

14 MAY 2025

VOLUNTARY ADMINISTRATOR'S REPORT TO CREDITORS

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

PROCURET HOLDING PTY LIMITED ACN 630 011 755
EL UNICORN PTY LTD ACN 628 022 640
PROCURET OPERATING PTY LTD ACN 630 036 789
PROCURET FUNDING PTY LTD ACN 638 468 694
PROCURET FUNDING NO.2 PTY LTD ACN 639 060 307
PROCURET FUNDING NO.3 PTY LTD ACN 643 214 153
PROCURET FUNDING NO.4 PTY LTD ACN 653 708 304
PROCURET FUNDING NO.5 PTY LTD ACN 658 252 727
PROCURET SECURITY HOLDING PTY LTD ACN 679 885 182
(ALL ADMINISTRATOR APPOINTED)
(THE COMPANIES)

Procuret

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ANNEXURES

- “A” NOTICE OF MEETING
- “B” REMUNERATION REPORT
- “C” RECEIPTS AND PAYMENTS
- “D” FURTHER INFORMATION SHEETS (INCL ARITA INFORMATION SHEET – RECOVERIES AND OFFENCES)
- “E” DEED OF COMPANY ARRANGEMENT PROPOSAL
- “F” APPOINTMENT OF PROXY FORMS
- “G” FORMAL PROOF OF DEBT OR CLAIM FORM
- “H” FINANCIAL POSITION FOR EACH COMPANY
- “I” ADMINISTRATOR’S RECOMMENDATION FOR EACH COMPANY
- “J” REGISTERED SECURITY INTERESTS



GLOSSARY OF TERMS

Act	<i>Corporations Act 2001</i>
Administrator	Rajiv Goyal
ALLPAAP	All Present and After – Acquired Property
ARITA	Australian Restructuring Insolvency & Turnaround Association
ASIC	Australian Securities and Investments Commission
ACG	Aston Chace Group
ATO	Australian Taxation Office
CGT	Capital Gains Tax
COI	Committee of Inspection
Companies	Includes all of the companies in Voluntary Administration, including: <ul style="list-style-type: none"> • Procuret Holding Pty Limited (Administrator Appointed) • EL Unicorn Pty Ltd (Administrator Appointed) • Procuret Operating Pty Limited (Administrator Appointed) • Procuret Funding Pty Ltd (Administrator Appointed) • Procuret Funding No.2 Pty Ltd (Administrator Appointed) • Procuret Funding No.3 Pty Limited (Administrator Appointed) • Procuret Funding No.4 Pty Limited (Administrator Appointed) • Procuret Funding No.5 Pty Ltd (Administrator Appointed) • Procuret Security Holding Pty Ltd (Administrator Appointed)
DCT	Deputy Commissioner of Taxation
Director	Breitner Marinas
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
DOE	Department of Employment
DQ	Director Questionnaire
EOI	Expressions of Interest
El Unicorn	El Unicorn Pty Ltd (Administrators Appointed) ACN: 628 022 640
ERV	Estimated Realisable Value
EXAD	External Administration
FEG	Fair Entitlements Guarantee
First Report	First report to creditors dated 20 January 2025
Funding No. 1	Procuret Funding Pty Ltd (Administrators Appointed) ACN: 638 468 694
Funding No. 2	Procuret Funding No.2 Pty Ltd (Administrators Appointed) ACN: 639 060 307
Funding No. 3	Procuret Funding No.3 Pty Ltd (Administrators Appointed) ACN: 643 214 153
Funding No. 4	Procuret Funding No.4 Pty Ltd (Administrators Appointed) ACN: 653 708 304
Funding No. 5	Procuret Funding No.5 Pty Ltd (Administrators Appointed) ACN: 658 252 727
GSA	General Security Agreement
GST	Goods & Services Tax
iPartners	iPartners Nominees Pty Ltd ACN: 619 036 663
IPR	<i>Insolvency Practice Rules (Corporations) 2016</i>
LSL	Long Service Leave
NBIO	Non-Binding Indicative Offer
NDA	Non-Disclosure Agreement
Obsidian Advisory	Accountants for the Companies
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
PRM	Professional Risk Manager
Procuret Group	Includes all of the Companies, and New Zealand subsidiary, Procuret Operating NZ



Procuret Holding	Procuret Holding Pty Limited (Administrators Appointed) ACN: 630 011 755
Procuret Operating	Procuret Operating Pty Limited (Administrators Appointed) ACN: 630 036 789
Procuret Security Holding	Procuret Security Holding Pty Ltd (Administrators Appointed) ACN: 679 885 182
ROCAP	Report On Company Activities and Property
Rosswick Family Trust	Rosswick Family Investments Pty Ltd as trustee for Rosswick Family Trust (private funder of Funding No.2)
ROT	Retention of Title
SGC	Superannuation Guarantee Charge
SI	Security Interest
Shareholder Consortium	Consortium of Investors arranged by the Director
Xero	Xero (Cloud-based Accounting Package)

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I. EXECUTIVE SUMMARY

<p>INTRODUCTION AND MEETING OF CREDITORS</p> <p>Refer to:</p> <p>Section 2 Section 12</p>	<ul style="list-style-type: none"> • Rajiv Goyal and Andrew McEvoy were appointed Voluntary Administrators of each of the Companies on 16 January 2025. Mr McEvoy subsequently retired, leaving Mr Goyal the sole administrator. • An initial meeting of creditors was held virtually on 20 January 2025 at 11am. • The purpose of this report is to provide you with information on the business, property, affairs and financial circumstances of each of the Companies, to convene a meeting of creditors at which you may vote to decide the future of the Companies, and provide you with our recommendation on how you should vote and why. • Given the interconnectedness of the Companies in the Procuret Group, I have prepared a joint report and propose to hold the meetings concurrently. • The decision meetings of creditors will be held: <ul style="list-style-type: none"> Date: Wednesday, 21 May 2025 Time: 3pm (Sydney Time) Location: Via Microsoft Teams Registration: In order to attend and vote, creditors will need to register by submitting a POD and Proxy Form to our office by 4pm on 20 May 2025. These are attached at Annexure F and G respectively. • The notice of the decision meeting is attached at Annexure A.
<p>RECOMMENDATION</p> <p>Refer to Section 9</p>	<ul style="list-style-type: none"> • I have recommended to creditors that at the meeting of creditors they vote in favour of executing a DOCA for all of the Companies. • This is because it will result in: <ul style="list-style-type: none"> – A better return for creditors, as shown by our analysis in Section 5 and Section 8. – The continuation of the trading of the business. – Priority creditors having their entitlements preserved and met through ongoing trading. – Unsecured creditors, that are unrelated and / or that do not relate to any financing facilities, being paid in full. – The Companies' facilities with iPartners being refinanced, on terms which are subject to ongoing negotiations but have been largely agreed as to the key terms. – Remaining funding facilities continuing to be utilised and ongoing obligations continuing to be met. • My opinion on each of the potential outcomes for each of the Companies is provided in Section 9 and Annexure I.
<p>GROUP OVERVIEW</p> <p>Refer to Section 3</p>	<ul style="list-style-type: none"> • The Companies collectively operate a business-to-business (B2B) financial technology platform, which offers embedded invoice financing and commenced operations in the Procuret name in 2020. Breitner Marinas is the sole director of each of the Companies. The primary funder supporting the receivables facilities was iPartners, which funded Procuret Operating via Funding No.5 in accordance with documented loan facilities and a principal and agency arrangement. • The Companies were placed into voluntary administration by the Director due to concerns regarding ongoing viability following changes to the funding facilities and the breakdown of discussions around continued finance arrangements in late 2024 and early 2025.



CONDUCT OF THE ADMINISTRATION

Refer to Section 4

- During the voluntary administration we have:
 - Continued to trade on the operations of the Companies, to maintain the value in the business. We were able to trade the business on a break-even basis.
 - Conducted a sale of business campaign. This resulted in interest and offers from several parties including a recapitalisation proposal from the Shareholder Consortium, which has resulted in a proposal for a Deed of Company Arrangement (**DOCA**).
 - Undertook investigations into the Group's affairs and potential recoveries that might be available in a liquidation, in order to report to creditors and provide a recommendation on the future of the Companies.
 - Met our other statutory obligations.

FINANCIAL POSITION

Refer to Section 5

- Due to the structure of the Procure Group, the assets and liabilities of each of the entities are heavily interconnected.
- We have summarised at a high level the position of material assets and liabilities for the key entities below, excluding costs, intercompany assets and liabilities. For simplicity, we have ignored the complexity of both the cross-collateralised claims of iPartners and the principal and agency arrangements (which can affect the legal ownership of assets).

	Operating (m)	Funding No.5 (m)	Funding No.2 (m)	Holding (m)	Total (m)
Assets					
Cash	0.1	3.5	-	-	3.6
Funds in transit / Stripe	1.5	-	-	-	1.5
Customer receivables	25.9	-	-	-	25.9
	27.5	3.5			31.0
Liabilities (excl related)					
iPartners		30.7			30.7
Rosswick Family Trust			0.2		0.2
Employees and unsecured	0.1				0.1
	0.1	30.7	0.2		31.0
Net position (excl related)	27.4	(27.2)	(0.2)		-
Director related claims				0.7	0.7
Net position (incl related)	27.4	(27.2)	(0.2)	(0.7)	(0.7)

- Refer to the body of the report for more analysis of the financial position.



