



Hills Limited

(Subject to Deed of Company Arrangement)

Independent Expert Report of Jennifer Nettleton

13 October 2023

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Glossary

Abbreviation	Definition
\$	Australian dollars
Administrators	Sule Arnautovic and John Vouris in their capacity as Administrators or subsequent capacity as Deed Administrators of the Companies under administration (as the context requires)
AIIPAAP	All Present and After-Acquired Property
ASX	Australian Securities Exchange
B2B	Business to business
c.	Circa
Causeway or Secured Creditor	AMAL Security Services Pty Ltd as Trustee for Causeway Wholesale Private Debt Master Fund
Companies under administration	<p>Together:</p> <ul style="list-style-type: none"> • Hills Limited • Hills Health Solutions Pty Ltd • Hills Finance Pty Ltd • Hills Integrated Solutions Pty Ltd • Lan 1 Pty Ltd • T.V. Rentals Pty Ltd • New-tone (Aust.) Pty Ltd • Audio Products Group Pty Limited • Hospital Telecommunications Pty Ltd • ACN 614 478 090 Pty Limited • Pacom Security Pty Ltd • Hills Operations Pty Ltd <p>All having Administrators appointed or being subject to the DoCA (as the context requires)</p>
Creditors' Trust	The creditors' trust to be established for the benefit of the creditors of the Companies under administration, pursuant to the DoCA
Director(s)	In respect of Hills Limited, David Clarke, David Chambers and Peter Steel. In respect of other companies under administration, David Clarke solely
DoCA	Deed of Company Arrangement proposed by Starplex
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Extensia	Extensia Pty Ltd
HHS	Hills Health Solutions Pty Ltd
Hills Health	The Hills Health business segment operated by HHS
Hills NZ	Hills NZ Limited
Hills Technical Services	The Hills Technical Services business segment operated by Hills Limited
IM	Information memorandum dated 23 June 2023
NPAT	Net profit after tax
NPBT	Net profit before tax

Abbreviation	Definition
Report to Creditors Part One	The report of the Administrators pursuant to section 75-225 of the Insolvency Practice Rules (Corporations) 2016 dated 6 July 2023
Report to Creditors Part Two	The report of the Administrators pursuant to section 75-225 of the Insolvency Practice Rules (Corporations) 2016 dated 28 July 2023
Starplex	Starplex International Pty Ltd
Stellar	Stellar Vision Operations Pty Ltd
Step Electronics	Step Electronics 2005 Pty Ltd
the Act	The Corporations Act 2001 (Cth)
the Company	Hills Limited
the Group	<p>Hills Limited and its subsidiaries, being:</p> <ul style="list-style-type: none"> • Hills Health Solutions Pty Ltd • Hospital Telecommunications Pty Ltd • New-tone (Aust.) Pty Ltd • T.V. Rentals Pty Ltd • Hills Finance Pty Ltd • Hills NZ Limited • Hills Operations Pty Ltd • Hills Integrated Solutions Pty Ltd • EMG Finance Pty Ltd • Audio Products Group Pty Limited • Step Electronics 2005 Pty Ltd (50% shareholding) • Pacom Security Pty Ltd • Hills Technology Solutions Pty Ltd • Hills Share Plans Pty Ltd • ACN 614 478 090 Pty Limited • Lan 1 Pty Ltd • ACN 607 134 869 Pty Ltd • Extensia Pty Ltd (70% shareholding)
Trustees	Trustees of the Creditors' Trust

1 Overview

1.1 Background

On 2 June 2023, Sule Arnautovic and John Vouris were appointed Administrators of Hills Limited by Causeway, pursuant to section 436C of the Act.

On the same day, Causeway also appointed the Administrators to:

- Hills Finance Pty Ltd
- Hills Integrated Solutions Pty Ltd
- Lan 1 Pty Ltd
- T.V. Rentals Pty Ltd
- New-tone (Aust.) Pty Ltd
- Audio Products Group Pty Limited
- Hospital Telecommunications Pty Ltd
- ACN 614 478 090 Pty Limited.

On the same day, the Administrators were also appointed as voluntary administrators of Hills Health Solutions Pty Ltd pursuant to a resolution of the sole Director, Mr David Clarke, in accordance with Section 436A of the Act.

On 9 June 2023 the Administrators were also appointed voluntary administrators of Pacom Security Pty Ltd and Hills Operations Pty Ltd pursuant to resolutions of the sole Director, Mr David Clarke, in accordance with Section 436A of the Act.

On 22 June 2023, the Federal Court made orders extending the period in which the Administrators were required to convene the second meeting of the creditors of each of the Companies under administration until 7 August 2023.

Following a sale and recapitalisation process, the Administrators received several offers to acquire the shares in Hills Limited and the business and assets of the Group. Ultimately, the Administrators recommended that creditors accept a deed of company arrangement proposal from Starplex. The terms of the DoCA facilitate a transfer of the shares in the Company to Starplex in return for a contribution to establish a Creditors' Trust, which will provide a return to creditors of the Companies under administration.

The Administrators issued their Second Report to Creditors in two parts, on 6 July 2023 and 28 July 2023. A circular to creditors was also issued on 4 August 2023. The second meetings of creditors were held on 7 August 2023. At these meetings, creditors resolved that the Companies under administration execute the DoCA. The DoCA was executed on 23 August 2023 and the Administrators became the Deed Administrators.

1.1.1 Terms of the DoCA

The DoCA provides that Starplex will make available for the satisfaction of creditors' claims an amount being the lesser of:

- \$11.0 million plus accrued Administrator trading liabilities (as that term is defined in the DoCA), or
- The total amount of available cash (net of accrued Administrator trading liabilities) and trade receivable proceeds

out of the assets of the Group, to be contributed towards a Creditors' Trust, which is to be established for the benefit of creditors of the Companies under administration. The DoCA fund is to be distributed in accordance with the terms of the DoCA and Creditors' Trust. The contribution to the DoCA fund is to be made out of the assets of the Group in circumstances where Starplex's wholly owned subsidiary will not receive any distribution from the DoCA on account of its unsecured claim of approximately \$8.4 million.

Starplex will acquire the Company by way of a transfer of shares from existing shareholders, which will occur subject to the Administrators obtaining an order from the Court pursuant to section 444GA(1)(b) of the Act. The DoCA requires the Administrators to make an application to Court to allow the share transfer to occur as soon as practicable.

Section 444GA of the Act provides as follows:

- (1) *The administrator of a deed of company arrangement may transfer shares in the company if the administrator has obtained:*
 - a. *the written consent of the owner of the shares; or*
 - b. *the leave of the Court.*
- (2) *A person is not entitled to oppose an application for leave under subsection (1) unless the person is:*
 - a. *a member of the company; or*
 - b. *a creditor of the company; or*
 - c. *any other interested person; or*
 - d. *ASIC.*
- (3) *The Court may only give leave under subsection (1) if it is satisfied that the transfer would not unfairly prejudice the interests of members of the company."*

The transfer of the shares in the Company also requires ASIC to grant relief from the takeover provisions contained in section 606 of the Act. ASIC has set out in "Regulatory Guide 6 Takeovers: Exceptions to the general prohibition" that it will generally grant relief where:

1. Explanatory materials have been provided to shareholders at least 14 days before the s444GA hearing including an independent expert report ('IER') prepared consistent with the guidance contained in Regulatory Guide 111
2. The IER is prepared by an expert other than the administrator or a member from the same firm as the administrator
3. The IER concludes that there is no residual equity value in the company for shareholders
4. The court grants leave under s444GA.

1.2 Scope of this Report

I have been instructed by Mills Oakley, on behalf of the Administrators, to prepare an independent expert report for:

- An application by the Administrators pursuant to section 444GA of the Act to implement the DoCA in respect of the Company
- ASIC granting relief from section 606 of the Act
- Inclusion in the explanatory statement to be made available to shareholders of the Company as part of the proposed sale and recapitalisation.

1.3 Requirements of Regulatory Guide 111

In accordance with ASIC Regulatory Guide 111, I am required to provide an independent opinion "of the value, if any, of shareholders' residual equity."¹ The residual value to shareholders is to be derived by "assessing the value of the company's assets and/or business operations, less borrowings, other liabilities and creditor claims."² In accordance with ASIC's guidance, experts should generally value "shareholders' residual equity in a company under administration on a 'winding up' or 'liquidation' basis where that is the likely or necessary consequence of the transfer of shares not being approved."³

Further, "where a company under administration holds assets that form a business, the expert should generally base the assessment on the higher of:

- a. *the sum of liquidation value of the underlying business assets*
- b. *the value of the business as a whole."*⁴

The valuation methodology utilised is discussed in section 5 of this Report.

¹ ASIC Regulatory Guide 111 at RG 111.70

² ASIC Regulatory Guide 111 at RG 111.71

³ ASIC Regulatory Guide 111 at RG 111.73

⁴ ASIC Regulatory Guide 111 at RG 111.77

1.4 Limitations, restrictions and reliance

This Report has been prepared, and may be relied on, solely for the purpose contemplated in section 1.2 of this Report. This Report, or any part of it, may only be published or distributed:

- As an annexure to the explanatory statement to be provided to the Company's shareholders and others (including ASIC as part of the evidence in support of the application under section 444GA of the Act)
- For use in the proceedings before the Court relating to the application under section 444GA of the Act
- In accordance with any law or by order of a court of competent jurisdiction.

My express written consent, and the express written consent of KordaMentha, must be obtained prior to relying upon, publishing, or distributing this Report, or part of it, for any purpose other than that detailed above. Neither I nor KordaMentha accept responsibility to anyone if this Report is used for any other purpose.

My opinion is based on economic, market and other external conditions prevailing at the date of this Report. Such conditions can change over relatively short periods of time and these changes can be material.

The information used in this Report has been evaluated through analysis, enquiry and review for the purposes of forming an opinion as to the value of the assets and liabilities of the Company. While I do not warrant that my enquiries have identified all of the matters that an audit, or due diligence and/or tax investigation might disclose, I consider that the information is reasonable for the scope of my work set out in section 1.2 and that there are reasonable grounds for determining the residual value of the equity in the Company as set out in section 5.

The statements and opinions given in this Report are given in good faith and in the belief that such statements and opinions are not false or misleading.

This Report should be read in the context of the full qualifications, limitations and consents set out in this Report.

1.5 Curriculum vitae

I am a Partner with KordaMentha, a registered liquidator and have over 25 years' experience across all aspects of corporate turnaround and restructuring. I am a Chartered Accountant and member of the Australian Restructuring Insolvency and Turnaround Association.

My curriculum vitae is attached at Appendix A.

