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G Luck

8 December 2009

PERTH

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**SAS GLOBAL COOGEE LTD ACN 125 069 874
(Administrators Appointed) (Receivers and Managers Appointed)
("the Company")**

CIRCULAR TO CREDITORS

As previously advised, Andrew Saker, Darren Weaver and I were appointed Joint and Several Administrators of the abovenamed company on 11 November 2009 pursuant to Section 436A of the Corporations Act 2001.

On 23 November 2009, the first meeting of creditors was held and our appointment as Joint and Several Administrators was ratified.

A second meeting of creditors has been convened for **Wednesday, 16 December 2009 at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St Georges Terrace, Perth, Western Australia at 10.00am WST** for creditors to determine the future of the company.

For your information and assistance, the following notices, statements and reports are attached.

1. Notice of Meeting.
2. Administrator's report including a report on the Company's business, property, affairs and financial circumstances, the report contains a statement setting out my opinion about each of the following matters and my reasons for those opinions:
 - a. Whether it would be in the creditors' interests for the company to be wound up.
 - b. Whether it would be in the creditors' interests for the administration to end.
 - c. Whether the meeting should be adjourned for a period of up to forty-five (45) business days.
3. Remuneration Report.

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

Affiliated through
Zolfo Cooper
and
Kroll Worldwide
UNITED STATES
UNITED KINGDOM



4. Informal Proof of Debt form for voting purposes. Any Informal Proof of Debt forms submitted for the purposes of the first meeting of creditors and accepted by the Chairperson of that meeting for voting purposes will be valid for this meeting.
5. Instrument of Proxy.

Should you have any questions in relation to this matter, please contact Sean Holmes or Kieran Chu of this office.

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

MARTIN JONES
Joint and Several Administrator of
SAS Global Coogee Ltd

Encl.

CORPORATIONS ACT 2001

**NOTICE OF CONCURRENT SECOND MEETINGS OF
CREDITORS OF A COMPANY UNDER ADMINISTRATION**

**SAS GLOBAL COOGEE LTD ACN 125 069 874
SAS GLOBAL SEVILLE GROVE LTD ACN 123 755 859
SAS GLOBAL MANDURAH LTD ACN 117 669 468
(ALL ADMINISTRATORS APPOINTED) (ALL RECEIVERS AND MANAGERS APPOINTED)
AND
SAS GLOBAL MOSMAN PARK EQUITY LTD ACN 124 508 596
(ADMINISTRATORS APPOINTED)
(collectively referred to as "the Companies")**

NOTICE is given that concurrent meetings of the creditors of the Companies will be held at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St Georges Terrace, Perth, Western Australia on 16 December 2009 at 10.00am (WST).

Although the meetings will legally be separate meetings, we intend to conduct each of the meetings of the companies at the same time and location in order to save costs and allow for an efficient Administration process for all stakeholders, without prejudicing their respective interests.

A G E N D A

1. To receive a Statement about the Companies' business, property, affairs and financial circumstances.
2. To receive the reports of the Administrator.
3. Questions from creditors.
4. For creditors of each company to resolve:
 - a. that the company execute a Deed of Company Arrangement; or
 - b. that the administration should end; or
 - c. that the company be wound up; or
 - d. that the meeting be adjourned for up to forty-five (45) business days.
5. To fix the remuneration of the Joint and Several Administrators for each of the companies.
6. If a company is to execute a Deed of Company Arrangement, to fix the remuneration of the Deed Administrators for that company.
7. If a company is wound up, to fix the remuneration of the Liquidators for that company.
8. If a company is wound up, to consider appointing a Committee of Inspection for that company.
9. If a company is wound up, to consider the destruction of the books and records at the conclusion of the winding up for that company.
10. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Joint and Several Administrators by 4.00pm on the day prior to the meeting. 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 Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with the Corporations Regulations and that claim has been admitted for voting purposes wholly or in part by the voluntary administrator.

DATED this 8th day of December 2009.

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

MARTIN JONES
Joint and Several Administrator of
SAS Global Coogee Ltd
SAS Global Seville Grove Ltd
SAS Global Mandurah Ltd
SAS Global Mosman Park Equity Ltd

**SAS Global Coogee Ltd
ACN 125 069 874
(Administrators Appointed)
(Receivers and Managers Appointed)**



**Report by Administrators Pursuant to
Section 439A(4)(a) of
The Corporations Act 2001**

Martin Jones

Andrew Saker

Darren Weaver

8 December 2009



FERRIER HODGSON

LEVEL 26, 108 ST GEORGE'S TERRACE PERTH WA 6000

GPO BOX W2537 PERTH WA 6001

TELEPHONE 08 9214 1444 FACSIMILE 08 9214 1400

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Glossary of terms

Abbreviation	Description
ABN	Australian Business Number
ACN	Australian Company Number
Act	The Corporations Act 2001
AGM	Annual General Meeting
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
Company	SAS Global Coogee Ltd
CCDSP	Cockburn Coast District Structure Plan
DC 5.3	WAPC's Development Control Policy 5.3 which states that land owned by the WAPC and reserved for 'Parks and Recreation' may only be used for passive recreation or active sporting pursuits.
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
IPA	Insolvency Practitioners Association of Australia
IPO	Initial Public Offering
LVR	Loan to Value Ratio
M	Millions
MRS Amendment	Metropolitan Region Scheme Amendment
NAB	National Australia Bank Limited
NVA	No Value Attributed
PMA	Project Management Agreement
Project	The Project involves the acquisition of the Property for the purposes of either developing a 100-apartment complex OR if after the successful rezoning of the Property the value of the property rises sufficiently then the Property may be too sold prior to any construction.
Property	66 Bennett Avenue, North Coogee, WA Lot 110 on Plan 022416, Certificate of Title Volume 2125, Folio 977.
R&M	Receivers and Managers
ROE	Return on Equity
Savills	Savills (WA) Pty Ltd
SGC	Superannuation Guarantee Charge
Statement	Directors' Statement about the Company's Business, Property, Affairs and Financial Circumstances
TPS Amendment	City of Cockburn Town Planning Scheme No. 3 Amendment
Development Manager/ SGPGPL	SAS Global Property Group Pty Ltd ATF SAS Global Property Group Unit Trust
WA	Western Australia
WAPC	Western Australian Planning Commission

Listing of Annexures

Annexure 1	Administrators' Remuneration Report
Annexure 2	IPA - Creditor Information Sheet – Offences, Recoverable Transactions and Insolvent Trading
Annexure 3	Declaration of Independence, Relevant Relationship and Indemnities

1. Executive Summary

Andrew Saker, Darren Weaver, and Martin Jones were appointed Joint and Several Administrators of the Company on 11 November 2009. Creditors ratified our appointment as Administrators at the first meeting of creditors held on 23 November 2009. A Committee of Creditors was not formed at this meeting.

Brian McMaster and Mark Mentha of KordaMentha were appointed Joint and Several R&M on 19 November 2009 by the NAB pursuant to the duly registered fixed and floating charged in favour of the NAB.

At the date of our appointment, the Company owned 1.0024 hectares of land located at 66 Bennett Avenue, North Coogee, Western Australia. A combination of debt and equity was used to fund the acquisition of this property.

Creditors will determine the Company's future at a second meeting of creditors convened for Wednesday, 16 December 2009 to be held at **the offices of Ferrier Hodgson, Level 26, 108 St Georges Terrace, Perth 6000, Western Australia at 10.00am WST.**

We have carried out investigations into the Company's affairs to assist in formulating our opinion as to what is in the creditors' best interests. At the date of this report, no DOCA proposal has been received, and accordingly no resolution to execute a DOCA will be put to creditors. Should this situation change, creditors will be advised at or prior to the meeting.

The main issues arising from our investigations into the Company's affairs are:

- Issues surrounding the initial raising of equity funds from creditors and the level of disclosure provided to investors;
- Subsequent to the breach of loan covenants to the NAB, the Company sought to raise further working capital without any success, leaving it with no other alternative but to resolve to appoint Administrators on 11 November 2009.

We note that, during the course of the Administration, we have made preliminary enquiries into the Company's affairs and the various transactions the Company has entered into, however any future appointed liquidator would be required to conduct a more comprehensive investigation and consider action in respect of recoveries (if any).

We are of the opinion that, for the reasons set out in this report, the Company should be wound up and we advise that the ultimate return to ordinary unsecured creditors will be dependent on the ultimate sale price achieved on the Property.

2. Introduction

2.1 Purpose of Appointment and this Report

As noted above, Andrew Saker, Darren Weaver, and Martin Jones were appointed Administrators of the Company on 11 November 2009, pursuant to Section 436A of the Act.

The purpose underlying an Administrator's appointment is to allow for independent control and investigation of an insolvent company's affairs. During the administration period, creditors' claims are put on hold. We are required to provide creditors with information and recommendations to assist creditors to decide upon the company's future.

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

- A report by the Administrator about the company's business, property, affairs and financial circumstances;*
and
- A statement setting out the Administrator's opinion about each of the following matters:*

- (i) *Whether it would be in the creditors' interests for the company to execute a Deed of Company Arrangement;*
- (ii) *Whether it would be in the creditors' interest for the administration to end;*
- (iii) *Whether it would be in the creditors' interest for the company to be wound up;*

and also setting out:

- (iv) *His or her reasons for those opinions; and*
- (v) *Such other information known to the administrator as will enable the creditors to make an informed decision about each matter covered by subparagraph (i), (ii) or (iii); and*

(c) *If a Deed of Company Arrangement is proposed – a statement setting out details of the proposed deed.*

In the available time, we have undertaken the investigations detailed in section 7 of this report. These investigations have enabled us to form an opinion about the Company's future. Our opinion is set out in section 10 of this report.

2.2 First Meeting of Creditors and Committee of Creditors

Creditors attended the first meeting of creditors held at the offices of Ferrier Hodgson, Level 26, St George's Terrace, Perth, Western Australia on 23 November 2009 at 11.00am WST. At that meeting, creditors ratified our appointment as Administrators of the Company. Creditors resolved not to appoint a Committee of Creditors.

2.3 Second Meeting of Creditors

Pursuant to Section 439A of the Act, the second meeting of creditors of the Company is convened for **Wednesday, 16 December 2009 at the offices of Ferrier Hodgson, Level 26, 108 St Georges Terrace, Perth 6000, Western Australia at 10.00am WST**. At the second meeting, creditors will decide the Company's future in voting on one of the following options:

- That the administration should end and control of the Company revert to its directors; **or**
- That the Company should be wound up; **or**
- That the Company execute a DOCA.

Creditors are also able to resolve that the meeting be adjourned for a period up to 45 business days.

2.4 Non-disclosure of Certain Information

There are sections of this report wherein we considered it inappropriate to disclose certain information to creditors. Such information includes valuation of the property, identity and nature of the interested parties and their interest and commercially sensitive prospective financial information (for example, projections/forecasts).

We fully recognise the need to provide creditors with complete disclosure of all necessary information relating to the Company. However, we believe some information is the subject of too high a level of uncertainty to be capable of providing relevant information to creditors at this stage.

2.5 Declaration of Independence, Relevant Relationships and Indemnities

Prior to our appointment we undertook a proper assessment of the risks to our independence. This assessment identified no real or potential risks to our independence. We were not aware of any reasons that would prevent us from accepting this appointment. A copy of our DIRRI that was tabled at the first meeting of creditors is attached at **Annexure 3**.

3. Company Information

3.1 Statutory Information

A search of the ASIC database revealed the following information.

3.1.1 Incorporation Date and Registered Office

The Company's incorporation date is 24 April 2007. The Company's registered office is listed as 7 Ventnor Avenue, West Perth, Western Australia 6005.

3.1.2 Company Officers

As at the date of our appointment, the Directors and Officers were as follows:

Name	Role	Appointment Date	Cessation Date
Anthony John Beamish	Director and Secretary	24/04/2007	Current
Philip Anthony Meagher	Director	24/04/2007	Current
Sam Rizzo	Director	25/03/2009	Current

A search of the National Personal Insolvency Index maintained by the Insolvency Trustee Service, Australia, shows that the Company's directors are not bankrupt or subject to a Personal Insolvency Agreement under Part X of the Bankruptcy Act 1966.

We note that Mr Rizzo has recently contacted our office and advised that he did not consent to be a Director of this company and until very recently was not aware of his appointment as a director of the Company. Mr Rizzo maintains that during the period of his "alleged" appointment, he has:

- not been involved in management of the Company, though he may have provided contract planning services to some of the companies within the SAS group;
- not held himself out as being a director of the Company; and
- not received any director's fees from the Company.

Our investigations into the matter are still continuing.

3.1.3 Shareholders

The Company is an unlisted public company limited by shares. Given the privacy issues surrounding the share register, we consider it appropriate not to report details of same here.

3.1.4 Registered Chargeholder

The NAB holds a registered Fixed and Floating Charge (ASIC number 1488661) over the assets and undertakings of the Company. The charge was created on 20 July 2007 and registered with ASIC on 27 July 2007.

In addition, the NAB also has a first registered mortgage over the Property (registered mortgage number K286825).

The debt owed to NAB as at 11 November 2009 is approximately \$8.36M.

We undertook a review of the bank's charge and determined it to be, prima facie, valid.

In accordance with the provisions of Section 450A(3) of the Act, we notified the NAB of the appointment of Administrators and advised of their right to enforce their security within 13 business days after our appointment.

As previously advised, the NAB appointed Mark Mentha and Brian McMaster of KordaMentha as Joint and Several R&M over the company on 19 November 2009.

3.1.5 Winding up Applications

There were no winding up applications outstanding as at the date of our appointment.

