31 July 2019

Rosendorff Diamond Jewellers Pty Limited (Receivers and Managers Appointed) (Administrators Appointed) ACN 009 173 139 ATF Rosendorff Diamond Jewellers Trust ("the Company")

SUPPLEMENTARY VOLUNTARY ADMINISTRATORS' REPORT

COMPANY DETAILS	
COMPANY NAME	ROSENDORFF DIAMOND JEWLLERS PTY LIMITED (RECEIVERS AND MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ACN	009 173 19
DATE OF INCORPORATION	18 APRIL 1986
DATE OF LIQUIDATION	29 APRIL 2019
DIRECTOR'S NAME	CRAIG ROSENDORFF
SHAREHOLDER NAMES	CRAIG ROSENDORFF AND LINDENDALE PTY LIMITED
REGISTERED OFFICE	LEVEL 1, 671 HAY STREET, PERTH WA 6000
PRINCIPAL PLACE OF BUSINESS	LEVEL 1, 671 HAY STREET, PERTH WA 6000
NATURE OF BUSINESS	ICONIC, HIGH-END JEWELLERY RETAILER
LIQUIDATORS' DETAILS	
NAME/S	DANIEL WOODHOUSE AND JOSEPH HANSELL
FTI CONTACT	ROBERT BEAUMONT
FTI CONTACT PHONE NUMBER	+61 8 6430 1331
FTI CONTACT EMAIL	ROBERT.BEAUMONT@FTICONSULTING.COM
MEETING DETAILS	
DATE AND TIME	3:00PM WST, TUESDAY 6 AUGUST 2019
PLACE OF MEETING	'SEMINAR ROOM', CENTRAL PARK BUSINESS CENTRE 152-158 ST GEORGES TERRACE, PERTH WA 6000

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TERM	DESCRIPTION
ACN	Australian Company Number
Act	Corporations Act 2001
Administrators	Daniel Woodhouse and Joseph Hansell
Adjourned Second Meeting	Second meeting held pursuant to IPR 75-225 and Section 439A of the Act, where creditors determine the future of the Company. To be held on 6 August 2019
ARITA	Australian restructuring, insolvency and turnaround association
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Code	ARITA Code of Professional Practice
COI	Committee of Inspection
Company	Rosendorff Diamond Jewellers Pty Limited (Receivers and Managers Appointed) (Administrators Appointed) ATF Rosendorff Diamond Jewellers Trust
Deed Administrators	Daniel Woodhouse and Joseph Hansell
Deed Fund	Bank Account Controlled by The Deed Administrators
Deed Proponents	Spinel Pty Limited, Avion Holdings Pty Limited and Lindendale Pty Limited
Director	Mr Craig Rosendorff
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
FEG	Fair Entitlements Guarantee Scheme
First Meeting	First meeting of Creditors held on 9 May 2019
First Report	The Report dated 24 May 2019 on the Company's affairs
IPR	Insolvency Practice Rules (Corporations) 2016
Receivers	Scott Langdon, Richard Tucker and Rahul Goyal
Supplementary Report	This report dated 31 July 2019 prepared pursuant to IPR 75-225 and Section 438a of the Act
Second Meeting	Second meeting held pursuant to IPR 75-225 and Section 439a of the Act, where creditors determine the future of the Company. Held on 4 June 2019.

1 INTRODUCTION

1.1 Context of this Report

This report is the Supplementary Report to the First Report and should be read in conjunction with the First Report.

1.2 Purpose and Basis of this report

In accordance with IPR 75-225, the Administrators prepared the Second Report for creditors' consideration at the Second Meeting. At the time of the Second Meeting, no DOCA had been proposed. At the Directors' request, the Administrators adjourned the Second Meeting for up to 45 business days to allow time for the outcome of the Receivership to be determined and to provide an opportunity for the Director to present a DOCA proposal for the Administrators' and creditors' consideration.

A DOCA has now been proposed for consideration. As a result, the Administrators have prepared the Supplementary Report ahead of the Adjourned Second Meeting. The Supplementary Report, among other things, outlines:

- The DOCA proposal; and
- The potential return to creditors for both a liquidation and DOCA scenario.

1.3 Adjourned Second Meeting of Creditors

Pursuant to Section 439A of the Act, the Adjourned Second Meeting is convened for Tuesday, 6 August 2019 at Seminar Room', Central Park Business Centre, 152-158 St Georges Terrace, Perth WA 6000 at 3:00PM WST. At the Adjourned Second Meeting, creditors will decide the Company's future by voting on one of the following options:

- That the Administration should end and control of the Company revert to its director(s); or
- That the Company should be wound up; or
- That the Company should effectuate a DOCA.

The Notice of Meeting of Creditors is attached (**Annexure B**) along with an appointment of proxy form (**Annexure C**) and a proof of debt or claim form (**Annexure D**).

Creditors who wish to participate in the Adjourned Second Meeting must complete and submit the following forms to this office by 4:00pm on Monday, 5 August 2019.

FORM	COMMENTS
APPOINTMENT OF PROXY (FORM 532)	▪ Corporate creditors must appoint an individual to act on its behalf. ▪ Individuals voting in person are not required to complete this form, unless they are appointing a representative to vote on their behalf. ▪ Please note that proxy forms submitted for the First Meeting are not valid for the Adjourned Second Meeting. A new proxy form must be submitted. ▪ Creditors who have already submitted a proxy form for the Second Meeting are not required to submit a proxy form for the Adjourned Second Meeting.
PROOF OF DEBT	▪ Creditors must submit documentation to support the amount they have claimed (i.e. unpaid invoices, payslips, etc.). ▪ Creditors who have already submitted a proof of debt are not required to resubmit a proof of debt form, unless the amount claimed has changed.

1.4 Declaration of Independence, Relevant Relationships and Indemnities

In accordance with the Act, our DIRRI was enclosed with the both the First Report and Second Report and tabled at both the First Meeting and Second Meeting.

The DIRRI discloses information about the Administrators' independence, prior personal or professional relationships with the Company or related parties and any indemnities received in relation to the appointment. This assessment identified no real or potential risks to the Administrators' independence.

There has been no change in the declaration since that time.

2 RECEIVERSHIP UPDATE

The Receivers have sold the business and remain in office. They are in the process of finalising the Receivership liabilities, before retiring. We are awaiting a final report to determine the outcome of the Receivership. However, they have provided an estimated outcome statement, which does not provide a return to the Administration and which we summarise as follows:

Receivers Estimated Outcome Statement	Amount ($)
Trading receipts	4,403,962
Receivership expenses – already paid	(3,225,241)
Net Trading Position	**1,178,721**
Less: Remaining Receivership Liabilities	
Secured Creditor – remaining debt	(453,979)
Receivers' fees	(484,000)
Unpaid legal fees	(4,400)
Other trading liabilities	(255,366)
Net Receivership Surplus / (Deficit)	**(19,024)**

Upon retirement, the Receivers will provide a detailed report on their appointment. This will include a detailed receipts and payments and sale process strategy. Until that report has been furnished, we are unable to comment any further on the conduct of the Receivership.

3 PROPOSAL FOR DOCA

3.1 DOCA Proposal

On 23 July 2019, the Administrators received a DOCA proposal from the Deed Proponents, who are controlled by the Director. During the time of receiving the proposal and the date of this Supplementary Report, the Administrators have negotiated the following revised DOCA proposal:

- The Deed Proponents will not prove for the full extent of their claims – unadjudicated claims totalling $17.9m;
- The Deed Proponents will pay the Administrators $15k by no later than 5 August 2019 to absorb the additional costs of drafting the DOCA and the Supplementary Report. We note that if these funds are not received before the Adjourned Second Meeting on 6 August 2019, we will be unable to recommend the Deed proposal;
- The Deed Fund will be $300k. We are confirming the date that the Deed Fund is to be paid and will provide an update at the Adjourned Second Meeting; and
- Control of the Company will pass to the Director upon effectuation of the DOCA.

We attach both a copy of the DOCA proposal and an email from the Director's solicitor (**Annexure F**), which was received at 4:48pm on 30 July 2019. We consider that the proposed DOCA complies with section 25.6.6 of the Code.

