

## **ASX Announcement**

1 September 2014

### **Bluestone Global Limited (Administrators Appointed) (ASX:BUE) ACN 009 296 324 ('the Company' or 'Bluestone')**

Further to previous ASX Announcements regarding the voluntary administration of Bluestone, we provide the following update.

#### **Circular to creditors**

On 28 August 2014, a circular to creditors providing notice of the Second Meeting of Creditors of the Company and details on accessing the report pursuant to Section 439A of the Corporations Act was sent by post to all known creditors of Bluestone. A copy of this circular and report is attached to this announcement.

#### **Second Meeting of Creditors**

The Second Meeting of Creditors will be held at Karstens, 123 Queen Street, Melbourne, Victoria on 8 September 2014 at 3:00pm, with registration commencing at 2.30pm.

Further updates will be provided to shareholders in due course.

## CIRCULAR TO CREDITORS

28 August 2014

Dear Sir/Madam

**Bluestone Global Limited (Administrators Appointed)  
ACN 009 296 324 ('the Company')**

I refer to the appointment of Mark Uebergang and myself as Administrators of the Company on 4 August 2014. The first meeting of creditors of the Company was held pursuant to Section 436E of the Corporations Act ('the Act') on 14 August 2014.

Pursuant to Section 439A of the Act, the Administrators of the Company are required to prepare a report on the Company's business, property, affairs and financial circumstances.

Please be advised that this report is available for download from the KordaMentha and Arnold Bloch Leibler websites, [www.kordamentha.com](http://www.kordamentha.com) in the [Creditor Information section](#) and [www.abl.com.au](http://www.abl.com.au) respectively. Should you require a paper or electronic copy of this report, please call 1300 880 751 or send your request to [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au) with 'Bluestone: 439A Report' as the subject.

### Second Meeting of Creditors

The Second Meeting of Creditors of the Company pursuant to Section 439A of the Act will be held at Karstens, 123 Queen Street, Melbourne, Victoria on 8 September 2014 at 3.00pm, with registration commencing at 2.30pm.

Please find attached the following documents:

1. Notice of meeting of creditors
2. Form 532 – Appointment of proxy
3. Form 535 – Proof of debt

Creditors wishing to vote at the meeting, who will not be attending in person, must complete and return a Proxy Form.

If you are representing a company, please ensure that your proxy is executed pursuant to Section 127 of the Corporations Act or your representative is appointed pursuant to Section 250D of the Act, otherwise you will not be entitled to vote at the meeting.

Creditors should note that proofs of debt lodged for this meeting are for voting purposes only.

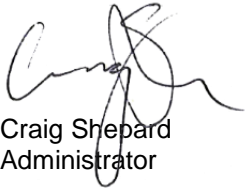
Proxies and proofs of debt must be received no later than 4.00pm on the last business day prior to the meeting, being Friday, 5 September 2014 failing which creditors or their proxies may be excluded from voting at the meeting. They may be mailed by post to Link Insolvency Services, Locked Bag A14, Sydney South, New South Wales 1235, faxed to (02) 9287 0309 or scanned and emailed to [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au)

**Those creditors who lodged a Proof of Debt for the first meeting of creditors held on 14 August 2014 are not required to lodge a further proof (unless they wish to amend their claim).**

This Circular is sent to you in accordance with the order of the Supreme Court of Victoria, made by Associate Justice Gardiner on 21 August 2014. A copy of the order can be viewed on the KordaMentha website, [www.kordamentha.com](http://www.kordamentha.com) in the [Creditor Information section](#) or at the Arnold Bloch Leibler website at [www.abl.com.au](http://www.abl.com.au).

Should you have any queries regarding the above please contact Link Insolvency Services on 1300 880 751 or by email at [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au).

Yours sincerely



Craig Shepard  
Administrator

*Enc.*

## Form 529

### Corporations Act 2001

#### Notice of Second Meeting of Creditors of Company under Administration

##### **Bluestone Global Limited (Administrators Appointed) ACN 009 296 324 ('the Company')**

**Notice is hereby given** that the second meeting of creditors of the Company will be held on 8 September 2014 at Karstens, 123 Queen Street, Melbourne, Victoria 3000. Registration for all creditors and employees will open at 2.30pm with the meeting commencing at 3.00pm.

#### **Agenda**

1. The purpose of the meeting is:
  - a. to review the report of the Administrators in connection with the business, property, affairs and financial circumstances of the Company
  - b. for the creditors of the Company to resolve:
    - i. that the Company execute a deed of company arrangement, or
    - ii. that the administration should end, or
    - iii. that the Company be wound up.
2. To consider the approval of the Administrators' remuneration calculated in accordance with rates charged by KordaMentha for the period of the voluntary administration.
3. If the Company is wound up:
  - i. To consider authorising the Liquidators to compromise debts of the Company under Section 477 (2A) of the Corporations Act
  - ii. To consider authorising the Liquidators to enter into agreements that may take longer than three months to complete under Section 477 (2B) of the Corporations Act
  - iii. To consider authorising the Liquidators to destroy the books and records of the Company six months after the completion of the winding up and after receiving the requisite authority from the Australian Securities and Investments Commission
  - iv. To consider the appointment of a Committee of Inspection and where desired, appoint members to that Committee.
4. Any other business properly brought before the meeting.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 4.00pm on the last business day prior to the meeting, by post to Link Insolvency Services, Locked Bag A14, Sydney South, New South Wales 1235, faxed to (02) 9287 0309 or scanned and emailed to [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au). A form of proxy is attached.

Please note a person is not entitled to vote as a creditor at the meeting unless he or she has lodged with the Chairperson of the meeting particulars of the debt or claim which he or she claims to be due to him or her from the Company. A general proof of debt form is attached.

Dated: 28 August 2014



Craig Shepard  
Administrator

# LINK INSOLVENCY SERVICES - APPOINTMENT OF PROXY



All communications to:  
 Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235  
 Telephone: 1300 880 751  
 Facsimile: (02) 9287 0309  
 Client Code: BUEI  
 Email: kordamentha@linkmarketservices.com.au  
 Website: www.linkmarketservices.com.au

## CREDITOR DETAILS

**Full Name of Company or Individual**

**Contact Telephone Number**

**Registered Address**

**Email Address**

## FORM 532 (CORPORATIONS ACT 2001) APPOINTMENT OF PROXY (REGULATION 5.6.29)

### STEP 1

### INDEBTED COMPANY

Full name of Company which is indebted to the creditor

Australian Company Number (ACN)

B L U E S T O N E   G L O B A L   L T D

0 0 9 2 9 6 3 2 4

### STEP 2

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered creditor) you are appointing as your general/special proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our general/special proxy and to vote for me/us on my/our behalf at the Meeting of Creditors of the Company to be held at 3:00pm (AEST) on Monday, 8 September 2014, at the Karstens Conference & Training Venue, 123 Queen Street, Melbourne, VIC 3000, Australia and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 4:00pm (AEST) on Friday, 5 September 2014. Please read the voting instructions overleaf before marking any boxes with an

### STEP 3

### VOTING DIRECTIONS

**Resolutions**

	For	Against	Abstain
1. That the remuneration of the Administrators for the period 4 August 2014 to 24 August 2014 in the amount of \$111,743.50, excluding GST, calculated on the basis of time at the rates as set out in the schedule titled KordaMentha Rates National FY15, is approved for payment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That the estimated remuneration of the Administrators for the period 25 August 2014 to 8 September 2014 is determined and approved for payment, up to a maximum of \$44,644.50, excluding GST, calculated on the basis of time at the rates as set out in the schedule titled KordaMentha Rates National FY15.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. a. That the Company be wound up; or b. That the Company enter into a Deed of Company Arrangement; or c. That the Administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>(Please only select 'for' for one of the options in Resolution 3)</i>			
4. That the Liquidators be authorised to compromise debts of the Company under Section 477(2A) of the Corporations Act.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. That the Liquidators be authorised to enter into agreements that may take longer than 3 months to complete under Section 477(2B) of the Corporations Act.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. That, subject to obtaining ASIC approval pursuant to Section 542(4) of the Corporations Act, the books and records of the Company and of the Liquidators be disposed of by the Liquidators six months after dissolution of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. That pursuant to Section 548 of the Corporations Act, a Committee of Inspection be formed comprising representatives as nominated at the meeting of creditors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. That if a pooling determination is made by the Liquidators and pooling occurs, the members of the Committee of Inspection as nominated at this meeting will become members of the Committee of Inspection for the pooled group.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 4

### SIGNATURE OF CREDITORS - THIS MUST BE COMPLETED

Creditor 1 (Individual)/Agent 1

Creditor 2 (Individual)/Agent 2

Creditor 3 (Individual)/Agent 3

This form should be signed by the creditor. If signed by the creditor's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



## HOW TO COMPLETE THIS PROXY FORM

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 2. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 2. If you leave this section blank, or your named proxy does not attend the meeting, in the case of a poll the Chairman of the Meeting will be your proxy. A proxy need not be a creditor of the company. A proxy may be an individual or a body corporate.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either creditor may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

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### Notes

1. If the creditor is a sole trader, sign in accordance with the following example: "A.B., proprietor".
2. If the creditor is a partnership, sign in accordance with the following example: "A.B., a partner of the said firm".
3. If the creditor is a company, then the form of proxy must be under its Common Seal or under the hand of some officer duly authorised in that capacity, and the fact that the officer is so authorised must be stated in accordance with the following example: "for the company, A.B." (duly authorised under the Seal of the Company).

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### Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **4:00pm on Friday, 5 September 2014**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged:



**by mail:**

Att: Bluestone Global Ltd (Administrators Appointed)  
Link Insolvency Services  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by email:**

scan and email to [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au), including "Bluestone" as the subject title.



**by fax:**

+61 2 9287 0309, including "Bluestone" as the subject title.



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138, Att: Bluestone Global Ltd (Administrators Appointed).

If you would like to attend and vote at the Meeting of Creditors, please bring this form with you.  
This will assist in registering your attendance.



All communications to:  
 Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235  
 Telephone: 1300 880 751  
 Facsimile: (02) 9287 0309  
 Client Code: BUEI  
 Email: kordamentha@linkmarketservices.com.au  
 Website: www.linkmarketservices.com.au

**CREDITOR DETAILS**

Full Name of Company or Individual

\_\_\_\_\_  
 \_\_\_\_\_

Contact Telephone Number

\_\_\_\_\_

Registered Address

\_\_\_\_\_  
 \_\_\_\_\_

Email Address

\_\_\_\_\_  
 \_\_\_\_\_

**INSOLVENCY SERVICES  
 PROOF OF DEBT (POD) OR CLAIM FORM 535 CORPORATIONS ACT (SUB REGULATION 5.6.49(2))**

I am an employee of the indebted company     I am a creditor     I am a secured creditor

**A INDEBTED COMPANY DETAILS**

Full name of Company which is indebted to the creditor

BLUESTONE GLOBAL LTD

Australian Company Number (ACN)

009296324

**B CREDITOR DETAILS (Please use CAPITAL LETTERS)**

**1. COMPANY**

Full name of Company, Corporation or Trust (if applicable)

\_\_\_\_\_

ABN

I am acting as an agent on behalf of the above company, corporation or trust.

\_\_\_\_\_

Agent Name

\_\_\_\_\_

OR

**2. INDIVIDUAL**

Title

\_\_\_\_\_

Given Name(s)

\_\_\_\_\_

Last Name

\_\_\_\_\_

PO Box/RMB/Locked Bag/Care of (c/-)/Property name/Building name (if applicable)

\_\_\_\_\_

Unit Number/Level

\_\_\_\_\_

Street Number

\_\_\_\_\_

Street Name

\_\_\_\_\_

Suburb/Town

\_\_\_\_\_

State

\_\_\_\_\_

Post Code

\_\_\_\_\_

Country (if not Australia)

\_\_\_\_\_

Telephone Number

\_\_\_\_\_

Email Address

\_\_\_\_\_

Indebted in the amount of:

A\$ \_\_\_\_\_, \_\_\_\_\_, \_\_\_\_\_.

I would like to receive all communications electronically, including notices, reports and statements (if applicable). I have provided my email address above.

Date Debt Incurred

\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_



**C SECURED CREDITORS ONLY**

Please detail what security you hold and attach all relevant documentation.

Four empty horizontal lines for detailing security and documentation.

Please state the value:

A\$ [ ] , [ ] , [ ] . [ ]

**D DOCUMENTATION**

I have attached the following documentation to substantiate the consideration claim (tick as many as appropriate). If you are in employment of the creditor or an agent, you must provide proof of your authority from the creditors so that this POD is not rejected.

- I am in the employment of the creditors and duly authorised in writing by the creditor to make this statement and it is within my knowledge that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
I am the creditor's agent duly authorised in writing to make this statement in writing and it is within my knowledge that the debt was incurred and for the consideration stated and that debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

I have attached the following documents (tick as many as appropriate):

- Invoices, Judgement from Court, Orders from company, Guarantee from company, Other documents, Monthly Statements, Letters of Demand, Statutory Demand, Credit Application, Creditor's authority letter

**E SIGN HERE (All Creditor(s) must sign)**

Creditor 1 (Individual)/Agent 1, Creditor 2 (Individual)/Agent 2, Date

**F NOTES**

- NOTE 1 A creditor may not vote on any contingent debt, and unliquidated claim or a debt the value of which is not ascertained unless a just estimate or its value has been made.
NOTE 2 A secured creditor who votes in favour of a Deed of Company Arrangement may affect its right to act under that security. Legal advice should be sought if you are unsure in this regard.
NOTE 3 This Proof should be signed by a creditor or a person in the employ of the creditor duly authorised by that creditor to sign. If a creditor is a company, it should be signed by a person authorised under the Seal of the Company, to make a Proof of Debt on its behalf. The Chairman of the Meeting may admit or reject a Proof of Debt for the purpose of voting at the meeting.

**G LODGEMENT OF POD FORM**

Lodgement of a Proof of Debt Form

This Proof of Debt Form (and any Power of Attorney under which it is signed) must be received at an address given below by 4:00pm on Friday, 5 September 2014. Any Proof of Debt Form received after that time will not be valid for the scheduled meeting.

Proof of Debt Forms may be lodged:

by mail:
Att: Bluestone Global Ltd (Administrators Appointed)
Link Insolvency Services
Locked Bag A14
Sydney South NSW 1235
Australia

by email:
scan and email to kordamentha@linkmarketservices.com.au, including "Bluestone" as the subject title.

by fax:
+61 2 9287 0309, including "Bluestone" as the subject title.

by hand:
delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138, Att: Bluestone Global Ltd (Administrators Appointed).





KordaMentha  
restructuring

# Bluestone Global Limited

(Administrators Appointed)

ACN 009 296 324

Report by Administrators

28 August 2014

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Appendix 1 – Declaration of Independence, Relevant Relationships and Indemnities

Appendix 2 – Notice of Meeting

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Appendix 4 – Form 535 - Proof of Debt

Appendix 5 – Order of Associate Justice Gardiner

Appendix 6 – Group Structure

Appendix 7 – Group entities

Appendix 8 – Historical financial performance

Appendix 9 – Financial position for last five months

Appendix 10 – Remuneration report

# 1 Appointment of Administrators

## 1.1 Progress of Administration

We, Craig Shepard and Mark Uebergang, were appointed as Administrators of Bluestone Global Limited ('the Company') on 4 August 2014 pursuant to Section 436A of the *Corporations Act 2001* (Cth) ('the Act'). On the same day we were appointed Liquidators of 53 of the Company's subsidiaries (collectively 'the Group').

On appointment we assumed control of the Group's operations and assets, communicated with key stakeholders of the Group including employees and major customers and creditors and implemented new controls for purchasing, banking and other areas of critical risk.

Upon our appointment it was evident that the limited resources available to the Company and its subsidiaries, which themselves were in liquidation, would be insufficient to permit the Group to continue to trade. Accordingly, a decision was made to cease trading immediately.

It was also evident that recoveries from accounts receivable would be the single largest potential source of asset realisation across the Group. In our view, collections from accounts receivable would be enhanced if we were able to minimise the disruption to clients arising from the Administration/liquidations. Accordingly, we set about seeking a solution to facilitate an orderly transition of employees and clients to another recruitment agency, thereby minimising, to the extent possible, any potential disruption to clients.

Upon our appointment we were contacted by a number of recruitment firms who expressed their interest in taking on former employees and contracts of the Group. We requested each party formalise their interest and we received four formal proposals. We subsequently entered into an agreement with Hoban Recruitment ('Hoban') under which Hoban agreed to take over customer contracts (subject to customer approval), offer employment to former staff and take over a number of the leased premises. Hoban also agreed to pay a non-refundable negotiation fee and a trailing commission for six months calculated on the revenue generated by the contracts.

