Liaised with interested parties in relation to signing NDAs, the payment of deposits and dealt with queries regarding the sale and the Company.
Creditors	<ul style="list-style-type: none">• Reviewed the Company's records to identify and liaise with potential creditors;• Prepared and issued initial correspondence to all potential creditors;• Reviewed the proof of debt claims and supporting documentation received from creditors;• Convened and held the First Meetings of Creditors;• Prepared and lodged minutes of the First Meetings of Creditors with ASIC;• Convened and held three meetings of COI members;• Prepared and lodged minutes of COI meetings;



	<ul style="list-style-type: none"> • Prepared this Second Report to Creditors; • Prepared correspondence to the Secured Creditors registered on the PPSR; • Engaged Hamilton Locke to conduct a detailed review of the PPSR; and • Received and responded to creditor enquiries via email and telephone.
Employees	<ul style="list-style-type: none"> • Issued correspondence to all employees to notify them of the Administrators' appointment; • Liaised with employees regarding their rights and obligations with respect to the Administration; • Reviewed employee records with respect to employment details and entitlements; • Reviewed and reconciled outstanding leave entitlements and calculated estimated retrenchment entitlements; • Responded to employee enquiries, including meetings, telephone calls and email correspondence; • Liaised with external payroll company in relation to the employee payroll during the Voluntary Administration period; and • Issued correspondence to employees regarding termination of employment.
Trade-on management / Preservation of assets and goodwill of business	<ul style="list-style-type: none"> • Negotiated with the Landlord, NAB and SIG in respect of the waiver of the Voluntary Administrators' liability for rent and lease payments during the Voluntary Administration period; • Liaised with NORCO in relation to the collection of rent for the leasing of the Company's cool storage spaces; • Liaised with Mr Jomaa in relation to operational matters as required and continued operations; • Liaised with employees; • Obtained updated financial information relating to the Company's assets and liabilities; • Liaised with suppliers to facilitate the setup of new accounts; • Implemented a purchase order control procedure; • Prepared financial forecasts and monitored the ongoing costs of the Voluntary Administration; • Conducted ongoing dealings and negotiations with registered security interest holders and suppliers (where required); and • Arranged for continued insurance policy cover with PRM, the Administrators' insurance broker.
Investigations	<ul style="list-style-type: none"> • Obtained and reviewed the Company's books and records including: <ul style="list-style-type: none"> ○ Balance sheets; ○ Profit and loss statements; ○ Bank statements; ○ Inter-company loan book; ○ Aged payable summary; ○ Imaging from the Company server; and ○ Other documents. • Conducted asset searches of the Company; and • Conducted asset searches of the Director and Former Directors;



	<ul style="list-style-type: none">• Conducted investigations into the affairs of the Company including potential insolvent trading and voidable transactions; and• Conducted investigations into potential offences and breaches of the Act by the Director and Former Directors.
DOCA process	<ul style="list-style-type: none">• Received and reviewed the terms of a DOCA proposal from the Holding Company;• Received, reviewed, and liaised with the Administrators' advisors and solicitors regarding the terms of the DOCA proposal;• Prepared a comparative estimated outcome statement for the DOCA proposal and an estimated liquidation scenario; and• Formed an opinion and provided recommendations with respect to the DOCA proposal and an estimated liquidation scenario.



5. BOOKS AND RECORDS

Creditors should be aware that an Administrator is required to conduct investigations into the business, property, affairs and financial circumstances of the Company. In doing so, a preliminary review has been conducted of the books and records in the Administrators' possession.

Subsection 286(1) of the Act provides that a company must keep written financial records that:

- (a) Correctly record and explain its transactions and financial position and performance; and
- (b) Would enable true and fair financial statements to be prepared and audited.

Subsection 286(2) of the Act requires that the records must be retained for 7 years after the transactions covered by the records are completed.

In order to conduct investigations into the financial position of the Company, the Administrator requested all books and records of the Company from the Director, Nick Dimopoulos and Imad Jomaa (former directors), Bentleys (the Company's external accountant) and the Holding Company.

The Administrators attended the Trading Premises on 9 January 2025 to meet with Mr Jomaa for the purposes of inspecting the Premises, understanding the Company's operations and to get details of key contacts to obtain information regarding the Company's books and records.

The books and records collected to date comprise of the following:

- Balance Sheets for the years ended 30 June 2020 to 30 June 2024 and as at 8 January 2025 (provided by the Holding Company, extracted from its management accounting software, SAP);
- Profit and Loss Statements for the financial years ended 30 June 2020 to 30 June 2024 and for the period 1 July 2024 to 8 January 2025 (provided by the Holding Company, extracted from its management accounting software, SAP);
- Audited Financial Statements for the year ended 30 June 2023 with 30 June 2022 comparison (prepared by Bentleys, the Company's external accountant);
- Audited Financial Statement for the year ended 30 June 2021 with 30 June 2020 comparison (prepared by RSM Australia Partners, the Company's external auditor);
- NAB bank statements for the period 30 March 2018 to the date of the Administrators' appointment;
- Aged payable summary including outstanding amounts as at 8 January 2025;
- Inter-company loan book including outstanding amounts as at 8 January 2025;
- Access to the Company's taxation records via the ATO Online Services for Businesses Portal;
- Documents from creditors;
- Employee leave and superannuation reports.
- Image of the Company's computer server.
- Utility records for the period July 2022 to June 2023.
- Account Receivable invoice & supporting documentation for the period.
- ASIC lodged Form 484 dated 11 April 2022.
- Credit Applications to suppliers for the period 5 March 2021 to 29 August 2023
- Customer Contract for the financial year 2023.
- Customer sale/order ledger for the financial year 2021 to 2023.
- Letters of demand for the period 7 March 2023 to 26 July 2023
- Shareholder Agreement dated 31 January 2019



- Shareholder Funding Agreement dated 19 May 2019.
- Supplementary Agreement to Shareholders Funding and KPI Performance Agreement dated 22 Jan 2019
- Restructure Deed dated 31 January 2019
- Equipment menu and instruction book dated 10 June 2016.

As at the date of this report, no completed ROCAP has been received from the Director or Former Directors however they have been engaging with the Administrator in relation to its preparation. I will be seeking assistance from ASIC in relation to the completion of the ROCAP.

Given the size and nature of the business operated by the Company, from at least 1 July 2023, it is my opinion that the Company's books and records are not adequate to comply with Section 286 of the Act as the records do not:

- (a) Correctly record and explain its transactions and financial position and performance; and
- (b) Enable true and fair financial statements to be prepared and audited.

This opinion on the adequacy of the books and records is an initial opinion based on investigations that have been carried out over a limited period of time. In providing this opinion, an audit has not been completed (nor will an audit be completed) of the Company's financial records. Given the short time period (prescribed by the Act for this report to be completed) I have only reviewed the books and records pertinent for the preparation of this report and this opinion may be subject to change in a Liquidation scenario.



6. HISTORICAL FINANCIAL PERFORMANCE AND POSITION

It is viewed as best practice that an Administrator discloses to creditors the Company's past trading performance. Past financial records are considered material to creditors' decision concerning the Company's future and, therefore, should be disclosed.

The financial information for the financial years ended 30 June 2021, 30 June 2022 and 30 June 2023 have been sourced from the audited financial statements prepared by the Company's external accountants. The financial information for the financial year ended 30 June 2024 and the period 1 July 2024 to 8 January 2025 have been sourced from the Company's management accountants. As the management accounts have not been audited, I do not warrant the accuracy or reliability of these records.

I now provide an overview of the historical financial position below.

Profit and Loss Analysis

Description (\$)	FY21	FY22	FY23	FY24	YTD 8/1/25
Revenue	15,818,760	22,307,949	10,575,078	5,053,221	40,735
Other Income	918,209	753,135	383,337	257,238	131,751
Less					
Cost of Goods Sold	(13,854,689)	(26,623,122)	(13,035,061)	(6,728,914)	(1,749,971)
Operating Expenses	(4,326,342)	(1,773,433)	(1,734,222)	(1,561,010)	(853,410)
Other Expenses	(4,047,131)	(5,182,267)	(7,023,385)	(4,784,613)	(2,386,970)
Net Profit / (Loss)	(8,173,276)	(11,178,598)	(10,834,254)	(7,764,079)	(5,155,559)

My preliminary investigation into the profit and loss is detailed below:

- The Company reported cumulative losses from financial year ending 30 June 2021 to 30 June 2024, totalling \$37,950,207. The revenue generated by the business was not sufficient to cover high Cost of Goods Sold and Expenses, which included manufacturing overhead, director salaries & wages, insurance costs and payroll costs.
- The significant decline in revenue from financial year ending 30 June 2022 to 30 June 2024, averaging nearly 50% annually, is due to the Company's loss of contracts with major clients. This culminated in the loss of its contract with Coles in 24 May 2024.
- The Company continued to incur Costs of Goods Sold and Expenses despite not generating sufficient income, leading to the appointment of the Administrators. A breakdown of operating & non-operating major expenses are below:



Operating expense breakdown as a percentage of total operating expense:

	Insurance		Late fees paid		Legal & Professional fees		Payroll Costs	
Year	Amount (\$)	%	Amount (\$)	%	Amount (\$)	%	Amount (\$)	%
2023	197,141.00	11	25.00	0	30,952.00	2	944,512.00	54
2024	155,567.94	10	378,023.95	13	85,079.59	5	479,052.15	31
2025 (DOA)	206,786.41	9	111,124.72	13	236,694.29	28	158,600.14	19

Non-operating expense breakdown as a percentage of total non-operating expense

	Depreciation ROU asset		Depreciation	
Year	Amount (\$)	%	Amount (\$)	%
2023	-	0	4,266,094.00	72
2024	751,196.00	16	4,031,131.53	84
2025 (DOA)	375,597.91	16	2,011,132.03	84

The breakdown reveals that a large portion of expenses stems from accrued depreciation, implying that some of the Company's annual losses are paper losses only.

