



Rubicor Group Limited ACN 110 913 365
and all Australian operating subsidiaries
(In Liquidation)

*Statutory Report to Creditors – Pursuant to Section 70-40 of the
Insolvency Practice Rules (Corporations) 2016*

31 January 2020





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1. Introduction

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Joanne Dunn and John Park were appointed Voluntary Administrators of Rubicor Group Limited (ASX: RUB) and its Australian wholly owned subsidiaries (**the Group**)(**Companies**) on 5 August 2019 and subsequently appointed as Liquidators on 1 November 2019 pursuant to Section 439(c) of the *Corporations Act 2001 (Cth)* (**Act**).

Purpose of this report

- The Liquidators are required to prepare this report in accordance with *Insolvency Practice Rules (Corporations) 2016 (IPR)* Section 70-40 and will provide creditors with the following information:
 - What happened to the businesses of the companies;
 - The estimated amount of assets and liabilities of the companies;
 - The work undertaken to date and further work required to complete the Liquidation; and
 - The likelihood of creditors receiving a dividend.
- This report provides information with respect to the following operating entities of the Group:
 - Rubicor Group Limited (In Liquidation) ACN 110 913 365 (**RUB**)
 - Xpand Group Pty Ltd (In Liquidation) ACN 099 412 101 (**Xpand**)
 - Rubicor Workforce Pty Ltd (In Liquidation) ACN 083 202 939 (**Workforce**)
 - Rubicor Gov Pty Ltd (In Liquidation) ACN 008 617 114 (**Rubicor Gov**)
 - Rubicor Professional Pty Ltd (In Liquidation) ACN 113 350 244 (**Rubicor Professional**)
 - Rubicor Technical Pty Ltd (In Liquidation) ACN 072 493 693 (**Rubicor Technical**)
 - Choice HR (Logistics) Pty Ltd (In Liquidation) ACN 069 532 618 (**Choice HR**)
 - Locher & Associates Pty Ltd (In Liquidation) ACN 096 051 375 (**Locher**)
- A separate report was issued on 13 December 2019 with respect to the non-operating entities of the Group and is available for download from our FTI Consulting creditors portal.

Questions and help

- A list of frequently asked questions is included on the preceding page (**Section 2**).
- Please contact us if you are unsure about any of the matters raised in this report.

2. Frequently Asked Questions

Question	Answer
How can I remain up-to-date on the Liquidation and access current and past reports to creditors?	<p>All reports to creditors are available for download from our FTI Consulting creditors portal: www.fticonsulting-asia.com/creditors/rubicor-companies</p> <p>If you do not have access to the internet, you can request a copy to be mailed to you.</p> <p>Please email rubicor.creditors@fticonsulting.com or call +617 3225 4900 if you would like to update your email or postal address details.</p>
How can I claim for my outstanding employee entitlements?	<p>The Australian Government Fair Entitlements Guarantee (FEG) scheme provides financial assistance to cover certain unpaid employment entitlements to eligible employees who lose their job due to the Liquidation of their employer.</p> <p>To obtain further information, please refer to the FEG website (www.ag.gov.au/FEG) or call the FEG Hotline 1300 135 040.</p> <p>Please note, the FEG scheme does not cover unpaid superannuation entitlements.</p>
Do I need to lodge a claim for my outstanding superannuation entitlements?	<p>No, the Australian Taxation Office (ATO) has lodged a claim on behalf of all employees with outstanding superannuation as at 5 August 2019. Accordingly, neither yourself or your superannuation fund are to lodge a claim. Should a payment be made to the ATO for your superannuation, the ATO will onforward the payment to your superannuation fund.</p>
When will I receive payment for my outstanding superannuation entitlements?	<p>Payment of outstanding employee superannuation claims is dependent upon recoveries in the Liquidation. The quantum of recoveries and timing is dependent upon the pursuit of voidable transaction and insolvent trading claims.</p> <p>The table at Section 7 provides an estimated return to creditors per company.</p>

3. Executive Summary

Key areas	Commentary	Report Ref.
Appointment of Liquidators	On 1 November 2019 the creditors resolved that Joanne Dunn and John Park be appointed Liquidators of Rubicor Group Limited and its Australian subsidiaries.	-
What happened to the business?	Below is a summary of key updates for the Group’s businesses: <ul style="list-style-type: none"> - Salt Recruitment Group Limited (Salt) acquired all issued shares in Rubicor Hong Kong Limited and Rubicor Group Pte Ltd (Singapore), as well as purchased the intellectual property and contracts of Xpand; - The business of Rubicor Technical was sold to Adverio Australia Pty Ltd; and - All other businesses in the Group ceased trading through the Voluntary Administration process. 	Section 4
Investigations Undertaken to Date	Our investigations into the affairs of the Companies within the Group are continuing. From our preliminary investigations, we advise the following: <ul style="list-style-type: none"> ▪ the Group traded whilst insolvent and investigations into the period of insolvency are in progress; and ▪ there are significant voidable transactions and insolvent trading claims available to the Liquidators. Section 5 provides further details on these matters.	Section 5
Further Investigations to be Conducted	We plan to undertake the following further investigations: <ul style="list-style-type: none"> ▪ Complete our investigations into potential voidable transaction and insolvent trading claims; ▪ Consider obtaining an independent detailed solvency analysis for the Group; ▪ Commence recovery actions, including legal proceedings with respect to voidable transaction claims; and ▪ Lodge our report with the Australian Securities and Investments Commission (ASIC) regarding offences and misconduct identified. 	Section 5
Likelihood of Dividend	A summary of estimated returns to creditors is provided at Section 7 .	Section 7
Estimated amount of assets and liabilities	An estimated amount of assets and liabilities per company is provided at Appendix 1 .	Appendix 1

4. Update on the Progress of the Liquidation

What happened to the business?