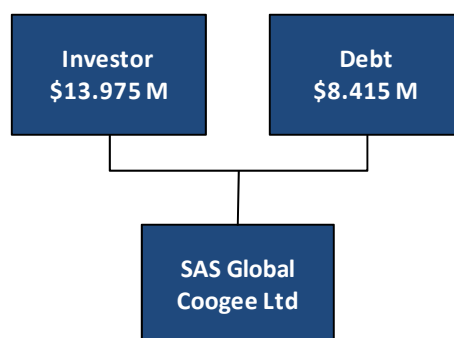
3.2 Company History

The Company was incorporated on 24 April 2007 in WA. The Company's registered office at the date of our appointment is at 7 Ventnor Avenue, West Perth, WA.

The Company was incorporated for the sole purpose of acquiring a parcel of land on Bennett Street, Coogee, and then seeking to add value to the land by pursuing necessary rezoning application and then reselling it or building and selling apartments.

The Company obtained funding in the form of equity raised from public share offerings with a combination of debt facility to fund the acquisition of the Property. The total acquisition price paid on the settlement of the Property was \$16.1M including stamp duty and agent fees. Since acquisition through to 11 November 2009, the Company has capitalised \$5.1M worth of costs and have incurred \$196k worth of administrative expenses. The application of the Company's capital is discussed further at section 7.5.2 of this report.

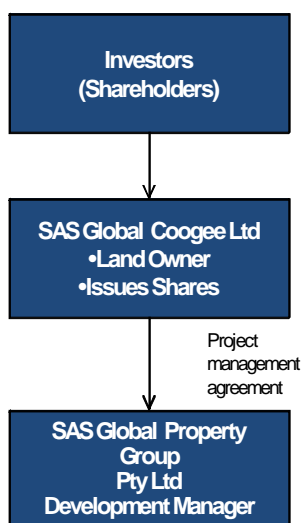
For ease of reference, we table below a diagram showing the funding structure for the company:



Since acquisition of the Property, the Company has been working towards obtaining the necessary approvals for rezoning the Property from its current status as "Industrial" to "Residential" or "Mixed Use". In August 2009, the CCDSP was endorsed by the WAPC which was required prior to any applications for rezoning could be made to the WAPC and City of Cockburn. As at the date of our appointment the Company was still continuing to progress the MRS approval which was estimated to be made available for public comment in early 2010. For further details regarding the status of the Project please refer to section 7.5.1.

The Company has no employees and via a project management agreement appointed SGPGPL as Development Manager for the project. SGPGPL would then engage accountants, lawyers, consultants and other suitable qualified person for administrative support.

The Company's structure and agreements is summarised in the diagram below.



3.3 Decision to Appoint Administrators

Please refer to the chronology in section 7.5 of this report for comprehensive detail of events surrounding the appointment of Administrators.

In view of the Company's financial position at 11 November 2009 and the lack of funding alternatives available, the directors formed the view that the Company was likely to become insolvent and the directors then resolved to appoint Administrators to the Company.

On Friday, 11 November 2009, Martin Jones, Darren Weaver and Andrew Saker were appointed as Joint and Several Administrators of the Company.

For further information, please see section 5.2 on the causes of failure of the Company.

4. Historical Financial Information

4.1 Preparation of Financial Statements

The Company's financial statements were prepared up to 30 June 2009. Moore Stephens audited the financial statements up to the year ended 30 June 2009.

The Company also engaged JGC Accounting and Financial Services Pty Ltd to prepare various management accounts and reports on a monthly basis. These have been prepared up to 31 October 2009.

At section 7.9 of this report, we comment on the adequacy of the Company's books and records.

4.2 Profit and Loss Statement and Preliminary Analysis

Set out below is a summary of the Company's profit and loss statement for the past two (2) financial years and to the end of October 2009 together with our preliminary analysis.

Profit and Loss Summary	24-Apr-07 to 30-Jun-08 \$	30-Jun-09 \$	31-Oct-09 \$
Sales Revenue	Nil	Nil	Nil
Other Revenue	123,012	64,555	3,631
Total Revenue	123,012	64,555	3,631
Operating Expenses			
Write down of property	-	(10,993,345)	(252,760)
Administrative Expenses	(120,858)	(61,181)	(46,734)
Depreciation & Amortisation	(2,761)	(2,457)	(829)
Total Operating Expenses	(123,619)	(11,056,983)	(300,323)
Net Profit	(607)	(10,992,428)	(296,692)

In relation to the above we note that:

- The Company did not record any sales revenue or profit from the date of incorporation on 24 April 2007 to the date of our appointment as it had yet to finalise its development opportunities / activities which were to be a source of income;
- Other Revenue includes a combination of rental income, interest and refunds and rebates received by the Company during the period.
- In June 2009 the company wrote down the value of the property trust accounts by approximately \$10M due to the revaluation of the property. This resulted in a significant loss for the year ended 30 June 2009.
- Administrative expenses include bank fees and charges, accounting expenses, audit fees and sundry expenses.
- Income tax liabilities have not been taken into consideration in the above analysis.

For completeness, we note that the accounts above for the year ending 30 June 2008 and 30 June 2009 are based upon the accounts audited by Moore Stephens. The accounts for the period ending 31 October 2009 are based upon unaudited accounts of JGC. Accordingly, we express no comment in relation to the accuracy thereof.

4.3 Balance Sheet and Preliminary Analysis

Set out below is a summary of the Company's statement of position for the past two (2) financial years and to the end of October 2009 together with our preliminary analysis.

Balance Sheet	24-Apr-07 to 30-Jun-08	30-Jun-09	31-Oct-09
	\$	\$	\$
Assets	-	-	-
Current assets	672,350	515,507	228,448
Non-current assets	20,252,302	10,048,532	10,043,164
Total assets	20,924,652	10,564,039	10,271,612
Liabilities			
Current Liabilities	1,393	8,310,409	8,314,674
Non Current Liabilities	7,677,200	-	-
Total Liabilities	7,678,593	8,310,409	8,314,674
Net Assets	13,246,059	2,253,631	1,956,940
Equity			
Contributed Equity	13,246,666	13,246,666	13,246,666
Accumulated (Losses)	(607)	(10,993,035)	(11,289,726)
Total Equity	13,246,059	2,253,631	1,956,940

In relation to the above we note that:

- The covenants within the Commercial Bill Facility imposed a requirement that total bank debt not exceed 55% of the market value of the Property. Following an updated valuation in August 2009 the Company was found to be in breach of its loan covenants as its total bank debt exceeded 83% of the market value of the property. The breach has yet to be remedied, however this has resulted in the interest bearing liability being reclassified from non-current to current liabilities.
- In June 2009 the company wrote down the value of the property by approximately \$10M due to the revaluation of the property which resulted in a significant decrease in non-current assets.

For completeness, we note that the accounts above for the year ending 30 June 2008 and 30 June 2009 are based upon the accounts audited by Moore Stephens. The accounts for the period ending 31 October 2009 are based upon unaudited accounts of JGC. Accordingly, we express no comment in relation to the accuracy thereof.

5. Statement by Directors

5.1 Summary

Section 438B of the Act requires the directors to give an administrator a statement about the company's business, property, affairs and financial circumstances. We received the Directors' Statement on 27 November 2009.

In the Statement, the directors detailed the Company's assets and liabilities at book value and ERV.

The following table summarises the assets and liabilities described in the directors' statement.

Statement as at 11 November 2009	Report Reference	Cost or Net Book Value	Directors' ERV	Administrators' ERV	
				High	Low
		\$	\$	\$	\$
Assets:					
Cash at bank	5.1.1	188,080	188,080	188,808	188,808
Sub total		188,080	188,080	188,808	188,808
Assets subject to specific charges	5.1.2	15,000,000	10,000,000	NVA	NVA
Less amounts owing under charges	5.1.2	8,400,000	8,400,000	8,360,062	8,360,062
Available to unsecured creditors		6,788,080	1,788,000	NVA	NVA
Ordinary unsecured creditor claims	5.1.3	330,000	330,000	330,396	330,396
Estimated Surplus/(Deficiency)		\$6,458,080	\$1,458,000	NVA	NVA

The Administrators have not audited the Company's records or the book values. The Administrators have provided estimated realisable values with respect to the Company's liability position only. The Administrators have not disclosed their estimated realisable value for assets for reasons detailed below.

The above schedule should not be used to determine the likely return to creditors as a number of realisable values are based on the Company's records and remain subject to the review of the Administrators and, in particular:

- The Administrators are not in a position to confirm (or otherwise) the estimated realisable values as the Administrators have not commissioned any valuations given the appointment of the R&M.
- The value of creditor claims remains subject to change as further claims may be received and require further adjudication.
- The abovementioned estimated position does not provide for possible trading losses, capital costs or the professional costs associated with the Administration process.

In respect of the above, we make the following comments:

5.1.1 Cash at Bank

The Directors have indicated in the statement that there was approximately \$188,080 cash at bank which is held on trust by SGPGPL as at the date of our appointment and we have since confirmed this figure as \$188,808. The amounts referred to by the Directors is considered and dealt with further at Section 7.10.1 below.

5.1.2 Assets Subject to Specific Charges and Amounts Owing to the Secured Creditor

The Directors' Statement discloses the Property as subject to a specific charge.

The Property is secured and guaranteed by a combination of the following:

- First registered mortgage over the Property; and
- Fixed and floating charge over the Company.

The Company maintained a Commercial Bill Facility with a limit of \$8.42M that was subject to a floating interest rate. The loan facility is further discussed in section 7.10.5 of this report.

The debt owed to NAB as at 11 November 2009 is approximately \$8.36M being over 99% of the facility limit.

The NAB would be entitled to prove as an unsecured creditor for any shortfall following a sale of these secured assets.

5.1.3 Ordinary Unsecured Creditors

Accounting for informal proofs of debt received to date and the Company's records, we estimate the Company's liability to unsecured creditors is \$330,396. A summary of the claims received to date appears below:

Unsecured creditors	Amount (\$)
Mendelawitz Morton Commercial Lawyers	132
Abbott & Co Printers	264
SGPGPL	330,000
Total	\$330,396

We note that table above provides only an indicative value of the unsecured creditors' claims. These claims are subject to the receipt and adjudication of final proofs of debt from creditors.

5.1.4 Related Entities

The Statement has disclosed an amount owed by the Company to the following related entity:

Related Entity	Amount (\$)
SGPGPL	330,000
Total	\$330,000

SGPGPL, the property manager of the Project, lodged an informal proof of debt for voting purposes at the first meeting of creditors in the amount of \$330,000 for breach of the project management agreement. The claim represents the commitment of the Company to pay the Development Manager a monthly project management fee of \$15k per month for the remaining 22 months of the agreed 51 month term as set out in Project Management Agreement. Project management fees are discussed in more detail in section 7.11.8.

Furthermore, we advise that we have not adjudicated on this proof or any other unsecured creditor proofs. We note that the amount of the related party proof was included in the ordinary unsecured creditor claims reported in 5.1.3.

5.1.5 Omissions from Statement

Save for our previous comments regarding specific disclosures in the Statement, we have identified no material omissions from the Directors' Statement.

5.2 Causes of Failure / Explanation for Current Financial Position

The Directors' explanation for the Company's current financial position is as follows:

- The Directors first realised that the Company should go into voluntary administration on the day of the appointment being 11 November 2009 when it became apparent from failed recapitalisation proposals of related entities and resistance from the Company's own shareholders that the shareholders were not willing to provide additional funding to the Company.
- As a result of the valuation on the Property dated 12 August 2009, the Company was required by the NAB to lower the LVR in accordance with the lender's covenants.

Our preliminary view is that the Company failed because of:

- Lack of adequate working capital;
- Unfavourable conditions in the property market, lead to a decrease in the value of the Company's main asset and therefore resulted in a breach of the LVR as set by the NAB; and
- Significant delays by the DPI and WAPC in the completion and endorsement of the CCDSP caused setbacks for the Company in obtaining the desired rezoning approval and meant that the Company was unable to achieve value that would have been derived from subdivision and development approval. These delays, in combination with the state of the property market, attributed to the breach of the LVR as set by the NAB.

In view of the above, and given that the approval to rezone the Property was not expected to occur prior to the payment of \$2.5M due to the NAB on 15 December 2009, the Company was heavily constrained as it had no significant assets (other than the Property which represented its main business) to continue to meet its administration expenses and obligations to the NAB while it progressed for rezoning approval. Further, shareholders sought legal action to prevent recapitalisation resolutions being put to the Company at the AGM on 16 November 2009 made it apparent that the recapitalisation proposal was generally not well received and therefore it was unlikely that the Company's funding requirements would be met by its shareholders. Accordingly, the Directors and their advisers could identify no other option but to appoint Administrators to the Company.

6. Trading by Administrators

6.1 Overview

The Administrators assumed control of the Company's business upon appointment, took control of the Company's bank account and requested that the Directors provide access to the books and records of the Company. We then undertook a preliminary review of the Company's operations from those records.

There has been no specific issues regarding trading since our appointment. We note that given the R&M's appointment on 19 November 2009, the R&M has been responsible for the Company's operations generally.

Given the appointment of Administrators and that the Directors' powers are suspended during the Voluntary Administration process, Martin Jones, one of the Joint and Several Voluntary Administrators:

- Chaired the AGM of the Company held at the Hyatt Regency Perth, 99 Adelaide Terrace Perth, WA on 16 November 2009 at 11.30am; and
- Considered it inappropriate for the proposed resolutions to be put to shareholders. Accordingly, no resolutions were put to shareholders and voted upon at the AGM.

At the AGM, Mr Jones gave an overview of the Voluntary Administration process and the Company's affairs. Mr Jones also fielded questions from shareholders. The directors of the Company were not present at the AGM.

6.2 Summary of Receipts and Payments

A summary of the Administrators' receipts and payments for the period 11 November 2009 to 8 December 2009 is included within Part B of the Administrators' Remuneration Report attached as Annexure 3.

7. Statutory Investigations

7.1 Nature and Scope of Review

The Act requires an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances, and the conduct of its directors, related parties and advisers in the period prior to our appointment.