Balance Sheet Analysis

Description (\$)	30/6/21	30/6/22	30/6/23	30/6/24	YTD 8/1/25
Assets					
Current Assets	4,986,767	5,243,984	(4,653,662)	1,260,443	802,575
Non-Current Assets	19,170,176	32,039,699	25,895,837	21,119,583	18,732,853
Total Assets	24,156,943	37,283,683	21,242,175	22,380,026	19,535,428
Current Liabilities	25,468,530	14,131,394	13,847,811	16,296,985	18,204,826
Non-Current Liabilities	7,517,429	17,414,027	13,192,008	20,471,891	20,875,011
Total Liabilities	32,985,959	31,545,421	27,039,819	36,768,876	39,079,837
Net Assets	(8,829,016)	5,738,262	(5,797,644)	(14,388,850)	(19,544,409)
Current Ratio	0.196	0.371	(0.34)	0.08	0.04
Working Capital	(20,481,763)	(8,887,410)	(18,501,473)	(15,036,542)	(17,402,251)

My preliminary investigation into the balance sheet is detailed below:

- The Company's current assets primarily comprised of inventories, trade debtors, loans and cash at bank. The decrease in current assets from financial year ending 30 June 2022 to 8 January 2025 is due to the Company's available cash being utilised to meet liabilities (i.e. lease obligations, trading expenses and taxation liabilities).
- The Company's current liabilities increased substantially from financial year ending 30 June 2023 to 8 January 2025, due to an increase in trade payables. Insufficient revenue was being generated by the business to cover expenses and Cost of Goods Sold, due to loss of major contracts.
- The decrease in non-current assets over the financial periods is mainly relates to depreciation of assets (circa 20% per annum). The depreciation ratio is set out below:

Year	Depreciation ratio
2020	0.16
2021	0.20



2022	0.20
2023	0.19
2024	0.22
2025	0.12

- Non-current liabilities mainly consist of non-current borrowing (not specified in the financials provided by the parent entity or in audited financial report), deferred tax liabilities and lease liabilities.
- The Company's current ratio (current assets/current liabilities) remains below one throughout the periods, indicating difficulties in managing short-term liabilities and requiring urgent attention to liquidity management.

Reasons for Failure

The Director and the Former Director, Imaad Jomaa, have not formally provided an explanation for the Company's failure as they have not yet submitted ROCAPs to my office. I will request ASIC assistance in relation to this issue.

Mr Jomaa has verbally stated that the Company's insolvency may have been triggered by Coles' decision to withdraw from the supplier-manufacturer contract with the Company for the production of Coles-branded milk products in May 2024. Mr Jomaa noted that this termination had a significant adverse impact on the Company's cash flow.

My preliminary investigations into the affairs of the Company indicate that the failure may be attributed to:

- Cashflow issues, the inability to meet payments to creditors, suppliers and equipment lessors.
- The termination of the Coles supplier-manufacturer agreement in May 2024.
- After the Company ceased trading around September 2024, at least 2 creditors started commencing recovery actions for debts that were due.
- The Company's failure to sell its business. As previously outlined, Mr Jomaa advised that the Company had attempted sell its business from as early as September 2024. However, no sale was able to be finalised prior to the commencement of the Voluntary Administration.
- The ATO activity statement running balance account shows a deficit as early as 21 April 2023, indicating the Company's inability to meet its statutory liabilities. From 21 April 2023 to 8 January 2025 the outstanding PAYG and GST debts increased from \$24,890 to \$254,284.
- The ATO SGC running balance account indicates that the Company failed to discharge its SGC obligations from as early as 30 September 2023. From 30 September 2023 to 8 January 2025, the SGC balance increased from \$82,533 to \$555,503.
- The Company incurred ongoing trading losses from at least 30 June 2022 to the commencement of the Voluntary Administration as follows:

Financial Year End	30 June 2022	30 June 2023	30 June 2024	8 January 2025
Trading Loss	(11,178,598)	(10,834,254)	(7,764,079)	(5,155,559)



- As of 8 January 2025, the Company had a current liabilities of \$18 million, which mainly consist of trade liabilities (circa \$12 millions), with only \$802,575 in current assets, indicating that it did not have sufficient cash flow to meet its obligations.
- The Company had a current ratio of below one from at least 30 June 2021 to the commencement of the Voluntary Administration. A current ratio of below one indicates that a company does not have sufficient liquid assets to meet its short-term liabilities.

Financial Year End	30 June 2022	30 June 2023	30 June 2024	8 January 2025
Current Ratio	0.37	0.34	0.08	0.04



7. EXTENSION OF CONVENING PERIOD

Pursuant to Section 439A(1) of the Act, an Administrator is required to convene a meeting of creditors within the convening period specified by Section 439A(5) of the Act. Section 439A(6) of the Act provides that a Court may extend the convening period on an application made by the Administrator of a company, if the Court is satisfied that it would be in the best interest of the creditors to provide extension.

The Act normally allows a convening period of 20 business days. Using this timeline, the convening period ended on 6 February 2025.

Due to the initial strong interest in the Company's business and assets from parties during the sale campaign, the Administrators concluded that the convening period provided by the Act provided insufficient time to complete a successful sale of business or assets, or for a prospective purchaser to formulate a DOCA proposal involving such a sale.

To maximise the potential return to the creditors as compared with a Liquidation scenario, the Administrators instructed their solicitors Hamilton Locke to make a Court application to extend the convening period up to 6 May 2025, to allow sufficient time for a sale of business or assets to be completed or to formulate a DOCA proposal involving such a sale.

The application was heard by the Court on 4 February 2025 and the following orders were made:

- The convening period be extended up to and including 6 May 2025.
- The meeting required by Section 439A of the Act may be held at any time during, or within five business days after the end of, the convening period as extended by the Order above.
- Costs and expenses of the application are costs of the Voluntary Administration.
- Liberty to apply to the Court to modify or discharge these Orders be granted to any person who can demonstrate sufficient interest, upon at least three (3) business days' notice to the Company.



8. SALE OF BUSINESS / ASSETS

The primary objective of this Voluntary Administration has been to preserve the Company's business and assets with a view of undertaking a sale of the business by way of a marketing campaign. Section 435A of the Act states that the business, property, affairs and financial circumstances of an insolvent company is to be administered in a way that:

- (a) maximises the chances of the Company, or as much as possible of its business, continuing in existence; or
- (b) if it is not possible for the Company or its business to continue in existence—results in a better return for the Company's creditors and members than would result from an immediate winding up of the Company.

Upon the Administrators' appointment, they attended a meeting with the Former Director, Imad Jomaa at the Trading Premises to:

- undertake an urgent assessment of the current condition of the site;
- inspect the Company's plant and equipment;
- obtain information to assist with the sale of the business; and
- obtain an understanding of the key staff and suppliers required during the Voluntary Administration.

Representatives from Gordon Brothers, a firm of registered valuers, also attended the site to undertake a preliminary assessment of the requirements for a valuation of the assets on site.

Based on their discussions with Mr Jomaa, the Administrators continued to employ 8 staff to maintain the plant and equipment onsite, retain the knowhow of the Company's business and assist with the sales process. They terminated the employment of one staff member who was not required during the Voluntary Administration and also contacted key suppliers and utility providers to open new accounts under the Voluntary Administration with a view of maintaining the status quo to preserve these relationships for any prospective purchaser.

Following the meeting, the Administrators commenced an urgent EOI campaign to market the business for sale as a going concern or recapitalisation via a DOCA. To this end, they advertised the sale of the business and assets of the Company as detailed below:

Description	Date
LinkedIn Post	9 January 2025
ACG website	9 January 2025
The Australian Financial Review	11 January 2025
Dairy News Australia	17 January 2025

Competitors of the Company were also contacted directly regarding the sale campaign. The EOIs were due to close on 23 January 2025. However, due to receiving a high level of interest from parties, the EOI deadline was extended to 29 January 2025.

Following the expiration of the EOI deadline, four parties executed NDAs and paid a non-refundable deposit to access a data room and conduct due diligence. The interested parties were provided a deadline of 13 February 2025 to submit their NBIO.

When initial discussions were conducted with the interested parties following them having access to the data room they requested additional time to conduct due diligence. Accordingly, the Administrators extended the NBIO



deadline to 27 February 2025. However, despite negotiations and further discussions with these interested parties, no NBIOs were received.

Accordingly, on 5 March 2025 the Administrators terminated the employment of seven of the remaining eight Company staff members. One staff member continues to be employed by the Company.

Being aware of the expiration of the NBIO deadline and that no NBIOs had been received, the Holding Company submitted a DOCA for the consideration of creditors. The terms of the proposed DOCA are described later in part 12 of this report and will be voted on by creditors at the second meeting of creditors on **Thursday, 1 May 2025**.



9. PRESERVING ASSETS & GOODWILL OF BUSINESS

The Company had ceased trading prior to the commencement of the Voluntary Administration. At the date of the Administrator's appointment, the Company employed nine staff who were responsible for maintaining the Company's premises and specialised machinery and equipment.

As outlined in the previous section, following their meeting with Mr Jomaa, the Administrator determined that the employment of eight staff was required during the Voluntary Administration period. The decision to continue the employment of these staff and maintain some trading accounts with the Company's suppliers was made for the following reasons:

- To allow sufficient time to market and sell the business and maximise any return to creditors during the Voluntary Administration period.
- To preserve the value of the business, assets and know how as opposed to the sale of the assets in a FLV.
- To allow sufficient time for prospective purchasers to formulate a strategy for a DOCA proposal.

As disclosed in the Administrator's DIRRI, on 14 January 2025, they received funding of \$250,000 from the Holding Company to cover their initial remuneration and expenses associated with the Voluntary Administration. The funding was provided by way of a loan which is non-recourse to the Administrator and is to be treated as an expense of the Voluntary Administration.

On 7 March 2025, the Administrator received further funding of \$100,000 from the Holding Company to investigate a potential claim of the Company against SIG.