INVESTIGATIONS AND POTENTIAL RECOVERIES IN A LIQUIDATION Refer to Section 6	<ul style="list-style-type: none">• Our preliminary opinion is that it is <u>unlikely</u> there would be recoveries available should any or all Companies in the Procuret Group proceed into liquidation. This is on the basis that:<ul style="list-style-type: none">– The Companies were likely solvent until the time of the administrators' appointment on the basis that there was available liquidity to meet short-term debts falling due and a forbearance arrangement in place in respect of long-term debt (extending beyond the appointment date).– Regardless, there were minimal debts incurred and paid during the months preceding the administrators' appointment that would represent recoveries even if the Companies were insolvent.– No related party transactions have been identified that appear to be voidable or concerning.• If the Companies do enter into liquidation, further investigations would be undertaken by a liquidator to form a final opinion on the above.• We have also formed a preliminary opinion that the books and records appear adequate and satisfy obligations under law, and that no other offences have been identified.
PROPOSAL FOR A DEED OF COMPANY ARRANGEMENT Refer to Section 7	<ul style="list-style-type: none">• A DOCA is a mechanism for dealing with creditors claims. We have received a DOCA proposal from the Shareholder Consortium which is attached at Annexure E.• Key terms of the DOCA proposal are<ul style="list-style-type: none">– The DOCA will be a pooled DOCA with a single fund from which the claims of the creditors of all Companies will be paid.– The debt owing by the Companies' to iPartners, the Companies' secured creditor and major creditor, will be refinanced.– Creditors will accept their entitlement to receive a dividend from the DOCA fund (comprising the Companies' cash reserves) in full and final satisfaction of all claims against the Companies. A total of \$51,000 will be available for distribution, representing an estimated return of 100 cents in the dollar.– A small number of creditors, namely related party creditors and parties involved in the Companies' financing facilities, will not participate in the DOCA and will have their claims deferred in full until the DOCA effectuates.– The employment of all employees will continue during the term of and after the DOCA. Their entitlements will be preserved and continue to be a liability of the Companies following effectuation of the DOCA.– Upon termination of the DOCA, the claims of participating creditors will be released and extinguished, and the Companies will resume normal trade.
ESTIMATED RETURN TO CREDITORS Refer to Section 8	<ul style="list-style-type: none">• Under the proposed DOCA, employee, secured and unsecured unrelated parties will have their claims met in full through refinance, payment or ongoing trading. This means there will be no deficiency to creditors.• The estimated return to creditors in a liquidation is less clear, as there are a number of factors that impact the return. It is likely if the Companies were to proceed into liquidation, the shortfall will exceed at least \$0.7m across the Companies, plus costs.• Any estimates provided in this report are subject to change.
REMUNERATION Refer to Section 10	<ul style="list-style-type: none">• The Administrator's remuneration is to be approved by creditors at the decision meeting of creditors.• A Remuneration Report is included at Annexure B.• To minimise the complexity of this reporting, we have not included any remuneration approval request for a liquidation outcome for any of the Companies. Should creditors resolve to place any of the Companies into liquidation, we will seek approval for remuneration separately by way of a further proposal to creditors, where sufficient funds are available.



RECEIPTS PAYMENTS Refer to Section 11	AND	<ul style="list-style-type: none">The Administrator's receipts and payments are attached at Annexure C.
MORE INFORMATION Refer to Section 2.7		<ul style="list-style-type: none">General information can be obtained from the websites of ASIC and ARITA. Otherwise, please contact my office with any queries you have specific to this appointment.

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2. INTRODUCTION

2.1 Appointment background

Rajiv Goyal and Andrew McEvoy of ACG were appointed Voluntary Administrators of the Companies on 8 January 2025 by resolution of the Director, pursuant to Section 436A of the Act. Mr McEvoy subsequently retired, leaving me, Rajiv Goyal, as the sole administrator.

I am independent and act for all creditors. A DIRRI was prepared and provided with the Administrator's First Report. As disclosed in that DIRRI I received an upfront contribution to the cost of the Voluntary Administration. There have been no changes to my DIRRI since my First Report.

2.2 Purpose of appointment and this Report

The Administrators were appointed to take control of the Companies, due to concerns of insolvency, and to act in the best interests of its creditors. The purpose of a Voluntary Administration is to either:

- maximise the chances of the Companies or their business continuing, or
- if that is not possible, provide a better return to creditors than an immediate Liquidation.

This report has been prepared under section 75-225(3) of the Insolvency Practice Rules to provide creditors with sufficient information to make an informed decision about the Companies' future.

Due to the interconnected nature of the Companies, including shared management, operations, and financial dependencies, this report has been prepared to address all Companies concurrently. The meetings will also be held at the same time to streamline the process and avoid unnecessary duplication. However, our recommendations on the future of each of the Companies and reasoning have been set out separately, and decisions and voting must be undertaken on an individual company basis.

2.3 First meeting of creditors

The initial meetings of creditors were held virtually on Monday, 20 January 2025 at 11am (Sydney Time) at which creditors decided not to elect a COI and not to appoint alternate Administrators.

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.

2.4 Extension of the convening period

Pursuant to Section 439A(1) of the Act, an Administrator is required to convene a second meeting of creditors – known as the decision meeting – within the convening period, as provided by Section 439A(5) of the Act. The convening period is typically twenty (20) business days from appointment, but this can be extended by the court.

Given that a successful sale of business or a DOCA proposal for the Companies would be difficult to achieve within 20 business days we applied to the court in February 2025 for an extension of the convening period.

The court approved an extension of the convening period to 14 May 2025, and allowed us to convene the meeting any time before, or within 5 business days after, this date.



2.5 Second meeting of creditors

We are now convening the decision meeting of creditors, in accordance with the extension, to be held as follows:

Date: **Wednesday, 21 May 2025**
Time: **3pm** (Sydney Time)
Location: Via Microsoft Teams
Registration: In order to attend and vote, creditors will need to register by submitting a POD and Proxy Form to our office by 4pm on 20 May 2025. These are attached at **Annexure F** and **G** respectively.

At this meeting of creditors, creditors will be requested to make a decision by passing a separate resolution in respect of the future of each of the Companies. The options presented by the Act to be voted upon by the creditors at the decision meeting are that:

- The Company(s) executes a DOCA; or
- The Administration end; or
- The Company(s) be wound up.

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 information necessary to decide upon the future of the Companies at the meeting, having regard to the business, property, affairs and financial circumstances of the Companies.

2.6 Administrator's Opinion

In this report, we have recommended to creditors that the **Companies execute a DOCA** as it will result in the continuation of the operations and the best outcome for creditors. Refer to **Section 9** for more information.

2.7 Further information

To assist creditors and other stakeholders understand the voluntary administration process, information sheets have been issued by ASIC and ARITA. You can download information sheets from:

- <https://asic.gov.au/regulatory-resources/insolvency/insolvency-for-creditors/>
- https://www.arita.com.au/ARITA/Insolvency_help/Insolvency_explained/Insolvency_and_creditors

These sites include information on:

- Voluntary Administration, Liquidation and DOCA process overviews
- Creditor rights
- Approval of remuneration
- Offences, recoverable transactions and insolvent trading.

You may also contact my office for further information.



3. GROUP OVERVIEW

3.1 Background and statutory information

The Companies were part of the Procuret Group, which operated a business-to-business (B2B) financial technology platform, offering embedded invoice financing. The Procuret Group was founded in 2018 and commenced active operations in 2020.

Breitner Marinas was a founder of the Procuret Group and is the sole director of all the Companies in Administration. At the time of our appointment, the Procuret Group:

- Operated out of its main office at 44 Bridge Street, Sydney NSW 2000.
- Employed 11 staff, including the sole Director (being 7 employees and 4 contractors).
- Had approximately 6,000 customers in its receivables facility book.
- Operated a subsidiary in New Zealand – Procuret Operating NZ Limited – which is not currently subject to a formal insolvency process, but relies on the Companies for operating and financing support.

An organisational chart is at **Figure 1** and a summary of the statutory information is at **Figure 2**.

The Procuret Group was structured into holding, operating and funding entities in Australia, as summarised below.

Company	Purpose
Operating focused	
Procuret Holding	Holding company
El Unicorn	Established to develop and hold the platform IP, IT, and trademarks. These assets are used by the Australian operating company.
Procuret Operating	Main operating company in Australia. Enters into finance instalment plans with customers as agent for the funders and pays operating expenses. Also acts as loan servicer for the Funding SPVs under the principal and agency arrangement.
Funding SPVs	
Funding No. 1	Finalised. Provided funding from April 2020.
Funding No. 2	Active. Unsecured funding from a private investor, the Rosswick Family Trust, since March 2020 and amended September 2020.
Funding No. 3	Finalised. Commenced September 2020.
Funding No. 4	Finalised. Commenced September 2021.
Funding No. 5	Active. Secured funding from iPartners since April 2022.
Procuret Security Holding	Dormant. Registered for the purposes of the capital raise, but raise was not finalised.