- On 5 August 2019 we were appointed Voluntary Administrators of the Group and we continued to trade the Group's business whilst exploring all options for its restructure and/or continuation of business operations.
- Subsequent to the adjournment of the Second Meeting of creditors on 11 September 2019, the Administrators commenced an orderly wind down of all operating entities in the Group and completed the following transactions:
 - On 18 September 2019 the intellectual property of Rubicor Technical was sold to Adivero Australia Pty Ltd for \$25,000, plus the transfer of \$58,000 in employee entitlements;
 - On 30 September 2019 the shares in Rubicor Group Pte Ltd (Singapore) and Rubicor Hong Kong Limited, as well as the intellectual property and contracts of Xpand were sold to Salt for \$765,000, plus the transfer of \$28,000 in employee entitlements; and
 - On 25 September 2019 Iain Shepard and Andrew Bethell of BDO (New Zealand) were appointed as Administrators and subsequently Liquidators of Gaulter Russell-Numero NZ Limited (**GRNZ**) and all other New Zealand subsidiaries. The appointment of BDO provides for an independent party to investigate the affairs of these entities.
- As at our appointment as Liquidators, all Group operations had ceased.

Orderly Wind Down of the Businesses

- Subsequent to the second meeting of creditors on 1 November 2019, we continued to wind down the Groups' operations, specifically:
 - Facilitated the transition of temporary employment contractors to new service providers;
 - Liaised with accounts receivable staff to collect out debtors;
 - Attended to repayment and closure of the Groups' Scottish Pacific Business Finance Pty Limited (**Scottish Pacific**) (**Scot Pac**) debtor factoring facilities;
 - Vacated leased premises across various office locations in Australia;
 - Collected and realised any plant and equipment located at the various office locations;
 - Closed and settled any outstanding trading accounts; and
 - Finalised all payroll reporting requirements.

Assets and Liabilities

- An summary of estimated assets and liabilities of the Companies is provided at **Appendix 1**.

4. Update on the Progress of the Liquidation

Employee Entitlements

- Employees may be eligible to lodge a claim for their entitlements through the Fair Entitlements Guarantee (FEG) scheme. Further information can be obtained by:
 - Accessing their website at www.ag.gov.au/FEG
 - Call the FEG Hotline on 1300 135 040
 - Emailing FEG@jobs.gov.au
- Please note, in order to receive payment of employee entitlements under the FEG Scheme, employees must submit their claim through FEG within 12 months from the date of Liquidation of the Companies.
If you have not yet lodged a claim through FEG, you are requested to do so urgently.
- Please be aware that unpaid superannuation entitlements are not covered under the FEG scheme.
- During the Liquidation we have assisted the Attorney-General's Department with the verification 141 of employee entitlements as at the date of this report. The Department provides the Liquidators with funding to pay remuneration with respect to providing verification services.

Unsecured Creditors

- Unsecured creditors may complete and return a Form 535 – Formal Proof of Debt form to lodge a claim in the Liquidation.
- Formal Proof of Debt forms are available for download from our FTI Consulting creditors portal: www.fticonsulting-asia.com/creditors/rubicor-companies

Receipts and Payments

- Details of the receipts and payments in the Administration and Liquidation for the period 5 August 2019 to 29 January 2020 are included at **Appendix 2**.

5. Investigations

Duty to investigate

- Under the Act, Liquidators are required to investigate a company's business, property, affairs and financial circumstances.
- We are continuing to investigate the Group's business, property, affairs and financial circumstances. To date, our investigations have been focused on the following:
 - Review of the Group's financial statements and books and records;
 - Review of board papers;
 - Review of publicly available information including ASX announcements;
 - Review of material transactions from the Group's bank statements during the relation-back period;
 - Review of statutory payments including SGC and payroll tax;
 - Review of the transaction listings for each company of the Group; and
 - Review of the Group's solvency position.

Solvency investigations

- The Act states a company is considered solvent if, and only if, the company is able to pay its debts as and when they became due and payable. A company that is not solvent is insolvent.
- Our preliminary view in the Administrators' Report to creditors was that the Group may have been insolvent from at least 31 March 2017 onwards.
- During the course of the Liquidation, we have continued to investigate the circumstances leading up to the appointment of Administrators and have observed the following indicators:
 - Payroll tax debts were being deferred from March 2018 and started to accumulate and become overdue;
 - In April 2018 the ATO rejected payment plans from Rubicor Workforce and issued a garnishee notice for debts totalling approx. \$2.1m;

- From around mid 2018 the Group did not pay superannuation debts as and when they fell due; and
- The Group lost significant customer contracts from December 2018 through to July 2019.
- The Liquidators intend to obtain an independent detailed solvency analysis for the Group, which may be required to progress potential claims.