On 18 March 2025, NAB provided the Administrator with access to a \$75,000 overdraft facility to cover on-going costs and expenses of the Voluntary Administration.

On 14 April 2025, the Administrator received further funding of \$50,000 from the Holding Company to cover the remuneration and expenses associated with the Voluntary Administration.

To reduce their liability for the debts of the Voluntary Administration, the Administrator negotiated a waiver of the Voluntary Administrator's liability for the duration of the Administration period for rent on the Trading Premises with the Landlord and for lease payments on the Company's plant and equipment with the NAB and SIG.

Prior to the Administrator's appointment, the Company was subletting cool storage spaces at the Trading Premises to NORCO. The Administrator have continued to allow NORCO to rent these spaces during their appointment and have issued NORCO invoices for rent and outgoings. Please refer to the trading position below for details of rent collected from NORCO to date.

A summary of the Voluntary Administration holding costs from the date of the appointment to 22 April 2025 is detailed overleaf:



Holding Costs - Paid to date	Net Amount (\$)	GST (\$)	Gross Amount (\$)
Hire of Equipment	1,320	132	1,452
Repairs & Maintenance	3,020	302	3,322
Net Wages	67,123	-	67,123
Insurance	4,584	422	5,006
Sub-total	76,047	856	76,903
Holding Costs - Accrued (Unpaid)			
Utilities	32,799	3,280	49,510
Wages	6,504	-	12,837
PAYG	14,712	-	14,712
Super	9,955	-	9,955
Repairs and maintenance	7,224	42	7,266
Hire of equipment	3,916	392	4,307
Insurance	1,578	146	1,724
Payroll fees	650	65	715
Sub-total	77,338	3,925	101,026
Total Holding Costs	153,385	4,781	177,929

The above statement does not take into account the Administrators' remuneration and disbursements. Disbursements can include external services or costs such as legal fees, valuation fees, travel, accommodation and search fees or internal services or costs such as photocopying, printing and postage.



10. CURRENT FINANCIAL POSITION OF THE COMPANY

Following the Administrator's appointment, they issued a demand to both the Director and Former Director, Imad Jomaa to submit a ROCAP regarding the Company's business, property, affairs and financial circumstances within five business days of the date of their appointment in accordance with subsection 438B(2) of the Act. They also required them to complete and submit a DQ.

The Administrator issued further demands and correspondence to the Director and Mr Jomaa to submit a ROCAP and other relevant books and records. At the date of this report, both the Director and Mr Jomaa are yet to complete and return a ROCAP and/or director questionnaire. Accordingly, the Administrator will request ASIC assistance in relation to this issue.

Based on my review of the available books and records and discussions with the Director and Mr Jomaa, the financial position of the Company as at the date of the Administrators' appointment can be summarised as follows:

Description	Ref	Management Accounts as at 8 January 2025 (\$)	ERV – EXAD (\$)
Assets			
Cash	10.1	(20)	Nil
Debtors	10.2	(33,698)	16,910
Stock	10.3	1,160,066	Nil
Plant and Equipment	10.4	18,732,853	934,800
Loans	10.5	(410,698)	Nil
Other Assets	10.6	86,925	Nil
Total Assets		19,535,428	951,710
Liabilities			
Secured Creditors	10.7	5,793,932	11,855,446
Priority Creditors	10.8	Nil	748,056
Unsecured Creditors	10.9	33,285,905	18,505,421
Total Liabilities		39,079,837	31,108,923
Estimated Surplus / (Deficiency)		(19,544,409)	(30,157,213)

Detailed below is my commentary in respect of the Company's Assets and Liabilities:

Assets

10.1 Cash

On the date of the Administrators' appointment, correspondence was forwarded to all major banks requesting that any bank accounts in the Company's name be frozen.

The Company operated two bank accounts with NAB that had a combined overdrawn balance of \$20.

Therefore, the ERV of the cash is nil.



10.2 Debtors

The management accounts disclose a debtor balance of negative \$37,628 which appears to be unreconciled. I requested a breakdown of the debtors account from the Company's accounts team who noted that the only current debtor of the Company is NORCO. The amounts owing by NORCO are in relation to the previously mentioned subletting arrangement.

The Company's accounts team provided my office with copies of recent invoices issued to NORCO which indicated pre-appointment rent owing in the amount of \$16,910. To date, the Administrators have received the pre-appointment rent of \$16,910 from NORCO.

Further investigations in respect of the Company's debtors are ongoing to determine whether there are any other recoverable amounts owing.

Therefore, the ERV of the debtors is at least \$16,910.

10.3 Stock

The Company's management accounts recorded stock (i.e. a variety products including fresh milk, flavoured milk and long-life milk and branded product packaging) in the amount of \$1,160,066 as at the date of the Administrators' appointment. However, I am unable to verify the accuracy of the Company's management accounts.

As previously outlined, the Administrators and Gordon Brothers attended the Trading Premises and inspected the stock/inventory on hand. Based on Gordon Brothers' assessment, as stock is all perishable goods by nature, and the Company has not traded in an active capacity since around September 2024, all of the Company's stock had passed its expiration date as at the date of the appointment and hence holds no value.

Further, as the packaging has been branded with suppliers' logos, it cannot be resold and hence also holds no value.

Therefore, the ERV of the stock is nil.

10.4 Plant and Equipment

The management accounts record plant and equipment (i.e. milk processing equipment, serac filling line, decommissioned plant, production area, warehouse, cold storage, packaging line, ROU assets etc.) in the amount of \$18,732,853.

On their appointment, the Administrators engaged the services of Gordon Brothers, who are independent registered valuers, to conduct a valuation of the plant and equipment on a "Fair Market Value in Continued Use" basis and a "Forced Liquidation Sale" basis. Gordon Brothers advised that the FMVICU of the plant and equipment is \$12,737,350, whereas on a Forced Liquidation Sale basis it would only have a value of \$934,800. Gordon Brothers advised that due to the specialised and complex nature of the equipment, a forced liquidation sale would result in a significant loss of value due to high cost associated with decommissioning of the equipment and transportation costs in preparing the plant and equipment for sale.

Therefore, the ERV of the plant and equipment is at best \$934,800.



The plant and equipment is subject to security interests in favour of NAB, SIG and Active Forklifts respectively. Please refer to section 10.7 of this report for further information. To the extent to which plant and equipment is subject to a valid security interest, a liquidator will only be able to claim an equitable lien for his reasonable costs in caring for, realising and/or selling the plant and equipment.

10.5 Loans

The Company's management accounts disclose a negative amount of \$410,698 under the loan account to the Holding Company. The negative amount under the current assets account indicates that the \$410,698 is owing to the Holding Company.

Therefore, the ERV of the above loan is nil.

10.6 Other Assets

The management accounts record prepayments of insurance and other expenses in the amount \$86,926 which appear to be unreconciled. To date, I have not identified any credits receivable from any accounts maintained by the Company.

Therefore, the ERV of the above prepayments is nil.

During the Voluntary Administration, the Administrators undertook additional searches and inquiries regarding the Company's ownership of assets and I now advise of the following:

- A search of the ASIC public database indicates that the Company is not entitled to any unclaimed monies.
- A review of the ATO Online Services for Businesses Portal shows that the Company does not hold refundable pre-appointment taxation credits.
- A search of the Transport NSW database shows that the Company is not the registered owner of any motor vehicles in New South Wales.
- A search of the IP Australia database for patents, trademarks and designs shows that the Company is not a registered owner of any intellectual property in Australia.
- No payments have been identified in the Company's bank statements that are prepayments (e.g. for insurance) or are for the purchase of assets, such as equipment, mobile phones or laptops.



Liabilities

10.7 Secured Creditors

A summary of the security interests registered against the Company is detailed below:

Secured Creditor	PMSI Yes / No	Assets Description	Amount Claimed (\$)
NAB	Yes	First ranking ALLPAAP, other goods, two motor vehicles, business loan	6,355,771
Active Forklifts (Australia) Pty Ltd	No	Second ranking ALLPAAP, four forklifts	172,937
SIG	Yes	Other goods	5,195,856
Brickwood (NSW) Pty Ltd	Yes	Other goods	Unknown
Sew-Eurodrive Pty. Ltd.	Yes	Other goods	Unknown
Opal Packaging Australia Pty Ltd	Yes	Other goods	Unknown
Atlas Copco Australia Pty Ltd	Yes	Other goods	Discharged
Visy Logistics No 2 Pty Ltd & 26 others	Yes	Other goods	Discharged
Ecolab Pty Ltd	Yes	Other goods	Unknown
Oppenheimer Pty Ltd	Yes	Other goods	Unknown
MPD Dairy Products Pty Ltd	Yes	Dairy products including milk powders, butterfat, liquids, cream, milk, cheese, proteins, etc.	Nil
Amtrade International Pty Ltd	Yes	Other goods	Unknown
Bronson & Jacobs Pty Ltd and Ixom Operations Pty Ltd	Yes	Other goods	Unknown
MSM Milling Pty Ltd	Yes	Vegetable oils, canola meal and stockfeed	Discharged
Redox Limited	Yes	Other goods	Unknown
Tradecorp International Pty Limited	Yes	Dangerous goods shipping container	Unknown
Bodva Pty Ltd	Yes	Coffee powder and beans	60,595
Doehler Australia Pty td	Yes	Other goods	70,287
Select Harvests Limited	Yes	Nut products, cereals, health foods, packaging and other raw materials.	Unknown
Metal Manufacturers Pty Ltd	Yes	Electrical goods	Nil
Fonterra Australia Pty Ltd	Yes	Refrigeration unit	Unknown
Tetra Pak Marketing Pty. Ltd.	Yes	Tetra Pak Homogeniser	Unknown
Aldus-Tronics Leasing Pty Ltd	No	Tronics labelling machine	Unknown
Oxerra Australasia Pty Ltd	No	Other goods	Unknown
Total			11,855,446

The above position in respect to the secured creditors may increase should interest and charges that have not been accounted for be applied against their position.



