

21 March 2018

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TO CREDITORS

RE: BLOOMER CONSTRUCTIONS (QLD) PTY LIMITED
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
A.B.N.: 97 071 344 100
(THE "COMPANY")

admin@jirschsutherland.com.au
www.jirschsutherland.com.au

ABN 57 045 615 571

We refer to our appointment as Joint & Several Voluntary Administrators of the Company on 26 April 2017 and to our subsequent appointment as Joint & Several Deed Administrators of the Company on 18 July 2017.

We now take this opportunity to provide creditors with a further update on the status of the Deed of Company Arrangement ("Deed").

For ease of reference this report has been set out under the following headings:

- 1. COMPLIANCE WITH THE DEED;**
- 2. DEBTOR/RETENTION COLLECTIONS;**
- 3. PRIORITY (EMPLOYEE) CLAIMS;**
- 4. RECEIPTS & PAYMENTS; AND**
- 5. CONCLUSION**

1. COMPLIANCE WITH THE DEED

Subject to the terms of the Deed, Onterran Ltd ("Onterran") and the Company are required to comply with the following key milestones:

Milestone	Due Date	Current Status
Onterran must pay \$20,000 to the Deed fund within thirty (30) days of the Deed being executed.	17 August 2017	Complied.
Onterran must pay the National Australia Bank Ltd an amount equal to the Company's overdraft balance (estimated to be \$308,412) within thirty (30) days of the Deed being executed.	17 August 2017	Complied.
Onterran must pay \$550,000 to the Deed fund within sixty (60) days of the Deed being executed.	18 September 2017	Complied.

<p>Onterran must pay \$250,000 to the Deed fund within eight (8) months of the Deed being executed.</p> <p>Onterran must pay an amount up to a maximum sum of \$100,000 to the Deed fund on account of the taxed, formally assessed or agreed Court winding up costs of the relevant petitioning creditors ("PCs") in relation to various winding up hearings. This amount is to be paid within thirty (30) days of such formal assessment, agreement, taxation or Court order.</p>	<p>19 March 2018</p> <p>Upon formal assessment, agreement or Court order of the PCs' priority costs.</p>	<p>We have used our discretion, pursuant to the terms of the Deed, and have recently reached an agreement with the Company and Onterran which involves the contemporaneous payment of the remaining cash Deed contributions totalling \$350,000 (\$250,000 due on 19/3/18 and \$100,000 for PCs costs) and repayment of the \$140,000 administration loan due to Onterran from the Deed fund.</p> <p>Set out below is a summary of the scheduled settlement dates:</p> <p>26 March 2018 – The Company and Onterran will pay \$100,000 to the Deed fund.</p> <p>16 April 2018 – The Company and Onterran will pay \$110,000 to the Deed fund. An amount of \$140,000 will be withheld by Onterran to offset the amount due to Onterran in relation to the administration loan and the Deed Administrators will release the real property security provided pursuant to Clause 6 of the Deed. The Deed Administrators have agreed to release the real property security on payment of the \$210,000 as if this is paid and taking into account the current available funds, there will be sufficient funds held for the purposes the security was taken.</p> <p>A reconciliation table follows below for ease of reference:</p>
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Item	Amount (\$)
Deed Contribution Due	250,000
Contribution to PC costs	100,000
Repayment of administration loan	(140,000)
TOTAL	210,000

In the event the Company and Onterran fail to meet their Deed obligations, creditors will be notified accordingly.

Creditors may recall that the Company was subject to two (2) separate winding up applications lodged by Hume Doors & Timber (QLD) Pty Ltd and AB Crane Hire Pty Ltd, respectively.

There is yet to be a formal assessment, taxation or Court order for the total quantum of all PC creditor costs in relation to the two (2) winding up applications filed against the Company prior to our appointment as Voluntary Administrators.

We have reached a commercial settlement with AB Crane Hire Pty Ltd to pay (per the priorities noted in the Deed) their PC costs in the amount of \$45,000. There is yet to be any formal agreement with Hume Doors & Timber (QLD) Pty Ltd with respect to their PC costs, however our dealings and work are ongoing in this regard.

In the event the total PC costs exceed \$100,000, the balance of PC costs will be paid from the Deed fund. I again note that after the payment of \$210,000 by the Company and Onterran we will hold sufficient funds to meet all valid PC costs claimed.

The Company and Onterran must expend a minimum of \$500,000 engaging appropriately licenced contractors to attend to any reasonable defects, rectifications and/or maintenance work reasonably required in respect of contract works, to realise any and all amounts (including, but not limited to, debtors, receivables, retentions, release of bank guarantees and performance bonds) owed to the Company. In the event Onterran expend less than \$500,000, the balance is due to be paid to the Deed fund.	Ongoing.	To date, Onterran have reported project/contract expenses totalling \$631,058 since the execution of the Deed. We are still interrogating the validity of these expenses and are seeking a proper and full accounting of the expenses incurred. Until this analysis is completed we are unable to comment whether any further amounts will be due from the Company and Onterran to the Deed fund.
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Subject to the deferred payments being received on 26 March 2018 and 16 April 2018 respectively, we consider that the Company and Onterran have complied with the terms of the Deed to date.