Whilst we have noted that our investigations are preliminary, we also note that our investigations have been limited to date as a result of the relatively short time available to us to complete our investigations, and report to creditors, and still allow creditors adequate time to consider the issued raised prior to the second meeting.

The investigations that an administrator is required to undertake centre on identifying and investigating transactions entered into by each company that a liquidator might seek to void or otherwise challenge where the company is wound up. Investigations allow an administrator to advise creditors what funds might become available to a liquidator such that creditors can properly assess whether to accept a DOCA proposal or resolve to wind up the company.

Any funds recovered would be available to the general body of unsecured creditors, including secured creditors but only to the extent of any shortfall incurred after realising their security.

A liquidator may recover funds from each type of transaction detailed in the Creditor Information Sheet described in **Annexure 2** of this report. A deed administrator does not have recourse to these voidable transactions. A liquidator may also recover funds through other avenues; for example, through action seeking compensation for insolvent trading or breach of director duties.

An administrator is not obliged to carry out investigations to the same extent as a liquidator. A liquidator may require many months of investigation and conduct public examinations before forming a concluded view on recovery action. We have investigated matters to the extent possible in the time available, and have noted with specific reference below where we believe further investigation is desirable.

The administrators' knowledge of the company's affairs comes principally from the following sources (to the extent they have been available):

- (a) Communications with the company's unsecured creditors regarding the nature and amount of the debts owed. Those creditors confirmed that the details disclosed by the company are substantially correct.
- (b) Communications with the secured creditors regarding the nature and amount of the debt owed;
- (c) The directors' Statement and a detailed questionnaire concerning the company's affairs prepared by the directors;
- (d) Discussions with the directors, their advisors and representatives of the project manager being SGPGPL;
- (e) A search of the ASIC records relating to the company and any related entities;
- (f) Searches obtained from the Department of Transport and Landgate;
- (g) Audited annual reports published by the company, and other significant information disclosed to investors;
- (h) An examination of the company's books and records including its financial statements and management accounts (to the extent that such were made available to us).

An administrator has an obligation to the company to consider the conduct of directors and other parties, and the interests of that Company. We have included an overview of the solvency and investigations into the Company as outlined below.

7.2 Areas of Investigation

The key areas of our investigations have included the following:

- (a) The reasons for the failure of the company;
- (b) Assessment of the solvency of the company and consideration as to whether insolvent trading by the Directors of the Company has occurred;

- (c) Consideration of the decisions and duties of the Directors of the Company to identify any potential instances of negligence or breaches of duty, including review of:
- (i) The initial purchase of the Property;
 - (ii) The application and use of shareholder funds;
 - (iii) The causes for the delays of the project including any external factors which may have influenced the same;
 - (iv) The validity of project management fees received by SGPGPL; and
 - (v) A thorough review of any related party transactions entered into by the Company.
- (d) A review of whether the Company has entered into any voidable transactions that would be available to a liquidator.

For completeness, we note that section 201A(2) of the Act provides that a public company must have at least three (3) directors (not including alternate directors) and that at least two (2) directors must ordinarily reside in Australia. There is no period in which the company is permitted to function without the required number of officers. Furthermore, section 201D(1) of the Act states that a company contravenes this subsection if a person does not give the company a signed consent to act as a director of the company before being appointed.

We have requested that the Directors provide an explanation as to Mr Rizzo's claim that he did not consent to be a Director of this company and until very recently was not aware of his appointment as a director of the Company (as previously outlined in Section 3.1.2 of this report), notwithstanding that a search on the ASIC database revealed that he was a director.

At the time of writing of this report, we have had no response from the other Directors. Accordingly, the company may be in breach of the requirements of the Act. However, we do note that:

- (a) these requirements are strictly obligations of the company; and
- (b) our investigations are continuing in this regard.

7.3 Solvency of the Company

A precursor to the recovery of funds by a liquidator through the voiding of certain transactions or through other legal action, such as seeking compensation from directors for insolvent trading, is establishing the Company's insolvency at the relevant time.

Establishing insolvency is a complex matter due in part to the complexity of corporate financial transactions and the lack of clear prescriptive legal authority on the indicia of insolvency. Notwithstanding, there are two primary tests used in determining a company's solvency, at a particular date; namely:

- Balance sheet test; and
- Cash flow or commercial test.

The Courts have widely used the cash flow test in determining a company's solvency at a particular date.

Section 95A of the Act also contains a definition of solvency. That definition reflects the commercial test in stating that a person is solvent if *"the person is able to pay all the person's debts as and when they become due and payable"*. A company that is not solvent is insolvent.

However, the strict application of the cash flow test is not the sole determinant of solvency. Determining solvency derives from a proper consideration of a company's financial position in its entirety and in the context of commercial reality. Relevant issues include, but are not limited to the following:

-
- (a) The degree of illiquidity. A temporary lack of liquidity is not conclusive of insolvency;
- (b) Regard should be had to:
- Cash resources; and
 - Monies available through asset realisations, borrowings against the security of assets or equity/capital raising.
- (c) All of a company's assets might not be relevant when considering solvency. For example, where a company proposes selling assets which are essential to its business operations, the proceeds of those assets should not be taken into account. Further, some assets may not be realisable at all or realisable for sufficient value or in time to ensure that debts are paid when due;
- (d) The voluntary and temporary forbearance by creditors not to enforce payment terms; and
- (e) It is not appropriate to base an assessment of whether a company can meet its liabilities as and when they fall due on the prospect that a company might trade profitably in the future.

In summary, it is a company's inability using such resources as are available to it through the use of its assets, or otherwise, to meet its debts as they fall due, which indicates insolvency.

7.4 Director's Liability

Insolvent trading is governed by Division 3 of Part 5.7B of the Act and imposes on directors individually a statutory duty to prevent insolvent trading by corporations.

Section 588G(2) of the Act provides that a director who fails to prevent a company from incurring a debt at a time when the director is aware that there are reasonable grounds for suspecting that the company is insolvent, or will become insolvent by incurring that debt or debts including that debt, contravenes section 588G of the Act. This may result in a civil penalty under the Act. For example, compensation order in favour of the company under section 588J of the Act.

Section 588G(3) of the Act provides that if the director's failure to prevent the debt being incurred when the director suspected that the company was insolvent, or would become insolvent by incurring that debt or debts including that debt, and the director's failure to prevent the company incurring the debt was dishonest, then the director commits a criminal offence.

For civil liability to apply:

- (a) The person must be a director at the time the debt was incurred;
- (b) The company must be insolvent at the time the debt was incurred, or becomes insolvent by incurring the debt; and
- (c) The director must be aware of insolvency, or there were reasonable grounds for a person in that position to suspect insolvency.

Importantly under section 588M of the Act a liquidator may seek, from a director who has breached the insolvent trading provisions, compensation for losses suffered by creditors. This is not a right available to an administrator or a deed administrator.

Section 588H of the Act sets out defences available to directors in respect of civil claims under section 588G(2), they are:

- (a) The director had reasonable grounds to expect that the company was solvent and would continue to be solvent when the debt was incurred;
- (b) The director relied on a competent and reliable person to provide information regarding the company's solvency and, on the basis of the information so provided, the director expected the company was solvent and would continue to be solvent when the debt was incurred;

(c) Due to illness (or other good reason) the director was not involved in the management of the company; and

(d) The director took all reasonable steps to prevent the debt being incurred.

7.5 Chronology of Events

We have considered the major events affecting the company from the date of incorporation and leading up to the date of our appointment as Administrators. We set out below a summary chronology of these events:

We have summarised below the significant events of the Company to the date of our appointment:

Date	Event
24 April 2007	<ul style="list-style-type: none"> The Company was incorporated as SAS Global Coogee Ltd
30 May 2007	<ul style="list-style-type: none"> The Company issued an Information Memorandum to raise \$13M. The document was not required to be lodged with ASIC.
8 June 2007	<ul style="list-style-type: none"> A valuation report provided by Jones Lang LaSalle indicated that the Property was valued at \$15.3M.
29 June 2007	<ul style="list-style-type: none"> The Company received an update from PMDR which outlined the following key dates regarding the rezoning of the Property: <ol style="list-style-type: none"> Draft CCDSP will be finalised following a final meeting of the Cockburn Coast Reference Group which is scheduled to be held on 7 July 2007. Advertising period will commence in late September/ early October 2007 and will close in December 2007. CCDSP is expected to be endorsed by the WAPC in February 2008. Following the approval of the CCDSP, WAPC may adopt one or two paths being an MRS Amendment for rezoning or the transfer of the responsibility to a Redevelopment Authority. Both options are expected to take 18 to 24 months.
15 July 2007	<ul style="list-style-type: none"> Final date for subscription for shares under the Information Memorandum dated 30 May 2007. \$13.975M was received in respect of the issue of 13.975M shares.
20 July 2007	<ul style="list-style-type: none"> The Company granted a fixed and floating charge to NAB. NAB advanced \$8.25M.
27 July 2007	<ul style="list-style-type: none"> Settlement of the Property. The fixed and floating charge in favour of NAB was registered with ASIC.
26 September 2007	<ul style="list-style-type: none"> The NAB approved an increase of the loan facility limit from \$8.25M to \$8.415M, being an increase of \$165k.
7 December 2007	<ul style="list-style-type: none"> In response to the NAB's request, the Company provided an update on the planning status of the Property which outlined the following key milestone dates: <ol style="list-style-type: none"> Advertising for the CCDSP will commence in January 2008. The CCDSP will be adopted by May 2008. The rezoning approval will be subject to either a MRS Amendment or the approval of a Redevelopment Authority, both of which is expected to be completed within an 18 month timeframe. Local Structure Plan approval is then required which can take 6 months to complete, however this may run concurrently with point 3 above. Development applications are then required which can take 2 months to complete, however this may run concurrently with point 3 and 4 above.
29 January 2008	<ul style="list-style-type: none"> In response to the NAB's request, the Company provided an update on the planning status of the Property which indicated that the target date for advertising for the CCDSP has been deferred to February 2008, however, all other milestone dates and time frames are expected to remain as advised in the update provided on 7 December 2007.
6 March 2008	<ul style="list-style-type: none"> In response to the NAB's request, the Company provided an update on the planning status of the Property which indicated that the target date for advertising for the CCDSP has been deferred to March 2008 and is not expected to be adopted until June 2008. Time frames for the MRS Amendment/Redevelopment Authority approval, Local Structure Plan approval and Development Application approval are expected to remain as advised in the update provided on 7 December 2007.
June 2008	<ul style="list-style-type: none"> The draft CCDSP was advertised by the DPI for public comment. Deadline for submissions is 15 September 2008.
5 June 2008	<ul style="list-style-type: none"> In response to the NAB's request, the Company provided an update on the

Date	Event
	<p>planning status of the Property which indicated that the target date for advertising for the CCDSP has been deferred to October 2008. Advertising is expected to run for 60 days, after which the CCDSP will be adopted by the Minister. Time frames for the MRS Amendment/Redevelopment Authority approval, Local Structure Plan approval and Development Application approval are expected to remain as advised in the update provided on 7 December 2007.</p>
15 September 2008	<ul style="list-style-type: none"> • Greg Rowe & Associates lodged a submission on behalf of the Company with respect to the CCDSP. The submission outlined concerns regarding the proposed rezoning of existing parks and recreation reserves for urban purposes and the proposed 'Beach Activity Node' which were believed to be contrary to the interests of existing landowners and residents and the intended 'beach lifestyle' nature of the development.
30 June 2009	<ul style="list-style-type: none"> • Final date for public submissions regarding the draft CCDSP. • NAB advised the Company that it was in default of its loan covenants as it had not provided to the NAB an updated valuation on the Property to confirm that the LVR did not exceed 55%. • NAB, by way of a facility grace letter, required the Company to: <ol style="list-style-type: none"> 1. Provide a loan valuation to confirm that the LVR does not exceed 55% by 31 July 2009; 2. Repay the total amount owing by 31 July 2009; 3. Provide the NAB with any correspondence from creditors regarding debts due as soon as reasonably practical; and 4. Provide the NAB with any demands for payment of money as soon as reasonably practical.
22 July 2009	<ul style="list-style-type: none"> • The Company signed a revised facility term sheet provided by the NAB which required the Company to: <ol style="list-style-type: none"> 1. Pay \$2.5M on 15 December 2009 to effect the First Limit Reduction to a facility limit of \$6.6M; 2. Pay \$1.9M on 31 March 2010 to effect the Second Limit Reduction to a facility limit of \$5.5M; 3. Repay the facility by the Termination date, being 30 June 2011; 4. Maintain an LVR of 91% until the First Limit Reduction date; 5. Maintain an LVR of 68% until the Second Limit Reduction date; and 6. Maintain an LVR of 58% until the Termination date.
31 July 2009	<ul style="list-style-type: none"> • NAB advised the Company that it was in default of its loan covenants as it had not provided to the NAB an updated valuation on the Property to confirm that the LVR did not exceed 55%. • NAB, by way of a facility grace letter, required the Company to: <ol style="list-style-type: none"> 1. Repay the total amount owing by 14 August 2009; 2. Provide the NAB with any correspondence from creditors regarding debts due as soon as reasonably practical; and 3. Provide the NAB with any demands for payment of money as soon as reasonably practical.
August 2009	<ul style="list-style-type: none"> • Following the revision of the CCDSP, the WAPC endorsed the District Structure Plan.
12 August 2009	<ul style="list-style-type: none"> • A valuation report provided by Savills indicated that the value of the Property was \$10M.
13 August 2009	<ul style="list-style-type: none"> • NAB advised the Company that it was in default of its loan covenants as it had not provided to the NAB an updated valuation on the Property to confirm that the LVR did not exceed 55%. • NAB, by way of a facility grace letter, required the Company to: <ol style="list-style-type: none"> 1. Repay the total amount owing by 31 August 2009; 2. Enter into a facility agreement at the NAB's sole discretion by 31 August 2009; 3. Provide the NAB with any correspondence from creditors regarding debts due as soon as reasonably practical; and 4. Provide the NAB with any demands for payment of money as soon as reasonably practical.