NAB

On 1 June 2015, the NAB registered an ALLPAAP against the property of the Company on the PPSR. On 1 April 2021, NAB registered a second ALLPAAP on the PPSR with exceptions (receivable or other payment obligation owed to NAB which has been transferred to the Company). The PPSR also records that the NAB has registered 50 other security interests during the period from June 2015 to December 2023 for 'other goods'. The NAB has provided loan facilities, a credit card and financed a substantial amount of plant and equipment to the Company including milk processing, filling, packaging and waste management machines. The NAB has advised that they were owed \$6,355,771 as at 10 January 2025.

Active Forklifts

At the date of the Administrators' appointment, the Company was hiring four forklifts from Active Forklifts.

On 25 May 2023, Active Forklifts registered an ALLPAAP security interest on the PPSR. Active Forklift did not register a PMSI in relation to the forklifts and, therefore, does not have any priority over the NAB. As such, the NAB has the first ranking security interest over the forklifts and return of the forklifts is subject to NAB's consent.

SIG

On 30 September 2020, SIG registered two security interests over the property of the Company. One security interest relates to a PMSI for property subject to the security agreement with the Company dated 30 October 2015 and amended on 23 June 2017.

The second security interest relates to property supplied by SIG which was not subject to the security agreement with the Company dated 30 October 2015 and amended on 23 June 2017.

Based on my review of the Company's books and records and Gordon Brothers' inspection of the plant and equipment on the Company's premises, SIG provided packaging line machinery and supplies to the Company.

10.8 Priority Creditors

Based on the information available to date, I have identified the following outstanding employee entitlements:

Employee Entitlement	Amount (\$)
Wages	80,923
Annual Leave	117,845
Long Service Leave	24,860
SGC	555,503
PILN	27,143
Total	806,274

The above employee entitlements are subject to change based on the receipt of additional or updated PODs from employees or DCT.

Notwithstanding the above, as mentioned previously in this report I am unable to rely on the accuracy of the Company's management accounts. As such, I advise the following regarding the amounts owed to priority creditors.



On 27 February 2025, the DCT submitted a POD in respect of his claim against the Company. The DCT's POD discloses that the Company owes \$555,503 in SGC to the DCT for the period from 1 July 2022 to 30 September 2024. Interest charges will accrue on this amount up to the date of the Administrators' appointment.

To date, I have received six PODs from employees amounting to \$239,747 with respect to unpaid wages, superannuation, annual leave, long service leave and redundancy.

Pursuant to Subsections 556(1A), (1B) and (1C) of the Act in a Liquidation, a director, spouse or relative of a director is defined as an excluded employee of a company and is limited to a maximum priority claim (i.e. the remaining entitlements balance becomes an unsecured claim) of:

- \$2,000 — in relation to outstanding wages, superannuation contributions and SGC;
- \$1,500 — in respect of outstanding leave of absence (long services leave, annual leave etc.); and
- Nil — in respect of retrenchment amounts payable by the Company.

Given the foregoing, the claims for outstanding leave entitlements from excluded employees as at the Administrators' appointment can be calculated as follows:

Related Employee	Wages Priority Claim	Wages Non-Priority Claim	Leave of absence* Priority Claim	Leave of absence* Non-Priority Claim
	(\$)	(\$)	(\$)	(\$)
Imad Jomaa	Nil	Nil	1,500	58,217
Total	Nil	Nil	1,500	58,217

*Leave of absence includes annual leave and LSL

Accordingly, after taking into account the above excluded employee priority claim limits, the Company's outstanding **priority** employee entitlements are estimated as follows:

Employee Entitlement	Amount (\$)
Wages	80,923
Annual Leave	80,058
Long Service Leave	4,429
SGC	555,503
PILN	27,143
Total	748,056

Should the Company be wound up, eligible employees are entitled to apply to the Commonwealth Government to be paid their unpaid employee entitlements (other than superannuation) via the Fair Entitlements Guarantee Scheme. Please visit <https://www.dewr.gov.au/fair-entitlements-guarantee> for more information.

If the Commonwealth pays the entitlements of an employee under the FEG Scheme, the Commonwealth will subrogate to the eligible employee's claim as a priority creditor in the winding up pursuant to Section 560 of the Act.

Therefore, the total amount of the employee entitlements is \$748,056.



10.9 Ordinary, unsecured Creditors

The Company's ordinary, unsecured creditors as at the date of the Administrators' appointment may be quantified as follows:

Unsecured Creditor Type	Management Accounts 8 January 2025 (\$)	PODs– EXAD (\$)
Trade Creditors	14,761,805	8,386,567
Statutory Creditors	Nil	375,559
Non-Priority Employee Entitlements	N/A	58,217
Related Party Creditors	9,745,078	9,685,078
Total (Subject to Change)	24,756,162	18,505,421

Trade Creditors

At the date of this report, I have identified 143 trade creditors with claims totalling \$8,386,567 and have received 33 PODs totalling \$7,222,018 from trade creditors. This includes the Landlord's claim in the amount of \$2,887,980.

The trade creditors' position is subject to change based on receipts of further PODs from trade creditors as well as any claims for shortfall amounts owing to secured creditors of the Company.

Therefore, the amount of trade creditors based on potential creditors' claims are \$8,386,567.

Statutory Creditors

At the date of this report, I have received PODs from the following statutory creditors:

Name	Amount (\$)
Deputy Commissioner of Taxation	253,562
Department of Agriculture, Fisheries and Forestry	18,125
NSW Food Authority	2,303
Revenue NSW	101,569
Total	375,559

Non-Priority Employee Entitlements

As detailed previously in this report, pursuant to Subsections 556(1A), (1B) and (1C) of the Act in a Liquidation, a director, spouse or relative of a director is defined as an excluded employee of a company and is limited to a maximum priority claim.

As outlined in the section 10.8, a summary of the non-priority employee entitlements is provided below.

Related Employee	Wages Non-Priority Claim (\$)	Leave of absence* Non-Priority Claim (\$)
Imad Jomaa	Nil	58,217
Total	Nil	58,217

In that regard, the amount of non-priority employee entitlements is \$58,217.



Related Party Creditors

The Company's management accounts show that an amount of \$9,745,078 is owed to the Holding Company by the Company. As at the date of this report, I have not received a POD from the Holding Company.

Notwithstanding the above, I have received a copy of the Holding Company's loan ledger with the Company which discloses an outstanding loan balance to the Holding Company of \$9,685,078.

I have conducted a reconciliation of the transactions in the Holding Company loan ledger for the period from 1 April 2024 to 8 Jan 2025 and provide the following comments:

- 9 transactions totalling \$152,490 were identified in the Company's NAB bank statements representing funds received by the Company from the Holding Company.
- 33 transactions totalling \$1,287,679.95 related to payments made by the Holding Company directly to creditors of the Company.

In addition, the 2023 audited financial statements disclose the loan to the Holding Company totals \$7,263,247.

Based on the information available to date, the amount of the related party creditors is \$9,685,078.



11. OFFENCES, VOIDABLE TRANSACTIONS AND INSOLVENT TRADING

The Act requires an Administrator to conduct a preliminary investigation into any breaches of duty or offences committed by the Director and/or former directors of the Company as well as to review transactions that appear to the Administrator to be voidable transactions in respect of which money, property of any other benefits which may be recoverable by a Liquidator. This is relevant to creditors if they are being asked to choose between a DOCA or a Liquidation.

Attached as **Annexure C** is ARITA's "Offences, Recoverable Transactions and Insolvent Trading" information sheet which provides creditors information ABOUT the available actions to a Liquidator.

Offences

My preliminary investigations have identified potential breaches of duty and offences by the Director and some of the Former Directors as outlined below.

Ref Breach – the Act	Nature of Offence	Offence Identified
180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.	Potential breach identified
181	Failure to act in good faith.	Potential breach identified
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.	None Identified
183	Making improper use of information acquired by virtue of the officer's position.	None Identified
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.	None Identified
206A	Taking part in the management of corporation while disqualified from doing so	None Identified
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.	None Identified
254T	Paying dividends except out of profits.	None Identified
286	Failure to keep proper accounting records or retain the records for seven years	Potential offence identified
312	Obstruction of an auditor.	None Identified
314-7	Failure to comply with requirements for the preparation of financial statements.	None Identified
437C	Performing or exercising a function or power as an officer while a company is under administration.	None Identified
437D(5)	Unauthorised dealing with company's property during administration.	None Identified
438B(4)	Failure by directors to assist administrator, deliver records and provide information.	Potential offence identified
438C(5)	Failure to deliver up books and records to the administrator.	None Identified
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.	None Identified



More specifically, the breaches of duty and offences are as follows:

- Failure to prevent the Company from trading whilst insolvent (see further below in this section for further information), as well as the non-payment of superannuation to employees. The DCT's POD indicates that the Company has failed to discharge its SGC, and hence superannuation, obligations since the quarter ended 30 September 2022.
- Failure to keep written financial records that correctly record and explain its transactions and would enable true and fair financial statements to be prepared and audited from at least 1 July 2024.

The table above is a summary of potential offences and misconduct identified against the Director, Former Directors and Holding Company, it is not intended to be an exhaustive account of all misconduct by them. Should the Company be wound up, further investigations will be conducted regarding potential breaches of director's duties.

I will shortly report the results of my findings to ASIC in accordance with Section 438D of the Act.

Voidable Transactions

I have conducted a preliminary review of the books and records in my possession. In accordance with Section 75-225(3)(b)(vi) of the IPR, it is my opinion that a Liquidator may have actions for the following amounts against certain parties for voidable transactions:

Section of the Act	Voidable Transactions	Potential Claim (\$)
588FA	Unfair Preferences	987,242
588FB	Uncommercial Transactions	None Identified
588FD	Unfair Loans to a Company	None Identified
588FDA	Unreasonable Director-Related Transactions	95,000
588FDB	Creditor Defeating Disposition	None identified
588FJ	Circulating Security Interests Created within Six Months of Relation Back Day	None Identified
596AB	Arrangements to Avoid Employee Entitlements	None Identified

Unfair Preferences

My preliminary investigations have identified the following payments to creditors which may constitute unfair preference payments:

Creditor	Amount (\$)
Origin	100,000
Landlord (Eastern & LG Holding Pty Ltd)	350,000
Holding Company (Nature One Dairy (Australia) Pte. Ltd.)	537,242
Total	987,242

Further investigations will be conducted by a liquidator, if appointed, to confirm whether the payments would constitute unfair preferences and if so, whether it is commercial to pursue recoveries.



