



Principals **Ross Mottershead | Murray Godfrey | Ian Purchas | Darren Vardy | Sonia Gibson**

Sydney: Level 12, 88 Pitt Street Sydney, NSW 2000
Caringbah: Suite 9, 305-307 The Kingsway Caringbah NSW 2229
Correspondence: GPO Box 4153 Sydney, NSW 2001
Website: www.rmgpartners.com.au

Ph: 02 9231 0889 | Fax: 02 9231 0887
Ph: 02 9531 8365 | Fax: 02 9531 8367
Email: rmg@rmgpartners.com.au
Phone: 1300 720 857

Ref: KYC/1st RTC 6.7.10/Sec 20

6 July 2010

FIRST REPORT TO CREDITORS

LABOURFORCE SOLUTIONS PTY LIMITED
A.C.N. 080 468 739
(ADMINISTRATORS APPOINTED) ("THE COMPANY")

TABLE OF INCLUSIONS

1. **Notice of meeting.**
2. **Appointment of proxy form (please complete and return).**
3. **Form 535 – Formal proof of debt or claim form (please complete and return).**
4. **Administrators' report to creditors.**
 - i) **Annexure A – Declaration of Independence, Relevant Relationships and Indemnities;**
 - ii) **Annexure B – Notice to Suppliers;**
 - ii) **Annexure C – RMG Partners Business Solutions' charge rates; and**
 - iii) **Annexure D – ASIC Information Sheet "Information for Directors, Employees, Creditors and Shareholders."**

If you require further copies of the above please contact Mr KY Chin of the Sydney office on (02) 9231 0889.

FORM 529A

Paragraph 5.6.12(2)(aa)

CORPORATIONS ACT

**NOTICE OF FIRST MEETING OF CREDITORS OF COMPANY UNDER
ADMINISTRATION**

LABOURFORCE SOLUTIONS PTY LIMITED

A.C.N. 080 468 739

(ADMINISTRATORS APPOINTED)

("THE COMPANY")

1. On 2 July 2010, the Company under Section 436A appointed I J Purchas and M R Godfrey both of RMG Partners Business Solutions, Level 12, 88 Pitt Street, Sydney NSW 2000 as the Administrators of the Company.
2. Notice is now given that a meeting of the creditors of the Company will be held at the offices of RMG Partners Business Solutions, Level 12, 88 Pitt Street, Sydney NSW 2000 on 14 July 2010 at 11:00 am.
3. The purpose of the meeting is to determine:-
 - a. Whether to appoint a Committee of Creditors; and
 - b. If so, who are to be the Committee's members
4. At the meeting, creditors may also, by resolution:-
 - a. Remove the Administrators from office, and
 - b. Appoint another person as Administrator of the Company

A Form of Proxy is attached. Proxies to be used at the meeting should be lodged with the Company, care of RMG Partners Business Solutions by 4.00 pm on 13 July 2010. A corporate creditor can only be represented by a duly appointed representative appointed under Section 127 and Section 250D of the Corporations Act.

Creditors wishing to vote at the meeting should establish their debt or claim by completing and lodging the attached Proof of Debt with RMG Partners Business Solutions prior to the date of the meeting.

Dated this 6th day of July 2010.


I J PURCHAS
Joint Administrator

APPOINTMENT OF PROXY¹

LABOURFORCE SOLUTIONS PTY LIMITED
A.C.N. 080 468 739
(ADMINISTRATORS APPOINTED)

I/We _____

of _____ a creditor of

the abovenamed company appoint _____ or in his/her

absence _____ as my/our general/special proxy to vote at

the meeting of creditors to be held on 14 July 2010 at 11:00 am or at any adjournment of that

meeting,³ and to vote:

my **general proxy** to vote on all matters arising at the meeting (including the appointment of the proxy holder as a member of any Committee of Creditors/Inspection)

OR

my **special proxy** to vote on the following resolutions as specified below:

PLEASE TICK ONE BOX (ONLY) FOR EACH PROPOSED RESOLUTION

	For	Against	Abstain
1. Appointment of Committee of Creditors with _____ _____ appointed as a member.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. To remove the Administrators from office and appoint someone else as Administrator of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

And generally as he or she determines on my behalf.