The Funding SPVs were established for clearer segregation of different tranches of funding for customer receivables and there is a documented principal and agency arrangement between Procuret Operating and the Funding SPVs. The security interests across the Procuret Group are exclusively held by iPartners and iPartners' security and debt and the principal and agency relationship are discussed in more detail at **Section 5.1**.

In the event of a liquidation, I would need to consider and confirm the effectiveness of the security and principal and agency arrangements, as it would influence the way funds would flow to creditors from the different companies.



Figure 1: Organisation structure

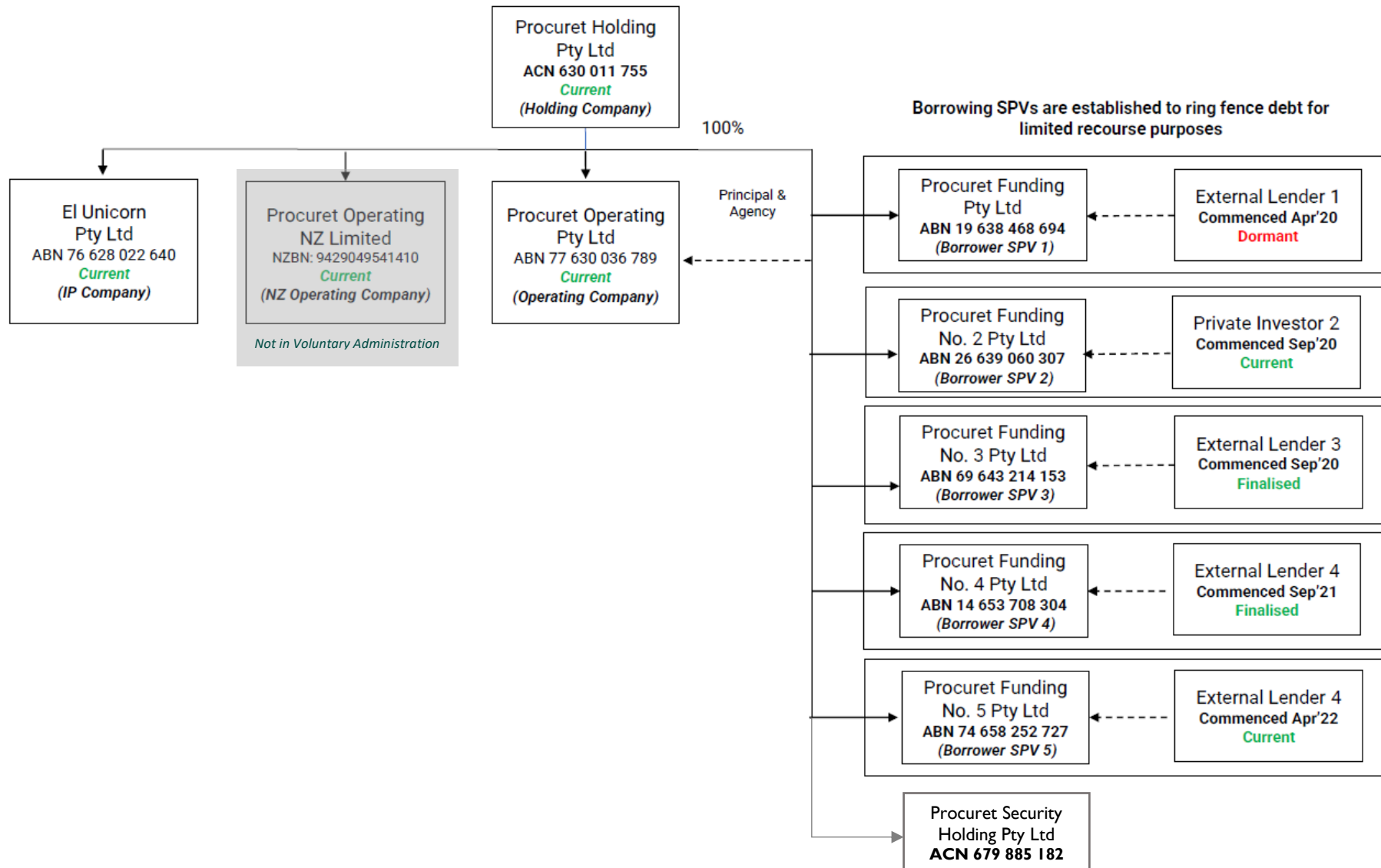




Figure 2: Statutory information for the Companies

Company	ABN	Incorporated	Director	Registered address / Principal place business	Shareholders (Per ASIC and company records)
Procuret Holding	630 011 755	14 Nov 2018	Breitner Fermin Marinas	Suite 21, Level 7, 44 Bridge Street, Sydney NSW 2000	Blue Countdown Pty Ltd (associated with Breitner Marinas) 40%
					Blinky Beach Pty Ltd 9%
					Colpan Future Pty Ltd ATF Colpan Future Trust 7%
					Billabong Crescent Pty Ltd ATF MJ & SJ Santiago Family Trust 6%
					Pantri Pty Ltd 5%
					Ferminco Pty Ltd 5%
					Verro Pty Limited as trustee for Rovers Trust 5%
					Quantum 777 5%
					Hurricane Holdings Pty Ltd 5%
					Other 13%
El Unicorn	628 022 640	07 Aug 2018			Procuret Holding Pty Ltd
Procuret Operating	630 036 789	15 Nov 2018			Procuret Holding Pty Ltd
Funding No. 1	638 468 694	14 Jan 2020			Procuret Holding Pty Ltd
Funding No. 2	639 060 307	12 Feb 2020			Procuret Holding Pty Ltd
Funding No. 3	643 214 153	04 Aug 2020			Procuret Holding Pty Ltd
Funding No. 4	653 708 304	15 Sep 2021			Procuret Holding Pty Ltd
Funding No. 5	658 252 727	23 Mar 2022			Procuret Holding Pty Ltd
Procuret Security Holding	679 885 182	13 Aug 2024			Procuret Holding Pty Ltd



3.2 Summary timeline of key events and circumstances leading to the appointments

Below is a summary timeline of key events and trading history for the Companies, based on our investigations and enquiries.

Figure 3: Summary timeline

Date	Event
Aug 2018	El Unicorn Pty Ltd incorporated to develop a technology platform to streamline B2B invoice financing with API-driven processes.
Nov 2018	Procuret Holding Pty Ltd and Procuret Operating Pty Ltd incorporated to operationalise the technology platform.
Jan 2020	Funding No.1 incorporated to secure and fund the receivables facilities of Procuret Operating.
Feb 2020	Funding No.2 incorporated and unsecured loan facility with private lender Rosswick Family Trust.
Jun 2020	Complete first year of trading revenues via Procuret Operating. Revenue \$42k.
Aug 2020	Funding No.3 Pty Ltd incorporated.
Sep 2020	iPartners facility established and lent to Funding No. 3 a \$1.35M 2-year receivables funding line.
Mar 2021	Funding No.3 facility increased to \$9.05M.
Jun 2021	Second year of trading completed. Revenue scaled up to \$427k. but EBITDA loss and net loss due to interest and operating costs.
Sep 2021	Funding No.4 incorporated.
Oct 2021	Funding No.4 facility established with iPartners for a further \$9m.
Mar 2022	Funding No.5 Pty Ltd incorporated.
May 2022	iPartners advanced \$1.5M working capital loan to Procuret Holding Pty Ltd.
Jun 2023	Revenue scaled to \$4M+; EBITDA positive, but interest costs impacted NPAT.
Oct 2023	\$41M 1-year facility via Funding No.5 Pty Ltd. This facility consolidated the existing facilities from iPartners from the other Funding SPVs into one and provided funding for growth in new lending.
Jun 2024	Revenue scaled to \$5.7M+; EBITDA positive, but still net loss before tax due to interest costs.
Aug 2024	Procuret Security Holding incorporated to support the capital raising arrangements, which did not proceed.
Oct 2024	iPartners facility with Funding No. 5 expires; short-term forbearance granted by iPartners.
Late 2024	Equity negotiations began with a finance company but did not reach final terms.
Dec 2024	Equity partner withdrew; iPartners declined further meaningful extension.
16-Jan-25	Voluntary Administrator appointed to enable an orderly recapitalisation or sale.

3.3 Reasons for failure

Mr Marinas determined in early January 2025 that a Voluntary Administration would be necessary. He indicated that the reasons for this were due to:

- The high costs associated with the loan facilities of the Group.
- The inability to remain viable in the face of the financier's proposed facility price increases.
- The inability to obtain a refinance and equity funding in time to meet the financiers timeframes.

Based on our analysis of the historical financial performance and position outlined following, I concur with these reasons for failure. I also consider inadequate capitalisation to absorb historical losses and the reliance on debt funding as contributing factors to the need to enter Voluntary Administration.



3.4 Historical financial performance and position

Historical financial information has been provided as it is considered relevant to the creditors' decision on the future of each of the Companies.

The following financial information summarises the consolidated financial performance and financial position sourced from the financial statements prepared by Obsidian Advisory, the accountants for the Procuret Group. These have been prepared to 31 December 2024, only shortly prior to appointment.