Unreasonable Director-Related Transactions

My preliminary investigations have identified the following potential unreasonable director related transactions:

Recipient	Amount (\$)
Rui Wang	5,000
Nick Dimopoulos	90,000
Total	95,000

A Liquidator, if appointed, would conduct further investigations into the above transactions and consider all circumstances before initiating any recovery actions.

Insolvent Trading

Pursuant to Section 588G of the Act, a director of a company has a duty to prevent a company from incurring a debt when they have reason to suspect that the company is insolvent or is likely to become insolvent, and is unlikely to be able to pay the debt. If there are reasonable grounds for suspecting that a company is insolvent at the time when a debt is incurred, or that the company will become insolvent as a result of incurring that debt, then the director at the time the debt was incurred may be guilty of breaching Section 588G of the Act and may be ordered to compensate the company.

Pursuant to Section 588M(2) of the Act, a Liquidator is entitled to recover from a director as a debt due to the company, an amount equal to the amount of the loss or damage sustained by a creditor as a result of a debt being incurred by the company in consequence of that director breaching section 588G.

In my review of the historical solvency of the Company we have considered whether there are present those matters described as the "usual indicators of insolvency". The relevant matters are detailed further below.

The fourteen (14) indicators of insolvency as set out in **ASIC v Plymin, Elliott and Harrison (2003) VCS 123** case are as follows, along with the Administrators' investigative comments in relation the Company:

Indicators	Y/N	Administrators' Investigative Comments																		
Continuing Losses	Y	<p>Net loss incurred. Net cashflow test for 3 financial years.</p> <table> <tr> <th>Period</th><th>Profit / (Loss)</th><th>Accumulated Profit / (Loss)</th></tr> <tr> <td>FY20</td><td>(6,528,665)</td><td>(6,528,665)</td></tr> <tr> <td>FY21</td><td>(8,173,276)</td><td>(14,701,941)</td></tr> <tr> <td>FY22</td><td>(11,178,598)</td><td>(25,880,539)</td></tr> <tr> <td>FY23</td><td>(10,834,254)</td><td>(37,450,800)</td></tr> <tr> <td>FY24</td><td>(7,764,079)</td><td>(45,214,879)</td></tr> </table>	Period	Profit / (Loss)	Accumulated Profit / (Loss)	FY20	(6,528,665)	(6,528,665)	FY21	(8,173,276)	(14,701,941)	FY22	(11,178,598)	(25,880,539)	FY23	(10,834,254)	(37,450,800)	FY24	(7,764,079)	(45,214,879)
Period	Profit / (Loss)	Accumulated Profit / (Loss)																		
FY20	(6,528,665)	(6,528,665)																		
FY21	(8,173,276)	(14,701,941)																		
FY22	(11,178,598)	(25,880,539)																		
FY23	(10,834,254)	(37,450,800)																		
FY24	(7,764,079)	(45,214,879)																		



Liquidity Ratios Below 1	Y	<div>This indicates that the Company may have insufficient working capital to meet its short-term liabilities at the relevant times.</div> <table><tr><th>As at</th><th>Liquidity Ratio</th></tr><tr><td>FY20</td><td>0.28</td></tr><tr><td>FY21</td><td>0.20</td></tr><tr><td>FY22</td><td>0.37</td></tr><tr><td>FY23</td><td>0.34</td></tr><tr><td>FY24</td><td>0.08</td></tr></table>	As at	Liquidity Ratio	FY20	0.28	FY21	0.20	FY22	0.37	FY23	0.34	FY24	0.08
As at	Liquidity Ratio													
FY20	0.28													
FY21	0.20													
FY22	0.37													
FY23	0.34													
FY24	0.08													
Overdue Commonwealth and State Taxes	Y	The Company has outstanding activity statement debts from as early as 16 May 2024.												
Poor Relationship with Present Bank, including inability to borrow further funds	N	None Identified												
No Access to Alternative Finance	N	None Identified												
Suppliers Placing Company on C.O.D.	N	None Identified												
Inability to Raise Further Equity Capital	N	None Identified												
Creditors Unpaid Outside Trading Terms	Y	According to the Company's aged payables summary, as of the Administrators' appointment, trading liabilities overdue by more than 121 days amounted to \$11,316,690.42												
Issuing of Post-dated Cheques	N	None Identified												
Dishonoured Cheques	N	None Identified												
Special Arrangements with Selected Creditors	Y	<div>On 30 November 2024, a Deed of Settlement and Release was executed, between the Company and Origin for a claim of \$976,913 against the Company.</div> <div>On 3 January 2025, the Company entered into a Deed of Forbearance and Settlement with the Landlord with respect to outstanding rent and water rates in the amount of \$3,170,087</div>												
Solicitor's Letters, Summons, Judgments or Warrants Issued Against the Company	N	None Identified												
Payments to Creditors of Rounded Sums	N	None Identified												
Inability to Produce Timely and Accurate Financial Information	N	None Identified												

The above indicators are not conclusive individually, but rather facilitate my investigations as Administrator in evaluating the financial position at any particular time.

Presumptions of Insolvency

Presumption of Continued Insolvency

Section 588E(3) of the Act provides that if it is proved that a company is insolvent at any time during the 12 months preceding the Administrators' appointment, then the Company is presumed to remain insolvent continuously from that point until the appointment date. This presumption assists a Liquidator who would otherwise be required to prove that the Company was insolvent each time a new debt was incurred during the period.

Presumption of Insolvency

Section 588E(4) of the Act provides that a company is presumed to be insolvent if it has failed to maintain books and records in accordance with Section 286 of the Act.



Based on the financial records I have received to date, the Company may be presumed to be insolvent from as early as 1 July 2023.

Administrator's Conclusions Regarding Solvency

Based on my preliminary investigations, it is my opinion that the Company may have traded whilst insolvent from at least 1 July 2023 and total potential claims are \$3,303,800. The Director, Former Directors and the Holding Company may be liable for trading the Company whilst insolvent pursuant to Section 588M of the Act, being the debt incurred when the company was insolvent.

My preliminary investigations have identified the following potential insolvent trading claims against the respective parties. This amount may be subject to change from the receipt of any further PODs by creditors of the Company.

Name	Position	Period of Insolvent Trading Claim
Emmanuel Vaggis	Director	15 November 2024 to 8 January 2025
Emad Jomaa	Former Director	1 July 2023 to 6 December 2024
You Zhou	Former Director	2 February 2024 to 22 February 2024
Rui Wang	Former Director	1 July 2023 to 5 December 2023
Nick Dimopoulos	Former Director	1 July 2023 to 18 October 2023
Nature One Dairy (Australia) Pte. Ltd.	Holding Company	1 July 2023 to 8 January 2025

As well as the directors, any persons who are found to have acted in the capacity of either a shadow or de facto director may also be liable for insolvent trading. My investigations are ongoing in relation to whether any persons have acted in the capacity of either a shadow or de facto director of the Company

The prosecution of an insolvent trading claim will attract substantial accounting and legal fees. This would require substantial third-party funding and a Liquidator would be unlikely to commence such an action without an indemnity for costs.

Upon appointment of a Liquidator the commercial viability of any insolvent trading claim would be further investigated and communicated to creditors.

Creditors will appreciate that an action for insolvent trading would only be brought against a director if a benefit would accrue to creditors from doing so. A detailed analysis of the Company's claim including as to defences available to the director, the ability to secure the required funding and the capacity of the director to repay amounts claimed, would need to be undertaken by a Liquidator to evaluate the merits of any such action. Investigations in this regard will be undertaken in the event creditors resolve to wind the Company up at the decision meeting.

Director's and Former Directors' Personal Financial Position

Due to financial and time constraints, I have not sought to conduct public examinations of any of the relevant parties above. Therefore, I am limited to public information and information provided by the Director, Former Directors or authorised by the Director or Former Directors to be disclosed by third parties in assessing their financial position.



I have also attempted to determine whether the relevant parties would have the capacity to meet such a demand if one was made upon them. The results of my investigations are detailed below:

Directors Name	Real Property	Mortgage Y / N	Jointly Owned Y / N
Emmanuel Vaggis	N/A	N/A	N/A
Imad Jomaa	N/A	N/A	N/A
You Zhou	N/A	N/A	N/A
Rui Wang	N/A	N/A	N/A
Nick Dimopoulos	Docklands 3008	Y	Y

Whilst I have identified that some of the Director/Former Directors are the registered proprietors of a number of real property interests, at the present time I have no information as to the equity position of the respective properties.

Should a decision be made to pursue these investigations further, further enquiries will be made to obtain a more accurate picture of the Director's and Former Directors' personal asset position.

I am unaware of the Holding Company's financial position but note it is subject to winding up proceedings in the General Division of the High Court of Singapore. Should the Company be placed into Liquidation, further investigations will be undertaken by the liquidator.

Defences to Insolvent Trading

Sections 588H and 588X of the Act provides certain defences to directors of a company and holding company against whom a claim is made for insolvent trading. These defences are available to any person the subject of such a claim and are similar for claims against directors and holding companies. The defences can be summarised as follows:

Reasonable grounds to expect solvency

It is a defence to a claim for insolvent trading if a person can prove that they had reasonable grounds to expect, and did expect, that the Company was solvent and would remain solvent even if a debt or other debts were incurred at that time.

Reliance on Others

It is a defence to a claim for insolvent trading if a person had reasonable grounds to rely on a competent and reliable person to provide information regarding the Company's solvency and that the information provided the person could reasonably presume that the company was solvent.