3.2 Key Features of the Proposal

Key Element	DOCA Proposal
Commencement Date	6 August 2019
Deed Administrators	Daniel Woodhouse and Joseph Hansell
Parties Bound by the DOCA	The Company, the Director, the Deed Proponents and the deed creditors, being the Company's unsecured creditors

Purpose of the DOCA Proposal	To provide a better return to all proven creditors, whereby the Deed Proponents, which have proved for an unsecured claim in the administration totalling $17.9m, will not prove for a dividend in the DOCA of the Company for the full extent of their unsecured claims All monies held by the Administrator including any monies received following the sale of business previously operated by the Company less any outstanding pre-appointment employee entitlements and any costs of the administration be made available to all unsecured creditors of the Company, other than the Deed Proponents and their related parties. In this regard, we note that there is no return from the Receivership, or funds held in the Administration Control of the Company will pass to the Director upon effectuation of the DOCA
Management of the Company	The Director
Monitoring / Reporting Requirements	Not applicable, as upon effectuation the DOCA will end
Moratorium Period	Until the DOCA is effectuated and ends
Contributions / Fund	The amount of the Deed fund will be $300,000. We are seeking to determine the exact date of payment and will provide an update at the Adjourned Second Meeting
Dividends and Order of Distribution	Dividends to be paid in accordance with the priorities set out in Section 556(1) of the Act
Meetings	To be convened in accordance with the Act, if and when required.
COI	Not applicable.
Administrators' Indemnity	The Deed Administrators to be indemnified out of the Deed Fund
Termination	If the Deed Administrators form the view that there are any substantial breaches of the DOCA, then the Deed Administrators may convene a meeting of creditors to terminate the DOCA and wind up the Company.

3.3 Further Information for Creditors

Creditors should seek their own legal advice as to their rights and effects of their position in entering into a DOCA.

Creditors can obtain further information from the ASIC website at www.asic.gov.au under Regulatory Resources – Insolvency – Insolvency for Creditors.

4 RETURN TO CREDITORS

4.1 Return to Creditors

The table below outlines an estimated Low and High return for each class of creditor in both a Liquidation and a DOCA scenario:

Return to Creditors	Notes	Liquidation ERV Low	Liquidation ERV High	DOCA ERV Low	DOCA ERV High
Possible Recoveries					
Add: Voidable Transactions	1	126,076	250,000	-	-
Add: Related Party Loans	2	-	250,000	-	-
Total Possible Recoveries		**126,076**	**500,000**	**-**	**-**
Deed Funding					
Director Funding	3	-	-	15,000	15,000
Deed Fund	4	-	-	300,000	300,000
Less: Administrators' Fees and Disbursements	5	(115,000)	(115,000)	(115,000)	(115,000)
Less: Deed Administrators' Fees and Disbursements	6	-	-	(30,000)	(30,000)
Less: Liquidators' Fees and Disbursements	7	(60,000)	(80,000)	-	-
Less: Legal Fees and Other Professional Costs	8	(25,000)	(50,000)	(25,000)	(20,000)
Surplus / (Shortfall) Available for Unsecured Creditors		**(73,924)**	**255,000**	**145,000**	**150,000**
Less: Unsecured Claims	9	(25,687,632)	(19,387,632)	(7,734,398)	(1,402,747)
Estimated Surplus / (Deficiency)		**(25,761,556)**	**(19,132,632)**	**(7,589,398)**	**(1,252,747)**
Estimated Dividend (cents in the dollar)					
Unsecured Creditors		**Nil**	**0.01**	**0.02**	**0.11**

The above calculations are an estimate only and may change due to any unforeseen circumstances that may arise.

Notes

1. This relates to a potential preference recovery from the ATO. While we believe this claim is strong, there are always risks with running a claim of this nature. Accordingly, actual recoveries may differ significantly.
2. We have undertaken property searches on the related parties, including the Director. In this regard, we understand that the Director:
    2.1. owns a property, which he purchased for $1.825m, but is on the market for $1.75m. The property is mortgaged and we are advised by the Director's solicitor that the mortgage is in default and that the property has no equity.

2.2. owned a property in Claremont, which was sold for $1.05m in February 2018. The Director's solicitor advises that there was limited equity in the property and that these funds were injected into the business.

2.3. owned a property in Greece. The Director's solicitor advises that the property was sold in March 2018 for a significant loss, with the surplus funds paid into the business for working capital.

Accordingly, based on the representations made to us by the Director's solicitor, it is unlikely that there will be a recovery from related parties.

3. The Deed Proponents will pay the Administrators $15k by no later than 5 August 2019 to absorb the additional costs of drafting the DOCA and the Supplementary Report. Given what the Administrators have been told about the Director's financial position, the Administrators will be unable to recommend the DOCA proposal if the Deed Proponents are unable to make this payment.
4. We are advised by the Director's solicitor that the Director has no funds to contribute to the Deed fund and that the funds are being provided by a third party, wanting to assist the Director.
5. The Voluntary Administrators' fees accumulated to the Adjourned Second Meeting.
6. The estimated Deed Administrators' fees, if creditors vote in favor of the DOCA proposal.
7. The estimated Liquidators' fees, if creditors vote in favor of liquidation.
8. The estimated legal fees under each scenario.
9. Under the low ERV scenarios, we have assumed that all parties claim in full. This includes, the landlord's claim in the amount of $6.3m. We understand the lease has been assigned to the purchaser of the business and that the landlord's claim is likely significantly less. Accordingly, under the high ERV, we have assumed that the landlord's claim is excluded. Under the liquidation scenario, we have assumed that the related parties will claim in full, being $17.9m. We stress that we have not adjudicated any claims and; therefore, can express no conclusion to the validity of these claims.

We have not yet been able to confirm the validity of the statements made on behalf of the Director. However, we will ask the Director to sign a statutory declaration confirming his financial position, before the Adjourned Second Meeting.

We are advised by the Receivers that all employee entitlements were either paid from the proceeds of the inventory sale, or assigned to the purchaser. Accordingly, there should be no outstanding employee entitlements.

4.2 Timing of Dividend

Given the complexity associated with adjudicating unsecured creditors' claims and the timing of the collection of the Deed Fund, we expect a dividend will be paid within 3 months from the effectuation of the DOCA. This will involve the Deed Administrators calling for proofs of debt, followed by a formal adjudication process. The onus for proving claims and providing all supporting documentation rests with the creditor.

In the event that a DOCA is not effectuated, it is unlikely that there will be sufficient funds for a dividend in a liquidation scenario.

5 REMUNERATION

The Administrators' remuneration can only be fixed by resolution of a COI, the Company's creditors, or by application to the Court. In accordance with IPR 70-35 and the Code, an Initial Remuneration Notice was provided to creditors with our initial communication and tabled at the Second Meeting.

ARITA has issued an "Approving remuneration in external administrations" information sheet providing general information for creditors on the approval of an administrator's fees in a liquidation, a voluntary administration or a DOCA. This information sheet is available from the ARITA website (www.arita.com.au).
A summary of previously approved remuneration, together with remuneration we will be seeking approval for at the Adjourned Second Meeting is set out as follows:

Remuneration Period	Amount ($ Excl. GST)
Remuneration Approved at the Second Meeting of Creditors – 4 June 2019	
Voluntary Administration – 29 April 2019 to 21 May 2019 (Inclusive)	52,744.50
Voluntary Administration – 22 May 2019 to 4 June 2019 (Inclusive)	22,000.00
Total Remuneration Approved – Voluntary Administration	**74,744.50**
Remuneration to be Approved at the Adjourned Second Meeting of Creditors – 6 August 2019	
Voluntary Administration – 5 June 2019 to 28 July 2019 (Inclusive)	31,780.50
Voluntary Administration – 29 July 2019 to the completion of the voluntary administration	10,000.00
Estimated Total Remuneration to be Approved – Voluntary Administration	**41,780.50**
Estimated Total Remuneration – Voluntary Administration	**116,525.00**
Deed of Company Arrangement (DOCA) (If Applicable)	
Remuneration from Commencement to Completion of the DOCA*	30,000.00
Estimated Total Remuneration – DOCA	**30,000.00**
Liquidation (If Applicable)	
Remuneration from Commencement to Completion of Liquidation (Inclusive)*	60,000.00
Estimated Total Remuneration – Liquidation	**60,000.00**

* Approval for the future remuneration sought is based on an estimate of the work necessary to complete the administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to that lesser amount.