As the Company's stakeholders would appreciate, the affairs of the Company and its subsidiaries were substantial and complex, requiring that a significant amount of time be devoted to dealing with the numerous issues that arise when winding up a group of this size and complexity. Specifically, major tasks we have performed across the Group have included the following:

- attending to statutory notifications and lodgements in respect of 54 companies
- terminating the employment of approximately 4,000 staff
- negotiating and documenting an agreement Hoban to engage with staff and customers
- communicating with former employees, customers and creditors
- vacating and disclaiming approximately 11 leased premises and liaising with landlords
- securing, relocating and preparing for sale the fixed assets of the Group
- liaising with parties with PPSR registrations
- overseeing the calculation of employee entitlements and distribution of employee entitlement packs
- liaising with the Government regarding employee claims under the Fair Entitlements Guarantee ('FEG')
- securing and archiving the Group's books and records
- holding the first meeting of creditors of the Company and meetings of creditors for the 53 subsidiaries in liquidation.

Based on the significant amount of work that has been completed in the first four weeks of this Administration, we now believe that substantially all of the major issues have been identified and addressed. We anticipate that the amount of ongoing work required to conclude the major work streams will decline significantly as the Administration progresses.

## 1.2 Object of Administration

Section 435A of the Act states that the objects of the Administration provisions of the Act are to provide for the business, property and affairs of an insolvent company to be administered in a way that:

1. maximises the chance of the Company, or as much as possible of its business, continuing in existence, or
2. 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.

This report has been prepared in accordance with Section 439A(4) of the Act.

This report has been prepared from information obtained from the Company's records, the directors and management of the Company and from our own enquiries.

This report is required to be prepared for the Company, not for the 53 subsidiaries in liquidation. However, given the interdependency of the companies in the Group there may be references to the subsidiaries in liquidation.

Our investigations into the Company's affairs have been limited due to the short time period provided under the Act within which we must issue a report about the Company's business, property, affairs and financial circumstances for the Second Meeting of Creditors.

We have no reason to doubt the information contained in this report. The statements and opinions given in this report are given in good faith and in the belief that such statements and opinions are not false or misleading. Except where otherwise stated, we reserve the right to alter any conclusions reached on the basis of any changed or additional information which may become available to us between the date of this report and the date of the Second Meeting of Creditors.

Neither KordaMentha nor any member or employee thereof undertakes responsibility in any way whatsoever to any person in respect of any errors in this report arising from incorrect information provided to us.

## 1.3 Prior involvement with the Company

We advise creditors that we have had no prior involvement with the Company, its directors or any related party which would preclude us from accepting the appointment.

With the exception of a minor assignment performed by 333 Management (an affiliate of KordaMentha) in August 2013, our involvement with the Company commenced in July 2014 as outlined in our Declaration of Independence, Relevant Relationships and Indemnities ('DIRRI'). Since our involvement commenced the nature of our involvement has primarily included preparation for the orderly conduct of the Administration.

Further, we advise that we have had no prior involvement with the Company's secured creditors, any critical trade supplier or any dominant union in advising such parties concerning the Company.

There has been no change to the position as stated in the DIRRI included with the First Report to Creditors. It is attached for your reference at Appendix 1.

## 1.4 First meeting of creditors

Section 436E of the Act requires us to conduct a meeting of the creditors of the Company in Administration within eight business days of being appointed ('the First Meeting of Creditors'). The First Meeting of Creditors for the Company was held on 14 August 2014.

At the First Meeting of Creditors, we advised that it would be in the interests of the creditors if a Committee of Creditors was formed for the Company.

A resolution was passed by the creditors present at the meeting to appoint a Committee of Creditors for the Company. The Committee of Creditors elected is as follows:

Company	Representative(s)
Deputy Commissioner of Taxation (Australian Taxation Office)	Anne Nicholson and Samara Mays
Gleneagle Securities (Aust) Pty Limited	Alan Jowell
FastTrack Pty Ltd	Neil Whitehead

## 1.5 Second meeting of creditors

We are required to convene a second meeting of creditors of the Company in Administration pursuant to Section 439A of the Act ('the Second Meeting of Creditors') to consider the future of the Company.

Before the Second Meeting of Creditors, we must prepare a report on the relevant Company's business, property, affairs and financial circumstances and provide opinions on certain matters, which is the purpose of this report. This allows creditors to be in a position to vote at the Second Meeting of Creditors on the options available to them, as to whether it would be in the creditors' interests for:

- the Company to execute a Deed of Company Arrangement ('DOCA')
- the Administration to end, or
- the Company to be wound up.

A DOCA has not been proposed, so this option is not available to be considered.

**We advise that the Second Meeting of Creditors will be held at Karstens, 123 Queen Street, Melbourne, Victoria on Monday, 8 September 2014 at 3:00pm. Formal notice of the meeting has been mailed to all known creditors and accompanies this Report (Appendix 2). Registration for the meeting will commence at 2:30pm.**

A personalised Form 532, Appointment of Proxy has been mailed to all known creditors. If you intend to appoint another person to act on your behalf at the meeting, or you are a corporate creditor, you are required to complete the Proxy form appointing your representative. Proxy forms may be sent by post to Bluestone Group, C/- Link Insolvency Services, Locked Bag A14, Sydney South NSW 1235, fax to (02) 9287 0309 or scanned and emailed to [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au) no later than 4:00pm, Friday, 5 September 2014.

If you are representing a company, please ensure that your Proxy is executed pursuant to Section 127 of the Act or your representative is appointed pursuant to Section 250A of the Act, otherwise you will not be entitled to vote at the meeting.

A personalised Form 535, Proof of Debt has also been mailed to all known creditors. Creditors are required to have lodged Proofs of Debt no later than 4:00pm on Friday, 5 September 2014, failing which they may be excluded from voting at the meeting. Proofs of Debt may be sent by post to Bluestone Group, C/- Link Insolvency Services, Locked Bag A14, Sydney South NSW 1235, fax to (02) 9287 0309 or scanned and emailed to [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au).

Those creditors who lodged a Proof of Debt for the First Meeting of the Company held on 14 August 2014 are not required to lodge a further proof (unless they wish to amend their claim).

A non-personalised Proxy form and Proof of Debt form can be found in Appendices 3 and 4.

On 21 August 2014, the Honourable Associate Justice Gardiner of the Supreme Court of Victoria made an order modifying the manner in which creditors were to receive this report given the large number of creditors, the cost of the mail-out and the limited funds in the Administration. A copy of the order can be found in Appendix 5.

## 1.6 Receipts and payments of Administration

Attached as an appendix to the remuneration report (Appendix 10) is a summary of the receipts and payments for the period from Monday, 4 August 2014 to Tuesday, 26 August 2014. Further details in relation to the receipts and payments are available on request, provided sufficient notice is given to comply with the request.



## 2 Company background

### 2.1 History of the Company

Bluestone Global Limited was a publicly listed company which together with its subsidiaries, specialised in labour hire, mining services and professional placement.

The Group had operations in most states of Australia, servicing a client base of principally ASX200 companies. The Group had core capabilities encompassing temporary, permanent and international recruitment and significant exposure to key growth sectors in the market.

Bluestone Global Limited had been listed since 2008. The initial listed entity was Total Staffing Solutions Limited ('TSS') which was admitted to the ASX on 8 January 2008. On 1 December 2009, the business was renamed Humanis Group Limited following the merger of the TSS business with the Humanis Group which took effect in November 2009.

In July 2011, Humanis Group Limited ('Humanis') acquired the Total Recruitment Group ('TRG') which included the Bell, Clements, Bluestone, Clexan-Peak and on-hire labour force and recruitment businesses. In December 2012, Humanis changed its name to Bluestone Global Limited.

TSS, Humanis and TRG were all labour hire businesses, supplying blue collar labour to host employers. Principal sectors of operation were transport, logistics, light manufacturing, services and some limited white collar Administration in the public and private sectors. In December 2010, Humanis acquired the ResCo businesses, founded in March 2007.

The Group was headquartered in Melbourne. The recruitment business operated through a branch network with offices in Altona, Ballarat and Dandenong (VIC); Sydney, Wetherill Park and Beresfield (NSW); Rocklea, Bundall, Virginia, Mackay, Townsville and Cairns (QLD); Darwin (NT); Perth, Belmont and Karratha (WA); and Adelaide (SA). The ResCo business was based in Singleton, with workshops at Muswellbrook, Cardiff and Port Waratah (NSW).

The Group had approximately 4,000 staff on-hire at any one point in time, and employed some 180 permanent professional staff. From the date of admission to the ASX in 2008 until the appointment of Administrators in August 2014, the Group had consistently reported losses. The last three full financial year results are provided at Appendix 8 of this report.

The directors advise that the ResCo acquisition created an ongoing cash drain for the Group's businesses, with no opportunity for scale or synergy benefits. The ResCo businesses were all mining services operations, comprising supplementary labour supply, light vehicle maintenance, heavy engineering (truck bodies and drag line buckets), facilities management and maintenance contracting.

Providing services to the mining industry, including supplementary labour requires specific overhead capacities in workplace health and safety, employee relations, quality systems and supervision that are not required in mainstream labour hire businesses.

### 2.2 Company registration details

Detailed below is information regarding the Company detailed in a company search obtained from the Australian Securities and Investments Commission ('ASIC') as at the date of appointment.

Company details	
Date of incorporation	19 February 1988
Company type	Australian Public Company
Registered office	Level 2, 420 St Kilda Road, Melbourne, Vic 3004
Principal place of business	Level 2, 420 St Kilda Road, Melbourne, Vic 3004

## 2.3 Company shareholders

Detailed below is a summary of the 20 largest shareholders as per the Company's register of members. The Company's records indicate there were 498.8 million shares on issue to 681 shareholders. In total the top 20 shareholders represented approximately 80.9% of the shares on issue by the Company.

Shareholder name	Number of shares held	Class of share	Fully paid up
UBS Nominees Pty Ltd	69,145,935	Ordinary	Yes
Valdez Group Pty Ltd	65,050,176	Ordinary	Yes
Citicorp Nominees Pty Limited	40,457,993	Ordinary	Yes
Moar Investments Pty Ltd	33,333,333	Ordinary	Yes
Brispot Nominees Pty Ltd	24,078,745	Ordinary	Yes
CS Fourth Nominees Pty Ltd	21,650,000	Ordinary	Yes
National Nominees Limited	21,088,271	Ordinary	Yes
HSBC Custody Nominees	19,396,483	Ordinary	Yes
Mr Andrew John Poole	15,356,216	Ordinary	Yes
Northvale Capital Pte Ltd	14,682,536	Ordinary	Yes
Paulista Investments Pty Ltd	14,511,365	Ordinary	Yes
Rednblonde Pty Ltd	10,125,674	Ordinary	Yes
Terkien Pty Ltd	10,125,000	Ordinary	Yes
Gleneagle Securities (Aust)	9,129,993	Ordinary	Yes
UBS Wealth Management	8,586,457	Ordinary	Yes
Capita Trustees Limited	8,345,788	Ordinary	Yes
Jetosea Pty Limited	6,024,657	Ordinary	Yes
Dr Salim Cassim	4,880,814	Ordinary	Yes
Woodlands Asset Management Pty	4,166,667	Ordinary	Yes
Baxchang Pty Ltd	3,285,605	Ordinary	Yes
Other shareholders (661 in total)	95,362,975	Ordinary	Yes
<b>Total (681 in total)</b>	<b>498,784,683</b>	<b>Ordinary</b>	<b>Yes</b>

## 2.4 Security interests

Detailed below is information regarding the Company obtained from a search of the Personal Properties Securities Register ('PPSR') as at the date of appointment.

Security interests	Registered	PPSR registration No.	Collateral class
Scottish Pacific Business Finance Pty Limited	30 Jan 2012	201201140062102	AllPapNoExcept
Gleneagle Securities Nominees Pty Limited	10 Jan 2013	201301100019412	AllPapNoExcept
Gleneagle Securities Nominees Pty Limited	29 Jan 2014	201401290227135	AllPapNoExcept

Scottish Pacific Business Finance Pty Limited ('Scottish Pacific') has registered a security interest over the Company and some of its subsidiaries in connection with debtor finance facilities it provided to a number of entities within the Group. At the time of appointment the amount due to Scottish Pacific was \$12,435,914.61.

Gleneagle Securities Nominees Pty Ltd ('Gleneagle') has registered security interests over the Company. The first registration is connected with a transaction announced in December 2013. The second registration is connected with an advance of \$4.0 million made under a General Security Agreement ('GSA') in



January 2014. Gleneagle has advised that at the time of our appointment the amount due under the GSA was \$4,317,040.88.

We are not aware of any winding up petitions having been made against the Company.

## 2.5 Company directors

Detailed below is information regarding the directors of the Company obtained from ASIC as at the date of our appointment. Included in this list are details of past directors whose appointment ended within 12 months of our appointment (collectively 'the directors').

Director name	Appointment date	Cessation date
Andrew John Plympton	19 Jul 2013	N/A
Stephen Michael Sasse	01 Apr 2014	N/A
Alan David Fisher	29 Apr 2014	4 Aug 2014
Anthony Howard Leibowitz	06 Sep 2012	25 Jun 2014
Anthony James Kelson	24 Jan 2014	07 May 2014
Baljit Singh	14 Jan 2013	25 Feb 2014

## 2.6 Company secretaries

Detailed below is information regarding the secretaries of the Company obtained from ASIC as at the date of our appointment. Included in this list are details of past secretaries whose appointment ended within 12 months of our appointment.

Secretary name	Appointment date	Cessation date
Sophie Karzis	25 Feb 2014	N/A
Mark Andrew Clements	04 Mar 2010	25 Feb 2014

## 2.7 Related entities

A diagram showing the corporate structure including the Company and its subsidiaries is provided at Appendix 6.

Detailed below is a summary of related entities of the Company, who are also debtors or creditors of the Company. The amounts owed to or owing by these related entities arose in the ordinary course of business via the intercompany loan accounts maintained within the Group.

Related entity	Nature of claim	Debtor/Creditor	Amount
Westhum Group Pty Ltd	Intercompany loan	Debtor	3,808,729
Humanis Blue Pty Ltd	Intercompany loan	Debtor	500,110
Westaff (Australia) Pty Ltd	Intercompany loan	Debtor	13,849,882
ResCo Operations Pty Ltd	Intercompany loan	Debtor	28,762,092
Clements Recruitment Pty Ltd	Intercompany loan	Debtor	8,709,755
Offshore Staffing Solutions Pty Ltd	Intercompany loan	Debtor	4,410,577
Deltanet Support Services Pty Ltd	Intercompany loan	Debtor	331,944
Bluestone International Recruitment Pty Ltd	Intercompany loan	Debtor	122,639
<b>Total</b>			<b>60,495,728</b>
Humanis Management Services Pty Ltd	Intercompany loan	Creditor	10,949,832
TSS Recruitment Pty Ltd	Intercompany loan	Creditor	25,136,286
<b>Total</b>			<b>36,086,118</b>

The above creditor claims have not yet been adjudicated. However, if the Company is placed in liquidation and there are sufficient funds realised for the liquidators to make a distribution to creditors, the related entities will each be required to provide a Proof of Debt, which will then be adjudicated.

The return from the intercompany debtor position is expected to be nil.

## 2.8 Events leading up to Administration

The directors of the Company have provided the following explanation of the events leading up to the appointment of Voluntary Administrators:

- In January 2014, a consortium led by Valdez Group Pty Ltd, together with major shareholders contributed \$4.5 million in debt (issued pursuant to a Note Issuance Deed) and equity. The Noteholders also agreed to sub-underwrite a Rights Issue of \$4.0 million.
- These capital injections were intended to give the Company sufficient financial resources and therefore time to reduce its cost base and modify its product mix to increase gross margins to sustainable levels.
- In early May 2014, the Company announced its intention to divest the ResCo business.
- In May 2014, one of the principal sub-underwriters withdrew their support for the Rights Issue. This was followed by the withdrawal of all the other sub-underwriters. The Issue was priced at \$0.008, and the shares were trading at \$0.005. As there was negligible shareholder interest in taking up entitlements, the Board elected to withdraw the Issue.
- The Company then sought opportunities for a merger of the Bluestone Recruitment business and engaged in lengthy planning and detailed discussions with one party, and high level discussions with a number of others. In parallel the Board sought the support of existing major shareholders for a further issue of Notes to provide the working capital that was to have been obtained from the Rights Issue.
- We are informed that until 3 August 2014, the Board had a reasonable basis upon which to accept assurances from its major shareholders that proceeds from the issue of Notes would be forthcoming. While the failure of the Rights Issue and the inability to issue Notes were the key causes of the Company's failure, there are a number of latent causes underlying the Company's failure.

The directors of the Company have advised us that the Group's financial position can be attributed to:

- rapid expansion involving the acquisition of labour hire and recruitment businesses with no effective integration and no attainment of scale benefits
- the acquisition of the ResCo business, creating an average annual cash loss of approximately \$5 million
- no control of overheads, which was unusually high due to antiquated IT platforms
- no control over receivables, further damaging cash flow
- ATO debt of \$28.6 million
- reliance on a debtor funding facility with a relatively high effective interest rate
- low margins being experienced industry wide
- attempts to find further funding or a buyer of the Group were exhausted.

