



ADMINISTRATORS' UPDATE

30 January 2018

John Park, Quentin Olde and Joseph Hansell (**Administrators**) are the Administrators appointed to SurfStitch Group Limited (Administrators Appointed) (**SGL**) and SurfStitch Holdings Pty Limited (Administrators Appointed) (together, **Companies**).

Voluntary administration is governed by the Corporations Act 2001 (Cth) (Act), which provides that:

- the Administrators will convene a meeting of the Companies' creditors (Second Creditors' Meeting);
- at the Second Creditors' Meeting, the creditors will determine the future of the Companies and the outcome of the voluntary administration; and
- the outcome of the voluntary administration will either be that the Companies are recapitalised through a deed of company arrangement (**DOCA**) or are liquidated.

The Administrators are currently seeking proposals to recapitalise or purchase assets of the Companies and have requested that proposals be submitted by 31 January 2018. Following this, the Administrators will assess the proposals, report to the Companies' creditors (including a recommendation as to whether it would be in the creditors' interest that the Companies execute a DOCA or are liquidated) and convene the Second Creditors' Meeting to determine the Companies' future. That expression of interest campaign is ongoing, with a number of parties actively engaged.

The Administrators have not yet issued the Report to creditors required under section 439A of the Act and Rule 25-225(3) of the *Insolvency Practice Rules (Corporations) 2016* (**Report**). Pending that Report, the Administrators are not currently in a position to comment on any DOCA proposal.

The Administrators are aware of various parties approaching shareholders to seek their support for their DOCA proposals. These approaches were made without the Administrators' knowledge and were not authorised by the Administrators or the Companies.

Voting at the Second Creditors' Meeting

The Administrators also wish to clarify the process for voting at the Second Creditors' Meeting.

Creditors of the Companies whose debt or claim has been admitted by the Administrators may vote at the Second Creditors' Meeting.

Shareholders may be creditors of SGL if they have a claim against SGL. If the claim arises from buying, holding, selling or dealing in SGL's shares (those shareholders being **Subordinate Claimants**), the Act provides that Subordinate Claimants are only entitled to vote if a Court makes such orders.





In December 2017, the Administrators commenced Court proceedings, seeking (among other things) Court orders to allow Subordinate Claimants to vote at the Second Creditors' Meeting of SGL. This is scheduled for hearing on 19 February 2018 and the Administrators will report on the outcome of the hearing.

Further information

After the hearing, the Administrators will provide the Report to creditors. The Report will be sent out with the notice convening the Second Creditors' Meeting.

For more information on the voluntary administration process, creditors can refer to ASIC's published Information Sheet 74 Voluntary administration: a guide for creditors.

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