Signed

Dated

Print Name:

.....

NOTES TO PROXY

(1) The person(s) appointed proxy may be the Chairperson or such other person as the creditor may approve, and the proxy form, when signed, must be lodged by the time and at the address named for that purpose in the notice convening the meeting at which it is to be used.

(2) Note that any person signing on behalf of a company must be duly authorised by the company

WITNESS for blind creditors ONLY

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 or her before he or she signed or marked the instrument.

DATE

Signature of Witness

Description

Place of Residence



Principals **Ross Mottershead** | **Murray Godfrey** | **Ian Purchas** | **Darren Vardy** | **Sonia Gibson**

Sydney: Level 12, 88 Pitt Street Sydney, NSW 2000

Caringbah: Suite 9, 305-307 The Kingsway Caringbah NSW 2229

Correspondence: GPO Box 4153 Sydney, NSW 2001

Website: www.rmgpartners.com.au

Ph: 02 9231 0889 | Fax: 02 9231 0887

Ph: 02 9531 8365 | Fax: 02 9531 8367

Email: rmg@rmgpartners.com.au

Phone: 1300 720 857

Ref: KYC/1st RTC 6.7.10/Sec 20

6 July 2010

FIRST REPORT TO CREDITORS

LABOURFORCE SOLUTIONS PTY LIMITED

A.C.N. 080 468 739

(ADMINISTRATORS APPOINTED) (“THE COMPANY”)

On 2 July 2010, Mr M R Godfrey and I were appointed Administrators of the Company by its director.

We have been advised that you may be a creditor of the Company.

We now submit our preliminary report in respect of the Company as follows:

- 1. VOLUNTARY ADMINISTRATION**
- 2. DISCLOSURE STATEMENT**
- 3. HISTORY**
- 4. FIRST MEETING OF CREDITORS**
- 5. EFFECT ON OWNERS OR LESSORS OF PROPERTY / EXISTING CONTRACTS / STOCK**
- 6. INVESTIGATIONS**
- 7. REMUNARATION**
- 8. GENERAL**

1. VOLUNTARY ADMINISTRATION

Voluntary administration is a corporate insolvency regime designed to maximise the chances of a business, or part of a business, continuing in operation, or to result in creditors receiving a better return than would result from an immediate liquidation.

Under normal circumstances, the period of voluntary administration is approximately five weeks. During the period of voluntary administration, the Administrators assume control of the Company's assets and operations. At the conclusion of the voluntary administration period, the Company's creditors will resolve the future of the Company. The Administrators are required to conduct an investigation into the Company's affairs and to report to creditors on the results of this investigation. This report will contain the Administrators' opinion on each of the alternatives for the Company's future.

2. DISCLOSURE STATEMENT

Our appointment was made pursuant to a resolution of the director who was referred to RMG Partners Business Solutions by the Company's external accountant. In accepting the appointment, we have considered the issue of our independence.

In accordance with statutory and professional requirements we have prepared a Declaration of Independence, Relevant Relationships and Indemnities. This Declaration is **attached** as **Annexure 'A'**.

In summary, we are not aware of any issues, circumstances or relationships which would preclude our appointment.

3. HISTORY

The Company was incorporated on 21 October 1997 and operates as a staffing solutions provider across a wide range of industry sectors including manufacturing, transport and logistics, light and heavy industrial and the service industry.

The Company's registered office is located at 28-54 Percival Road, Smithfield, NSW 2164.

The Company's office bearer as at the date of our appointment was as follows:

<u>Name</u>	<u>Position</u>
Mr Stephen Brown	Director/Secretary

The Company will continue to trade during the administration whilst the interests of creditors and the future of the Company are considered. This will be monitored on an ongoing basis.

