



To the Creditor as Addressed

28 May 2018

Dear Sir or Madam

Ostwald Bros Civil Pty Ltd (In Liquidation)
ACN: 063 036 760 ABN: 55 678 628 688
("Company")

Circular to Creditors

As you are aware, Derrick Vickers and I were appointed as Voluntary Administrators of the Company on 25 August 2017 pursuant to Section 436A of the Corporations Act. We were subsequently appointed as Liquidators at the Second Meeting of Creditors held on 1 December 2017.

This circular has been prepared in accordance with Rule 70-40 of the Insolvency Practice Rules (Corporations) 2016 and should be read in conjunction with our previous Section 75-225 Report dated 24 November 2017 ('previous report'). Information from the previous report will not be repeated unless required. A copy of the previous report, and all other communications to creditors, is available at www.ostwaldbros.com.au.

Please see below an update on the conduct of the Liquidation.

The estimated amounts of assets and liabilities of the company (IPR 70-40(2)(a))

I refer creditors to page 45 of our Voluntary Administration report which included details of the estimated statement of position of the Company. A summary of the asset and liability position of the Company as per our previous report is provided below:

\$	Notes	Ostwald Bros Civil Pty Ltd (Low)	Ostwald Bros Civil Pty Ltd (High)
Assets			
Non-circulating Assets			
Net Proceeds from sale of Plant & Equipment	1	5,977,000	9,538,500
Total non-circulating Assets		5,977,000	9,538,500
Total Assets		5,977,000	9,538,500

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Liabilities

Secured Creditor	29,981,627	29,981,627
Unsecured Creditors	8,826,325	8,826,325
Total Liabilities	38,807,952	38,807,952
Net Assets Deficiency	(32,830,952)	(29,269,452)

Notes

1. Sale of some assets are yet to be undertaken, however, our estimates remain unchanged.

The sale of the majority of the plant and equipment of OBC was effected by way of an on-site auction in Dalby on 22 & 23 March 2018. There are minimal remaining assets that are yet to be sold. We expect these remaining assets to be sold by the end of June 2018

Inquiries relating to the winding up of the company that have been undertaken to date (IPR 70-40(2)(b))

Preferences

In our previous report, we reported that our preliminary investigations indicated potential preference claims totalling \$385,000. Since our appointment as liquidators, we have completed further detailed investigations into potential preference claims. To date claims totalling \$399,076 have been identified and demands totalling that amount have been issued to creditors.

Insolvent Trading

In our previous report, we reported that the company appeared to be insolvent throughout FY2017. Our inquiries indicate that there were debts incurred during this period of time when the company was insolvent that remain outstanding. Further inquiries are still required to determine the exact date of insolvency, the quantum of debts incurred that remain outstanding after this point in time, and if any potential defences are available to the directors.

Uncommercial Transactions

Our investigations to date have not identified any potential uncommercial transactions.

Unfair Loans

Our investigations to date have not identified any potential unfair loans.

Unreasonable Director-Related Transactions

We advised in our previous report that investigations are ongoing regarding intercompany loan accounts. We are continuing to reconcile these loan accounts and identifying any potential claims between entities. Once we have completed this analysis we will assess whether there are any additional claims, outside of existing loan account recovery identified between entities.

At this time no other potential unreasonable director-related transactions have been identified.



Offences

As indicated in our circular to creditors on 1 March 2018, we confirm that a detailed report has been lodged with the Australian Securities and Investments Commission regarding the causes of failure of the company and potential offences of the directors.

Further inquiries relating to the winding up of the company that may need to be undertaken (IPR 70-40(2)(c))

Preferences

We are continuing to assess any potential preference claims against creditors and seek recovery of any identified claims.

Insolvent Trading

We are continuing with our analysis to determine the exact date of insolvency, the quantum of any claim, and assess any potential defences available to the directors. In addition we will need to consider the ability of the directors to meet any potential claim.

Loan Accounts / Unreasonable Director-Related Transactions

We are continuing with reconciling the loan accounts between the various related entities. After conclusion of this analysis we will seek recovery of any identified loan accounts between the entities. This analysis will determine whether there are any unreasonable director-related transactions that might be recoverable.

Public Examination

In advancing the investigations into the Company's affairs it may be necessary to conduct a public examination of the directors and other identified parties. This will be considered in due course.

What happened to the business of the company (IPR 70-40(2)(d))

We refer creditors to page 18 of our previous report with details of the causes of failure of the business. As stated in our previous report, the financial difficulty and subsequent administration of Ostwald Bros. Pty Ltd and Ostwald Construction Materials Pty Ltd meant that the Company was unable to meet its ongoing lease and finance payments.

The likelihood of creditors receiving a dividend before the affairs of the company are fully wound up (IPR 70-40(2)(e))

The dividend prospects have not changed since our previous report. As noted in our previous report, all recoveries from the assets of the company, less costs, will be paid to the ANZ Bank and other financiers pursuant to their security.

Any return to non-priority creditors is subject to recoveries, after costs, from any potential voidable transactions.



Possible recovery actions (IPR 70-40(2)(f))

At this time the identified potential recovery actions include:

- Preferential Payments
- Insolvent Trading

We intend to provide a further report to creditors once all the remaining assets realisations have been completed.

Should you have any queries regarding the information provided, please contact the Creditor hotline by telephone (07) 3257 5111 or email POD-OB@au.pwc.com.

Yours faithfully

A handwritten signature in blue ink, appearing to read 'Sam Marsden', with a long horizontal flourish extending to the right.

Sam Marsden
Liquidator