1.6 Assistance by colleagues

I have selected colleagues to assist me to arrive at my opinions in this matter. My colleagues carried out the work that I decided they should perform. I have reviewed their work and original documents to the extent considered necessary to form my opinions. The opinions expressed in this Report are my own.

1.7 Information

In the preparation of this Report, I have utilised information in respect of the Company from a variety of sources, including the Company's books and records made available by the Administrators, information prepared by the Administrators as well as public sources. Documents utilised to support my opinions in this Report are noted in text or by way of footnote.

I have not conducted an audit of any information supplied to me. My colleagues and I have reviewed and made sufficient enquiries of the information made available to us and based on that review, believe that the information is reasonable for the scope of my work set out in section 1.2 and that there are reasonable grounds for the values set out in the Report.

A glossary of terms is set out at the beginning of this Report.

1.8 Statement regarding expert witness code

In accordance with the *Expert Witness Code of Conduct in Schedule 7 of the Uniform Civil Procedure Rules 2005 (NSW)*, I state that:

1. I have read, understood, complied with and agree to be bound by the Practice Note and the Code
2. To the best of my knowledge, each of the opinions which I express in this Report is wholly or substantially based upon my specialised knowledge arising from my training, study or experience
3. I have made all the inquiries which I believe are desirable and appropriate. No matters of significance that I regard as relevant to my opinion have, to my knowledge, been withheld from the Court.

As an expert witness, I have the following general duties to the Court:

1. I have a paramount duty to the Court which overrides any duty to any party to the proceedings including my client
2. I have an overriding duty to assist the Court on matters relevant to my area of expertise
3. I have a duty not to be an advocate to any party to the proceedings including my client, even when giving testimony that is necessarily evaluative rather than inferential
4. I have a duty to make it clear to the Court when a particular question or issue falls outside my area of expertise.

1.9 Independence of expert and compliance with professional standards

I have read ASIC Regulatory Guide 112 on independence for experts and am of the opinion that:

- There is no actual, or perceived, conflict of interest
- There is no actual, or perceived, threat to independence
- There is no other reason for which the engagement could not be accepted.

I have complied with the requirements of APES 225 – Valuation Services, the professional code of practice of CPA Australia and the Institute of Chartered Accountants Australia and New Zealand.

1.10 Cost of this Report

KordaMentha will be remunerated on an hourly rates basis for the time spent preparing this Report. The fees payable to KordaMentha are not contingent on the conclusions of this Report, the outcome of the DoCA, or obtaining approval from ASIC or the Court.

2 Summary of findings

2.1 Residual equity value

The table below sets out my findings in relation to the value of the Company's assets and claims against those assets (incorporating the impact of the deed of cross guarantee), and the resulting negative equity position of between \$11.6 million and \$15.8 million.

Estimated outcome statement

	Section reference	Low Case	High Case
Non-circulating assets			
Plant and equipment	6.7	93	103
Business/goodwill/IP assets	6.1	-	-
Shareholding in Hills NZ	6.8	-	300
Total non-circulating assets		93	403
Less: Causeway debt	7.3	(93)	(403)
Surplus/(shortfall)		-	-
Circulating assets			
Cash at bank	6.2.1	8,062	8,062
Accounts receivable	6.2.2	11,057	13,821
Prepayments	6.3	-	-
Rental bonds and security deposits	6.4	80	430
Accrued income	6.5	-	-
Inventory	6.6	252	320
Shareholding in Extensia	6.9	-	-
Shareholding in Step Electronics	6.10	-	-
Claims available to a liquidator	6.11	-	-
Claims against the assets			
Administration, DoCA and liquidation costs and expenses	7.1	(12,014)	(11,364)
Surplus/(shortfall)		7,437	11,269
Priority employee claims	7.2	(4,291)	(4,179)
Surplus/(shortfall)		3,146	7,090
Secured creditor claim (balance)	7.3	(5,930)	(5,620)
Surplus/(shortfall)		(2,784)	1,470
Unsecured creditor claims	7.4	(12,836)	(12,836)
Property lease liabilities	7.5	(205)	(205)
PPSR creditors	7.6	-	-
Surplus/(shortfall) of assets available to meet claims		(15,825)	(11,570)
Value of equity		Nil	Nil

My analysis of assets and liabilities is included in sections 6 and 7 of this Report.

2.2 Opinion on the value of the shares in the Company

Based on my assessment that there is a material shortfall of assets available to meet the claims against the Company, it is my opinion that the shares in the Company have nil value as at the date of this Report.

3 Business and industry overview

3.1 Business overview

The Company was incorporated in June 1957 and listed on the ASX in 1962. The Group currently operates a diversified technology business that has evolved over time. As at the date of appointment, the Group operated two segments:

- Hills Health, operated by HHS
- Hills Technical Services, operated by Hills Limited.

On 2 May 2022, the Company completed the divestment of its security and information technology distribution division for a consideration of \$19.35 million⁵.

3.1.1 Hills Health

Hills Health provides digital solutions to hospitals and aged care centres. Its products include advanced nurse call systems, health care workflow management systems, patient entertainment systems, digitally connected clinical systems, hospital Wi-Fi, telephony networks, pre-admission and post-discharge management as well as dementia monitoring software.

Hills Health's nurse call system incorporates bedside buttons with specialised functions allowing patients to instantly connect with medical staff per their specific requirements. The technology is owned and developed by HHS, while the hardware is manufactured by third party suppliers in Melbourne and the United States. With a comprehensive network infrastructure linking buttons to central servers, the system can extend communication to mobile phones, ensuring rapid responses and escalated calls when necessary. Revenue is generated from the initial supply and installation of the systems and ongoing support and maintenance.

Hills Health's patient entertainment product involves the installation of televisions positioned above patient beds in hospitals. Patients pay Hills Health to use the televisions, and a rebate is paid to the hospital. Hills Health owns the televisions and the related support structures it installs. Hills has over 19,000 televisions installed in approximately 96 hospitals across the country.

3.1.2 Hills Technical Services

Hills Technical Services provides:

- NBN regional wireless connection and remote satellite installation services for residential and commercial properties in regional NSW and QLD. Hills Technical Services is contracted by Ericsson (see section 3.4), with all equipment being provided by Ericsson and the installation being carried out by Hills Technical Services via third party contractors. Hills Limited owns the B2B technology which manages the installation process and monitors the system from dispatch to end of life.
- Sky TV installations in New Zealand, pursuant to a contract with Sky TV.

3.2 Corporate timeline⁶

A timeline of corporate events based on ASX announcements is set out below.

⁵ Hills Limited ASX announcement dated 2 May 2022 page 1

⁶ Various ASX announcements

2021	October Resignation of non-executive director and former chairman Ms Jennifer Hill-Ling and appointment of Ms Janet Muir as non-executive director.
	November Hills Ltd announced it had exited its loss-making New Zealand security distributions operations.
2022	February Divestment of Hills security and information technology distributions division to Dicker Data Ltd for an estimated consideration of \$20m (ASX: DDR).
	February NSW Supreme Court Judgment in favour of HHS, dismissing Stellar's claim that it was excluded from the benefit of a contract entered into with the Western Sydney Local Health District, for the provision of patient entertainment systems.
	September Hills Ltd announced it had entered into a new \$6m debt facility with Causeway Asset Management Ltd, with a term of 3 years.
2023	January Hills Ltd announced that KPMG Australia had resigned as auditors with ASIC consent, and it had appointed Moore Australia Audit.
	March Offer booklet provided to shareholders and partially underwritten 3 for 2 renounceable pro rata entitlement offer of new fully paid ordinary shares, with an offer price of \$0.02 per share announced.
	March Announcement of an initial \$4.4m capital injection by Historical Holdings Pty Ltd, as part of a new placement and entitlement offer to shareholders.
	March Capital raise terms announced on 13 March 2023 amended via a cleansing notice under s708AA(2)(f) of the Corporations Act 2001 (Cth) and updated offer booklet provided to shareholders. It was amended to a partially underwritten 1.35 for 1 renounceable pro rate entitlement offer of new fully paid ordinary shares, with an offer price of \$0.02 per share.
	March Issue of 30,897,772 fully paid ordinary shares to Historical Holdings Pty Ltd at \$0.03 per placement share, pursuant to s708A(5)-(6) Corporations Act 2001 (Cth).
	March Appointment of Mr Gunalan (Balu) Jeganathan as non-executive director.
	April 271,938,344 new shares issued pursuant to entitlements, raising c. \$6.4m before costs in new capital.
	April Appointment of Mr Harley Whitcombe as non-executive director.
	May NSW Court of Appeal Hearing – Appeal by Stellar Vision Operations Pty Ltd to overturn the dismissal of a claim for contractual damages against Hills Health Solutions Pty Ltd.
	May Judgment of NSW Court of Appeal – Stellar Vision Operations Pty Ltd awarded \$5,482,312.38, payable by Hills Health Solutions Pty Ltd, a wholly owned subsidiary of Hills Ltd.
	May Hills Health Solutions Pty Ltd and Stellar Vision Operations Pty Ltd entered into deed to stand still and suspend rights under the court order for 7 days to facilitate negotiations.
	May Resignation of 2 non-executive directors, Mr Harley Whitcombe and Mr Gunalan (Balu) Jeganathan.
	June Appointment of Administrators over Hills Ltd, and its subsidiary companies.
	August Creditors vote in favour of DOCA Proposal.

3.3 Corporate structure⁷

Hills Limited has 17 subsidiaries, 11 of which had Voluntary Administrators appointed and are now subject to the DoCA (with Hills Limited). The Administrators have advised that Hills Limited and HHS are the main trading entities in Australia. Hills NZ Limited is the New Zealand operating entity that is not under Administration.

