

## PERTH

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18 January 2010

**GREAT SOUTHERN INFRASTRUCTURE PTY LTD ACN 126 069 314  
(Administrators Appointed) ("GSI")**

**CIRCULAR TO CREDITORS**

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I refer to the appointment of Andrew Saker, Darren Weaver, James Stewart and I as Joint and Several Administrators of GSI pursuant to section 436A of the Corporations Act 2001 ("the Act") on 16 May 2009.

At the second meeting of creditors held on 19 November 2009 creditors resolved to adjourn the meeting for a period of up to 45 business days to allow the Administrators further time to continue discussions with a number of interested parties with regard to the possible restructure and recapitalisation of GSI ultimately leading to a Deed of Company Arrangement ("DOCA") proposal being put forward to creditors.

Enclosed is my further report to creditors pursuant to section 439A(4)(a) of the Corporations Act 2001. You will note that the Administrators recommendation is that creditors accept a holding DOCA for GSI.

At the reconvened second meeting, the following options are available to creditors regarding the company's future:

- That the administration should end and control of the company revert to its directors; or
- That the company accept a holding DOCA; or
- That the company should be wound up.

In view of the above I enclose the following with respect to the reconvened meeting of creditors:

1. **Notice of Meeting.** Please note that the reconvened second creditors' meeting is to be held on 27 January 2010 commencing at **10.00am (WST)**. You should arrive for registration at least 15 minutes prior to the meeting.
2. **Informal Claim Form for Voting Purposes.** If you submitted one of these for the purposes of the first meeting of creditors, you do not need to submit another one for this meeting;

A person is not entitled to vote at the meeting unless they provide particulars of their debt or claim to the Administrators before the meeting. **Please note this**

gsi-d3-reconvened 2nd creditors meeting circular-dke-15.01.2010

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UNITED STATES  
UNITED KINGDOM

CORPORATE ADVISORY

FORENSICS

CORPORATE RECOVERY



**form is for voting purposes only.** All creditors must furnish full details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to GSI or any lien over goods in their possession which are property of the GSI.

3. **Appointment of Proxy form.** The form enables you to appoint another person to act on your behalf at the meeting. Proxy Forms submitted for the second meeting of creditors are not valid for this meeting.

**The Informal Claim Form for Voting Purposes and Proxy Form should be lodged with this office before the meeting and, in any event not later than 4.00pm on the day prior to the meeting.** Forms can be sent by facsimile on (08) 9214 1400 marked to the attention of Derek Keir or scanned and emailed to [dkeir@perth.fh.com.au](mailto:dkeir@perth.fh.com.au). However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy Form with the Administrators' office within 72 hours of lodging the faxed/emailed copy.

4. Administrators' report to creditors pursuant to section 439A(4)(a) of the Corporations Act 2001 which includes the Administrators opinion, with supporting reasons, on each of the following matters:
  - Whether it would be in the creditors' interests for the company to be wound up; or
  - Whether it would be in the creditors' interests for the company to accept a holding DOCA; or
  - Whether it would be in the creditors' interests for the administration of the company to end.

The Administrators' report also includes detailed schedules explaining their remuneration incurred to date and estimated future remuneration. These schedules set out the following details for the company:

- (a) Details of time spent by category of staff at the rates applicable for such staff; and,
- (b) A summary of the work undertaken by the Administrators and their staff in the administration.

For further information concerning the Administration process and Ferrier Hodgson, you may wish to visit our website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com).

Should you have any queries in relation to the above, please do not hesitate to contact Tom Birch of this office.

Yours faithfully

MARTIN JONES  
Joint and Several Administrator of  
Great Southern Infrastructure Pty Ltd

Encl.

FORM 529

CORPORATIONS ACT 2001

Subregulation 5.6.12(2)

NOTICE OF MEETING OF CREDITORS  
GREAT SOUTHERN INFRASTRUCTURE PTY LTD ACN 126 069 314  
(ADMINISTRATORS APPOINTED)("GSI")

Notice is given that the reconvened second meeting of creditors for GSI will be held at the offices of Ferrier Hodgson, Level 26 BankWest Tower, 108 St Georges Terrace, Perth WA on Wednesday, 27 January 2010 at 10.00am.

AGENDA

1. To receive a statement about GSI's business, property, affairs and financial circumstances.
2. To consider the options available for the future of the company and for creditors to resolve:
  - a) that the company be wound up; or
  - b) that the administration should end; or
  - c) that the company accept a holding DOCA.
3. To consider the Administrators remuneration and estimated future remuneration and for creditors to resolve:
  - a) That the Administrators remuneration, as set out in the Administrators' remuneration report for the period 19 November 2009 to 31 December 2009 in the sum of \$4,760.50 exclusive of GST be approved; and
  - b) That a provision for the Administrators' future remuneration for the period 1 January 2010 to 26 January 2010 in the amount of \$10,000.00 exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors.
  - c) If the company accept the holding DOCA, that a provision for the Administrators' future remuneration for the period 27 January 2010 to the execution of the DOCA in the sum of \$15,000.00 exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors.
  - d) If the company accept the holding DOCA, that the Deed Administrators' future remuneration in the amount of \$250,000.00 exclusive of GST for the DOCA period be approved subject to upward or downward adjustment by resolution of creditors and that the Deed Administrators' be authorised to draw their fees monthly in arrears.
  - e) If the company is placed into liquidation, that a provision for the Liquidators' future remuneration for the period 27 January 2010 to the conclusion of the liquidation in the amount of \$300,000.00 exclusive of GST be approved but

subject to upward or downward adjustment by resolution of creditors or by resolution of the committee of inspection and that the Liquidators be authorised to draw their fees monthly in arrears.

- f) If the company is placed into liquidation, that a Committee of Inspection be appointed;

4. Any other business that may be lawfully brought forward.

All Proof of Debt and Proxy Forms should be lodged with the Administrators by no later than 4.00pm on Tuesday 26 January 2010 via the following means:

**Mail:** Attn: Derek Keir  
Ferrier Hodgson  
GPO Box 2537  
PERTH WA 6001

**Email:** [dkeir@perth.fh.com.au](mailto:dkeir@perth.fh.com.au)

**Facsimile:** (08) 9214 1400

Please note that if you are lodging your Proxy Form via facsimile or email Corporations Regulation 5.6.36A requires that you must lodge the original of the Proxy Form with the Administrators' office within 72 hours of lodging the electronic copy.

A creditor can only be represented by Proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.32 (inclusive) or if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulations 5.6.23(1) and 5.6.26 of the Corporations Regulations, creditors will not be entitled to vote at the meetings unless they have previously lodged particulars of their claim against the company (and supporting documentation) in accordance with the Corporations Regulations and that claim has been admitted for voting purposes by the Voluntary Administrator or the Chairman of the meetings.

Should you have any queries in relation to this matter, please do not hesitate to contact Derek Keir or Tom Birch of this office.

DATED this 18th day of January 2010



MARTIN JONES  
Joint and Several Administrator of  
Great Southern Infrastructure Pty Ltd

INFORMAL PROOF OF DEBT FORM FOR CREDITORS

Regulation 5.6.47

GREAT SOUTHERN INFRASTRUCTURE PTY LTD ACN 126 069 314  
(Administrators Appointed)(“GSI”)

Name of creditor: .....

Address of creditor: .....  
.....

ABN: .....

Telephone number: .....  
(incl. area code)

Email Address: .....

Amount of debt claimed: \$..... (including GST \$..... )

Consideration or legal basis for debt or claim (i.e. the nature of goods or services supplied and the period during which they were supplied, or breach of contract, breach of section 52 of the Trade Practices Act, breach of trust etc):

.....  
.....  
.....  
.....  
.....

Please ensure that full particulars of the claim are provided together with relevant attachments providing debt substantiation.

Is the debt secured? YES / NO

If secured, give details of security including dates, etc:

.....  
.....  
.....  
.....  
.....

Other information (i.e. conduct of the GS Group company which gave rise to the claim, how the claim / loss / damage is calculated, the date on which the claim arose):

.....  
.....  
.....  
.....  
.....

.....  
Signature of Creditor  
(or person authorised by creditor)

**Notes:**

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Joint and Several Administrators; or
- b. he or she has lodged with the Joint and Several Administrators particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint and Several Administrators.

- 
- I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act at the email address notified on the front of this form.

APPOINTMENT OF PROXY

GREAT SOUTHERN INFRASTRUCTURE PTY LTD ACN 126 069 314  
(Administrators Appointed)(“GSI”)

\*I/\*We (1).....  
of .....  
a creditor of the company/companies indicated above, appoint (2) .....  
or in his absence .....  
as \*my/our \*general/special proxy to vote at the meeting of creditors to be held on 27  
January 2010, or at any adjournment of that meeting, to vote on all matters arising at the  
meeting OR on the following kinds of resolutions in the manner specified:

|  | For                      | Against                  | Abstain                  |
|--|--------------------------|--------------------------|--------------------------|
| (a) That the company be wound up and placed into liquidation | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- OR -

|  | For                      | Against                  | Abstain                  |
|--|--------------------------|--------------------------|--------------------------|
| (b) That the company accept a holding DOCA | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- OR -

|   | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| (c) That the administration of the company end and control of the company revert to the directors | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

- AND -

|  | For                      | Against                  | Abstain                  |
|--|--------------------------|--------------------------|--------------------------|
| (d) That the Administrators remuneration, as set out in the Administrators' remuneration report for the period 19 November 2009 to 31 December 2009 in the sum of \$4,760.50 exclusive of GST be approved.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (e) That a provision for the Administrators' future remuneration for the period 1 January 2010 to 26 January 2010 in the amount of \$10,000.00 exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If it is resolved that the company accept the holding DOCA:

|   | For                      | Against                  | Abstain                  |
|---|--------------------------|--------------------------|--------------------------|
| (f) That a provision for the Administrators' future remuneration for the period 27 January 2010 to the execution of the DOCA in the sum of \$15,000.00 exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors.                                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (g) That the Deed Administrators' future remuneration in the amount of \$250,000.00 exclusive of GST for the DOCA period be approved subject to upward or downward adjustment by resolution of creditors and that the Deed Administrators' be authorised to draw their fees monthly in arrears. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |



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# **Second Administrators' Report**

**Pursuant to Section 439A of the Corporations Act 2001**

## **GREAT SOUTHERN INFRASTRUCTURE PTY LTD ACN 126 069 314 (Administrators Appointed)**

**Martin Jones**

**Andrew Saker**

**Darren Weaver**

**James Stewart**

**18 January 2010**





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## GLOSSARY OF TERMS

| Abbreviation | Description                                      |
|--------------|--|
| Act          | The Corporations Act 2001                        |
| ASIC         | Australian Securities and Investments Commission |
| ASX          | Australian Stock Exchange                        |
| ATO          | Australian Taxation Office                       |
| DOCA         | Deed of Company Arrangement                      |
| ERV          | Estimated Realisable Value                       |
| HPI          | Hansol P.I. Pty Ltd                              |

## LISTING OF ANNEXURES

|                   |   |
|-------------------|---|
| <b>Annexure 1</b> | The Firm's Schedule of Hourly Rates & General Guide to Staff Experience<br><br>Administrators' Remuneration<br><br>Estimated Deed Administrators' Remuneration<br><br>Estimated Liquidators' Remuneration |
| <b>Annexure 2</b> | Summary of Receipts and Payments  |



## EXECUTIVE SUMMARY

Martin Jones, Andrew Saker, Darren Weaver and James Stewart were appointed as Joint and Several Administrators of Great Southern Infrastructure Pty Ltd (“GSI” or “the Company”) on 16 May 2009, pursuant to Section 436A of the Act.

The second meeting of creditors of GSI was held on 19 November 2009 at which creditors resolved to adjourn the second meeting of creditors for a period not exceeding 45 business days. This adjournment was recommended by the Administrators in order to allow further time for interested parties to formulate and put forward a Deed of Company Arrangement (“DOCA”) proposal to creditors and to allow the Administrators further time to progress the potential restructure or sale of GSI’s assets.

Reference should be made to the First Administrators’ Report dated 9 November 2009, a copy of which is available on the Ferrier Hodgson website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com).

GSI’s main assets comprise a 50% interest in Hansol PI Pty Ltd (“HPI”) which operates the Hansol wood chipping mill located in Bunbury, Western Australia and an in-field chip receival facility (“IFCR”) operated by and located on land leased from Albany Plantation Export Company Pty Ltd (“APEC”).

The Administrators have continued the operation of the businesses of GSI during the course of the administration on the basis that the going concern value of GSI’s assets will exceed the liquidation value of the assets.

During the course of the administration, the Administrators received a number of expressions of interest in relation to either the purchase of the assets of GSI, or the restructuring of GSI by way of a DOCA. However, at this stage, no proposals are sufficiently progressed to a form that may be considered by creditors. At the date of this Report, 14 parties have registered their interest in GSI. The Administrators have also received a proposal for the joint restructuring of a number of GSI’s subsidiaries which remain under the Administrators’ control. However, due to the collective nature of this proposal, it is unable to be presented to creditors at this stage.

The Administrators consequently, propose a holding DOCA which they consider will allow them:

- Further time to progress the proposals received to date towards a form able to be assessed and voted upon by creditors;
- Sufficient time to enable the parties who have expressed an interest in GSI’s assets to complete their due diligence and submit indicative offers.
- An opportunity to analyse and assess the merits of each proposal and offer, and provide a recommendation prior to the next creditors’ meeting; and



- To continue to preserve GSI's assets by continuing to trade on a going concern basis.

A meeting of creditors of GSI has been convened for **Wednesday, 27 January 2010 at 10.00 am WST** at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George's Terrace, Perth, Western Australia. At this meeting, the following options are available to creditors regarding GSI's future:

- a) That the company enter into the proposed Holding DOCA; or
- b) That the administration end and control of the company revert to its directors; or
- c) That the company be wound up.

As the proposals are not complete, we are not currently able to provide an estimate of what the likely or potential return to creditors will be. That said, we are of the opinion that creditors should vote in favour of the Holding DOCA at the meeting of creditors.

## **1. INTRODUCTION**

### **1.1 Second Meeting of Creditors**

The second meeting of creditors of GSI was held at the Melbourne Park Function Centre in Melbourne on Thursday, 19 November 2009. At that meeting, creditors resolved to adjourn the meeting for a period of up to 45 business days in accordance with the Administrators' recommendation. The bases of this recommendation were:

- a) To allow the Administrators further time to continue discussions with a number of interested parties with regard to the possible restructure and recapitalisation of the Company ultimately leading to a Deed of Company Arrangement ("DOCA") proposal being put forward to creditors; and
- b) Following resolution of the above matters, to allow the Administrators to be in a better position to assess the Company's financial position and advise of the potential return to creditors under the various options that are proposed regarding the future of the Company.

### **1.2 Reconvened Second Meeting of Creditors**

The reconvened second meeting of creditors of GSI will be held on Wednesday, 27 January 2010 at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George's Terrace, Perth WA at 10.00 am.

At the reconvened second meeting, the following options are available to creditors regarding the Company's future:



- a) That the company enter into the proposed Holding DOCA; or
- b) That the administration end and control of the company revert to its directors;  
or
- c) That the administration end and the company be wound up.

### **1.3 Purpose of Report**

Section 439A(4) of the Act explains the purpose of an Administrators' report in providing that the notice (of second meeting) must be accompanied by a copy of:

- (a) *A report by the Administrator about the company's business, property, affairs and financial circumstances; and*
- (b) *A statement setting out the Administrator's opinion about each of the following matters:*
  - *Whether it would be in the creditors' interests for the company to execute a DOCA; and*
  - *Whether it would be in the creditors' interest for the administration to end;*
  - *Whether it would be in the creditors' interest for the company to be wound up;*
  - *His or her reasons for those opinions; and*
- (c) *If a DOCA is proposed – a statement setting out details of the proposed deed.*

### **1.4 Non-Disclosure of Certain Information**

We recognise the need to provide creditors with complete disclosure of all necessary information relating to the company. However, independent valuations of certain assets that were commissioned by us are commercially sensitive in light of the interests of potential purchasers of those assets. Accordingly, such information has not been disclosed. Similarly, the terms of the proposals, which remains subject to certain conditions, are not disclosed owing to their commercial sensitivity.

We have conferred previously with the Committee of Creditors in relation to valuation and other information. The Committee members have agreed to maintain confidentiality of information provided to them.



## **1.5 Statement of Independence**

We, Martin Jones, Andrew Saker, Darren Weaver and James Stewart of Ferrier Hodgson have undertaken a proper assessment of the risks to our independence prior to accepting our appointments as Joint and Several Administrators of the Company. This assessment identified no real or potential risks to our independence. We were not aware of any reasons that would prevent us from accepting these appointments. These matters are discussed in greater detail below:

### **1.5.1 Relevant Relationships**

Except as disclosed below, neither Martin Jones, Andrew Saker, Darren Weaver or James Stewart, nor our firm, have, or have had within the preceding twenty-four months, any other relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property.

The firm does have a professional relationship with major Australian trading banks and other financial institutions. This of itself does not cause any conflict to our appointment as Administrators to the GSL Group.

### **1.5.2 Prior Engagements with the Group**

Aside from preliminary advice in relation to this appointment, neither Martin Jones, Andrew Saker, Darren Weaver or James Stewart, nor our firm, have undertaken any prior engagements for the Company.

There are no other prior professional relationships or engagements that should be disclosed.

### **1.5.3 Indemnities**

Martin Jones, Andrew Saker, Darren Weaver and James Stewart have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute.

We also confirm that we have not been provided with any indemnity, guarantee or contribution from the directors or their associated businesses, a creditor or any other party for any of our fees and expenses.

Martin Jones, Andrew Saker, Darren Weaver and James Stewart are partners of Ferrier Hodgson. Ferrier Hodgson is Australia's and the Asia-Pacific's largest independent corporate restructuring practice with 40 partners and over 300 staff throughout Australia and Asia. Ferrier Hodgson does not provide accounting, audit, legal or taxation services.

Further information regarding Ferrier Hodgson and the Administrators can be obtained from the firm's website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com).



## 2. HISTORICAL FINANCIAL INFORMATION

Please refer to the Administrators' Report to Creditors dated 9 November 2009 for details regarding the Company's historical financial information which incorporates historical profit and loss results as well as historical balance sheets.

## 3. STATEMENT OF POSITION

Please refer to the Administrators' Report to Creditors dated 9 November 2009 for our detailed discussion with respect to the directors' statement about the company's business, property, affairs and financial circumstances and Administrators' estimated realisable value of GSI's assets and liabilities.

We table below our updated Statement of Position as at 18 January 2010 for your information:

| <b>GSI</b>  | <b>Amount<br/>\$</b> |
|---|----------------------|
| <b>Assets:</b>  |                      |
| Cash at Bank  | 150,437              |
| Infield Chip Receival Facility  | TBD                  |
| 50% interest in Hansol PI   | TBD                  |
| <b>Total Available Assets</b>   | <b>TBD</b>           |
| <b>Liabilities:</b>   |                      |
| Administrators' debt to Pulpwood International Pty Ltd (including interest) | (512,000)            |
| Deed Administrators' Future Fees and Expenses                               | (250,000)            |
| <b>Assets Available to Unsecured Creditors</b>                              | <b>TBD</b>           |
| <b>Unsecured Creditors</b>  |                      |
| External  | 232,000              |
| Contingent Creditors  | Unknown              |
| Intercompany debt – GSL   | 8,500,000            |
| <b>Total Unsecured Creditors</b>  | <b>8,732,000</b>     |
| <b>Estimated Surplus/(Deficiency)</b>                                       | <b>(\$TBD)</b>       |
| <b>Estimated cents in \$</b>  | <b>TBD</b>           |

In respect of the above, we comment as follows:

### 3.1 Cash at Bank

This amount represents the current cash at bank held in the Administrators' bank account.

### 3.2 Infield Chip Receival Facility

GSI's assets include the IFCR operated by and located on land leased from APEC.