Insolvent Trading

- Pursuant to 588G of the Act, a Director or Former Director has a duty to prevent insolvent trading and may become liable for debts incurred by the company if at any time there were reasonable grounds to suspect the company was insolvent or became insolvent by incurring debt.
- A director or former director may commit an offence under Section 588G(3) if that incurring of the debt was dishonest.
- Creditors should be aware that a successful claim for insolvent trading requires extensive analysis and would generally require legal action. Further, such proceedings may often be drawn out and involve significant cost.
- From our investigations it is clear the Group traded whilst insolvent and the Liquidators have significant claims against the Directors of the Group. We are currently investigating the matter to determine whether there is any commercial merit in pursuing the claims, considering the following:
 - Calculating estimates of a potential claim for each company;
 - The costs of pursuing the claims;
 - Potential defences available to the directors; and
 - Whether the directors have financial capacity to meet a claim.
- The Liquidators intend to provide a further update on potential claims as they progress.

5. Investigations

Unfair Preference

- Where a transaction between 5 February 2019 to 5 August 2019 results in a creditor receiving more than it would in the winding up of the Company, that transaction may be voidable by the Liquidator as an unfair preference.
- A creditor may have 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.
- We have reviewed the Group's records and have identified circumstances where creditors may have received a preference. The value of the potential claims per company are summarised below:

Company	Unfair Preference Claim
Rubicor Group Limited	\$285,200
Xpand Group Pty Ltd	\$2,137,095
Rubicor Workforce Pty Ltd	\$5,600,020
Rubicor Gov Pty Ltd	\$1,195,795
Rubicor Professional Pty Ltd	\$511,015
Rubicor Technical Pty Ltd	\$223,862
Choice HR (Logistics) Pty Ltd	\$293,394
Locher & Associates Pty Ltd	\$44,000

- Further investigations are required prior to progressing any claim.

Uncommercial Transactions and Unreasonable Director-Related Transactions

- A transaction of a company may be an uncommercial transaction or an unreasonable director-related transaction if the following elements are established by a Liquidator:
 - The transaction was entered into or given effect to within two (2) years for an uncommercial transaction, or four (4) years for an unreasonable director-related transaction, of the date of appointment of the Administrator.
 - At the time the uncommercial transaction was entered into, or when given effect to, the Group was insolvent or became insolvent as a result of the transaction. Insolvency is not required for an unreasonable director-related transaction.
 - A reasonable person in the Group's circumstances would not have entered into the transaction having regard to the benefits and detriments to the Group in entering into the transaction and the respective benefits to other parties.
- The defences available to an unfair preference effectively also apply to uncommercial transactions, however they are not available for unreasonable director-related transactions.
- We are investigating agreements entered into around May and July 2018, between Rubicor Group Limited, David Hutchinson and his associated entity with respect to his unpaid entitlements totalling \$695,000.
- Further investigations are required to determine if there is a claim against David Hutchinson and his associated entity.
- We are not aware of any other potential uncommercial or unreasonable director-related transactions.

5. Investigations

Unfair Loan

- An unfair loan is a loan agreement where the interest or charges are considered to be extortionate. There is no time limit on unfair loans, they must only be entered into before the Liquidation began.
- From our investigations to date, we are not aware of any unfair loans entered into by the Group.

Costs

- In relation to pursuing voidable transactions and insolvent trading claims, money for the recovery of such actions would come from the assets of the companies or funding from creditors of the relevant company. Alternatively, the Liquidator could seek litigation insurance funding.

Breach of Director Duties

- Our investigations to date have revealed that the Directors may have committed the following offences prior to our appointment:
 - Contravention of Section 180 Care and Diligence – Civil Obligations
 - Contravention of Section 181 Good Faith – Civil Obligations
 - Contravention of Section 588G Insolvent Trading – Civil Obligations
- Any Director offences or misconduct identified will be reported to ASIC under Section 533 of the Act. We intend to lodge our reports with ASIC for all Group subsidiaries within two (2) months.

Further inquiries to be undertaken

- We plan to undertake the following further investigations:
 - Section 533 of the Act requires a Liquidator to investigate any offences that may have been committed by the Directors or persons who took part in the formation, promotion, administration, management or winding up of the Company and to lodge a report on our findings with ASIC;
 - Investigate whether a claim may be brought against certain creditors for unfair preference payments;
 - Further investigate the uncommercial/unreasonable transactions identified;
 - Obtain an independent detailed solvency analysis for the Group; and
 - Review and consider the merits of pursuing an insolvent trading claim against the Directors.
- If creditors are aware of any other matters which require further investigation please contact our office as soon as possible.

6. Estimated Statement of Position

■ Detailed below is our estimated statement of position based on estimated future recoveries and costs. Notes are included on the preceding page.