4. FIRST MEETING OF CREDITORS

Attached is a Notice of Meeting of creditors to be held in accordance with Section 436E of the Corporations Act 2001 ("the Act"). In this regard we note the following:

A. Purpose of Meeting

The purpose of the meeting is to determine whether to appoint a Committee of Creditors. At the meeting, creditors may also, by resolution, remove the administrators from office and appoint someone else as administrator of the Company.

B. Committee of Creditors

Pursuant to Section 436F of the Act the functions of a Committee of Creditors are:

- i) to consult with the administrators about matters relating to the administration; and
- ii) to receive and consider reports by the administrators.

Section 436G of the Act provides that a person may only be a member of a Committee of Creditors if he / she is:

- a) a creditor of the Company; or
- b) an attorney of such a creditor because of a general power of attorney; or

- c) authorised in writing by such a creditor to be such a member.

C. Voting

The required resolutions are by a simple majority in number unless two or more creditors request a poll be taken, in which case it requires a majority in number and value. In a deadlock, the Chairman has the casting vote.

Attached are forms of Proof of Debt and Proxy.

The Proof of Debt must be completed in full setting out all particulars of the debt outstanding. Where the creditor is a company, the full name of the company must be shown and the form signed by an officer of the Company.

The Proxy must be completed if the creditor is a company or if an individual creditor wishes to appoint another party as his or her representative.

Please lodge these forms with our office prior to attendance at the meeting of creditors.

5. EFFECT ON OWNERS OR LESSORS OF PROPERTY / EXISTING CONTRACTS / STOCK / SUPPLIERS

A. Owners and Lessors of Property

Please note that pursuant to Section 440C of the Act that:

“During the administration of a company, the owner or lessor of property that is used or occupied by, or is in the possession of, the Company cannot take possession of the property or otherwise recover it, except:

- i. with the administrators’ written consent; or
- ii. with the leave of the Court.”

B. Existing Contracts and Agreements

Please note that we expressly refrain from adopting any contracts or agreements of the Company in existence at the date of our appointment, unless you are formally notified to the contrary in writing. All contracts and agreements are currently the subject of review and, if appropriate, advice as to the position of same will be forthcoming in the near future. In the meantime, no implication as to the adoption of any contracts should be drawn if payments are made for any current use of goods or services.

C. Stock

In relation to suppliers holding outstanding or unfulfilled orders or who have consignment stock with the Company or have supplied stock on the basis of retention of title, it is requested that details of same be supplied immediately. Upon ascertaining the position in relation to such, the suppliers in question will be further advised.

D. Suppliers

In relation to suppliers we refer you to the **attached** notice as **Annexure ‘B’** for further details specific to suppliers.

6. INVESTIGATIONS

We will be conducting our investigations into the Company's business, property, affairs and financial circumstances as required under Section 438A of the Act in order that we may form the opinion required by that section being:

- A. whether it would be in the creditors' interests for the Company to execute a Deed of Company Arrangement; or
- B. whether it would be in the creditors' interests for the administration to end; or
- C. whether it would be in the creditors' interests for the Company to be wound up.

The results of these investigations will be reported to creditors prior to the next meeting of creditors which will likely be held on 28 July 2010.

7. REMUNERATION

We will be seeking remuneration in respect of necessary work properly performed during the voluntary administration period.

There are three basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

A. Time based - hourly rates

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

B. Fixed Fee

The total fee charged is normally quoted at the commencement of the engagement and is the total cost for the engagement. Sometimes a practitioner will finalise an administration for a fixed fee.

C. Commission

The total fee charged is based on a percentage scale of the gross proceeds of assets realisations.

Given the nature of this administration, we propose that our remuneration be calculated on a time basis. This is the most objective method of reflecting the work actually performed during the course of the administration.

The time will be charged in accordance with RMG Partners Business Solutions' standard hourly rates. A schedule of current rates is **attached** as Annexure 'C' which also provides a general guide showing the qualifications and experience of staff engaged in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage. We estimate time costs for the period of the Administration will be in the range of \$75,000 to \$100,000 plus GST and that additional costs will be incurred during the Deed period.

Creditors will be asked to approve the remuneration at the second meeting of creditors. Full details will be provided with Notice of that meeting.