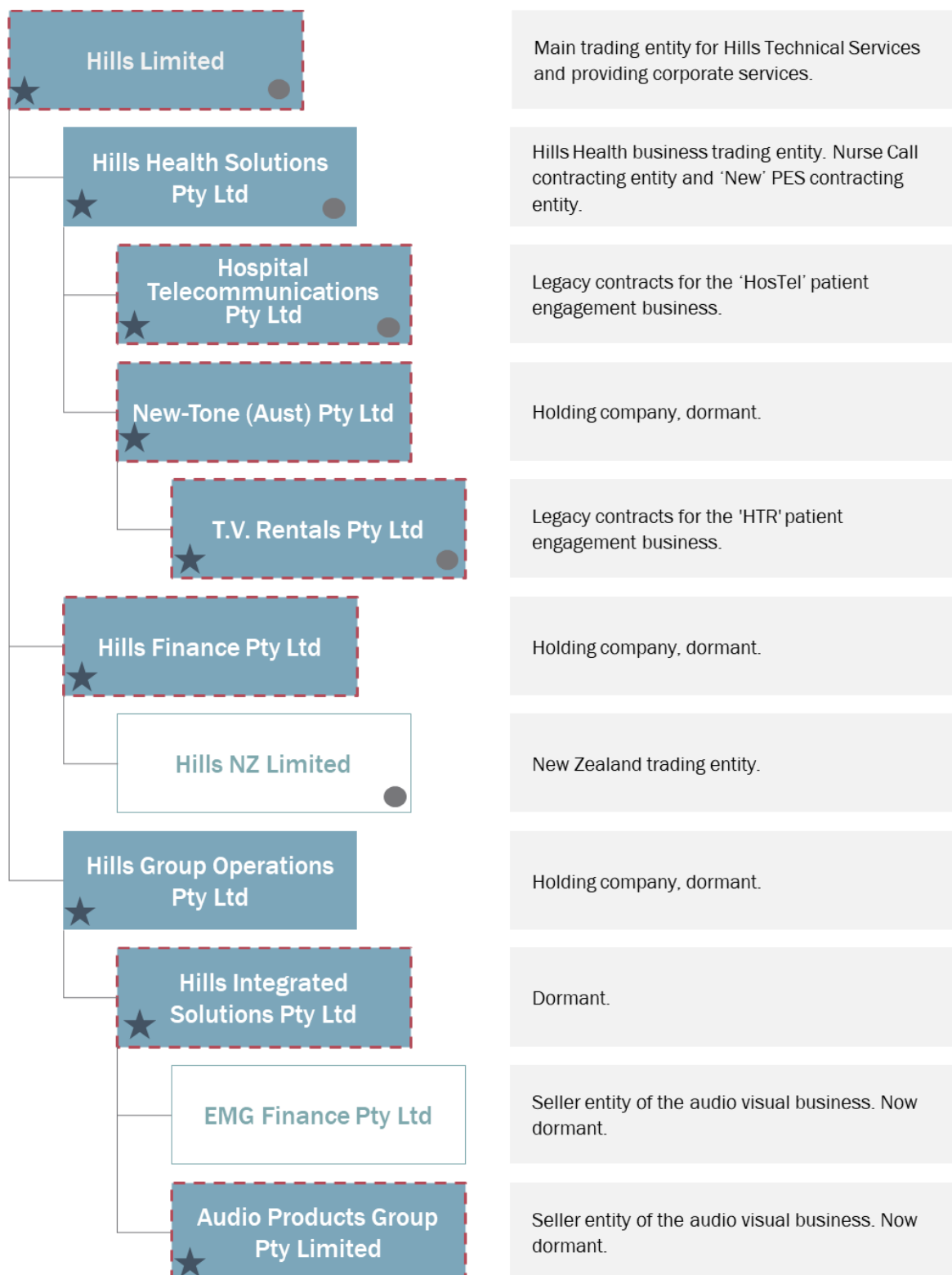
The subsidiaries that did not have administrators appointed are:

- EMG Finance Pty Ltd
- Step Electronics 2005 Pty Ltd (50% interest)
- Hills Technology Solutions Pty Ltd
- Hills Share Plans Pty Ltd
- Hills Group Employees Share Plan Pty Ltd
- ACN 607 134 869 Pty Ltd
- Extensia Pty Ltd (70% interest).

The Administrators have advised that these companies are dormant and have no assets or liabilities.

⁷ Report to Creditors Part One page 11

Hills Group Company Structure



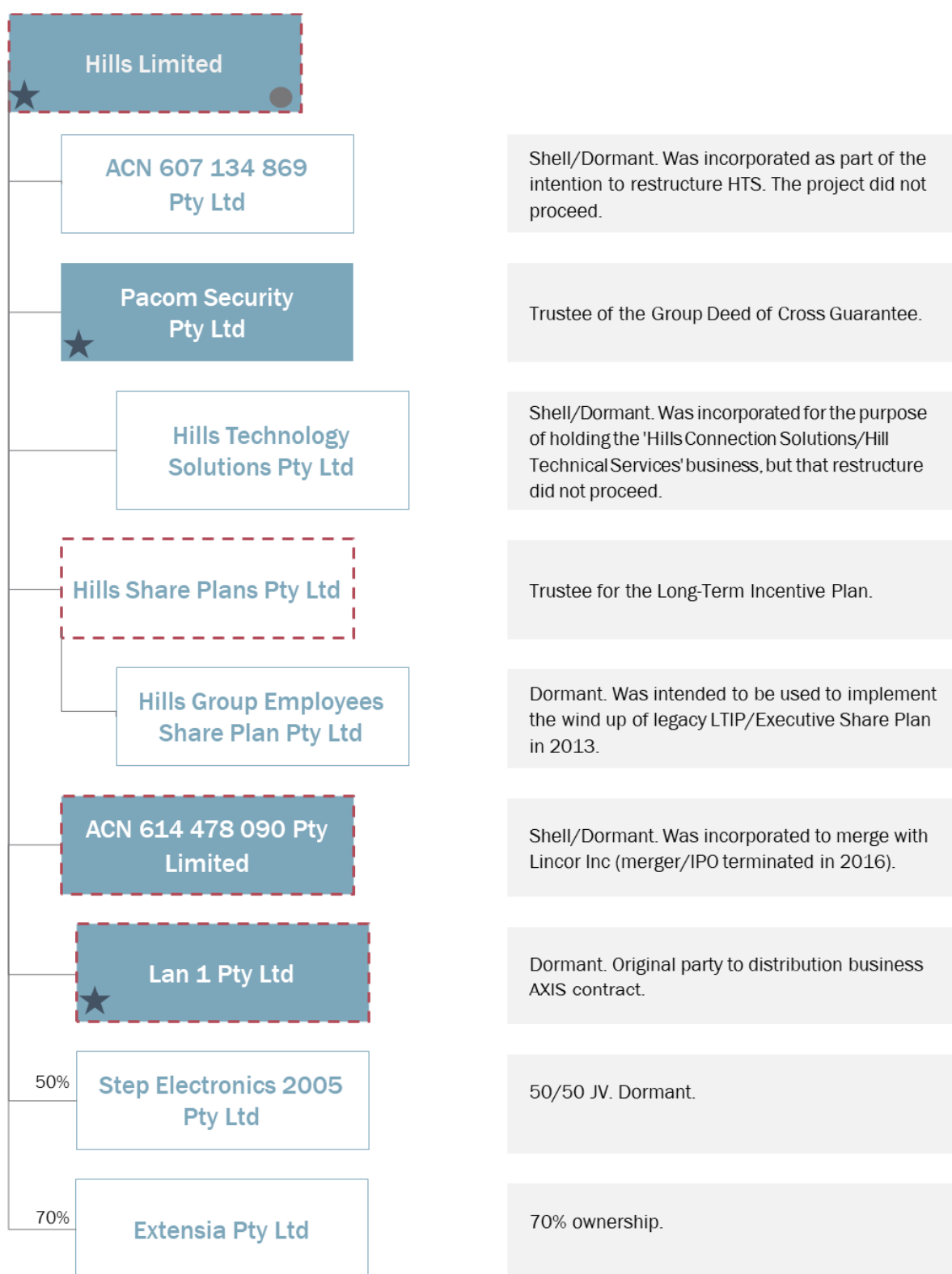
Key:

■ Subject to Deed of Company Arrangement

▤ Causeway security at appointment of VA

● Has assets/liabilities

★ Subject to DOXG

**Key:**

Subject to Deed of Company Arrangement

Causeway security at appointment of VA

Has assets/liabilities

Subject to DOXG

3.3.1 Operations

Hills Limited has approximately 26 employees, and HHS has approximately 150 employees⁸.

The Group has the following operating facilities:

- **Lidcombe (NSW):** Small Sydney office housing staff that work at Hills Health. Majority of the premises is sublet to an external party. The lease expires on 31 December 2023.
- **Port Melbourne (VIC):** Head office for Hills Health operations, which contains a warehouse facility housing spare parts.
- **Nerang (QLD):** Head operations for the Hills Technical Services business and associated warehouse.
- **Adelaide (SA):** Small office space for Hills Health.
- **Auckland (NZ):** Hills NZ head office, which includes a warehouse facility.

The Group has continued to operate on a business as usual basis throughout the Administration period.

3.3.2 Secured creditor

On 19 September 2022, Causeway provided a \$6.0 million loan facility to the Company. The amount outstanding at the date of appointment was approximately \$6.0 million, which included charges, interest, default interest and fees.⁹

The loan is between the Company and Causeway, and the Company has granted Causeway an AllPAAP security interest, which is registered on the Personal Property Security Register. The loan is guaranteed by the entities listed below, supported by AllPAAP security interests registered on the Personal Property Security Register:

- Hospital Telecommunications Pty Ltd
- New-Tone (Aust) Pty Ltd
- T.V. Rentals Pty Ltd
- Hills Finance Pty Ltd
- Hills Integrated Solutions Pty Ltd
- Audio Products Group Pty Limited
- Hills Share Plans Pty Ltd
- ACN 614 478 909 Pty Limited
- Lan 1 Pty Ltd.

At the date of the appointment of the Administrators, Causeway did not have a guarantee from or any security over HHS (other than rights arising under the deed of cross guarantee), which operates the Hills Health business. However, as a result of the execution of the DoCA, security over HHS has been granted to Causeway. This is discussed in section 4.4.1.

Prior to the Causeway facility being put in place, the Group had banking facilities with Commonwealth Bank of Australia. The proceeds from the sale of the security and information technology distribution division were used to reduce these facilities. The balance was refinanced by the Causeway loan facility.

3.3.3 Deed of cross guarantee

The Company and certain subsidiaries entered into a deed of cross guarantee on 14 May 2008¹⁰ in accordance with ASIC Corporations (Wholly-owned Companies) instrument 2016/785. The companies subject to the deed of cross guarantee include:

- Hills Limited
- Hills Health Solutions Pty Ltd
- Hospital Telecommunications Pty Ltd
- New-Tone (Aust) Pty Ltd

⁸ IM page 17

⁹ Report to Creditors Part One page 14

¹⁰ Report to Creditors Part One page 14

- T.V. Rentals Pty Ltd
- Hills Finance Pty Ltd
- Hills Integrated Solutions Pty Ltd
- Audio Products Group Pty Limited
- Lan 1 Pty Ltd
- Pacom Security Pty Ltd
- Hills Group Operations Pty Ltd.