Reasonable Steps

It is a defence to a claim for insolvent trading if a person can prove that they took all reasonable steps to prevent the Company incurring the debt, including but not limited to appointing an Administrator.



Illness

It is a defence to a claim for insolvent trading if a person can prove that at the time due to illness or some other good reason that the person did not take part in managing the Company.

Claim Against SIG

As part of my investigations into the affairs of the Company, I have identified a potential claim against SIG arising from its breach of a NDA dated 29 February 2024 that SIG entered into with the Company.

This NDA was entered into in circumstances where SIG and the Company were negotiating to restructure an existing debt owed by the Company to SIG and, as part of this, the Company would be disclosing confidential financial information to SIG which the Company sought to protect.

The potential claim arises from the alleged unauthorised disclosure of some of this confidential information by SIG to a commercial counterparty of the Company, Sanitarium.

From September 2023 onwards, the Company was in negotiations with Sanitarium for a potential co-manufacturing agreement under which the Company would have manufactured approximately 12 million litres of almond and soy products per year. The agreement was expected to generate approximately \$14.5 million in annual revenue for the Company over a 24-month term.

It has been asserted that, if the Company had been able to enter into this agreement, it would have been able to overcome its financial difficulties and avoid appointing Administrators.

However, in late March 2024, Sanitarium withdrew from the negotiations. At the time, Sanitarium indicated they were not proceeding because they did not need the proposed volume of product anymore. However, I am informed they also cited the following as additional reasons for not proceeding:

- (a) the Company had failed to pay SIG for sleeves during a former agreement between the Company and Sanitarium; and
- (b) SIG had told them that the Company's financial position was poorer than Sanitarium realised.

Moreover, I am informed that Sanitarium subsequently entered into a contract with a supplier in Tasmania for that supplier to produce the same amount of almond and soy products for Sanitarium as it had been negotiating with the Company for the Company to produce for Sanitarium.

In addition, in subsequent discussions between the management of the Company and SIG, the managing director of the latter is alleged to have acknowledged that SIG staff may have communicated with Sanitarium regarding the Company.

Through their solicitors, the Administrators have put SIG on notice of this claim and invited their response to it. SIG has responded through its solicitors, Minter Ellison, who have denied the claim on its behalf. Amongst the points raised by SIG's solicitors are the following:

- (a) Information about the Company's failure to pay SIG for sleeves under the former agreement was within SIG's own knowledge and not disclosed to it by the Company. This information therefore was not restricted by the NDA;



- (b) The obligations under the NDA only operated from the date of the NDA. No confidential information was disclosed by the Company to SIG after the date of the NDA;
- (c) The NDA was not executed by the Company; and
- (d) It is disputed that the entering into of the contract between the Company and Sanitarium would have restored the former to solvency.

Given the size of the potential claim against SIG, I consider that the relevant dealings between the Company and SIG warrant further investigation so that a concluded view can be formed as to the merits and amount of the claim.

Such investigation could be undertaken by a Liquidator of the Company who could conduct public examinations of the persons involved in the dealings and issue orders for production to obtain access to the relevant internal documents of Sanitarium and SIG as well as the written communications that passed between these parties.

However, a number of matters need to be kept in mind about the pursuit by the Company of a claim against SIG if the former goes into liquidation.

The first is that the amount of the SIG claim is not approximately \$29 million (\$14.5 million per annum over two years). This is the amount of the revenue that it is alleged would have been generated from the contract. However, the cost of generating this revenue has to be deducted from the \$29 million figure to show the profit figure, which is the starting point for the SIG claim. Thus, if it cost, say, \$21 million to generate \$29 million in revenue, then the starting point for the claim is \$8 million.

At the present time, I am unable to say what it would have cost the Company to generate revenue of \$29 million over two years from a contract with Sanitarium. Furthermore, the profit from the contract has to be discounted to reflect the fact that the contract between the Company and Sanitarium may not have eventuated for reasons unconnected with the alleged breach by SIG of the NDA.

Accordingly, for the purposes of discussing the SIG claim in this report, I will proceed on the basis that the Company may have a claim against SIG for as much as \$6 million.

The second matter is that Minter Ellison has asserted that SIG would be able to set off its claim against the Company against the Company's claim against SIG. In a liquidation of the Company, SIG's claim against the Company would be \$5,195,856 less the value of the plant and equipment over which it holds security interests. If the solicitors' assertion is correct, the amount of the Company's claim against SIG would be significantly reduced.

The third matter is that a Liquidator would require litigation funding to enable the Company to pursue a claim against SIG. The cost of litigation funding is such that it would substantially reduce the return to the Company from the successful pursuit by the Company of the SIG claim.

The fourth matter is that the proceeds of a successful pursuit by the Company of the claim against SIG would be subject to the ALLPAAP security interests of the NAB. Given the amount that likely would be owing to the Bank following a liquidation of the Company, subject to the payment of employee entitlements under section 561 of the Act, all of the remaining proceeds from the SIG claim probably would go to the NAB.

Under the proposed DOCA, the benefit of any claim of the Company against SIG is to be assigned to the Holding Company and creditors will receive 25% of the proceeds of the claim if the Holding Company is able to successfully prosecute it or otherwise settle the claim.



In my view, the proposed assignment of the claim probably is not disadvantageous to creditors for the following reasons:

- (a) Having regard to the four matters outlined above, a successful pursuit by the Company of the claim against SIG may not be in the interests of the ordinary unsecured creditors of the Company;
- (b) The third and fourth of these matters would not be applicable to an assigned claim. The second matter potentially would still be applicable as SIG has served a statutory demand upon the Holding Company in Singapore. This demand is based upon a guarantee given to SIG by the Holding Company for the debts of the Company and currently is the subject of legal proceedings in Singapore.
- (c) The Holding Company would be funding the pursuit of the assigned claim;
- (d) The assignment of the claim would allow the creditors of the Company to receive a portion of the proceeds received from a successful pursuit of the SIG claim without the Company bearing either the costs of the proceedings or the risk of an adverse costs should the claim be unsuccessful;
- (e) The SIG claim presently is unsupported by documentary evidence and its pursuit may entail significant risk and cost. In this regard, the quantum of the claim presently is uncertain and may be difficult to quantify.



12. PROPOSAL FOR A DEED OF COMPANY ARRANGEMENT

A DOCA is a binding arrangement between a company and its creditors governing how the company's affairs will be dealt with. A DOCA is one of the three outcomes that creditors may resolve to occur at the end of the voluntary administration process, provided that a DOCA proposal has been submitted.

The statutory purpose of a DOCA is to maximise the chances of the Company, or as much as possible of its business, continuing, and must provide a better return for creditors than an immediate winding up, or ideally both. The DOCA binds all unsecured creditors, even if they vote against the proposal as well as shareholders and directors.

I have received a proposal for a DOCA from the Holding Company. A copy of this proposal is **attached** at **Annexure "H"**.

If creditors vote in favour of the DOCA, it must be signed within 15 business days of the creditors' meeting (in the absence of a Court order extending the timeframe). If the DOCA is not signed within this timeframe the Company will enter liquidation with the Administrator being appointed as liquidator.

The Holding Company's proposal for the Company to execute a DOCA can be summarised as follows:

DOCA Terms	DOCA Details
Deed Administrator	Rajiv Goyal
Proponent	Nature One Dairy (Australia) Pte. Ltd (UEN 201507151)
Conditions Precedent	<p>The DOCA will become effective only after each of the following conditions (Conditions Precedent) have been satisfied (Effective Time):</p> <ul style="list-style-type: none"> the creditors approving the DOCA at the creditors' meeting; entry into a Forbearance Agreement with NAB; entry into an agreement with the Landlord under which the lease is dealt with; the Proponent confirming in writing to the Administrator prior to execution of the DOCA if the Company's employee will be offered employment and, if he is not to be, the Administrator will take all reasonable steps to terminate such employment in that event; termination by the Administrator of any contracts nominated by the Proponent in writing prior to execution of the DOCA; the Administrator removing the director and secretary of the Company and subject to receipt of consents to act from such persons, appointing in their place, directors and secretaries nominated by the Proponent; and execution of the long form DOCA.
Deed Fund	<p>The following assets will comprise the Deed Fund available for distribution to creditors in accordance with the waterfall outlined below:</p> <ul style="list-style-type: none"> Non-refundable deposit of \$100,000 already paid by the Proponent to the Administrator. Deed Contribution of \$650,000 to be paid by the Proponent within 3 business days following the Effective Time. Full and final forgiveness of the Proponent's \$350,000 non-recourse loan. Deferred Payment of \$1,150,000 to be paid by the Proponent within 6 months following the Effective Time.