Date	Event
9 September 2009	<ul style="list-style-type: none"> NAB advised the Company that it was in default of its loan covenants as it had not provided to the NAB an updated valuation on the Property to confirm that the LVR did not exceed 55%. NAB, by way of a facility grace letter, required the Company to: <ol style="list-style-type: none"> Repay the total amount owing by 25 September 2009; Enter into a facility agreement at the NAB's sole discretion by 25 September 2009; Provide the NAB with any correspondence from creditors regarding debts due as soon as reasonably practical; and Provide the NAB with any demands for payment of money as soon as reasonably practical.
24 September 2009	<ul style="list-style-type: none"> NAB advised the Company that it was in default of its loan covenants as it had not provided to the NAB an updated valuation on the Property to confirm that the LVR did not exceed 55%. NAB, by way of a facility grace letter, required the Company to: <ol style="list-style-type: none"> Repay the total amount owing by 16 October 2009; Enter into a facility agreement at the NAB's sole discretion by 16 October 2009; Provide the NAB with any correspondence from creditors regarding debts due as soon as reasonably practical; and Provide the NAB with any demands for payment of money as soon as reasonably practical.
October 2009	<ul style="list-style-type: none"> An Explanatory Statement was issued to shareholders of the Company and other related entities which proposed the recapitalisation of the Company's capital.
4 November 2009	<ul style="list-style-type: none"> Certain shareholders of the Company lodged a claim Federal Court which alleged false and misleading statements and unconscionable conduct of the Company.
11 November 2009	<ul style="list-style-type: none"> Martin Jones, Darren Weaver and Andrew Saker of Ferrier Hodgson were appointed Joint and Several Voluntary Administrators of the Company.
16 November 2009	<ul style="list-style-type: none"> Shareholders of the Company attended AGM at the Hyatt. Shareholders were presented with an overview of the VA process and no proposals were considered at the meeting.
19 November 2009	<ul style="list-style-type: none"> Appointment of R&M

We have also considered and analysed the updates that were provided to shareholders and summarise them below:

Anticipated Project Milestone Dates As Per Shareholder Updates					
Event	Information Memorandum 30 May 2007	Spring 2007	3 rd Qtr 2008	1 st Qtr 2009	Sep 2009
Minimum Subscription \$10M	15/07/2007				
Settlement of Property	23/07/2007				
CCDSP available for public comment	September 2007	October 2007			
WAPC endorses the CCDSP	October 2007	No Date Specified	No Date Specified	Late 2009	
MRS Amendment or Redevelopment Approval	April/October 2009	September 2009	Early 2010	No Date Specified	No Date Specified
Option 1: Sale of Property	Late 2009	2009	2010	2010	No Date Specified
Option 2: Development of Apartments	Mid 2011	2011	2012	2012	No Date Specified

7.5.1 Rezoning Process

As previously noted, the required rezoning of the Property has been subject to significant delays in the completion and approval of the CCDSP by the DPI and WAPC. The CCDSP forms the precursor to the application of the rezoning as it functions as a guide by which the WAPC, City of Cockburn or any relevant Redevelopment Authority would approve future applications for development in the area. Its endorsement by the WAPC is not in itself the rezoning of the land.

The Information Memorandum dated 30 May 2007 provided a timeline in relation to the process of obtaining rezoning approval, which is summarised below:

Process	Initiation Date	Approval
Approval of the CCDSP by the DPI	Aug/ Sep 2007	October 2007
WAPC endorsement of the CCDSP	-	October 2007
MRS Amendment /TPS Amendment	October 2007	Apr – Oct 2008
Adoption of Local Structure Plan	Late 2009	Late 2009
Development Approval	Late 2009	Late 2009

The Company's records indicate that they sought regular updates from the DPI and their advisors in respect of the status of the CCDSP and provided regular Project updates to the NAB as requested. These update reports indicate that delays were consistently attributable to the time taken by the Minister for Planning of the DPI to approve the draft CCDSP for public comment. Despite expectations that the draft CCDSP would be approved by the Minister by September 2007, the CCDSP was actually released for public comment in June 2008.

Subsequent delays were also attributable to the required advertisement of the draft CCDSP of which some 90 submissions were lodged with the WAPC for their consideration.

We note that on 15 September 2008 Greg Rowe & Associates lodged a submission on behalf of the Company which outlined the following concerns:

- The proposed rezoning of existing parks and recreation reserves for urban purposes is contrary to the interests of existing landowners and residents who expected that that the natural assets would be protected from development. Further, there is insufficient justification to support the rezoning and is contrary to provisions in the WAPC DC 5.3.
- The proposed "Beach Activity Node" in the form envisaged by the CCDSP is objected to by the Company for a number of reasons related to the maintenance of the promoted "beach lifestyle" intensions for the development and the subsequent value of the Property.
- With the exception of the "Beach Activity Node", the Company supports the CCDSP.

Following the significant revision of the CCDSP in response to the submissions received, the WAPC approved and endorsed the CCDSP in August 2009, being approximately 11 months after the advertising period.

The major outstanding approvals to be obtained before the completion of the Project are:

- Approval for an amendment of the MRS from "Industrial" to "Urban Deferred" to enable the resolution of a number of statutory and strategic matters, being:
 - The preparation of a District Water Management Strategy
 - The preparation of an Infrastructure Master Plan; and
 - Considerations of the modification of the City of Cockburn Town Planning Scheme provisions concerning Development Areas and Structure Plans to ensure consistent and efficiency under both schemes.
- EPA approval of the amendment.
- Approval from the City of Cockburn TPS to rezone the Project area to be consistent with the MRS Amendment.

And, if the decision to construct the apartments is taken then;

- Development of a Local Structure Plan which is then subject to the approval of the City of Cockburn; and
- Development approval for the construction of the apartments.

As at the date of our appointment the Company was still continuing to progress the MRS approval which was estimated to be made available for public comment in early 2010.

7.5.2 Application of funds

We have attempted to provide a reconciliation of funds derived from both audited financials and management payment reconciliations. A summary of that reconciliation appears below:

Receipts and Payments	Total (\$)
Receipts	
Proceeds from borrowings	8,310,300
Net Proceeds from share issue	13,246,666
Other Income	177,767
Total Receipts	21,734,733
Payments	
Property acquisition price	16,137,816
Development expenditure (includes payments under the PMA)	5,126,788
Borrowing expenditure	85,224
Administrative expenses	196,096
Total Payments	21,545,923
Cash at bank at 11 November 2009	\$ 188,808.80

In respect of the above we make the following comments:

- Net proceeds from borrowings are less loan establishment fees;
- Net proceeds in relation to share issues are less specific costs of issue (i.e. the cost of the information memorandum);
- Other income relates to interest, rebates and refunds and rent received in respect of leased premises owed by the Company;
- Property acquisition price relates to the amount paid to the Seller's agent on settlement of the Property and includes stamp duty and agent fees. The Property was sold as a going concern and therefore the sale was not subject to GST.
- During the life of the Project the Company has capitalised approximately \$5.1M of development expenditure which includes fees paid to SGPGPL and other related entities for services rendered under the PMA, loan establishment fees, borrowing costs, rates, and professional services;
- Borrowing expenditure reflects the accumulated amortisation of capitalised borrowing costs incurred in respect of the Project; and
- The most significant administrative expenses are in respect of accounting, audit and legal fees to meet the Company's statutory obligations.

Further to the above, we confirm that the reconciliation is preliminary in nature. Any future appointed liquidator will have to conduct a more thorough investigation to determine the reasonableness of the transactions.

7.6 Assessment of the Company's Solvency

Our duties as Administrator oblige us to consider and provide a preliminary report on the solvency of the Company pursuant to section 439A. We note that a liquidator is required to conduct more comprehensive investigations into the affairs of Company and report to ASIC, pursuant to section 533 of the Act.

Considering the reliance of the Company on external funding to maintain the viability of the Project, the solvency of the Company is determined by the cash resources on hand and available from external sources. We note that the Company operated a drawdown facility with the NAB for the purposes of working capital pending the successful rezoning approval.

We note the below analysis is derived from both audited and unaudited financials. We have not conducted an audit of the figures, nor are we required to conduct an audit and therefore we make no representations or warranties with respect to the below.

7.6.1 Net Asset Test

The net asset position of the Company as at 30 June 2008, 30 June 2009 and 31 October 2009 is detailed below, and year end reporting periods as tabled below:

Balance Sheet	30-Jun-08	30-Jun-09	31-Oct-09
	\$	\$	\$
Total Assets	20,924,652	10,564,039	10,271,612
Total Liabilities	(7,678,593)	(8,310,409)	(8,314,674)
Net Assets	13,246,059	2,253,631	1,956,938
Net Asset Ratio	2.73	1.27	1.24

In respect of the above, we make the following comments:

- The Company's net asset position declined significantly upon receipt of the valuation of the Property at \$10M in August 2009, which was known at the time of the finalisation of the 2009 financial statements;
- While net assets remained positive throughout the life of the Company, adequate LVR levels were unable to be maintained following the decline in the value of the Property in the 2009 financial year;
- Drawdowns on the NAB facility during 2009 increased the total liabilities of the Company.

7.6.2 Working Capital Test

The working capital position determines whether or not a Company can pay its immediate debts with its immediate assets, a positive working capital is when current assets exceeds current liabilities.

Balance Sheet	30-Jun-08	30-Jun-09	31-Oct-09
	\$	\$	\$
Current assets	672,350	515,507	228,448
Current liabilities	(1,393)	(8,310,409)	(8,314,674)
Working capital / (deficiency)	670,957	(7,794,902)	(8,086,226)
Working Capital Ratio	482.66	(0.06)	(0.03)

In respect of the above, we make the following comments;

- For the purposes of conducting a meaningful working capital test on the Company's position at 31 October 2009 we have amendments to the financials as follows:
 - a) The inventory asset of \$10M has been excluded from total current assets to be consistent with the treatment of the asset as a non current asset in the 30 June 2009 accounts which were audited by Moore Stephens; and
 - b) The liability in respect of the bank facility has been included as a current liability to be consistent with the treatment of the liability as current liability in the 30 June 2009 accounts which were audited by Moore Stephens.

- The Company's working capital position deteriorated significantly between the 2008 and 2009 financial year as a result of the reclassification of the NAB facility as a current debt. This reclassification was due to the current nature of the maturity of that facility and the fact that the Company was in default of its loan covenants and therefore may be required to repay the debt in full at the bank's demand.
- The decrease in available cash at bank reduced the Company's current liabilities. However, given the quantum of debt at maturity the current assets noted in the above table are immaterial.

In view of the above, we consider the Company to be insolvent from a working capital perspective as early as 30 June 2009 being the date when the Company was notified of its default of its loan facility and the NAB facility was reclassified as a current liability. As noted earlier however, in determining insolvency the balance sheet test is not considered to be as relevant as the cashflow test which we discuss further below.

7.6.3 Cashflow Test and Company Initiatives

As noted, the question of solvency turns upon when the directors had reasonable grounds to suspect that the company would not be able to meet its debts as and when they fell due.

In this regard, upon notification from the NAB regarding the breach of the loan covenants, the Company's directors considered and undertook a number of separate initiatives which were focused on rectifying the Company's LVR with the NAB to avoid any actions by the NAB and in order to maintain the facility in good standing. These initiatives included negotiations with the NAB in the first instance which is discussed further in section 7.6.4 below, and also the recapitalisation proposal to the shareholders of the Company.

If it is established that there were reasonable grounds to rely on the success of these initiatives to maintain the solvency of the relevant entity at the relevant times, the directors will have a reasonable argument against any claim that the Company was insolvent, and in turn any claim of insolvent trading. It is necessary for us to consider when doubt existed as to the likelihood of success of the relevant initiatives, or in fact whether they were sufficient, and when it should have become known that the aggregate outcomes would not be adequate to enable debts to be met as they fell due.

Accordingly, it is our preliminary view that these initiatives were sufficient to maintain the solvency of the Company given that the NAB had not placed the Company on demand and was working the Company to bring the facility into good standing. Further, the Directors appointed Administrators shortly after the realisation that the Company's shareholders were not likely to support the proposed restructure.

In respect to cash flow test of insolvency we note that despite our requests, we have not been provided with a cash flow forecast that sets out the Company's expected costs for the development of the Property. We note however, that the Company's historical cash commitments to external creditors for the 2008 and 2009 financial years were minimal and given that the Company was still awaiting the relevant rezoning approvals it would be reasonable to assume that costs for the 2010 financial year would be similar. Accordingly, given the cash of \$188,808 at the date of our appointment and the relatively minimal trade creditor commitments of the Company, we consider that there would be limited basis for an insolvent trading claim pursuant to section 588G of the Act.