The deed of cross guarantee provides that, in a liquidation, creditors of companies which are subject to the deed of cross guarantee can claim against each company subject to the deed of cross guarantee. The effective result is a pooling of assets and liabilities across the companies listed above, subject to the rights of Causeway.

At a practical level, the Group operated in accordance with the spirit of the deed of cross guarantee, with personnel and other costs being paid predominantly by Hills Limited and not being recharged to Hills Health, with a largely centralised treasury function in Hills Limited.

3.4 Relationship with Ericsson

Ericsson is a Swedish company that specialises in networking and telecommunications.

In May 2021 the Company entered into a contract to provide end user connection services to Ericsson, in line with Ericsson's master supply agreement with NBN Co. The contract end date was 30 June 2023, however it was extended to 28 October 2023 in May 2023. The Company has been in discussions with Ericsson to further extend the contract.

The contract is non-exclusive and terminable in an insolvency event.

3.5 Industry overview

3.5.1 Health industry

Hills Health is linked to the hospital and aged care sector in Australia.

The health care landscape within Australia includes public hospitals, private hospitals and aged care facilities. The health care system is currently under pressure from practitioner and workforce shortages impacting access to care and restricted government funding. This has led to a fragmented, disconnected and inefficient system. However, technology driven solutions such as connected ecosystems, automation of workflow management and communication and remote care are expected to ease the burden on the health care system.

The adoption of digital technology across the Australian healthcare sector continues, albeit at a slower rate than related international markets¹¹. The industry has also seen an acceleration of care in home (aged care, recovery and disability care)¹².

There are c. 97,600 hospital beds across the industry and 245,000 residential places within aged care facilities in 2023¹³. Hospital beds are required to increase to 1.1 million by 2028 in order to support Australia's forecast population growth rate. The demand for aged care facilities is expected to increase as the number of people aged over 65 will increase from 3.8 million to 5.2 million by 2027¹⁴.

3.5.2 NBN installation industry

Hills Technical Services is highly correlated with the growth of NBN connections.

The NBN installation industry is currently facing multiple headwinds, which have resulted in decreased sales and profitability. The demand for NBN products in regional NSW and QLD has reduced due to the increased availability of competitor systems and a reduction in customers requiring NBN installations.

¹¹ Hills Limited Proposed Debt Refinancing Presentation June 2022 page 27

¹² Hills Limited Investor Presentation 23 March 2023 page 14

¹³ IM page 7

¹⁴ IM page 7

According to the NBN Co August 2023 weekly progress report, the growth of premises which have an active service installed has slowed to 0.5% between 2022 to 2023. This growth rate is significantly lower than the average growth rate of 36.7% between 2018 and 2021¹⁵. The slow growth experienced over the past twelve months is expected to continue as demand for NBN products subsides.

3.6 Events leading up to administration

3.6.1 Capital raise

In March 2023, the Company commenced a capital raise to fund working capital, recapitalise the business and assist with funding growth initiatives. On 22 March 2023, the Company announced that Historical Holdings Pty Ltd would be investing \$4.4 million via a share placement and become a significant shareholder of the Company. On 17 April 2023¹⁶, the Company announced \$6.4 million had been raised and 272 million new shares were issued. The shares were issued at \$0.02 per share.

3.6.2 Legal proceedings

In September 2016, Stellar commenced legal proceedings against HHS in relation to the share of profits from the potential supply of patient entertainment systems to hospitals in the Western Sydney Local Health District. In February 2022 the proceedings were dismissed in the Supreme Court and costs awarded in favour of HHS. However, on 18 May 2023, the judgment was overturned and HHS was required to pay Stellar \$5.5 million plus costs (the claim by Stellar disclosed in the Report to Creditors Part Two is \$8.4 million). Hills Health and Stellar subsequently entered into a standstill deed for seven days. During the seven days a settlement between the two parties was unable to be reached¹⁷.

Continuing operating losses and the inability to reach a settlement with Stellar resulted in Causeway appointing the Administrators to the Company on 2 June 2023.

¹⁵ NBN Co weekly progress report page 3

¹⁶ ASX Announcement dated 17 April 2023

¹⁷ ASX announcement dated 18 May 2023

3.7 Financial performance and position

3.7.1 Group consolidated profit and loss

The consolidated profit and loss statement for the Group is summarised in the table below. The results for FY21 to FY22 are based on audited accounts contained in the Group's annual reports. The FY23 financial results are based on unaudited management accounts provided by the Administrators^{18 19}.

Profit and loss – Group consolidated

\$'000	FY21	FY22	FY23
Revenue	49,260	47,267	45,316
Hills Technical Services	15,286	16,230	15,176
Hills Health	33,974	30,036	30,141
Corporate	-	1,000	-
Cost of sales	(23,532)	(23,398)	(22,675)
Gross profit	25,728	23,869	22,641
Other income	160	155	452
Labour and related expenses	(14,766)	(16,049)	(16,162)
Operational and equipment expenses	(462)	(418)	(243)
Property expenses	-	-	1
Other expenses	(9,490)	(8,438)	(12,738)
EBITDA	1,170	(881)	(6,050)
Depreciation and amortisation	(4,364)	(3,887)	(3,939)
EBIT	(3,194)	(4,768)	(9,988)
Finance income	44	9	-
Finance expense	(2,376)	(1,714)	(740)
NPBT	(5,526)	(6,473)	(10,729)
Income tax (expense)/benefit	368	(1,852)	(1)
NPAT from continuing operations	(5,158)	(8,325)	-
NPAT from discontinued operations	(5,065)	(15,628)	-
NPAT	(10,223)	(23,953)	(10,730)

Commentary on the financial performance of the Group

The Group incurred losses in FY21, FY22 and FY23 totalling \$44.9 million.

Market saturation and increased competition resulted in a 6.5% reduction in sales from FY22 to FY23 within Hills Technical Services.

Hills Health's revenue stagnated as patient numbers within hospitals fell during the Covid-19 pandemic, thus less people using Hills Health entertainment products. There has also been an increase in hospital patients using their own entertainment devices, thus reducing entertainment product demand. These factors resulted in an 11.6% reduction in Hills Health revenue from FY21 to FY22, which did not recover in FY23.

During FY22, the Group divested the security and IT distribution business. The NPAT loss from the discontinued business has been included on a one-line basis for FY21 and FY22.

¹⁸ The June 2023 profit and loss included above is slightly different to that disclosed in the Report to Creditors Part Two (page 7) due to amendments made by management post the issue of the Report to Creditors Part Two.

¹⁹ The FY23 profit and loss includes the results of trading through the Administration period, from 2 June 2023 to 30 June 2023.

3.7.2 Group consolidated balance sheet

The consolidated balance sheet for the Group is shown in the table below, based on audited accounts for FY21 to FY22. The balances at 30 June 2023 are based on unaudited management accounts provided by the Administrators.²⁰

Balance sheet – Group consolidated

\$'000	June 21	June 22	June 23
Current assets			
Cash and cash equivalents	6,835	6,458	9,373
Trade and other receivables	31,517	13,512	8,967
Inventory	22,001	3,153	6,128
Total current assets	60,353	23,123	24,469
Non-current assets			
Investments	2	2	2
PP&E	10,797	7,844	6,075
Right of use assets	7,256	3,256	1,052
Intangible assets	3,077	1,597	1,144
Deferred tax liability	13,916	-	-
Total non-current assets	35,048	12,699	8,273
Total assets	95,401	35,822	32,742
Current liabilities			
Trade and other payables	24,333	12,626	16,347
Lease liabilities	4,162	2,850	1,021
Borrowings	533	3,096	6,134
Provisions	5,120	3,025	2,096
Total current liabilities	34,148	21,597	25,598
Non-current liabilities			
Lease liabilities	6,318	3,266	224
Borrowings	19,475	120	-
Provisions	2,228	1,587	758
Total non-current liabilities	28,021	4,973	982
Total liabilities	62,169	26,570	26,580
Equity			
Contributed equity ²¹	278,439	278,439	284,694
Reserves	10,894	10,979	11,110
Accumulated losses ²²	(256,101)	(280,054)	(289,642)
Non-controlling interests	-	(112)	-
Net assets	33,232	9,252	6,162

²⁰ The June 2023 balance sheet includes Administration period transactions.

²¹ The change in contributed equity from 30 June 2022 to 30 June 2023 in the balance sheet is \$6.3 million compared to \$6.4 million as per the ASX announcement dated 17 April 2023. I have not sought to determine the reason for this variance, which is immaterial to my analysis.

²² The change in accumulated losses from 30 June 2022 to 30 June 2023 in the balance sheet is \$9.6 million compared to \$10.7 million as per the FY23 management accounts included in section 3.7.1. I have not sought to determine the reason for this variance, which is immaterial to my analysis.

Commentary on the consolidated balance sheet of the Group

The Group's consolidated net asset position deteriorated from \$33.2 million at June 2021 to \$6.2 million at June 2023.

The consolidated asset position of the Group decreased through the years to 30 June 2023 to \$32.7 million, with reductions in inventory (balance of \$6.1 million as at June 2023) corresponding with the sale of the security and IT distribution business. The Group's total liabilities remained steady at \$26.6 million as at June 2023 as an increase in payables (balance of \$16.3 million at June 2023) was offset by a reduction in lease liabilities (\$1.2 million as at June 2023).

Assets

As at 30 June 2023, consolidated assets of \$32.7 million primarily comprised:

- Cash and cash equivalents of \$9.4 million. Cash increased by \$2.9 million compared to the prior year as a result of the capital raise completed in April 2023
- Property plant and equipment of \$6.1 million, primarily being rental television equipment installed in hospitals (\$5.6 million)
- \$9.0 million of trade and other receivables
- \$6.1 million of inventory comprising of raw materials, work in progress and finished goods net of provisions for obsolescence.

Liabilities

As at 30 June 2023, the consolidated liabilities of the Group totalled \$26.6 million, substantially comprising:

- Trade payables of \$16.3 million, comprised of trade payables, accrued expenses, contract liabilities and other payables
- \$6.1 million of secured borrowings owed to Causeway
- Lease liabilities of \$1.2 million related to property and asset leases.

Equity

As at 30 June 2023, the consolidated net equity of the Group totalled \$6.2 million, substantially comprising:

- \$284.7 million of contributed equity, the increase from June 2023 reflecting the April 2023 capital raise
- \$11.1 million of reserves
- Accumulated losses of \$289.6 million.

3.7.3 Group consolidated statements of cash flows

The consolidated cash flow statement for the Group for FY21 and FY22 is set out below. I have not been provided with a cash flow statement for FY23.