Liquidators' Estimated Statement of Position									
Description	Notes	Rubicor Group		Xpand Group		Rubicor Workforce		Rubicor Gov	
		Low	High	Low	High	Low	High	Low	High
Assets									
Cash at Bank	1	89,781	89,781	741,139	741,139	193,559	193,559	2,085	2,085
Debtors (Pre & Post Appointment)	2	Nil	Nil	107,302	212,669	Nil	388,588	Nil	1,351
Plant and Equipment	3	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Voidable Transaction Recoveries	4	114,080	980,200	854,838	2,137,095	2,240,008	5,600,020	478,318	1,195,795
Insolvent Trading Actions	5	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Other Receipts	6	20,876	20,876	Nil	Nil	Nil	Nil	1,992	1,992
Total Assets		203,861	1,069,981	1,703,279	3,090,903	2,433,567	6,182,167	480,403	1,199,231
Liabilities									
Trading Liabilities	7	14,593	14,593	403,703	403,703	121,480	121,480	1,966	1,966
Legal Fees	8	50,000	200,000	100,000	250,000	150,000	500,000	50,000	100,000
Undrawn Administrators' Remuneration and Disbursements	8	629,042	629,042	399,712	399,712	295,174	295,174	115,366	115,366
Estimated Liquidators' Remuneration and Disbursements	8	150,000	250,000	150,000	250,000	150,000	500,000	100,000	250,000
Total Liabilities		843,635	1,093,635	1,053,415	1,303,415	716,654	1,416,654	267,332	467,332
Surplus/(Shortfall) Available to Priority Creditors		(639,774)	(23,654)	649,864	1,787,489	1,716,912	4,765,512	213,071	731,900
Less: Priority Creditors Claims									
Wages & Superannuation	9	354,959	354,959	922,634	922,634	7,163,709	7,163,709	2,231,935	2,231,935
<i>Estimated Distribution for Wages & Superannuation (c/\$)</i>		<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>70.44 c/\$</i>	<i>100.00 c/\$</i>	<i>23.97 c/\$</i>	<i>66.52 c/\$</i>	<i>9.55 c/\$</i>	<i>32.79 c/\$</i>
Leave Entitlements	9	390,133	390,133	101,016	101,016	407,770	407,770	9,543	9,543
<i>Estimated Distribution for Leave Entitlements (c/\$)</i>		<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>100.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>
Redundancy & Payment in Lieu	9	333,790	333,790	419,805	419,805	336,581	336,581	27,520	27,520
<i>Estimated Distribution for Redundancy & PILN (c/\$)</i>		<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>100.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>
Surplus/(Shortfall) Available to Unsecured Creditors		(1,718,656)	(1,102,536)	(793,591)	344,034	(6,191,148)	(3,142,548)	(2,055,926)	(1,537,098)
Less: Unsecured creditors									
Unsecured creditors	10	1,805,494	2,090,694	2,622,696	4,759,791	4,637,932	10,237,952	1,449,800	2,645,595
Related Party Claims	10	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Total Unsecured Creditors		1,805,494	2,090,694	2,622,696	4,759,791	4,637,932	10,237,952	1,449,800	2,645,595
<i>Estimated Distribution for Unsecured creditors (c/\$)</i>		<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>7.23 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>

6. Estimated Statement of Position

Liquidators' Estimated Statement of Position

Description	Notes	Rubicor Professional		Rubicor Technical		Choice HR (Logistics)		Locher & Associates	
		Low	High	Low	High	Low	High	Low	High
Assets									
Cash at Bank	1	35,039	35,039	103,936	103,936	673	673	83	83
Debtors (Pre & Post Appointment)	2	Nil	5,221	Nil	Nil	Nil	264,000	Nil	Nil
Plant and Equipment	3	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Voidable Transaction Recoveries	4	204,406	511,015	89,545	223,862	117,358	293,394	17,600	44,000
Insolvent Trading Actions	5	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Other Receipts	6	Nil	Nil	2,470	2,470	Nil	Nil	Nil	Nil
Total Assets		239,445	551,275	193,481	327,798	118,031	558,067	17,683	44,083
Liabilities									
Trading Liabilities	7	11,226	11,226	2,679	2,679	4,117	4,117	Nil	Nil
Legal Fees	8	25,000	50,000	25,000	50,000	25,000	50,000	Nil	10,000
Undrawn Administrators' Remuneration and Disbursements	8	102,592	102,592	119,348	119,348	71,477	71,477	16,518	16,518
Estimated Liquidators' Remuneration and Disbursements	8	50,000	75,000	50,000	75,000	100,000	125,000	15,000	40,000
Total Liabilities		188,818	238,818	197,027	247,027	200,594	250,594	31,518	66,518
Surplus/(Shortfall) Available to Priority Creditors		50,627	312,457	(3,546)	80,771	(82,563)	307,473	(13,835)	(22,435)
Less: Priority Creditors Claims									
Wages & Superannuation	9	294,245	294,245	32,292	32,292	149,982	149,982	Nil	Nil
<i>Estimated Distribution for Wages & Superannuation (c/\$)</i>		<i>17.21 c/\$</i>	<i>100.00 c/\$</i>	<i>0.00 c/\$</i>	<i>100.00 c/\$</i>	<i>0.00 c/\$</i>	<i>100.00 c/\$</i>		
Leave Entitlements	9	26,066	26,066	8,162	8,162	Nil	Nil	Nil	Nil
<i>Estimated Distribution for Leave Entitlements (c/\$)</i>		<i>0.00 c/\$</i>	<i>69.87 c/\$</i>	<i>0.00 c/\$</i>	<i>100.00 c/\$</i>				
Redundancy & Payment in Lieu	9	35,610	35,610	56,397	56,397	Nil	Nil	Nil	Nil
<i>Estimated Distribution for Redundancy & PILN (c/\$)</i>		<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>71.49 c/\$</i>				
Surplus/(Shortfall) Available to Unsecured Creditors		(305,294)	(43,463)	(100,396)	(16,079)	(232,545)	157,491	(13,835)	(22,435)
Less: Unsecured creditors									
Unsecured creditors	10	420,483	931,498	343,270	567,131	252,355	545,749	318,439	362,439
Related Party Claims	10	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD
Total Unsecured Creditors		420,483	931,498	343,270	567,131	252,355	545,749	318,439	362,439
<i>Estimated Distribution for Unsecured creditors (c/\$)</i>		<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>	<i>28.86 c/\$</i>	<i>0.00 c/\$</i>	<i>0.00 c/\$</i>

6. Estimated Statement of Position

Note 1 – Cash at Bank

- Cash at bank as at 29 January 2020 is made up of the transactions shown in the receipts and payments at **Appendix 2**.