7.6.4 Review of Banking Covenants

In an assessment of solvency it is also relevant to consider the standing of the existing of the debt facilities. As displayed in the chronology of events at section 7.5 of this report, the Company obtained several extensions to the NAB facility and was also requested to decrease its LVR following the receipt of an updated valuation at 12 August 2009 as shown in the schedule below:

	30-Jun-08 (\$)	30-Jun-09 (\$)	11-Nov-09 (\$)
Total Facility	8,415,000	8,415,000	8,415,000
Used Amount	7,677,200	8,310,300	8,360,062
Unused Amount	737,800	104,700	54,938
Valuation	15,300,000	10,000,000	10,000,000
LVR	50%	83%	84%

In respect of the above, we make the following comments:

- The Company is required under the NAB facility agreement / mortgage to maintain a LVR of no greater than 55%;
- The NAB first notified the Company of a default of the loan covenants when it failed to provide an updated property valuation to confirm that the LVR did not exceed 55%;
- During August 2009 the Company received a valuation for the Property of \$10M which caused the LVR to rise to 83%, a level that was unacceptable to the NAB.
- A number of external market factors have lead to the decline in value of the Property such as the condition of the property market generally and the delays in the rezoning of the Property.
- On 22 July 2009 the Company signed a Term Sheet provided by the NAB which set out the following terms:
 - \$2.5M to be repaid on 15 December 2009 to effect the First Limit Reduction to a facility limit of \$6.6M;
 - \$1.9M to be repaid on 31 March 2010 to effect the Second Limit Reduction to a facility limit of \$5.5M;
 - The facility is to be repaid in full by the Termination date, being 30 June 2011;
 - An LVR of 91% must be maintained until the First Limit Reduction date;
 - An LVR of 68% must be maintained until the Second Limit Reduction date; and
 - An LVR of 58% must be maintained until the Termination date.
- The Company subsequently notified shareholders in the September 2009 update that the decline in the value of the Property had caused the Company to default on its loan covenants and foreshadowed the likelihood of a recapitalisation proposal to correct the loan covenants.

Based on our review of the books and records of the Company, no other exceptions or breaches were identified of the banking and cash covenant requirements.

Given the financial position of the Company and the limited options available to raise further capital, the directors resolved to appoint Andrew Saker, Darren Weaver and Martin Jones as Joint and Several Administrators on 11 November 2009. In addition, Brian McMaster and Mark Mentha were appointed R&M on 19 November 2009 pursuant to the duly registered fixed and floating charged in favour of the NAB.

7.6.5 Trade Creditor Position

The table below sets out an analysis of the aged payables for the Company, as at the date of our appointment:

Ageing at date of appointment	Total \$000's	Current \$000's	30 Days \$000's	60 Days \$000's	90+ Days \$000's
Trade creditors as at 11 November 2009	(330,396)	(330,132)	0	(264)	0
Percentage of total	100.0%	99.9%	0.0%	0.1%	0.0%

The ageing of trade creditors as the date of our appointment indicates that there were no significant overdue balances owed to unsecured creditors, a sign that for the most part, trade creditors were being paid on a regular basis in accordance with the Company's payment cycle. Accordingly it is our preliminary assessment that the company was not insolvent from a trade creditor perspective given the sufficient cash at bank was available at all material times to meet the minimal trade creditor commitments of the Company.

We note that not all creditors subject to the ageing have submitted a proof of debt. Further, we have not adjudicated or assessed the validity of the proofs of debt which have been submitted.

7.7 Other Indicators of Insolvency

Case law has identified various indicators of insolvency that are useful to assess with regard to the Company's circumstances in order to have a proper consideration of a Company's financial position in its entirety and in the context of commercial reality.

We comment on several of these indicators below, being grounds upon which a director should suspect insolvency, and we consider their application to the Company's circumstances.

(a) *Knowledge of substantial trading losses*

As the Company was not a trading entity, this factor has no bearing on the insolvency of the Company.

(b) *Advice from financial controller that liquidity was tight; e.g. a supplier taking legal action to recover debt, or difficulty in paying debts when due; and had concerns as to solvency*

The Company paid its trade creditors when they fell due and payable and therefore from that perspective there were no concerns as to solvency. However, due to the lack of available funding alternatives and the NAB's concerns regarding the LVR, the Directors and the Project Manager should have had some apprehension as to the solvency of the Company.

(c) *Knowledge of company's inability to obtain or increase finance facilities*

The Company sought shareholder support to raise further capital via a potential restructuring of the Company's capital. The proposed restructure is discussed in more detail at section 7.7.1 of this report.

Following the failure of the proposed restructuring, the Company had no further means to obtain capital. Please refer to the chronology of events at section 7.5 in this regard.

(d) *Knowledge of requirement for substantial working capital to bring creditors into line with trading terms*

Trade creditors were maintained within trade terms so this was not an issue.

(e) *Knowledge of legal demands*

No legal demands were issued against the Company, however a writ has been received by the company in relation to alleged misleading and deceptive conduct against the Company and other property syndicates of SAS. Please refer to section 7.11.7 of this report in relation to current legal action commenced against the Company.

(f) *Knowledge of failure to meet statutory employee payments*

The Company did not have any employees.

(g) *Board consulting insolvency practitioner as to general concept of insolvency and the administration process*

There has been no evidence to suggest that the Company consulted an insolvency practitioner other than the informal discussion that lead them to resolve to appoint an Administrator to the Company on 11 November 2009.

(h) *Resignation of financial officer stating concerns regarding insolvent trading*

There was no resignation of the financial officer.

(i) *Knowledge of the appointment of an investigating accountant by the company's bankers*

There were concerns by the NAB in relation to the increase in LVR as a result of falling property prices. 333 Capital, a company affiliated with KordaMentha were engaged to conduct an Investigative Accountants report on the Company and consider the NAB's position.

(j) *Knowledge of the bank's concerns and the bank's view that there has been a material adverse change*

We have not identified any view expressed by the NAB as to an opinion of a material adverse change, other than the action referred to above.

(k) *Unexplained resignation of other director*

There were no unexplained resignations in the period immediately prior to our appointment.

(l) *ASIC enquiry in relation to company's solvency*

We are not aware of any line of inquiry that ASIC may have conducted in relation to the company's solvency.

(m) *Bank facilities on demand*

The loan facility operated by the Company had not been placed on demand prior to our appointment. From the date of the receipt of valuation in August 2009, the NAB worked with the Company to restore LVR levels.

(n) *Knowledge of major creditors long overdue*

The Company had minimal trade creditor commitments and generally, creditor accounts were paid within normal trading terms.

In addition to the above factors, it has also been demonstrated that consideration should be given to evidence that gives rise to the conclusion of insolvency by way of the further indicative factors that are discussed below with reference to the Company:

- *Creditors were not being paid as and when they fell due; e.g. where there are many large debts outstanding over 9 months*

There was no evidence of any significant major balances outstanding.

- *Debt collectors retained by creditors*

We have not identified any instances where debt recovery action was taken by creditors against the Company.

- *Legal proceedings initiated by creditors*

We have not identified any instances where creditors initiated legal action to recover debts. A credit search of Company has not revealed any winding up applications issued.

- *Creditors placing company on cash on delivery terms*

We are not aware of any creditors having imposed cash or restricted trading terms.

- *Power supply threatened for non-payment*

Our investigations have not identified that there was any threat of termination of power supplies.

- *Daily management of creditor payments on a crisis basis*

We have not identified any daily management of creditor payments on a crisis basis.

- *Cheques drawn but held until cash allowed release*

We have not identified any practice of drawing and holding cheques by the Company.

- *Non-payment of payroll tax and PAYG remittances*

The Company had no employees and accordingly had no PAYG or payroll tax liabilities.

- *Creditor exercising lien rights*

We are not aware of any creditors exercising any lien rights in respect of Company property.

- *Negotiated special repayment terms with creditors*

Other than the graces provided by the NAB in respect of banking covenants, we are not aware of any special repayment terms negotiated with creditors.

- *Post dated cheques issued to creditors*

We have not identified any evidence that the Company issued post-dated cheques.

- *Significant and continuing trading losses*

The Company was a project development company and did not conduct any trading.

- *Unsuccessful attempts to raise debt or equity deteriorating relationship with banker*

There were attempts to obtain additional finance once the LVR increased to ensure compliance with debt covenants, however the Company was unsuccessful.

- *Deteriorating financial ratios*

As detailed early in this report, the Company's LVR deteriorated significantly upon receipt of the valuation in August 2009. As such, it is apparent the NAB became concerned as to the viability of the Project.

Having discussed the above factors with regard to the Company's circumstances it is evident that many of the factors do not apply and others that are applicable occurred later in the chronology of dates or are explainable in some respects. There are no significant factors that give rise to evidence of the conclusion of insolvency other than immediately prior to the appointment date. In our view, and subject to our further investigations to be completed, these indicate that the date of insolvency is likely to be close to the date of appointment of the Administrators on 11 November 2009.

7.7.1 Proposed Restructuring

While the Company moved towards the point of obtaining rezoning approvals, it was impacted by the global credit crisis and the subsequent decline in the property market. In August 2009 the Company received a valuation of the Property at \$10M which in turn increased the LVR and resulted in a breach of the loan covenants set by the NAB. Following negotiations, the NAB issued a Term Sheet which required payments totalling \$4.9M to be made on 15 December 2009 and 31 March 2010 to restore the LVR to levels acceptable to the NAB and also extended the facility to 30 June 2011.

As the Property had not yet obtained the desired rezoning approval, the Company was not in a position to generate its own cash flow to met the obligations to the NAB and bring the facility back to good standing. Further, as a result of the global credit crisis, access to other debt funding was limited.

Accordingly, the Company advised its shareholders through convening of an AGM and issuing an explanatory memorandum that the Company had breached its debt covenants and required further funding to support the project. In the explanatory memorandum, the Directors advised that the best option available was to seek the

support of existing shareholders and new equity investors in the restructuring of the Company's capital as follows:

1. The Company's existing share capital is to be consolidated based on one share for every ten shares on issue.
2. The Company would undertake a non renounceable pro-rata entitlement offer to existing shareholders on the basis of 3.5 new shares for every 1 share held after the consolidated at an issue price of \$1 each to enable the Company to raise the required \$4.9M.
3. If existing shareholders do not take up their entitlement, other investors will be able to purchase shares at a price of \$1 which will rank equally with the existing shares.

Other options were also foreshadowed including the proposed IPO regarding SAS Global Baldivis Ltd (a related SAS company) which, if successful, would present a source of funding by way of investment into the Company. It is noted, however that the restructuring of SAS Global Baldivis Limited was met with resistance from shareholders and subsequently led to the failure of the proposal. Following this, it became apparent to the Directors that the recapitalisation proposal for the Company was not likely to receive shareholder support and therefore they appointed Administrators on 11 November 2009.

7.7.2 Disclosure Obligations

Unlisted public companies have obligations in relation to disclosure as prescribed under ASIC regulatory guide 198. That is, material information should be disclosed on the company's website in accordance with the regulatory guide's good practice provisions.

We note that the Company did not place updates on its website, however in accordance with the regulatory guide, the Company did issue quarterly updates in relation to the Project.

In this regard, and at high level only, our preliminary review considers the obligations in relation to disclosure as having been fulfilled. A liquidator may conduct further investigations into this matter, in particular the concerns that have been raised by Robert Graham on behalf of the Graham Family Trust, as outlined in section 7.11.7 of this report.

7.8 Preliminary Conclusions on Solvency

As noted above, it is necessary to identify and report to creditors, a likely date of insolvency of the Company. In this regard, we make preliminary comments as follows:

- (a) The other factors that typically indicate a conclusion of insolvency, or at least a suspicion of insolvency on the part of the directors, were not generally present and if they were present it was late in the chronology of dates and events;
- (b) There were concerns by the NAB in relation to the increase in LVR as a result of falling property prices. We note that 333 Capital, a company affiliated with KordaMentha, were engaged to conduct an Investigative Accountants report on the Company and consider the NAB's exposure; and
- (c) The Company had no recourse to obtain further debt or equity finance and given the delays in the rezoning approval process which caused the deteriorated shareholder and creditor confidence in the Project, the Company appointed Administrators on 11 November 2009.

Given the range of factors influencing the Company's insolvency we table below the relevant dates that the Company would have been insolvent from that perspective:

Assessment Areas	Date Relevant to Solvency Assessment
Financial Assessment	
Profitability	Not Applicable
Working Capital Deficiency	30 June 2009
Net Assets	No Examples
Source of Funding	
External Finance Declined	October/November 2009
Other Insolvency Indicators	
Non Compliance with Finance Facilities	30 June 2009
Aged Trade Payables Outside of Terms	No Examples
Payment Arrangements with Creditors	No Examples
Statutory Payments in Arrears	No Examples
Demands, Writs & Summons	November 2009
Dishonoured Cheques	No Examples
Presumption of Insolvency	11 November 2009

As noted in our introduction, our conclusion as to the date of insolvency is preliminary in nature. A liquidator may perform further detailed investigations, and benefit from public examination of officers and their related parties.

Having regard to the above, we consider that the Company was potentially insolvent as early as June 2009 but given the defences available to the Directors it is likely that the date of insolvency was closer to the date of our appointment, being 11 November 2009.

7.9 Books and Records

Section 286 of the Act requires a company to keep written financial records that:

- Correctly record and explain the company's transactions, financial position and performance; and
- Would enable true and fair financial statements to be prepared and audited.

The financial records must be retained for a period of seven (7) years after the transactions covered by the records are completed.

A failure to maintain books and records in accordance with Section 286 may give rise to a rebuttable presumption of insolvency which may be relied upon by a liquidator in an application for compensation for insolvent trading.

From our inspection of available records we are of the view, subject to the qualification below, that:

- The Company had prepared audited annual accounts for the years up to 30 June 2009;
- Management accounts were prepared on a monthly basis up to 31 October 2009;
- All journals and primary records supporting the journals were available upon our request; and
- Primary books and records appear to have been adequately maintained.

We conclude on a preliminary basis that we have not identified any specific breaches of Section 286 of the Act by the Company.

7.10 Potential Liquidator Recoveries – Voidable Transactions

During the course of our investigations, we have considered whether the Company entered into any transactions which appear to be voidable and may result in money being recovered. It is important to note that voidable transactions may only be recovered if the creditors of that company resolve to place the company into liquidation.