Cash flow – Group consolidated

\$'000	FY21	FY22
Net cash flows from operating activities	1,193	2,155
Net cash flows from investing activities	(3,023)	18,908
Net cash flows from financing activities	(4,050)	(21,599)
Net increase (decrease) in cash and cash equivalents	(5,880)	(536)
Cash and cash equivalents at the beginning of the year	12,236	6,835
Effects of exchange rate changes	479	159
Cash and cash equivalents at end of year	6,835	6,458

Commentary on the statement of cash flows

The investing inflow of \$18.9 million in FY22 is attributed to the sale proceeds from the security and IT distribution business divestment. Following this transaction, the Group was able to repay a large portion its debt, resulting in a financing outflow of \$21.6 million.

4 DoCA proposal

4.1 Process undertaken by the Voluntary Administrators

Following their appointment, the Administrators undertook a sale of business and/or recapitalisation process. The key events in the Administrators' process were as follows:

- Advertising commenced on 8 June 2023
- 51 expressions of interest were received
- 30 parties executed a non-disclosure agreement, receiving the IM by 26 June 2023
- 13 non-binding indicative offers were received by 6 July 2023
- Seven non-binding indicative offers were shortlisted, and further engagement occurred in preparation for the final binding offer due date (extended to 17 July 2023)
- Four parties submitted a final binding offer, with the remaining three parties selecting not to submit final offers. In relation to the four offers submitted:
 - One party sought to acquire the Company as a whole via a DoCA/Creditors' Trust (Starplex)
 - Two parties offered to purchase the business of the Company and HHS by way of an agreement for a sale of business/assets
 - The final party sought to acquire the ASX listed shell of the Company only.

Having considered the four offers, the Administrators recommended that the DoCA proposal from Starplex be approved by creditors. Starplex is the ultimate holding company of Stellar and Stellar is the largest unsecured creditor of the Group. Stellar is also an existing participant in the Healthcare industry, is known to a large number of the Group's customers, and was able to garner the support of customers for its proposed acquisition.

The DoCA proposal was approved by creditors on 7 August 2023 and the DoCA was signed on 23 August 2023. In summary, the DoCA provides for the following:

- Starplex will make available an amount for the satisfaction of creditors' claims the lesser of:
 - \$11.0 million plus accrued Administrator trading liabilities
 - The total amount of available cash (net of accrued Administrator trading liabilities) and receivables proceeds out of the assets of the Group, to be contributed towards a Creditors' Trust which is to be established for the benefit of creditors of the companies subject to the DoCA, with funds to be distributed in accordance with the waterfall outlined in section 4.3. Based on the Administrators' Report to Creditors Part Two at Annexure B, the forecast gross amount contributed from cash and receivables will be \$21.9 million, with accrued Administrator trading liabilities of \$10.3 million to be paid from that amount, resulting in a net amount of \$11.6 million. Therefore, the maximum of \$11.0 million would be available for claims (including professional fees)
- The transfer of all shares in the Company to Starplex or its nominee pursuant to section 444GA of the Act
- In respect of Causeway:
 - Causeway will be granted security over the assets of HHS (refer to section 4.4.1)
 - Causeway will be repaid in full via the Creditors' Trust in priority to unsecured creditors
- The release of all unsecured claims against the Companies under administration (other than claims of continuing employees and certain excluded creditors) in exchange for a distribution from the Creditors' Trust, on a pooled basis. The pooling of assets and claims under the DoCA/Creditors' Trust replicates the outcome for creditors which would occur pursuant to the deed of cross guarantee in a liquidation scenario.

The DoCA will only involve the compromise of creditor claims relate to the companies under administration, and will not impact the rights of creditors of Hills NZ.

4.2 Conditions precedent to completion of the DoCA

Completion of the DoCA (and transfer of shares in the Company to Starplex) will occur once the following key conditions have been met:

1. ASIC grants relief from section 606 of the Act

2. The court makes orders pursuant to section 444GA(1)(b) of the Act
3. Execution of the Creditors' Trust Deed
4. Execution of the security over HHS in favour of Causeway (I am advised this pre-condition has already been satisfied)
5. The cash component of the fund amount is made available to the Trustees (noting that receivables will continue to be paid to the Trustees).

4.3 Waterfall of payments under the DoCA and Creditors' Trust

The terms of the DoCA and Creditors' Trust provide that the funds available will be applied in the following order:

Priority	Creditor claims included
1	Payments to the Administrators and Deed Administrators for any accrued Administrator trading liabilities
2	Remuneration and professional expenses of the Administrators and Deed Administrators
3	Repayment of any amounts owing to Causeway
4	Payment of the Trustee's costs
5	Payment to any employee on account of any priority claim
6	The balance of the Creditors' Trust fund (after funding all other priorities) will be utilised to pay a dividend to all admitted claims not already paid
7	Any surplus to be returned to the post-completion Hills Limited

The estimated returns from the DoCA²³ as calculated by the Administrators are set out below.

Distribution waterfall under DoCA proposal²⁴

Creditor pool	Claim amount (\$'000)	(\$'000)	(cents/\$)
Accrued Administrator trading liabilities	10,250	10,250	100.0 c/\$
Administrator, Deed Administrator and trustee fees and costs ²⁵	2,327	2,327	100.0 c/\$
Secured lender claims	6,023	6,023	100.0 c/\$
Employee claims	228	228	100.0 c/\$
Unsecured claims	4,469	3,056	68.4 c/\$
Total		21,883	

4.3.1 Excluded creditors

The following creditors will not participate in any distributions under the DoCA or Creditors' Trust:

- Stellar
- Employees continuing to be employed will not have a claim under the DoCA as their entitlements will continue to be owed by the Group
- Other claims which may be agreed prior to completion.

²³ Report to Creditors Part Two at Annexure B

²⁴ Analysis based on the Report to Creditors Part Two at Annexure B. Note the distribution forecast in the Report to Creditors Part Two at Annexure B is based on a contribution net of accrued Administrator trading liabilities of \$11.6 million, rather than the \$11.0 million cap. Changing the available funds to \$11.0 million reduces the amount available for unsecured claims to \$2.4 million and the dividend rate for unsecured claims to 54.2 cents/\$.

²⁵ The Report to Creditors Part Two at Annexure B does not provide sufficient information to split the remuneration and costs of the Administrator, Deed Administrator and Trustee between priorities 2 and 4.

4.4 Likely outcome in the event that the DoCA does not complete

In the event that the DoCA does not complete, either because Starplex defaults, or the Administrators are unable to complete, the DoCA provides that the companies subject to the DoCA will be wound up.

In these circumstances, it is likely the Liquidator would:

1. Consult with Starplex to determine if an asset sale transaction could be agreed with Starplex
2. Reapproach other parties that expressed interest during the sale of business process, as it may be possible that one or more of these parties remains interested in acquiring the business on an asset sale basis with a limited due diligence period.

However, based on my discussions with the Administrators, the length of due diligence required and trading losses that would be incurred during this period (which the Administrators estimate would increase if the Companies under administration were to enter into liquidation) would likely result in a lower recovery for creditors than closing the Group's businesses and realising trade receivables, work in process and fixed assets. Further, an asset sale would require the novation/assignment of a large number of contracts, many of which are multi-party, including government departments as counterparties. The Administrators advised the complexity of this process was highlighted by Starplex, underbidders and customers/counterparties through the sale process and was a driver of Starplex proposing a DoCA/444GA structure for its acquisition.

The outcome for creditors and shareholders in a liquidation scenario would, in my opinion, be in line with that set out in section 5.

4.4.1 Causeway security over HHS

A term of the DoCA is that Causeway is granted AIPAP security over HHS. I have been advised by the Administrators' legal representative that:

- The General Security Deed granting this security has been signed and registered, and the security is now effective
- The termination of the DoCA because of an inability to meet the conditions precedent does not result in the termination or voiding of Causeway's newly granted security over HHS.

The Administrators have provided the following rationale for the granting of security over HHS as part of the DoCA:

- Causeway held the view that the Company omitted HHS from the original security documents, despite an intention that Causeway take security over the most substantial assets of the Group, which ought to have included HHS (as the most substantial company in the Group)
- By virtue of the deed of cross guarantee, Causeway would be a substantial creditor of HHS in a liquidation scenario. Additionally, by holding a first ranking security over the Company, Causeway would have recourse to all of the assets of the Company including the shares held by the Company in HHS
- In order to secure indulgences from Causeway such as forbearance from exercising its rights as secured creditor and to secure the vote of Causeway in favour of the DoCA, it was necessary for Starplex as the proponent of the DoCA to include as a term of the DoCA proposal that Causeway be granted an ALLPAP security over HHS
- The Administrators formed the view that it would have been extremely difficult to realise the value in HHS without including some or all of the Company (or its business) as part of the sale (noting that Causeway held security over the Company's assets), having regard to commercial realities of the operation of the Hills Health business. This includes the dependence of the Hills Health business on the Company to operate, in circumstances where:
 - The Company retained all of the employees performing work in the Hills Health business
 - Hills Health relied upon services and premises provided by the Company in order to operate
 - The Company performed a pooled treasury function.

5 Valuation of residual equity

I am required to assess the residual equity value in the Company on a liquidation basis in accordance with Regulatory Guide 111. Where there is a residual business that could be sold, I am to consider the value of that business and not just the assets and other undertakings that comprise that business interest.

RG 111.86 sets out the valuation methodologies that a valuer should generally consider when valuing assets or securities for the purposes of share capital returns, selective capital reductions, schemes of arrangements, takeovers and prospectuses. The methodologies are:

- The discounted cash flow method incorporating the estimated realisable value of any surplus assets
- The application of earnings multiples to estimated future maintainable earnings or cashflows, and adding the value of any surplus assets the amount that would be available for distribution to security holders on an orderly realisation of assets basis
- The quoted price for listed securities, when there is a liquid and active market
- Any recent genuine offers received for any business units or assets.

Each of the above methods may be appropriate in certain circumstances. RG 111 does not prescribe these methods as the method(s) that the expert should use in preparing the Report. The decision as to which methodology to use lies with the expert based on the expert's skill and judgement and after considering the unique circumstances of the entity or asset being valued. In general, an expert should have regard to valuation theory, the accepted and most common market practice in valuing the entity or asset in question and the availability of relevant information.

It is possible for a combination of different methodologies to be used together to determine an overall value where separate assets and liabilities are valued using different methodologies. When such a combination of methodologies is used, it is referred to as 'sum-of-the-parts' valuation.