Note 2 – Pre and Post Appointment Debtors

- Scottish Pacific provided debtor factoring facilities (**the facilities**) secured against debtors. The facilities have been repaid in full from debtor receipts.
- Xpand includes \$80,105 currently held by Scottish Pacific, which will be released to the Liquidators.
- There are outstanding debtors which the Liquidators are continuing to collect and where necessary, legal recovery actions may be required.

Note 3 – Plant and Equipment

- All plant and equipment located at the Group's office locations across Australia have been collected and realised. The proceeds after sale costs resulted in a nominal net realisation.
- National Australia Bank (**NAB**) have a registered security interest over all property, plant and equipment of Rubicor Group Limited, however the net proceeds from the sale of RUB plant and equipment is nominal and may not result in a return to NAB.

Note 4 - Voidable Transactions

- We have identified circumstance where creditors have received preferential payment of their debts. Details of potential claims for each company are provided in **Section 5**.
- Taking into consideration the merits of potential unfair preference claims, we have estimated a recovery of 40% in a low return scenario.

Note 5 - Insolvent Trading Actions

- Due to the complex nature of the insolvent trading claims, we have not yet determined the quantum of the potential claims. Any potential claim will need to be assessed on an individual company basis, considering commerciality and with respect to the Directors' personal financial capacities. Further details are provided at **Section 5**.

Note 6 – Other Receipts

- This relates to GST BAS refunds yet to be received.

Note 7 – Trading liabilities

- Outstanding trading liabilities predominately relate to;
 - unpaid WorkCover in various states where we are awaiting the final premiums due; and,
 - GST liability for the quarter ended 31 December 2019, due to be reported by 28 February 2020.

Note 8 - Legal fees and Appointee Remuneration and Disbursements

- Legal fees are estimated based on potential costs to pursue voidable transactions and for any works required to collect debtors.
- Liquidators' and Administrators' remuneration and disbursements are based on time and costs incurred to date, as well as an estimate for future works required to finalise the liquidation.

Note 9 - Priority Creditors

- According to Section 556 of the Act, employee entitlements will be paid in the following order:
 - Wages and superannuation.
 - Leave entitlements, including annual leave or long service leave.
 - Redundancy payments.
- Priority creditors amounts provided are estimates based on amounts shown in the Companies books and records and claims received to date.

Note 10 - Unsecured Creditors

- The value of unsecured creditors is based on the Companies records as well as claims received to date.
- In the event of a successful unfair preference claim recovery, unsecured creditors claims will increase and this has been accounted for in our calculations.
- Related party claims are a result of intercompany loans across subsidiaries of the Group. These claims are yet to be quantified and are subject to adjudication in the event of a dividend.

7. Likelihood of a Dividend

- The likelihood of a dividend being paid to creditors will be affected by a number of factors including:
 - The size and complexity of the Liquidation;
 - The amount of assets and the costs of realisation;
 - The quantum of secured creditor claims and whether these debts will be discharged in full following the sale of assets subject to their security;
 - Whether any voidable transactions may be recoverable by the Liquidators and the costs of the recovery action;
 - Whether any insolvent trading claim may be brought against the Directors and the costs of the recovery action; and
 - The quantum of each category of claims including secured, priority and unsecured creditor claims.
- Based on the information presently available, the extent of the assets realised and the investigations undertaken to date, we estimate sufficient recoveries may become available in certain companies to enable a dividend to priority creditors and unsecured creditors.
- The adjacent table provides an estimated high and low cents per dollar return for each company, based on the estimated statement of position calculations at **Section 6**.
- The timing of any dividends to priority and unsecured creditors is estimated to be between 6 months to 2 years from the date of this report.

Company	Estimated Dividend*			
	Wages & Superannuation	Leave entitlements	Redundancy Entitlements	Unsecured Creditors
Rubicor Group Limited	Nil	Nil	Nil	Nil
Xpand Group Pty Ltd	70.44 – 100 c/\$	Nil – 100 c/\$	Nil – 100 c/\$	Nil – 7.23 c/\$
Rubicor Workforce Pty Ltd	23.97 – 66.22 c/\$	Nil	Nil	Nil
Rubicor Gov Pty Ltd	9.55 – 32.79 c/\$	Nil	Nil	Nil
Rubicor Professional Pty Ltd	17.21 – 100 c/\$	Nil – 69.87 c/\$	Nil	Nil
Rubicor Technical Pty Ltd	Nil – 100 c/\$	Nil – 100 c/\$	Nil – 71.49 c/\$	Nil
Choice HR (Logistics) Pty Ltd	Nil – 100 c/\$	n/a	n/a	Nil – 28.86 c/\$
Locher & Associates Pty Ltd	n/a	n/a	n/a	Nil

* c/\$ - cents per dollar return

8. Way Forward

- The following actions are required to proceed with the Liquidation, including:
 - Recover any further available property;
 - Liaising with FEG in relation to the verification of employee entitlements;
 - Consider obtaining an independent detailed solvency analysis for the Group;
 - Complete our investigations into potential voidable transactions;
 - Commencing recovery actions, including legal proceedings with respect to voidable transaction claims;
 - Investigate Director offences/misconduct and complete my reporting to ASIC;
 - Subject to the availability of funds, declare a dividend to priority creditors; and
 - Any other matters relevant to the Liquidation.

- Please note that if we receive a request for a meeting that complies with the guidelines set out in the initial information provided to you, we will hold a meeting of creditors.

- We may write to you again with further information on the progress of the Liquidation.

