



MEDIA RELEASE
1 March 2010

Akron: Update on Current Status of Administration

As part of the ongoing process of external administration, the Voluntary Administrators to Akron Roads Pty Ltd ("Akron" or "the Company") have despatched a report to creditors setting out the options available to creditors and the preliminary findings of their investigations. The Voluntary Administrators have provided the report following investigations into the Company's financial affairs and trading position, and a proposal received from the Directors.

Ross Blakeley, Michael Ryan and Quentin Olde, Partners of Taylor Woodings, were appointed Voluntary Administrators to Akron on 1 February 2010. A second Creditors' Meeting is scheduled to be held on 9 March 2010.

"This has been a complex matter involving approximately 700 trade creditors, a large secured creditor and 180 employees, relating to a business turning over approximately \$200 million in revenue per annum. As well as our investigations, we've dealt with numerous commercial issues, pre-dominantly to identify the best way to see Akron's projects completed and to maximise the outcome for the stakeholders," said Mr Blakeley.

Current status of projects

At the time of administration, Akron had 138 projects on foot for 52 Principals. The Administrators have worked closely with Principals in an effort to see work progressed on these projects. Most, if not all projects, will be completed, although not necessarily by Akron.

"The Administrators have arranged for the completion of some works directly by the Company, however the majority of Principals have entered into arrangements to have projects completed by a third party contractor. Some employees and subcontractors have been provided with further work to complete various projects," said Mr Blakeley.

Current financial position

The absence of completed management accounts since late 2009 means that the current financial position of the Company is still not clear.

The Administrators estimate unsecured creditors are owed approximately \$39 million dollars, and employees are owed approximately \$2.7 million. Secured creditor debt equates to approximately \$13 million, contingent upon the number of projects that can be completed.

Options available to creditors

There are two likely options for the future of the Company. At the second Creditors' Meeting, scheduled for 9 March 2010, creditors of Akron will vote on either: Accepting a Deed of Company Arrangement (DOCA) proposed by the Directors, or having the Company wound up (and the assets liquidated).

As required by law, the Administrators have made investigations in assessing which of the available options is in the best interests of the creditors.

“The ultimate return for creditors depends significantly on the completion of the projects as this will dictate what debtors and bank guarantees are recovered. We have received a DOCA proposal from the Directors which provides an alternative to creditors to the winding up of the Company. There are some unique contributions and sources of recovery under each scenario.

“However, based on our assessment of those two options, our view and recommendation is that it is in the best interests of creditors that the Company be wound up,” said Mr Blakeley.

Employees

The Administrators have advised that if the Company is wound-up, in the event of a shortfall of available assets, employees may be able to recover a large portion of their entitlements under the Federal government’s GEERS Scheme.

Next steps

The second Creditors’ Meeting will be held at 11.00am on 9 March 2010, at CQ Functions Events Room 1, Level 1, 113 Queen Street, Melbourne. The meeting will include the voting by creditors on available options for Akron.

“Due to the relatively short duration since our appointment, the results of our investigations remain preliminary. Further investigations will occur if a liquidator is appointed. However, our provisional opinion is that the Company may have been insolvent from approximately July 2009,” Mr Blakeley concluded.

The Voluntary Administrators are continuing their investigation into the financial affairs of the Company and will continue to consult with stakeholders in assessing available options to the company in an effort to reach the best possible outcome.

-ENDS-

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 Roads Pty Ltd

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:

Meredith Hemsley
0413 171 771
(02) 9286 0261

John Gardner
0413 355 997
(02) 9286 0260