In my selection of the appropriate valuation methodologies to apply, I considered the methodologies set out in RG 111.86. My comments are as follows:

- I am advised by the Administrators that the Group does not have a financial model for FY24 or beyond, hence there is no existing cash flow forecast available to use as the basis for a discounted cash flow based valuation. I have also considered the statement of cash flows for FY21 and FY22 included in the Company's FY22 annual report. The statement of cash flows (which does not separately identify the cash flows associated with the discontinued business unit) records that operating cash flow, net of payments for property, plant and equipment (i.e. capital expenditure) and payments for lease liabilities, was negative in both years (\$4.3 million in FY21 and \$4.8 million in FY22). I have not been provided with a statement of cashflows for FY23. On the basis of the cashflow information available to me and the NPBT loss incurred in FY23, it is unlikely a discounted cash flow methodology would be an appropriate valuation methodology even if there was a financial model available
- The loss-making nature of the Group's current operations mean a multiple of earnings valuation is unlikely to be appropriate, noting the Group operated at a NPBT loss for each of FY21, FY22 and FY23 (before accounting for the additional loss from now-discontinued operations). As noted above, there is no financial model for FY24 which would inform a multiple of earnings valuation.
- The orderly realisation of assets method is typically applied when a business is unprofitable. This method is considered most relevant for the liquidation scenario set out in the following sections of this Report
- The Company's last traded share price was 2.3 cents²⁶. I do not consider it appropriate to value the residual value of equity using the quoted price for the listed securities in the Company, because there is no liquid and active market for the securities, in circumstances where the Company is in external administration, the Company's securities have been suspended from trading since 29 May 2023, and the Company was delisted from the ASX on 29 August 2023
- Regulatory Guide 111 requires that I "*consider valuation evidence provided by the sales process conducted by the administrator (if any)*".²⁷ In forming my opinion, I have considered the results of the Administrators' sale process, which is discussed in section 4. Where the sale process provides guidance on the realisable value of assets of the Companies under administration, I have included commentary in my analysis.

I have also considered other recoveries that might be available. Liquidators have the ability to challenge transactions that were entered into prior to the commencement of an administration that were detrimental to the financial position of the company and the outcome for creditors. Such claims, if successful, can void transactions and result in returns to the company in liquidation. Any returns from claims that could be brought by a liquidator are also to be considered in the assessment of the residual equity value in the company in accordance with Regulatory Guide 111.²⁸

²⁶ ASX data as at 29 May 2023

²⁷ ASIC Regulatory Guide 111.74

²⁸ ASIC Regulatory Guide 111.74

In determining the residual value of equity I have also had regard to:

1. The Causeway security, both existing and new. In liquidation, the security results in Causeway receiving a distribution from the realisation of the assets of the Companies under administration, in priority to ordinary unsecured creditors
2. The deed of cross guarantee, which provides that, in a liquidation, creditors of companies which are subject to the deed of cross guarantee can claim against each company subject to the deed of cross guarantee. The effect is a pooling of assets and liabilities of the companies subject to the deed of cross guarantee.

The information provided to me by the Administrators has confirmed that all the assets and liabilities of the Group (other than Hills NZ) are in companies that are subject to the deed of cross guarantee, and the companies that are not subject to the deed of cross guarantee do not have any pre-appointment assets and liabilities²⁹.

On this basis, I have determined the assets and liabilities should be assessed on a group basis without regard to the corporate entity in which they sit, other than Hills NZ.

Being an overseas registered entity, Hills NZ is not subject to the deed of cross guarantee. Its value to Hills Limited has been separately considered by assessing the equity that would ultimately be available to Hills Limited from the winding up of Hills NZ.

My analysis of the value of assets and liabilities has been undertaken as at 30 September 2023, and is based on:

- The balance of cash and accrued Administrator trading liabilities as at 21 July 2023, and the forecast balances for work in progress, trade receivables and accrued Administrator trading liabilities to 30 September 2023, which are contained in the Report to Creditors Part Two at Annexure B. The forecast to 30 September 2023 was predicated on the Administrators' expected timing to complete the DoCA or the companies under administration entering into liquidation
- The management accounts provided by the Administrators, which record the financial position of the Group as at 31 May 2023. Where I refer to book values as at 31 May 2023, I have taken these values from the management accounts. Note that although management accounts were prepared at 30 June 2023, the additional analysis that was undertaken as at 31 May 2023 to split out balances between Hills Limited, HHS and Hills NZ was not undertaken as at June 2023
- Additional information provided by the Administrators and third parties.

²⁹ Note the Administrators in the Report to Creditors Part Two at Annexure B provided a separate liquidation outcome for ACN 614 478 090 Pty Limited as they were appointed administrators of this company and it does not fall within the deed of cross guarantee. The liquidation outcome revealed no assets or liabilities, other than Administrators' remuneration. This claim has been excluded for the purposes of my analysis.

5.1 Value of residual equity

In a liquidation, I have assessed that there would be a deficiency of assets available to meet the claims of between \$15.8 million and \$11.6 million and nil residual equity, as outlined in the table below.

Assessment of residual equity in the Company

Assets	Section reference	Low Case (\$'000)	High Case (\$'000)
Business/goodwill/IP assets	6.1	-	-
Cash at bank	6.2.1	8,062	8,062
Trade receivables	6.2.2	11,057	13,821
Prepayments	6.3	-	-
Rental bonds and security deposits	6.4	80	430
Accrued income	6.5	-	-
Inventory	6.6	252	320
Plant and equipment	6.7	93	103
Shareholding in Hills NZ	6.8	-	300
Shareholding in Extensia	6.9	-	-
Shareholding in Step Electronics	6.10	-	-
Claims available to a liquidator	6.11	-	-
Total asset value		19,544	23,036
Claims against the assets			
Administration, DoCA and liquidation costs and expenses	7.1	12,014	11,364
Priority employee claims	7.2	4,291	4,179
Secured creditor claims	7.3	6,023	6,023
Unsecured creditor claims	7.4	12,836	12,836
Property lease liabilities	7.5	205	205
PPSR creditors	7.6	-	-
Total claims against the assets of the Company		35,368	34,606
Surplus/(shortfall) of assets available to meet claims		(15,825)	(11,570)
Value of equity		Nil	Nil

For the purposes of comparison to the DoCA outcome presented by the Administrators, in the table below I have restated the information included above using an 'estimated outcome statement' format, based on the creditor priorities set out in the Act, and taking into account the security held by Causeway.

Estimated outcome statement

(\$'000)	Section reference	Low Case	High Case
Non-circulating assets			
Plant and equipment	6.7	93	103
Business/goodwill/IP assets	6.1	-	-
Shareholding in Hills NZ	6.8	-	300
Total non-circulating assets		93	403
Less: Causeway debt	7.3	(93)	(403)
Surplus/(shortfall)		-	-
Circulating assets			
Cash at bank	6.2.1	8,062	8,062
Accounts receivable	6.2.2	11,057	13,821
Prepayments	6.3	-	-
Rental bonds and security deposits	6.4	80	430
Accrued income	6.5	-	-
Inventory	6.6	252	320
Shareholding in Extensia	6.9	-	-
Shareholding in Step Electronics	6.10	-	-
Claims available to a liquidator	6.11	-	-
Claims against the assets			
Administration, DoCA and liquidation costs and expenses	7.1	(12,014)	(11,364)
Surplus/(shortfall)		7,437	11,269
Priority employee claims	7.2	(4,291)	(4,179)
Surplus/(shortfall)		3,146	7,090
Secured creditor claim (balance)	7.3	(5,930)	(5,620)
Surplus/(shortfall)		(2,784)	1,470
Unsecured creditor claims	7.4	(12,836)	(12,836)
Property lease liabilities	7.5	(205)	(205)
PPSR creditors	7.6	-	-
Surplus/(shortfall) of assets available to meet claims		(15,825)	(11,570)
Value of equity		Nil	Nil

The estimated rate of return to each creditor group, based on my analysis, is detailed in the table below.

Creditor returns

(cents/\$)	Low Case	High Case
Priority employee claims	100.0 c/\$	100.0 c/\$
Secured creditor claim	53.8 c/\$	100.0 c/\$
Unsecured creditor claims	0.0 c/\$	11.3 c/\$

The outcomes for Causeway in the low case, and unsecured creditors (both the high and low cases) is less than what was estimated in the Report to Creditors Part Two, due to the different assumptions that I have made.

6 Value of assets

I have assessed the value of assets in liquidation at between \$19.5 million and \$23.0 million, as set out in the table below and detailed further in this section.

Value of assets in liquidation

Company assets	Section reference	Book value (\$'000)	Low Case (\$'000)	High Case (\$'000)
Business/goodwill/IP assets	6.1	1,185	-	-
Cash at bank	6.2.1	7,463	8,062	8,062
Accounts receivable	6.2.2	5,327	11,057	13,821
Prepayments	6.3	741	-	-
Rental bonds and security deposits	6.4	762	80	430
Accrued income	6.5	1,476	-	-
Inventory	6.6	4,840	252	320
Plant and equipment	6.7	6,278	93	103
Shareholding in Hills NZ	6.8	320	-	300
Shareholding in Extensia	6.9	-	-	-
Shareholding in Step Electronics	6.10	-	-	-
Claims available to a liquidator	6.11	-	-	-
Total asset value		29,710	19,544	23,036

I have not attributed any value to:

- Carry-forward tax losses in liquidation, which may have been reflected in the Starplex offer
- Right of use assets in relation to the Groups property leases and asset leases (book value of \$1.1 million). In liquidation, these assets would be surrendered
- A \$2k book value for 'investments' for which I have not identified any supporting information.

6.1 Business/goodwill/IP assets

In the event that the DoCA is not completed, and the Companies under administration are placed into liquidation, it is highly uncertain whether any value could be realised for the Group's business over and above the value of its assets.

As detailed in section 4.4, the Administrators formed the view that none of the underbidder offers for the Group's business would have resulted in an outcome for creditors which exceeded the estimated realisation of the Group's individual assets on a liquidation basis. However, the Administrators included the following amounts in their liquidation analysis:

- Hills Limited - \$0.5 million (low case) and \$1.0 million (high case) for "sale of business/goodwill/IP/ASX shell"
- Hills Health - \$0.5 million (low case) and \$1.0 million (high case) for "sale of business/goodwill/IP".

The Administrators have advised these amounts were based on their expectations, given the competitive tension achieved through the sale process, and the level of interest in the assets as a whole and for individual business units, including an offer received for the ASX shell.