We have obtained a valuation of the IFCR from Beevis & Co, a registered valuer however, given the status of the administration, the Administrators do not believe it is appropriate that the valuation of the IFCR be disclosed at this stage.

The Administrators are of the opinion that non-disclosure of the valuation received for the IFCR will not disadvantage creditors.

APEC have issued notices of default to GSI in relation to its lease of the property on which the IFCR is located ("the Lease"), on the basis that breaches of the Lease arose as a consequence of:

- The appointment of the Administrators and Receivers and Managers; and
- The grant of the fixed charge by the Administrators.

The Administrators do not accept APEC's claim that the Lease was breached by the grant of the charge, and in any event, the issue is moot in the context of the primary breach arising as a consequence of the formal appointment of external administrators, which is incapable of being remedied.

Under the Lease, APEC maintains certain rights relating to the purchase of the IFCR, the Administrators continue to liaise with APEC in this regard.

### **3.3 50% Interest in Hansol PI**

GSI's other assets is a 50% HPI which operates the Bunbury wood chipping mill. Due to the limited funding available, an independent valuation of GSI's shares in HPI has not been obtained by the Administrators.

HPI's other shareholder Pulpwood International Pty Ltd ("PIPL") maintain a pre-emptive right with respect to the purchase of GSI's shares in HPI. This issue will need to be addressed and worked through should a third party wish to acquire this shareholding.

### **3.4 Administrators debt to Pulpwood International Pty Ltd**

Shortly after our appointment, as one of two (2) shareholders in HPI, GSI was required to provide a loan of \$500,000 to HPI to fund HPI's obligation to provide a bank guarantee in the amount of \$1 million pursuant to the terms of HPI's Wood Purchase Agreement with ITC Project Management Limited ("ITC").

As GSI was unfunded and alternate funding could not be sourced, the Administrators entered into an arrangement to borrow the funds from PIPL for its share of the bank guarantee. This loan was subsequently secured as a result of GSI granting a fixed charge to PIPL over the IFCR.



### **3.5 Unsecured Creditors**

These amounts represent likely unsecured creditor claims based upon the Company's records and Informal Proofs of Debt received to date.

The Administrators have not called for formal proofs of debt in relation to GSI. However, from the informal proofs of debt we have received, and the books and records of the company we are not aware of any material claims against the company, other than the intercompany debt due to GSL.

## **4. CAUSES OF FAILURE**

Please refer to the Administrators' Report to Creditors dated 9 November 2009 for details regarding the causes of failure of GSI identified by the directors and Administrators.

## **5. TRADING BY ADMINISTRATORS**

### **5.1 Summary of Receipts and Payments**

The receipts and payments for the Company for the period 16 May 2009 to 31 December 2009 are attached as Annexure 1.

## **6. SALE OF ASSETS**

As part of their marketing campaign, the Administrators ran advertisements in the Australian Financial Review and The Australian newspapers calling for expressions of interest in the assets of GSI by 14 January 2010.

The advertisements appeared in the following editions:

| <b>Publication</b>              | <b>Editions</b>           |
|---------------------------------|---------------------------|
| The Australian                  | 30 Dec 2009<br>6 Jan 2010 |
| The Australian Financial Review | 5 Jan 2010<br>6 Jan 2010  |

As at the date of the Report, we have received a total of 14 expressions of interest for GSI's assets as a result of the advertising campaign.



The Administrators have also received a proposal for the joint restructuring of a number of GSL's subsidiaries which at the date of this report remain in administration and under the Administrators' control. The proposal's collective nature means that it is unable to put to creditors in isolation. Consequently, the Administrators require further time to liaise with the interested party to restructure their proposal to a form capable of being voted upon by creditors.

We are currently in the process of preparing an information memorandum and dataroom which interested parties will be able to access following an execution of a confidentiality deed.

It is expected that the sale and marketing campaign will take approximately two (2) months. This time frame will be sufficient for interested parties to complete their due diligence, submit an indicative offer, allow the Administrators time to review the offers and provide their recommendation to creditors for consideration.

## 7. STATUTORY INVESTIGATIONS

Please refer to the Administrators' Report to Creditors dated 9 November 2009 for full details of the Administrators' statutory investigations into GSI.

Our review has identified that at the date of appointment, GSI had a working capital deficiency and had operated with such a deficiency since at least the financial year ending 30 September 2007, indicating that the entity was financially constrained. However, it would appear from our review that GSI was able to maintain its cash flow solvency through reliance on funding from Great Southern Limited ("GSL"). There was no expectation that the GSL loan would be called for payment although this was not documented.

In our view, GSI became insolvent when GSL was unable to continue funding and the GSL loan became repayable on GSL's insolvency.

Our preliminary conclusion is that, given our limited review, the summaries of events in this report are not conclusive of an earlier date of insolvency for GSI other than 15 May 2009.

We have completed our preliminary investigations into the affairs of GSI, but have not, at this stage, identified any voidable transactions that would be recoverable by a Liquidator for the benefit of creditors.

## 8. PROPOSED HOLDING DOCA

We table below the terms of the proposed Holding DOCA to be put forward;

| Key Elements        | Proposed Variations to DOCA  |
|---------------------|--|
| Deed Administrators | <ul style="list-style-type: none"><li>The Administrators continue as Deed Administrators for the purposes of the DOCA.</li></ul> |



| Key Elements                      | Proposed Variations to DOCA  |
|-----------------------------------|--|
| Purpose of the Deed Proposal      | <ul style="list-style-type: none"> <li>• To enable sufficient time to realise the assets of GSI or negotiate a financial reorganisation of the affairs of GSI.</li> <li>• The Deed will extend for the period ending 31 May 2010 or such other period as agreed by creditors at a meeting of creditors.</li> </ul>   |
| Conditions                        | <ul style="list-style-type: none"> <li>• The Deed Administrators continue a marketing and sale campaign of GSI's assets</li> <li>• The Deed Administrators must convene and hold a meeting by 31 May 2010. The Administrators must include a report incorporating any reorganisation proposals to creditors and their recommendations with the notice of meeting.</li> </ul>   |
| Application of Proceeds           | <ul style="list-style-type: none"> <li>• The monies distributed to the Deed Administrators from asset realisations, will be applied (with reference to sections 556, 560 and 561 of the Act) in the manner and order of priority as follows:               <ul style="list-style-type: none"> <li>(a) To pay any liabilities properly incurred by the Administrators and Deed Administrators during the course of the Administration and the DOCA; next to</li> <li>(b) To pay the Administrators and Deed Administrators' remuneration and out of pocket expenses in the course of them carrying out their duties; next to</li> <li>(c) In the absence of any outstanding employee entitlements, to pay dividends to the ordinary unsecured creditors of the company whose debts and claims arose on or before 16 May 2009 and are admitted to proof.</li> </ul> </li> <li>• Section 444DB of the Act applies to the DOCA.</li> </ul> |
| Enforcement against the company:  | <ul style="list-style-type: none"> <li>• From the time of execution of the DOCA, the company, any officer or member of the company or any creditor bound by the provisions of the DOCA must not make any application to wind up the company, continue any such application or commence or continue any enforcement process in relation to the property of the company.</li> </ul>  |
| Convening of Creditors' Meetings: | <ul style="list-style-type: none"> <li>• The DOCA will terminate and the appointment of the Deed Administrators will come to an end on any of the following events:               <ul style="list-style-type: none"> <li>(a) the lapse of the period for which the DOCA remains on foot (31 May 2010 or such other period as agreed by creditors at a meeting of creditors);</li> <li>(b) a resolution of creditors at a meeting convened by the Deed Administrators in accordance with the Act; or</li> <li>(c) by an order of the Court.</li> </ul> </li> </ul>  |
| Other terms                       | <ul style="list-style-type: none"> <li>• That any other terms and conditions as contained in Schedule 8A of the Corporations Regulations be incorporated so as to give effect to the DOCA.</li> <li>• Sections 440C and 440D will apply while the DOCA is on foot.</li> </ul>  |



## **8.1 Key Commercial Features**

In the event that no DOCA proposals are able to be put forward by 31 May 2010 for consideration by creditors at a meeting of creditors then the DOCA will automatically terminate and GSI will enter into liquidation unless the DOCA is varied following prior approval by creditors of GSI.

In the event that the Administrators consider no DOCA proposals are likely to be put forward or other unforeseen circumstances arise, the Deed Administrators will, as soon as practicable, issue a report to creditors explaining the relevant circumstances and convene a meeting to consider a resolution to vary or terminate the DOCA.

## **9. CREDITORS' OPTIONS, DIVIDEND ESTIMATES AND COST ESTIMATES**

Pursuant to Section 439A(4)(b) of the Act, we are required to provide creditors with a statement setting out our opinion on whether it is in the creditors' interests for the:

- a) Administration to end;
- b) Company to be wound up; or
- c) Company to execute a DOCA.

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect, and the likely costs, under each option. We note that we are unable to comment on the estimated return to creditors as a result of the non-disclosure aspects of this Report and the absence of a valuation with respect to GSI's shares in HPI. We provide our comments on each alternative below:

### **9.1 Administration to End**

Creditors may resolve that the administration should end if it appears the company is solvent or, for some other reason, control of the company should revert to its directors.

Based on our preliminary investigations and analysis of GSI's financial information, the company is insolvent. Accordingly, there appears to be no valid commercial reason why control of the Company should revert to its directors. If the administration were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors. We are unable to say what the Company might ultimately pay creditors or what costs they might incur. Therefore, our opinion is that it is not in the creditors' interest for the administration of GSI to end.



## **9.2 Winding up of the Group**

Based upon the information in this report, detailed in particular through section 3 of the same, where the company is wound up, I am unable to determine with certainty whether any dividend would be payable to creditors. I note that my costs as Administrator are entitled to be paid out in priority to creditors, and any realisations from assets would be applied initially to our outstanding fees and costs.

The costs of winding up the company's affairs are estimated at \$300,000, although these costs could be considerably higher.

It will only be possible to provide an estimate of the likely return, and the timing of same, to creditors after the company's assets have been realised.