Please refer to our Remuneration Approval Request at **Annexure A** of the First Report for details of the key tasks undertaken throughout the course of the administration to date.

6 STATEMENT BY ADMINISTRATORS

Pursuant to IPR 75-225(3)(b), we are required to provide creditors with a statement setting out our opinion on whether it is in creditors' interests for the:

- Administration to end;
- Company to be wound up; or
- Company to effectuate a DOCA.

Each of these options is considered below. In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect and the likely costs under each option.

6.1 Administration to end

The Company is insolvent and unable to pay its debts as and when they fall due. Accordingly, returning control of the Company to the Director would be inappropriate and is not recommended.

6.2 Company to be wound up

A liquidator would be in a position to conduct detailed investigations into the conduct of the Director's and the financial affairs, including:

- Pursue various potential recoveries under the Act.
- Report to the ASIC on the results of investigations into the Company's affairs.

These investigations may provide a better return to unsecured creditors. However, at this stage, there are too many uncertainties as to the Director's financial position, which creates uncertainties to any related party recoveries. Furthermore, there are risks associated with the preference action, which may impact a return to unsecured creditors.

6.3 Company to effectuate a DOCA

The DOCA proposal estimates a return of between 2 and 11 cents in the dollar, while a return in liquidation is unlikely. We note that DOCA does not enable creditors to benefit from any potential antecedent recoveries and further investigations into the Director's conduct will not be possible.

6.4 Recommendation

Given our understanding that related party recoveries are highly unlikely, there is significant doubt about the amount of any recoveries in a liquidation scenario such that unsecured creditors may not receive any dividend in a liquidation scenario.

Moreover, the best case return to unsecured creditors in a liquidation scenario is less than the low return in the DOCA scenario.

Accordingly, and having regard to that uncertainty and the increased costs that the Administrators and its legal advisors would have to incur in order to make these recoveries, the Administrators consider that the only likely prospect of a return to unsecured creditors is to accept the DOCA proposal. Accordingly, on balance, we recommend the DOCA proposal be accepted on the basis that the $15k is paid to the Administrators before the Adjourned Second Meeting.

However, ultimately, whether creditors want to accept the DOCA proposal is a decision that creditors will be asked to vote on at the Adjourned Second Meeting.

7 FURTHER INFORMATION AND ENQUIRIES

We will advise creditors in writing of any additional matter that comes to our attention after the release of the Supplementary Report, which in our view is material to creditors' consideration.

You can access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for "insolvency information sheets".

Should you have any queries, please contact Robert Beaumont on +61 8 6430 1331.

Dated this 31st day of July 2019

Daniel Woodhouse
Voluntary Administrator

Enc.

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About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.

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Annexure A

31 JULY 2019

REMUNERATION APPROVAL REPORT

ROSENDORFF DIAMOND JEWELLERS PTY LTD
(RECEIVERS AND MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ACN 009 173 139
ATF ROSENDORFF DIAMOND JEWELLERS TRUST ("THE COMPANY")

EXPERTS WITH IMPACT™

Introduction

Information included in report

This remuneration approval report provides you with the information that the Corporations Act 2001 ("**Act**") and the Code of Professional Practice published by the Australian Restructuring Insolvency and Turnaround Association ("**ARITA**") requires creditors to receive to make an informed decision regarding the approval of our remuneration for undertaking the Administration of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) ATF Rosendorff Diamond Jewellers Trust ACN 009 173 139.

This report has the following information included:

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Part 2: Executive Summary 2

Part 3: Remuneration 3

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Part 5: Summary of Receipts and Payments 9

Part 6: Queries 9

Schedule 1: Table of major tasks for resolution 1 remuneration approval 10

Schedule 2: Table of major tasks for resolution 2 remuneration approval 12

Schedule 3: Table of major tasks for resolution 3 remuneration approval [DOCA scenario] 13

Schedule 4: Table of major tasks for resolution 4 remuneration approval [Liquidation Scenario] 15

Schedule 5: FTI Consulting Schedule of Rates 17

Part 1: Declaration

Joseph Hansell and I, Daniel Woodhouse of FTI Consulting, have undertaken a proper assessment of the claims for remuneration for the appointment as Voluntary Administrators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) ACN 009 173 139 in accordance with the law and applicable professional standards. I am satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of this appointment and further, that the disbursements that have been incurred in the conduct of the external administration are necessary and proper.

Part 2: Executive Summary

Remuneration

I currently estimate the total remuneration for this appointment for the period 29 April 2019 to the completion of the Voluntary Administration to be between $100,000 and $120,000 plus GST. This is consistent with my previous estimated total remuneration. Remuneration of $74,744.50 plus GST was approved at the meeting of creditors held on 4 June 2019.

Remuneration previously determined by Creditors

The amount of remuneration previously approved in this external administration is $74,744.50 as summarised in Table 1 below:

Table 1: Remuneration Previously Approved	
Period	**Amount (excl GST) $**
Voluntary Administration	
29 April 2019 to 21 May 2019 (inclusive)	52,744.50
22 May 2019 to 4 June 2019 (inclusive)	22,000.00
Total past remuneration	**74,744.50**

Remuneration currently claimed is summarised below in Table 2.

Table 2: Current Claim for Remuneration		
Period	**Report Reference**	**Amount (excl GST) $**
Voluntary Administration		
Resolution 1: Remuneration from 5 June 2019 to 28 July 2019 (inclusive)	Schedule 1	31,780.50
Resolution 2: Remuneration from 29 July 2019 to completion of the Voluntary Administration (inclusive)*	Schedule 2	10,000.00
Total		**41,780.50**

Table 2: Current Claim for Remuneration		
Period	**Report Reference**	**Amount (excl GST) $**
Deed of company arrangement (DOCA) (if applicable)		
Resolution 3: Remuneration from commencement to completion of DOCA*	Schedule 3	30,000.00
Total		**30,000.00**
Liquidation (if applicable)		
Resolution 4: Remuneration from commencement to completion of Liquidation (inclusive)*	Schedule 4	60,000.00
Total		**60,000.00**

* Approval for the future remuneration sought is based on an estimate of the work necessary to complete the administration. Should additional work beyond what is contemplated be necessary, further approval may be sought from creditors. If a lesser amount is incurred, we will limit our remuneration to that lesser amount.

Part 3: Remuneration

Remuneration claim resolutions

I will be seeking approval of the following resolutions to approve our remuneration. Details to support these resolutions are shown immediately below the resolutions and in the schedules to this report.

Resolution 1: Remuneration from 5 June 2019 to 28 July 2019 (inclusive)

The remuneration of the Administrators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) ACN 009 173 139 for the period 5 June 2019 to 28 July 2019 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 May 2019, and is determined and approved for payment in the amount of $31,780.50 plus GST and the Administrators can draw the remuneration.

Resolution 2: Remuneration from 29 July 2019 to completion of the Voluntary Administration (inclusive)

The remuneration of the Administrators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) ACN 009 173 139 for the period 29 July 2019 to completion of the Voluntary Administration (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 May 2019, up to an initial capped amount of $10,000 plus GST, and the Administrators can draw the remuneration as required.

Resolution 3: Remuneration from commencement to completion of DOCA

The future remuneration of the Deed Administrators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (Deed Administrators Appointed) ACN 009 173 139 for the period from commencement to completion of DOCA (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Deed Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 May 2019, up to an initial capped amount of $30,000 plus GST, and the Deed Administrators can draw the remuneration as required.

Resolution 4: Remuneration from commencement to completion of Liquidation (inclusive)

The future remuneration of the Liquidators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (In Liquidation) ACN 009 173 139 for the period from commencement to completion of the liquidation (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 May 2019, up to an initial capped amount of $60,000 plus GST and the Liquidators can draw the remuneration as required.

