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MBJ:GL:D11
G Luck

8 December 2009

**SAS GLOBAL MANDURAH LTD ACN 117 669 468
(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 large, sweeping flourish underneath.

MARTIN JONES
Joint and Several Administrator of
SAS Global Mandurah 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 clause has been admitted for voting purposes wholly or in part by the voluntary administrator.

DATED this 8th day of December 2009.



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 Mandurah Ltd
ACN 117 669 468
(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
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
DEWHA	Department of the Environment, Water, Heritage and the Arts
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
GEERS	General Employee Entitlements Redundancy Scheme
IPA	Insolvency Practitioners Association of Australia
M	Million
NAB	National Australia Bank Limited
R&M	Receivers and Managers
SGC	Superannuation Guarantee Charge
Statement	Directors' Statement about the Company's Business, Property, Affairs and Financial Circumstances
the Company	SAS Global Mandurah Ltd
SGPGPL	SAS Global Property Group Pty Ltd
the Property	84 Leisure Way, Halls Head
TPS	Town Planning Scheme
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

We advise that 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 Receivers and Managers ("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 owns 4.09 hectares of land located on the corner of Leisure Road and Old Coast Road, Mandurah, Western Australia. A combination of debt and equity was used to fund the prospective development project, as discussed later in this report.

Creditors will determine the Company's future at a second meeting of creditors convened for, **Wednesday 16 December 2009** and will 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:

- The process in obtaining rezoning approval from rural to urban suffered considerable delays, and this has played a critical role in not only reducing the value of the Property, but also impacting on the Company's ability to generate cashflow through pre-sales; and
- Subsequent to the breach of loan covenants to the NAB, the Company sought to raise further working capital without any success, leaving no 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) *A report by the Administrator about the company's business, property, affairs and financial circumstances; and*
- (b) *A statement setting out the Administrator's opinion about each of the following matters:*
- (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 a 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 10.30am 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 22 December 2005. The Company's registered office is listed as 7 Ventnor Avenue, West Perth 6005, Western Australia.

3.1.2 Company officers

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

Name	Role	Appointment Date	Cessation Date
Anthony John Beamish	Director	22/12/2005	Current
Philip Anthony Meagher	Director	22/09/2006	Current
Sam Rizzo	Director	25/03/2009	Current
Umberto Bruno Gianotti	Director	19/03/2009	25/03/2009
Kenneth Wayne Wybrow	Director	22/09/2006	25/02/2009
Anthony John Beamish	Secretary	22/12/2005	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.

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 1399112) over the assets and undertakings of the Company. The charge was created on 27 December 2006 and registered with ASIC on 3 January 2007.

In addition, the Property is secured by way of a specific mortgage over the Property.

The debt owed to NAB as at 6 November 2009 is approximately \$9.9M.

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 Receivers and Managers over the company 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

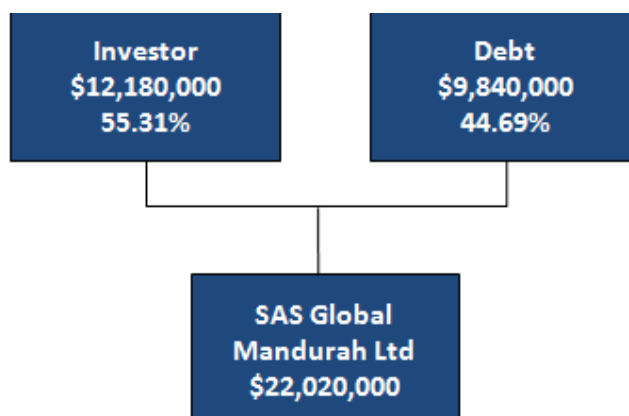
Incorporated on 22 December 2005 in Western Australia, the Company was first known as SAS Global Forrestdale Pty Ltd. The Company changed its name to SAS Global Mandurah Pty Ltd on 22 September 2006. Subsequently, the Company changed its name to SAS Global Mandurah Ltd on 17 November 2006. The Company's 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 purchasing and developing a 4 hectare property in Mandurah, Western Australia (which is approximately 66 km south of Perth). It was the Company's intention to develop/add value to the Property by gaining approval to subdivide the lots, then reselling it or constructing the subdivision and selling the individually create lots.