8. GENERAL

A. Further Reports

A more comprehensive report on the Company's affairs will be forwarded to creditors with the Notice of the second meeting of creditors.

In the interim, should you have any queries please do not hesitate to contact Mr KY Chin of this office.

B. Insolvency Information Sheets

Attached as **Annexure 'D'** for your information is a copy of the insolvency information sheet entitled "Information for Directors, Employees, Creditors and Shareholders" circular published by the Australian Securities & Investments Commission.

C. Electronic Notification Options

Section 600G of the Act permits electronic notification to creditors of certain notices or documents. If you would like to receive electronic notification, please complete the relevant section on the proof of debt form.

Should any creditor require assistance in completing the relevant forms or have any queries, please contact Mr KY Chin of the Sydney office.

Yours faithfully

LABOURFORCE SOLUTIONS PTY LIMITED



I J PURCHAS
Joint Administrator

Encl.



ANNEXURE 'A'

**DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND
INDEMNITIES**

**LABOURFORCE SOLUTIONS PTY LIMITED
A.C.N. 080 468 739
(ADMINISTRATORS APPOINTED)**

Independence

We, I J Purchas and M R Godfrey, both of RMG Partners Business Solutions, have undertaken a proper assessment of the risks to our independence in accepting the appointment as Administrators of the abovenamed Company. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

Relevant Relationships

Neither we, nor the firm RMG Partners Business Solutions, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property.

Prior Engagements with the Company

Name	Nature of relationship	Reasons why not an Impediment or Conflict
Labourforce Solutions Pty Limited	I J Purchas provided advice in regard to the financial position of the Company, the insolvency process and the options available to the Company.	The advice to the director of the Company was limited to the options available to the Company considering its financial position during several meetings prior to our appointment. No detailed personal advice was provided to the director. The IPA's Code of Professional Practice specifically recognises the need for practitioners to provide advice on the insolvency process and the options available and does not consider that such advice results in a conflict or is an impediment to accepting the appointment.

Indemnities

We have received the following indemnity for the conduct of the Administration:

Name	Nature of Indemnity
Mr Stephen Brown Mr Regan Brown 1 st Fleet Pty Limited Watsons Bay Finance Pty Limited	\$100,000.00 plus GST for Administrators' remuneration. Also for disbursements and any trading shortfall.

This does not include statutory indemnities.

Dated this 6th day of July 2010.


I J PURCHAS
Joint Administrator


M R GODFREY
Joint Administrator

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



ANNEXURE 'B'



Principals **Ross Mottershead | Murray Godfrey | Ian Purchas | Darren Vardy | Sonia Gibson**

Sydney: Level 12, 88 Pitt Street Sydney, NSW 2000
Caringbah: Suite 9, 305-307 The Kingsway Caringbah NSW 2229
Correspondence: GPO Box 4153 Sydney, NSW 2001
Website: www.rmgpartners.com.au

Ph: 02 9231 0889 | Fax: 02 9231 0887
Ph: 02 9531 8365 | Fax: 02 9531 8367
Email: rmg@rmgpartners.com.au
Phone: 1300 720 857

Ref: KYC/To Suppliers 6.7.10/Sec20

6 July 2010

TO SUPPLIERS

LABOURFORCE SOLUTIONS PTY LIMITED
A.C.N. 080 468 739
(ADMINISTRATORS APPOINTED) ("THE COMPANY")

Mr M R Godfrey and I were appointed Administrators of the Company on 2 July 2010.

I advise that we are continuing to trade the business.

This being the case, I request that creditors open a new account for the Company styled "**Labourforce Solutions Pty Ltd (Administrators Appointed)**".

During the administration the Company will not be paying for any goods delivered or services rendered prior to the date of our appointment, nor is there any offset available for pre and post administration transactions. Under the Corporations Act 2001 all creditors' claims are frozen as at the date of our appointment.

All charges accrued from 2 July 2010 and accompanied by an authorised order should be allocated to the Administrators' account and forwarded to our office for payment in accordance with existing or your usual trading terms.