Remuneration is calculated in accordance with the hourly rates applicable to the grades or classifications set out in the FTI Consulting Schedule of Standard Rates which appear at Schedule 5 to this report.

At this stage, based on the information presently available to me, I consider that it may not be necessary to convene a further meeting of creditors to seek further approval from creditors. However, the position may change depending on the progress of the external administration and the issues that may arise.

Details to support resolutions

The basis of calculating the remuneration claims are summarised below and the details of the major tasks performed and the costs associated with each of those major tasks are contained in Schedule 1 to Schedule 4.

Resolution 1: Remuneration from 5 June 2019 to 28 July 2019 (inclusive)

Table 3 below sets out time charged to each major task area by staff members working on the Voluntary Administration for the period 5 June 2019 to 28 July 2019 (inclusive) which is the basis of the Resolution 1 claim. More detailed descriptions of the tasks performed within each task area, matching the amounts below, are contained in Schedule 1.

This section has left blank intentionally

Table 3 Time Charged to Each Major Task Area

Employee	Position	Rate/hour excl GST $	Total actual hours	Total (excl GST) $	Task Area				
					Assets $	Creditors $	Employees $	Investigation $	Administration $
Daniel Woodhouse	Managing Director	625.00	21.10	13,187.50	375.00	9,437.50	0.00	125.00	3,250.00
Jacqueline Sinclair	Senior Director	575.00	0.40	230.00	0.00	115.00	0.00	0.00	115.00
Robert Beaumont	Senior Consultant I	400.00	31.10	12,440.00	840.00	8,520.00	200.00	760.00	2,120.00
Min Park	Associate II	320.00	16.60	5,312.00	0.00	4,480.00	352.00	192.00	288.00
Claire Rees	Administration II	205.00	2.30	471.50	0.00	0.00	0.00	0.00	471.50
Abbie Kozlowska	Junior Accountant	155.00	0.90	139.50	0.00	0.00	0.00	0.00	139.50
Total			**72.40**	**31,780.50**	**1,215.00**	**22,552.50**	**552.00**	**1,077.00**	**6,384.00**
GST				3,178.05					
Total (including GST)				**34,958.55**					
Average hourly rate (excluding GST)				**438.96**	**450.00**	**445.70**	**345.00**	**398.89**	**431.35**

Resolution 2: Remuneration from 29 July 2019 to completion of the Voluntary Administration (inclusive)

The below table set out the expected costs for the major tasks likely to be performed by the Voluntary Administrators, their staff for the period 29 July 2019 to completion of the Voluntary Administration (inclusive) which is the basis of the Resolution 2 claim. More detailed descriptions of the tasks likely to performed within each task area, matching the amounts below, are contained in Schedule 2.

Table 4: Expected Costs for the Major Tasks from 29 July 2019 to Completion of the Voluntary Administration (inclusive)

$	Total	Task Area	
		Creditors	Administration
Total (est)	$10,000.00	$5,000.00	$5,000.00
GST	$1,000.00	$500.00	$500.00
Total (Incl GST)	**$11,000.00**	**$5,500.00**	**$5,500.00**

Resolution 3: Remuneration from commencement to completion of DOCA (inclusive)

The below table sets out the expected costs for the major tasks likely to be performed by the Deed Administrators and their staff for the period commencement to completion of DOCA (inclusive) which is the basis of the Resolution 3 claim. More detailed descriptions of the tasks likely to performed within each task area, matching the amounts below, are contained in Schedule 3.

Table 5: Expected Costs for the Major Tasks from the Commencement to Completion of DOCA (Inclusive)

$	Total	Task Area				
		Assets	Creditors	Employees	Dividend	Administration
Total (est)	$30,000.00	$2,000.00	$8,000.00	$2,000.00	$8,000.00	$10,000.00
GST	$3,000.00	$200.00	$800.00	$200.00	$800.00	$1,000.00
Total (Incl GST)	**$33,000.00**	**$2,200.00**	**$8,800.00**	**$2,200.00**	**$8,800.00**	**$11,000.00**

Resolution 4: Remuneration from commencement to completion of Liquidation (inclusive) [if applicable]

The below table sets out the expected costs for the major tasks likely to be performed by the Liquidators and their staff for the period the commencement to completion of the liquidation (inclusive) which is the basis of the Resolution 4 claim. More detailed descriptions of the tasks likely to performed within each task area, matching the amounts below, are contained in Schedule 4.

Table 6: Expected Costs for the Major Tasks from Commencement to Completion of the Liquidation (Inclusive)						
$	Total	Task Area				
		Creditors	Employees	Investigation	Dividend	Administration
Total (est)	$60,000.00	$10,000.00	$5,000.00	$25,000.00	$8,000.00	$12,000.00
GST	$6,000.00	$1,000.00	$500.00	$2,500.00	$800.00	$1,200.00
Total (Incl GST)	**$66,000.00**	**$11,000.00**	**$5,500.00**	**$27,500.00**	**$8,800.00**	**$13,200.00**

Total remuneration reconciliation

At this point in time, I estimate that the total remuneration for this Voluntary Administration will be $116,525.50 plus GST.

This is consistent with the estimate provided in the Initial Remuneration Notice dated 1 May 2019, which estimated remuneration between $60,000 and $120,000 plus GST.

Likely impact on dividends

The Act sets the order for payment of claims against the company and it provides for remuneration of the external administrator to be paid in priority to other claims. This ensures that when there are sufficient funds, the administrators receive payment for the work done to recover assets, investigate the company's affairs, report to creditors and ASIC and distribute any available funds. Even if creditors approve remuneration, this does not guarantee that we will be paid, as we are only paid if sufficient assets are recovered.

Any dividend to creditors will also be impacted by the amount of assets that we are able to recover and the amount of creditor claims that are admitted to participate in any dividend, including any claims by priority creditors such as employees.

I am unable to provide a dividend estimate of any certainty at this stage of the administration. If I do declare a dividend, any creditor whose claim has not yet been admitted will be contacted and asked to submit a proof of debt.

Part 4: Disbursements

Explanatory note on disbursements

Disbursements are divided into three types:

- **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 costs** - these are recovered at cost. Examples of externally provided non-professional costs are travel, accommodation and search fees.

- **Internal disbursements** such as photocopying, printing and postage. These disbursements, if charged to the administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis. Details of the basis of recovery of each of these costs is discussed below.

Creditor approval is not required for payment of internal disbursements which have been charged at cost. Internal disbursements not charged at cost, however, must be approved by creditors before we can draw the cost of those disbursements from this external administration. As we have chosen not to charge the external administration for internally-generated FTI disbursements where they have not been charged at cost (such as internal photocopying and printing charges for the use of FTI's photocopiers. printers etc), this approval is not required.

Creditor approval is not required in relation to externally provided professional and non-professional costs or disbursements charged at cost. Where payments to third parties have been made from the bank account of the external administration, those payments are disclosed in the summary of receipts and payments. Creditors have the right to question the incurring of the disbursements and can challenge disbursements in Court.

A summary of FTI Consulting's Disbursement Rates is provided in Table 7 below.

Table 7: Schedule of FTI Consulting Disbursement Rates

Disbursement type	Charge Type	Charge Rate (excl GST)
Advertising	External, non-professional	At cost
ASIC Industry Funding Levy – registered liquidator metric events*	External, non-professional	At cost (at prescribed ASIC rates)
Couriers and deliveries	External, non-professional	At cost
Data Room Charges	External, professional	At cost
Facsimile	Internal (FTI)	Not charged
Legal Fees	External, professional	At cost
Postage	External, non-professional	At cost
Photocopying – internal	Internal (FTI)	Not charged
Photocopying – outsourced	External, non-professional	At cost
Printing – internal	Internal (FTI)	Not charged
Printing – outsourced	External, non-professional	At cost
Records costs – storage, destruction, boxes	External, non-professional	At cost
Search fees	External, non-professional	At cost
Staff motor vehicle use - mileage	Cents per km	At prescribed ATO rates
Staff travel – accommodation, meals etc	External, non-professional	At cost
Stationery and other incidental disbursements	External, non-professional	At cost
Telephone	Internal (FTI)	Not charged
Valuation Fees	External, professional	At cost
Other externally provided professional services		At cost
Other externally provided non-professional services		At cost

Part 5: Summary of Receipts and Payments

A summary of receipts and payments to and from the bank account for the Voluntary Administration for 29 April 2019 to 29 July 2019 appears as follows:

Receipts and Payments – for the period 29 April 2019 to 29 July 2019	($) (Incl GST)
Receipts	
Cash at Bank	Nil
Total Receipts	Nil
Payments	
Total Payments	Nil
Net Receipts and Payments	Nil

If any large or exceptional receipts and payments are received or made after this report is prepared but before the meeting at which this claim for remuneration will be considered, additional information will be provided at the meeting.