	<ul style="list-style-type: none"> 25% of any Company claims recovered against SIG once assigned to the Proponent (SIG Claims) to be paid within 12 months following the Effective Time. Any Company cash at bank, including funds held by the Administrator at the Effective Time. Any Company receivables owing to the Company up to the Effective Time.
Control of the Company	<p>During the period of the DOCA, the Company will trade under the direction, authority and control of the new director(s)</p> <p>The Deed Administrator will take no part in the management or operation of the business after execution of the DOCA.</p>
Effectuation Steps	<p>Effectuation of the DOCA will be subject to the satisfaction (or waiver) of each of the following:</p> <ul style="list-style-type: none"> the Proponent will pay the Deed Contribution within 3 business days following the Effective Time; the Deed Administrator will pay from the Deed Fund the Administrator's Liabilities and the Deed Administrator's Liabilities; the Deed Administrator will pay from the Deed Fund the Administrator's Remuneration and the Deed Administrator's Remuneration; forgiveness of the \$350,000 non-recourse loan advanced by the Proponent; assignment of the SIG Claims to the Proponent; payment of the Deferred Payment within 6 months following the Effective Time; the Proponent will pay the proceeds of the SIG Claims (if any) to the Deed Administrator within 12 months following the Effective Time or confirm no such payment will be made; and the Deed Administrator will apply and pay the balance of the Deed Fund in accordance with the waterfall outlined below.
Post-Effectuation	<p>Following Effectuation the Company will emerge 'clean' under the control of the new directors nominated by the Proponent with the claims of all Participating Creditors compromised against the Company after payment under the waterfall.</p>
Non-Participating Creditors	<ul style="list-style-type: none"> Continuing Employees in respect of ongoing entitlements NAB the Landlord SIG the Proponent
Participating Creditors	<p>All creditors of the Company excluding the Non-Participating Creditors.</p>
Secured Creditor/s	<p>Secured creditor/s will not be bound by the terms of the DOCA unless they vote in favour of it.</p> <p>The treatment of NAB's claim and security interest will be dealt with by the Forbearance Agreement and are not impacted, released or amended by the DOCA.</p> <p>Any claim of SIG will be released in full against the Company but the DOCA does not impact SIG's security interest.</p>
Distribution Waterfall	<p>The Deed Administrator will apply and pay the Deed Fund in the following order:</p>



	<ul style="list-style-type: none"> ▪ Administrator's and Deed Administrator's liabilities. ▪ Administrator's and Deed Administrator's remuneration and expenses. ▪ Priority creditors (i.e. employee entitlements). ▪ Participating Creditors. ▪ The Company.
Determination of Creditor Claims	Participating Creditors of the Company will lodge proofs of debt with the Deed Administrator so as to establish their entitlement to an entitlement to a distribution from the Deed Fund.
Release of claims against Company	In consideration for the right to prove and participate in the Deed Fund the Participating Creditors agree to irrevocably and unconditionally release and discharge all claims against the Company on Effectuation.
Abandonment of claims against the Company	Creditors are deemed to have abandoned their claims if they fail to prove or fail to appeal a rejection of their claim, with abandoned claims to be released and distinguished following the adjudication process.
Costs and Remuneration	The Administrator and Deed Administrator will be entitled to be remunerated for approved remuneration for the Company's property (including the Deed Fund) and costs incurred as a priority and shall be indemnified from the Company's property for same.
Moratorium	A moratorium against enforcement by provable creditors shall remain in force during the currency of the DOCA, subject to s 444D of the Corporations Act.

On a liquidation of the Company, the expected return to ordinary, unsecured creditors will vary and may be approximately 2.47 cents in the dollar in a Liquidation high scenario and nil in a Liquidation low scenario, subject to the recoverability of the Company's claims against SIG, insolvent trading and voidable transactions pursuant to Part 5.7B of the Act.

Advantages of the DOCA

- The proposed DOCA contemplates the preservation of the business (which is one of the overriding objectives of Part 5.3A of the Act) to which I must have regard.
- Provides a return of 29.06 cents in the dollar to participating ordinary unsecured creditors compared with 2.47 cents in the dollar return in a Liquidation high scenario.
- It is extremely unlikely that any greater distribution would become available should the Company be placed into Liquidation.
- The proposed DOCA contains a provision for the non-participation of the Holding Company thereby increasing the pool of funds available to participating creditors. The amount has a significant impact on a dividend in a DOCA scenario.
- As well, the claims of the NAB, SIG and the Landlord will also be dealt with outside the DOCA, thereby increasing the pool of funds available to participating creditors.
- The proposed DOCA allows the claims against SIG to be explored and pursued by the Holding Company with a portion of any proceeds payable to creditors of the Company. If the Company were placed into liquidation, it is unlikely I would pursue the SIG claim.



- During the DOCA period the Company will be under the control of its new directors as nominated by the Holding Company and the Company will be able to swiftly transition out of Administration with any costs incurred to be borne by the Holding Company.
- The Holding Company has advised that there are sufficient funds in its lawyer's trust account to meet the initial deed contribution of \$650,000.

Disadvantages of the DOCA

- Any dividend paid to creditors is to be in full and final satisfaction of their claims against the Company.
- A Deed Administrator cannot further investigate and/or commence any potential insolvent trading action or recover any voidable transactions.
- No guarantee or security has been provided by the Holding Company or any other party to secure the payment of the Deferred Contribution of \$1,150,000.
- Furthermore, despite a request from me, no information has been provided by the Holding Company as to how it will obtain the funds necessary to pay the Deferred Contribution.
- In addition, as previously noted, the Holding Company is subject to winding up proceedings in the High Court of Singapore. These proceedings have arisen because SIG has served a statutory demand upon the Holding Company in Singapore. This demand is based upon a guarantee given to SIG by the Holding Company for the debts of the Company.
- I am unaware of the present position of the proceedings but I have been advised by the Holding Company that they are being vigorously defended. Obviously, if the Holding Company is unsuccessful in the proceedings, this may significantly impact upon its ability to pay the Deferred Contribution.
- The DOCA high return of 29.06 cents in the dollar is sensitive to the amount received from the Holding Company from the successful pursuit of the SIG claim which I have estimated to be \$1.5 million in the high DOCA scenario. If no amount is received from the SIG claim, then the estimated DOCA high return is significantly decreased.

Notwithstanding these matters, having regard to the terms of the DOCA, I recommend that creditors resolve that the Company execute a DOCA in the terms of the Holding Company's proposal at the decision meeting of creditors as it will provide a more certain return to them.



13. ESTIMATED RETURN TO CREDITORS

The estimated return to creditors on a 'high' and 'low' basis under the proposed DOCA and Liquidation scenarios are detailed in the table below:

Item	Ref	DOCA High (\$)	DOCA Low (\$)	Liquidation High (\$)	Liquidation Low (\$)
Circulating Security Interest Assets					
Pre-appointment cash at bank	1	-	-	-	-
Debtors	2	-	-	-	-
Stock	3	-	-	-	-
SIG Claim	4	-	-	6,000,000	-
Less:					
Employee entitlements	5	-	-	748,056	748,056
Surplus circulating security interest assets available to secured creditors		-	-		-
Add:				5,251,944	
Non-Circulating Security Interest Assets					
Plant and Equipment	6	-	-	934,800	934,800
Less:					
Estimated realisation costs	7	-	-	55,000	110,000
Total secured creditors debt	8	-	-	11,855,446	11,855,446
Estimated surplus / (shortfall)		-	-	(5,723,702)	(11,030,646)
Creditors					
Employee entitlements	9	748,056	748,056	-	748,056
Secured Creditors Shortfall	10	-	-	5,723,702	11,030,646
Trade and other unsecured creditors	11	5,865,513	5,865,513	18,505,421	18,505,421
Total estimated Creditors		6,613,569	6,613,569	24,229,123	30,284,123
Assets					
Funds held by Voluntary Administrators	12	81,707	81,707	81,707	81,707
Deed Fund Contributions	13	1,900,000	750,000	100,000	100,000
SIG Claim	4	1,500,000	-	-	-
Voidable Transactions	14	-	-	789,794	394,897
Insolvent Trading	15	-	-	1,651,690	-
Less:					
Administrators Remuneration	16	559,953	559,953	559,953	559,953
Administrators Liabilities	17	124,510	124,510	124,510	124,510
Non-recourse Loan	18	-	-	400,000	400,000
Liquidators Remuneration	19	-	-	330,000	550,000
Liquidators Disbursements	19	-	-	11,000	22,000
Deed Administrators Remuneration	20	110,000	110,000	-	-
Deed Administrators Disbursements	20	5,500	11,000	-	-
Legal Fees - Voluntary Administration	21	198,948	198,948	198,948	198,948
Legal Fees – DOCA	22	30,000	50,000	-	-
Legal Fees – Liquidation	23	-	-	400,000	50,000
Amount available for Employee Entitlements		2,452,796	Nil	Nil	Nil
Employee entitlements		748,056	748,056	-	748,056
Estimated return - Employee entitlements (cents/\$)		100.00	-	-	-
Amount available for Unsecured Creditors		1,704,740	-	598,779	-
Unsecured Creditors		5,865,513	5,865,513	24,229,123	29,536,067
Estimated Return - Unsecured Creditors (cents/\$)		29.06	-	2.47	-



Detailed below are our key points in respect to the estimated return/s to creditors.

1. As outlined in section 10.1 of this report, no recoverable pre-appointment cash at bank was identified from searches.
2. To preserve the assets of the Company and allow the Voluntary Administrators undertake a sale of the business, we have continued the Company's licensing arrangement with NORCO for use of the Company's premises. The payments from NORCO have been used to cover the Voluntary Administrators' holding costs. There are no surplus funds anticipated to be available for creditors. This arrangement has been terminated with effect from 30 April 2025. Please refer to section 10.2 of this report for further information.
3. The ERV of the stock is nil. Please refer to section 10.3 of this report for more information.
4. Under the DOCA proposal, any claim of the Company against SIG is to be assigned to the Holding Company and creditors will receive 25% of the proceeds of the claim if the Holding Company is able to successfully prosecute it or otherwise settle the claim. This claim is discussed at pages 43 to 45 of this report. For the purpose of comparing the proposed DOCA against a liquidation, I have assumed that the full claim of the Company against SIG is \$6 million and that 25% of the claim is at best \$1.5 million.
5. Priority employee creditors will be entitled to receive the full amount owing to them under both a DOCA and liquidation scenario. Please refer to section 10.8 for further information.
6. Under the DOCA proposal, the plant and equipment of the Company will not be available to creditors. The ERV of the assets under a liquidation scenario is based on the valuation report provided by Gordon Brothers which indicated a FLV of \$934,800. Please refer to section 10.4 of this report for more information.
7. The estimated costs with respect to the realisation of non-circulating security assets is \$55,000 in a liquidation low scenario and a \$110,000 in a liquidation high scenario.
8. NAB and SIG will not be participating creditors in the proposed DOCA. They will be participating creditors in a liquidation of the Company in accordance with section 554D of the Act. Please refer to section 10.7 for details of secured creditors claims.
9. For details of employee entitlements and the DCT's SGC claim please refer to section 10.9.
10. Estimated shortfall to secured creditors after realisation of circulating and non-circulating assets.
11. Under the proposed DOCA, NAB, the Landlord, SIG and the Holding Company will not participate in the DOCA. Under a liquidation scenario there are no excluded creditors. Please refer to section 10.10 for further information.
12. Balance of funds held in the Voluntary Administration bank account as at 22 April 2025.
13. In a DOCA high scenario, the DOCA contributions of \$1.9 million are assumed to be paid in full by the Holding Company. In a DOCA low scenario, it is assumed that the Holding Company fails to pay the Deferred Contribution of \$1.15 million. Please refer to section 12 of this report for more information.