I note that under Section 443A of the Corporations Act 2001 we are personally liable for any purchases authorised by the Administrators (both mine and Mr Godfrey's signatures appear below) or the following member of our staff:

Mr KY Chin

Should you have questions in relation to this matter please contact Mr KY Chin of our Sydney office.

Yours Faithfully
LABOURFORCE SOLUTIONS PTY LIMITED

IJ PURCHAS
Joint Administrator

M R GODFREY
Joint Administrator



ANNEXURE 'C'



RMG PARTNERS
BUSINESS SOLUTIONS

Hourly Insolvency Rates from 1 July 2010

Position	Rate (ex GST) \$	GST 10% \$	Total (inc GST) \$	Description - guide only
Appointee/Principal	475.00	47.50	522.50	Principal bringing specialist skills to the administration or insolvency task. In excess of 10 years experience.
Senior Manager	400.00	40.00	440.00	More than 7 years insolvency experience, likely more than 3 years as manager, tertiary qualified and capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in their own right.
Manager	360.00	36.00	396.00	6-7 years insolvency experience, likely tertiary qualified, with well developed technical and commercial skills. Answerable to the appointee but otherwise responsible for all aspects of administration. Experienced at all levels and considered very competent. Controls staff and on the job training.
Supervisor	290.00	29.00	319.00	4-6 years. Likely tertiary qualified or significant experience. Will have had conduct of minor administrations and experience in control of staff. Assists planning and control of medium to larger administrations.
Senior 1	240.00	24.00	264.00	2-4 years. Likely tertiary qualified or nearing completion. Assists planning and control of small to medium administrations as well as performing some of the more difficult work on larger administrations.
Senior 2	200.00	20.00	220.00	1-2 years. Likely tertiary course underway or near complete. Required to control the work on small administrations and is responsible for assisting the completion of work on medium to large administrations.
Intermediate 1	170.00	17.00	187.00	0-2 years. Likely graduate with little or no professional experience. Required to assist in day-to-day work under supervision of more senior staff.
Intermediate 2	140.00	14.00	154.00	0-1 year. Trainee likely undertaking a degree with an accountancy major. Required to assist in day-to-day work under supervision of more senior staff.
Secretary / wpo	140.00	14.00	154.00	Appropriate skills including machine usage.
Computer Operator	140.00	14.00	154.00	Appropriate skills including machine usage.
Clerk	100.00	10.00	110.00	Nonqualified. Classification depends on experience, salary and complexity of work to be conducted.
Typist	100.00	10.00	110.00	Appropriate skills.
Junior	80.00	8.00	88.00	HSC. Plans to undertake at least part-time degree/diploma. Required to assist in administration and day-to-day work under supervision of more senior staff.

Notes:

- 1) the Firm maintains its time records in a computerised system;
- 2) the classifications above do not cover professional staff who are not studying tertiary degree courses majoring in accounting/law or have attained like qualifications. RMG Partners recognises that in this category there are some people who are highly skilled and believes it is not possible to give a description which will adequately cover all situations. The Firm therefore decides what is the relevant and appropriate charge-out rate.
- 3) these categories are a guide only. Individual circumstances will dictate category of staff and hourly rates.

Disbursements:

Meeting Room	\$50.00 per hour (plus GST)
Photocopying/Printing	60 cents per page (plus GST)
Facsimile	(Local/Interstate) \$1.00 per page (plus GST)
Stationary and file maintenance	\$100.00 per appointment (plus GST)
Storage	At cost
Searches	At cost
Courier	At cost
Mail	At cost

Creditors are advised that they have the right to obtain further information regarding remuneration and can request same, by advising this office in writing. Creditors are advised that a remuneration information sheet is available at <http://www.asic.gov.au/infosheets>.



ANNEXURE 'D'



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- Insolvency: a glossary of terms
- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors
- Liquidation: a guide for employees
- Receivership: a guide for creditors
- Receivership: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors
- Independence of external administrators: a guide for creditors
- Approving fees: a guide for creditors

Important note: The information sheets contain 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. These documents may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the IPA website at www.ipaa.com.au. The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.