Part 6: Queries

If you have any queries or require any further information concerning our claim for remuneration, please contact Robert Beaumont on (08) 6430 1331 or via email on robert.beaumont@fticonsulting.com.

You can also access information which may assist you on the following websites:

- ARITA at www.arita.com.au/creditors
- ASIC at www.asic.gov.au (search for “insolvency information sheets”).

Daniel Woodhouse
Joint and Several Administrator

Robert Beaumont
+61 8 6430 1331
robert.beaumont@fticonsulting.com

Liability limited by a scheme approved under Professional Standards Legislation Scheme. May not apply to all services.

EXPERTS WITH IMPACT™

About FTI Consulting

FTI Consulting, Inc. is a global business advisory firm dedicated to helping organisations protect and enhance enterprise value in an increasingly complex legal, regulatory and economic environment. FTI Consulting professionals, who are located in all major business centers throughout the world, work closely with clients to anticipate, illuminate and overcome complex business challenges in areas such as investigations, litigation, mergers and acquisitions, regulatory issues, reputation management and restructuring. More information can be found at www.fticonsulting.com.

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Schedule 1: Table of major tasks for resolution 1 remuneration approval

Table 8 provides a description of the work undertaken in each major task area for the period 5 June 2019 to 28 July 2019 (inclusive).

Table 8: Work Undertaken for the Period 5 June 2019 to 28 July 2019 (Inclusive)

Task Area	General Description	Includes
Assets **2.7 hours** **$1,215.00**	Stock	▪ Discussing the stock variances with the Receivers and Managers of the Company
Creditors **50.6 hours** **$22,552.50**	Creditor enquiries	▪ Responding to creditor enquiries by telephone, email, and post ▪ Receiving creditor enquiries
	Creditor meetings	▪ Preparing meeting notices, proxies and advertisements ▪ Distributing meeting notices & proxies ▪ Preparing of agenda, minutes of meeting, attendance registers, proxy forms and other documents for meeting ▪ Attending and conducting second meeting of creditors
	Processing proofs of debt (PODs) not relating to a dividend	▪ Issuing, receiving and filing PODs ▪ Corresponding with creditors regarding PODs ▪ Maintaining POD register
	Deed of Company Arrangement (DOCA)	▪ Meetings and correspondences with the Director in relation to the requirements for a DOCA ▪ Receiving and reviewing a DOCA proposal from the Director
	Updates from the Receivers and Managers	▪ Discussion with the Receivers and Managers of the Company regarding the administration

Investigations
2.7 hours
$1,077.00
	Conducting investigations into affairs of the Company	▪ Reviewing the Company's books and records
		▪ Investigating potential recoveries available to a liquidator, including unfair preferences and an insolvent trading claim, if appointed
		▪ Investigating and understanding company nature and history
		▪ Obtain and review statutory searches
		▪ Meeting with the Director in relation to the Company's affairs and reasons for failure
		▪ Conducting preliminary analysis to determine the likely date of insolvency for the Company, including the review of:
		  ▪ Historical financial accounts
		  ▪ Bank statements
		  ▪ Review multiple related party transactions and verify
		  ▪ their legitimacy

Employees **1.6 hours** **$552.00**	Employee Correspondence	▪ Attending to ad hoc queries raised by employees/ex-employees
Administration **14.8 hours** **$6,384.00**	General	▪ Word processing including correspondence, file notes, agendas and minutes ▪ Care and maintenance of the file
	Checklist/document maintenance	▪ Updating appointment checklist ▪ Physical and electronic document filing and maintenance
	ASIC lodgments	▪ Preparing and lodging appointment documents ▪ Lodging appointment and meeting notices
	File and planning reviews	▪ Internal meetings concerning the status of the appointment as required ▪ Filing and planning reviews concerning the progress of the appointment as required

Schedule 2: Table of major tasks for resolution 2 remuneration approval

Table 9 provides a description of the work undertaken in each major task area for the period 29 July 2019 to completion of the Voluntary Administration (inclusive).

Table 9: Work Undertaken for the Period 29 July 2019 to Completion of the Voluntary Administration (Inclusive)

Task Area	General Description	Includes
Creditors **10.0 hours** **$5,000.00**	Creditor enquiries	▪ Receiving creditor enquiries ▪ Maintaining register of creditor enquiries ▪ Responding to creditor enquiries by telephone, email, facsimile and post
	Creditor reports & circulars	▪ Preparing a supplementary report to Creditors including analysis of the estimated return to creditors
	Processing PODs not relating to a dividend	▪ Issuing, receiving and filing PODs ▪ Adjudication on PODs ▪ Maintaining POD register
	Reconvened Second Meeting of Creditors	▪ Preparing inclusive notices, proxies and advertisements ▪ Distributing meeting notices & proxies ▪ Preparing agenda and other documents for inclusive ▪ Preparing and lodging minutes with ASIC ▪ Responding to queries arising from meeting
Administration **10.0 hours** **$5,000.00**	General	▪ Word processing including correspondence, file notes, agendas and minutes ▪ Care and maintenance of the file
	DOCA	▪ Liaising with the Director regarding the final terms of a Deed of Company Arrangement ▪ Communicating with stakeholders concerning proposed DOCA ▪ Negotiating terms of DOCA ▪ Obtaining legal advice on DOCA terms ▪ Reviewing draft Deed ▪ Finalising and executing DOCA
	Checklist/document maintenance	▪ Updating appointment checklist ▪ Physical and electronic document filing and maintenance
	File and planning reviews	▪ Internal meetings concerning the status of the appointment as required ▪ File and planning reviews concerning the progress of the appointment as required

Schedule 3: Table of major tasks for resolution 3 remuneration approval [DOCA scenario]

Table 10 provides a description of the work undertaken in each major task area for the period commencement to completion of DOCA (inclusive).

Table 10: Work Undertaken for the Period Commencement to Completion of DOCA (Inclusive)

Task Area	General Description	Includes
Assets **5.5 hours** **$2,000.00**	Bank accounts	▪ Bank account reconciliations
	Contributions and Proceeds	▪ Monitoring the receipt of Deed contributions
Creditors **21.0 hours** **$8,000.00**	Creditors enquiries	▪ Receiving creditor enquiries ▪ Maintaining register of creditor enquiries ▪ Responding to creditor enquiries by telephone, email, facsimile and post
	Secured Creditor Reporting	▪ Responding to queries raised by secured creditor
	Creditor reports & circulars	▪ Statutory Report to Creditors ▪ Ad hoc circulars to creditors
	Processing proofs of debt	▪ Communicating with creditors inviting them to lodge PODs ▪ Issuing, receiving and filing PODs ▪ Reviewing, consideration and adjudication of PODs ▪ Maintaining POD register ▪ Communicating with creditors seeking further information ▪ Advising creditors of POD adjudication
Employees **5.5 hours** **$2,000.00**	Calculating entitlements	▪ Liaising with the ATO regarding calculation of the Superannuation Guarantee Charge ▪ Reviewing awards ▪ Liaising with solicitors regarding entitlements
	Employee Correspondence	▪ Sending out updates to employees ▪ Attending to ad hoc queries raised by employees
	Employee dividend (if applicable)	▪ Communications with employees ▪ Communications with the ATO concerning SGC proof of debt ▪ Adjudicating claims ▪ Calculating dividend rate ▪ Preparing dividend file ▪ Distributing dividend payments ▪ Preparing PAYG Payment Summaries in relation to dividend ▪ Remitting PAYG from dividend to the ATO
Dividend **21.0 hours** **$8,000.00**	Dividend Procedures	▪ Communicating with creditors concerning declaration of dividend ▪ Advertising intention to declare dividend