I do not provide any warranty as to the accuracy or reliability of this information. I note however that the financial information related to FY23 and earlier were accountant prepared in accordance with Australian Accounting Standards, and our preliminary opinion is that the books and records of the Companies have been appropriately maintained.

Management accounts were maintained up to the date of appointment, and have been considered in preparing the financial positions in Section 5. While each of the Companies maintains separate management accounts, I have presented the financial information in this section of the Report on a consolidated basis using the statutory accounts for the following reasons:

- **Interconnected operations:** Procuret Operating Pty Ltd was the primary trading entity, entering into receivables funding arrangements with customers and incurring the operating expenses necessary to run the business. The remaining entities primarily provided funding or intellectual property support to Procuret Operating. As such, their financial performance is interdependent and best understood at the consolidated group level.
- **Lack of standalone viability:** None of the Companies generated external revenue independently, other than intercompany recharges. Their functions are integrally linked to the operation of Procuret Operating and are not viable in isolation.
- **Common creditor exposure:** iPartners, the secured creditor and largest financial stakeholder, holds security interests and has financial exposure across multiple entities. A consolidated view provides a more accurate picture of overall creditor recoveries and the impact on secured claims.
- **Shared costs and obligations:** Key costs such as staff, premises, and technology infrastructure were incurred by Procuret Operating but benefited the whole Group and accounted for via intercompany arrangements. A consolidated approach more accurately reflects the financial dynamics of the Group.

Notwithstanding the above, I acknowledge that creditors are required to vote on the future of **each company individually** at the second meeting of creditors. For this reason, a separate financial position and estimated return analysis is provided for each company at Section 5 of this Report.

However, creditors should consider that the financial and commercial options available to each company are inherently connected, due to the integrated nature of the Procuret Group's structure, operations, and funding arrangements.



Consolidated profit and loss

Figure 4: Historical financial performance – Procuret Group

Procuret Group (excl NZ)	FY20	FY21	FY22	FY23	FY24	FY25 to Dec '24
	\$	\$	\$	\$	\$	\$
						6 mths
Revenue	41,940	427,191	3,050,313	4,020,847	5,107,226	2,675,186
Other revenue	93,654	38,922	210,311	481,302	668,325	438,962
Total income	135,594	466,113	3,260,624	4,502,149	5,775,551	3,114,148
Wages, salaries, super	(47,011)	(431,892)	(836,183)	(1,551,013)	(1,068,335)	(395,290)
Interest expense	(4,104)	(158,958)	(2,174,873)	(3,884,025)	(3,798,653)	(2,045,227)
Depreciation	(28,411)	(63,030)	(106,517)	(172,946)	0	(118,859)
Income tax rebate	50,886	94,277	192,989	329,178	329,178	0
Other expenses	(43,400)	(361,790)	(591,583)	(964,949)	(1,101,401)	(666,803)
Total expenses	(72,040)	(921,393)	(3,516,167)	(6,243,755)	(5,639,211)	(3,226,179)
NPAT	63,554	(455,280)	(255,543)	(1,741,606)	136,340	(112,031)
EBITDA	45,183	(327,569)	1,832,858	1,986,187	3,605,815	2,052,055
NPAT margin	47%	-98%	-8%	-39%	2%	-4%
EBITDA margin	33%	-70%	56%	44%	62%	66%
Employee costs/revenue	35%	93%	26%	34%	18%	13%
Interest costs/rev	3%	34%	67%	86%	66%	66%
All other costs/rev	15%	71%	15%	18%	13%	25%
Total costs/rev	53%	198%	108%	139%	98%	104%
Transaction Units	94	692	1892	3187	3895	1831
Transaction Values	\$0.7M	\$7.2M	\$24.9M	\$34.4M	\$44.5M	\$20.8M
Supplier Distribution #	24	174	658	1,118	1,702	1,955
Staff headcount	2	5	9	12	10	11

Our preliminary investigation into the profit and loss indicates:

- Procuret Group experienced **significant revenue growth** over the past five years, with revenue increasing from just \$42k in FY20 to \$5.7M in FY24. This growth was underpinned by increased transaction volumes and customer acquisition. However, despite this top-line expansion, the Group has not achieved consistent or sustainable profitability.
- **Interest expense** is the Group's most significant cost, exceeding all other expense categories and absorbing the majority of operating earnings. This reflects the underlying business model, which was highly geared, reliant on debt funding, and supported by minimal equity.
- **EBITDA has been positive** since FY22, peaking at \$3.6M in FY24. While this suggests the underlying operations could be viable, the overall profitability was undermined by the cost of capital and growing financial obligations.



- **Employee costs were reduced** in FY24 and FY25 to date, following a peak in FY23. This may reflect process automation and cost-cutting measures in response to financial strain, aimed at preserving cash or improving margins.
- Total expenses consistently exceeded total income in several key periods, with cost-to-revenue ratios exceeding 100%, indicating a **structurally unprofitable operating model given funding structure and current scale.**

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Consolidated balance sheet

Figure 5: Historical financial position – Procuret Group

Procuret Group (excl NZ)	2020	2021	2022	2023	2024	Dec-24
	\$	\$	\$	\$	\$	\$
Cash & Cash Equivalents	132,942	881,754	9,560,298	4,659,987	2,949,935	3,748,693
GST Receivable	-	22,777	127,802	53,669	54,830	88,181
Income Tax Receivable	50,886	94,277	287,266	329,179	329,178	329,178
Trade & Other Receivables	438,959	4,538,904	16,291,405	30,658,428	26,734,496	24,992,257
Current Assets	622,787	5,537,712	26,266,771	35,701,263	30,068,439	29,158,309
Accrued Fees	-	-	1,313,415	1,772,015	2,235,415	2,235,415
Loans Receivable	-	-	1,445,475	4,974,586	9,272,148	11,777,053
Property, Plant & Equipment	106,693	325,488	477,784	671,193	894,228	588,991
Non-Current Assets	106,693	325,488	3,236,674	7,417,794	12,401,791	14,601,459
Total Assets	729,480	5,863,200	29,503,445	43,119,057	42,470,230	43,759,768
Trade & Other Payables	(7,953)	(89,104)	2,722,223	(3,487,165)	(1,811,839)	(1,352,174)
Bank Overdraft	-	-	(3,342,333)	(7,266,893)	(177)	-
Deferred Revenue	-	-	-	-	(4,661,077)	(5,246,044)
Current Liabilities	(7,953)	(89,104)	(620,110)	(10,754,058)	(6,473,093)	(6,598,218)
Loans Payable	(711,790)	(4,820,963)	(26,970,649)	(31,943,428)	(35,504,488)	(37,253,432)
Non-Current Liabilities	(711,790)	(4,820,963)	(26,970,649)	(31,943,428)	(35,504,488)	(37,253,432)
Total Liabilities	(719,743)	(4,910,067)	(27,590,759)	(42,697,486)	(41,977,581)	(43,851,650)
Net Assets	9,737	953,133	1,912,686	421,571	492,649	(91,882)
Retained Earnings	9,053	(381,670)	(637,115)	(2,428,248)	(2,657,168)	(3,241,701)
Share Capital	100	1,334,803	2,549,803	2,849,819	3,149,819	3,149,819
Total Equity	9,153	953,133	1,912,688	421,571	492,651	(91,882)
Working capital	630,740	5,626,816	26,886,881	46,455,321	36,541,532	35,756,527
Current ratio	78.3	62.1	42.4	3.3	4.6	4.4

Our preliminary investigation into the consolidated balance sheet indicates:

- **Liquidity was positive but weakening:** Current assets remained strong (\$29.2M at Dec 2024), but the current ratio dropped significantly from >60x in FY21 to 4.4x, highlighting reduced surplus cash and short-term financial flexibility.
- **Cash reserves were trending down:** After peaking in FY22 at \$9.56M, cash declined to \$3.75M by Dec 2024 — this reflected cash being used to fund loan receivables, service the loan facilities and being absorbed by losses.
- **Trade receivables dominate current assets:** At \$25M by Dec 2024, receivables represent over 85% of current assets. This reflects the business model, however creates liquidity risk if not promptly collected or if recoverability is uncertain.