I have considered whether any realisations would be available from the following assets, in circumstances where the DoCA/444GA application is unsuccessful and liquidators were appointed:

- **ASX Shell:** One offer was received from a party interested in acquiring the ASX shell. Note that acceptance of this offer would require a deed of company arrangement and 444GA application to be completed, which would be unlikely to succeed if the Starplex application is not successful. On this basis, I have attributed no value to this asset in my analysis.
- **B2B technology platform:** Management has advised that Ericsson may have a level of interest in acquiring the B2B technology (developed by Hills Technical Services) which assists Hills to manage the Ericsson installation process and

monitors the equipment from dispatch to end of life. However, the price at which Ericsson may be interested is unknown. The Administrators have advised Ericsson did not submit any offer for the B2B technology platform during the expression of interest period of the sale conducted by the Administrators, and has not subsequently made an offer or expressed further interest in purchasing the B2B technology platform. On this basis, there is no evidence from the Administrators' sale process which allows me to put a value on these assets independently of other assets. Given there would likely be no/limited other buyers for this platform, any consideration is likely to be minimal

- **HHS maintenance contracts:** HHS's maintenance contracts with hospitals and other customers for nurse call systems and patient entertainment systems may be of value. Hills Health has an installed base of nurse call systems and owned televisions in hospitals (book value of installed televisions was \$5.9 million at 31 May 2023) which generate a material level of gross income. It may be possible that a third party which has the technical capability to maintain the systems might seek to acquire some or all of these contracts without acquiring the Hills Health business. There is no evidence from the Administrators' sale process which allows me to put a value on these assets independently of other assets.
- **Trademarks and trade names:** The Report to Creditors Part One identified that the Group is the owner of numerous trademarks and tradenames. There is no evidence from the Administrators' sale process which allows me to put a value on these assets independently of other assets, noting no offers were received for any of the trademarks or trade names separately to any offers for the acquisition of the Group or purchase of the Group's businesses.
- **Other intellectual property assets:** The Group's balance sheet intellectual property assets are held by HHS. As at 31 May 2023, this asset consists of 'development costs' totalling \$1.2 million. Management has advised this balance largely represents capitalised salary costs in development of the Hills Nurse call & patient entertainment products and software. There is no evidence from the Administrators' sale process which allows me to put a value on these assets independently of other assets.

Note goodwill with a book value of \$145.6 million, \$11.1 million in customer contracts and brands, and software of \$22.9 million have all been fully amortised.

Intellectual property values are difficult to determine outside of a sale process. It is reasonable to assume that the value placed on the Group's business by interested parties during the sale process properly considered the value of the intellectual property assets and that in the event of liquidation, no higher price would be obtainable. No enquiries about were made about, nor offers made for, the intellectual property or any part of it which were separate to the offers for the acquisition of the Group or its businesses.

I have not included a value in my analysis for any of the assets noted above. However, I note that the shortfall to creditors is so significant (between \$11.6 million and \$15.8 million) that even if the intellectual property assets noted above (or any other assets identified) could be sold for value, it would be highly unlikely to result in the claims of all creditors being met and there being residual equity value in the Company.

6.2 Cash and trade receivables

6.2.1 Cash at bank

As at the date of appointment, Hills Limited had \$5.8 million in cash, and HHS had \$788k in cash.

Between the date of appointment and the issue of the Report to Creditors Part Two, the Administrators continued to trade the business, collecting receivables and paying costs from cash available at the appointment date. The balance of cash available at 21 July 2023 was \$5.6 million for Hills Limited and \$2.4 million for HHS³⁰. I have adopted these values for cash at bank in my analysis.

I note the actual balance of cash at 30 September 2023 will depend on the value of trade receivables collected to that date, and the value of accrued Administrator trading liabilities paid to that date. I have included gross (actual and forecast) trade receivables and accrued Administrator trading liabilities in my analysis to ensure consistency.

6.2.2 Trade receivables

Trade receivables as at 30 September 2023 are comprised of pre-appointment outstanding trade receivables as at 21 July 2023, post-appointment trade receivables outstanding at 21 July 2023 and forecast unbilled work in progress from 22 July 2023 to 30 September 2023³¹. I have adopted the forecast unbilled work in progress amounts as per the Administrators' forecast.

³⁰ Report to Creditors Part Two at Annexure B

³¹ Report to Creditors Part Two at Annexure B

In determining realisations from the trade receivables, I have adopted the high values estimated as recoverable by the Administrators in their estimated outcome statement detailed in the Report to Creditors Part Two at Annexure B, being 100% of the forecast balance.

For the low case, I have assumed an 80% recovery rate for trade receivables. Based on my experience, in a liquidation the recovery of the entire balance of trade receivables is challenging as customers may have offsetting claims for breach of contract, and the cost of pursuing smaller receivable balances makes recovery uneconomic. In this case:

- The Hills Limited trade receivables are due from Ericsson. Ericsson may have offsetting claims for breach of contract
- HHS trade receivables relate to outstanding invoices for the ongoing maintenance of installed systems. Given the systems will not be maintained in a wind down, customers may have offset claims or be reluctant to pay outstanding amounts.

My adopted values for trade receivable realisations is summarised in the table below.

Estimated value of trade receivables

(\$'000)	Hills Limited		Hills Health		Total	
	Low case	High case	Low case	High case	Low case	High case
Pre appointment trade receivables	99	124	1,355	1,693	1,454	1,817
Post appointment trade receivables	1,961	2,452	1,655	2,069	3,616	4,520
Unbilled WIP trade receivables	1,975	2,468	4,012	5,015	5,987	7,483
Total	4,035	5,044	7,021	8,777	11,057	13,821

6.3 Prepayments

The balance for prepayments as at 31 May 2023 was \$278k for Hills Limited and \$462k for Hills Health. Prepayments includes 93 different balances across Hills Limited and Hills Health, the largest which is \$130k for the GetWell licences³² for Hills Health. Other amounts are prepayments for software, insurance, rent and other expenses.

The Administrators have not included any value for recovery of the prepayment balance in their liquidation analysis.

In my experience:

- The balance of prepayments will generally decline through the Administration period, as prepayments are utilised but limited new prepayments are generated. On this basis, the balances at 30 September 2023 would be less than the balances at 31 May 2023
- Recoveries from prepayments are minimal in a liquidation where the business ceases to trade.

Accordingly, I have not included any realisable value for the prepayment balances.

6.4 Rental bonds and security deposits

The balance sheet records a balance for 'other current debtors' at 31 May 2023 of \$845k. This is comprised of:

- Rental bonds and security deposits totalling \$743k
- Accrued income from private patients of \$118k. See section 6.5 below
- Other balances totalling (\$16k). I have not sought to investigate these balances.

Hills Limited has provided rental bonds for each of the four Australian leased properties, totalling \$585k as at 31 May 2023:

- The balance includes a \$512k rental bond associated with the Lidcombe property lease. The Administrators have assumed no recovery in the low case and a \$350k recovery in the high case. The high case assumption is based on the current sub tenant in the Lidcombe premises taking over the lease, a \$162k contribution being paid to the landlord by Hills Limited to cover outstanding claims, and the remaining \$350k being returned to Hills Limited.

³² Management accounts as at 31 May 2023

- No recovery of bonds totalling \$73k is assumed for other three tenancies, as the landlords will have claims for termination of leases, which would occur in a liquidation. I have adopted the Administrators' assumption of no recovery for these three bonds.

In respect of the remaining bonds totalling \$158k, which relate to historical tenancies, refunds totalling \$80k for two leases are expected to be received in the high and low case. However, no recovery of the other bonds is anticipated.

6.5 Accrued income

As at 31 May 2023, the management accounts recorded:

- Accrued income balances of \$1.1 million for Hills Limited and \$344k for Hills Health, being sales not invoiced at months end
- Accrued income from private patients (included in other current debtors) of \$118k.

I have not included any recoveries for accrued income, as sales not invoiced would have subsequently converted into trade receivables and have been accounted for in the trade receivables balance.

6.6 Inventory

The inventory position as at 31 May 2023 is summarised below.

Value of inventory

(\$'000)	Hills Limited			Hills Health			Total	
Material	Book value	Low case	High case	Book value	Low case	High case	Low case	High case
Finished goods	58	-	5	3,942	280	350	280	355
Raw materials	-	-	-	956	-	-	-	-
WIP/goods in transit	-	-	-	1,127	-	-	-	-
Inventory prepayments	-	-	-	1,353	-	-	-	-
Total	58	-	5	7,378	280	350	280	355
Less: provision for obsolete stock/realisation costs	(34)	-	-	(1,240)	(28)	(35)	(28)	(35)
Net inventory balance	24	-	5	6,138	252	315	252	320

The Administrators instructed O'Maras, an independent valuation firm, to assess the value of inventory owned by Hills Health. The value of inventory was determined on a 'fair market value in a continuing use' basis at \$2.1 million and on a 'forced liquidation value' basis at \$350k (both GST exclusive).

O'Maras' valuation considered the unique nature of the Hills Health products, which would result in limited buyers in a liquidation scenario³³. I have adopted O'Maras forced liquidation value less 10% for selling costs in the high basis, and applied a 20% discount to this value for the low case.

In respect of inventory prepayments, I have assumed that either:

- The recipient may offset the prepayment amount against amounts owed (i.e. creditor balance due to the supplier)
- The benefit of the repayment was realised in the course of the trading through the Administration period (i.e. reducing trading costs).

On this basis, no inventory prepayment realisation is included in my analysis.

No valuation was completed for the Hills Limited inventory. Management has advised that the Hills Limited inventory is comprised of componentry used in the installation of Ericsson's equipment and would have minimal value. I have adopted a net realisation of \$5k in the high case and nil in the low case.

³³ O'Maras valuation report provided by the Administrators

6.7 Plant and equipment

The Administrators also instructed O'Maras to assess the value of plant and equipment on a 'fair market value in a continuing use' basis and a 'forced liquidation value' basis.

O'Maras valued the plant, office equipment and motor vehicles³⁴ on the following bases (all GST exclusive):

- 'Fair market value in a continuing use':
 - \$168k for plant and office equipment
 - \$84k for motor vehicles.
- 'Forced liquidation value':
 - \$68k for plant and office equipment
 - \$46k for motor vehicles.

I have adopted the O'Maras forced liquidation value as the basis of my assessment. The high case below reflects this value, net of 10% realisation costs for expenses such as storage, transport, marketing, and sales commission.

The Administrators' low case assumed a further 10% discount to the forced liquidation values. In my experience, it is reasonable to assume a discount to the valuation to account for uncertainty, particularly for specialised equipment which may prove challenging to sell. Accordingly, I have adopted the Administrators' 10% discount in my assessment of the low case.

O'Maras did not complete a valuation of the rental television equipment. Management has advised that the cost of recovery would exceed the realisable value given the disbursed location of televisions across Australia and aged nature of much of the equipment. In this regard, I note the cost value of this equipment is recorded as \$27.7 million with the book value being \$5.9 million (net of accrued depreciation).