- 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 or require any further information, please email rubicor.creditors@fticonsulting.com or telephone +61 7 3225 900.

Dated this 31st of January 2020.

FTI Consulting



Joanne Dunn
Liquidator

Encs.

Appendix 1. Estimated Assets and Liabilities

- On 28 August 2019, David Hutchinson and Sharad Loomba, the executive Directors of RUB, provided a Report on Company Activities and Property (**ROCAP**) detailing the business, property, affairs and financial circumstances of the Group on a **consolidated basis** as at 5 August 2019. Details of the ROCAP are provided in our Administrators' report to creditors dated 2 September 2019.
- Below are the Liquidators' Estimated Realisable Value (**ERV**) of assets and liabilities per company and associated notes:

Estimated Assets and Liabilities									
	Notes	Rubicor Group		Xpand Group		Rubicor Workforce		Rubicor Gov	
		Liquidators' ERV	Realised to date	Liquidators' ERV	Realised to date	Liquidators' ERV	Realised to date	Liquidators' ERV	Realised to date
Assets									
Cash at Bank		14,918	14,918	4,510	4,510	507	507	117	117
Pre-Appointment Debtors	1	122,222	122,222	3,346,229	3,240,862	2,734,928	2,505,340	143,841	142,490
Plant & Equipment		16,410	16,410	1,000	49	Nil	Nil	Nil	Nil
Shares in Subsidiaries	2	485,816	485,816	Nil	Nil	Nil	Nil	Nil	Nil
Intellectual Property	2	18,114	18,114	279,184	279,184	Nil	Nil	Nil	Nil
Other Assets	3	129,144	129,144	Nil	Nil	Nil	Nil	Nil	Nil
Total Assets		786,624	786,624	3,630,922	3,524,604	2,735,435	2,505,847	143,958	142,607
Liabilities									
Secured Creditors	4	72,286	72,286	2,559,449	2,559,449	1,563,597	1,563,597	15,794	15,794
Employee Entitlements		1,078,882	1,078,882	1,443,455	1,443,455	7,908,060	7,908,060	2,268,997	2,268,997
Unsecured Creditors	5	1,691,414	1,691,414	1,767,858	1,767,858	2,397,924	2,397,924	971,482	971,482
Total Liabilities		2,842,582	2,842,582	5,770,761	5,770,761	11,869,581	11,869,581	3,256,273	3,256,273
Net Surplus/(Deficiency) subject to costs of the Liquidation		(2,055,958)	(2,055,958)	(2,139,839)	(2,246,157)	(9,134,146)	(9,363,734)	(3,112,316)	(3,113,667)

Appendix 1. Estimated Assets and Liabilities

Estimated Assets and Liabilities									
	Notes	Rubicor Professional		Rubicor Technical		Choice HR (Logistics)		Locher & Associates	
		Liquidators' ERV	Realised to date	Liquidators' ERV	Realised to date	Liquidators' ERV	Realised to date	Liquidators' ERV	Realised to date
Assets									
Cash at Bank		295	295	350	350	212	212	65	65
Pre-Appointment Debtors	1	66,725	61,504	74,535	74,535	380,398	116,398	Nil	Nil
Plant & Equipment		Nil	Nil	1,119	1,119	Nil	Nil	Nil	Nil
Shares in Subsidiaries	2	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Intellectual Property	2	Nil	Nil	20,000	20,000	Nil	Nil	Nil	Nil
Other Assets	3	Nil	Nil	11,442	11,442	Nil	Nil	Nil	Nil
Total Assets		67,020	61,799	107,446	107,446	380,611	116,611	65	65
Liabilities									
Secured Creditors	4	62,974	62,974	Nil	Nil	84,147	84,147	1,241	1,241
Employee Entitlements		355,921	355,921	96,850	96,850	149,982	149,982	Nil	Nil
Unsecured Creditors	5	216,077	216,077	253,725	253,725	134,998	134,998	300,839	300,839
Total Liabilities		634,972	634,972	350,575	350,575	369,127	369,127	302,080	302,080
Net Surplus/(Deficiency) subject to costs of the Liquidation		(567,952)	(573,173)	(243,129)	(243,129)	11,484	(252,516)	(302,015)	(302,015)

Note 1 – Pre-appointment debtors

Pre-Appointment debtors, exclude any post appointment trading revenue.

Excluding Rubicor Group Limited, all other pre-appointment debtors were subject to the cross collateralised Scottish Pacific facilities.

Choice HR (Logistics), Workforce and Xpand have further pre-appointment debtors that may be recovered.

Note 2 – Shares in subsidiaries / Intellectual property

These items relate to the sale of the businesses and intellectual property which were completed.

Note 3 – Other Assets

Rubicor Group Limited - Other assets relate to a refund for Workcover premiums.

Rubicor Technical - Relates to surplus funds held in the Scottish Pacific facility at appointment .

Note 4 – Secured Creditors

Rubicor Group Limited - Relates to the NAB secured facilities. The remaining entities operated debtor factoring facilities with Scottish Pacific, these amounts relate to the debt at the Administrators' appointment and do not include costs and charges incurred on the facilities. The Scottish Pacific facilities have been repaid in full.

Note 5 – Unsecured creditors

Unsecured creditor figures do not include intercompany loan accounts which have not been yet been adjudicated on.