- **High and increasing leverage:** Loans payable increased more than 50x from 2020 to Dec 2024, reaching \$37.25M. This reflects the heavy dependence on debt financing as operations were scaled. This was at a high cost to the business and resulted in a high reliance on the one financier which resulted in the solvency issues when the facility was not extended and a refinance was sought.
- **Net assets were negative shortly before appointment date:** The Group's equity position deteriorated to \$(91,882) by Dec 2024, meaning the Group no longer had sufficient assets to meet liabilities in the long-term, impacting its ability to continue trading without recapitalisation.
- **Retained earnings (losses):** There appears to be some differences between the historical retained losses per the balance sheets and the net profits / losses in the profit and loss across the statutory accounts that I have not been able to fully reconcile in the time constraints. However, the important message is that there were cumulative historical losses that by the time of appointment had exceeded the share capital.
- **Potential differences in net assets:** There are some items in the balance sheet that have a different financial state that arises when the business is no longer a going concern. This includes:
 - **Procuret Operating NZ loans:** There are net c. \$5m in loans owing from Procuret Operating NZ to Australian entities in the consolidated Australia balance sheet (it is not fully consolidated as a foreign entity). This reflects \$11.5m in funding lines provided from the Funding No.5 facility, partly offset by a payable of \$6.6m for customer funds received and retained in Australia (eg for the stripe collections received). Based on the statutory accounts of Procuret Operating NZ, there is a shortfall of c.\$600k at 30 June, meaning that Procuret Operating NZ can pay the majority, but not the entire amount in full.
 - **Accrued fees:** The net asset position includes \$2.2m of capitalised fees, which we understand are the facility fees for the iPartners facility. Whilst these fees can be deducted over time for tax purposes, this is not an asset that can be "realised" as such as it cannot be refunded.
 - **Unearned revenue:** There is \$5.2m in unearned revenue recognised as a liability on the balance sheet, being the amounts that customers are obligated to pay Procuret Operating under the fixed customer finance contracts but will be earned over the remaining term of the finance contracts. As the book unwinds this deferred revenue would be earned (unless a credit write off or an early prepayment occurred) – although costs would be incurred to manage the collection of this revenue over time (including interest costs on any facility). To demonstrate the potential impact, we have adjusted to add back this "liability" net of wind out costs (which for theoretical demonstration only we have roughly estimated at \$4m).

These amounts collectively distort the position and the theoretical adjustments shown below highlight why a recapitalisation is necessary to support the business going forward:

Net Assets before adjustments	(91,882)	(91,882)
Uncollectible portion of loan to Procuret Operating NZ	(600,000)	(600,000)
Accrued Fees – not collectible	-	(2,235,415)
Deferred Revenue – earned on wind-out (noting costs)	-	5,246,044
Wind-out costs (difficult to estimate, for demonstration only)	-	(4,000,000)
Net adjustments	(600,000)	(1,589,371)
Adjusted Net Assets	(691,882)	(1,681,253)

The financial position of each of the Companies is presented individually and in detail at **Section 5** of this Report.



4. CONDUCT OF THE ADMINISTRATION

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.

Since our appointment, the primary focus has been to continue trading the Companies while concurrently pursuing a sale or recapitalisation process. In parallel, we have fulfilled our statutory and administrative obligations, including lodgements, creditor communications, investigations, and reporting.

A detailed outline of the tasks performed during the Administrations is provided with our Remuneration Report at **Annexure B** and a brief summary of how we have conducted the Administrations of the Companies is set out below.

4.1 Statutory and administrative obligations

Since our appointment, we have undertaken the following major tasks to comply with our statutory and administrative obligations:

- Lodged and advertised required notifications and documents with ASIC.
- Issued an initial report to creditors.
- Reviewed and adjudicated proof of debt claims.
- Liaised with employees regarding their rights and obligations with respect to the Administration.
- Reviewed and calculated employee entitlements.
- Corresponded with secured creditors and engaged legal advisors to review security arrangements.
- Held the first meetings of creditors concurrently for the Companies and lodged minutes of those meetings.
- Liaised with the Director to complete the ROCAPs and to deliver the books and records.
- Undertaken appropriate searches on the Companies to ensure all assets were identified and to support our investigations.
- Investigated the affairs of the Companies, including review of historical financial performance and position, forecasts, bank statements, general ledgers, intercompany dealings, aged payables and information regarding the forbearance and facility expiry.
- Considered potential recoveries in a liquidation scenario, including insolvent trading and voidable transactions.
- Applied to the Court to extend the convening period for the second creditors' meetings.
- Prepared this Second Report to Creditors to provide a recommendation to creditors and convene the second meeting.

Refer to:

- **Section 3** for more information on the circumstances leading to appointment and historical performance
- **Section 5** for an overview of the Companies' financial position, including assets and liabilities; and
- **Section 6** for our investigation findings and views on potential recoveries.



4.2 Trade-on management

At the outset of the Voluntary Administration, we determined that the most appropriate strategy to maximise value for creditors was to continue trading the business while concurrently pursuing a sale or recapitalisation. This approach aimed to preserve enterprise value, maintain customer and supplier confidence, and support a structured transaction process.

To facilitate this, we undertook the following key trade-on management tasks:

- Continued day-to-day business operations with the consent of the secured creditor, iPartners, including issuing new receivables funded from recycled capital.
- Ongoing communications with the secured creditor, iPartners, regarding the trading on and sale process.
- Liaised with Mr Marinas regarding operational and strategic matters.
- Reviewed financial forecasts and actively monitored trading and administration costs
- Engaged with suppliers and employees regarding the trading arrangements.
- Ensured all required insurance policies remained active and maintained compliance with insurance obligations.
- Implemented appropriate controls to manage the ongoing management of the receivables facility, including direct access to all underlying financial software.

During the trade-on process we have maintained a cashflow neutral position, including meeting the interest costs on the facilities used on an ongoing basis. The financial outcome from trading is reflected in the receipts and payments at **Annexure C**.

4.3 Sale process and negotiation of a DOCA

Our objective throughout the Administration was to pursue a transaction that would enable the continuation of the business of the Procuret Group, either via a sale or recapitalisation, while preserving and realising the assets of the Companies. As part of this process, a DOCA was considered as a mechanism to facilitate the preferred transaction structure.

To support this objective, we undertook the following key tasks:

- Liaised with the Director to obtain key operational and commercial information to include in a sale process and identify interested parties;
- Developed and managed a structured sale process, with key milestones.
- Conducted a formal campaign to market the business and its assets.
- Prepared advertisements and supporting materials for the campaign.
- Collated key documents into a secure data room for due diligence.
- Engaged with 19 interested parties regarding NDAs, deposits, and sale-related queries.
- Received and reviewed 5 bids from interested parties.
- Obtained legal and commercial advice in relation to the proposals.
- Assessed competing offers and conducted comparative analysis.
- Liaised with the secured parties regarding their willingness to proceed with bidders and ultimately discharge security, which resulted in the priority bidder, being a shareholder consortium pursuing a recapitalisation, being chosen.
- Liaised with the priority bidder regarding transaction structures, including the potential use of a DOCA.
- Formed an opinion and recommendation to creditors regarding the proposed sale and DOCA.

Please refer to **Section 7** for further details of the recapitalisation and DOCA proposal.



5. FINANCIAL POSITION

This section sets out our assessment of the financial position of each of the Companies individually, including an overview of the outcomes for creditors under two potential scenarios:

- A **Deed of Company Arrangement (DOCA)**, based on the proposal received; and
- A **liquidation**, assuming the orderly realisation of assets and application of statutory priorities.

For each of the Companies, we provide:

- An overview of assets and potential recoveries
- The costs of the Administrations;
- The likely creditor claims; and a comparison of estimated returns to creditors under both scenarios (where possible); and
- Commentary on key assumptions behind the assessment.

This analysis of the financial position is intended to help creditors understand the potential outcome of each available option at the second meeting of creditors, and supports my overall recommendation that the best outcome for creditors would be achieved by entering into a Deed of Company Arrangement for all the Companies.

The information is based on our independent assessment using available financial records, including a comparison to the Directors' Report on Company Activities and Property (ROCAP) submitted following our appointment.

I provide a high level summary for all the Companies at **Section 5** and then individually in **Annexure H**.

5.1 Overview of claims of iPartners and principal and agency relationship

Upon appointment, iPartners was owed **\$30,732,885** by the Companies across a number of facilities and is accordingly the predominant creditor of the Companies. It is also the only entity with a registered security interest in any of the Companies.

We have reviewed the facility and security documentation entered into between iPartners and the Companies and set out a summary of the arrangements below:

Facility Agreement	Date	Lender	Borrower	Guarantors	PPSR registrations said to register the security interest
Corporate Facility Agreement	13 May 2022	iPartners as trustee for the Procuret Secured Corporate Loan Series 1 Sub Trust	Procuret Holding	Procuret Holding Procuret Operating Funding No.1 Funding No.2 Funding No.3 Funding No.4 Funding No.5 (pursuant to a general security deed dated 13 May 2022)	202205190064840 202205190064974 202205190065054 202205190065110 202205190065217 202205190065303 202205190065388 (each dated 19 May 2022)
Senior Facility Agreement	6 October 2023	iPartners as trustee for Procuret Senior Secured Debt Series 4	Funding No.5	Procuret Holding Procuret Operating Funding No.5	202204120030742 202204120031371 202204120031760



Facility Agreement	Date	Lender	Borrower	Guarantors	PPSR registrations said to register the security interest
Mezzanine Facility Agreement		iPartners as trustee for Procuret Mezzanine Secured Loan Series 4		(pursuant to a general security deed dated 6 October 2023)	(each dated 12 April 2022)
Junior Facility Agreement		iPartners as trustee for Procuret Junior Secured Loan Series 4			

A detailed schedule of all registered security interests is contained in **Annexure J**.

The PPSR registrations said to perfect the security interests granted in support of the senior, mezzanine and junior facilities significantly predate the general security deed dated 6 October 2023. Although the PPSR registrations pre-date the granting of the security interests by a significant period, it appears to us that the requirements under the PPSA for perfecting the security interests granted by the relevant Companies as outlined above have been satisfied.

On that basis, my preliminary view is that each of the security interests granted by the Companies to iPartners have been perfected in accordance with the PPSA and that no vesting issues arise under section 267 of the PPSA or section 588FL of the Corporations Act.