## **9.3 Execute a DOCA**

As discussed above, the Administrators have not received a DOCA proposal from an external party currently at a stage capable of creditor acceptance. The Administrators propose a Holding DOCA on the terms outlined in section 8.

I am unable to provide an estimate of the likely return to creditors at this time because the DOCA is a holding DOCA which provides time for a restructuring of GSI's affairs.

The costs of administering the future DOCA are estimated at \$250,000.

## **10. ADMINISTRATORS' OPINION**

As stated in section 9.1 above, the option of the administration ending is clearly not viable. The only remaining options available to creditors are to wind up the company or accept the proposed DOCA.

The Holding DOCA on the terms proposed will allow the Administrators:

- Further time to progress the proposals received to date towards a form able to be assessed and voted upon by creditors;
- With sufficient time to enable the parties who have expressed an interest in GSI's assets to complete their due diligence and submit indicative offers.
- An opportunity to analyse and assess the merits of each proposal and offer, and provide a recommendation prior to the next creditors' meeting; and
- To continue to preserve GSI's assets by continuing to trade on a going concern basis.



In addition, the Administrators consider the proposed Holding DOCA is likely to provide a better return to creditors than an immediate winding up of GSI because:

- The costs associated with the DOCA should, consistent with general practice, be lower than those of a liquidation; and ;
- In a liquidation, recoveries from the voidable and other transactions are unlikely; and
- There is uncertainty as to whether any realisation of the company's assets will occur in a timely manner.

**Based on the above, it is our opinion that creditors should resolve that the company enter into the proposed Holding DOCA.**

## **11. REMUNERATION AND DISBURSEMENTS**

At the reconvened second meeting of creditors, we intend seeking approval for the following remuneration.

### **11.1 Administrators' Remuneration**

Administrators' remuneration for the period 19 November 2009 to 31 December 2009 in the amount of \$4,760.50 excluding GST in accordance with the summary as set out in Annexure 1.

A provision for the Administrators' remuneration for the period 1 January 2010 to 26 January 2010 in the amount of \$10,000 excluding GST in accordance with the summary as set out in Annexure 1.

### **11.2 Prospective Deed Administrators' Remuneration**

In the event creditors vote to accept the proposed Holding DOCA, that a provision for the Deed Administrators' remuneration in the amount of \$15,000 excluding GST be approved for the period from the date of the meeting until the execution of the DOCA. The amount is an estimate only as it is not possible, at this stage, to state a precise amount however an actual fee summary will be presented to creditors for approval. A summary of the anticipated tasks is set out in Annexure 1.

In the event creditors vote to accept the proposed Holding DOCA, that a provision for the Deed Administrators' remuneration in the amount of \$250,000 excluding GST be approved for the period from the date of the execution of the DOCA until its completion (or termination). The amount is an estimate only as it is not possible, at this stage, to state a precise amount however an actual fee summary will be presented to creditors for approval. A summary of the anticipated tasks is set out in Annexure 1.



### **11.3 Prospective Liquidators' Remuneration**

In the event creditors vote to wind up the Company, that a provision for the Liquidators' remuneration in the amount of \$300,000 excluding GST be approved. The amount is an estimate only as it is not possible, at this stage, to state a precise amount however an actual fee summary will be presented to creditors for approval. A summary of the anticipated tasks is set out in Annexure 1.

The Administrators, (or, where appointed, Liquidators) seek approval of their remuneration on a time basis in accordance with Ferrier Hodgson's schedule of hourly rates set out in Annexure 1.

To date the Administrators have not drawn any disbursements.

## **12. FURTHER QUERIES**

We will advise creditors in writing, if practicable, of any additional matters that come to our attention after the dispatch of this report that, in our view, is material to creditors' deliberations.

In the meantime, should creditors have any queries, please do not hesitate to contact either Tom Birch or Derek Keir at this office.

DATED this 18<sup>th</sup> day of January 2010.

A handwritten signature in black ink, appearing to read 'Martin Jones', with a large, stylized loop at the end.

MARTIN JONES  
Joint and Several Administrator of  
Great Southern Infrastructure Pty Ltd

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# **Annexure 1**

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**The Firm's Schedule of Hourly Rates**

**Administrators' Remuneration**

**Deed Administrators' / Trustees' Remuneration**

**Liquidators' Remuneration**



## CORPORATIONS ACT 2001

### Section 449E

#### GREAT SOUTHERN INFRASTRUCTURE PTY LTD ACN 126 069 314 (Administrators Appointed)(“GSI”)

#### REMUNERATION REPORT

The Administrators' Remuneration Report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format:

##### **Part A**

- A1 Schedule of hourly rates and general guide to staff experience
- A2 Tasks undertaken by the Administrators and remuneration claimed for the period 19 October 2009 to 18 November 2009
- A3 Tasks undertaken by the Administrators and remuneration claimed for the period 19 November 2009 to 31 December 2009
- A4 Administrators anticipated tasks and estimated remuneration for the period 1 January 2010 to 26 January 2010
- A5 Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate from 27 January 2010 to the execution of the DOCA
- A6 Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate for the DOCA period
- A7 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and estimated remuneration from 27 January 2010 to the conclusion of the liquidation
- A8 Remuneration approved and drawn to date
- A9 Resolutions regarding remuneration to be put to creditors at the reconvened second creditors meeting to be held on 27 January 2010

##### **Part B**

- B1 Administrators' Disbursements for the period 16 May 2009 to 31 December 2009
- B2 Summary of Receipts and Payments for the period 16 May 2009 to 31 December 2009
- B3 Other creditor information on remuneration
- B4 Initial advice to creditors

The Remuneration Report should be read in conjunction with the report to creditors dated **18 January 2010**.



**PART A**

**A1 SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE**

| Title                     | Rate(\$)  | Experience   |
|---------------------------|-----------|--|
| Partner                   | 595       | The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at <a href="http://www.ferrierhodgson.com">www.ferrierhodgson.com</a> |
| Principal / Director      | 540 / 500 | Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.  |
| Senior Manager            | 445       | Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.   |
| Manager                   | 370       | Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.  |
| Supervisor                | 315       | Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.  |
| Senior 1                  | 280       | Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.  |
| Senior 2                  | 250       | Generally, 2-3 years chartered accounting or insolvency management experience. University degree, commenced ICAA's CA program.   |
| Intermediate 1            | 220       | 0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.  |
| Intermediate 2            | 185       | 0 to 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more detailed administrative tasks.   |
| Professional Staff Junior | 145       | 0 to 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes directions from senior staff in completing administrative tasks.  |
| Senior Secretary          | 180       | Appropriate skills including machine usage.  |
| Clerk                     | 145       | Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.   |

**Notes:**

1. The hourly rates are exclusive of GST.
2. The guide to staff experience is intended only as a general guide to the qualifications and experience of our staff engaged in the administration. Staff may be engaged under a classification that we consider appropriate for their experience.
3. Time is recorded and charged in six-minute increments.
4. Rates are subject to change from time to time.



**A2. Tasks undertaken by the Administrators and remuneration claimed for the period 16 May 2009 to 18 October 2009**

Administrators' fees, based on the tasks detailed below and covering the period 19 October 2009 to 18 November 2009 are **\$7,441.00 (excl. GST)**

| Task Area   | General Description                          | Includes   |
|---|--|--|
| <b>Assets</b><br><br><b>9.80 hours</b><br><b>\$3,104.50</b>         | Plant and Equipment                          | <ul style="list-style-type: none"> <li>▪ Secured the assets</li> <li>▪ Corresponded with Beevis and Co regarding valuation of plant and equipment in Albany</li> <li>▪ Reviewed valuations for Infield Chipper</li> <li>▪ Reviewed expressions of interest and corresponded with interested parties</li> <li>▪ Reviewed fixed assets register</li> </ul>   |
|   | Other asset-related tasks                    | <ul style="list-style-type: none"> <li>▪ Considered options for divestment of investment</li> </ul>  |
| <b>Creditors</b><br><br><b>0.90 hours</b><br><b>\$234.00</b>        | Creditor reports/circulars                   | <ul style="list-style-type: none"> <li>▪ Collated information to assist with the preparation of S439A report</li> <li>▪ Prepared, reviewed and amended company annexure for the S439A report</li> <li>▪ Corresponded with Great Southern staff regarding information requirements for the S439A annexure</li> <li>▪ Internal meetings and discussions regarding preparation of S439A annexure</li> <li>▪ Reviewed management comments on S439A report and making amendments as necessary</li> <li>▪ Prepared and reviewed company position paper</li> <li>▪ Prepared, reviewed and amended company position paper</li> </ul> |
|   | Dealing with Proofs of Debt                  | <ul style="list-style-type: none"> <li>▪ Received, photocopied and filed POD's</li> <li>▪ Input POD's into the POD register</li> <li>▪ Maintained the POD register</li> </ul>  |
|   | Enquiries                                    | <ul style="list-style-type: none"> <li>▪ Responded to creditor enquiries via email and telephone</li> </ul>  |
| <b>Administration</b><br><br><b>6.20 hours</b><br><b>\$2,061.00</b> | Correspondence                               | <ul style="list-style-type: none"> <li>▪ General correspondence via email, telephone and fax with stakeholders</li> <li>▪ Reviewed and executed various agreements including preparation and review of affidavit in relation to funding issues</li> </ul>  |
|   | Document maintenance/ file review/ checklist | <ul style="list-style-type: none"> <li>▪ Set-up new files</li> <li>▪ Filed documents</li> </ul>  |
|   | Bank account administration                  | <ul style="list-style-type: none"> <li>▪ Set-up new bank account details in Insol accounting system</li> <li>▪ Prepared bank reconciliations at month's end</li> <li>▪ Prepared receipts and payments listing</li> </ul>   |
|   | Insurance                                    | <ul style="list-style-type: none"> <li>▪ Identified potential issues requiring attention of insurance specialists</li> <li>▪ Reviewed insurance policies</li> </ul>  |
|   | ASIC Forms                                   | <ul style="list-style-type: none"> <li>▪ Prepared and lodged ASIC forms</li> </ul>   |
|   | ATO & other statutory reporting              | <ul style="list-style-type: none"> <li>▪ Notified the ATO of Administrators' appointment</li> </ul>  |
|   | Planning / Review                            | <ul style="list-style-type: none"> <li>▪ Internal meetings regarding the progress of the administration and required tasks</li> </ul>  |