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 Mandurah property. The total acquisition price of the Property was approximately \$15.5M. Since acquisition of the Property through to 30 June 2009, the Company has spent approximately a further \$5M on development costs. These costs consisted of:

- Raising the initial equity to fund the project;
- Producing the IM and prospectus to shareholders;
- Down-payments on the loan facility with NAB;
- Obtaining independent and qualified recommendations on the developmental procedures required over the life of the project;
- Project Management fees payable to SGPGPL;
- Obtaining legal advice and assistance in seeking all the relevant government approvals to develop the Property;
- Drawings and planning associated with reticulation, drainage and sewerage for the potential sub-lots on the Property;
- Obtaining regular valuations of the Property as per the facility agreement with NAB; and
- Planning for a second capital raising in April 2009 to help raise the required funds for completion of the project.

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

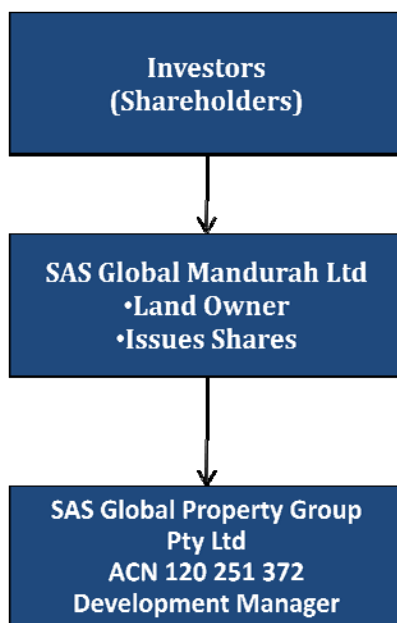


Development approvals for all aspects across the project suffered considerable delays and setbacks. The Local Structure Plan ("LSP") and the Development Guide Plan ("DGP") took much longer than first anticipated to gain all the necessary approvals. It was not until the end of September 2009 when the Developer Contribution Schedule was finally approved. As at the date of our appointment, it is our understanding that all aspects of the

development had been approved, however considering the time taken to gain said approvals, the Company no longer had the funding available to commence site works and complete the final stages of the project.

The Company has no employees and via a management agreement appointed SPGPL as development manager for the project. SPGPL 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.



In section 7.5 of this report, we also have summarised a chronology of major events for the Company.

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 shortly 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 on the cause 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.

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 three (3) financial years and to the end of October 2009 together with my preliminary analysis.

Profit and Loss Summary	22 Dec-05 to 30-Jun-07	30-Jun-08	30-Jun-09	31-Oct-09
	\$	\$	\$	\$
Sales Revenue				
Interest Received	49,623	55,726	28,007	13,244
Total Revenue	49,623	55,726	28,007	13,244
Operating Expenses				
Write down of property	Nil	Nil	(9,656,645)	(336,320)
Administrative Expenses	(75,412)	(83,131)	(109,817)	(54,549)
Depreciation & Amortisation	(3)	(200)	(200)	(67)
Total Operating Expenses	(75,415)	(83,331)	(9,766,662)	(390,936)
Net Profit	(25,792)	(27,605)	(9,738,655)	(377,692)

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

- The first reporting period is from the date of incorporation, 22 December 2005, to the financial year ending 30 June 2007;
- The Company did not record any sales revenue or profit from the date of incorporation on 22 December 2005 to the date of our appointment as it had yet to finalise its development opportunities / activities which were to be a source of income;
- The write down of property in June 2009 and October 2009 was due to the accounting treatment for the valuation received in early 2009;
- Administrative expenses include legal and professional fees, accounting expenses and bank charges. The increase in administrative expenses in June 2009 are as a result of increased advertising and promotions; and
- Income tax liabilities have not been taken into consideration in the above analysis.

For completeness, we note that the accounts above for the year/period ending 30 June 2007, 30 June 2008 and 30 June 2009 are based upon the audited accounts of Moore Stephens. The accounts for the period ending 31 October 2009 are based upon unaudited accounts as prepared by 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 balance sheet for the past three (3) financial years and to the end of October 2009 together with my preliminary analysis.