The Administrators generally concur with the above assertions made by the directors of the Company. In our opinion the key reasons for the failure of the Company include:

- highly competitive industry landscape
- low margin business operating at a significant trading loss
- failure to fully integrate acquisitions and extract economies of scale
- reliance on external sources of funding in order to sustain continued trading losses.

## 2.9 Deed of Cross Guarantee

The Group (excluding Resco Contracting Services Pty Ltd and Resco Resource Services Pty Ltd) ('the Bluestone Cross Guarantee Group') entered into a Deed of Cross Guarantee which was registered with ASIC on or about 25 June 2012 ('the Cross Guarantee'). This means 51 out of 53 companies in liquidation as well as the Company are covered by the Cross Guarantee.

The Cross Guarantee provides that each member of the Bluestone Cross Guarantee Group ('Cross Guarantee Group Entity') guarantees the debt of each other Cross Guarantee Group Entity. One of the circumstances where this guarantee becomes enforceable is on a creditors' voluntary winding up under Part 5.5 Division 3 of the Act. This means that currently, each Cross Guarantee Group Entity is responsible for the debts of each other Cross Guarantee Group Entity, and a creditor of a Cross Guarantee Group Entity is a creditor of every other Cross Guarantee Group Entity.

A full listing of Group entities is provided at Appendix 7.

## 2.10 Report as to Affairs

The directors have provided a Report as to Affairs ('RATA') to us. A RATA provides information on the financial position of the Company as at the date of our appointment. Again we reiterate this is financial information in relation to the Company. It does not include financial information in relation to the 53 subsidiaries in liquidation.

### 2.10.1 Extract from the directors' RATA

A summary of the RATA is detailed below:

Report as to Affairs	Book or cost valuation	Estimated realisable value
Assets not specifically secured (see 2.10.2 for detail)	81,568,364.53	433,340.53
Assets subject to specific security interests (net of specific security interests)	Nil	Nil
Total assets	81,568,364.53	433,340.53
Less payable in advance of secured parties	Nil	Nil
Less amounts owing and secured by debenture or circulating security interest over assets	(4,000,000)	(4,000,000)
Less preferential claims ranking behind secured parties	Nil	Nil
Balances owing to partly secured parties	Nil	Nil
Balances owing to unsecured creditors	(86,118,946.01)	(86,118,946.01)
Contingent assets	26,382.80	26,382.80
Contingent liabilities	(48,315.52)	(48,315.52)
<b>Estimated surplus/(deficiency) subject to the costs of the Administration</b>	<b>(8,572,514.20)</b>	<b>(89,707,538.20)</b>

### 2.10.2 Assets not specifically secured

The assets not specifically charged are comprised of the following:

Assets not specifically charged	Book or cost valuation	Estimated realisable value
Intercompany loans to Group subsidiaries	60,502,186.37	Nil
Cash at bank	152,536.01	152,536.01
Plant and equipment	116,571.04	5,000.00
Investments in subsidiaries	20,521,266.59	Nil
Security deposits on leased premises	275,804.52	275,804.52
<b>Subtotal as per director's RATA</b>	<b>81,568,364.53</b>	<b>433,340.53</b>

We note that the directors' RATA confirms the situation that the Company was effectively an ultimate holding company with limited assets and minimal trading activity in its own right. Substantially all of the assets and trading activity occurred in the subsidiary entities which are now in liquidation.

In our view the Estimated Realisable Value of the assets not specifically charged is overstated to the extent that it assumes that the Administrators will be successful in recovering security bonds on leased premises. Whilst reasonable endeavours will be taken to secure the return of the security deposits, we note that in many cases the landlords have a contractual right to the proceeds and recovery in full is unlikely.

We also note that the director's RATA differs to the amount due to secured creditors as advised by Gleneagle (\$4,000,000.00 as compared to \$4,317,040.88) and incorrectly includes an amount owing from Bluestone Advantage Pty Ltd (\$6,460) as an intercompany loan.

## 2.11 Historical financial performance

The Group's audited financial statements were last prepared as at 30 June 2013. We note that monthly management accounts were prepared by the Group and the latest such accounts were prepared as at July 2014.

Detailed in Appendix 8 is a summary of the comparative balance sheets and profit and loss statements of the Group, extracted from the Group's books and records, for the previous three financial years.

## 2.12 Subsidiaries

At appointment the Company appeared to be the ultimate parent entity of 63 entities. Of these:

- 53 had liquidators appointed on 4 August 2014, with:
  - 51 being part of the Deed of Cross Guarantee
  - 2 not being part of the Deed of Cross Guarantee.
- Four had a strike-off action in progress following applications for voluntary deregistration (Form 6010). Three of these entities have now been deregistered.
- Two were entities incorporated in New Zealand, with one in liquidation and the other without assets.
- Three were entities incorporated in the Philippines.
- One was incorporated in July 2014 and is without assets.

### 2.12.1 Subsidiaries in liquidation

- In respect of the 51 Deed of Cross Guarantee entities that are in liquidation, we do not expect a return to the Company from these liquidations in respect of the Company's direct or indirect shareholding in these entities.
- In respect of the 2 Non Deed of Cross Guarantee entities, we do not expect a return to the Company from these liquidations in respect of the Company's direct or indirect shareholding in these entities.

### 2.12.2 Subsidiaries deregistered

- Parramatta Staffing Pty Ltd was deregistered on 17 August 2014 by ASIC following an application for voluntary deregistration (Form 6010). A condition of the application is that the company's assets are worth less than \$1,000. We do not expect a return to the Company in respect of the Company's direct or indirect shareholding in this company.
- Ultimateskills India Pty Ltd was deregistered on 17 August 2014 by ASIC following an application for voluntary deregistration (Form 6010). A condition of the application is that the company's assets are worth less than \$1,000. We do not expect a return to the Company in respect of the Company's direct or indirect shareholding in this company.

- Bluestone Healthcare Services Pty Ltd was deregistered on 17 August 2014 by ASIC following an application for voluntary deregistration (Form 6010). A condition of the application is that the company's assets are worth less than \$1,000. We do not expect a return to the Company in respect of the Company's direct or indirect shareholding in this company.
- Humanis Operations Pty Ltd has a strike-off action in progress following application for voluntary deregistration (Form 6010) on 20 June 2014. A condition of the application is that the company's assets are worth less than \$1,000. We do not expect a return to the Company in respect of the Company's direct or indirect shareholding in this company.

### 2.12.3 New Zealand subsidiaries

- Weststaff NZ Limited (In Liquidation) is a company registered in New Zealand. In May 2014 a Liquidator was appointed. The Liquidator's first report has not identified any assets and states that a dividend is unlikely. We understand from discussions with management that there is an amount due from a third party that acquired Weststaff NZ Limited's business and assets in 2013. Based on investigations to date, we do not expect a return to the Company from this liquidation in respect of the Company's direct or indirect shareholding in this company.
- Bluestone Recruitment Limited (NZ) – 100% owned by Bluestone Global Limited. The entity was set up to comply with a tender (requirement to have a New Zealand entity). This company has no assets or liabilities. We do not expect a return to the Company in respect of the Company's direct or indirect shareholding in this company.

### 2.12.4 Philippine Subsidiaries

From discussions with management, we understand that the Group had operations in the Philippines under a joint venture arrangement with a Singaporean based recruitment company and the Company may have had an ownership interest in the following Philippines' corporations:

- Ultimate Skills Philippines Inc
- Humanis Philippines Inc
- Bellwether Institutional Investor Holdings Inc

Our investigations to date reveal that the joint venture arrangement was terminated in financial year 2014. Despite attempts to search records of the Philippines' corporate regulator, we have been unable to confirm whether the above entities are direct or indirect subsidiaries of the Company. Although our investigations in this regard continue, the Group's management has advised they do not anticipate a return from any of the Philippines' operations.

### 2.12.5 Other subsidiaries

Resco EDF Pty Ltd – Resco Contracting Services Pty Ltd has a 50% shareholding in this entity. The entity was only recently incorporated (July 2014) and has no assets or liabilities. We do not expect a return to the Company in respect of the Company's indirect shareholding in this company.

## 3 Investigations

### 3.1 Administrators' investigations

Under the Act, we are required to investigate the Company's business, property, affairs and financial circumstances.

Pursuant to Regulation 5.3A.02 of the Act, we are also required to investigate and report to creditors on any possible recovery actions that would be available to a liquidator if creditors resolve to place the Company into liquidation.

Our investigations are at a preliminary stage and we are not in a position to provide any final comments about potential offences that may have been committed or amounts of money that may be recoverable in the event of the Company being placed into liquidation. It should be noted that further detailed investigations will need to be undertaken by a liquidator (if appointed), and independent legal advice sought in order to determine the likely success of any actions contemplated in respect to the matters detailed below.

### 3.2 Overview of Administrators' investigations

Our investigations to date have focused on the following matters:

- breaches of duty and other offences under the Act by the directors
- potential actions by a liquidator (if appointed).

### 3.3 Approach to preliminary investigations

Throughout our preliminary investigation, we:

- analysed and where required, maintained the integrity and security of the IT systems of the Group. We were required to take immediate steps to stop any intrusions into the Group's IT systems
- held discussions with the directors of the Company
- held discussions with key employees, including the Chief Financial Officer
- identified, reviewed, and analysed where required, financial information in both hard copy and electronic form
- undertook a high level review of Board minutes
- undertook searches of various publicly available databases
- spoke with various external parties, including suppliers of goods and services and customers of the Group.

### 3.4 Offences under the Act by the directors

Section 438D of the Act requires an Administrator to lodge a report with ASIC if it appears that:

- a past or present officer, or member, of the Company may have been guilty of an offence in relation to the Company, or
- a person who has taken part in the formation promotion, Administration, management or winding up of the Company may have misapplied money or property of the Company or may have been guilty of negligence, default, breach of duty or trust in relation to the Company.

We set out below our comments as to whether further investigations or a report to ASIC under S438D is warranted in relation to particular offences.

### 3.4.1 Books and records

Failure to maintain adequate books and records may be relied upon by a liquidator in an application for compensation for insolvent trading and other actions for recoveries pursuant to Division 2 of Part 5.7B of the Act.

From our investigations to date, we consider that the Company has maintained books and records in accordance with the requirements of the Act and therefore does not warrant a report pursuant to S438D of the Act. However, further investigations will be conducted in the event we are appointed liquidators of the Company.

### 3.4.2 Care and diligence and duty to act in good faith

The duty to act in good faith includes the following:

- to act honestly
- to exercise powers in the interests of the Company
- to avoid conflicts of interest
- to use their position properly
- to use information only for its proper purpose.

From our investigations to date, we have not found any evidence that the directors have breached their duty to act with due care and diligence and to act in good faith, nor have they used their position improperly or used information improperly. However, further investigations will be conducted in the event we are appointed liquidators of the Company.

## 3.5 Potential recovery actions available to a liquidator

### 3.5.1 Voidable transactions

#### Unfair preferences

If the Company is placed into liquidation, various provisions of the Act enable the liquidator to recover certain payments that were made by the Company to a creditor prior to the Company being placed into Voluntary Administration, referred to as unfair preferences. These are transactions where the payment results in a creditor receiving more than it would have received in the winding up of the Company. A liquidator is able to look back at the preceding six months to determine whether or not any such transactions occurred. In this case, a liquidator is able to review transactions between the periods 5 February 2014 to 4 August 2014.

In order to prove a creditor received an unfair preference payment, the liquidator must first show that the Company was insolvent at the time of the payment.

The creditor has a defence to an unfair preference claim by a liquidator if it proves that it entered into the transaction in good faith and, at the time the benefit was received, the creditor had no reasonable grounds for suspecting that the Company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given, nor would a reasonable person in the creditor's position have suspected that the Company was insolvent or would become insolvent.

A preliminary review of the Company's records indicates that certain payments may be preferential as the Company records show the existence of payment arrangements being entered into with creditors prior to our appointment. Payment arrangements with creditors and demand notices issued by creditors threatening suspension of supplies of goods or services, can be an indicator of preferential payments.

Our preliminary investigations into the books and records of the Company indicate that payments totalling approximately \$600,000 were made to creditors as a result of action taken by creditors against the Company. We note that at this stage of our investigations, we are unable to confirm the likely recovery from claims for preferential payments under the provisions of Section 588FA of the Act.



## Uncommercial transactions

A transaction of a company is an uncommercial transaction if the following elements are established by a liquidator:

- The transaction was entered into or given effect to within two (2) years of the date of appointment of the Administrator.
- At the time the transaction was entered into, or when given effect to, the Company was insolvent or became insolvent as a result of the transaction.
- A reasonable person in the Company's circumstances would not have entered into the transaction having regard to the benefits and detriments to the Company in entering into the transaction and the respective benefits to other parties.

The defences available to a party involved in an uncommercial transaction claim are, in effect, the same as those for an unfair preference.

We are unaware of any uncommercial transactions entered into by the Company. However, further investigations will be conducted in the event we are appointed liquidators of the Company.

## Unfair loans

Essentially an unfair loan is a loan agreement where the interest or charges are considered to be extortionate. Unfair loans made to the Company any time prior to the appointment of the Administrators may potentially be overturned by a subsequently appointed liquidator, whether or not the Company was insolvent at any time after the loan was entered into.

From our investigations, we are not aware of any unfair loans entered into by the Company. However, further investigations will be conducted in the event we are appointed liquidators of the Company.

### 3.5.2 Insolvent trading

Under the Act, a director is personally liable if the director fails to prevent a company from incurring a debt when, at the time of incurring that debt, the company is insolvent, or becomes insolvent by incurring the debt, and there existed reasonable grounds to suspect that the company was or would become insolvent. This claim must be proven by the liquidator against each individual director. Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and would generally require legal action. Further, we would point out to creditors that such proceedings may often be drawn out and involve significant cost.

Creditors should also be aware that any successful claim may be set-off by the directors against amounts due to that individual by way of unsecured advances or loan accounts.

The Act provides a number of possible defences to directors to a claim for insolvent trading. These defences are:

- At the time the debt was incurred the directors had reasonable grounds to expect and did expect that the company was solvent and would remain solvent if it incurred that debt and any other debts that it had incurred at that time.
- At the time the debt was incurred the directors had reasonable grounds to believe and did believe that a competent and reliable person was responsible for providing information about the company's solvency and that person was fulfilling that responsibility.
- The directors through illness or some other good reason were not taking part in the management of the company at the time the debt was incurred.
- The directors took all reasonable steps to prevent the company from incurring the debt.

It is crucial to note that, with the exception of unfair loans, in order for a liquidator to be able to set aside a transaction or obtain compensation from a director for insolvent trading, the liquidator must first be able to show that at the relevant point in time the company was insolvent.



The Act states the company is considered to be solvent if, and only if, the company is able to pay its debts as and when they become due and payable. A company that is not solvent is insolvent.

The Courts have tended to use a cash flow test rather than a balance sheet test for determining insolvency, however, the determination of solvency involves a consideration of the company's financial position in its entirety and in the context of commercial reality. A temporary lack of liquidity will not necessarily mean that a company is insolvent. Such a situation is to be contrasted with an endemic shortage of working capital.

### Results of investigations

In relation to our investigations into the financial affairs of the Company it should be noted that the Company did not trade in its own right and trading was conducted by the subsidiaries. Our analysis, except where otherwise stipulated is based upon the financial performance of the Group as presented in its consolidated accounts.

The Group's annual financial statements are prepared on a consolidated basis and accordingly, all commentary in respect of the Group's financials are reported on such basis. We understand that monthly balance sheets for the individual subsidiaries of the Group were prepared on an individual basis, excluding shared head office costs, which were either accounted for separately or were recorded in the accounts of the Group.

The financial analysis below has been undertaken from the Group's annual financial statements, which were audited by the Group's auditor Ernst and Young. Where financial information is not derived from the annual financial statements, the various sources of financial information including management's monthly financial accounts and ledgers have been clearly marked.

In respect of the Group, at the time of writing, an exact date of insolvency has not been determined. However, we make the following comments in respect of the solvency of the Group.

### Financial ratios

We have reviewed the current ratio and net assets for the Group from its end of year accounts for the three years ending 30 June 2011, 2012 and 2013.

	Financial year ended		
	30-Jun-2011	30-Jun-2012	30-Jun-2013
Current ratio	0.55	0.76	0.71
Net assets (\$'000)	39,782	34,285	(14,938)
Current assets less current liabilities (\$'000)	(27,105)	(18,922)	(17,122)

Working capital is generally regarded as the lifeblood of an organisation and sufficiency of working capital is often closely associated with solvency. A key measure of working capital is the current ratio which is the ratio of current assets to current liabilities. A current ratio of greater than one would generally indicate the company has a surplus of short term assets to short term liabilities.