2. DEBTOR/RETENTION COLLECTIONS

As creditors may recall, a key element of the Deed required the Company (not the Deed Administrators specifically) and Onterran to use their best endeavours to collect debtors and receivables due to the Company. The primary debts that were due to the Company related to outstanding progress claims and retentions due at the expiration of relevant defects liability periods.

We have summarised below the position of debtor and retention collections as advised to us in the voluntary administration period:

Item	RATA* Book Value (\$)	RATA ERV** (\$)	Debtor likely to pay Company (\$)	Debtor likely to pay Creditors (\$)
Retentions	2,909,960	1,558,321	909,701	648,620
Progress Claims	10,583,244	7,224,077	1,082,996	6,141,081
TOTAL	13,493,204	8,782,398	1,992,697	6,789,701

*RATA – Report as to affairs/Company's records

** Estimated realisable value

To date, we have collected the following amounts for creditors:

Item	Amount collected by Company (\$)
Retentions	682,028
Progress Claims	365,455
TOTAL	1,047,483

Whilst the \$1,047,483 represents a reasonable (given the Company's industry) percentage of the \$1,992,697 estimated by the Company as collectible, we have no real visibility of whether the Company's debtors have made payments direct to subcontractors of the Company. The Company has estimated that approximately \$6,789,701 would be paid in this regard. Creditors are reminded that our role is to monitor the Deed promise and it is for the Company and Onterran to do the actual rectification works and attend to collections in this regard.

We are advised that recovery efforts are ongoing by the Company and Onterran. Creditors may recall that the terms of the Deed also allow for the Company and Onterran to fund the Deed Administrators to commence public examinations and legal proceedings against Company debtors, if the Deed Administrators deem it appropriate. The costs of any such action are to be fully funded by the Company and Onterran and will not be charged to the Deed fund. To date, no such examinations or litigation has been initiated by the Deed Administrators.

The Company and Onterran have recently flagged the use of a public examination process to aid in their debtor collection work, this noting that the relevant defects liability periods for the majority of projects have now expired. We remain ready to assist the Company and Onterran with this work if we are properly funded to commence these actions. It seems to us that the payment of all Deed monies owed at 16 April 2018 will be the proper catalyst to commencing a more detailed plan and strategy in this regard.

Creditors may recall that prior to our appointment the Company entered into various deeds of settlement and release ("DOS") with several Company debtors. The intention of the DOS was to release the debtor from their obligation to pay amounts due to the Company and to oblige the debtor to forward funds, that would've been payable to the Company, directly to subcontractors who had worked on the relevant projects. Some debtors have failed to make these payments and/or comply with the reporting obligations pursuant to the terms of DOS. We are working with the Company and Onterran to enforce reporting and payment obligations pursuant to those DOS. The potential public examination process may supplement this process.

Creditors will have a vested interest in the outcome of any litigation and/or public examination of debtors and we encourage any creditors with information that may assist with the conduct of those matters, to contact our office with the relevant information as soon as possible.

In addition to the above, pursuant to the terms of the Deed, the Company and Onterran are required to use their best endeavours to recover bank guarantees and surety bonds due to NAB and Assetinsure Pty Ltd, respectively. As at the date of this report, two (2) bank guarantees remain outstanding totalling \$135,750, which are expected to be returned shortly. If this occurs the Company's direct liability to the NAB will have been satisfied. The expected return of the final bank guarantees will hopefully result in funds totalling approximately \$241,000 being released by the NAB, to the Deed fund, from the term deposits held as security for the bank guarantee facility. Creditors are cautioned that NAB may well withhold these funds pending resolution of other cross-collateralised facilities.

Three (3) surety bonds remain outstanding totalling \$762,303 pursuant to the facility held with Assetinsure Pty Ltd. The Company and Onterran are attending to relevant defects and it is hoped that the bonds are expected to be recovered by 30 June 2018.

3. RECEIPTS & PAYMENTS

Set out below is a summary of all receipts and payments made in the external administration to date:

Receipts	Amount (\$)
Administration Loan	140,000.00
BAS Refund	22,328.00
Debtor Receipts	1,047,483.06
Deed Contributions	570,000.00
Funding from Onterran Ltd	31,058.69
Interest Income	43.63
Pre-Appointment Refunds	1,170.02
Recovery of Disputed Debtor	41,303.29
Recovery of Council Bonds	25,000.00
Upfront Costs Contribution	75,000.00
Total Receipts	1,953,386.69

Expenses	
Accounting & Expert Fees	35,526.43
Appointee Disbursements (General)	18,510.14
Appointee Disbursements (Travel)	10,050.31
Appointee Fees (VA)	557,513.59
Appointee Fees (DOCA)	108,731.15
Bank Charges	105.90
External Printing/Postage Costs	34,050.77
Insurance	3,273.78
IT Expenses	632.50
Legal Fees	313,030.17
Meeting Room Hire	7,444.25
PAYG Remitted	10,027.00
Payroll Tax	5,668.00
Superannuation	28,239.59
Trade Suppliers	213,775.91
Transcript Charges	1,510.21
Utilities	18,912.59
Valuation Fees	5,742.17
Wages & Salaries (net)	65,045.01
Total Expenses	1,437,789.47

Cash at bank as at 21/03/2018	515,597.22
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All figures are inclusive of GST, where applicable.