In a liquidation of the Company, the \$100,000 upfront DOCA contribution received to date will not be refunded to the Holding Company.



14. There are potential voidable transactions totalling \$987,242. The recoverability of the voidable transactions will be subject to any defences raised by the defendants and their ability to satisfy the claim. Under a liquidation high scenario, based on the information available and my experience in the recoverability of voidable transactions, I have estimated 80% of the total voidable transactions to be recoverable. Under a liquidation low scenario, I have estimated 50% of the total voidable transactions to be recoverable. Please refer to section 11 of this report for further information.
15. There is a potential insolvent trading claim of at least \$3,303,380 against the relevant parties outlined in section 11 of this report. The recoverability of an insolvent trading claim will be subject to the me obtaining judgement or reaching a settlement with the defendants and the ability of the defendants to satisfy the claim. Under a liquidation high scenario, based on the information available to me regarding the financial capacity of the relevant parties, I have estimated 50% of the claim to be recoverable. Under a liquidation low scenario, I have estimated no recoveries from the insolvent trading claims. Please refer to section 11 of this report for further information.
16. To date, the Administrators' remuneration has been approved by the COI members up to a capped amount of \$743,449.85 (incl GST) and the Administrators have been paid a total of \$183,496.50 (incl GST).
17. The Administrators have accrued liabilities of \$124,510 that remain outstanding as at the date of this report. This comprises the \$101,026 unpaid accrued holding costs outlined in section 9 of this report, plus the following:
 - Valuation fee: \$15,000 (incl GST)
 - Advertising fee: \$4,876 (incl GST)
 - Server imaging fees: \$3,608 (incl GST)
18. In a Liquidation of the Company, the Holding Company will be entitled to claim from the Company the non-recourse loan of \$400,000 provided to the Voluntary Administrators.
19. Please refer to the Administrator's remuneration report detailing the tasks expected to be undertaken in a liquidation.
20. Please refer to the Administrator's remuneration report detailing the tasks expected to be undertaken in a DOCA.
21. Administrator's estimated accrued and future legal fees to the end of the Voluntary Administration.
22. Deed Administrator's estimated legal fees during the DOCA period.
23. Liquidator's estimated legal fees during the liquidation period to pursue recovery of the potential voidable transactions, insolvent trading claims, SIG claim and to sell the plant and equipment.



14. ADMINISTRATOR'S RECOMMENDATION

At the decision meeting of creditors, the following options are available to creditors to decide, being that:

- The Company should execute a DOCA.
- The Administration should end.
- The Company should be wound up.

Pursuant to Section 75-225(3)(b) of the IPR, I must provide a statement setting out my opinion about each of the above three options, whether each is in the interest of creditors and our reasons for those opinions.

Alternatively, creditors may resolve to adjourn the decision meeting of creditors in accordance with Section 75-140(3) of the IPR.

a) The Company should execute a DOCA.

As creditors are aware, a proposal for a DOCA has been received with expected funds to pay priority creditors in full and enhances the possibility of a greater return to unsecured creditors, therefore I **DO RECOMMEND** that creditors consider the proposal for a DOCA.

b) The Administration should end.

I am **NOT** of the opinion that it would be in creditors' interests for the Administration to end.

Should the Company's creditors resolve that the Administration be ended, the control of the Company would revert back to the Director. As detailed previously in this report, we are of the view that the Company is insolvent and the affairs of the Company should be formally resolved.

c) The Company should be wound up.

Due to the fact that I am in receipt of a DOCA which provides a greater return to creditors than in a Liquidation, I am of the opinion that the Company **SHOULD NOT** be wound up.

d) The Meeting should be adjourned for up to forty-five (45) business days.

The circular to creditors issued on 3 February 2025, the Administrators disclosed that on 31 January 2025, the Administrators lodged an application for filing in the Supreme Court of New South Wales seeking orders under Sections 439A and 447A of the act extending the time for us to convene the second meeting of creditors for the Company for a period of up to three months to 6 May 2025.

The Administrators considered the extension to be in the best interests of creditors for reasons including the Administrators were running a sale of business process and the extension would allow the best opportunity to obtain the highest sale price and maximise the return to creditors.

As discussed in previous Section in this report, no offers received to purchase the business and the Administrators only received one DOCA proposal as to date.

I can see no reason to have the meeting adjourned. Should this position change creditors will be advised prior to or at the decision meeting. I am of the opinion that the meeting **SHOULD NOT** be adjourned at this stage.



In the event the decision meeting is adjourned and a DOCA proposal is not forthcoming, or the DOCA proposal is not acceptable to creditors, creditors will have the option to have the Company wound up at the reconvened meeting.

Recommendation:

The Administrators recommend that pursuant to Section 75-225(3)(b) of the IPR that the Company be authorised to execute a DOCA as the anticipated return under the DOCA is greater than that available under a Liquidation scenario.



15. RECEIPTS AND PAYMENTS

Attached at **Annexure “E”** is a summary of receipts and payments for the period, 8 January 2025 to 22 April 2025.

16. REMUNERATION

I attach at **Annexure “D”** my remuneration report which deals with remuneration incurred to date and future remuneration required to deal with the remainder of the Administration of the Company (and the Liquidation of the Company, depending on the outcome on the decision meeting of creditors convened for **Thursday, 1 May 2025**.

I also attach at **Schedule I** of my remuneration report, a schedule of ACG’s rates for creditors’ information.

Review of Administrators Remuneration

Pursuant to Section 60-11 of the IPS, the following parties may apply to Court for a review of a remuneration determination for an Administrator:

- ASIC.
- A person with a financial interest in the Administration.
- An officer of the Company.

Division 90 of the IPS provides that ASIC, the Court, creditors or members may appoint a Registered Liquidator to review the external administration including whether the remuneration, costs or expenses of the Administrator have been properly incurred. That Liquidator would be known as the “Reviewing Liquidator.” Creditors should refer to my initial report to creditors dated 10 January 2025 which included ARITA’s information sheet titled “Creditors Rights in Voluntary Administrations” or alternatively may access this via www.arita.com.au.

Pursuant to the provisions of the IPS, any of the above parties may appoint a Reviewing Liquidator by resolution or by agreement with the Administrator to assess the remuneration, costs or expenses incurred by us. The cost of the Reviewing Liquidator will be borne by the creditors (or those parties) or form part of the expenses of the Voluntary Administration.

Pursuant to Rules 70-45(2) and 70-45(3) of the IPR, before remuneration is fixed by the creditors or COI under Section 60-10 of the IPS, the Administrators must:

- (a) Prepare a report setting out such matters as will enable the creditors or members of the COI to make an informed assessment as to whether the proposed remuneration is reasonable; and
- (b) Give a copy of the report to each of the members of the COI or the creditors of the Company at the same time as they are notified of the relevant meeting of creditors.



A summary of my remuneration that that is to be approved by creditors is detailed below:

Period	Amount (\$) (ex. GST)
Previously approved Remuneration	
Voluntary Administration	
Period from 8 January 2025 to 7 February 2025	269,912.50
Period from 8 February 2025 to the completion of the Voluntary Administration	200,000.00
Period from 28 March 2025 to 30 March 2025	5,951.00
Period from 31 March 2025 to the completion of the Voluntary Administration	200,000.00
Total Voluntary Administrator's Remuneration Approved to date	675,863.50
Deed of Company Arrangement [If applicable]	
Commencement of the DOCA to completion	100,000.00
Liquidation [If applicable]	
Commencement of Liquidation to the finalisation of the Liquidation	300,000.00

The tasks performed during the Voluntary Administration have been allocated amongst the ACG staff with the requisite qualifications and experience to complete the work in a timely and efficient manner. The level and experience of staff is a prime consideration when allocating resources to the various activities required to be performed during the course of the Voluntary Administration.

Any creditors wishing to discuss the basis of my remuneration prior to the decision meeting of creditors should contract Kaiyan Wu of this office via kwu@astoncg.com.au.



17. DECISION MEETING OF CREDITORS

The decision meeting of creditors is now convened in accordance with Section 439A of the Act, to be held virtually at **11:00am (Sydney Time) on Thursday, 1 May 2025.**

Any proxy form submitted for the previous meeting cannot be used for the decision meeting of creditors. A new proxy form must be completed. Creditors who intend to vote at the decision meeting of creditors are requested to submit a proxy (together with their POD if not done so already) by **4:00pm (Sydney Time) on Wednesday, 30 April 2025.** In the event that creditors do not submit particulars of their debts, they may be excluded from voting.

All corporate creditors must appoint a proxy if they wish to vote at the meeting and I require evidence of the authorisation of the corporation's officer executing the proxy, so that I may confirm its validity for voting purposes.

Creditors who have already lodged a POD do not need to complete a new POD.

Creditors are advised that the Administrator must act as Chairperson of the decision meeting of creditors. Further, it may be necessary for the Chairperson to use a casting vote in respect of a motion regarding the Company's future. It is my intention, as the Administrator, to use any casting vote in accordance with the recommendations contained within this report. This intention is based on the information available at the date of this report and the reasons set out in this report. This position is subject to the Administrator not receiving any further information before or during the meeting that would result in the recommendation being changed.

Should creditors have any queries in relation to this matter please do not hesitate to contact Kaiyan Wu of my office on 02 8999 9375 or email to kwu@astoncg.com.au.

Yours faithfully

NEPEAN RIVER DAIRY PTY LIMITED (ADMINISTRATOR APPOINTED)

RAJIV GOYAL

Voluntary Administrator