We noted in the above analysis that the current ratio every point in time reviewed was lower than one. This means that the Company has historically traded with a deficiency of working capital. Whilst the deficiency of current assets to current liabilities at 30 June 2013 was in part attributable to the inclusion of items that we would not usually consider 'working capital', excluding these items the ratio of current assets to current liabilities was approximately 0.84 which indicates that the Group had insufficient short term funds to meet short term liabilities.

### Monthly management accounts (unaudited)

The following table has been prepared using information extracted from the monthly management accounts of the Group. We note that this financial information has not been audited.

	Month ended				
	28-Feb-2014	31-Mar-2014	30-Apr-2014	31-May-2014	30-Jun-2014
Current ratio	0.65	0.67	0.63	0.77	0.78
Net assets (\$'000)	(4,005)	(4,890)	(6,218)	1,898	(1,582)
Current assets less current liabilities (\$'000)	(15,004)	(15,868)	(17,026)	(8,797)	(9,710)

Management has advised that the material improvement in Net Assets in May 2014 was attributed to a debt for equity swap, which resulted in approximately \$9 million of debt being converted into equity.

### Cash flow analysis

We have reviewed the cash flows for the Group from its audited end of year accounts for the three years ending 30 June 2011, 2012 and 2013. These are summarised below.

	Financial year ended		
	30-Jun-2011 (\$'000)	30-Jun-2012 (\$'000)	30-Jun-2013 (\$'000)
Net cash inflow (outflow) from operating activities	(6,058)	(5,910)	(5,795)
Net cash inflow (outflow) from investing activities	(430)	(11,884)	(3,874)
Net cash inflow (outflow) from financing activities	6,245	18,699	9,235
Net increase (decrease) in cash and cash equivalents	(243)	905	(434)

- We note that the Group has recorded net cash outflows from operating activities in each of the past three financial years of approximately \$6.0 million each year.
- Cash flows from investing and financing activities were less consistent from year to year and influenced primarily by acquisitions of businesses, capital raisings and debt restructuring.
- Interest payments were included in operating activities and are detailed below:
  - \$3,217,565 for the financial year ending 30 June 2011.
  - \$5,044,567 for the financial year ending 30 June 2012.
  - \$5,574,569 for the financial year ending 30 June 2013.
- Over the three years since 2011, the Group has been reliant on raising funds from borrowings and proceeds from the issuing of shares, as detailed below:
  - \$18,914,189 (net) raised from issue of shares and \$2,999,184 from borrowings for the financial year ending 30 June 2011.
  - \$23,377,424 (net) raised from issue of shares and \$8,468,713 from borrowings for the financial year ending 30 June 2012.
  - \$3,828,113 (net) raised from issue of shares and \$17,665,548 from borrowings for the financial year ending 30 June 2013.
- As indicated above, the Group has been reliant on external funding for each of the last three financial years. The external funding has taken the form of a combination of debt and equity.
- The increased debt burden is evident by the increase in interest paid in each of the past three financial years.

## Profitability

For the three financial years ending 30 June 2011, 2012 and 2013, the Group's statement of comprehensive income is summarised below.

	30-Jun-2011 (\$'000)	30-Jun-2012 (\$'000)	30-Jun-2013 (\$'000)
Revenue	221,791	329,235	280,691
Other income	1,992	2,289	6
Change in raw materials, work in progress and finished goods	(6,201)	(12,040)	(20,064)
Employee and subcontractor related costs	(200,790)	(294,855)	(252,899)
Depreciation and amortisation	(1,765)	(8,407)	(3,735)
Travel and recruitment expenses	(1,399)	(3,134)	(1,146)
Impairment losses	(120)	(18,721)	(34,330)
Finance costs	(3,704)	(7,441)	(9,551)
Other expenses	(14,179)	(15,299)	(13,921)
<b>Profit (loss) for the year from continuing operations</b>	<b>(4,376)</b>	<b>(28,373)</b>	<b>(54,949)</b>
Income tax benefit (expense)	2,747	(4,160)	(19)
<b>Profit (loss) for the year from continuing operations</b>	<b>(1,628)</b>	<b>(32,533)</b>	<b>(54,968)</b>
Profit (loss) for the year from discontinued operations	-	(221)	216
<b>Total comprehensive profit (loss) for the year, net of tax</b>	<b>(1,628)</b>	<b>(32,754)</b>	<b>(54,752)</b>

The reduction in revenue in financial year ending 30 June 2013 was attributable to the prevailing Australian market and tightening financial position impacting the Group's clients, resulting in an overall reduction in contractor hours.

The impairment loss of \$34.3 million in financial year ending 30 June 2013 relates to the acquisition of the ResCo business and includes a charge of \$28.1 million against goodwill, \$3.5 million against non-contractual customer relationships and \$2.7 million on property, plant and equipment.

The Group recorded trading losses for the years ending 30 June 2011, 2012 and 2013.

## Monthly management accounts (unaudited)

The following table has been prepared using information extracted from the monthly management accounts of the Group. We note that this financial information has not been audited.

### Statements of Financial Performance (monthly)

	28-Feb-2014 (\$'000)	31-Mar-2014 (\$'000)	30-Apr-2014 (\$'000)	31-May-2014 (\$'000)	30-Jun-2014 (\$'000)
Total revenue	15,807	19,933	15,802	26,772	21,352
Total direct costs	(14,090)	(17,904)	(14,653)	(16,001)	(19,747)
<b>Total gross margin</b>	<b>1,717</b>	<b>2,029</b>	<b>1,148</b>	<b>10,771</b>	<b>1,605</b>
Total operating expenses	(2,060)	(2,501)	(2,064)	(2,237)	(2,978)
Operating EBITDA	(344)	(472)	(915)	8,534	(1,374)
<b>Net profit after tax</b>	<b>(751)</b>	<b>(886)</b>	<b>(1,317)</b>	<b>238</b>	<b>(4,644)</b>

## Statements of Financial Performance (cumulative)

	YTD 28-Feb-2014 (\$'000)	YTD 31-Mar-2014 (\$'000)	YTD 30-Apr-2014 (\$'000)	YTD 31-May-2014 (\$'000)	YTD 30-Jun-2014 (\$'000)
<b>Total revenue</b>	147,319	167,252	183,060	209,567	231,181
Total direct costs	(132,360)	(150,271)	(164,924)	(180,918)	(200,674)
<b>Total gross margin</b>	<b>14,959</b>	<b>16,981</b>	<b>18,136</b>	<b>28,649</b>	<b>30,506</b>
Total operating expenses	(20,359)	(22,852)	(24,922)	(26,880)	(30,133)
Operating EBITDA	(5,399)	(5,871)	(6,786)	1,768	373
<b>Net profit after tax</b>	<b>(9,589)</b>	<b>(10,475)</b>	<b>(11,791)</b>	<b>(3,578)</b>	<b>(8,348)</b>

We note that the revenue for the period ending 30 June 2014 was approximately \$50 million below revenue recorded for the financial year 2013.

As noted above, management has advised that the material improvement in May 2014 was attributed to a debt for equity swap, which resulted in approximately \$9 million of debt being converted into equity. As a result of this transaction, approximately \$9 million was recognised as revenue in May 2014. We note this transaction had the effect of artificially improving the Group's gross margin from 9.91% for the 10 months ending 30 April 2014 to 13.68% for the 11 months ending 31 May 2014.

The unaudited accounts suggest the Group would have reported a net loss of approximately \$8.3 million for the year ended 30 June 2014. However, we also note this position would have been substantially worse had the debt for equity swap not occurred.

### Outstanding statutory payments

It is common for companies under severe financial distress to be up to several months in arrears in regards to complying with their obligations to pay statutory entitlements and this can be an indicator of insolvency.

On 16 December 2013, the Group reached a binding settlement ('the Settlement') with the ATO in relation to its \$28.6 million tax liability. The Settlement required the Group to make payments totalling \$6 million over 12 months. It appears from the records of the Group that this debt had accumulated over several years.

It was a term of the Settlement that should the Group default on any payment, the balance of \$28.6 million would become due and payable at the ATO's discretion. As at appointment, payments totalling \$2.5 million had been paid by the Group to the ATO under the Settlement.

Further we note that information provided by the directors of the Group indicates that other statutory liabilities exist with the offices of state revenue in all Australian states and territories except Tasmania.

### Auditor's comments regarding going concern

The Group engaged Ernst & Young ('EY') as its auditor for the years 2011 to 2014.

We note that potential risks to the going concern of the Group were identified in the notes to the financial statements for the financial years 2011, 2012 and 2013 and comments were included in the Independent Auditor's report in 2013 as follows.

#### Financial year ending 30 June 2013

EY made the following comments on going concern in their Independent Auditor's report dated 27 September 2013, which was included in the financial accounts of the Group for the year ended 30 June 2013.

#### *Material Uncertainty Regarding Continuation as a Going Concern*

*Without qualifying our opinion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. As a result of*

*these matters, there is material uncertainty whether the consolidated entity will continue as a going concern, and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.*

### Six months ending 31 December 2013

EY made the following comments on going concern in their independent auditor's report dated 28 February 2014, which was included in the financial accounts of the Group for the six months ended 31 December 2013.

#### *Material Uncertainty Regarding Continuation as a Going Concern*

*Without qualifying our opinion, we draw attention to Note 3 in the financial report which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. As a result of these matters, there is material uncertainty whether the Group will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.*

### Proposed restructure of the Company

Discussions with management and the Board reveal that the Group has had working capital deficiencies for a number of years. As previously noted, in order to continue as a going concern, the Group has been reliant on external funding including borrowings and proceeds from the issuing of shares. However it was recognised that a restructure was required in order to eliminate the Group's reliance on external funding.

On 24 January 2014, the Board appointed Stephen Sasse as Chief Executive Officer and further, on 1 April 2014, Mr Sasse was appointed as Executive Director. Mr Sasse's duties were to run the Group and implement a restructuring and cost cutting plan. Mr Sasse has advised that the turnaround strategy was to be implemented in three phases, each one accompanied by capital raising activity. These are detailed below:

#### 1. **January 2014 to March 2014**

- Injection of \$4.5 million including \$520,000 through a share placement and the issue of \$4 million in debt to allow the Group to complete an organisational restructure and reduce overhead.
- By the end of March 2014, the restructure was in place with annual overhead reduced from approximately \$16 million to approximately \$6 million.

#### 2. **March 2014 to July 2014**

- The unsuccessful Rights Issue of \$4 million was intended to give the Group room to shift its service mix out of lower margin businesses.

#### 3. **Post July 2014**

- Following the restructure from phase one, the intention was for the Group to acquire or be acquired.

### Causes of the failure of the Company

As noted above, the directors of the Company have advised us that the Group's financial position can be attributed to:

- rapid expansion involving the acquisition of labour hire and recruitment businesses with no effective integration and no attainment of scale benefits
- the acquisition of the ResCo business, creating an average annual cash loss of approximately \$5 million
- no control of overheads, which was unusually high due to antiquated IT platforms
- no control over receivables, further damaging cash flow
- ATO debt of \$28.6 million

- reliance on a debtor funding facility with a relatively high effective interest rate
- low margins being experienced industry wide
- attempts to find further funding or a buyer of the Group were exhausted.

In the event that we are appointed as liquidators of the Company, detailed investigations will be undertaken to determine a date of insolvency and whether any action for insolvent trading against the directors will be pursued.

Any claim for insolvent trading against the directors of the Group would need to be assessed on commercial grounds including:

- likelihood that pursuing a claim of insolvent trading would be successful, taking into account the defences available to the directors
- cost of litigation
- likelihood of recovery against the directors of the Group
- further, and as stated above, the Act provides directors with a number of defences to a claim for insolvent trading.

### 3.5.3 Costs

The costs of pursuing voidable transactions and insolvent trading would come from the assets of the Company or funding from its creditors. Alternatively, the liquidators could seek litigation insurance funding.

## 3.6 Offences

Our investigations to date do not reveal that the directors have committed any offences prior to our appointment. However, our investigations are incomplete and ongoing and in the event that creditors resolve that the Company be wound up, further extensive investigations will be completed.

## 3.7 Limitation of investigations

All opinions outlined in this report are based on investigations undertaken by our office into the Group's affairs, business and financial position. Our investigations have been based on the following information:

- representations of the directors of the Group
- the details of the Group's assets and liabilities as established by our office
- the books and records of the Group.

## 3.8 Conclusion

We are not aware of any serious offences in relation to the Company that may have been committed by the directors of the Company. We are not aware of any persons, who have taken part in the formation or management of the Company, misapplying or retaining money or property of the Company. We are not aware of any persons who have been guilty of negligence, breach of duty or trust of the Company. Accordingly, we have not reported to the ASIC under Section 438D of the Act.

## 4 Alternatives available to creditors

### 4.1 Explanation of alternatives available to creditors

It is our obligation to make a recommendation to creditors on which alternative is in the best interests of creditors. We make the following general comments in respect to each option:

#### 4.1.1 Deed of company arrangement

We have not received a proposal for a DOCA for the Company.

#### 4.1.2 Bringing the Administration to an end

It is possible that creditors may consider ending the Administration and returning the Company to the existing directors. This is not a commercial proposition at this stage given the financial position of the Company. The Company's directors would resume control of the assets and be able to deal with them as they deem appropriate. This will not prevent creditors from initiating legal proceedings for the recovery of their debts or petitioning to the Court to have the Company wound up at their own expense.

Should creditors resolve that the Administration be terminated, the Company will be placed in a similar position to that existing prior to our appointment as Administrators.

#### 4.1.3 Winding up the Company

At the Second Meeting of Creditors, creditors may resolve that the Company be wound up. Should they do so, the Company will be placed into liquidation and the Company is taken to have nominated us as the Administrators to be the liquidators. The liquidators are required to realise and distribute the assets in accordance with Section 556 of the Act (subject to Section 545 of the Act) and will also be required to complete a thorough investigation into the Company's past dealings and affairs, and the past actions of the directors.

The effects of the liquidation of the Company include:

1. The moratorium available under the Voluntary Administration process will cease.
2. The liquidators will be empowered to recover potential voidable transactions, as outlined in Section 3.5 of this report.
3. The liquidators will be required to conduct an investigation into the affairs of the Company pursuant to Section 533 of the Act and lodge a report with the ASIC in respect of the same.

It is clear at this stage that the Company has a deficiency of assets to liabilities and further that it is now insolvent, in that it cannot meet its debts as and when they fall due. In our view, the winding up of the Company appears to be the most viable option for creditors in that the liquidators will be in a position to wind up the affairs of the Company and realise the Company's remaining assets for the benefit of creditors.

If the Company is placed into liquidation, further investigation of the matters referred to earlier in this report would be undertaken to determine the potential of any recoveries.

### 4.2 Recommendation

**We note that no DOCA has been proposed and in our view it is not in the creditors' interests to bring the Administration to an end. Accordingly it is our opinion that it would be in creditors' interests for the Company to be wound up.**



### 4.3 Reasons for recommendation

The reasons for our recommendation are as follows:

- We have not received a proposal for a DOCA for the Company.
- Bringing the Administration to an end will return the Company to the control of the directors in circumstances which will not have materially changed from the point at which those same directors resolved to appoint voluntary administrators.
- It appears from our preliminary investigations that there may be certain preferential payments that may be recoverable by a liquidator.

## 5 Estimated return to creditors

At this stage, we do not anticipate a dividend being paid to unsecured creditors of the Company due to:

- there being minimal assets available for realisation within the Company
- anticipated costs of the Administration/Liquidation being greater than anticipated recovery from the assets
- the existence of secured creditors
- there being no anticipated return from subsidiaries within the Group (refer section 2.12).

## 6 Remuneration and disbursements of administrators

In accordance with Section 449E of the Act, the Administrators' remuneration report is attached as Appendix 10. We are seeking approval of our remuneration on a time basis in accordance with the KordaMentha Melbourne, FY2015 Schedule of Hourly Rates, which are included in the remuneration report. Also included in the remuneration report are details in relation to disbursements.

## 7 Further information

Creditors requiring further information regarding the Administration can contact Link Insolvency Services on 1300 880 751 or by email at [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au).

Dated: 28 August 2014



Craig Shepard  
Administrator



Mark Uebergang  
Administrator





## Appendix 1 - Declaration of Independence, Relevant Relationships and Indemnities

## **Corporations Act 2001**

### **Declaration of independence, relevant relationships and indemnities**

#### **Bluestone Global Limited (Administrators Appointed) ACN 009 296 324 ('the Company')**

This declaration requires us as the Practitioners appointed to the Company to make declarations as to:

- our independence generally
- relationships, including:
  - any relationships with the Company and others within the previous 24 months
  - the circumstances of the appointment
  - any prior professional services provided to the Company within the previous 24 months
  - that there are no other relationships to declare
- any indemnities given, or up-front payments made, to us as the Practitioners.