7.10.1 Unfair Preference

A liquidator is able to recover from a creditor, payments made to it where:

- (a) It results in the creditor receiving more than it would in a winding up;
- (b) The company is insolvent or becomes insolvent because of the payments;
- (c) The transaction occurred within 6 months of the appointment of the Administrators (or 4 years if the transaction was with a related party, or 10 years if the transaction was made with the intention to defeat Creditors); and
- (d) The Creditor or a reasonable person in the Creditor's position had reasonable grounds to suspect that the company was insolvent.

Our preliminary investigations into the Company's affairs reveal a number of payments across different entities which may be voidable as unfair preferences, subject to further investigation and determination of the date of insolvency.

Typically, factors which indicate payments might be unfair preferences include:

- (a) Payments in response to winding up applications, statutory demands and other pressure from the creditor;
- (b) Repayment plans with the creditor; and
- (c) Significant 'round' figure instalment type payments were made to the creditor.

We have confirmed through publicly available information and credit searches that no winding up applications had been issued by creditors against any of the Company. We also refer to the aged trade creditors position set out at section 7.6.5 above, and note that creditors generally appear to have been paid within trade terms. Accordingly, we are not aware of any factors represented by (a), (b) or (c) above.

The payments would be protected if the creditor from whom the liquidator seeks to recover:

- (a) Became a party to the transaction in good faith; and
- (b) At the time when they became a party:
 - They had no reasonable grounds for suspecting that the Company was insolvent at that time, or would become insolvent; and
 - A reasonable person in that person's circumstances would have had no such grounds for so suspecting; and
- (c) Provided valuable consideration under the transaction or has changed their position in reliance on the transaction.

A creditor seeking protection must prove all three elements.

Further, where a creditor received a series of payments as part of a so called 'running account' and their overall indebtedness increases over the same period, the creditor is taken not to have received an unfair preference. This is called 'the running account defence'.

A liquidator may seek legal advice on the strength of a claim including the applicability of these defences. It is also likely any recovery action commenced by a liquidator would be defended. Creditors should be aware that the costs of pursuing preferences, and other voidable transactions, can be considerable and may outweigh the benefit to creditors in many circumstances.

We have been advised by the directors, that:

- (a) No formal or informal payment arrangements were in place with any creditors or suppliers.
- (b) No payment plan was in place in respect of taxation or other statutory debts.
- (c) No written demands or threats of legal action in relation to payment were received within the six month period prior to our appointment.

We note that on 6 November 2009, the directors of the Company transferred its total cash at bank balance of \$188,808 to SGPGPL's bank account which they disclosed in a directors questionnaire as being held on trust on behalf of the Company. On 23 November 2009, we wrote to the directors of SGPGPL and requested that SGPGPL transfer the money to the Company's Administration bank account which is subject to the control of the Administrators. In this regard, we confirm that we have received funds totalling \$188,808 from SGPGPL. These funds are currently held in a separate bank account operated by us.

Further, we note that we have also identified a number of other payments made to certain creditors who appear to have received a benefit greater than they otherwise would in liquidation. We have not to date, however, formed a view as to whether those creditors had knowledge of the relevant company's financial position, and accordingly those amounts are not tabled as potential recoveries.

A liquidator may perform further work and investigation in respect of these amounts before determining whether they are recoverable. In particular, a final determination will need to be made as to the date of insolvency which is a fundamental component of any recovery.

On a conservative basis, for the purposes of this report, we estimate potential recoveries from unfair preferences will be nil. Please note this estimate has been determined based on our preliminary analysis only. There is no guarantee that a liquidator will recover funds or that the costs of recovery will outweigh any benefit to creditors.

7.10.2 Uncommercial Transactions

A transaction is an uncommercial transaction if it is made at a time when the company is insolvent and it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction having regard to:

- The benefits or detriment to the company of entering into the transaction; and
- The prospective benefits to other parties to the transaction upon entering into it.

Should a Liquidator establish any such uncommercial transactions, those transactions may be set aside thereby increasing the funds available to ordinary unsecured creditors.

We have identified from our preliminary investigation certain transactions that warrant further investigation but none that could be said with any certainty at this time that would result in recovery for creditors. The date of insolvency is also relevant as to whether these transactions would be considered recoverable.

We consider the transactions under the following subheadings:

- Loans to Directors; and

- Acquisitions and Disposals of Fixed Assets and Property.

7.10.3 Loans to Directors

As part of our review, we have considered those loans made to Directors of the Company or related parties. In determining the commercial nature of such loans we have considered the applicability of the interest rate, securities taken, repayment terms and loan forgiveness (where applicable).

Our preliminary review has not revealed the existence of any loan accounts from Directors to the Company and therefore we do not anticipate that there will be any recoveries in respect of uncommercial loans to Directors.

7.10.4 Acquisitions and Disposals of Property and Fixed Assets

From our preliminary investigations we have reviewed the Property acquisition and comment as follows:

- The Contract for Sale of Land was signed on 27 April 2007 in respect of the purchase of the Property as a going concern for \$15.3M. Settlement occurred on 27 July 2007.
- The Sellers of the Property were Perron Developments Pty Ltd and Hulme Developments Pty Ltd whom were tenants in common in equal shares. We have conducted ASIC company searches in respect of these companies and confirm that we have not been able to identify any common directors or shareholders to the Company which may have indicated a potential uncommercial transaction.
- The Property was acquired as a going concern with a tenant in place. The lessee was Cell Aquaculture Limited who occupied offices situated on the Property for the purpose of carrying on their Aquaculture business. The lease term was due to expire on 4 August 2008 subject to a 1 year option in favour of the Lessee. Initial rent agreed was \$110,500pa with annual CPI adjustments.
- We conclude that while the acquisition of the Property is, prima facie, valid we highlight potential breaches of section 1309 of the Act on the basis that certain information regarding the acquisition was not fully disclosed to investors. This matter is discussed further at section 7.11.3 of this report.
- In correspondence dated 28 May 2007, the Seller advised that he met with Company director, Tony Beamish on 24 May 2007 to discuss the latest version of the Draft Cockburn Coastal District Structure Plan which set out a proposed new residential/mixed use development site in front of the Property. The Seller advised in the letter that the Company was given an opportunity to cancel the contract on the basis that the new information may have an impact on the future development of the Property we understand. The Seller also offered the Company time to consider the new information however, this offer was declined and the Company confirmed that it would proceed with the purchase.

We note that the potential for a development site in front of the Property was not specifically disclosed to investors in the Information Memorandum dated 30 May 2007, however the potential for such events were foreshadowed at pages 12 through to 19.

We have raised this matter with Mr Beamish who has provided the following comments in this regard:

- Prior to the release of Draft CCDSP, the Sellers felt it was prudent to disclose preliminary information they were aware of, as they were members of the WAPC. Due to the Seller's position in the WAPC and the proposed plan, the Seller wanted to confirm that the Company still wished to purchase the Property;
- At the time of the release of the draft plan in June 2007 and subsequent discussion papers at the end of 2007 CCDSP was not finalised;
- The Directors considered that the draft plan may have had some advantages being, extra height to 8 storeys, a park on the north side of the Property, a walkway over the railway line for pedestrians, proximity

to a primary school and a cafe on the beach front, all whilst still keeping views to the Ocean from the North West and West; and

- Accordingly, the Directors considered that the proposed plan did not have a significant effect on the land to warrant the cancellation of the contract at that time as the market was very high and to obtain such a scarce site was seen as an opportunity.

In the time available we have not been able to ascertain the reasonableness of this transaction, however we note that our investigations are continuing in this regard. We also note that should the Company proceed into liquidation, a liquidator would be required to conduct further investigations in respect of this transaction before determining whether it may result in recoveries for the benefit of creditors.

7.10.5 Unfair Loans

Section 588FD provides that a loan to a company is unfair if the interest and charges were extortionate when the loan was made, or has since become extortionate. In considering whether interest and charges are extortionate, regard must be had to:

- Risk the lender is exposed to;
- Value of any security;
- Term;
- Repayment schedule;
- Amount of loan; and
- Any other relevant matters.

The financial statements of the Company indicate that the only loan the Company, obtained was a Commercial Bill Facility held with the NAB. At the date of our appointment the facility was subject to a floating interest rate of 17.58% with an outstanding balance of \$8.36M.

The following interest rates and charges were set out in the Letter of Offer signed by the Company on 20 July 2007.

NAB Commercial Bill Facility	
Facility Limit	8,250,000
Facility Fee (per annum payable monthly in advance)	1.75%
Application Fee	50,000
Other Loan Establishment Fees	17,238
Bill Drawdown Fee	150
Customer Margin (per annum)	1.75%
Default Margin (per annum)	4.50%

On 26 September 2007 the NAB subsequently increased the facility limit to \$8,415,000 subject to a further application fee of \$1,000 that was paid by the Company.

In addition to the NAB facility, the Company borrowed \$500,000 as an unsecured loan from SGPGPL at a fixed interest rate of 18% pa, calculated at 1.5% per month with interest and capital payable on the settlement of the Property. We note that this transaction was not disclosed in the 2008 financials as the loan had been repaid prior to the year end, however it was disclosed in the Information Memorandum dated 30 May 2007.

Based on our preliminary investigations to date, the terms of the loans provided to the Company, we are unable to conclude they were unfair loans. However, a liquidator appointed to those entities would perform further work

and investigation in respect of the loan transactions and with the benefit of that further information, may reach a different view.

7.10.6 Unreasonable Director Related Transactions

Pursuant to Section 588FDA of the Act, a transaction is an unreasonable director-related transaction of the company if:

- The transaction is a payment, transfer of property, issue of securities or incurring of an obligation by the company;
- Made by the director or close associate of the director; and
- That a reasonable person in the company's circumstances would not have entered into having regard to the benefit or detriment to the company or other parties.

Should a liquidator establish any such transactions within the four years prior to appointment, they may be set aside thereby increasing the funds available to unsecured creditors.

We have attempted to identify all director-related transactions, including director remuneration, bonuses, loans, share schemes, retirement benefits, loan forgiveness, and asset acquisitions and/or disposals to directors within the four year period.

From our preliminary review of the Company's records we have not identified an unreasonable director related transactions. Director loans have been addressed in section 7.10.3 of this report.

Notwithstanding the above, further investigation is desirable to consider the benefit and detriment to the company in entering into and the payment of, in order to determine whether the transaction would fall under the provisions of Section 588FDA of the Act.

A liquidator would perform further work and investigation in respect of this transaction and S588FDA before concluding on the merits of the claim and whether it would produce available recoveries for the benefit of creditors.

7.11 Other Potential Liquidator Recoveries

7.11.1 Falsification of Books

Pursuant to Section 1307 of the Act, it is an offence for a person to engage in conduct that results in the concealment, destruction, mutilation or falsification of any securities of or belonging to the company or any books effecting or relating to affairs of the company.

If a breach is proven, Part 9.4 of the Act provides for criminal penalties only. Therefore, any breaches of Section 1307 will not result in recovery of funds by a liquidator.

Our preliminary investigations have not revealed any evidence of falsification of books.

7.11.2 False or Misleading Statements

Pursuant to Section 1308 of the Act, a company must not advertise or publish a misleading statement regarding the amount of its capital. It is an offence for a person to make or authorise a statement that, to the person's knowledge, is false or misleading in a material particular.

If a breach is proven, Part 9.4 of the Act provides for criminal penalties only. Therefore, any breaches of Section 1308 will not result in recovery of funds by a Liquidator.

Our preliminary investigations have not revealed any evidence of any false or misleading statements.

7.11.3 False Information

Pursuant to Section 1309 of the Act, it is an offence for an officer or employee to make available or give information to a director, auditor, member, debenture holder, or trustee for debenture holders of the company that is to the knowledge of the officer or employee:

- (a) False or misleading in a particular manner; or
- (b) Has omitted from it a matter the omission of which renders the information misleading in a material respect.

If a breach is proven, Part 9.4 of the Act provides for criminal penalties only. Therefore, any breaches of Section 1309 of the Act will not result in any recovery by a Liquidator.

7.11.4 Obstruction of Creditors' Rights

Section 588FE of the Act provides for the voiding of transactions designed to defeat, delay or interfere with creditors rights.

Our preliminary investigations have not identified transactions entered into by the company intended to obstruct creditors' rights and which would give rise to recoveries for the benefit of creditors. However if a liquidator were appointed, they would perform further work and investigation in respect of this area before concluding on the availability of any recoveries for the benefit of creditors.

7.11.5 Voidable Charges

Our preliminary review of the books and records considers the NAB facility to be, prima facie, valid. However we again note that a liquidator would be required to conduct further investigations into the affairs of the Company.

7.11.6 Avoidance of Employee Entitlements

Our preliminary investigations to date have not identified any transactions or actions that would constitute a contravention of Part 5.8A of the Act by any person, however a liquidator would perform further work and investigation in respect of this area before concluding on the availability of any recoveries for creditors.

7.11.7 Current Legal Actions

To date we have received correspondence from the legal representatives of Richard Francis Bryant and Joan Irene Bryant who are shareholders of the Company and other related entities. A summary of their claim appears below:

Richard Francis Bryant and Joan Irene Bryant

The Writ of Summons was forwarded to us by the Company. The Writ is undated however we are seeking further details in relation to this.

The writ is against the Company and the following other related entities/parties:

- SAS Global Ltd;

- SAS Global Baldivis Ltd;
- SAS Mosman Park Equity Ltd; and
- Nigel Thomas Gill.

The statement of claim alleges false and misleading statements and unconscionable conduct.

The merit of these types of claims will be determined in due course and the matters raised in the claims (to the extent that it is relevant to the Company) will be subject to our ongoing investigation and the investigation of any liquidator appointed.