Balance Sheet	22-Dec-05 to 30-June-07	30-Jun-08	30-Jun-09	31-Oct-09
	\$	\$	\$	\$
Assets				
Current assets	1,293,147	520,013	3,011,410	28,045
Non-current assets	17,307,138	18,684,718	10,410,987	10,405,710
Total assets	18,600,285	19,204,731	13,422,397	10,433,755
Liabilities				
Current Liabilities	Nil	9,202,948	12,486,735	9,851,279
Non Current Liabilities	8,670,897	100,000	772,534	797,041
Total Liabilities	8,670,897	9,302,948	13,259,269	10,648,319
NET ASSETS	9,929,388	9,901,783	163,128	(214,565)
Equity				
Contributed Equity	9,955,180	9,955,180	9,955,180	10,259,680
Accumulated (Losses)	(25,792)	(53,397)	(9,792,052)	(10,474,245)
Total Equity	9,929,388	9,901,783	163,128	(214,565)

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

- The first period of reporting is from the date of incorporation, 22 December 2005, to the financial year ending 30 June 2007;
- The bank bills are secured by a first registered mortgage over the Company's inventories and over all of the assets of and undertakings of the Company. As at the date of the 2008 and 2009 the Company is in breach of its loan covenants in that its total bank debt exceeds 91.5% of the market value of the property, the breach has not been rectified. Accordingly this interest bearing liability has been reclassified as a current liability;
- The non-current liability reflects a loan from SAS Global Property Group this loan has increased significantly between 2008 and 2009 financial year; and
- The substantial decrease in non-current assets from 2008 to 2009 is a result of the write down of property in accordance with the applicable accounting standards.

For completeness, we note that the accounts above for the year/period ending 30 June 2007, 30 June 2008 and 30 June 2009 are based upon the audited accounts of Moore Stephens. The accounts for the period ending 31 October 2009 are based upon unaudited accounts as prepared by JGC. Accordingly, we express no comment in relation to the accuracy thereof.

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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	(640,000)	Nil	Nil	Nil
Sub total		(640,000)	Nil	Nil	Nil
Assets subject to specific charges	5.1.2	10,370,000	10,370,000	NVA	NVA
Less amounts owing under charges	5.1.2	(9,840,000)	(9,800,000)	(9,840,000)	(9,900,000)
Available to unsecured creditors		530,000	570,000	NVA	NVA
Ordinary unsecured creditor claims	5.1.4	(719,817)	(719,817)	(719,817)	(840,817)
Estimated Surplus/(Deficiency)		(189,817)	(149,817)	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 ("ERV") 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 Company operated three (3) bank accounts with NAB with confirmed balances, as summarised below:

Account	Balance (\$)
Business Cheque Account	(640,000)
Cash Maximiser Account	7
Business Management Account	8,340
Total	(631,653)

The credit balances in the bank accounts are likely to be subject to the NAB's right of set-off, thus there is unlikely to be any cash at bank available to ordinary unsecured creditors.

5.1.2 Assets subject to specific charges

The directors' statements discloses the property at Mandurah (being 84 Leisure Way, Halls Head) as subject to a specific charge.

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

- Specific mortgage of the Property; and
- Fixed and floating charge over the Company.

The total debt owed to NAB as at 11 November 2009 is approximately \$9.8M

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 at \$840,817. A summary of the claims received to date appears below:

Unsecured creditors	Amount (\$)
SGPGPL	700,000
Freehills	1,971
JGC Accounting	11,290
Mendelawitz Morton	6,556
The Graham Family Trust	121,000
Total	\$840,817

The Graham Family Trust lodged a claim as an unsecured creditor against the Company for a breach of the Trade Practices Act and the Fair Trading Act, claiming that he was misled into the purchase of shares in the company. We note that although the amount claim by the Graham Family Trust is included in the table above, we have not yet considered the merits of this claim and have not adjudicated upon any claims received. For further details regarding the claim from the Graham Family Trust, please see section 7.11.7 of this report.