This declaration is made in respect of us, Craig Shepard and Mark Uebergang, our partners and the KordaMentha Group.

#### **Independence**

We, Craig Shepard and Mark Uebergang of KordaMentha, Level 24, 333 Collins Street, Melbourne, VIC 3000, have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Voluntary Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would preclude us from accepting this appointment.

#### **Declaration of relationships**

##### **Prior professional services to the company**

333 Management, a related party of KordaMentha, provided the following professional services to the Company in the 24 months prior to the acceptance of this appointment.

##### *Nature of the relationship*

Prior to our appointment as Voluntary Administrators, 333 Management were engaged by the Company to provide the Company with a report on:

- the financial situation of the Company
- the solvency of the Company
- alternative courses of action available to the Company in the case of insolvency

The engagement occurred over the period 5 August 2013 to 27 August 2013. Information was gathered and analysis work commenced, however the engagement was not completed, and no final report was ever issued to the Company. We were appointed as Voluntary Administrators 47 weeks after the finalisation of this engagement with the Company. We had no ongoing contact with the Company during that time. The fee in relation to the engagement was \$22,727.27 (excluding GST) and was paid by the Company on 9 August 2013.

##### ***Reasons why not an impediment or conflict***

In our opinion, this relationship does not result in a conflict of interest or duty as the work undertaken during 333 Management's engagement has assisted us in developing an understanding of the Company and its activities. Much of the investigatory work done during 333 Management's engagement is work that would

have been done by us in order to be able to report to creditors. As such, this information will be made available to creditors when we report to them in due course.

The nature of 333 Management's engagement and work undertaken is such that it would not be subject to review and challenge during the course of the voluntary administration and any subsequent liquidation. 333 Management's engagement will not influence our ability to fully comply with the statutory and fiduciary obligations associated with the voluntary administration and any subsequent liquidation of the Company in an objective and impartial manner.

In our opinion, the remuneration received for undertaking the 333 Management engagement is unlikely to be considered to be a preference payment.

### **Circumstances of appointment**

This appointment was referred to us by Andrew Plympton, the non-executive chairman of the Company.

#### ***Reasons why not an impediment or conflict***

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

- Mr Plympton has not previously referred any formal insolvency engagements to the KordaMentha Group.
- This referral will not impact on our independence in carrying out our duties as voluntary administrators.

Details of our dealings with the Company prior to our appointment are summarised below:

<b>Date</b>	<b>Company Contact</b>	<b>KordaMentha Contact</b>	<b>Nature of contact</b>	<b>Other comment</b>
15 July 2014	Andrew Plympton, Chairman	Craig Shepard	Phone call	Request for Craig to meet with Martin Casey to discuss the implications of unpaid Superannuation
16 July 2014	Martin Casey (Advisor to Company)	Craig Shepard/ Michael Korda	Meeting at KordaMentha	Discussed implications of unpaid superannuation and the current status of the proposed restructure of the Company
23 July 2014	Andrew Plympton Stephen Sasse (CEO) Andrew Milln (CFO)	Andrew Knight/ Michael Korda	Phone call and emails	Requested information
28 July 2014	Stephen Sasse	Craig Shepard/ Andrew Knight	Meeting at KordaMentha	Discussed implication of formal appointment. Discussed priority issues and priority information requirements to plan for a potential appointment
28 – 29 July 2014	Stephen Sasse Andrew Milln Karl Pechmann (Deputy CFO)	Craig Shepard/ Andrew Knight/ Tim Hoskin	Emails and calls	Critical information requests to plan for a potential appointment
30 July 2014	Andrew Plympton Stephen Sasse Andrew Milln	Craig Shepard/ Andrew Knight	Meeting at KordaMentha	To discuss implications of potential appointment Provided Consent to Act
3 – 4 August 2014	Stephen Sasse Andrew Milln Karl Pechmann	Craig Shepard/ Andrew Knight	Emails and calls	Critical information requests to plan for a potential appointment

We did not receive any remuneration in relation to these dealings.

#### ***Reasons why not an impediment or conflict***

In our opinion, these meetings do not affect our independence for the following reasons:

- the Courts and the ARITA Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment

- the nature of the advice provided to the Company is such that it would not be subject to review and challenge during the course of the voluntary administration and any subsequent liquidation
- the pre-appointment advice will not influence our ability to be able to fully comply with statutory and fiduciary obligations associated with the voluntary administration of the Company in an objective and impartial manner.

We have not provided any other information or advice to the Company, its directors or its advisors prior to our appointment beyond that outlined above in this declaration.

## **Relevant relationships**

We, or a member or an associate of KordaMentha, have or have had over the preceding 24 months a relationship with the following parties:

### ***Secured Creditors***

Scottish Pacific Business Finance provides financial services to the Company.

We have made no determination at this time whether the secured creditor has a charge on the whole of or substantially the whole of the Company.

### ***Nature of the relationship***

KordaMentha has had relationships with the above secured creditor, due to the nature of KordaMentha's business. This includes business advisory, consulting services and the appointment of KordaMentha's registered liquidators to companies as a formal insolvency appointment (in some cases by the secured creditor), where the secured creditor has provided loan facilities to insolvent companies.

### ***Reasons why not an impediment or conflict***

In our opinion, this relationship does not result in a conflict of interest or duty as KordaMentha has never undertaken any work for the above secured creditor in respect of the Company.

## **Liquidation of Subsidiaries of the Company**

### ***Nature of the relationship***

Entities listed in the attachment to this declaration were placed in creditors' voluntary liquidation immediately prior to our appointment as Voluntary Administrators of the Company:

We were appointed as Liquidators of these entities. We acknowledge that we have obligations to each of the companies individually and not to the group as a whole.

### ***Reasons why not an impediment or conflict***

In our opinion, these relationships do not result in a conflict of interest or duty as the subsidiaries and the Company operate businesses in conjunction with each other. The nature of the business operations mean that the voluntary administration and the liquidations can be conducted more efficiently by the same practitioners.

It is acknowledged that potential conflicts could possibly arise in carrying out duties to each company. At the time of our appointment, we were not aware of any conflicts of interest between the various companies. Should such a conflict arise, we will keep creditors informed and take appropriate action to resolve the conflict.

## **Indemnities**

We have not been indemnified in relation to this voluntary administration, other than any indemnities that we may be entitled to under statute.

## **Upfront payments**

We have not been provided with any upfront payments in relation to this voluntary administration.

## General

As required under the ARITA Code of Professional Practice, if circumstances change, or new information is identified, we will update this declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the Company's creditors.

Dated: 5 August 2014



Craig Shepard  
Voluntary Administrator



Mark Uebergang  
Voluntary Administrator

## Appendix 2 - Notice of Meeting

## Form 529

### Corporations Act 2001

#### Notice of Second Meeting of Creditors of Company under Administration

##### **Bluestone Global Limited (Administrators Appointed) ACN 009 296 324 ('the Company')**

**Notice is hereby given** that the second meeting of creditors of the Company will be held on 8 September 2014 at Karstens, 123 Queen Street, Melbourne, Victoria 3000. Registration for all creditors and employees will open at 2.30pm with the meeting commencing at 3.00pm.

#### **Agenda**

1. The purpose of the meeting is:
  - a. to review the report of the Administrators in connection with the business, property, affairs and financial circumstances of the Company
  - b. for the creditors of the Company to resolve:
    - i. that the Company execute a deed of company arrangement, or
    - ii. that the administration should end, or
    - iii. that the Company be wound up.
2. To consider the approval of the Administrators' remuneration calculated in accordance with rates charged by KordaMentha for the period of the voluntary administration.
3. If the Company is wound up:
  - i. To consider authorising the Liquidators to compromise debts of the Company under Section 477 (2A) of the Corporations Act
  - ii. To consider authorising the Liquidators to enter into agreements that may take longer than three months to complete under Section 477 (2B) of the Corporations Act
  - iii. To consider authorising the Liquidators to destroy the books and records of the Company six months after the completion of the winding up and after receiving the requisite authority from the Australian Securities and Investments Commission
  - iv. To consider the appointment of a Committee of Inspection and where desired, appoint members to that Committee.
4. Any other business properly brought before the meeting.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 4.00pm on the last business day prior to the meeting, by post to Link Insolvency Services, Locked Bag A14, Sydney South, New South Wales 1235, faxed to (02) 9287 0309 or scanned and emailed to [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au). A form of proxy is attached.

Please note a person is not entitled to vote as a creditor at the meeting unless he or she has lodged with the Chairperson of the meeting particulars of the debt or claim which he or she claims to be due to him or her from the Company. A general proof of debt form is attached.

Dated: 28 August 2014



Craig Shepard  
Administrator

## Appendix 3 - Form 532 - Appointment of Proxy



# LINK INSOLVENCY SERVICES - APPOINTMENT OF PROXY



All communications to:  
 Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235  
 Telephone: 1300 880 751  
 Facsimile: (02) 9287 0309  
 Client Code: BUEI  
 Email: kordamentha@linkmarketservices.com.au  
 Website: www.linkmarketservices.com.au

## CREDITOR DETAILS

**Full Name of Company or Individual**

**Contact Telephone Number**

**Registered Address**

**Email Address**

## FORM 532 (CORPORATIONS ACT 2001) APPOINTMENT OF PROXY (REGULATION 5.6.29)

### STEP 1

### INDEBTED COMPANY

Full name of Company which is indebted to the creditor

Australian Company Number (ACN)

B L U E S T O N E   G L O B A L   L T D

0 0 9 2 9 6 3 2 4

### STEP 2

### APPOINT A PROXY

**the Chairman of the Meeting (mark box)**

OR if you are **NOT** appointing the Chairman of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered creditor) you are appointing as your general/special proxy

or failing the person/body corporate named, or if no person/body corporate is named, the Chairman of the Meeting, as my/our general/special proxy and to vote for me/us on my/our behalf at the Meeting of Creditors of the Company to be held at 3:00pm (AEST) on Monday, 8 September 2014, at the Karstens Conference & Training Venue, 123 Queen Street, Melbourne, VIC 3000, Australia and at any adjournment or postponement of the meeting.

Proxies will only be valid and accepted by the Company if they are signed and received no later than 4:00pm (AEST) on Friday, 5 September 2014. Please read the voting instructions overleaf before marking any boxes with an

### STEP 3

### VOTING DIRECTIONS

**Resolutions**

	For	Against	Abstain
1. That the remuneration of the Administrators for the period 4 August 2014 to 24 August 2014 in the amount of \$111,743.50, excluding GST, calculated on the basis of time at the rates as set out in the schedule titled KordaMentha Rates National FY15, is approved for payment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. That the estimated remuneration of the Administrators for the period 25 August 2014 to 8 September 2014 is determined and approved for payment, up to a maximum of \$44,644.50, excluding GST, calculated on the basis of time at the rates as set out in the schedule titled KordaMentha Rates National FY15.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. a. That the Company be wound up; or b. That the Company enter into a Deed of Company Arrangement; or c. That the Administration should end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<i>(Please only select 'for' for one of the options in Resolution 3)</i>			
4. That the Liquidators be authorised to compromise debts of the Company under Section 477(2A) of the Corporations Act.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. That the Liquidators be authorised to enter into agreements that may take longer than 3 months to complete under Section 477(2B) of the Corporations Act.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. That, subject to obtaining ASIC approval pursuant to Section 542(4) of the Corporations Act, the books and records of the Company and of the Liquidators be disposed of by the Liquidators six months after dissolution of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7. That pursuant to Section 548 of the Corporations Act, a Committee of Inspection be formed comprising representatives as nominated at the meeting of creditors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8. That if a pooling determination is made by the Liquidators and pooling occurs, the members of the Committee of Inspection as nominated at this meeting will become members of the Committee of Inspection for the pooled group.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

### STEP 4

### SIGNATURE OF CREDITORS - THIS MUST BE COMPLETED

Creditor 1 (Individual)/Agent 1

Creditor 2 (Individual)/Agent 2

Creditor 3 (Individual)/Agent 3

This form should be signed by the creditor. If signed by the creditor's attorney, the power of attorney must have been previously noted by the registry or a certified copy attached to this form. If executed by a company, the form must be executed in accordance with the company's constitution and the *Corporations Act 2001* (Cth).



## HOW TO COMPLETE THIS PROXY FORM

### Appointment of a Proxy

If you wish to appoint the Chairman of the Meeting as your proxy, mark the box in Step 2. If the person you wish to appoint as your proxy is someone other than the Chairman of the Meeting please write the name of that person in Step 2. If you leave this section blank, or your named proxy does not attend the meeting, in the case of a poll the Chairman of the Meeting will be your proxy. A proxy need not be a creditor of the company. A proxy may be an individual or a body corporate.

### Signing Instructions

You must sign this form as follows in the spaces provided:

**Individual:** where the holding is in one name, the holder must sign.

**Joint Holding:** where the holding is in more than one name, either creditor may sign.

**Power of Attorney:** to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

---

### Notes

1. If the creditor is a sole trader, sign in accordance with the following example: "A.B., proprietor".
2. If the creditor is a partnership, sign in accordance with the following example: "A.B., a partner of the said firm".
3. If the creditor is a company, then the form of proxy must be under its Common Seal or under the hand of some officer duly authorised in that capacity, and the fact that the officer is so authorised must be stated in accordance with the following example: "for the company, A.B." (duly authorised under the Seal of the Company).

---

### Lodgement of a Proxy Form

This Proxy Form (and any Power of Attorney under which it is signed) must be received at an address given below by **4:00pm on Friday, 5 September 2014**. Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy Forms may be lodged:



**by mail:**

Att: Bluestone Global Ltd (Administrators Appointed)  
Link Insolvency Services  
Locked Bag A14  
Sydney South NSW 1235  
Australia



**by email:**

scan and email to [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au), including "Bluestone" as the subject title.



**by fax:**

+61 2 9287 0309, including "Bluestone" as the subject title.



**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138, Att: Bluestone Global Ltd (Administrators Appointed).

If you would like to attend and vote at the Meeting of Creditors, please bring this form with you.  
This will assist in registering your attendance.

## Appendix 4 - Form 535 - Proof of Debt



All communications to:  
 Link Market Services Limited  
 Locked Bag A14  
 Sydney South NSW 1235  
 Telephone: 1300 880 751  
 Facsimile: (02) 9287 0309  
 Client Code: BUEI  
 Email: kordamentha@linkmarketservices.com.au  
 Website: www.linkmarketservices.com.au

**CREDITOR DETAILS**

Full Name of Company or Individual

[Empty text box for Full Name of Company or Individual]

Contact Telephone Number

[Empty text box for Contact Telephone Number]

Registered Address

[Empty text box for Registered Address]

Email Address

[Empty text box for Email Address]

**INSOLVENCY SERVICES  
 PROOF OF DEBT (POD) OR CLAIM FORM 535 CORPORATIONS ACT (SUB REGULATION 5.6.49(2))**

I am an employee of the indebted company     I am a creditor     I am a secured creditor

**A INDEBTED COMPANY DETAILS**

Full name of Company which is indebted to the creditor

BLUESTONE GLOBAL LTD

Australian Company Number (ACN)

009296324

**B CREDITOR DETAILS (Please use CAPITAL LETTERS)**

**1. COMPANY**

Full name of Company, Corporation or Trust (if applicable)

[Empty text box for Full name of Company, Corporation or Trust]

ABN

I am acting as an agent on behalf of the above company, corporation or trust.

[Empty text box for ABN]

Agent Name

[Empty text box for Agent Name]

OR

**2. INDIVIDUAL**

Title

Given Name(s)

Last Name

[Empty text boxes for Title, Given Name(s), and Last Name]

PO Box/RMB/Locked Bag/Care of (c-)/Property name/Building name (if applicable)

[Empty text box for PO Box/RMB/Locked Bag/Care of (c-)/Property name/Building name]

Unit Number/Level

Street Number

Street Name

[Empty text boxes for Unit Number/Level, Street Number, and Street Name]

Suburb/Town

State

Post Code

[Empty text boxes for Suburb/Town, State, and Post Code]

Country (if not Australia)

Telephone Number

[Empty text box for Country (if not Australia)]

[Empty text box for Telephone Number]

Email Address

Indebted in the amount of:

[Empty text box for Email Address]

A\$ [Empty boxes for amount]

I would like to receive all communications electronically, including notices, reports and statements (if applicable). I have provided my email address above.

Date Debt Incurred

[Empty text box for Date Debt Incurred]



**C****SECURED CREDITORS ONLY**

Please detail what security you hold and attach all relevant documentation.


Please state the value:

A\$  ,  ,  .

**D****DOCUMENTATION**

I have attached the following documentation to substantiate the consideration claim (tick as many as appropriate). If you are in employment of the creditor or an agent, you must provide proof of your authority from the creditors so that this POD is not rejected.

