

16 December 2008

## Circular to Creditors and Suppliers

### ADELAIDE

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Adelaide SA 5000 Australia  
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phone +61 8 8100 7600  
fax +61 8 8232 4487  
email fhadelaide@sa.fh.com.au  
www.ferrierhodgson.com  
DX 350 Adelaide

Dear Sir/Madam

**EzyDVD Pty Ltd (Receivers and Managers Appointed)  
(Administrators Appointed)  
ACN 094 555 674 (“the Company”)**

We advise that we were appointed Receivers and Managers of the Company on 16 December 2008.

### 1. Receivers and Managers’ Role

The effect of our appointment as Receivers and Managers is to place all the property of the Company under our custody and control as agents of the Company. We are empowered to carry on the business of the Company and as such we intend it to be “business as usual” whilst an urgent assessment is made of the financial position of the Company and the options available to maximise the return to creditors, including a possible sale.

It should be noted that during the course of our Receivership, liability will only be accepted by the Receivers and Managers in respect of goods purchased or services rendered to the Company after the date of our appointment which have a signed order from us or our specified authorised signatories. A list of authorised signatories and their specimen signatures is attached to this circular.

It is anticipated that normal trade terms will be observed for goods and services provided after our appointment unless we agree otherwise with you. Pursuant to Section 419 of the Corporations Act 2001 (“the Act”), we are liable for payment for goods or services acquired by us during the period of our Receivership where the goods and services have been ordered by our authorised representatives.

Further, we shall not accept or undertake any personal liabilities during our tenure unless these are imposed by the Act.

All existing contracts with the Company are being reviewed. Any continued performance of these contracts pending our determination as to their continuance or otherwise should not be taken as an adoption of such contracts by us unless you are notified by us accordingly and in writing.

BRISBANE  
MELBOURNE  
NEWCASTLE  
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SYDNEY  
HONG KONG  
JAKARTA  
KUALA LUMPUR  
MANILA  
MUMBAI  
SHANGHAI  
SINGAPORE  
TOKYO

affiliated through  
Kroll Worldwide  
UNITED STATES  
UNITED KINGDOM

CORPORATE ADVISORY

FORENSICS

CORPORATE RECOVERY



To facilitate our accounting procedures, we request that you close the accounts you have with the Company at the date of our appointment and open a new account styled "EzyDVD Pty Ltd (Receivers & Managers Appointed)".

Please direct all future invoices, accounts etc to the Company as done previously.

## **2. Appointment of Administrators**

As you may be aware, also on 16 December 2008, George Divitkos and Russell Heywood-Smith of BDO Kendalls were appointed Joint and Several Administrators of the Company.

As Receivers and Managers we are not obliged to discharge ordinary unsecured debts of the Company incurred prior to our appointment and no set-off will be allowed of such debts against debts which are, or become, due to the Company.

Accordingly, please contact the Administrators in relation to any debt outstanding prior to 16 December 2008. The Administrators' contact details are:-

BDO Kendalls  
248 Flinders Street  
ADELAIDE SA 5000  
Phone: (08) 8223 1066  
Facsimile: (08) 8232 0902

## **3. Retention of Title ("ROT")**

We are aware that certain suppliers may have a ROT claim over stock supplied to the Company prior to our appointment. During the Receivership we may sell goods subject to ROT claims.

Pursuant to Section 440C of the Act, persons claiming ROT cannot take possession of the goods or otherwise recover same, without consent or leave of the Court.

If you have a ROT claim over stock supplied prior to our appointment please contact Briston Talbot or Nadine Little of our office urgently. Under no circumstances are you to attend the Company's premises to attempt to count or take back any goods you have previously supplied without our prior written approval.

You will also be required to provide full details of your ROT claim, including a copy of the ROT clause, unpaid invoices and other documents evidencing your ROT claim. Please ensure that you complete and return the attached ROT questionnaire should you have an ROT claim. Please also refer to the attached FAQ for additional information.

If your ROT claim is valid we will either arrange for the stock to be returned or alternatively, to be purchased by us as Receivers and Managers.



#### 4. Frequently Asked Questions

Please find enclosed a document titled, "*Frequently Asked Questions*", which should provide some assistance for concerns you may have.

Should you have any queries please contact Ned Swifte or Alicia Kroschel of our office.

Yours faithfully

**EzyDVD Pty Ltd (Receivers and Managers Appointed)  
(Administrators Appointed)**

A handwritten signature in black ink, appearing to read 'BJ Carter'.

**BJ Carter and DW Kidman**  
Receivers and Managers

**EzyDVD Pty Ltd  
(Receivers & Managers Appointed)  
ACN 094 555 674**

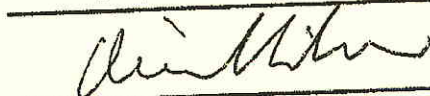
**Authorised Signatories**

**Specimen Signatures**

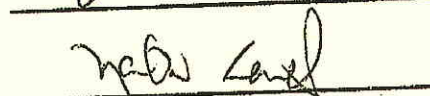
**Bruce James Carter**




**David William Kidman**



**Martin David Lewis**



**Gregg Johnson**



**Natascha Pemmelaar**



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**Retention of Title Questionnaire**