However, in the event that a liquidator were to be appointed to the Companies, it would be appropriate for any such liquidator to further investigate the circumstances surrounding the security interests, including the circumstances in which the PPSR registrations were made well prior to the granting of those security interests.

Additionally, pursuant to an agency agreement between Funding No.5 and Procuret Operating dated 7 April 2022, Procuret Operating is authorised to enter into instalment plans with customers as agent for Funding No.5, accounts to Funding No.5 for all amounts received under those instalment plans, and otherwise holds those amounts on trust for Funding No.5. Funding No.5 therefore has a contractual and an equitable claim to those funds. However, in circumstances where iPartners is a secured creditor and has a security interest in those funds whether held by Procuret Operating on trust for Funding No.5 or in its own right, the agency arrangement does not appear to have a material impact on the administration or estimated returns to creditors.

5.2 Overview of the financial positions for each of the Companies

We have prepared detailed financial positions for each of the Companies individually. These are contained at **Annexure H**.

The financial positions are somewhat difficult to accurately calculate, reconcile, and summarise and they would need to be considered further in the event of any liquidation, due to the complexities including:

- The claims of iPartners, which appear against multiple entities, and the security for which would be subject to further review in a liquidation.
- The volume of intercompany claims.
- The difficulty in estimating the value that would be received for the customer receivables and other assets in the event of a liquidation.
- The ROCAPs provided by the directors listing the receivables in both Procuret Operating and in the underlying Funding SPV.

We have prepared these based on information in the ROCAP, discussions with the Director, and based on the information available to me, to the best of my ability.



We have prepared a detailed summary of all the financial positions for every company (excluding intercompany), at **Annexure H** and summarised the material assets and liabilities (excl intercompany) below.

Position before intercompany and costs \$m	Procuret Operating	Funding No.5	Funding No.2	Procuret Holding	Total
Assets					
Cash	0.1	3.5	-	-	3.6
Funds in transit / Stripe	1.5	-	-	-	1.5
Customer receivables	25.9	-	-	-	25.9
	27.5	3.5			31.0
Liabilities (excl related)					
iPartners		30.7			30.7
Employees and unsecured	0.1				0.1
Rosswick Family Trust			0.2		0.2
	0.1	30.7	0.2		31.0
Net position (excl related)	27.4	(27.2)	(0.2)		-
Director related claims				0.7	0.7
Net position (incl related)	27.4	(27.2)	(0.2)	(0.7)	(0.7)

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5.3 Summary overview of the financial position for all the Companies

Company	Nature of assets	Assets (Book value) (excl interco)	Unrelated creditors (excl iPartners)	Related creditors (excl interco)	iPartners debt	DOCA Outcome	Liquidation Outcome
Procuret Operating	Cash Cash in transit Customer Receivables	\$27.5m*	Employees \$65.7k Unsecured <u>\$36.9k</u> \$103k	Nil	\$30.7m	iPartners refinanced Unrelated creditors paid Costs met	TBC – Dependent on realisations from any sale or wind-down, and unravelling intercompany arrangements
Funding No.5	Cash Cash in transit (via Procuret Operating) Customer Receivables (via Procuret Operating)	\$3.5m*	Nil	Nil			
Funding No.2	Customer Receivables (via Procuret Operating)	Nil*	\$206k	Nil			
El Unicorn	Intellectual property	Nil* *nominal IP /cash	Nil	\$6k			TBC – Dependent on IP value allocation
Procuret Holding	Intercompany only	Nil	Nil	\$649k			TBC – Dependent on intercompany recovery
Funding No.4	Intercompany only	Nil	Nil	Nil			No return
Funding No.3	Intercompany only						No return
Funding No.1	Intercompany only						No return
Procuret Security Holding	Nil						No return
Total		\$31.0m	\$0.3m	\$0.7m	\$30.7m	No shortfall	Shortfall at least \$0.7m on book value, but higher after costs.

6. INVESTIGATIONS AND POTENTIAL RECOVERIES IN A LIQUIDATION

The Act requires an Administrator to conduct a preliminary investigation into the solvency of the company, any potential breaches of duty or offences by the Director, as well as review transactions that may be voidable and potentially recoverable by a Liquidator. This is relevant to creditors when deciding between a Deed of Company Arrangement (DOCA) and Liquidation, as any such breaches, offences, or transactions may only be pursued and recovered if the Companies proceed into Liquidation.

We conducted investigations into solvency and potential recoveries on an individual basis for each of the Companies, but have presented our findings collectively in this report. This approach reflects the commercial reality of the Procuret Group and avoids unnecessary repetition, for the following key reasons:

- **Interconnected solvency**
 - The solvency of each Company is intrinsically linked to the operations and financial viability of Procuret Operating Pty Ltd — the Group's sole trading entity — and the supporting funding arrangements.
 - The other entities did not conduct independent business activities but existed to facilitate or support Procuret Operating through intercompany roles, primarily funding or asset-holding. In our view, the economic substance is that the insolvency of Procuret Operating necessarily results in the insolvency of the other Companies, given their lack of standalone operations, assets, or external income sources.
- **Consistent investigative findings**
 - Our investigations have identified similar patterns across the Companies, including funding arrangements, a common Director, shared creditor exposure (particularly to iPartners), and intercompany loan activity.
 - No conduct concerns or materially different findings were identified. There would be no benefit to creditors from separately listing the below findings for each of the Companies separately.

In the event of a liquidation, a liquidator would be required to consider this position further and whether there would be any recoveries likely.

6.1 Opinion on books and records and solvency

Our opinions on the books and records of the Companies and the solvency of the Companies are summarised in the tables below:

Finding area	Opinion
Books and records	Adequate and available to the date of appointment. Director has been co-operative and assisted the Voluntary Administration process.
Estimated date of insolvency	A company is insolvent if they are unable to meet debts as and when they fall due. Determining the date of insolvency is a complex assessment, but there are common



	<p>insolvency indicators¹ that can help to determine the likely date. These are considered and summarised below for the Companies.</p> <p>For each of the Companies the date of insolvency is likely the date of appointment, but it could possibly be late 2024, depending on when it became clear that a facility refinance was unlikely to be achieved.</p>
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Indicators	Y/N	Administrator’s findings																												
Continuing Losses	Y	<p>Net loss incurred, which resulted in the deterioration of cash and asset position over the period.</p> <table><tr><th>Period</th><th>Profit / (Loss)</th><th>Accumulated Profit / (Loss)</th><th>Retained earnings</th></tr><tr><td>FY20</td><td>63,554</td><td></td><td>9,053</td></tr><tr><td>FY21</td><td>(455,280)</td><td>(391,726)</td><td>(381,670)</td></tr><tr><td>FY22</td><td>(255,543)</td><td>(647,269)</td><td>(637,115)</td></tr><tr><td>FY23</td><td>(1,741,606)</td><td>(2,388,875)</td><td>(2,428,248)</td></tr><tr><td>FY24</td><td>136,340</td><td>(2,252,535)</td><td>(2,657,168)</td></tr><tr><td>FY25 to Dec '24</td><td>(112,031)</td><td>(2,364,566)</td><td>(3,241,701)</td></tr></table> <p>We note that there were some differences between the historical retained losses per the balance sheets and the net profits / losses in the profit and loss across the statutory accounts that we have not been able to fully reconcile in the time constraints. However, the important message is that there were cumulative historical losses that by the time of appointment had exceeded the share capital.</p> <p>Refer to Section 3.4 for more information on the historical losses.</p>	Period	Profit / (Loss)	Accumulated Profit / (Loss)	Retained earnings	FY20	63,554		9,053	FY21	(455,280)	(391,726)	(381,670)	FY22	(255,543)	(647,269)	(637,115)	FY23	(1,741,606)	(2,388,875)	(2,428,248)	FY24	136,340	(2,252,535)	(2,657,168)	FY25 to Dec '24	(112,031)	(2,364,566)	(3,241,701)
Period	Profit / (Loss)	Accumulated Profit / (Loss)	Retained earnings																											
FY20	63,554		9,053																											
FY21	(455,280)	(391,726)	(381,670)																											
FY22	(255,543)	(647,269)	(637,115)																											
FY23	(1,741,606)	(2,388,875)	(2,428,248)																											
FY24	136,340	(2,252,535)	(2,657,168)																											
FY25 to Dec '24	(112,031)	(2,364,566)	(3,241,701)																											
Liquidity Ratios Below 1	Y	<p>Initial analysis of the liquidity ratios – namely the current ratio (current assets / current liabilities) – indicates that on a consolidated position there would have been sufficient liquidity to meet debts falling due. However this assumes the iPartners facility was not a current debt. As explained below iPartners had requested repayment of this facility from October 2024. If this is adjusted to be a current debt falling due in the near term, then there would have been a liquidity ratio less than 1 from mid-late 2024.</p> <table><tr><th>As at</th><th>Liquidity Ratio</th><th>Adjusted Liquidity Ratio</th></tr><tr><td>FY20</td><td>78.3</td><td>78.3</td></tr><tr><td>FY21</td><td>62.1</td><td>62.1</td></tr><tr><td>FY22</td><td>42.4</td><td>42.4</td></tr><tr><td>FY23</td><td>3.3</td><td>3.3</td></tr><tr><td>FY24</td><td>4.6</td><td>4.6</td></tr><tr><td>Dec '24</td><td>4.4</td><td>0.8</td></tr></table>	As at	Liquidity Ratio	Adjusted Liquidity Ratio	FY20	78.3	78.3	FY21	62.1	62.1	FY22	42.4	42.4	FY23	3.3	3.3	FY24	4.6	4.6	Dec '24	4.4	0.8							
As at	Liquidity Ratio	Adjusted Liquidity Ratio																												
FY20	78.3	78.3																												
FY21	62.1	62.1																												
FY22	42.4	42.4																												
FY23	3.3	3.3																												
FY24	4.6	4.6																												
Dec '24	4.4	0.8																												
Overdue Taxes	N	Based on the records, the Company had minimal overdue taxes.																												
Poor Relationship with Present Bank, including inability to borrow further funds	Y	iPartners, the major funder, had requested repayment of the facility from October 2024. Whilst forbearance arrangements were put in place, these were short-term and required refinance and equity funding in the short-term.																												