- I am in the employment of the creditors and duly authorised in writing by the creditor to make this statement and it is within my knowledge that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- I am the creditor's agent duly authorised in writing to make this statement in writing and it is within my knowledge that the debt was incurred and for the consideration stated and that debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

I have attached the following documents (tick as many as appropriate):

- Invoices       Judgement from Court       Orders from company       Guarantee from company       Other documents
- Monthly Statements       Letters of Demand       Statutory Demand       Credit Application       Creditor's authority letter

**E****SIGN HERE (All Creditor(s) must sign)**

Creditor 1 (Individual)/Agent 1

Creditor 2 (Individual)/Agent 2

Date

 /  / 
**F****NOTES**

- NOTE 1 A creditor may not vote on any contingent debt, and unliquidated claim or a debt the value of which is not ascertained unless a just estimate or its value has been made.
- NOTE 2 A secured creditor who votes in favour of a Deed of Company Arrangement may affect its right to act under that security. Legal advice should be sought if you are unsure in this regard.
- NOTE 3 This Proof should be signed by a creditor or a person in the employ of the creditor duly authorised by that creditor to sign. If a creditor is a company, it should be signed by a person authorised under the Seal of the Company, to make a Proof of Debt on its behalf. The Chairman of the Meeting may admit or reject a Proof of Debt for the purpose of voting at the meeting.

**G****LODGEMENT OF POD FORM****Lodgement of a Proof of Debt Form**

This Proof of Debt Form (and any Power of Attorney under which it is signed) must be received at an address given below by **4:00pm on Friday, 5 September 2014**. Any Proof of Debt Form received after that time will not be valid for the scheduled meeting.

Proof of Debt Forms may be lodged:

**by mail:**

Att: Bluestone Global Ltd (Administrators Appointed)  
Link Insolvency Services  
Locked Bag A14  
Sydney South NSW 1235  
Australia

**by email:**

scan and email to [kordamentha@linkmarketservices.com.au](mailto:kordamentha@linkmarketservices.com.au), including "Bluestone" as the subject title.

**by fax:**

+61 2 9287 0309, including "Bluestone" as the subject title.

**by hand:**

delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138, Att: Bluestone Global Ltd (Administrators Appointed).

## Appendix 5 - Order of Associate Justice Gardiner

IN THE SUPREME COURT OF VICTORIA AT MELBOURNE  
COMMERCIAL AND EQUITY DIVISION  
COMMERCIAL COURT  
CORPORATIONS LIST



S CI 2014 04316

**IN THE MATTER OF BLUESTONE GLOBAL LIMITED (ADMINISTRATORS APPOINTED)  
(ACN 009 296 324)**

**MARK UEBERGANG and CRAIG SHEPARD (in their capacities as joint and several  
Administrators of BLUESTONE GLOBAL LIMITED (ADMINISTRATORS APPOINTED) (ACN  
009 296 324))**

First Plaintiffs

and

**BLUESTONE GLOBAL LIMITED (ADMINISTRATORS APPOINTED) (ACN 009 296 324)**

Second Plaintiff

### ORDER

**JUDGE:** The Honourable Associate Justice Gardiner

**DATE MADE:** 21 August 2014

**ORIGINATING PROCESS:** Filed on 21 August 2014

**HOW OBTAINED:** At the hearing of the application

**ATTENDANCE:** Mr J Vaatstra, solicitor, Arnold Bloch Leibler for the Plaintiffs.

**OTHER MATTERS:** N.A.

#### THE COURT ORDERS THAT:

- 1 Pursuant to section 447A(1) of the Act, Part 5.3A of the Act is to operate in relation to Bluestone Global Limited (Administrators Appointed) (**BGL**) such that notice of the second meeting of creditors of BGL (the **Creditors Meeting**) required to be given pursuant to section 439A(3) of the Act (the **Notice of Meeting**) will be validly given to creditors by:
  - (a) sending the Notice of Meeting and a covering email (**Email**) to the email address of each creditor at such email address as is recorded in the books and records of BGL;

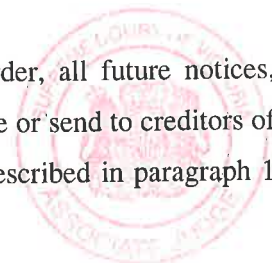


- (b) sending by post the Notice of Meeting, a covering letter (**Letter**), proof of debt form and proxy form to the postal address of each creditor at such postal address as is recorded in the books and records of BGL;
- (c) causing the Notice of the Meeting to be published in The Australian newspaper at least 5 days before the date of the Creditors Meeting;
- (d) publishing the Notice of Meeting on the websites maintained by:
  - (i) the Administrators at [www.kordamentha.com](http://www.kordamentha.com) (**KordaMentha Website**); and
  - (ii) the Administrators' lawyers at [www.abl.com.au](http://www.abl.com.au) (**ABL Website**);(collectively, the **Websites**), at least 5 business days before the Creditors Meeting;
- (e) providing in the Email, Letter and the notices to be published in The Australian newspaper and the Websites:
  - (i) notice of the date, time and location of the Creditors Meeting;
  - (ii) notice that the report required to be given to creditors of BGL pursuant to section 439A(4) of the Act (the **439A Report**) is available for download on the Websites;
  - (iii) details of a telephone hotline number by which any creditor may contact the Administrators to request a paper or electronic copy of the 439A Report.

2 Pursuant to section 447A(1) of the Act, Part 5.3A of the Act is to operate in relation to BGL as though section 439A(4) of the Act is modified such that the 439A Report to accompany the Notice of Meeting may be validly given to creditors of BGL by:

- (a) making the 439A Report available for download by creditors of BGL from the Websites in accordance with paragraph 1(e)(ii) above; and
- (b) providing the 439A Report to creditors upon request in accordance with paragraph 1(e)(iii) above.

3 Pursuant to section 447A(1) of the Act, and subject to further order, all future notices, reports and communications that the Administrators must or may give or send to creditors of BGL may be given and/or sent in accordance with the procedure described in paragraph 1 and 2 above.





- 4 The costs and expenses of this proceeding be costs and expenses of the administration of BGL.
- 5 Liberty to apply on two days' notice.
- 6 The solicitors for the Plaintiffs draw up this Order and it be signed by the Honourable Associate Justice Gardiner pursuant to rule 60.02(2) of the *Supreme Court (General Civil Procedure) Rules 2005*.

**Date Authenticated:**

**21 August 2014**



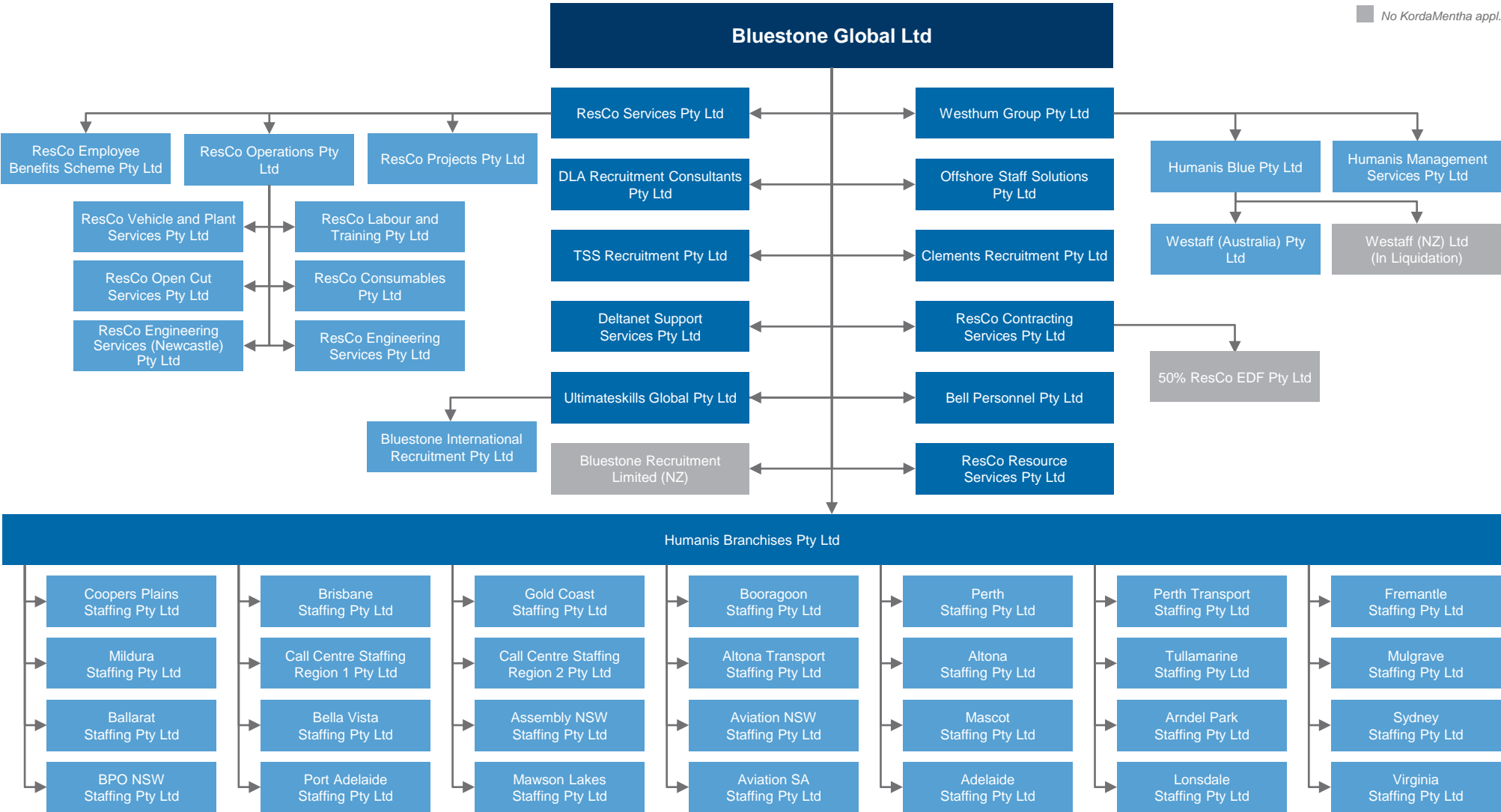
The Honourable Associate Justice Gardiner



## Appendix 6 - Group Structure

# Bluestone Global

## Group structure



■ No KordaMentha appl.

## Appendix 7 - Group entities

## Bluestone Group

### Voluntary Administration

Company Name	ACN	ABN
Bluestone Global Ltd	009 296 324	42 009 296 324

### Creditors' Voluntary Liquidation

Company Name	ACN	ABN
Adelaide Staffing Pty Ltd	146 789 362	26 146 789 362
Altona Staffing Pty Ltd	146 789 666	83 146 789 666
Altona Transport Staffing Pty Ltd	146 789 657	81 146 789 657
Arndel Park Staffing Pty Ltd	146 789 568	60 146 789 568
Assembly NSW Staffing Pty Ltd	146 789 559	58 146 789 559
Aviation NSW Staffing Pty Ltd	146 789 522	64 146 789 522
Aviation SA Staffing Pty Ltd	146 789 353	24 146 789 353
Ballarat Staffing Pty Ltd	146 789 648	79 146 789 648
Bell Personnel Pty Ltd	068 415 314	30 068 415 314
Bella Vista Staffing Pty Ltd	146 789 540	68 146 789 540
Bluestone International Recruitment Pty Ltd	114 361 232	16 114 361 232
Booragoon Staffing Pty Ltd	146 789 442	45 146 789 442
BPO NSW Staffing Pty Ltd	146 789 513	62 146 789 513
Brisbane Staffing Pty Ltd	146 789 460	49 146 789 460
Call Centre Staffing Region 1 Pty Ltd	146 789 611	85 146 789 611
Call Centre Staffing Region 2 Pty Ltd	146 789 602	83 146 789 602
Clements Recruitment Pty Ltd	094 431 884	57 094 431 884
Coopers Plains Staffing Pty Ltd	146 789 479	39 146 789 479
Deltanet Support Services Pty Ltd	129 290 053	31 129 290 053
DLA Recruitment Consultants Pty Ltd	007 107 897	78 007 107 897
Fremantle Staffing Pty Ltd	146 789 415	39 146 789 415
Gold Coast Staffing Pty Ltd	146 789 451	47 146 789 451
Humanis Blue Pty Ltd	132 703 907	53 132 703 907
Humanis Branchises Pty Ltd	146 698 008	
Humanis Management Services Pty Ltd	138 309 958	43 138 309 958
Lonsdale Staffing Pty Ltd	146 789 344	22 146 789 344
Mascot Staffing Pty Ltd	146 789 577	62 146 789 577
Mawson Lakes Staffing Pty Ltd	146 789 399	20 146 789 399
Mildura Staffing Pty Ltd	146 789 586	64 146 789 586
Mulgrave Staffing Pty Ltd	146 789 639	77 146 789 639
Offshore Staff Solutions Pty Ltd	117 642 047	73 117 642 047
Perth Staffing Pty Ltd	146 789 424	41 146 789 424
Perth Transport Staffing Pty Ltd	146 789 433	43 146 789 433
Port Adelaide Staffing Pty Ltd	146 789 380	30 146 789 380
ResCo Consumables Pty Ltd	128 727 042	15 128 727 042
Resco Contracting Services Pty Ltd	163 488 837	47 163 488 837
ResCo Employee Benefits Scheme Pty Ltd	132 881 531	
ResCo Engineering Services (Newcastle) Pty Ltd	075 454 974	90 075 454 974
ResCo Engineering Services Pty Ltd	063 837 927	84 063 837 927
ResCo Labour and Training Pty Ltd	134 807 579	59 134 807 579
ResCo Open Cut Services Pty Ltd	063 455 229	13 063 455 229
ResCo Operations Pty Ltd	127 262 186	18 127 262 186
ResCo Projects Pty Ltd	138 362 884	19 138 362 884
Resco Resource Services Pty Ltd	161 742 623	12 161 742 623
ResCo Services Pty Ltd	122 651 978	78 122 651 978
ResCo Vehicle and Plant Services Pty Ltd	001 412 568	46 001 412 568
Sydney Staffing Pty Ltd	146 789 497	43 146 789 497
TSS Recruitment Pty Ltd	126 191 848	28 126 191 848
Tullamarine Staffing Pty Ltd	146 789 620	87 146 789 620
Ultimateskills Global Pty Ltd	126 439 594	88 126 439 594
Virginia Staffing Pty Ltd	146 789 488	41 146 789 488
Westaff (Australia) Pty Ltd	007 654 131	71 007 654 131
Westhum Group Pty Ltd	129 826 982	76 129 826 982

## Appendix 8 - Historical financial performance

Detailed below is a summary of the comparative balance sheets and profit and loss statements of the Company, extracted from the Company's books and records, for the previous three financial years.

<b>Profit and loss statement for the years ending 30 June</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Continuing operations</b>			
Revenue	221,790.8	329,235.3	280,690.5
Other income	1,992.4	2,288.5	6.2
Change in raw materials, work in progress and finished goods	(6,200.7)	(12,040.1)	(20,063.9)
Employee and sub-contractor related costs	(200,790.2)	(294,855.3)	(252,899.1)
Depreciation and amortisation	(1,765.4)	(8,406.8)	(3,735.3)
Travel and recruitment expenses	(1,399.2)	(3,134.0)	(1,145.9)
Impairment losses	(119.7)	(18,721.0)	(34,329.8)
Finance costs	(3,704.2)	(7,440.5)	(9,551.1)
Other expenses	(14,179.3)	(15,299.3)	(13,920.9)
<b>Loss before income tax from continuing operations</b>	<b>(4,375.5)</b>	<b>(28,373.3)</b>	<b>(54,949.2)</b>
Income tax benefit/(expense)	2,747.2	(4,159.5)	(18.6)
<b>Loss for the year from continuing operations</b>	<b>(1,628.2)</b>	<b>(32,532.8)</b>	<b>(54,967.8)</b>
<b>Discontinued operations</b>			
Profit/(loss) for the year from discontinued operations	-	(221.0)	216.0
<b>Total comprehensive loss for the year, net of tax</b>	<b>(1,628.2)</b>	<b>(32,753.8)</b>	<b>(54,751.9)</b>
<b>Balance sheet as at 30 June</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	767.7	1,669.8	1,219.2
Trade and other receivables	30,008.0	43,207.1	28,011.9
Inventories	1,001.7	2,321.2	1,295.7
Prepayments and other current assets	680.5	1,658.7	1,351.6
Intangible assets	-	11,000.0	11,000.0
<b>Total current assets</b>	<b>32,457.9</b>	<b>59,856.8</b>	<b>42,878.4</b>
<b>Non-current assets</b>			
Property, plant and equipment	6,650.9	9,608.3	7,159.6
Other financial assets	11,334.1	-	404.7
Other assets	-	63.3	19.1
Intangible assets	47,902.2	45,698.3	12,442.1
Investment in joint venture	-	-	360.0
Investment in Associate	10,227.9	-	-
<b>Total non-current assets</b>	<b>76,115.0</b>	<b>55,369.9</b>	<b>20,385.5</b>
<b>Total assets</b>	<b>108,572.9</b>	<b>115,226.8</b>	<b>63,263.9</b>



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<b>Balance sheet as at 30 June</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
	<b>(\$'000)</b>	<b>(\$'000)</b>	<b>(\$'000)</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	28,984.6	26,923.1	16,453.1
Interest bearing liabilities	25,989.1	35,657.9	19,013.3
Provisions	4,588.9	16,198.2	15,533.8
Other financial liabilities	-	-	9,000.0
<b>Total current liabilities</b>	<b>59,562.7</b>	<b>78,779.2</b>	<b>60,000.2</b>
<b>Non-current liabilities</b>			
Interest bearing liabilities	386.2	1,541.1	17,395.4
Provisions	8,841.5	572.9	783.2
Other liabilities	-	48.8	23.8
<b>Total non-current liabilities</b>	<b>9,227.7</b>	<b>2,162.8</b>	<b>18,202.4</b>
<b>Total liabilities</b>	<b>68,790.4</b>	<b>80,942.0</b>	<b>78,202.6</b>
<b>Net assets/(liabilities)</b>	<b>39,782.5</b>	<b>34,284.7</b>	<b>(14,938.7)</b>

---

## Appendix 9 - Financial position for last five months

Detailed below is a summary of the comparative balance sheets of the Group, extracted from the Group's books and records, for the previous five months.