<b>Claimant:</b>	<b>Delete as Appropriate</b>
1. Does the Company owe you money?  If YES: Please provide copies of all outstanding invoices and order acknowledgements, together with a statement showing the amount due to you. In respect of outstanding items, please supply the documentation showing the dates of each contract for and delivery of the goods concerned.	YES/NO
2. Do your terms and conditions of trade reserve title in the goods sold by you the Company?  If YES: Enclose a copy of your terms and conditions of trade with your reply, stating where they appear (i.e. price list, invoice, delivery note, etc.).	YES/NO
3. Do you have evidence that your terms and conditions were incorporated into the relevant contract/contracts between you and the Company?  If YES: (1) Give full details of such evidence and enclose copies of the relevant document/documents with your reply. (2) Give full details of how and when your terms and conditions of trade were brought to the Company's attention.	YES/NO
4. Can you provide details of the goods to which you claim to have reserved title?  If YES: For the purpose of identification only, please provide full details of (including serial numbers) of the goods supplied by you to the Company that remain unpaid.	YES/NO
5. Can you distinguish between goods which have been paid for and those which have not, as well as being able to identify those goods supplied by you as opposed to other suppliers?  If YES: Provide full details of how you can specifically identify goods as having been supplied by you and also whether (and if so, how) you can distinguish between those goods which have been paid for and those which have not.	YES/NO



# FREQUENTLY ASKED QUESTIONS

## SUPPLIERS

**EzyDVD Pty Ltd (Receivers and Managers Appointed)  
(Administrators Appointed)  
ACN 094 555 674 ("the Company")**

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UNITED KINGDOM

### ***Who are the Receivers and Managers and why have they been appointed?***

Bruce Carter and David Kidman were appointed Joint and Several Receivers and Managers of the Company on 16 December 2008. The Receivers and Managers intend to trade the business and ultimately sell the business as a going concern.

### ***How does the appointment of the Receivers and Managers affect my dealings with the Company?***

The business will continue to trade as normal during the Receivership period with a view to selling the business as a going concern.

### ***Will my outstanding account be paid?***

The amount outstanding to you at the date of the Receivers and Managers' appointment is an unsecured debt of the Company and will not be paid by the Receivers and Managers. In this regard, we request that you contact the Administrators of BDO Kendalls on (08) 8223 1066.

### ***The Company still has an outstanding account, why should I trade with the Receivers and Managers?***

It is up to the individual supplier as to whether or not they wish to continue to trade with the Company in Receivership.

However, in continuing to trade with the Receivers and Managers, suppliers will assist in the uninterrupted trade on of the business, ultimately increasing its value as a going concern and potentially increasing the surplus available to unsecured creditors of the Company at the completion of the Receivership.

Further, any orders authorised by the Receivers and Managers are the personal liability of the Receivers and Managers and these amounts will be paid.

### ***What is the process for receiving orders from the Company?***

The process for receiving purchase orders from the Company is as follows:

RESTRUCTURE & TURNAROUND

FINANCIAL DUE DILIGENCE

FORENSIC ACCOUNTING

INSOLVENCY MANAGEMENT



1. Open a new account styled "EzyDVD Pty Ltd (Receivers and Managers Appointed)"
2. The purchase orders will be reviewed and signed by an authorised person from the Receivers and Managers' office.
3. The authorised purchase order will be faxed to your office.

***Who is authorised to place purchase orders?***

Attached to the Circular to Creditors and Suppliers are sample signatures of the Receivers and Managers and their staff who are entitled to authorise purchase orders. Payment will only be made on invoices with corresponding authorised purchase orders.

***What should I do if I receive an unauthorised order?***

If you receive a purchase order that has not been signed by an authorised person do not fill the order. Please contact Ned Swifte or Alicia Kroschel on (08) 8100 7600 to arrange for the order to be authorised.

***What about standing orders?***

Standing orders will require authorisation upon the first order and then authorisation if the standing order changes. Any unauthorised changes to standing orders will not be accepted as a liability of the Receivers and Managers and will not be paid.

***Who is liable to pay for the orders?***

The Receivers and Managers are liable for all authorised orders placed during their period of appointment.

***Where should I send the invoices?***

All invoices should continue to be sent to the Company until further notice.

***Will the Receivers and Managers' account be paid under ordinary terms?***

The Receivers and Managers' accounts will be paid within your existing ordinary terms of business, unless otherwise agreed.

***If I have questions regarding orders who should I call?***

All queries regarding the Receivership should be directed to Ned Swifte or Alicia Kroschel of this office on (08) 8100 7600.

***I have retention of title clause on my invoices, how do I submit my claim?***

All retention of title claims should be submitted in writing to the Receivers and Managers. Written submissions should include the following:



1. A copy of the retention of title clause;
2. A copy of the credit application signed by the director; and
3. A copy of all invoices relating to the claim.

***I have stock on consignment at the store. How do I get my stock back or make sure that I receive payment for the stock?***

All consignment stock claims should be submitted to the Receivers and Managers in writing with evidence of your claim. All claims will be considered on an individual basis.

***I have just received a large quantity of stock from the Company as stock returns. Can I credit this against the amount owed to me?***

Returns made prior to the appointment of the Receivers and Managers are able to be offset against pre-appointment debt owed by the Company.

However, any stock that is returned post 16 December 2008 should be offset against the Receivers and Managers' account only.