



Media Release

11 February 2010

First Creditors Meeting of Akron Administration

Voluntary Administrators of civil construction and design company, Akron, told creditors today that initial investigations suggest that there were likely to have been several factors contributing to the failure of the business.

Ross Blakeley of Taylor Woodings, who along with Michael Ryan and Quentin Olde were appointed Voluntary Administrators of two companies trading as Akron earlier this month, told a meeting of creditors that an initial investigation into the companies' financial affairs has revealed that there are a number of possible causes of Akron's failure.

"Marginal tendering and inaccurate costing, poor management and cost control in construction, are likely to have contributed to Akron making a loss of \$8 million last financial year," said Mr Blakeley.

"While the current financial position of the company is still not clear, we estimate that unsecured creditors are owed approximately \$40 million and employees are owed approximately \$2 million. Secured creditor debt equates to approximately \$13 million, contingent upon the number of projects that can be completed.

"Our investigations are continuing, which includes further analysing whether the company was trading whilst insolvent," Mr Blakeley said.

After the companies entered into voluntary administration on 1st February, Akron's employees were stood down. Since then, 85 employees have subsequently been retrenched. At this stage the administrators are not yet in a position to confirm the future of the remaining employees.

"Employees' claims will rank in priority to other ordinary creditors. If the assets of the company are insufficient to cover employee entitlements, employees should be able to recover a large portion of their entitlements under the government's GEERS Scheme," said Mr Blakeley.

The Voluntary Administrators will continue to consult with all stakeholders and assess all possible options available to the company in an effort to reach the best possible outcome.

“We have had discussions with Akron’s major customers regarding the possible completion of projects.

“We have had more than 30 expressions of interest from parties regarding the assets and current projects. We are in the process of dealing with that interest including with parties interested in taking over a majority of Akron’s projects.

“A number of options and possible outcomes are therefore still being assessed and considered as to whether they are in the best interests of all stakeholders,” concluded Mr Blakeley.

A Creditors’ Committee was appointed at today’s meeting and all creditors will receive a report from the Voluntary Administrators later this month. Following this, a second creditors’ meeting will be held in early March to determine the future of the company.

-ENDS-

BACKGROUND

Taylor Woodings’ Appointment

The directors of Akron Roads Pty Ltd and Shelbay Pty Ltd trading as Akron appointed Taylor Woodings partners Ross Blakeley, Mike Ryan and Quentin Olde as voluntary administrators on 1 February 2010.

Taylor Woodings is a national independent accounting firm specialising in the areas of corporate recovery, advisory transaction services, restructuring and forensic accounting. For more information please see www.taylorwoodings.com.au

Akron

Akron is a Victorian-based civil design and construction company founded in 1969. Akron is currently contracted to complete 54 projects. Akron’s business divisions include Major Projects, Residential Estates, Sporting Facilities, Local Government and Industrial and Commercial.

Akron Roads Pty Ltd and Shelbay Pty Ltd trading as Akron are wholly-owned subsidiaries of Norka Holdings Pty Ltd.

Media Contact:

John Gardner
0413 355 997