Balance sheet (monthly)	28-Feb-2014 (\$'000)	31-Mar-2014 (\$'000)	30-Apr-2014 (\$'000)	31-May-2014 (\$'000)	30-Jun-2014 (\$'000)
<b>Assets</b>					
<b>Current assets</b>					
Cash at bank	1,104	1,502	1,304	1,135	298
Trade and other receivables	23,151	27,484	24,887	24,041	33,244
Inventories	1,177	1,096	1,088	1,059	-
Prepayments and other current assets	2,519	2,445	2,985	3,040	1,299
<b>Total current assets</b>	<b>27,951</b>	<b>32,527</b>	<b>30,264</b>	<b>29,276</b>	<b>34,841</b>
<b>Non-current assets</b>					
Property, plant and equipment	6,274	6,270	6,196	6,129	2,043
Intangible assets	10,410	10,342	10,293	10,225	6,719
Other assets	195	195	194	193	(6)
<b>Total non-current assets</b>	<b>16,879</b>	<b>16,807</b>	<b>16,683</b>	<b>16,547</b>	<b>8,756</b>
<b>Total assets</b>	<b>44,830</b>	<b>49,334</b>	<b>46,947</b>	<b>45,823</b>	<b>43,597</b>
<b>Liabilities</b>					
<b>Current liabilities</b>					
Trade and other payables	16,967	22,961	18,871	19,169	23,750
Interest bearing liabilities	15,178	14,337	17,439	16,311	14,864
Provisions	1,810	2,097	1,980	2,591	1,937
Other financial liabilities	9,000	9,000	9,000	-	4,000
<b>Total current liabilities</b>	<b>42,955</b>	<b>48,395</b>	<b>47,290</b>	<b>38,071</b>	<b>44,551</b>
<b>Non-current liabilities</b>					
Interest bearing liabilities	5,145	5,105	5,134	5,120	100
Provisions	735	724	741	732	527
<b>Total non-current liabilities</b>	<b>5,880</b>	<b>5,829</b>	<b>5,875</b>	<b>5,852</b>	<b>627</b>
<b>Total liabilities</b>	<b>48,835</b>	<b>54,224</b>	<b>53,165</b>	<b>43,925</b>	<b>45,179</b>
<b>Net assets/(liabilities)</b>	<b>(4,005)</b>	<b>(4,890)</b>	<b>(6,218)</b>	<b>(1,898)</b>	<b>(1,582)</b>



## Appendix 10 - Remuneration report



**KordaMentha**  
restructuring

## **Bluestone Global Limited**

(Administrators Appointed)

ACN 009 296 324

Remuneration Report by Administrators

28 August 2014

## Contents

1	Remuneration.....	1
1.1	Remuneration of Administrators.....	1
1.2	Other relevant information regarding remuneration .....	1
2	Disbursements .....	2
3	Other information .....	2

Appendix 1 – Schedule of KordaMentha rates

Appendix 2 – Summary of work completed

Appendix 3 – Calculation of actual fees

Appendix 4 – Summary of tasks to be undertaken

Appendix 5 – Calculation of prospective fees

Appendix 6 – Remuneration resolutions

Appendix 7 – Disbursements

Appendix 8 – Receipts and payments from 4 August 2014 to 26 August 2014

Appendix 9 – ASIC Information Sheet 85

# 1 Remuneration

In accordance with Section 449E of the Corporations Act 2001 and the Australian Restructuring Insolvency and Turnaround Association's Code of Professional Practice, we provide the following information in respect of the Administrators' remuneration for the period from 4 August 2014 to 24 August 2014 and for future remuneration from 25 August 2014 to 8 September 2014.

The following information is provided to assist creditors consider the appropriateness of the remuneration claims that are being made. Your approval of this remuneration will be sought at the Second Meeting of Creditors to be held on 8 September 2014.

## Declaration

We, Craig Shepard and Mark Uebergang of KordaMentha, have undertaken a proper assessment of this remuneration and disbursements claim for our appointment as Voluntary Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the administration. We are satisfied that the disbursements claimed are necessary and proper.

## 1.1 Remuneration of Administrators

Period of remuneration	Appendix reference	Amount \$ (Exc. GST)
<b>Remuneration to be approved at meeting on 8 September 2014:</b>		
<b>Voluntary Administration</b>		
Resolution 1: 4 August 2014 to 24 August 2014	2 and 3	111,743.50
Resolution 2: 25 August 2014 to 8 September 2014	4 and 5	44,644.50
<b>Total remuneration – Voluntary Administration</b>		<b>156,388.00</b>

We will not be seeking approval at this date of our future remuneration for the period from 9 September 2014 as we are unable to estimate the remuneration at this time. However, if the Company is placed in liquidation at the Second Meeting of Creditors, we will seek approval of further remuneration from the Committee of Inspection.

In respect of the Administrators' remuneration, we provide the following information:

- Appendices 2 and 3 – schedule of tasks undertaken and calculation of remuneration by person for the period 4 August 2014 to 24 August 2014.
- Appendices 4 and 5 – schedule of tasks to be undertaken and calculation of prospective remuneration by person for the period 25 August 2014 to 8 September 2014

Information in respect of the main activities in those relevant task areas is summarised in the schedules to enable creditors to understand the type and purpose of work being undertaken.

Resolutions to be proposed to creditors in respect of the Administrators' remuneration is detailed in Appendix 6.

## 1.2 Other relevant information regarding remuneration

Previously we estimated that fees would total \$250,000 to the First Meeting of Creditors. This remuneration claim covers the period to the Second Meeting of Creditors, it is in fact substantially lower than originally estimated.

We advise that we have not received any indemnity, guarantee or contribution from a member, director or any other party related to the Company for our fees and expenses.

We advise that we have not received funding from any other source.

ASIC has produced an Information Sheet entitled 'Approving fees: a guide for creditors' that is attached as Appendix 9.

## 2 Disbursements

Disbursements incurred for the period 4 August 2014 to 24 August 2014 are detailed in Appendix 7. Where amounts have been paid to KordaMentha from funds in the administration of the Company for externally provided goods or services, these are reimbursements to KordaMentha for amounts paid by KordaMentha either because KordaMentha was invoiced directly or because funds were not available at the time in the administration. There have been no disbursements paid to date, therefore the disbursements in Appendix 7 are disbursements that have been incurred by KordaMentha but not yet reimbursed. Where payments to third parties have been paid directly by the Company, these are only included in the receipts and payments at Appendix 8.

Disbursements have been categorised as follows:

- Externally provided professional services – these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional disbursements – these are recovered at cost. Examples of externally provided professional service disbursements are travel, accommodation, search fees and lodgement fees.
- Internal disbursements – these are recovered on a reasonable commercial basis. These disbursements are generally charged at cost, though some may be charged at a rate which recoups both variable and fixed costs. Examples of internal disbursements include printing and postage costs, travel allowance and data room hosting.

Details of our disbursement policy are included with the attached KordaMentha Rates National FY 2015 (Appendix 1).

## 3 Other information

This remuneration report should be read in conjunction with the Report to Creditors dated 28 August 2014. A summary of the Administrators' receipts and payments from the commencement of the voluntary administration to 26 August 2014 can be found at Appendix 8.

If you require further information in respect of the Administrators' remuneration, please contact Helen Forster on (03) 8623 3379 or by email at [hforster@kordamentha.com](mailto:hforster@kordamentha.com).

Dated: 28 August 2014



Craig Shepard  
Administrator



Mark Uebergang  
Administrator

## Appendix 1 - Schedule of KordaMentha rates

KordaMentha rates national FY 2015 and a guide to staff experience

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# KordaMentha rates

National

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Applicable from 30 June 2014

FY 2015

Classification	\$ per hour*
Principal Appointee/Partner/Executive Director	650
Director	595
Associate Director 1	550
Associate Director 2	500
Manager	475
Senior Executive Analyst	400
Executive Analyst	375
Senior Business Analyst	325
Business Analyst	275
Administration	150

\*Exclusive of GST

## KordaMentha disbursement policy

Disbursements incurred from third party suppliers are charged at the cost invoiced. KordaMentha does not add any margin to disbursements incurred through third parties.

There are no charges for internal KordaMentha disbursements, such as internal photocopy use, telephone calls or facsimiles, except for bulk printing and postage that is performed internally, which are calculated on a variable cost recovery basis.

In relation to any employee allowances, being kilometre allowance and reasonable travel allowance, the rate of the allowance set by KordaMentha is at or below the rate set by the Australian Taxation Office.

If a KordaMentha data room is utilised, the fee will comprise an initial setup fee and then a fee based on the duration and size of the data room.

Certain services provided by Forensic Technology may require the processing of electronically stored information into specialist review platforms. Where these specific Forensic Technology resources are utilised, the fee will be based on units (e.g. number of laptops), size (e.g. per gigabyte) and/or period of time (e.g. period of hosting).

GST is applied to disbursements as required by law.

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## KordaMentha disbursement internal rates and allowances

Description	Charge*
Photocopying, printing (general)	\$0.02 per page
Envelopes and postage (varies due to size and weight)	\$0.76 to \$1.86 per envelope
Travel Reimbursement	\$0.60 per kilometre
Meal per diem, etc.	Up to \$91.05 per day per staff member (unless other arrangements made)
Dataroom fee (varies based on MB size)	\$1,000 to \$5,000 per month

\*Exclusive of GST

## KordaMentha classifications

Classification	Guide to level of experience
Principal Appointee/Partner/Executive Director	Registered/Official Liquidator/Trustee, his or her Partners. Specialist skills brought to the administration. Generally in excess of 10 years' experience.
Director	More than eight years' experience and more than three years as a Manager. Answerable to the appointee, but otherwise responsible for all aspects of an administration. Controls staffing and their training.
Associate Director 1	Six to eight years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Associate Director 2	Five to seven years' experience with well developed technical and commercial skills. Will have conduct of minor administrations and experience in control of a small to medium team of staff. Assists with the planning and control of medium to large administrations.
Manager	Four to six years' experience. Will have had conduct of minor administrations and experience in control of one to three staff. Assists with the planning control of medium to large administrations.
Senior Executive Analyst	Three to four years' experience. Assists planning and control of small to medium administrations as well as performing some of the more difficult tasks on larger administrations.
Executive Analyst	Two to three years' experience. Required to control the tasks on small administrations and is responsible for assisting tasks on medium to large administrations.
Senior Business Analyst	Graduate with one to two years' experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Business Analyst	Undergraduate or graduate with up to one year experience. Required to assist in day-to-day tasks under supervision of more senior staff.
Administration	Appropriate skills, including books and records management and accounts processing particular to the administration.



## Appendix 2 - Summary of work completed

Detailed below is a summary of work completed by task area for the period from 4 August 2014 to 24 August 2014.

Task area	General description	Details of tasks
Assets 73.1 hours \$32,560.50	Sale of assets	<ul style="list-style-type: none"> <li>• Liaising with interested parties</li> <li>• Assessment of offers and negotiation with interested parties</li> <li>• Instructing lawyers to draft agreement</li> <li>• Finalise agreement with Hoban</li> <li>• Key customer and employee transitional issues</li> <li>• Post completion obligations</li> </ul>
	Cash at bank	<ul style="list-style-type: none"> <li>• Secured all assets on hand</li> <li>• Froze all bank accounts and requested balance transfer to post-appointment account</li> <li>• Open post-appointment bank account</li> <li>• Daily review of cash management</li> </ul>
	Plant and equipment	<ul style="list-style-type: none"> <li>• Secured all assets on hand</li> <li>• Confirmed insurance policies and physical security</li> <li>• Reviewed fixed asset and lease registers</li> <li>• Corresponded with third parties in relation to assets with PPSR registrations attached</li> </ul>
	Leased property	<ul style="list-style-type: none"> <li>• Reviewed property leases</li> <li>• Notified landlords of our appointment and commenced communications regarding temporary occupation or termination</li> <li>• Reviewed lease status and potential recovery of security deposit/bank guarantees</li> <li>• Exiting various sites and disclaiming leases</li> <li>• Advising ASIC of leases disclaimed</li> <li>• General correspondence with landlords</li> <li>• Continued negotiations with landlords in respect of continued lease properties</li> </ul>
	Intangible assets	<ul style="list-style-type: none"> <li>• Review of intangible assets</li> <li>• Sale of intangible assets</li> </ul>
	Other assets	<ul style="list-style-type: none"> <li>• Confirmed insurance policies and physical security</li> </ul>
Creditors 15.4 hours \$4,942.50	Creditor enquiries	<ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone</li> <li>• Correspondence to creditors via mail, email and facsimile</li> <li>• Identified creditors with PPSR claims</li> <li>• Established a dedicated insolvency hotline with Link Market Services to assist creditors with queries</li> </ul>
	Secured creditor	<ul style="list-style-type: none"> <li>• Correspondence with secured creditors, including notification of appointment</li> </ul>
	Shareholders	<ul style="list-style-type: none"> <li>• Correspondence and discussions with shareholders</li> </ul>
	Proofs of debts	<ul style="list-style-type: none"> <li>• Receipt of proofs of debt and engaging Link Market Services regarding same</li> <li>• Correspondence with ATO</li> </ul>
Statutory compliance 160.8 hours \$61,343.00	Books and records	<ul style="list-style-type: none"> <li>• Receipt of books and records</li> <li>• Archiving of books and records</li> <li>• Administration in relation to storage of books and records</li> </ul>
	ASIC	<ul style="list-style-type: none"> <li>• Notification to ASIC</li> <li>• Correspondence with ASIC</li> </ul>

<b>Task area</b>	<b>General description</b>	<b>Details of tasks</b>
	ATO and other statutory reporting	<ul style="list-style-type: none"> <li>• Notification of appointment</li> <li>• General communications in respect of appointment</li> </ul>
	ASX	<ul style="list-style-type: none"> <li>• Notification to ASX</li> <li>• Correspondence with ASX in relation to financial reporting compliance</li> </ul>
	Directors	<ul style="list-style-type: none"> <li>• Correspondence and meetings with directors</li> <li>• Requests for Report as to Affairs and books and records</li> <li>• Review Report as to Affairs</li> </ul>
	Meeting of creditors	<ul style="list-style-type: none"> <li>• Review of Deed of Cross Guarantee and impact on Company's creditors</li> <li>• Preparation of affidavit regarding modified method of notice of Second Meeting of Creditors</li> <li>• Obtaining court order regarding modified method of notice of Second Meeting of Creditors</li> <li>• Preparation of meeting notices, proxies and advertisements</li> <li>• Correspondence to creditors, including mail distribution</li> <li>• Preparation of meeting documents, including agenda, attendance register, list of creditors etc.</li> <li>• Attendance at meeting of creditors</li> <li>• Preparation and lodgement of minutes of meeting with ASIC</li> </ul>
	Committee of inspection	<ul style="list-style-type: none"> <li>• Correspondence with Committee following First Meeting of Creditors</li> </ul>
	Investigation	<ul style="list-style-type: none"> <li>• Collection and review of books and records</li> <li>• Review and preparation of company nature and history</li> <li>• Conduct and summarise statutory searches</li> <li>• Preparation of comparative financial statements</li> <li>• Review of specific transactions and liaising with directors</li> <li>• Preparation of investigation file</li> <li>• Drafting of Section 439A Report</li> </ul>
	Litigation/recoveries	<ul style="list-style-type: none"> <li>• Review of potential recoveries</li> </ul>
Administration and risk mitigation 41.6 hours \$12,897.50	Planning/review	<ul style="list-style-type: none"> <li>• Engagement planning</li> <li>• Discussions re status of administration, strategy and outstanding issues</li> </ul>
	Document maintenance, file review, checklist	<ul style="list-style-type: none"> <li>• Review of administration</li> <li>• Filing of documents</li> <li>• Update of work programs</li> <li>• File review</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Identification of potential issues requiring attention of insurance specialists</li> <li>• Correspondence with insurance brokers re initial and ongoing insurance requirements</li> <li>• Review of insurance policies</li> <li>• Correspondence with previous brokers</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>• Opening accounts</li> <li>• Preparation of transactions</li> <li>• Bank account reconciliations</li> <li>• Correspondence with bank re specific transactions</li> <li>• Banking of deposits</li> </ul>
	Process of receipts and payments	<ul style="list-style-type: none"> <li>• Process of receipts, payments and journal entries into accounting system</li> </ul>