7.11.8 Project Management Fees

We have conducted an assessment of the fees payable to the project manager, as summarised below:

Project Management Fees	Amount (\$)
Per Month Management Fee	\$15,000 (excl GST) for 51 months
Capital Raising Fee	5%
Capital Managers fee	1.5% to maximum \$195,000
Project Establishment Fee	\$3M
Disposal of Assets Fee	2%
Profit Share Fee	50/50 Profit Share for Profit which exceeds 20% p.a. of invested capital

In respect of the above, we make the following comments:

- The IM discloses all of the fees payable to the project manager, being SGPGPL;
- The management fee is payable per month plus GST from the date of settlement for services associated with running and maintaining the project. In this regard, we note that management fees of \$180,000 were paid in both the 2008 and 2009 financial years.
- The capital raising fee and a capital manager's fee is applicable to the gross equity raised through the share issue. We note that in the 2009 financial year \$758,075 was paid to Capital Union Pty Ltd, an entity associated with the directors of the Company. We have been advised that Capital Union Pty Ltd acted as a commission distribution agent for SAS Global Ltd (AFSL holder) and the capital raising commissions were then on-paid to various advisors who raised the funds.
- The project establishment fee was due and payable upon settlement of the Property on 27 July 2007. In this regard, SGPGPL received \$1.55M during the 2008 financial year financial year.
- Should there have been profits over and above the anticipated net profit, there would have been a 50% split between shareholders and the project manager.

We note that the fees payable to the project manager was outlined and disclosed in the IM. We note that in the time available to us we have not been able to consider the reasonableness of the fees that were being paid to the Project Manager. However we note that a liquidator would be required to conduct further investigations in respect of this transaction before determining whether it may result in recoveries for the benefit of creditors.

7.12 Breach of Directors Duties

Sections 180, 181, 182 and 183 of the Act, impose fiduciary duties on directors to:

- Exercise their powers and duties in relation to the company with a degree of care and diligence;
- To act good faith and for a fit and proper purpose that is in the best interests of the corporation;
- To prevent conflicts arising between personal interest and the company's interest;
- An obligation to act only in the best interests of the company; and
- To avoid improper use of specific information that has been obtained through the directors' work with the company to gain directly or indirectly an advantage.

The objective test or standard of measure in the suspected breach of conduct of above is the reasonableness of the actions taken by directors and requiring the directors to demonstrate that their actions are the same degree and level that would be required of an ordinary reasonable person holding a similar position and responsibility in the same circumstances.

Our investigations with respect to whether there have been any breaches of directors duties are continuing.

7.13 Report to ASIC

Section 438D of the Act requires us to lodge a report with the ASIC should we become aware of:

- Any offences committed by a past or present officer of any of the company's over which we are appointed;
- Evidence that monies or property has been misapplied or retained; or
- Evidence that a party is guilty of negligence, default, breach of duty or breach of trust in relation to any of the company's over which we are appointed.

Our preliminary investigations have not indentified evidence of any breach of the Act that would require us to lodge a report with the ASIC pursuant to section 438D of the Act in respect of this Company.

7.14 Summary of Potential Liquidator Recoveries

Set out below is a summary of transactions that will be of interest to a liquidator arising from investigations discussed in this report. We note that these are potential recoveries by a liquidator in the event the Company is wound up and could be in a range of possible values and could be as low as nil.

Potential Recovery Item	High (\$)	Low (\$)
Unfair preferences	TBD	Nil
Uncommercial transactions	TBD	Nil
Unfair loans	TBD	Nil
Unreasonable director related transactions	TBD	Nil
Transactions undertaken to obstruct creditors' rights	Nil	Nil
Compensation from director for insolvent trading	TBD	Nil
Breaches of directors duties	TBD	Nil
Total	TBD	Nil

7.15 Directors' Ability to Pay a Liquidator's Claims

The merits of any potential insolvent trading action by a Liquidator would need to be considered in light of the Directors' net asset position. We have requested that all the directors provide a statement of their financial position however no such statement has been forthcoming.

Our preliminary investigations have revealed that the Directors' net asset position is subject to a mixture of personal and corporate interest, including personal guarantee's provided by them in respect to the secured creditors' debt for a related entity (SAS Global Baldivis Limited). Further investigations will be required in regards to the directors' net asset positions.

For completeness, we also note that the directors do not have a directors' and officers' insurance policy which would respond to any claims brought by a liquidator.

8. Proposal for DOCA

8.1 Statement of Proposed DOCA

No DOCA has been proposed as at the date of this report. Therefore, this option is not available to creditors.

For completeness, we note that whilst at the commencement of the Administration a DOCA had been contemplated, the Company's circumstances are such that the Director was unable to present a DOCA proposal adequate to provide a return to ordinary unsecured creditors.

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:

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

Given that no DOCA proposal has been put forward this option falls away.

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect, and the likely costs, under each option however in the current circumstances such estimates are not available or may be difficult to predict with accuracy.

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 the Company's financial information, the Company is insolvent on the basis that it cannot maintain the current loan facility with the NAB. Accordingly, there appears to be no valid commercial reason why control of the Company should revert to the directors. If the administration was 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 it might incur.

Therefore, our opinion is that it is not in the creditors' interest for the Administration of the Company to end.

9.2 Winding up of Company

In the absence of a DOCA proposal, the winding up of the Company is the only commercial option remaining. Given the nature, size and costs involved in determining the value of the asset and potential recoveries in a

liquidation scenario it is difficult to determine with any degree of certainty the likely level of return to unsecured creditors that would arise from liquidation.

Therefore, the Administrators' opinion is that it is in the creditors' best interests for the Company to be wound up and placed into liquidation.

The costs of winding up the Company's affairs are estimated at \$80,000 (excluding GST) although these costs would be considerably higher in the event that the potential claims referred to above at Section 6 of this report are pursued. It is unclear as to whether there will be any assets available to meet these costs or to return/dividend to creditors.

10. Administrators' Opinion

As stated in section 9.1 above, the option of the Administration ending is not viable. The only remaining option available to creditors is to wind up the Company.

Based on the above, it is our opinion that creditors should resolve that the company should be wound up.

From the information set out in section 9.2 of this report, we estimate that the return to creditors should the company be wound up is likely to be nil.

11. Administrators' Remuneration Report

Pursuant to Section 446E of the Act, we enclose as **Annexure 1** the Administrators' Remuneration Report. At the second meeting of creditors, we intend seeking approval of the remuneration set out in the remuneration report. Details of disbursements incurred are also included in the remuneration report.

12. Further Queries

We will advise creditors in writing, if practicable, of any additional matter that comes 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 Erlyn Dale of this office.

DATED this 8th day of December 2009.



MARTIN JONES
Joint and Several Administrator of
SAS Global Coogee Limited

Encl.

Annexure 1

Administrators' Remuneration Report

CORPORATIONS ACT 2001

Section 449E

SAS GLOBAL COOGEE LTD ACN 125 069 874 (Administrators Appointed) (Receivers and Managers Appointed)

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 calculation for the period 11 November 2009 to 6 December 2009
- A3 Schedule of the Administrators' anticipated tasks and remuneration estimate for the period 7 December 2009 to 16 December 2009
- A4 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 17 December 2009 to the conclusion of the liquidation
- A5 Resolutions to be put to creditors at the meeting convened for 16 December 2009

Part B

- B1 Administrators' disbursements
- B2 Summary of Receipts and Payments for the period 11 November 2009 to 6 December 2009
- B3 Other creditor information on remuneration
- B4 Initial advice to creditors

The Remuneration Report must be read in conjunction with the report to creditors dated 8th December 2009.



PART A

A1 FERRIER HODGSON PERTH SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Classification	Rate (\$)	Experience
Partner/Appointee	540	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 www.ferrierhodgson.com
Principal/Director	460	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	390	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	325	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	285	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	255	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	230	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	185	Generally, 1 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	155	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Senior Secretary	150	Appropriate skills including machine usage.
Junior/Filing	130	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

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 calculation for the period 11 November 2009 to 6 December 2009

Administrators' fees, based on the tasks detailed below and covering the above period are \$19,719.50 (excl GST).

Assets 2.0 Hours \$461.50	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Liaising with interested parties ▪ Internal meetings to discuss / review proposals received ▪ Reviewing valuations
	Sale of real property	<ul style="list-style-type: none"> ▪ Liaising with valuers, agents and strata agent
	Other assets	<ul style="list-style-type: none"> ▪ Tasks associated with realising other assets
Creditors 43.7 Hours \$10,703.50	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Initial circular to creditors. Initiate report pursuant to section 439A of the Act.
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting
Investigation 11.7 Hours \$3,345.00	Shareholder enquires	<ul style="list-style-type: none"> ▪ General liaison with shareholders ▪ Receive and follow up shareholder enquiries via telephone and email ▪ Maintaining shareholder enquiry register ▪ Review and prepare correspondence to shareholders and their representatives via facsimile, email and post
	Conducting investigation	<ul style="list-style-type: none"> ▪ Review of company books and records ▪ Reconstruction of financial statements ▪ Reviewing company's books and records/seek Report as to Affairs ▪ Review and preparation of company nature and history ▪ Conducting and summarising statutory searches ▪ Preparation of comparative financial statements ▪ Review of specific transactions and liaising with directors regarding certain transactions ▪ Reviewing investor updates and summarising ▪ Preparing chronology of major events ▪ Preparation of investigation file
Administration 20.3 Hours \$5,209.50	Litigation / Recoveries	<ul style="list-style-type: none"> ▪ Liaising with solicitors regarding various matters
	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Correspondence with Willis regarding initial and ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers



Bank account administration	<ul style="list-style-type: none">▪ Preparing correspondence opening and closing accounts▪ Requesting bank statements▪ Bank account reconciliations▪ Correspondence with bank regarding specific transfers
ASIC Form 524 and other forms	<ul style="list-style-type: none">▪ Preparing and lodging ASIC forms including 505 and 5011▪ Correspondence with ASIC regarding statutory forms
ATO & other statutory reporting	<ul style="list-style-type: none">▪ Notification of appointment
Planning / Review	<ul style="list-style-type: none">▪ Discussions regarding status/strategy of administration



A2 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 11 November 2009 to 6 December 2009

Employee	Position	Charge Rate (\$)	Total		Assets		Creditors		Investigation		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Martin Jones	Partner	540	1.80	972.00	-	-	-	-	-	-	1.80	972.00
Malcolm Field	Manager	390	0.30	117.00	-	-	-	-	0.10	39.00	0.20	78.00
Kieran Chu	Supervisor	285	32.90	9,376.50	0.60	171.00	13.50	3,847.50	11.60	3,306.00	7.20	2,052.00
Shannon Coleman	Senior 2	230	1.00	230.00	0.70	161.00	-	-	-	-	0.30	69.00
Erlyn Dale	Senior 2	230	23.30	5,359.00	-	-	21.90	5,037.00	-	-	1.40	322.00
Sandra Gauci	Senior 2	230	10.20	2,346.00	-	-	6.30	1,449.00	-	-	3.90	897.00
Georgina Luck	Intermediate 1	185	2.20	407.00	-	-	2.00	370.00	-	-	0.20	37.00
Sean Holmes	Intermediate 1	185	1.20	222.00	0.70	129.50	-	-	-	-	0.50	92.50
Melissa Kroon	Secretary	150	0.60	90.00	-	-	-	-	-	-	0.60	90.00
Jacqui Westwood	Secretary	150	2.70	405.00	-	-	-	-	-	-	2.70	405.00
Dorothy Radisich	Clerk	130	1.50	195.00	-	-	-	-	-	-	1.50	195.00
Total			77.70	19,719.50	2.00	461.50	43.70	10,703.50	11.70	3,345.00	20.30	5,209.50



A3 Schedule of anticipated tasks and Administrators' estimated prospective remuneration for the period 7 December 2009 to 16 December 2009

Based on the following anticipated tasks, I estimate the Administrators' fees for the above period to be \$25,000 (excl GST).

Assets 6.0 Hours \$1,810.00	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Liaising with interested parties ▪ Internal meetings to discuss / review proposals received ▪ Reviewing valuations
	Sale of real property	<ul style="list-style-type: none"> ▪ Liaising with valuers, agents and strata agent
	Other assets	<ul style="list-style-type: none"> ▪ Tasks associated with realising other assets
Creditors 32.0 Hours \$7,310.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Finalising report to creditors pursuant to section 439A of the Act
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation of meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting
Investigations 43.0 Hours \$10,255.00	Shareholder enquires	<ul style="list-style-type: none"> ▪ General liaison with shareholders ▪ Receive and follow up shareholder enquiries via telephone and email ▪ Maintaining shareholder enquiry register ▪ Review and prepare correspondence to shareholders and their representatives via facsimile, email and post
	Conducting investigation	<ul style="list-style-type: none"> ▪ Collection of company books and records ▪ Reconstruction of financial statements ▪ Reviewing company's books and records and Report as to Affairs ▪ Review and preparation of company nature and history ▪ Review of specific transactions and liaising with directors regarding certain transactions ▪ Liaising with directors regarding certain transactions ▪ Preparation of investigation file
Administration 23.0 Hours \$5,625.00	ASIC reporting	<ul style="list-style-type: none"> ▪ Liaising with ASIC (if required)
	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Administration reviews ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Correspondence with Willis regarding initial and ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statements ▪ Bank account reconciliations



		<ul style="list-style-type: none"> ▪ Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505 and 5011 ▪ Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ General correspondence
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage



A3 (Cont) Schedule of anticipated tasks and Administrators' estimated prospective remuneration for the Period 7 December 2009 to 16 December 2009

Employee	Position	Charge Rate (\$)	Total		Assets		Creditors		Investigation		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Martin Jones	Partner	540	4.00	2,160.00	-	-	-	-	2.00	1,080.00	2.00	1,080.00
Malcolm Field	Manager	390	8.00	3,120.00	2.00	780.00	2.00	780.00	2.00	780.00	2.00	780.00
Kieran Chu	Supervisor	285	22.00	6,270.00	2.00	570.00	8.00	2,280.00	10.00	2,850.00	2.00	570.00
Jamie Gunnis	Senior 2	230	8.00	1,840.00	2.00	460.00	2.00	460.00	2.00	460.00	2.00	460.00
Erlyn Dale	Senior 2	230	6.00	1,380.00	-	-	2.00	460.00	2.00	460.00	2.00	460.00
Sandra Gauci	Senior 2	230	6.00	1,380.00	-	-	2.00	460.00	2.00	460.00	2.00	460.00
Georgina Luck	Intermediate 1	185	12.00	2,220.00	-	-	5.00	925.00	5.00	925.00	2.00	370.00
Clinton Roberts	Intermediate 1	185	8.00	1,480.00	-	-	3.00	555.00	4.00	740.00	1.00	185.00
Sean Holmes	Intermediate 1	185	18.00	3,330.00	-	-	5.00	925.00	11.00	2,035.00	2.00	370.00
Adam Puddy	Intermediate 2	155	8.00	1,240.00	-	-	3.00	465.00	3.00	465.00	2.00	310.00
Jacqui Westwood	Secretary	150	3.00	450.00	-	-	-	-	-	-	3.00	450.00
Dorothy Radisich	Clerk	130	1.00	130.00	-	-	-	-	-	-	1.00	130.00
Total			104.00	25,000.00	6.00	1,810.00	32.00	7,310.00	43.00	10,255.00	23.00	5,625.00



A4 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 17 December 2009 to the conclusion of the liquidation

Based on the following anticipated tasks of the Liquidation, I estimate the Liquidators' fees to be \$80,000 (excl GST).