Appendix 2. Receipts and Payments

Rubicor Group Limited (In Liquidation)

Period: 5 August 2019 to 29 January 2020

(\$)

Receipts

Inter-company direct expense reimbursement receipt	30,333
Inter-company receipt	124,899
Interest Income	493
Post-Appointment Debtors	18,797
Pre-Appointment Debtors	122,222
Net Inter-company receipt (Overseas Entities)	36,921
GST Refund	10,156
Insurance	129,144
Reimbursement of Operating Costs (external)	12,017
Computer Equipment	5,500
Overseas Subsidiary Shares	485,816
Subsidiary Intellectual Property and Website	18,114
Plant and Equipment	10,910
Pre-Appt Cash at Bank	13,218
Total Receipts	1,018,541

Payments

Hire & Leasing	(26,023)
Wages and Salaries	(278,952)
Bank Charges	(701)
Data room storage expense	(1,054)
Insurance	(30,981)
OH&S Software	(1,477)
PAYG Paid	(81,113)
Payroll Tax	(17,784)

Rubicor Group Limited (In Liquidation)

Period: 5 August 2019 to 29 January 2020

(\$)

Recruitment Software	(6,600)
Repairs & Maintenance	(3,081)
Property Lease Costs	(64,600)
Security	(413)
Telephone & Fax	(24,674)
Utilities	(944)
Venue Hire	(3,568)
Website Expenses	(789)
Auctioneer's Charges	(6,564)
Inter-company direct expense reimbursement	(5,707)
Inter-company payment	(104,000)
Remote Desktop and Other IT Expense	(145,675)
Legal Fees	(123,632)
Incorrectly Received Funds	(428)
Total Payments	(928,760)
Net Receipts (Payments)	89,781

Appendix 2. Receipts and Payments

Xpand Group Pty Ltd (In Liquidation)

Period: 5 August 2019 to 29 January 2020 (\$)

Receipts

Scottish Pacific Facility Post Appointment Drawdowns	4,572,768
Inter-company receipt	67,742
Interest Income	0
Pre-Appointment Debtor Recoveries	3,240,862
Refund	2,037
Refund of Contractor Overpayments	2,690
Inter-company direct expense reimbursement	12,934
Inter-company payment	5,707
Loan repayment - overseas entity	190,000
Sale of Xpand Business	307,103
Plant and Equipment	54
Post-Appointment Debtor Recoveries	4,813,998
Pre-Apppt Cash at Bank	4,510
Sundry Receipts	17,050
Funds collected on behalf of Rubicor Group Limited (Share Sale)	485,816

Total Receipts 13,723,270

Payments

Scottish Pacific Facility Post Appointment Drawdowns (Repayment)	(4,572,768)
Secured Creditor Payment	(2,959,628)
Wages and Salaries	(3,334,973)
Insurance	(2,001)
Bank Charges	(6,993)
Valuation Expense	(990)
IT Expense	(45,315)
Payroll Tax	(167,364)

Xpand Group Pty Ltd (In Liquidation)

Period: 5 August 2019 to 29 January 2020 (\$)

Recruitment Software	(68,485)
Property Lease Costs	(91,023)
Bank Guarantee Expense	(272,317)
Repairs & Maintenance	(949)
Utilities	(2,375)
Appointee Disbursements	(5,105)
Auctioneer's Charges	(5)
Fees: Appointee Fees	(153,424)
Foreign Currency Exchange Expense	(615)
GST Paid	(117,004)
Inter-company direct expense reimbursement	(149,673)
Inter-company payment	(121,807)
Legal Fees	(16,378)
PAYG Paid	(327,019)
Funds collected on behalf of Rubicor Group Limited (Share Sale)	(485,816)

Total Payments (12,902,026)

Net Receipts (Payments) 821,244

Net Receipts Comprised Of

Cash at Bank	741,139
Surplus held with Scot Pac	80,105

Total Cash 821,244

Appendix 2. Receipts and Payments

Rubicor Workforce Pty Ltd (In Liquidation)

Period: 5 August 2019 to 29 January 2020

(\$)

Receipts

Scottish Pacific Facility Post Appointment Drawdowns	1,752,500
Inter-company receipt	1,551
Other Income	1,440
Incorrectly Received Funds	2,768
Plant and Equipment	175
Post-Appointment Debtor Recoveries	1,606,944
Pre-Appointment Debtor Recoveries	2,505,340
Pre-Appnt Cash at Bank	507
Refunds	396
Workcover funding (wages)	28,283

Total Receipts

5,899,903

Payments

Scottish Pacific Facility Post Appointment Drawdowns (Repayment)	(1,752,500)
Secured Creditor Payment	(1,870,851)
Wages and Salaries	(1,258,700)
Sundry Payments	(58)
Insurance	(17,673)
Inter-company direct expense reimbursement	(18,315)
Inter-company payment	(10,954)
PAYG Paid	(302,994)
Payroll Tax	(70,674)
Bank Guarantee Expense	(15,246)
Security Deposit Withheld	(186,706)
Property Lease Costs	(59,064)
Utilities & Telephone Expense	(7,253)

Rubicor Workforce Pty Ltd (In Liquidation)

Period: 5 August 2019 to 29 January 2020

(\$)

Repairs & Maintenance	(308)
Security	(264)
Auctioneer's Charges	(17)
Bank Charges	(2,028)
GST Paid	(123,498)
Incorrectly Received Funds	(2,768)
Legal Fees	(5,994)

Total Payments

(5,705,864)

Net Receipts (Payments)

194,039

Net Receipts Comprised Of

Cash at Bank	193,559
Surplus held with Scot Pac	480

Total Cash

194,039

Appendix 2. Receipts and Payments

Rubicor Gov Pty Ltd (In Liquidation)