		▪ Preparing and finalising dividend calculation ▪ Maintaining dividend file and register ▪ Obtaining ATO clearance to allow dividend payment ▪ Advertising dividend declaration ▪ Paying dividend to creditors and associated correspondence
Administration **22.0 hours** **$10,000.00**	General	▪ Word processing including correspondence, file notes, agendas and minutes ▪ Care and maintenance of the file
	Checklist/document maintenance	▪ Updating appointment checklist ▪ Physical and electronic document filing and maintenance
	Bank accounts	▪ Closing bank accounts ▪ Bank account reconciliations
	ASIC lodgements	▪ Lodgement of end of administration return ▪ Ad hoc communications with ASIC
	ATO lodgements	▪ Cessation of appointment ▪ Preparation and submission of BAS
	File and planning reviews	▪ Internal meetings concerning the status of the appointment as required ▪ File and planning reviews concerning the progress of the appointment as required
	Finalisation	▪ Notifying creditors and statutory bodies of finalisation of the DOCA terms ▪ Retiring as Deed Administrators and returning control of the Company to the Director

Schedule 4: Table of major tasks for resolution 4 remuneration approval [Liquidation Scenario]

Table 11 provides a description of the work undertaken in each major task area for the period commencement to completion of the Liquidation (inclusive) [Liquidation scenario].

Table 11: Work Undertaken for the Period Commencement to Completion of Liquidation (Inclusive)

Task Area	General Description	Includes
Creditors **26.0 hours** **$10,000.00**	Creditor enquiries	▪ Receiving creditor enquiries ▪ Maintaining register of creditor enquiries ▪ Responding to creditor enquiries by telephone, email, facsimile and post ▪ Liaising with the Director in relation to specific creditor claims
	Creditor reports & circulars	▪ Preparing Statutory Report to Creditors ▪ Preparing ad hoc circulars to creditors
	Creditor Meetings	▪ Preparing meeting notices, proxies and advertisements ▪ Distributing meeting notices & proxies ▪ Preparing agenda and other documents for meeting ▪ Preparing and lodging meeting minutes with ASIC ▪ Responding to queries arising from meeting
	Related party claims	▪ Reviewing related party transactions in respect to their claim in the liquidation ▪ Determining dividend to related party under subrogated claim (if applicable)
Investigations **65.0 hours** **$25,000.00**	Potential Antecedent Transaction Recoveries and Insolvent Trading Claim	▪ Analysing specific transactions warranting further investigation ▪ Reviewing the Company's records regarding potential claims ▪ Reviewing Company's electronic records in relation to potential claims
	Reporting to ASIC	▪ Further investigating the Company's affairs and preparing and lodging statutory investigation report pursuant to Section 533 of the Act with ASIC ▪ Preparing supplementary statutory investigation report to ASIC (if required) ▪ Requesting funding from ASIC if required ▪ Communications with ASIC concerning investigations
	Related party claims	▪ Reviewing related party transactions in respect to their claim in the liquidation
Employees **13.0 hours** **$5,000.00**	Calculating entitlements	▪ Liaising with the Australian Taxation Office regarding calculation of the Superannuation Guarantee Charge
	Employee Correspondence	▪ Sending out updates to employees ▪ Attending to ad hoc queries raised by employees

	Employee dividend (if applicable)	▪ Communicating with employees ▪ Communicating with the ATO concerning SGC proof of debt ▪ Adjudicating claims ▪ Calculating dividend rate ▪ Preparing dividend file ▪ Distributing dividend payments ▪ Preparing PAYG Payment Summaries in relation to dividend ▪ Remitting PAYG from dividend to the ATO
	Fair Entitlements Guarantee (**"FEG"**)	▪ Determining whether FEG's assistance is required in the liquidation ▪ Communications with FEG ▪ Completing FEG questionnaires
Dividend **21.0 hours** **$8,000.00**	Dividend Procedures	▪ Communicating with creditors concerning declaration of dividend ▪ Advertising intention to declare dividend ▪ Preparing and finalising dividend calculation ▪ Maintaining dividend file and register ▪ Obtaining ATO clearance to allow dividend payment ▪ Advertising dividend declaration ▪ Paying dividend to creditors and associated correspondence
Administration **25.0 hours** **$12,000.00**	General	▪ Word processing including correspondence, file notes, agendas and minutes ▪ Care and maintenance of the file
	Checklist/document maintenance	▪ Updating appointment checklist ▪ Physical and electronic document filing and maintenance
	Bank accounts	▪ Closing bank accounts ▪ Bank account reconciliations
	ATO lodgments	▪ Lodging a Cessation of appointment ▪ Preparing and submitting BAS
	Finalisation	▪ Communication with ATO concerning finalisation ▪ Cancelling ABN/GST/PAYG registration ▪ Finalising WIP ▪ Completing checklists

Schedule 5: FTI Consulting Schedule of Rates

FTI Consulting CF&R Standard Rates effective 1 May 2019 (excluding GST)		
Typical classification	**Standard Rates $/hour**	**General guide to classifications**
Senior Managing Director	695	Registered Liquidator and/or Trustee, with specialist skills and extensive experience in all forms of insolvency administrations. Alternatively, has proven leadership experience in business or industry, bringing specialist expertise and knowledge to the administration.
Managing Director	625	Specialist skills brought to the administration. Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee. May also be a Registered Liquidator and/or Trustee. Alternatively, has extensive leadership/senior management experience in business or industry.
Senior Director	575	Extensive experience in managing large, complex engagements at a very senior level over many years. Can deputise for the appointee, where required. May also be a Registered Liquidator and/or Trustee or have experience sufficient to support an application to become registered. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Director	515	Significant experience across all types of administrations. Strong technical and commercial skills. Has primary conduct of small to large administrations, controlling a team of professionals. Answerable to the appointee, but otherwise responsible for all aspects of the administration. Alternatively, has significant senior management experience in business or industry, with specialist skills and/or qualifications.
Senior Consultant 2	465	Typically an Australian Restructuring Insolvency & Turnaround Association professional member. Well developed technical and commercial skills. Has experience in complex matters and has conduct of small to medium administrations, supervising a small team of professionals. Assists planning and control of medium to larger administrations.
Senior Consultant 1	400	Assists with the planning and control of small to medium-sized administrations. May have the conduct of simpler administrations. Can supervise staff. Has experience performing more difficult tasks on larger administrations.
Consultant 2	375	Typically Institute of Chartered Accountants in Australia qualified chartered accountant (or similar). Required to control the tasks on small administrations and is responsible for assisting with tasks on medium to large-sized administrations.
Consultant 1	335	Qualified accountant with several years' experience. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 2	320	Typically a qualified accountant. Required to assist with day-to-day tasks under the supervision of senior staff.
Associate 1	300	Typically a university graduate. Required to assist with day-to-day tasks under the supervision of senior staff.
Junior Associate	195	Undergraduate in the latter stage of their university degree.
Administration 2	205	Well developed administrative skills with significant experience supporting professional staff, including superior knowledge of software packages, personal assistance work and/or office management. May also have appropriate bookkeeping, accounting support services or similar skills.
Junior Accountant	155	Undergraduate in the early stage of their university degree.
Administration 1	165	Has appropriate skills and experience to support professional staff in an administrative capacity. May also have appropriate bookkeeping, accounting support services or similar skills.

The FTI Consulting Standard Rates above apply to the Corporate Finance & Restructuring practice and are subject to periodical review.

Annexure B

DETAILS AND NOTICES FOR THE SECOND MEETING OF CREDITORS

- **Notice of the reconvened Second Meeting of Creditors of Company under Administration**

  The agenda for the meeting is set out in the attached notice.

  Please arrive at the meeting venue at least 15 minutes before the scheduled commencement time in order to sign-in.

  Telephone facilities are available for those creditors wishing to attend by telephone. If you wish to attend by telephone can you please contact Robert Beaumont on (08) 6430 1331 no later **than Monday, 5 August 2019 4:00 pm (AWST)** so that the necessary arrangements can be made.