| Task Area   | General Description               | Includes  |
|---|-----------------------------------|---|
| <b>Trade On</b><br><br><b>6.70 hours</b><br><b>\$2,041.50</b> | Trade On Management               | <ul style="list-style-type: none"> <li>▪ Reviewed and authorised purchase orders and invoices and made payments as required</li> <li>▪ Corresponded with staff of Great Southern regarding the processing of invoices</li> <li>▪ Corresponded with Hansol, APEC and other parties regarding ongoing operations</li> <li>▪ Corresponded with legal advisors regarding various issues including financing arrangements, asset facilities and other trading agreements</li> <li>▪ Reviewed company's budgets and financial statements</li> </ul> |
|   | Funding                           | <ul style="list-style-type: none"> <li>▪ Prepared memorandum on funding issues</li> <li>▪ Prepared for and attendance at Court to obtain approval for funding arrangements</li> <li>▪ Obtained third party consent for funding</li> <li>▪ Reviewed loan and operating agreements</li> </ul>   |
|   | Budgeting and financial reporting | <ul style="list-style-type: none"> <li>▪ Reviewed company's budget and financial statements</li> </ul>  |
|   | Processing receipts and payments  | <ul style="list-style-type: none"> <li>▪ Entered receipts and payments into Insol accounting system</li> <li>▪ Prepared and reviewed payment and receipt requisitions</li> <li>▪ Collated supporting documentation for payments and receipts</li> </ul>   |



**A2. Tasks undertaken by the Administrators and remuneration claimed for the period 16 May 2009 to 18 October 2009**

**Calculation of Remuneration for the period 19 October 2009 to 18 November 2009**

| Employee         | Position   | Charge | Total        |                 | Assets      |                 | Creditors   |               | Administration |                 | Trade On    |                 |
|------------------|------------|--------|--------------|-----------------|-------------|-----------------|-------------|---------------|----------------|-----------------|-------------|-----------------|
|                  |            | \$     | Hours        | \$              | Hours       | \$              | Hours       | \$            | Hours          | \$              | Hours       | \$              |
| Andrew Saker     | Partner    | 595    | 4.50         | 2,677.50        | 1.60        | 952.00          | -           | -             | 1.90           | 1,130.50        | 1.00        | 595.00          |
| Darren Weaver    | Partner    | 595    | 0.10         | 59.50           | -           | -               | -           | -             | -              | -               | 0.10        | 59.50           |
| Tom Birch        | Supervisor | 315    | 3.70         | 1,165.50        | 2.50        | 787.50          | -           | -             | 1.20           | 378.00          | -           | -               |
| Julia Dichiera   | Senior 1   | 280    | 0.60         | 168.00          | -           | -               | 0.60        | 168.00        | -              | -               | -           | -               |
| Geoff Webb       | Senior 2   | 250    | 9.30         | 2,325.00        | 3.70        | 925.00          | -           | -             | 0.20           | 50.00           | 5.40        | 1,350.00        |
| Lauren McCann    | Inter 1    | 220    | 0.30         | 66.00           | -           | -               | 0.30        | 66.00         | -              | -               | -           | -               |
| Sean Holmes      | Inter 1    | 220    | 2.00         | 440.00          | 2.00        | 440.00          | -           | -             | -              | -               | -           | -               |
| Adrian Di Menna  | Inter 2    | 185    | 0.50         | 92.50           | -           | -               | -           | -             | 0.30           | 55.50           | 0.20        | 37.00           |
| Melissa Kroon    | Secretary  | 180    | 2.00         | 360.00          | -           | -               | -           | -             | 2.00           | 360.00          | -           | -               |
| Dorothy Radisich | Clerk      | 145    | 0.60         | 87.00           | -           | -               | -           | -             | 0.60           | 87.00           | -           | -               |
| <b>Total</b>     |            |        | <b>23.60</b> | <b>7,441.00</b> | <b>9.80</b> | <b>3,104.50</b> | <b>0.90</b> | <b>234.00</b> | <b>6.20</b>    | <b>2,061.00</b> | <b>6.70</b> | <b>2,041.50</b> |



**A3. Tasks undertaken by the Administrators and remuneration claimed for the period 19 November 2009 to 31 December 2009**

Administrators' anticipated tasks and estimated remuneration, based on the tasks detailed below and covering the period 19 November 2009 to 31 December 2009 are **\$4,760.50 (excl. GST)**

| Task Area   | General Description                          | Includes   |
|---|--|--|
| <b>Assets</b><br><br><b>4.40 hours</b><br><b>\$1,771.00</b>           | Plant and Equipment                          | <ul style="list-style-type: none"> <li>▪ Reviewed expressions of interest for the Infield Chipper and corresponded with interested parties</li> </ul>  |
|   | Sale of the Business as a Going Concern      | <ul style="list-style-type: none"> <li>▪ Reviewed expressions of interest for the restructure of GSI and corresponded with interested parties</li> <li>▪ Meetings with interested parties to discuss asset realisation process and Deed of Company Arrangement proposals</li> </ul>                      |
|   | Advertising                                  | <ul style="list-style-type: none"> <li>▪ Prepared advertisement for expressions of interest for the restructure of GSI or the purchase of GSI's assets</li> </ul>  |
| <b>Creditors</b><br><br><b>5.00 hours</b><br><b>\$2,443.00</b>        | Creditor reports/circulars                   | <ul style="list-style-type: none"> <li>▪ Prepared, reviewed and finalised report to secured creditors</li> <li>▪ Prepared receipts and payments listings and statement of position for secured creditor report</li> <li>▪ Internal discussions and meetings regarding secured creditor report</li> </ul> |
| <b>Administration</b><br><br><b>1.70 hours</b><br><br><b>\$471.50</b> | Correspondence                               | <ul style="list-style-type: none"> <li>▪ Corresponded with stakeholders via email, telephone and fax</li> <li>▪ Corresponded with auditors and sought audit confirmations</li> </ul>   |
|   | Document maintenance/ file review/ checklist | <ul style="list-style-type: none"> <li>▪ Filed documents</li> </ul>  |
| <b>Trade On</b><br><br><b>0.30 hours</b><br><b>\$75.00</b>            | Processing receipts and payments             | <ul style="list-style-type: none"> <li>▪ Entered receipts and payments into Insol accounting system</li> <li>▪ Prepared and reviewed payment and receipt requisitions</li> <li>▪ Collated supporting documentation for payments and receipts</li> </ul>  |



**A3. Tasks undertaken by the Administrators and remuneration claimed for the period 19 November 2009 to 31 December 2009**

**Calculation of Remuneration for the period 19 November 2009 to 31 December 2009**

| Employee         | Position   | Charge | Total        |                 | Assets      |                 | Creditors   |                 | Administration |               | Trade On    |              |
|------------------|------------|--------|--------------|-----------------|-------------|-----------------|-------------|-----------------|----------------|---------------|-------------|--------------|
|                  |            | \$     | Hours        | \$              | Hours       | \$              | Hours       | \$              | Hours          | \$            | Hours       | \$           |
| Andrew Saker     | Partner    | 595    | 4.20         | 2,499.00        | 1.10        | 654.50          | 3.10        | 1,844.50        | -              | -             | -           | -            |
| Ben Johnson      | Manager 2  | 370    | 2.40         | 888.00          | 1.40        | 518.00          | -           | -               | 1.00           | 370.00        | -           | -            |
| Tom Birch        | Supervisor | 315    | 3.80         | 1,197.00        | 1.90        | 598.50          | 1.90        | 598.50          | -              | -             | -           | -            |
| Jamie Gunnis     | Senior 2   | 250    | 0.30         | 75.00           | -           | -               | -           | -               | -              | -             | 0.30        | 75.00        |
| Dorothy Radisich | Clerk      | 145    | 0.70         | 101.50          | -           | -               | -           | -               | 0.70           | 101.50        | -           | -            |
| <b>Total</b>     |            |        | <b>11.40</b> | <b>4,760.50</b> | <b>4.40</b> | <b>1,771.00</b> | <b>5.00</b> | <b>2,443.00</b> | <b>1.70</b>    | <b>471.50</b> | <b>0.30</b> | <b>75.00</b> |



**A4. Administrators anticipated tasks and estimated remuneration for the period 1 January 2010 to 26 January 2010**

Administrators' anticipated tasks and estimated remuneration, based on the tasks detailed below and covering the period 1 January 2010 to 26 January 2010 are **\$10,000.00 (excl. GST)**

| <b>Task Area</b>   | <b>General Description</b>                 | <b>Includes</b>  |
|--|--|--|
| <b>Assets</b><br><br><b>9.00 hours</b><br><b>\$3,170.00</b>          | Sale of business as a going concern        | <ul style="list-style-type: none"> <li>▪ Reviewing expressions of interest and corresponding with interested parties</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Reviewing Deed of Company Arrangement proposals</li> <li>▪ Meetings with interested parties to discuss sale process</li> </ul>  |
|  | Plant and equipment                        | <ul style="list-style-type: none"> <li>▪ Reviewing expressions of interest and corresponding with interested parties</li> <li>▪ Internal meetings to discuss / review offers received</li> </ul>   |
| <b>Creditors</b><br><br><b>13.00 hours</b><br><b>\$3,790.00</b>      | Creditor Enquiries                         | <ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>   |
|  | Meeting of Creditors                       | <ul style="list-style-type: none"> <li>▪ Preparing meeting notices, proxies and advertisements</li> <li>▪ Forwarding notice of meeting to all known creditors</li> <li>▪ Preparing and maintained register of proxies</li> <li>▪ Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting.</li> </ul> |
|  | Creditor reports/circulars                 | <ul style="list-style-type: none"> <li>▪ Preparing circular to creditors</li> <li>▪ General reporting to creditors</li> <li>▪ Preparing second Administrators report pursuant to section 439A of the Act</li> </ul>  |
|  | Dealing with proofs of debt                | <ul style="list-style-type: none"> <li>▪ Receipting and filing POD's in relation to reconvened second creditors meeting</li> </ul>   |
| <b>Trade On</b><br><br><b>1.00 hours</b><br><b>\$185.00</b>          | Trade On Management                        | <ul style="list-style-type: none"> <li>▪ Liaising with suppliers</li> <li>▪ Liaising with Great Southern management and staff</li> <li>▪ Authorising purchase orders</li> <li>▪ Maintaining purchase order registry</li> <li>▪ Preparing and authorising receipt and payment vouchers</li> </ul>   |
|  | Processing receipts and payments           | <ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system</li> </ul>   |
| <b>Administration</b><br><br><b>10.00 hours</b><br><b>\$2,855.00</b> | Correspondence                             | <ul style="list-style-type: none"> <li>▪ General correspondence with stakeholders</li> <li>▪ Reviewing and responding to correspondence received from stakeholders</li> </ul>  |
|  | Document maintenance/file review/checklist | <ul style="list-style-type: none"> <li>▪ Preparing file reviews and updating checklists</li> <li>▪ Filing of documents</li> </ul>  |
|  | Bank account administration                | <ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> </ul>   |
|  | ASIC Forms                                 | <ul style="list-style-type: none"> <li>▪ Corresponding with ASIC regarding statutory forms</li> </ul>  |
|  | ATO & other statutory reporting            | <ul style="list-style-type: none"> <li>▪ BAS and taxation reporting</li> </ul>   |
|  | Planning / Review                          | <ul style="list-style-type: none"> <li>▪ Internal meetings and discussions regarding status of administration</li> </ul>   |