4. PRIORITY (EMPLOYEE) CREDITOR CLAIMS

As noted above, we currently hold \$515,597 in funds, on behalf of creditors. Given expected future receipts and settlement of PC costs and the administration loan, we hope to be in a position to discharge various priority employee claims in the coming months. Set out below is a summary of outstanding employee entitlements to unrelated employees, according to Company records and our own independent calculations:

Entitlement	Amount (\$)
Superannuation	7,044
Wages	9,278
Annual Leave	66,973
Long Service Leave	10,661
Pay in Lieu of Notice	60,789
Redundancy	136,744
TOTAL	291,489

Over the course of the administration we have written to all employees confirming the amounts due to them. We expect to be in a position to make at least a partial distribution in favour of priority employee claims in the coming months; in order to participate in that distribution (and future distributions) priority employee creditors are required to submit particulars of their claims to our office for adjudication.

Pursuant to clause 14 of the Deed and regulation 5.6.48 of the Act, priority employee creditors are required to submit their formal proof of debt to our office by 10 April 2018. Attached to this report is formal notice to submit particulars of debt or claim in accordance with regulation 5.6.48 of the Act and a pro forma formal proof of debt.

In the event you have already submitted a employee claim proof of debt in the matter, there is no requirement to lodge an additional proof of debt, unless your claim against the Company has changed.

The timing and quantum of a distribution in favour of ordinary unsecured creditor claims is still unclear. The distribution will be contingent upon future Deed recoveries discussed above.

5. CONCLUSION

We confirm that Onterran and the Company have complied with the terms of the Deed to date and we will keep creditors informed in relation to the outstanding Deed contributions and ongoing debtor recovery efforts. Creditors will be notified on any proposed public examinations, in relation to the affairs of the Company.

In addition to the above, as disclosed in our previous report to creditors dated 13 October 2017, all approved Voluntary Administration remuneration has been drawn. However, an amount of \$18,192.50 (excluding GST) of unapproved Voluntary Administration remuneration remains outstanding. We are finalising our application to the Court to have this remuneration approved, all creditors who participated in the Company's previous relevant creditors' meetings will likely be notified when the application is filed.

In the interim, all queries in relation to this matter should be directed to the following staff at Jirsch Sutherland who will be available to assist:

Erinii Efstratiou	(07) 3152 0222	EriniiE@jirschsutherland.com.au
Des Byron	(07) 3152 0222	DesB@jirschsutherland.com.au

Yours faithfully,

BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)



SULE ARNAUTOVIC
JOINT & SEVERAL DEED ADMINISTRATOR

21 March 2018

*Corporations Act 2001
Regulation 5.6.48(3)*

**NOTICE INVITING FROM PRIORITY EMPLOYEE CREDITORS
FORMAL PROOFS OF DEBT OR CLAIM**

**RE: BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
A.B.N.: 97 071 344 100
(THE "COMPANY")**

Take notice that priority employee creditors of the Company, whose debts or claims have not already been admitted, are required on or before 10 April 2018 to prove their debts or claims and to establish any title they may have to priority by delivering or posting to me, at my address, a formal proof of debt or claim in accordance with Form 535 or 536 containing their respective debts or claims. If they do not, they may be excluded from:

- 1) the benefit of any distribution made before their debts or claims are proved or their priority is established; and
- 2) objecting to the distribution.

Forms of proof may be obtained from my office.

Should you require any further information in this regard, please contact Ms Erinii Efstratiou of this office on (07) 3152 0222.

Yours faithfully,

**BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)**

**SULE ARNAUTOVIC
JOINT & SEVERAL DEED ADMINISTRATOR**

FORM 535
Corporations Act 2001
Regulation 5.6.49(2)

RE: BLOOMER CONSTRUCTIONS (QLD) PTY LTD
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)
A.B.N.: 97 071 344 100
("THE COMPANY")

FORMAL PROOF OF DEBT/CLAIM FORM AS AT 26 APRIL 2017

CREDITOR NAME	
ABN	
CONTACT PERSON	
ADDRESS	
TELEPHONE	
EMAIL	

☐ The creditor consents to receive future correspondence, circulars and reports electronically via the above email address.

1. This is to state that the Company was on 18 July 2017 and still is, justly and truly indebted to me/us for the amount shown below. This amount is calculated as follows:

DATE	CONSIDERATION	TOTAL DEBT INC. GST (\$/C)	GST (\$/C)	REMARKS

(Please attach copies of all relevant evidence associated with claim)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following:

DATE	DRAWER	ACCEPTOR	AMOUNT (\$/C)	DUE DATE

- 3.* I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

- 3.* I the creditor's agent am authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

DATE	
SIGNATURE	
NAME	
CAPACITY/OCCUPATION	