Task area	General description	Details of tasks
	General administration	<ul style="list-style-type: none"> <li>• Risk assessment</li> <li>• Set up of client</li> <li>• Processing in relation to client accounting</li> <li>• Word processing</li> </ul>
	Remuneration	<ul style="list-style-type: none"> <li>• Recording of time, including details</li> <li>• Preparation of remuneration schedules</li> <li>• Invoice preparation</li> </ul>
	Security	<ul style="list-style-type: none"> <li>• Review of security adequacy</li> <li>• Implement security measures</li> </ul>
	Media	<ul style="list-style-type: none"> <li>• Preparation of media releases</li> <li>• Respond to media requests</li> </ul>
	Legal	<ul style="list-style-type: none"> <li>• General correspondence in relation to pre appointment legal issues</li> </ul>
	Budgeting and financial reporting	<ul style="list-style-type: none"> <li>• Planning of engagement strategy</li> <li>• Preparation of cash flow</li> <li>• Review of engagement strategy</li> </ul>

## Appendix 3 - Calculation of actual fees

**Bluestone Global Limited (Administrators Appointed)**

Appendix 3 – Calculation of actual fees

Name	Title	Standard rate (\$)	ADMINISTRATION & RISK MITIGATION		STATUTORY COMPLIANCE		ASSETS		CREDITORS		TOTAL	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
CRAIG SHEPARD	Partner	650.00	2.1	1,365.00	14.4	9,360.00	-	-	1.1	715.00	17.6	11,440.00
MARK UEBERGANG	Executive Director	650.00	-	-	26.6	17,290.00	4.5	2,925.00	-	-	31.1	20,215.00
LEANNE CHESSER	Partner	650.00	3.2	2,080.00	8.9	5,785.00	0.2	130.00	-	-	12.3	7,995.00
ANDREW KNIGHT	Director	595.00	-	-	5.4	3,213.00	21.4	12,733.00	-	-	26.8	15,946.00
EDWARD FITZGERALD	Associate Director	500.00	0.5	250.00	-	-	8.5	4,250.00	0.8	400.00	9.8	4,900.00
HAMISH BULL	Manager	475.00	0.7	332.50	0.2	95.00	1.9	902.50	-	-	2.8	1,330.00
LOUISE PRICE	Senior Executive Analyst	400.00	0.8	320.00	0.4	160.00	-	-	-	-	1.2	480.00
KATHARINE BINGHAM	Senior Executive Analyst	400.00	-	-	-	-	8.2	3,280.00	-	-	8.2	3,280.00
HELEN FORSTER	Executive Analyst	375.00	1.3	487.50	21.8	8,175.00	-	-	-	-	23.1	8,662.50
TIMOTHY HOSKIN	Senior Business Analyst	325.00	10.3	3,347.50	16.9	5,492.50	9.0	2,925.00	1.5	487.50	37.7	12,252.50
ANDREW MOSCATELLI	Senior Business Analyst	325.00	2.8	910.00	-	-	1.6	520.00	0.8	260.00	5.2	1,690.00
ANGELA YANG	Senior Business Analyst	325.00	0.4	130.00	0.1	32.50	-	-	-	-	0.5	162.50
ANDREW MAUNDRELL	Business Analyst	275.00	5.5	1,512.50	13.9	3,822.50	17.8	4,895.00	10.1	2,777.50	47.3	13,007.50
JAMES O'CONNELL	Business Analyst	275.00	-	-	-	-	-	-	1.1	302.50	1.1	302.50
SARAH HILL	Client Accounting Team	275.00	0.5	137.50	0.3	82.50	-	-	-	-	0.8	220.00
BELINDA KNEEBONE	Client Accounting Team	275.00	-	-	0.4	110.00	-	-	-	-	0.4	110.00
SAM RANDELL	Document Formatting and Administration	150.00	-	-	0.5	75.00	-	-	-	-	0.5	75.00
DIANA D'AMATO	Document Formatting and Administration	150.00	3.4	510.00	-	-	-	-	-	-	3.4	510.00
BILL WIND	Document Formatting and Administration	150.00	-	-	25.5	3,825.00	-	-	-	-	25.5	3,825.00
JANINE MORICE	Document Formatting and Administration	150.00	7.9	1,185.00	-	-	-	-	-	-	7.9	1,185.00
ERIN BENTLEY	Document Formatting and Administration	150.00	0.2	30.00	-	-	-	-	-	-	0.2	30.00
THERESA MOHR	Document Formatting and Administration	150.00	2.0	300.00	-	-	-	-	-	-	2.0	300.00
ALAN PRESTON	Document Formatting and Administration	150.00	-	-	25.5	3,825.00	-	-	-	-	25.5	3,825.00
<b>Total remuneration</b>			<b>41.6</b>	<b>12,897.50</b>	<b>160.8</b>	<b>61,343.00</b>	<b>73.1</b>	<b>32,560.50</b>	<b>15.4</b>	<b>4,942.50</b>	<b>290.9</b>	<b>111,743.50</b>

## Appendix 4 - Summary of tasks to be undertaken

Detailed below is a summary of work expected to be undertaken by task area for the period from 25 August 2014 to 8 September 2014.

Task area	General description	Details of tasks
Assets 6.4 hours \$2,255.00	Plant and equipment	<ul style="list-style-type: none"> <li>• Liaising with valuers, auctioneers and interested parties</li> <li>• Review of asset listing</li> </ul>
	Cash at bank	<ul style="list-style-type: none"> <li>• Daily review of cash management</li> </ul>
	Leased property	<ul style="list-style-type: none"> <li>• General correspondence with landlords</li> </ul>
	Assets subject to specific charges	<ul style="list-style-type: none"> <li>• Liaising with security interest holder</li> <li>• Assessment of equity</li> <li>• Sale of asset</li> <li>• Return of asset</li> </ul>
Creditors 3.7 hours \$1,800.00	Creditor enquiries	<ul style="list-style-type: none"> <li>• Receive and follow up creditor enquiries via telephone</li> <li>• Correspondence to creditors via mail, email and facsimile</li> <li>• Correspondence with committee of creditors</li> </ul>
	Secured creditor	<ul style="list-style-type: none"> <li>• Correspondence with secured creditors</li> </ul>
	Shareholders	<ul style="list-style-type: none"> <li>• Correspondence and discussions with shareholders</li> </ul>
	Proofs of debts	<ul style="list-style-type: none"> <li>• Receipt of proofs of debt and engaging Link Market Services regarding same</li> <li>• Correspondence with ATO re proof of debt</li> </ul>
Statutory compliance 66.4 hours \$32,199.00	ASIC	<ul style="list-style-type: none"> <li>• Correspondence with ASIC</li> </ul>
	ATO and other statutory reporting	<ul style="list-style-type: none"> <li>• General communications in respect of appointment</li> </ul>
	ASX	<ul style="list-style-type: none"> <li>• Correspondence with ASX</li> </ul>
	Directors	<ul style="list-style-type: none"> <li>• Correspondence with directors</li> </ul>
	Investigation	<ul style="list-style-type: none"> <li>• Continued review of books and records</li> <li>• Update investigation file</li> </ul>
	Second Meeting of Creditors	<ul style="list-style-type: none"> <li>• Finalise Section 439A Report and appendices</li> <li>• Arrange a mail out of Notice of Meeting in accordance with Court Order</li> <li>• Upload documents to website in accordance with Court Order</li> <li>• Advertise Notice of Meeting on Insolvency Notices website and The Australian Newspaper</li> <li>• Preparation for Second Meeting of Creditors</li> <li>• Holding Second Meeting of Creditors</li> </ul>
	Litigation/recoveries	<ul style="list-style-type: none"> <li>• Review of potential recoveries</li> </ul>
Administration and risk mitigation 22.9 hours \$8,390.50	Document maintenance, file review, checklist	<ul style="list-style-type: none"> <li>• Filing of documents</li> <li>• Update of work programs</li> <li>• File review</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>• Identification of potential issues requiring attention of insurance specialists</li> <li>• Correspondence with insurance brokers re initial and ongoing insurance requirements</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>• Preparation of transactions</li> <li>• Bank account reconciliations</li> <li>• Banking of deposits</li> </ul>



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<b>Task area</b>	<b>General description</b>	<b>Details of tasks</b>
	Process of receipts and payments	<ul style="list-style-type: none"><li>• Process of receipts, payments and journal entries into accounting system</li></ul>
	ASIC reporting	<ul style="list-style-type: none"><li>• Correspondence with ASIC regarding statutory forms</li></ul>
	General administration	<ul style="list-style-type: none"><li>• Processing in relation to client accounting</li><li>• Word processing</li></ul>
	Remuneration	<ul style="list-style-type: none"><li>• Recording of time, including details</li><li>• Preparation of remuneration schedules</li><li>• Invoice preparation</li></ul>
	Security	<ul style="list-style-type: none"><li>• Review of security adequacy</li><li>• Implement security measures</li></ul>

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## Appendix 5 - Calculation of prospective fees



**Bluestone Global Limited (Administrators Appointed)**

Appendix 5 – Calculation of prospective fees

Name	Title	Standard rate (\$)	ADMINISTRATION & RISK MITIGATION		STATUTORY COMPLIANCE		ASSETS		CREDITORS		TOTAL	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
CRAIG SHEPARD	Partner	650.00	1.5	975.00	5.0	3,250.00	-	-	1.5	975.00	8.0	5,200.00
MARK UEBERGANG	Executive Director	650.00	3.0	1,950.00	12.0	7,800.00	-	-	-	-	15.0	9,750.00
LEANNE CHESSER	Partner	650.00	-	-	6.0	3,900.00	-	-	-	-	6.0	3,900.00
ANDREW KNIGHT	Director	595.00	2.4	1,428.00	9.7	5,771.50	-	-	-	-	12.1	7,199.50
EDWARD FITZGERALD	Associate Director	500.00	-	-	-	-	2.2	1,100.00	-	-	2.2	1,100.00
HELEN FORSTER	Executive Analyst	375.00	4.3	1,612.50	15.3	5,737.50	-	-	2.2	825.00	21.8	8,175.00
TIMOTHY HOSKIN	Senior Business Analyst	325.00	3.4	1,105.00	13.6	4,420.00	-	-	-	-	17.0	5,525.00
ANDREW MAUNDRELL	Business Analyst	275.00	-	-	4.3	1,182.50	4.2	1,155.00	-	-	8.5	2,337.50
Various	Client Accounting Team	275.00	0.6	165.00	0.5	137.50	-	-	-	-	1.1	302.50
Various	Document Formating and Administration	150.00	7.7	1,155.00	-	-	-	-	-	-	7.7	1,155.00
<b>Total remuneration</b>			<b>22.9</b>	<b>8,390.50</b>	<b>66.4</b>	<b>32,199.00</b>	<b>6.4</b>	<b>2,255.00</b>	<b>3.7</b>	<b>1,800.00</b>	<b>99.4</b>	<b>44,644.50</b>

## Appendix 6 - Remuneration resolutions

At the Second Meeting of Creditors to be held on 8 September 2014, creditors of the Company will be asked to consider the following resolutions in relation to the Administrators' remuneration:

1. That the remuneration of the Administrators for the period 4 August 2014 to 24 August 2014 in the amount of \$111,743.50, excluding GST, calculated on the basis of time at the rates as set out in the schedule titled KordaMentha Rates National FY15, is approved for payment.
  2. That the estimated remuneration of the Administrators for the period 25 August 2014 to 8 September 2014 is determined and approved for payment, up to a maximum of \$44,644.50, excluding GST, calculated on the basis of time at the rates as set out in the schedule titled KordaMentha Rates National FY15.
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## Appendix 7 - Disbursements

<b>Disbursements paid or incurred during the period 4 August 2014 to 24 August 2014</b>	<b>Basis</b>	<b>Actual \$ (Exc. GST)</b>
<b>Externally provided non-professional disbursements</b>	At cost	
Meals		20.91
Parking		29.10
Search fees		101.84
Taxi		216.96
<b>Total – Externally provided non-professional disbursements</b>		<b>368.81</b>
<b>Total disbursements</b>		<b>368.81</b>

## Appendix 8 - Receipts and payments from 4 August 2014 to 26 August 2014

Date	Receipt	Notes	Amount (\$)
05/08/2014	Negotiation fee		100,000.00
11/08/2014	Sale of intangible asset		4,229.50
12/08/2014	Sweep from pre appointment bank account		150,596.35
13/08/2014	Sale of plant and equipment	1	9,564.50
15/08/2014	Sale of plant and equipment	1	1,000.00
<b>Total receipts</b>			<b>265,390.35</b>

Date	Payment		Amount (\$)
07/08/2014	Bank charges		(35.00)
07/08/2014	CLEAR Corporate Solutions Pty Ltd payroll & accounts receivable services	2	(87,355.32)
12/08/2014	Legal fees	3	(3,520.00)
12/08/2014	Loan to Clements Recruitment Pty Ltd (In Liquidation) for casual payroll	4	(50,520.42)
<b>Total payments</b>			<b>(141,430.74)</b>
<b>Balance as at 26 August 2014</b>			<b>123,959.61</b>

### Notes

1. Subject to General Security Agreements.
2. This payment was made to enable calculations of employee entitlements and finalise customer billings. This payment is to be allocated to subsidiaries with employees and debtors.
3. These costs are to be allocated to the Group.
4. This loan was to pay post appointment employee costs of the Group and will be repaid to the Company by Clements Recruitment Pty Ltd (In Liquidation).

## Appendix 9 - ASIC Information Sheet 85



**ASIC**

Australian Securities & Investments Commission

## INFORMATION SHEET 85

### Approving fees: a guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

#### Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable *fees*, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors* and INFO 74 *Voluntary administration: a guide for creditors*.

Out-of-pocket costs that are commonly reimbursed include:

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

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

## Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

**Table 1: Who may approve fees**

	Creditors' committee	Creditors	Court
Administrator in a voluntary administration	✓ <sup>1</sup>	✓	✓
Administrator of a deed of company arrangement	✓ <sup>1</sup>	✓	✓
Creditors' voluntary liquidator	✓ <sup>1</sup>	✓ <sup>5</sup>	✗ <sup>3</sup>
Court-appointed liquidator	✓ <sup>1</sup>	✓ <sup>4, 5</sup>	✓ <sup>2</sup>

<sup>1</sup> If there is one.

<sup>2</sup> If there is no approval by the committee or the creditors.

<sup>3</sup> Unless an application is made for a fee review.

<sup>4</sup> If there is no creditors' committee or the committee fails to approve the fees.

<sup>5</sup> If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the Corporations Regulations 2001.

### Creditors' committee approval

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent the interests of all the creditors, not just their own individual interests.

There is not a creditors' committee in every external administration. A creditors' committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors' committees and how they are formed, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors*, INFO 74 *Voluntary administration: a guide for creditors* and INFO 41 *Insolvency: a glossary of terms*.

### Creditors' approval

Creditors approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution is passed if a simple majority of creditors present and voting, in person or by proxy,

indicate that they agree to the resolution. Unlike where acting as committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in *number* and *value* of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a *general proxy* or a *special proxy*. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

## Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the external administrator and their staff
- a quoted *fixed fee*, based on an upfront estimate, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.



## Report on proposed fees

When seeking approval of fees, the external administrator must send committee members/creditors a report with the notice of meeting setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

## Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

You may find the following information from the external administrator useful in deciding if the fees claimed are reasonable:

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
  - the period over which the work was, or is likely to be performed
  - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
  - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

## What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

## Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

## Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at [www.asic.gov.au/complain](http://www.asic.gov.au/complain), or write to:

ASIC Complaints  
PO Box 9149  
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by an external administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through [infoline@asic.gov.au](mailto:infoline@asic.gov.au), or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

## To find out more

For an explanation of terms used in this information sheet, see ASIC's information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets):

- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*

These are also available from the Insolvency Practitioners Association (IPA) website at [www.ipaa.com.au](http://www.ipaa.com.au). The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.