5.1.4 Related entities

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

Related Entity	\$
SGPGPL	700,000
Total	\$700,000

The Statement outlines a related party loan of \$700,000 owing to SGPGPL. It is our understanding that this loan was used to help the Company with its working capital commitments.

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 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 after the failure of recapitalisation proposals that were to be put to investors; and
- the directors were asked by the secured lender to bring the LVR back to within the lender's covenants, an issue that rose by virtue of the last valuation on the property.

Our preliminary view is that the Company failed because of:

- Lack of adequate working capital;
- Unfavourable conditions in the property market, leading to a decrease in the value of the Company's main assets, thus breaching the LVR's set by the NAB; and

In view of the above and given that delays in gaining the subdivision approvals for the Property, the Company could not sustain the ongoing expenditures and loan repayments required by the NAB. Accordingly the directors sought alternative funding arrangements. Following the realisation that alternatives could not materialise, the directors sought 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 us 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 the Administrators and that the Director's powers are suspended during the Voluntary Administration process, Martin Jones one of the Joint and Several Voluntary Administrators:

- chaired the Annual General Meeting ("AGM") of the company held at the Hyatt Regency Perth, 99 Adelaide Terrace Perth, WA at 1.00 pm on 16 November 2009; and
- considered it not appropriate 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

There have been no receipts and payments to be reported to creditors since our appointment as Administrators.

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.

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 major 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 Company's shareholders and their representatives regarding the nature and amount of the monies invested, the circumstances in which those funds were invested and the Company's dealings with them;
- (c) Communications with the secured creditor regarding the nature and amount of the debt owed;
- (d) The directors' Statement and a detailed questionnaire concerning the Company's affairs prepared by the directors;
- (e) Discussions with the directors, their advisors and representatives from the Project Manager (SGPGPL);
- (f) A search of the ASIC records relating to the Company and any related entities;
- (g) Searches obtained from the Department of Transport and Landgate;
- (h) Review the Company's shareholder updates and other significant information disclosed to investors;
- (i) Audited annual reports published by the Company; and
- (j) 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 Mandurah Property, including the contract that was entered into by the Company;
 - (ii) The application and use of shareholder funds;
 - (iii) The causes for the delays of the project including an 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.

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, a 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 defenses 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

Date	Events
December 2005	<ul style="list-style-type: none"> • The Company was incorporated as SAS Global Mandurah Pty Ltd.
2 June 2006	<ul style="list-style-type: none"> • The Company submitted an offer to purchase 84 Leisure Way, Halls Head. WA. • A contract for sale of the property was executed for the purchase price of \$15,500,000 GST exclusive. • A deposit of \$300,000 was required to be paid. • Settlement date on or before 15th December 2006.
10 June 2006	<ul style="list-style-type: none"> • The Company received correspondence from Greg Rowe & Associates as a fee proposal to undertake a number of tasks associated with the preparation and lodgement of an amended