**A4. Administrators anticipated tasks and estimated remuneration for the period 1 January 2010 to 26 January 2010**

**Estimate of Remuneration for the period 1 January 2010 to 26 January 2010**

| Position         | Charge Rate | Total        |                  | Creditors    |                 | Trade On    |               | Administration |                 | Assets      |                 |
|------------------|-------------|--------------|------------------|--------------|-----------------|-------------|---------------|----------------|-----------------|-------------|-----------------|
|                  | \$          | Hours        | \$               | Hours        | \$              | Hours       | \$            | Hours          | \$              | Hours       | \$              |
| Partner          | 595         | 4.50         | 2,677.50         | 1.00         | 595.00          | -           | -             | 1.50           | 892.50          | 2.00        | 1,190.00        |
| Manager          | 370         | 3.50         | 1,295.00         | -            | -               | -           | -             | 0.50           | 185.00          | 3.00        | 1,110.00        |
| Supervisor       | 315         | 4.00         | 1,260.00         | 3.00         | 945.00          | -           | -             | 1.00           | 315.00          | -           | -               |
| Senior 2         | 250         | 14.00        | 3,500.00         | 9.00         | 2,250.00        | -           | -             | 3.00           | 750.00          | 2.00        | 500.00          |
| Inter 2          | 185         | 5.00         | 925.00           | -            | -               | 1.00        | 185.00        | 2.00           | 370.00          | 2.00        | 370.00          |
| Senior Secretary | 180         | 1.50         | 270.00           | -            | -               | -           | -             | 1.50           | 270.00          | -           | -               |
| Junior / Clerk   | 145         | 0.50         | 72.50            | -            | -               | -           | -             | 0.50           | 72.50           | -           | -               |
|                  |             | <b>33.00</b> | <b>10,000.00</b> | <b>13.00</b> | <b>3,790.00</b> | <b>1.00</b> | <b>185.00</b> | <b>10.00</b>   | <b>2,855.00</b> | <b>9.00</b> | <b>3,170.00</b> |



**A5. Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate from 27 January 2010 to the execution of the DOCA**

Based upon the following anticipated tasks of the Administrators', we estimate fees for the period 27 January 2010 to the execution of the DOCA to be **\$15,000.00 (excl. GST)**

| Task Area  | General Description                        | Includes  |
|--|--|---|
| <b>Assets</b><br><br><b>10.50 hours</b><br><b>\$4,217.50</b>         | Sale of business as a going concern        | <ul style="list-style-type: none"> <li>▪ Reviewing expressions of interest and corresponding with interested parties</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Reviewing Deed of Company Arrangement proposals</li> <li>▪ Meetings with interested parties to discuss sale process</li> <li>▪ Preparing and executing Deed of Company Arrangement documents and lodging copies with ASIC</li> </ul> |
|  | Plant and equipment                        | <ul style="list-style-type: none"> <li>▪ Reviewing expressions of interest and corresponding with interested parties</li> <li>▪ Internal meetings to discuss / review offers received</li> </ul>  |
| <b>Creditors</b><br><br><b>11.50 hours</b><br><b>\$3,762.50</b>      | Creditor Enquiries                         | <ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>  |
|  | Meeting of Creditors                       | <ul style="list-style-type: none"> <li>▪ Prepared meeting minutes for lodgement with ASIC</li> <li>▪ Responding to stakeholders queries immediately following the meeting</li> </ul>  |
|  | Creditor reports/circulars                 | <ul style="list-style-type: none"> <li>▪ Preparing circular to creditors regarding the outcome of the reconvened second creditors meeting</li> <li>▪ General reporting to creditors</li> </ul>  |
|  | Dealing with proofs of debt                | <ul style="list-style-type: none"> <li>▪ Receipting and filing POD's</li> </ul>   |
| <b>Trade On</b><br><br><b>2.50 hours</b><br><b>\$982.50</b>          | Trade On Management                        | <ul style="list-style-type: none"> <li>▪ Liaising with suppliers</li> <li>▪ Liaising with management and staff</li> <li>▪ Authorising purchase orders</li> <li>▪ Maintaining purchase order registry</li> <li>▪ Preparing and authorising receipt vouchers</li> <li>▪ Preparing and authorising payment vouchers</li> </ul>   |
|  | Processing receipts and payments           | <ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system</li> </ul>  |
| <b>Administration</b><br><br><b>21.00 hours</b><br><b>\$6,037.50</b> | Correspondence                             | <ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>  |
|  | Document maintenance/file review/checklist | <ul style="list-style-type: none"> <li>▪ Administration reviews</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> <li>▪ Updating checklists</li> </ul>  |
|  | Bank account administration                | <ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Corresponding with bank regarding specific transfers</li> <li>▪ Maintenance of accounts</li> </ul>   |
|  | ASIC forms                                 | <ul style="list-style-type: none"> <li>▪ Correspondence with ASIC regarding statutory forms</li> </ul>  |
|  | ATO & other statutory reporting            | <ul style="list-style-type: none"> <li>▪ Preparing Business Activity Statements for lodgement with the ATO</li> </ul>   |
|  | Planning / Review                          | <ul style="list-style-type: none"> <li>▪ Internal meetings and discussions regarding status of administration</li> </ul>  |



**A5. Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate from 27 January 2010 to the execution of the DOCA**

**Estimate of Remuneration for the period from 27 January 2010 to the execution of the DOCA**

| Position         | Charge Rate | Total        |                  | Creditors    |                 | Trade On    |               | Administration |                 | Assets       |                 |
|------------------|-------------|--------------|------------------|--------------|-----------------|-------------|---------------|----------------|-----------------|--------------|-----------------|
|                  | \$          | Hours        | \$               | Hours        | \$              | Hours       | \$            | Hours          | \$              | Hours        | \$              |
| Partner          | 595         | 6.00         | 3,570.00         | 1.50         | 892.50          | 0.50        | 297.50        | 1.50           | 892.50          | 2.50         | 1,487.50        |
| Senior Manager   | 445         | 3.00         | 1,335.00         | 1.00         | 445.00          | -           | -             | 2.00           | 890.00          | -            | -               |
| Manager          | 370         | 10.00        | 3,700.00         | 2.00         | 740.00          | 1.00        | 370.00        | 2.00           | 740.00          | 5.00         | 1,850.00        |
| Supervisor       | 315         | 7.00         | 2,205.00         | 2.00         | 630.00          | 1.00        | 315.00        | 2.00           | 630.00          | 2.00         | 630.00          |
| Senior 2         | 250         | 7.00         | 1,750.00         | 2.00         | 500.00          | -           | -             | 4.00           | 1,000.00        | 1.00         | 250.00          |
| Inter 1          | 220         | 5.00         | 1,100.00         | -            | -               | -           | -             | 5.00           | 1,100.00        | -            | -               |
| Inter 2          | 185         | 5.00         | 925.00           | 3.00         | 555.00          | -           | -             | 2.00           | 370.00          | -            | -               |
| Senior Secretary | 180         | 1.50         | 270.00           | -            | -               | -           | -             | 1.50           | 270.00          | -            | -               |
| Junior / Clerk   | 145         | 1.00         | 145.00           | -            | -               | -           | -             | 1.00           | 145.00          | -            | -               |
|                  |             | <b>45.50</b> | <b>15,000.00</b> | <b>11.50</b> | <b>3,762.50</b> | <b>2.50</b> | <b>982.50</b> | <b>21.00</b>   | <b>6,037.50</b> | <b>10.50</b> | <b>4,217.50</b> |