Period: 5 August 2019 to 29 January 2020

(\$)

Receipts

Scottish Pacific Facility Post Appointment Drawdowns	274,356
Inter-company receipt	89,116
Inter-company direct expense reimbursement receipt	25,561
Sundry Receipts	277
Pre-Appointment Debtor Recoveries	142,490
Post-Appointment Debtor Recoveries	277,106
Pre-Apppt Cash at Bank	117

Total Receipts

809,023

Payments

Scottish Pacific Facility Post Appointment Drawdowns (Repayment)	(274,356)
Secured Creditor Payment	(52,556)
Wages and Salaries	(181,246)
Bank Guarantee Expense	(15,811)
Security Deposit Withheld	(97,104)
Bank Charges	(2,000)
PAYG Withholding Tax Paid	(50,817)
Payroll Tax	(13,561)
Recruitment Software	(1,394)
Property Lease Costs	(6,731)
GST Paid	(22,558)
Inter-company payment	(89,116)

Total Payments

(807,251)

Net Receipts (Payments)

1,772

Net Receipts Comprised Of

Cash at Bank	2,085
Less Outstanding to Scot Pac	(313)

Total Cash

1,772

Rubicor Professional Pty Ltd (In Liquidation)

Period: 5 August 2019 to 29 January 2020

(\$)

Receipts

Scottish Pacific Facility Post Appointment Drawdowns	166,812
Sundry Receipts	84
Inter-company direct expense reimbursement receipt	126,652
Inter-company receipt	56,127
Post-Appointment Debtor Recoveries	196,318
Pre-Appointment Debtor Recoveries	61,504
Pre-Apppt Cash at Bank	295

Total Receipts

607,793

Payments

Scottish Pacific Facility Post Appointment Drawdowns (Repayment)	(166,812)
Secured Creditor Payment	(90,964)
Wages and Salaries	(190,192)
Bank Charges	(364)
Insurance	(270)
PAYG Withholding Tax Paid	(58,300)
Payroll Tax	(13,510)
Recruitment Software	(658)
GST Paid	(11,415)
Inter-company payment	(40,000)
Interest Paid	(599)

Total Payments

(573,085)

Net Receipts (Payments)

34,707

Net Receipts Comprised Of

Cash at Bank	35,039
Less Outstanding to Scot Pac	(332)

Total Cash

34,707

Appendix 2. Receipts and Payments

Rubicor Technical Pty Ltd (In Liquidation)

Period: 5 August 2019 to 29 January 2020 (\$)

Receipts	
Scottish Pacific Facility Post Appointment Drawdowns	98,317
Inter-company receipt	71,916
Net Inter-company receipt (Overseas Entities)	2,702
Pre-Appointment Debtor Recoveries	74,535
Existing Credit In Pre-Appointment Facility	11,442
Bank Charges	2
Sale of Intellectual Proprety	22,000
Plant and Equipment	1,231
Post-Appointment Debtor Recoveries	102,617
Pre-Appt Cash at Bank	350
Refund Bank Charge	82
Total Receipts	385,194

Payments

Scottish Pacific Facility Post Appointment Drawdowns (Repayment)	(98,317)
Secured Creditor Payment	(30,284)
Wages and Salaries	(76,798)
Bank Charges	(315)
Consultant expenses	(1,875)
PAYG Withholding Tax Paid	(19,450)
Payroll Tax	(4,221)
Recruitment Software	(1,317)
Auctioneer's Charges	(267)
GST Paid	(3,792)
Inter-company direct expense reimbursement	(452)
Inter-company payment	(31,626)
Recruitment services	(12,816)
Total Payments	(281,532)

Net Receipts (Payments) **103,662**

Net Receipts Comprised Of

Cash at Bank	103,936
Less Outstanding to Scot Pac	(274)
Total Cash	103,662

Choice HR (Logistics) Pty Ltd (In Liquidation)

Period: 5 August 2019 to 29 January 2020 (\$)

Receipts	
Scottish Pacific Facility Post Appointment Drawdowns	110,600
Inter-company receipt	14,383
Pre-Appointment Debtor Recoveries	116,398
Post Appointment Debtor Recoveries	115,485
Pre-Appt Cash at Bank	212
Employee overpayments	600
Refund Bank Fee	46
Total Receipts	357,725

Payments

Scottish Pacific Facility Post Appointment Drawdowns (Repayment)	(110,600)
Secured Creditor Payment	(117,120)
Recruitment Software	(88)
Wages and Salaries	(77,619)
Bank Charges	(523)
PAYG Withholding Tax Paid	(23,877)
Payroll Tax	(5,582)
GST Paid	(3,508)
Inter-company direct expense reimbursement	(464)
Inter-company payment	(17,973)
Total Payments	(357,354)

Net Receipts (Payments) **371**

Net Receipts Comprised Of

Cash at Bank	673
Less Outstanding to Scot Pac	(301)
Total Cash	371

Appendix 2. Receipts and Payments

Locher & Associates Pty Ltd (In Liquidation)

Period: 5 August 2019 to 29 January 2020

(\$)

Receipts

Rental Income	29,646
Pre-Appr Cash at Bank	65
Total Receipts	29,711

Payments

Bank Charges	(42)
Inter-company payment	(23,192)
Pro Rata Rental Refund	(2,993)
Rent & Rates	(3,290)
Rent: Emergency Services Levy	(37)
Rent: Water	(74)
Total Payments	(29,628)
Net Receipts (Payments)	83