- **Appointment of Proxy Form**

  This form should be completed if you intend to appoint another person to act on your behalf at the meeting, or if you are a corporate creditor.

- **Formal Proof of Debt or Claim Form**

  This form allows you to tell us what you are owed by the Company. You must send us a completed form if you wish to vote for the value of your debt at the meeting.

Section 75-225
Insolvency Practice Rules
(Corporations) 2016

Rosendorff Diamond Jewellers Pty Ltd ACN 009 173 139
(Receivers and Managers Appointed) (Administrators Appointed)
ATF Rosendorff Diamond Jewellers Trust ("the Company)

NOTICE OF RECONVENED SECOND MEETING OF CREDITORS

NOTICE IS HEREBY GIVEN that the second meeting of creditors of the Company held on 4 June 2019 was adjourned and is to be reconvened on **Tuesday, 6 August 2019** at the 'Seminar Room', Central Park Business Centre, 152-158 St Georges Terrace, PERTH WA 6000, commencing at **3:00pm (AWST).**

AGENDA

1. The purpose of the meeting is:
    a) to review the report of the Administrators and their recommendation in connection with the business, property, affairs and financial circumstances of the Company; and
    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. Creditors will be requested to fix the remuneration to be paid to the Administrators, as calculated on a time basis for the period 5 June 2019 to 28 July 2019 (inclusive);
3. Creditors will be requested to fix the remuneration to be paid to the Administrators, as calculated on a time basis for the period 29 July 2019 to completion of the Voluntary administration (inclusive);
4. If the Company enters into a Deed of Company Arrangement, the Deed Administrators will seek to have creditors resolve to fix the remuneration of the Deed Administrators;
5. If the Company is placed into liquidation, to consider the appointment of a Committee of Inspection and if required, to determine the members;
6. If the Company is placed into liquidation, creditors will be requested to fix the remuneration to be paid to the liquidators;
7. If the Company is placed into liquidation, the Liquidators be authorised to destroy the Company's books and records three months after the date of deregistration of the Company, subject to the consent of the Australian Securities and Investments Commission; and
8. Any other business properly brought before the meeting.

Telephone facilities are available for those creditors wishing to attend by telephone. If you wish to

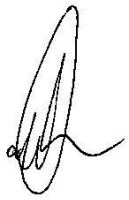
attend by telephone can you please contact the Administrators office via telephone on (08) 6430 1331 or via email at Robert.beaumont@fticonsulting.com no later than **4:00 pm (AWST) Monday, 5 August 2019** so that the necessary arrangements can be made.

Creditors wishing to vote at the meeting:

- who will not be attending in person or are a company, must complete and return an Appointment of Proxy Form (attached); and
- must complete and return a Formal Proof of Debt or Claim Form (attached) if not already done so.

The above documents are required to be submitted by no later than **4:00pm (AWST)** on **Monday, 5 August 2019** by email at robert.beaumont@fticonsulting.com or by fax to (08) 6430 1331.

Dated this 30th day of July 2019



Daniel Woodhouse
Joint and Several Administrator

Annexure C

Insolvency Practice Rules, 75-25
Corporations Act 2001

APPOINTMENT OF PROXY

Rosendorff Diamond Jewellers Pty Ltd ACN 009 173 139
(Receivers and Managers Appointed) (Administrators Appointed)
ATF Rosendorff Diamond Jewellers Trust ("the Company)

I/We *(name)*

.....

of (*address)*

.....

a creditor of the Company, appoint *(add name and address of proxy)* .....

.....

or in his/her absence *(add alternate proxy)* .....

as my / our proxy, to vote at the second meeting of creditors to be held at 3:00pm (AWST) on Tuesday, 6 August 2019 at the 'Seminar Room', Central Park Business Centre, 152-158 St Georges Terrace, PERTH WA 6000 or at any adjournment of that meeting.

Option 1: If appointed as a general proxy, as he/she determines on my/our behalf. ☐

AND/OR Option 2:

If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (**please tick**). ☐

	Resolution *(please specify the particular resolution)*	**For**	**Against**	**Abstain**
1	Resolution in relation to the future of the Company – Please note you may only vote in relation to either 1(a) or 1(b) or 1(C).			
	(a) The Company be wound up.	☐	☐	☐
	OR			
	(b) The Company should enter a Deed of Company Arrangement.	☐	☐	☐
	OR			
	(c) The Administration should end and control of the Company be reverted to the Director.	☐	☐	☐
2	The remuneration of the Administrators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) ACN 009 173 139 for the period 5 June 2019 to 28 July 2019 (inclusive) be calculated on a time basis at the hourly rates set out in the Schedules of FTI Consulting Standard Rates effective 1 May 2019, and is determined and approved for payment in the amount of $31,780.50 plus GST and the Administrators can draw the remuneration.			
3	The remuneration of the Administrators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed) ACN 009 173 139 for the period 29 July 2019 to completion of the Voluntary	☐	☐	☐

	Administration (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Voluntary Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 May 2019, up to an initial capped amount of $10,000 plus GST, and the Administrators can draw the remuneration as required.			
If Creditors resolve the Company is execute a Deed of Company Arrangement				
4	The future remuneration of the Deed Administrators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (Deed Administrators Appointed) ACN 009 173 139 for the period from commencement to completion of DOCA (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Deed Administrators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 May 2019, up to an initial capped amount of $30,000 plus GST, and the Deed Administrators can draw the remuneration as required.	☐	☐	☐
If Creditors resolve to wind up the Company				
5	The future remuneration of the Liquidators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (In Liquidation) ACN 009 173 139 for the period from commencement to completion of the liquidation (inclusive) is determined and approved for payment at a sum equal to the cost of time incurred by the Liquidators and staff of FTI Consulting, calculated at the hourly rates set out in the schedule of FTI Consulting Standard Rates effective 1 May 2019, up to an initial capped amount of $60,000 plus GST and the Liquidators can draw the remuneration as required.	☐	☐	☐
6	Whether a committee of Inspection be appointed.	☐	☐	☐
7	That pursuant to Section 70-35 of the Insolvency Practice Schedule, the Liquidators be authorised to destroy the books and records of the Company, three months after the deregistration of the Company, subject to obtaining the approval of the Australian Securities and Investments Commission.	☐	☐	☐

Dated: .....

....

Name and signature of authorised person Name and signature of authorised person

CERTIFICATE OF WITNESS – only complete if the person given the proxy is blind or incapable of writing.

I, ... of .....

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him before he attached his signature or mark to the instrument.

Dated: ..... Signature of witness: .....

Description: ..... Place of residence: .....

Annexure D

FORM 535 - FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

Subregulation 5.6.49(2)
Corporations Act 2001

ROSENDORFF DIAMOND JEWELLERS PTY LTD ACN 009 173 139
(RECEIVERS AND MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ATF ROSENDORFF DIAMOND JEWELLERS TRUST ("THE COMPANY")

To the Voluntary Administrators of Rosendorff Diamond Jewellers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)

1. This is to state that the Company was on 29 April 2019, and still is, justly and truly indebted to:

Name of Creditor: _____

Address of Creditor: _____

Debt Owed: $ _____ and _____ *cents*

Particulars of the debt are:

Date	**Consideration** *(state how the debt arose)*	**Amount** *(incl. GST)* $ c	**GST** $ c	**Remarks** *(include details of voucher substantiating payment)*

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: (*insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form*.)

Date	**Drawer**	**Acceptor**	**Amount**	**Due Date**

3. * I am the creditor personally *OR*
3. * I am employed by the creditor and authorised in writing by the creditor to make this statement *OR*
3. * I am the creditor's agent authorised in writing to make this statement in writing.

** Omit if inapplicable*

I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated: _____

Name of authorised Person

Signature of Authorised person

Occupation

Address

Email

Telephone

☐ I/we nominate to receive electronic notification of notices or documents by email at the following address:

Email address: _____

GUIDANCE NOTES FOR COMPLETING PROXY AND PROOF OF DEBT OR CLAIM APPOINTMENT OF PROXY FORM

A person can appoint another person to attend the meeting on their behalf by completing the Form of proxy.

If the creditor is a company or a firm, a person needs to be appointed to represent the company.