¹ ASIC Regulatory Guide 217 contains more information on factors to take into account in considering whether a company is insolvent.



Indicators	Y/N	Administrator's findings
No Access to Alternative Finance	Y	Attempts were made to refinance in late 2024 and early 2025, but these were ultimately unsuccessful.
Inability to Raise Further Equity Capital	Y	Attempts were made to raise equity funds in late 2024. Whilst some convertible notes were applied for, it was ultimately inadequate and they were not issued.
Suppliers Placing Company on C.O.D.	N	None Identified
Creditors Unpaid Outside Trading Terms	N	There were minimal trade creditors for any of the Companies, and as at the date of appointment they were largely up to date.
Issuing of Post-dated Cheques	N	None Identified
Dishonoured Cheques	N	None Identified
Special Arrangements with Selected Creditors	N	None Identified
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

6.2 Voidable transactions and recoveries

General information for creditors on the voidable transactions and recoveries available to a liquidator are contained in the ARITA information sheet in **Annexure D**.

In accordance with Section 75-225(3)(b)(vi) of the IPR, it is our opinion that it is **unlikely** the Companies would have any actions in a Liquidation that would be commercial to pursue given that, as outlined above:

- Proving the date of insolvency is rather complex, but it is likely to be relatively close to the date of appointment given the forbearance arrangements;
- Creditors were kept within terms and it is unlikely any creditors receiving payments would have suspected the company was insolvent; and
- There are no signs of unusual transactions with related or unrelated parties.

This is our preliminary view only and in the event of a liquidation this would be considered further. Creditors will appreciate that any actions or recoveries would only be pursued in a liquidation if a benefit would accrue to creditors.

Our opinions on the various recovery types are summarised in the tables below:

Recovery type	Signs of possible recovery?	Opinion
Insolvent trading	N	<p>Whilst there may have been an insolvency date of up to a month or so prior to appointment, it is unlikely this would be a commercial action to pursue in a liquidation. This is because:</p> <ul style="list-style-type: none"> • Insolvency will be complex to prove (as explained above), particularly where creditors have been kept up to date and



Recovery type	Signs of possible recovery?	Opinion
		<p>there were forbearance arrangements in place with the secured creditors.</p> <ul style="list-style-type: none"> Other than facility draw-downs, there were minimal new debts incurred in the months prior to appointment. This means any claim value would be relatively low. This is based on my analysis of the historical financial performance which showed that expenses per month, other than interest and payroll, were only around \$110k per month for all of the Companies collectively. The costs involved in pursuing a claim (if any) are likely to exceed any claim value. The Director may have defences available to him, particularly in light of the attempts to raise funds.
Unfair preferences (unrelated party)	N	<p>We have not identified any payment to unrelated parties that are likely to be recoverable as unfair preferences. This is because:</p> <ul style="list-style-type: none"> As discussed above, the date of insolvency is challenging to prove, and likely to be relatively close to the date of our appointment. Arrangements between the Companies and trade and statutory creditors were kept within terms and it may be difficult to prove creditors receiving payments would have suspected the company was insolvent. Even if the above were proved, the claims would likely be minimal and not commercial to recover. Payments in total, other than payroll, facility costs and receivable facility draw-downs by the Companies were only around c\$110k per month as explained above.
Uncommercial transactions	N	<p>There are no transactions that have been identified from preliminary investigations that are of concern, also noting the above comments on insolvency, which would be required to be satisfied to pursue any uncommercial transaction.</p>
Related party unfair preferences and uncommercial transactions	N	<p>There were substantial intercompany dealings between the Companies before our appointment. These appear to reflect the purpose of each entity. If there was a recovery identified in one entity, it would be to the detriment of another entity in the Procuret Group. Therefore it is unlikely that this would result in any benefit to creditors given the secured creditors' position and the common creditor pool across the Companies.</p>
Unfair Loans	N	<p>The loan arrangements with both related and unrelated parties appear to be on commercial terms and are unlikely to be voidable.</p>
Unreasonable Director-Related Transactions	N	<p>There are no director-related transactions that appear unreasonable. The only transactions that were identified from our preliminary review were wages (that appear reasonable) and funding from Director related entities to support the Companies.</p>
Transactions to defeat employee entitlements	N	<p>There are no signs of the Companies being structured in a way, or any transactions being entered into, that would affect employees accessing their entitlements in a liquidation.</p>
Creditor-defeating dispositions (illegal phoenix)	N	<p>There are no signs that any assets were sold or transferred prior to the appointment.</p>
Newly created circulating security interest	N	<p>There have been no new security interests registered during the 6 month period prior to our appointment.</p>
Unregistered security interests	N	<p>iPartners has valid registered security interests over each of the Companies, with the exception of Procuret Security Holding.</p>



Recovery type	Signs of possible recovery?	Opinion
		However, we are currently seeking advice regarding the scope of those security interests. Regardless of the outcome, iPartners remains the predominant creditor in each of the Companies, and any limitation on their secured position is expected to have minimal impact on the overall creditor position and return to iPartners. Refer to Section 5.1 for more information on the registrations.
Breaches of director's duties or other offences	N	There are no signs of any potential claims for breach of duties, nor are there any signs of offences, as covered at section 6.3.
Undisclosed / hidden / missing assets	N	Our searches have not identified any assets other than what have already been disclosed to us.
Related party loan accounts	N	There are no signs of any unpaid related party loan accounts that would be recoverable in a liquidation.
Unpaid share capital	N	According to ASIC records, all share capital has been paid in full. We have not identified any other evidence to the contrary.
Other recoveries or claims	N	No other claims have been identified.

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6.3 Offences

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

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.	None Identified
181	Failure to act in good faith.	None 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. This can be a criminal offence.	None Identified
206A	Contravening a court order against taking part in the management of a corporation.	None Identified
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.	None Identified
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.	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.	None 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.	None 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



7. 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, which may be agreed to as a result of the company entering Voluntary Administration. It aims to maximise the chances of the Company, or as much as possible of its business, continuing, or to provide a better return for creditors than an immediate winding up, or both.

We have received a proposal for a DOCA from the Shareholder Consortium. A copy of the proposal is **attached** at **Annexure E**.

At the second meeting of creditors, creditors will be able to vote on whether they want to accept the proposed DOCA. The DOCA binds all unsecured creditors, even if they vote against the proposal.

The key terms of the DOCA can be summarised as follows:

DOCA Terms	DOCA Details
Deed Administrators	Rajiv Goyal
Deed Proponent	Breitner Marinas and a consortium of existing and proposed new shareholders of Procure Holding
Key features	<p>Key terms of the DOCA proposal are:</p> <ul style="list-style-type: none"> ▪ The DOCA will be a pooled DOCA with a single fund from which the claims of the creditors of all Companies will be paid. ▪ The debt owing by the Companies' to iPartners, the Companies' secured creditor and major creditor, will be refinanced. ▪ Creditors will accept their entitlement to receive a dividend from the DOCA fund (comprising the Companies' cash reserves) in full and final satisfaction of all claims against the Companies. A total of \$51k will be available for distribution to participating creditors, representing an estimated return of 100 cents in the dollar. ▪ A small number of creditors, namely related party creditors and parties involved in the Companies' financing facilities, will not participate in the DOCA and will have their claims deferred in full until the DOCA effectuates. ▪ The employment of all employees will continue during the term of and after the DOCA. Their entitlements will be preserved and continue to be a liability of the Companies following effectuation of the DOCA. ▪ Upon termination of the DOCA, other than the claims of employees mentioned in the previous point, the claims of all participating creditors will be released and extinguished, and the Companies will resume normal trade.
Conditions Precedent	<p>The operation of the DOCA is subject to the following conditions being satisfied by 30 May 2025:</p> <ul style="list-style-type: none"> ▪ the creditors approving the DOCA at the second meeting of the Companies creditors'; and ▪ execution of the long form DOCA.
Condition Subsequent	Within 15 business days of the second creditors' meeting, the parties will be required to execute all necessary transaction documentation needed to give effect to a refinancing of the secured creditor's debt (Refinance).
Deed Fund	The Deed Fund will comprise all cash at bank held by the Companies at the time of completion of the Refinance.
Distribution Waterfall	The Deed Fund will be distributed as follows:



	<ul style="list-style-type: none"> ▪ payment of the Administrators' remuneration, expenses and administration liabilities; ▪ payment of the Deed Administrator's remuneration and expenses; ▪ payment of the full amounts owing to priority creditors (i.e. employee entitlements); ▪ distribution of \$51,000 to ordinary participating creditors on a pro rata basis; and ▪ any surplus, less the amount of the post-effectuation fund, to the secured creditor.
Participating Creditors	All creditors of the Company excluding the non-participating creditors and secured creditor.
Non-Participating Creditors	<p>The following creditors will not participate in the DOCA and will have their claims deferred in full until the DOCA effectuates:</p> <ul style="list-style-type: none"> ▪ related entity creditors; ▪ Blue Countdown Pty Limited; and ▪ Rosswick Family Investments Pty Ltd.
Employees	<p>All employees of the Companies will continue to be employed during the term of and post completion of the DOCA.</p> <p>Their entitlements will be preserved and continue to be a liability of the Companies following effectuation of the DOCA.</p>
Adjudication	<p>By 2 June 2025, the Deed Administrator will fix a day by which participating creditors are to formally prove their debts or claims.</p> <p>Participating creditors will have 7 days to do so, following which the Deed Administrator will have a further 7 days to adjudicate the proofs of debt and admit or reject all or part of the formal proof of debt or claim.</p>
Control of the Companies	<p>During the operation of the DOCA, the Companies will be under the control of the Deed Administrator.</p> <p>Subject to the Deed Administrator's supervision, however, the Companies' director will have authority to incur debts and sign documentation on behalf of the Companies for the purposes of raising capital, facilitating new business transactions and engaging external debt recovery services.</p>
Effectuation Steps	<p>Effectuation of the DOCA will be subject to the satisfaction of each of the following:</p> <ul style="list-style-type: none"> ▪ completion of the Refinance by 30 June 2025; ▪ upon completion, the secured creditor releasing its security interests over the assets of the Companies; ▪ the Deed Administrator distributing the DOCA Fund; and ▪ the Deed Administrator establishing a post-effectuation fund.
Post-Effectuation	<p>Following effectuation, control of the Companies will be returned to the Director, the secured creditor's debt will be refinanced under the Refinance and the claims of the participating creditors (other than those of the continuing employees) against the Companies will be released and forever extinguished.</p> <p>A Post-Effectuation Fund will also be established by the Deed Administrator for the purposes of paying post-effectuation liabilities such as taxation liabilities.</p>
Costs and Remuneration	The Administrator and Deed Administrator will be entitled to be remunerated in respect of any work performed in connection with the exercise of his powers



	and discretions and performance of their duties, obligations and responsibilities as Deed Administrator under the DOCA.
Moratorium	A moratorium against enforcement by provable creditors shall remain in force during the operation of the DOCA,

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8. ESTIMATED RETURN TO CREDITORS

I have summarised my findings on the estimated returns to creditors from the key options for creditors below. You should refer to the detailed analysis in **Section 5** and **Annexure H** on the financial position of each of the Companies to understand this table further.

I have not provided a figure on estimated return in liquidation scenarios for a number of the Companies as there are a number of complex factors that would impact the return and make it difficult to estimate. I have instead explained the main factors that would impact the return.

Company	DOCA Outcome	Liquidation Outcome
Procuret Operating	<p>The continuation of the trading of the business.</p> <p>Priority creditors having their entitlements preserved and met through ongoing trading.</p> <p>iPartners facility being refinanced.</p>	TBC – Dependent on realisations from any sale or wind-down and unravelling intercompany arrangements
Funding No.5		
Funding No.2		TBC – Dependent on IP value allocation
El Unicorn		TBC – Dependent on intercompany recovery
Procuret Holding		No return
Funding No.4		No return
Funding No.3		No return
Funding No.1		No return
Procuret Security Holding		No return
Overall for the Companies	All unrelated creditors paid in full and / or met on an ongoing basis.	Shortfall at least c. \$664k on book value, but higher after costs.

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9. 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.

Under law I have to provide a statement setting out our opinion about each of the above three options, whether each is in the interest of creditors and our reasons for those opinions for each of the Companies separately.

To more clearly set out this information for creditors, I have provided a summary opinion in respect of all the Companies below in a table, and then separate statements in table format in **Annexure I**.

Option	In my opinion is this option in creditors' interests?	Reasons
The Companies should execute a DOCA.	Yes	It will result in the best outcome for creditors and stakeholders including through: <ul style="list-style-type: none">• A continuation of the trading, a core purpose of the Act.• Ongoing employment and payment of entitlements.• The recapitalisation of the business.• The refinance of the secured creditor's debt.• The repayment of known unsecured unrelated creditors in full.• A consistent future for all the Companies.
The Administrations should end.	No	It would result in the Companies being returned to the control of the Director whilst they remain insolvent. This is because the need to be recapitalised and arrangements put in place to refinance the secured creditor.
The Companies should be wound up.	No	It would likely result in a lower return to creditors, including due to higher costs, and has a less certain outcome for creditors.

This recommendation is supported by the following:

- That there is a better estimated return to creditors from the DOCA. Refer to the Estimated Return summary in **Section 8** and the Financial Position analysis in **Section 5** for more information on the financial outcomes.
- That the DOCA is capable of being executed and effectuated. Refer to **Section 7** and **Annexure E** for more information on the DOCA proposal.
- That there are no transactions that appear to me to be voidable transactions that may be recoverable under Part 5.7B of the Act. Refer to **Section 6** for my supporting analysis.
- That I have provided sufficient information to the creditors to make an informed decision on the future of the Companies.



In summary, I recommend that the proposed DOCA be executed for each of the Companies as it will result in a better outcome for creditors than a liquidation and allows for the continuation of the business.

Creditors can refer to the recommendation for each individual company in **Annexure I**.

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10. REMUNERATION

At the upcoming meeting of creditors we will be seeking approval of remuneration for each of the Companies. We provided information to creditors on how we will be seeking to be remunerated in our Initial report to creditors.

Our remuneration report is included at **Annexure B**, which includes detailed information on the remuneration approval sought for each of the Companies and the work undertaken in support of those approvals.

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

	PROCURET HOLDING PTY LIMITED	PROCURET OPERATING PTY LIMITED	PROCURET FUNDING NO.5 PTY LTD	PROCURET FUNDING PTY LTD	PROCURET FUNDING NO.2 PTY LTD	PROCURET FUNDING NO.3 PTY LIMITED	PROCURET FUNDING NO.4 PTY LIMITED	PROCURET SECURITY HOLDING PTY LTD	EI UNICORN PTY LTD	TOTAL
<i>Voluntary Administration</i>										
16 January 2025 to 27 April 2025	39,529	497,144	67,904	28,576	14,806	14,357	17,260	12,944	15,975	708,493
28 April 2025 to Meeting	2,000	89,000	15,000	2,000	2,000	2,000	2,000	2,000	2,000	118,000
Meeting to DOCA Execution	3,000	60,000	15,000	3,000	3,000	3,000	3,000	3,000	3,000	96,000
	44,529	646,144	97,904	33,576	19,806	19,357	22,260	17,944	20,975	922,493
<i>DOCA</i>										
Execution to Effectuation	4,000	60,000	12,000	4,000	4,000	4,000	4,000	4,000	4,000	100,000
Total	48,529	706,144	109,904	37,576	23,806	23,357	26,260	21,944	24,975	1,022,493

We note that we are only seeking remuneration approval for the voluntary administration and the proposed deed of company arrangement (if it is approved) at the upcoming meeting of creditors. This is to reduce the complexity of the remuneration approval report. Should the proposed DOCA not be approved, and if the Companies end up in liquidation, we would seek remuneration approval via a proposal in the liquidation, where there are sufficient funds.

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 our remuneration prior to the decision meeting of creditors should contact either Kaiyan Wu or Chris Suarez of this office via kwu@astoncg.com.au or csuarez@astoncg.com.au.

11. RECEIPTS AND PAYMENTS

Attached at **Annexure C**, is a summary of receipts and payments for the period, 16 January 2025 to 30 April 2025.



12. DECISION MEETING OF CREDITORS

The decision meeting of creditors of each of the Companies is now convened in accordance with Section 439A of the Act, to be held virtually at:

Date: **Wednesday, 21 May 2025**
Time: **3pm** (Sydney Time)
Location: Via Microsoft Teams
Registration: In order to attend and vote, creditors will need to register by submitting a POD and Proxy Form to our office by 4pm on 20 May 2025. These are attached at **Annexure F** and **G** respectively.

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 4pm (Sydney Time) on 13 May 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 we require evidence of the authorisation of the corporation's officer executing the proxy, so that we 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 one of the Administrators 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 our intention, as the Administrators, 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 Administrators not receiving any further information before or during the meeting that would result in the recommendation being changed.

Should creditors have any queries with regard to this matter please do not hesitate to contact Kaiyan Wu and Christopher Suarez of our office on (02) 8999 9375 or email to kwu@astoncg.com.au or csuarez@astoncg.com.au.

Yours faithfully

RAJIV GOYAL

Voluntary Administrator