**A6. Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate for the DOCA period**

Based on the following anticipated tasks of the Deed Administrators, we estimate fees for the DOCA period to be **\$250,000.00 (excluding GST)**

| Task Area   | General Description                 | Includes  |
|---|-------------------------------------|---|
| <b>Assets</b><br><br><b>260.00 hours</b><br><b>\$94,165.00</b>    | Sale of business as a going concern | <ul style="list-style-type: none"> <li>▪ Liaising with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accept and settle offers</li> <li>▪ Finalising and executing Deed of Company Arrangement and lodging copy with ASIC</li> </ul>  |
|   | Plant and equipment                 | <ul style="list-style-type: none"> <li>▪ Liaising with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accept and settle offers</li> </ul>   |
| <b>Creditors</b><br><br><b>147.00 hours</b><br><b>\$41,995.00</b> | Creditor Enquiries                  | <ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone</li> <li>▪ Maintaining creditor enquiry register</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Attendance at creditors meeting</li> </ul>  |
|   | Creditor reports/circulars          | <ul style="list-style-type: none"> <li>▪ Preparing circular to creditors following execution of the DOCA</li> <li>▪ General reporting to creditors</li> </ul>   |
|   | Dealing with proofs of debt         | <ul style="list-style-type: none"> <li>▪ Receipting and filing POD's</li> <li>▪ Maintaining POD register</li> <li>▪ Adjudicating POD's</li> </ul>   |
| <b>Trade On</b><br><br><b>76.00 hours</b><br><b>\$21,980.00</b>   | Trade On Management                 | <ul style="list-style-type: none"> <li>▪ Liaising with suppliers</li> <li>▪ Liaising with management and staff</li> <li>▪ Authorising purchase orders</li> <li>▪ Maintaining purchase order registry</li> <li>▪ Preparing and authorising receipt vouchers</li> <li>▪ Preparing and authorising payment vouchers</li> <li>▪ Closing off trading accounts</li> </ul>   |
|   | Processing receipts and payments    | <ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system</li> </ul>  |
| <b>Dividend</b><br><br><b>145.00 hours</b><br><b>\$42,950.00</b>  | Processing proofs of debt           | <ul style="list-style-type: none"> <li>▪ Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>▪ Receipt of PODs</li> <li>▪ Maintain POD register</li> <li>▪ Adjudicating PODs</li> <li>▪ Request further information from claimants regarding POD</li> <li>▪ Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>   |
|   | Dividend procedures                 | <ul style="list-style-type: none"> <li>▪ Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>▪ Advertisement of intention to declare dividend</li> <li>▪ Obtain clearance from ATO to allow distribution of company's assets</li> <li>▪ Preparation of dividend calculation</li> <li>▪ Preparation of correspondence to creditors announcing declaration of dividend</li> <li>▪ Advertise announcement of dividend</li> <li>▪ Preparation of distribution</li> <li>▪ Preparation of dividend file</li> <li>▪ Preparation of payment vouchers to pay dividend</li> <li>▪ Preparation of correspondence to creditors enclosing payment of dividend</li> </ul> |



| Task Area  | General Description                        | Includes  |
|--|--|---|
| <b>Administration</b><br><br><b>188.00 hours</b><br><b>\$48,910.00</b> | Correspondence                             | <ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>  |
|  | Document maintenance/file review/checklist | <ul style="list-style-type: none"> <li>▪ Updating checklists</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> </ul>  |
|  | Bank account administration                | <ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Corresponding with bank regarding specific transfers</li> </ul>                            |
|  | ASIC Form 524 and other forms              | <ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including 524 and 911 etc</li> <li>▪ Corresponding with ASIC regarding statutory forms</li> </ul> |
|  | ATO & other statutory reporting            | <ul style="list-style-type: none"> <li>▪ BAS and taxation reporting</li> </ul>  |
|  | Planning / Review                          | <ul style="list-style-type: none"> <li>▪ Discussions regarding status of administration</li> </ul>  |
|  | Books and records / storage                | <ul style="list-style-type: none"> <li>▪ Dealing with records in storage</li> <li>▪ Sending job files to storage</li> </ul>   |



**A6. Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate for the DOCA period**

**Estimate of Remuneration for the period for the DOCA period**

| Position         | Charge Rate | Total         |                   | Creditors     |                  | Trade On     |                  | Administration |                  | Assets        |                  | Dividend      |                  |
|------------------|-------------|---------------|-------------------|---------------|------------------|--------------|------------------|----------------|------------------|---------------|------------------|---------------|------------------|
|                  | \$          | Hours         | \$                | Hours         | \$               | Hours        | \$               | Hours          | \$               | Hours         | \$               | Hours         | \$               |
| Partner          | 595         | 61.00         | 36,295.00         | 7.00          | 4,165.00         | 4.00         | 2,380.00         | 10.00          | 5,950.00         | 30.00         | 17,850.00        | 10.00         | 5,950.00         |
| Senior Manager   | 445         | 62.00         | 27,590.00         | 10.00         | 4,450.00         | 7.00         | 3,115.00         | 5.00           | 2,225.00         | 40.00         | 17,800.00        | -             | -                |
| Manager          | 370         | 116.00        | 42,920.00         | 14.00         | 5,180.00         | 7.00         | 2,590.00         | 15.00          | 5,550.00         | 60.00         | 22,200.00        | 20.00         | 7,400.00         |
| Supervisor       | 315         | 122.00        | 38,430.00         | 20.00         | 6,300.00         | 8.00         | 2,520.00         | 15.00          | 4,725.00         | 59.00         | 18,585.00        | 20.00         | 6,300.00         |
| Senior 1         | 280         | 106.00        | 29,680.00         | 20.00         | 5,600.00         | 10.00        | 2,800.00         | 20.00          | 5,600.00         | 31.00         | 8,680.00         | 25.00         | 7,000.00         |
| Senior 2         | 250         | 111.00        | 27,750.00         | 21.00         | 5,250.00         | 10.00        | 2,500.00         | 30.00          | 7,500.00         | 20.00         | 5,000.00         | 30.00         | 7,500.00         |
| Inter 1          | 220         | 111.00        | 24,420.00         | 25.00         | 5,500.00         | 15.00        | 3,300.00         | 21.00          | 4,620.00         | 10.00         | 2,200.00         | 40.00         | 8,800.00         |
| Inter 2          | 185         | 95.00         | 17,575.00         | 30.00         | 5,550.00         | 15.00        | 2,775.00         | 40.00          | 7,400.00         | 10.00         | 1,850.00         | -             | -                |
| Senior Secretary | 180         | 20.00         | 3,600.00          | -             | -                | -            | -                | 20.00          | 3,600.00         | -             | -                | -             | -                |
| Junior / Clerk   | 145         | 12.00         | 1,740.00          | -             | -                | -            | -                | 12.00          | 1,740.00         | -             | -                | -             | -                |
|                  |             | <b>816.00</b> | <b>250,000.00</b> | <b>147.00</b> | <b>41,995.00</b> | <b>76.00</b> | <b>21,980.00</b> | <b>188.00</b>  | <b>48,910.00</b> | <b>260.00</b> | <b>94,165.00</b> | <b>145.00</b> | <b>42,950.00</b> |



**A7. Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and estimated remuneration from 27 January 2010 to the conclusion of the liquidation**

Based upon the following anticipated tasks of the Liquidators', we estimate fees for the period 27 January 2010 to the conclusion of the liquidation to be **\$300,000.00 (excl. GST)**

| Task Area   | General Description                 | Includes  |
|---|-------------------------------------|---|
| <b>Assets</b><br><br><b>270.00 hours</b><br><b>\$98,650.00</b>    | Sale of business as a going concern | <ul style="list-style-type: none"> <li>▪ Liaising with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accept and settle offers</li> </ul>   |
|   | Plant and equipment                 | <ul style="list-style-type: none"> <li>▪ Liaising with purchasers</li> <li>▪ Internal meetings to discuss / review offers received</li> <li>▪ Accept and settle offers</li> <li>▪ Liaise with auctioneer in relation to the auction</li> <li>▪ Attend auction</li> </ul>  |
| <b>Creditors</b><br><br><b>153.00 hours</b><br><b>\$44,935.00</b> | Creditor Enquiries                  | <ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone</li> <li>▪ Maintaining creditor enquiry register</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Attendance at creditors meeting</li> </ul>  |
|   | Creditor reports/circulars          | <ul style="list-style-type: none"> <li>▪ Preparing circular to creditors following resolution of liquidation</li> <li>▪ General reporting to creditors</li> </ul>   |
|   | Dealing with proofs of debt         | <ul style="list-style-type: none"> <li>▪ Receipting and filing POD's</li> <li>▪ Maintaining POD register</li> <li>▪ Adjudicating POD's</li> </ul>   |
| <b>Trade On</b><br><br><b>83.00 hours</b><br><b>\$24,220.00</b>   | Trade On Management                 | <ul style="list-style-type: none"> <li>▪ Liaising with suppliers</li> <li>▪ Liaising with management and staff</li> <li>▪ Authorising purchase orders</li> <li>▪ Maintaining purchase order registry</li> <li>▪ Preparing and authorising receipt vouchers</li> <li>▪ Preparing and authorising payment vouchers</li> <li>▪ Closing off trading accounts</li> </ul>   |
|   | Processing receipts and payments    | <ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system</li> </ul>  |
| <b>Dividend</b><br><br><b>145.00 hours</b><br><b>\$42,950.00</b>  | Processing proofs of debt           | <ul style="list-style-type: none"> <li>▪ Preparation of correspondence to potential creditors inviting lodgement of POD</li> <li>▪ Receipt of PODs</li> <li>▪ Maintain POD register</li> <li>▪ Adjudicating PODs</li> <li>▪ Request further information from claimants regarding POD</li> <li>▪ Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>   |
|   | Dividend procedures                 | <ul style="list-style-type: none"> <li>▪ Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>▪ Advertisement of intention to declare dividend</li> <li>▪ Obtain clearance from ATO to allow distribution of company's assets</li> <li>▪ Preparation of dividend calculation</li> <li>▪ Preparation of correspondence to creditors announcing declaration of dividend</li> <li>▪ Advertise announcement of dividend</li> <li>▪ Preparation of distribution</li> <li>▪ Preparation of dividend file</li> <li>▪ Preparation of payment vouchers to pay dividend</li> <li>▪ Preparation of correspondence to creditors enclosing payment of dividend</li> </ul> |



| Task Area  | General Description  | Includes  |
|--|--|---|
| <b>Administration</b><br><br><b>191.00 hours</b><br><b>\$50,245.00</b> | Correspondence   | <ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>  |
|  | Document maintenance/file review/checklist                             | <ul style="list-style-type: none"> <li>▪ Updating checklists</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> </ul>  |
|  | Bank account administration  | <ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Corresponding with bank regarding specific transfers</li> </ul>                                |
|  | ASIC Form 524 and other forms  | <ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including 524 and 911 etc</li> <li>▪ Corresponding with ASIC regarding statutory forms</li> </ul>     |
|  | ATO & other statutory reporting Planning / Review                      | <ul style="list-style-type: none"> <li>▪ BAS and taxation reporting</li> <li>▪ Discussions regarding status of administration</li> </ul>  |
|  | Books and records / storage  | <ul style="list-style-type: none"> <li>▪ Dealing with records in storage</li> <li>▪ Sending job files to storage</li> </ul>   |
|  | <b>Investigations</b><br><br><b>135.00 hours</b><br><b>\$39,000.00</b> | Conducting Investigation  |
| ASIC Reporting   |  | <ul style="list-style-type: none"> <li>▪ Preparation of section 533 report and submission to ASIC</li> <li>▪ Preparation of supplementary report to ASIC if required</li> </ul> |