Assets 47.0 Hours \$14,970.00	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Preparing an information memorandum ▪ Liaising with valuers, auctioneers and interested parties ▪ Internal meetings to discuss / review offers received
Creditors 85.0 Hours \$19,335.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	Secured creditor reporting	<ul style="list-style-type: none"> ▪ Preparing reports to secured creditor ▪ Responding to secured creditor's queries
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing general reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend ▪ Corresponding with regarding POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting
	Shareholder enquires	<ul style="list-style-type: none"> ▪ General liaison with shareholders ▪ Receive and follow up shareholder enquiries via telephone and email ▪ Maintaining shareholder enquiry register ▪ Review and prepare correspondence to shareholders and their representatives via facsimile, email and post
Investigations 92.0 Hours \$21,885.00	Conducting investigation	<ul style="list-style-type: none"> ▪ Collection of company books and records ▪ Correspondence with ASIC to receive assistance in obtaining books and records ▪ Reconstruction of financial statements ▪ Reviewing company's books and records and Report as to Affairs ▪ Review and preparation of company nature and history ▪ Conducting and summarising statutory searches ▪ Preparation of comparative financial statements ▪ Preparation of deficiency statement ▪ Review of specific transactions and liaising with directors regarding certain transactions ▪ Liaising with directors regarding certain transactions ▪ Preparation of investigation file ▪ Lodgement of report with the ASIC pursuant to section 533 of the Act ▪ Preparation and lodgement of supplementary report if required
	Examinations	<ul style="list-style-type: none"> ▪ Preparing brief to solicitor ▪ Liaising with solicitor(s) regarding examinations ▪ Attendance at examination ▪ Reviewing examination transcripts ▪ Liaising with solicitor(s) regarding outcome of examinations



		and further actions available
	Litigation / Recoveries	<ul style="list-style-type: none"> ▪ Internal meetings to discuss status of litigation ▪ Preparing brief to solicitors ▪ Liaising with solicitors regarding recovery actions ▪ Attending to negotiations ▪ Attending to settlement matters
	ASIC reporting	<ul style="list-style-type: none"> ▪ Preparing statutory investigation reports ▪ Preparing affidavits seeking non lodgements assistance ▪ Liaising with ASIC
Administration 97.0 Hours \$23,810.00	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ First month, then 6 monthly administration review ▪ Filing of documents ▪ File reviews ▪ Updating checklists
	Insurance	<ul style="list-style-type: none"> ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Willis regarding initial and ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505, 524, and 5011 etc ▪ Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Notification of appointment ▪ Preparing BAS'
	Finalisation	<ul style="list-style-type: none"> ▪ Notifying ATO of finalisation ▪ Cancelling ABN / GST / PAYG registration ▪ Completing checklists ▪ Finalising WIP
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage



A4 (cont) Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 17 December 2009 to the conclusion of the liquidation

Employee	Position	Charge Rate (\$)	Total		Assets		Creditors		Investigation		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Martin Jones	Partner	540	18.00	9,720.00	5.00	2,700.00	-	-	3.00	1,620.00	10.00	5,400.00
Malcolm Field	Manager	390	24.00	9,360.00	6.00	2,340.00	6.00	2,340.00	6.00	2,340.00	6.00	2,340.00
Kieran Chu	Supervisor	285	75.00	21,375.00	30.00	8,550.00	10.00	2,850.00	20.00	5,700.00	15.00	4,275.00
Shannon Coleman	Senior 2	230	28.00	6,440.00	6.00	1,380.00	10.00	2,300.00	6.00	1,380.00	6.00	1,380.00
Erlyn Dale	Senior 2	230	18.00	4,140.00	-	-	6.00	1,380.00	6.00	1,380.00	6.00	1,380.00
Sandra Gauci	Senior 2	230	32.00	7,360.00	-	-	20.00	4,600.00	6.00	1,380.00	6.00	1,380.00
Georgina Luck	Intermediate 1	185	31.00	5,735.00	-	-	10.00	1,850.00	15.00	2,775.00	6.00	1,110.00
Clinton Roberts	Intermediate 1	185	25.00	4,625.00	-	-	10.00	1,850.00	12.00	2,220.00	3.00	555.00
Sean Holmes	Intermediate 1	185	21.00	3,885.00	-	-	5.00	925.00	10.00	1,850.00	6.00	1,110.00
Sam Wilson	Intermediate 2	155	22.00	3,410.00	-	-	8.00	1,240.00	8.00	1,240.00	6.00	930.00
Jacqui Westwood	Secretary	150	22.00	3,300.00	-	-	-	-	-	-	22.00	3,300.00
Dorothy Radisich	Clerk	130	5.00	650.00	-	-	-	-	-	-	5.00	650.00
Total			321.00	80,000.00	47.00	14,970.00	85.00	19,335.00	92.00	21,885.00	97.00	23,810.00

Please note that the above is an estimate only. If costs exceed the estimate, I will advise creditors accordingly and seek further approval.



A5 Resolutions to be put to creditors at the meeting convened for 16 December 2009.

At the meeting of creditors convened for 16 December 2009, creditors will be asked to consider the following resolutions:

“The Administrators remuneration, as set out in the Administrators’ remuneration report dated 8 December 2009 for the period 11 November 2009 to 6 December 2009 in the sum of \$19,719.50 (exclusive of GST).”

“The Administrators’ further remuneration for the period 7 December 2009 to 16 December 2009 be fixed in accordance with the hourly rates of Ferrier Hodgson up to the sum of \$25,000 (exclusive of GST).”

If the company is placed into Liquidation:

“The Liquidators’ remuneration be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$80,000 (exclusive of GST) and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration.”

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. D3 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below.

Disbursements	Charges (Excluding GST)
Postage	At cost
Telephone	At cost
Photocopying	35 cents per copy
Facsimile	\$1.00 per page
File Set Up	At cost
Advertising	At cost
Storage – Per Box	At cost
Storage – Per File	At cost
Couriers	At cost



Disbursements incurred to date are shown in the Summary of Receipts and Payments. 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 11 November 2009 to 6 December 2009.

Summary of Receipts and Payments		\$
Receipts		
	Balance at Appointment	188,808.88
Payments		
	Nil	0.00
Cash at Bank		188,808.88

B3 Other creditor information on remuneration

The partners of Ferrier Hodgson Western Australia 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

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.

Queries regarding remuneration should be directed to Clinton Roberts of this office.

Dated this 8th day of December 2009.

A handwritten signature in black ink, appearing to read 'Martin Jones', with a large, sweeping flourish underneath.

MARTIN JONES
Joint and Several Administrator of
SAS Global Coogee Ltd

Annexure 2

**IPA - Creditor Information Sheet
Offences, Recoverable Transactions and Insolvent Trading**

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

A summary of offences that may be identified by the administrator:

180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

Voidable Transactions

Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and,
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation. However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.



The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Unfair Loan

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

Arrangements to avoid employee entitlements

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

Unreasonable payments to directors

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction **must** have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

Voidable charges

Certain charges are voidable by a liquidator:

- Floating charge created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

Insolvent Trading

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.

Annexure 3

**Declaration of independence,
relevant relationship and indemnities**

CORPORATIONS ACT 2001 ("THE ACT")

Section 436DA(2)

SAS GLOBAL COOGEE LIMITED
ACN 125 069 874
(Administrators Appointed)
(Receivers and Managers Appointed)

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

Independence

We, Martin Jones, Andrew Saker and Darren Weaver have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of SAS Global Coogee Limited ("the Company"). This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

Relevant Relationships

Aside from the notes below, none of Martin Jones, Andrew Saker and Darren Weaver and our firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any other person or entity that has a charge on the whole or substantially whole of the Company's property.

For completeness, we note that Martin Jones, Andrew Saker and Darren Weaver have also been appointed as Joint and Several Voluntary Administrators pursuant to Section 436A of the Act of the following companies which shares common Directorships:

Company Name	Appointment date
SAS Global Baldivis Ltd ACN 120 233 490 (Administrators Appointed) (Receivers and Managers Appointed)	6 November 2009
SAS Global Seville Grove Ltd ACN 123 755 859 (Administrators Appointed) (Receivers and Managers Appointed)	11 November 2009
SAS Global Mandurah Ltd ACN 125 069 874 (Administrators Appointed) (Receivers and Managers Appointed)	11 November 2009
SAS Global Mosman Park Equity Ltd ACN 124 508 596 (Administrators Appointed)	11 November 2009

- Martin Jones has also been appointed as Administrator pursuant to Section 436A of the Act of the following company which shares common Directorships:

Company Name	Appointment date
SAS Global Mosman Park Ltd ACN 124 033 889 (Administrators Appointed) (Receivers and Managers Appointed)	13 November 2009

Prior Engagements with the Insolvent

Martin Jones, Andrew Saker and Darren Weaver and any of our Firm, have not undertaken any prior engagements for the Company. Martin Jones had several informal conversations with the Directors in the days leading up to the acceptance of the appointment as Administrators' for which no invoice was raised.

From time to time we provide professional advice, either formally or informally to the secured creditor, National Australia Bank Ltd ("NAB") who holds a fixed and floating charge on the whole or substantially whole of the Company's property, however, we have had no involvement with NAB in direct relation to the Company and note that the NAB has appointed Brian McMaster and Mark Mentha of KordaMentha as Receiver and Managers of the company on 19 November 2009.

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

Indemnities

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

Dated this 8th day of December 2009



MARTIN JONES
Joint and Several Administrator of
SAS Global Coogee Limited

**CORPORATIONS ACT 2001
APPOINTMENT OF PROXY CREDITORS MEETING**

**SAS GLOBAL COOGEE LTD
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
ACN 125 069 874**

*I/*We¹
of
a creditor of SAS Global Coogee Ltd, appoint²
or in his absence as.....
*my/our *(i) general OR *(ii) special proxy³ to vote at the meeting of creditors to be held on 16 December 2009 or at any adjournment of that meeting, to vote
(i) on all matters arising at the meeting; OR
(ii) on each of the following kinds of resolution in the manner specified:

Resolution:	For	Against	Abstain
(a) The company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) The Administration end.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(c) The Administrators' remuneration for the period 11 November 2009 to 6 December 2009 be fixed in the sum of \$19,719.50 (exclusive of GST).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(d) The Administrators' further remuneration for the period 7 December 2009 to 16 December 2009 be fixed in accordance with the hourly rates of Ferrier Hodgson up to the sum of \$25,000.00 (exclusive of GST).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) If the company is placed into Liquidation: The Liquidators' remuneration be fixed in accordance with the hourly rates of Ferrier Hodgson up to the sum of \$80,000.00 (exclusive of GST) and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) If the company is placed into Liquidation: A Committee of Inspection be appointed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(g) If the company is placed into Liquidation: The books and records of the company be disposed of 12 months after the dissolution of the company or earlier at the discretion of the ASIC.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(h) The meeting be adjourned for a period not to exceed 45 business days.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

* Strike out if inapplicable

¹ If a firm, strike out "I" and set out the full name of the firm.

² Insert the name, address and description of the person appointed.

³ If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

I am an unsecured creditor and the total amount owed to me is \$.....

OR

I am a secured creditor and the total amount owed to me is \$.....

DATED this day of December 2009

.....
Signature⁵ of individual or person⁶
authorised by corporate resolution to
represent the corporation

OR The Common Seal of⁴

was hereunto affixed in the
presence of

.....
Director

.....
Secretary

This section is only relevant in the case of a proxy given by a blind or other person incapable of writing.

CERTIFICATE OF WITNESS⁷

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person
appointing the proxy and read to him before he attached his signature or mark to the instrument.

DATED this day of December 2009

.....
Signature of Witness

.....
Description

.....
Place of Residence

⁴ The method of affixing the Common Seal is prescribed in Section 127(2) of the Corporations Act 2001 and, usually, the creditor corporation's constitution.

⁵ The signature of the creditor is not to be attested by the person nominated as proxy.

⁶ A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively or, by a representative appointed under Section 250D of the Corporations Act 2001. Copy of authority/power of attorney to be annexed.

⁷ This certificate is to be completed only where the person giving it is blind.

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

SAS GLOBAL COOGEE LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
ACN 125 069 874

Name of creditor:

Address of creditor:
.....

ABN:

Telephone number:

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

Consideration for debt (i.e. the nature of goods or services supplied and the period during which they were supplied):

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

Is the debt secured? YES/NO

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

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

Other information:

.....
.....

.....
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.