Value of plant and equipment

(\$'000)	Hills Limited			Hills Health			Total	
Asset type	Book value	Low case	High case	Book value	Low case	High case	Low case	High case
Leasehold improvements	110	-	-	-	-	-	-	-
Plant and office equipment	178	61	68	58	-	-	61	68
Motor vehicles	-	42	46	-	-	-	42	46
Rental TV equipment	-	-	-	5,921	-	-	-	-
Tools	-	-	-	8	-	-	-	-
Less: assumed realisation costs	-	(10)	(11)	-	-	-	(10)	(11)
Net estimated realisable value	288	93	103	5,987	-	-	93	103

6.8 Shareholding in Hills NZ

In the event that the DoCA does not complete, and the Company is placed into liquidation, a liquidator will need to take steps to determine if the shareholding in Hills NZ has any value.

In my opinion, in a winding up scenario, it is highly unlikely the business of Hills NZ will be able to be sold. The reasons for this assessment include:

- The Company provides essential services to Hills NZ (finance, human resources and IT support). Thus, Hills NZ will be unable to operate on a standalone basis
- Hills NZ does not generate a profit
- Management has advised that Hills NZ's contract with Sky NZ will expire shortly. Management has further advised there are currently around 25 installation contractors working for Sky TV. In the upcoming tender process, Sky TV is looking to reduce the number of contractors and appoint one contractor for the North Island and one for the South Island. Management has advised that retendering is problematic as the cost needed to scale up operations will be significant.

³⁴ O'Maras valuation report provided by the Administrators

On this basis I have considered the value of assets and quantum of liabilities of Hills NZ. The balance sheet of Hills NZ as at 31 May 2023 is summarised below, and records net equity of \$320k.

(\$'000)	31 May 2023
Current assets	1,518
Non-current assets	77
Total assets	1,596
Current liabilities	1,249
Non-current liabilities	27
Total liabilities	1,276
Net assets/(liabilities)	320

A review of the Hills NZ management accounts records:

- A NPAT loss of \$854k was incurred in FY22
- EBIT loss of \$81k and NPAT loss of \$70k in the 11 months from 1 July 2022 to 31 May 2023.

Hills NZ's profit and loss is summarised in the table below.

Hills NZ profit and loss summary

(\$)'000	FY22	FY23*
Net sales	6,661	2,528
Gross profit	1,575	390
Gross profit %	23.7%	15.4%
Total operating expenses	(1,501)	(377)
EBITDA	292	14
EBIT	(177)	(81)
Net profit/(loss) after tax	(854)	(70)

*From 1 July 2022 to 31 May 2023

In forming a view of the value of Hills NZ, I have assumed net equity of \$300k could be realised in the high case. In the low case, where additional liabilities such as additional employee entitlements and landlord claims are likely to be incurred, I have assumed nil value for Hills NZ.

6.9 Shareholding in Extensia Pty Ltd

The annual report for Hills Limited for June 2022 notes that Hills Limited owns a 70% shareholding in Extensia. Management has advised:

- Extensia has developed a community health record software platform. However, this platform is currently not operational
- Extensia was established 15 years ago for integrating health record systems between doctors, physios and other medical specialists that can be viewed by select individuals who have been granted access however, it has never operated for this or any other purpose
- Extensia does not trade, nor have any assets.

Given management's advice that Extensia has no assets, I have attributed nil value to the shareholding.

6.10 Shareholding in Step Electronics

The annual report for Hills Limited for June 2022 notes that Hills Limited owns a 50% shareholding in Step Electronics. Management has advised this company is dormant and has no assets. I have not been provided with any financial records of Step Electronics.

Given management's advice that Step Electronics has no assets, I have attributed nil value to the shareholding.

6.11 Claims available to a liquidator

If the Companies under administration are placed into liquidation, a liquidator is required to undertake further investigations into the circumstances surrounding the insolvency of the companies. In certain circumstances, those investigations might give rise to claims available to the liquidator. The Administrators did not identify any other potential claims that may be available to a liquidator, such as voidable transactions or insolvent trading claims against the directors.³⁵

7 Claims by creditors

In circumstances where the Companies under administration are placed into liquidation, the value of claims against the pooled assets is estimated at between \$35.4 million and \$34.6 million, as outlined below.

Summary of claims in the event of a liquidation

Claims	Section reference	Low Case (\$'000)	High Case (\$'000)
Administration, DoCA and liquidation costs and expenses	7.1	12,014	11,364
Priority employee claims	7.2	4,291	4,179
Secured creditor claims	7.3	6,023	6,023
Unsecured creditor claims	7.4	12,836	12,836
Property lease liabilities	7.5	205	205
PPSR creditors	7.6	-	-
Total claims against the assets of the Company		35,368	34,606

7.1 Costs and expenses of the administration, DoCA and liquidation

As detailed in the Report to Creditors Part Two and set out in the table below:

- The Administrators have estimated that the total professional fees to be incurred for the administrations, DoCA and liquidations will be between \$1.8 million in the low case \$1.9 million in the high case³⁶
- The Administrators estimate that the total accrued Administrator trading liabilities will be between \$10.3 million (low case) and \$9.5 million (high case) at 30 September 2023.³⁷

Administration, DoCA and liquidation costs³⁸

\$'000	Hills Limited		Hills Health		Total	
	Low Case	High Case	Low Case	High Case	Low Case	High Case
Advisor fees (legal fees)	150	200	150	200	300	400
Administrators' remuneration	469	469	315	315	784	784
Administrators' fees for DoCA period	98	98	80	80	178	178

³⁵ Report to Creditors Part Two at Annexure B

³⁶ Report to Creditors Part Two at page 31

³⁷ Report to Creditors Part Two at Annexure B

³⁸ Report to Creditors Part Two at Annexure B

\$'000	Hills Limited		Hills Health		Total	
Liquidators' remuneration	303	303	200	200	503	503
Total professional fees	1,019	1,069	745	795	1,764	1,864
Administrator trading liabilities	1,446	1,103	8,804	8,397	10,250	9,500
Total	2,466	2,172	9,549	9,192	12,014	11,364

In the event that the DoCA does not complete, and the Companies under administration are placed into liquidation, the Administrators will have a claim for their fees incurred during the DoCA period. Accordingly, I have included the estimated Deed Administrators' fees of \$180k, notwithstanding the Companies under administration will be liquidated.

7.2 Priority employee entitlement claims in liquidation

The Administrators' estimate of priority employee entitlements owing is between \$4.3 million (low case) and \$4.2 million (high case) and comprises:

- Bonus/STI payments of \$110k in the low case and an unknown amount in the high case
- Leave entitlements of \$1.6 million
- Redundancy and payment in lieu of notice of \$2.5 million
- Contingency of \$105k (low case) and \$102k (high case)³⁹

I have adopted the Administrators' estimates of priority employee claims.

7.3 Secured creditor claims

The Administrators have included a secured claim of \$6.0 million in their analysis, relating to Causeway. I have not obtained an updated balance of the debt, which will continue to accrue interest until it is repaid. This continued accrual will increase the overall shortfall to creditors.

Total secured creditor claims

Claim	Low Case (\$'000)	High Case (\$'000)
Secured creditor claim	6,023	6,023
Total	6,023	6,023

³⁹ Report to Creditors Part Two at Annexure B

7.4 Unsecured claims

Based on the Administrators' assessment of claims, the unsecured claims are as follows⁴⁰:

Unsecured claims	Low Case (\$'000)	High Case (\$'000)
Unsecured creditors	12,151	12,151
Statutory creditors	258	258
Non-priority employee entitlements	427	427
Total	12,836	12,836

Note this is less than the book value of claims identified on the balance sheet as at 31 May 2023, which total \$15.4 million (which include provisions and unearned revenue). Adopting this balance would increase the shortfall to creditors.

7.5 Property lease liabilities

The Group occupies four properties pursuant to leases in Australia, all of which would be terminated if the Companies under administration were placed into liquidation:

- In respect to the Lidcombe property, I have adopted the Administrators' assumed claim of \$150k, which will be deducted from the bond held by the landlord (see section 6.4)
- In respect of the other three Australian leased properties, it would be usual for landlords to make a claim for make-good costs as well as unpaid and future rent, less the amount of any security bond held. The Administrators have assumed that the claims from these three landlords would equate to six months' rent in addition to the security bond held. Depending on demand for the properties, the claims could be materially higher or lower.

Total property lease liability

	Hills Limited		Hills Health		Total	
(\$'000)	Low Case	High Case	Low Case	High Case	Low Case	High Case
Assumed claim	205	205	-	-	205	205

7.6 PPSR creditors

The Report to Creditors Part One⁴¹ identified there are number of creditors who have leased equipment to the Companies under administration.

The claim that these parties may ultimately have against the Companies under administration in a liquidation would depend on realisations from the underlying assets. For the purpose of my analysis, I have not sought to estimate this amount. Any claims which did eventuate would increase the quantum of unsecured claims generally and increase the shortfall to creditors.

⁴⁰ Report to Creditors Part Two page 9

⁴¹ Report to Creditors Part One page 22

Dated: 13 October 2023

A handwritten signature in black ink, appearing to read 'Jennifer Nettleton', with a long horizontal stroke extending to the right.

Jennifer Nettleton
Partner

Level 5, Chifley Tower
2 Chifley Square
Sydney NSW 2000



Appendix A Curriculum vitae of Jennifer Nettleton



Jenny Nettleton

Partner | Restructuring | Sydney

jnettleton@kordamentha.com

+61 2 8257 3044

Jenny is motivated to help clients solve problems. She thrives on taking a hands-on approach, working as a team with the client and other stakeholders to achieve the best possible outcome.

Jenny has over 25 years' experience in the restructuring sector, working with Australia's major financiers and other stakeholders in formal insolvencies, financial review engagements and preparing expert's reports.

Jenny's strong attention to detail, project management skills and her passion for the technical aspects of restructuring mean that success can be achieved in the most complex of situations.

Expertise

- Financial reviews
- Business restructuring
- Formal insolvencies.

Education and accreditation

- Bachelor of Accounting (UNSW)
- Masters in Management (MGSM)
- Registered liquidator.

Significant engagements

- Ten Network
- Boart Longyear – Scheme expert report
- Quintis Limited
- Arrium
- K Care group
- Springsure Creek Coal
- Chassis Brakes
- Confidential consulting engagements.

Memberships

- Chartered Accountants Australia and New Zealand
- Australian Restructuring Insolvency and Turnaround Association.