**A7. Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and estimated remuneration from 27 January 2010 to the conclusion of the liquidation**

**Estimate of Remuneration for the period from 27 January 2010 to the conclusion of the liquidation**

| Position         | Charge Rate | Total         |                   | Creditors     |                  | Trade On     |                  | Administration |                  | Investigations |                  | Assets        |                  | Dividend      |                  |
|------------------|-------------|---------------|-------------------|---------------|------------------|--------------|------------------|----------------|------------------|----------------|------------------|---------------|------------------|---------------|------------------|
|                  | \$          | Hours         | \$                | Hours         | \$               | Hours        | \$               | Hours          | \$               | Hours          | \$               | Hours         | \$               | Hours         | \$               |
| Partner          | 595         | 72.00         | 42,840.00         | 8.00          | 4,760.00         | 4.00         | 2,380.00         | 10.00          | 5,950.00         | 10.00          | 5,950.00         | 30.00         | 17,850.00        | 10.00         | 5,950.00         |
| Senior Manager   | 445         | 95.00         | 42,275.00         | 15.00         | 6,675.00         | 7.00         | 3,115.00         | 8.00           | 3,560.00         | 15.00          | 6,675.00         | 50.00         | 22,250.00        | -             | -                |
| Manager          | 370         | 120.00        | 44,400.00         | 15.00         | 5,550.00         | 10.00        | 3,700.00         | 15.00          | 5,550.00         | -              | -                | 60.00         | 22,200.00        | 20.00         | 7,400.00         |
| Supervisor       | 315         | 140.00        | 44,100.00         | 20.00         | 6,300.00         | 10.00        | 3,150.00         | 15.00          | 4,725.00         | 15.00          | 4,725.00         | 60.00         | 18,900.00        | 20.00         | 6,300.00         |
| Senior 1         | 280         | 125.00        | 35,000.00         | 20.00         | 5,600.00         | 10.00        | 2,800.00         | 20.00          | 5,600.00         | 20.00          | 5,600.00         | 30.00         | 8,400.00         | 25.00         | 7,000.00         |
| Senior 2         | 250         | 132.00        | 33,000.00         | 20.00         | 5,000.00         | 12.00        | 3,000.00         | 30.00          | 7,500.00         | 20.00          | 5,000.00         | 20.00         | 5,000.00         | 30.00         | 7,500.00         |
| Inter 1          | 220         | 136.00        | 29,920.00         | 25.00         | 5,500.00         | 15.00        | 3,300.00         | 21.00          | 4,620.00         | 25.00          | 5,500.00         | 10.00         | 2,200.00         | 40.00         | 8,800.00         |
| Inter 2          | 185         | 125.00        | 23,125.00         | 30.00         | 5,550.00         | 15.00        | 2,775.00         | 40.00          | 7,400.00         | 30.00          | 5,550.00         | 10.00         | 1,850.00         | -             | -                |
| Senior Secretary | 180         | 20.00         | 3,600.00          | -             | -                | -            | -                | 20.00          | 3,600.00         | -              | -                | -             | -                | -             | -                |
| Junior / Clerk   | 145         | 12.00         | 1,740.00          | -             | -                | -            | -                | 12.00          | 1,740.00         | -              | -                | -             | -                | -             | -                |
|                  |             | <b>977.00</b> | <b>300,000.00</b> | <b>153.00</b> | <b>44,935.00</b> | <b>83.00</b> | <b>24,220.00</b> | <b>191.00</b>  | <b>50,245.00</b> | <b>135.00</b>  | <b>39,000.00</b> | <b>270.00</b> | <b>98,650.00</b> | <b>145.00</b> | <b>42,950.00</b> |



If costs exceed the estimates made above, we will advise creditors accordingly and seek further approval at future meetings of creditors.

#### **A8 Remuneration approved and drawn to date**

Set out below is a summary of remuneration approved and drawn to date for GSI:

| <b>Period</b>                       | <b>Amount Approved<br/>(\$)</b> | <b>Amount Drawn<br/>(\$)</b> |
|-------------------------------------|---------------------------------|------------------------------|
| 16 May 2009 to 18 October 2009      | 35,282.65                       | 34,412.65                    |
| 19 October 2009 to 18 November 2009 | 12,000.00                       | Nil                          |
| <b>Total</b>                        | <b>\$47,282.65</b>              | <b>\$34,412.65</b>           |

Please note that in respect of the period 19 October 2009 to 18 November 2009 a provision in the amount of \$12,000.00 was previously approved by creditors at the second creditors meeting however actual fees incurred for this period were only \$7,441.00. Please refer to A2 for a summary of actual costs incurred and tasks undertaken for this period.

#### **A9 Resolutions regarding remuneration to be put to creditors at the reconvened second creditors meeting to be held on 27 January 2010**

At the reconvened second meeting of creditors of GSI convened for 27 January 2010, creditors will be asked to consider the following resolutions in relation to the Administrators remuneration.

*"That the Administrators remuneration, as set out in the Administrators' remuneration report for the period 19 November 2009 to 31 December 2009 in the sum of \$4,760.50 exclusive of GST be approved."*

*"That a provision for the Administrators' future remuneration for the period 1 January 2010 to 26 January 2010 in the amount of \$10,000.00 exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors."*

If the company is placed into a Deed of Company Arrangement

*"That a provision for the Administrators' future remuneration for the period 27 January 2010 to the execution of the DOCA in the sum of \$15,000.00 exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors."*

*"That the Deed Administrators' future remuneration in the amount of \$250,000.00 exclusive of GST for the DOCA period be approved subject to upward or downward adjustment by resolution of creditors and that the Deed Administrators' be authorised to draw their fees monthly in arrears."*

If the company is placed into Liquidation:

*"That a provision for the Liquidators' future remuneration for the period 27 January 2010 to the conclusion of the liquidation in the amount of \$300,000.00 exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors or by resolution of the committee of inspection and that the Liquidators be authorised to draw their fees monthly in arrears."*



## PART B

### **B1 Administrators' Disbursements**

Disbursements are divided into three types **D1**, **D2** and **D3**.

- D1 Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2 Disbursements are externally provided non-professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3 Disbursements are internally provided non-professional costs such as photocopying and document storage. This type of disbursement is charged at cost except for photocopying and printing which are charged at a rate which is intended to recoup both variable and fixed costs.

The relevant rates at which disbursements are charged are set out below:

| <b>Disbursements</b>               | <b>Charges<br/>(Excluding GST)</b> |
|------------------------------------|------------------------------------|
| Postage                            | At cost                            |
| Telephone                          | At cost                            |
| Document Production & Photocopying | 35 cents per page                  |
| Facsimile                          | At cost                            |
| Company Search                     | At cost                            |
| Advertising                        | At cost                            |
| Storage – Per Box                  | At cost                            |
| Storage – Per File                 | At cost                            |
| Couriers                           | At cost                            |

Disbursements incurred by the Administrators for the period 16 May 2009 to 31 December 2009 are set out below.

| <b>Task Code</b>        | <b>Charge</b>      |
|-------------------------|--------------------|
| Search                  | 22.00              |
| Telephone               | 22.77              |
| Photocopying            | 52.85              |
| Printing                | 64.75              |
| Legal Fees              | 6,120.00           |
| <b>Total (excl GST)</b> | 6,282.37           |
| <b>Add: GST (10%)</b>   | 628.24             |
| <b>GRAND TOTAL</b>      | <b>\$ 6,910.61</b> |

As at the date of this report, disbursements totalling \$6,120.00 (excluding GST) have been drawn by the Administrators. Creditor approval for the payment of disbursements is not required, however the Administrators must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.



## B2 Summary of Receipts and Payments for the period 16 May 2009 to 31 December 2009

A summary of the Administrators' receipts and payments for the period 16 May 2009 to 31 December 2009 are set out below for GSI.

| Receipts and Payments Summary<br>16 May 2009 to 31 December 2009 |                     |
|--|---------------------|
| <b>RECEIPTS</b>  | <b>Amount (\$)</b>  |
| Pre-Appointment Cash at Bank                                     | 2,901.52            |
| IFC Infrastructure Receivable                                    | 270,216.76          |
| <b>Total Receipts</b>  | <b>273,118.28</b>   |
| <b>PAYMENTS</b>  |                     |
| Bank Charges   | (74.50)             |
| Administrators Remuneration                                      | (37,853.92)         |
| Valuation Fees   | (5,210.87)          |
| Annual Rental Payment  | (1,133.22)          |
| Sub-contractors  | (7,673.60)          |
| Legal Fees   | (53,717.32)         |
| Administrators Disbursements                                     | (6,732.00)          |
| <b>Total Payments</b>  | <b>(112,395.43)</b> |
| <b>Cash at Bank as at 31 December 2009</b>                       | <b>\$160,722.85</b> |

## B3 Other creditor information on remuneration

The partners of Ferrier Hodgson are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at [www.ipaa.com.au](http://www.ipaa.com.au).

An information sheet concerning approval of remuneration in external administrations can also be obtained from the IPA website.

## B4 Initial Advice to Creditors

### Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency Practitioner. They are:

- 1. Time based / hourly rates**  
This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.
- 2. Fixed Fee**  
The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.
- 3. Percentage**  
The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.
- 4. Contingency**  
The practitioner's fee is structured to be contingent on a particular outcome being achieved.

### Method chosen

Given the nature of this administration we propose that our remuneration be calculated on time based / hourly rates.



This method was selected as it is the most practical method, and provides the most transparency to creditors given the nature of this administration.

Dated this 18th day of January 2010

A handwritten signature in black ink, appearing to read 'Martin Jones', with a large, stylized flourish at the end.

MARTIN JONES  
Joint and Several Administrator of  
Great Southern Infrastructure Pty Ltd