This representative needs to be appointed by completing the Form of Proxy in accordance with section 127 of the Corporations Act 2001 ("the Act"). Alternatively, the appointed person must be authorised to act as a representative for the company per section 250D of the Act.

The Form of proxy is valid only for the meeting indicated (or any adjournment).

You may appoint either a general proxy (a person who may vote at their discretion on motions at the meeting) or a special proxy (who must vote according to your directions). If you appoint a special proxy, you should indicate on the form what directions you have given. In many instances, there will be a box or section on the proxy form where you can mark how you want your proxy to vote for you.

If you are unable to attend the meeting and you do not have a representative who can attend on your behalf, you may if you wish appoint the Chairperson of the Meeting as your proxy. The Chairperson can be appointed as a general proxy or a special proxy. This is entirely your choice.

FORMAL PROOF OF DEBT OR CLAIM FORM

The proof of debt submitted during an Administration is used for voting purposes at any meetings of creditors and also to help establish the overall level of creditor claims in the administration.

Admission of your proof for voting purposes does not mean that the Administrator has agreed with your proof for the purpose of making a dividend distribution.

You should include a description of how your debt/claim arose, whether you are claiming a security interest in property and if you have any guarantees and indemnities for the debt. If you need more space, you can attach any additional details you wish to include – just make sure that you mention this on the form so we know what you've attached and how many pages.

You should provide supporting documents that substantiate what you are owed by the Company. This may include things like account statements, unpaid invoices and their corresponding purchase orders, PPSR registration, agreements/terms of trade, contracts, lease or hire agreements, court order or judgment, guarantee or loan document, emails/other correspondence with the Company.

If you need help in completing the forms or if you are uncertain what information you should attach, please email or telephone the nominated FTI Consulting contact person.

Annexure E

Creditor Information Sheet

Offences, Recoverable Transactions and Insolvent Trading

ARITA
AUSTRALIAN RESTRUCTURING INSOLVENCY & TURNAROUND ASSOCIATION

Offences

A summary of offences under the Corporations Act that may be identified by the administrator:

180	Failure by company officers to exercise a reasonable degree of care and diligence in the exercise of their powers and the discharge of their duties.
181	Failure to act in good faith.
182	Making improper use of their position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of the officer's position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for a proper purpose. Use of position or information dishonestly to gain advantage or cause detriment. This can be a criminal offence.
198G	Performing or exercising a function or power as an officer while a company is under administration.
206A	Contravening a court order against taking part in the management of a corporation.
206A, B	Taking part in the management of corporation while being an insolvent, for example, while bankrupt.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of an auditor.
314-7	Failure to comply with requirements for the preparation of financial statements.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to the administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Recoverable Transactions

Preferences

A preference is a transaction, such as a payment by the company to a creditor, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant period for the payment commences six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Where a creditor receives a preference, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into, having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the period is four years and if the intention of the transaction is to defeat creditors, the period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent because of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only must be entered into before the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim '*unreasonable payments*' made to directors by companies prior to liquidation. The provision relates to payments made to or on behalf of a director or close associate of a director. The transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges over company property are voidable by a liquidator:

- circulating security interest created within six months of the liquidation, unless it secures a subsequent advance;
- unregistered security interests;
- security interests in favour of related parties who attempt to enforce the security within six months of its creation.

Insolvent trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they did so expect;
- they did not take part in management for illness or some other good reason; or
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

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.

Annexure F

PROPOSAL FOR DEED OF COMPANY ARRANGEMENT

FOR

ROSENDORFF DIAMOND JEWELLERS PTY LTD (ACN 009 173 139)
AS TRUSTEE FOR ROSENDORFF DIAMOND JEWELLERS TRUST (ROSENDORFF)
(ADMINISTRATORS APPOINTED)

DATED: 23 JULY 2019

Spinel Pty Ltd (ABN 96 008 740), Avion Holdings Pty Ltd (ACN 009 247 876) and Lindendale Pty Ltd (ACN 008 760 558) (**Proponents**), hereby submit a proposal for Rosendorff to execute a Deed of Company Arrangement on the terms outlined below.

The terms of the proposal are as follows:

1. **Deed of Company Arrangement**

   It is proposed that a Deed of Company Arrangement be entered into by Rosendorff, to be administered by the Administrators and constituted as follows:

   (a) the Proponents will not prove for a dividend in the Deed of Company Arrangement of Rosendorff and will cause any related party of the Proponents not to prove for a dividend in the Deed of Company arrangement to the full extent of their unsecured debt;

   (b) all monies held by the Administrator including any moneys received following the sale of the business previously operated by Rosendorff less employee entitlements referred to in paragraph 2 below and any costs of the administration as referred to in paragraph 5 below (**Fund**) be made available to all unsecured creditors of Rosendorff other than the Proponents and their related parties; and

   (c) control of Rosendorff will pass to the existing director upon execution of the Deed of Company Arrangement.

2. **Employee Entitlements**

   All outstanding employee entitlements, including any outstanding superannuation, are to be paid in full from the Fund, subject to the employees' entitlement claims being adjudicated by the Administrators by 31 October 2019.

3. **Settlement and Release of Creditors' Claims in full**

   Upon the Deed of Company Arrangement being executed and the matters referred to paragraph 1 being satisfied, Rosendorff will be discharged from any unsecured provable claims which unsecured creditors may have and which existed against them as at 29 April 2019.

4. **Priority of Payment**

   The priority of payment will be governed by the provisions of the *Corporations Act 2001* (Cth), including Section 556 and Schedule 8A of the Corporations Regulations.

5. **Costs and Expenses of Creditors Meetings**

The costs and expenses of the Administrators are to be fixed by agreement between the Proponents and the Administrators and are to meet the estimated fees and disbursements of the Administrators for convening the creditors meeting to approve the Deed of Company Arrangement and administering the Deed including payment of the dividend.

6. **Fund**

The amount of the Fund will be determined by agreement between the Proponents and the Administrators on or before 30 September 2019. The Fund will comprise an amount that will provide a return to unsecured creditors greater than the return that unsecured creditors would otherwise receive in a liquidation.

7. **Appointment of Deed Administrators**

Mr Joseph Hansell and Daniel Hillston Woodhouse will be appointed to act as joint and several Deed Administrators.

8. **Powers of the Deed Administrators**

The Deed Administrators will be provided with sufficient powers to allow them to properly discharge their duties, as provided by the Deed of Company Arrangement and the Corporations Act.

9. **Termination**

If the Deed Administrators form the view that there are any substantial breaches of the Deed of Company Arrangement, then the Deed Administrators may convene a meeting of creditors to terminate the Deed of Company Arrangement and to wind up the companies.

10. **Deed of Company Arrangement**

The Deed of Company Arrangement is to be prepared by the solicitors for the Proponents, on terms satisfactory to the Deed Administrators, and will incorporate all necessary terms and conditions including, but not limited to, powers and responsibilities of the Deed Administrators, powers and responsibilities of the Director, definitions and any other terms required to be incorporated into the Deed of Company Arrangements in order to make them effective at law.

Dated this 23 day of July 2019

Signed by Craig Rosendorff (Director) for and on behalf of Spinel Pty Ltd ABN 96 008 740 949, Avion Holdings Pty Ltd ACN 009 247 876 and Lindendale Pty Ltd (ACN 008 760 558)

Beaumont, Robert

From: Kevin Dundo <kevin.dundo@kdlegal.com.au>
Sent: Tuesday, 30 July 2019 4:48 PM
To: Woodhouse, Daniel; Beaumont, Robert
Subject: [EXTERNAL] Rosendorff DOCA

Daniel and Robert

We confirm our instructions that the proponents of the DOCA are agreeable to the Fund being $300,000 and as indicated to you those funds will be provided by a third party supporter of Mr Rosendorff.

We also confirm our instructions that the property in Greece was sold for an approximate loss of 500,000 euro and some surplus monies were paid into the company's account.

Also, the Claremont property was sold 12-18 months ago and funds from that sale were also put into the company.

Finally, we are instructed that there is no equity in the Floreat Park property.

Regards

Kevin

Kevin Dundo
Managing Principal

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