Date	Events
	Outline Development Plan (ODP) to the estimated sum of \$35,400.
14 September 2006	<ul style="list-style-type: none"> The Company receives a preliminary Order of Cost Summary estimate from Ewing Consulting Engineers for the initial earthworks and development of the Property at a sum of \$1,943,450.
29 September 2006	<ul style="list-style-type: none"> CB Richard Ellis conducted a valuation of the Property - \$15,500,000 (excl GST).
20 November 2006	<ul style="list-style-type: none"> The Company receives letter of approval from NAB for the full amount of the \$9.8M facility
7 December 2006	<ul style="list-style-type: none"> The Company received notice from City of Mandurah concerning the Company's advertisement of the Property as not correctly depicting the proposed subdivision as previously approved by the City of Mandurah and WA Planning Commission.
20 December 2006	<ul style="list-style-type: none"> Settlement date for the purchase of the Property
21 December 2006	<ul style="list-style-type: none"> A mortgage over 84 Leisure Way, Halls Head granted in favour of NAB and registered 21 December 2006.
11 January 2007	<ul style="list-style-type: none"> The Company received a Final Settlement Statement from Mendelawitz Morton for the purchase of the Property with the total purchase price to the sum of \$15,500,000 exclusive of GST.
18 January 2007	<ul style="list-style-type: none"> The Company receives a copy of the Certificate of Title showing SAS Global Mandurah as the registered proprietor of the Property. Certificate of Title to be held by National Australia Bank for the duration of the mortgage.
23 January 2007	<ul style="list-style-type: none"> The Company receives correspondence from Transcore concerning a traffic statement for input into the Leisure Way Development Guide Plan based on the information provided by Chappell Lambert Everett. The correspondence includes traffic statements concerning internal and external road networks for the proposed residential and commercial developments. Chappell Lambert Everett submits the Leisure Way Development Guide Plan to City of Mandurah for approval.
6 March 2007	<ul style="list-style-type: none"> The Company receives correspondence from Ewing Consulting Engineers concerning stormwater drainage disposal for the site.
3 April 2007	<ul style="list-style-type: none"> The Company receives consent form the Minister for Housing and Works under s.18(3) of AHA to use the land for the purpose of residential and commercial development.
1 May 2007	<ul style="list-style-type: none"> Preliminary environmental assessments are executed over Lots 88, 89 and 90 by RPS Bowman Bishaw Gorham
2 May 2007	<ul style="list-style-type: none"> The Company receives additional information from Ewing Consulting Engineers concerning drainage on the Property.
8 May 2007	<ul style="list-style-type: none"> The Company receives further information from Transcore concerning the external and internal road networks for the proposed development.
9 May 2007	<ul style="list-style-type: none"> The Company submits three copies of the proposed 'Leisure Way Development Guide Plan', report and associated plan to City of Mandurah for approval.
21 May 2007	<ul style="list-style-type: none"> The Company receives a tax invoice from CLE for work undertaken on the development project from 1 March 2007 – 30 April 2007, including the hours spent by the Senior Urban Designer, Senior Planner and Draftsperson on the preparation of a DGP for lots 88, 89 and 90. Total sum of \$19,701.17.
6 June 2007	<ul style="list-style-type: none"> The Company issues a letter to Dimitrovski Investments P/L informing him that the DGP had been recently submitted to the City of Mandurah and that the \$3,500 application fee is now due. The Company includes a copy of CLE's invoice for 1 March to 30 April 2007 and the breakdown considered to be attributable to Lot 89 Specifically to a sum of \$6,240.
28 June 2007	<ul style="list-style-type: none"> The Company receives notice from City of Mandurah of the formal discussion at the Planning, Community Development and Sustainability Committee (PCD&S) meeting on 3 July 2007 to consider approval for advertising.
9 July 2007	<ul style="list-style-type: none"> The Company receives notice from owner of Lot 5 of their intention to develop their land.
2 August 2007	<ul style="list-style-type: none"> The Company was advised by the City of Mandurah that the Development Guide Plan (Approval for Advertising) of Lots 88, 89 and 90 is to be formally considered at the (PCD&S) meeting on 7 August 2007.
3 August 2007	<ul style="list-style-type: none"> The Company receives information from City of Mandurah concerning the Proposed Development Guide Plan requiring that certain additional elements to be addressed and incorporated into the DGP before it is formally assessed and considered for approval for public advertising.
7 September 2007	<ul style="list-style-type: none"> The Company received confirmation that approval for advertising was considered at the Council's meeting and outlines requirements for formal advertising purposes.
26 September 2007	<ul style="list-style-type: none"> Increase of \$400,000 banking facility with NAB
30 November 2007	<ul style="list-style-type: none"> The Company receives information from Chappell Lambert Everett that the City of Mandurah and the Planning Officers have expressed expectations in relation to Lot 90

Date	Events
	<p>specifically and the process expected to follow in order to obtain support for the plan. Issues included :</p> <ol style="list-style-type: none"> i. The monolithic nature of the original proposed plans ii. The visual impact of the buildings iii. The council report being written in light of Plan 1 as the plan that was advertised, and then explaining that during this advertising period, Plan 2 was lodged.
22 January 2008	<ul style="list-style-type: none"> • The Company issued a bi monthly update to NAB in regards to the current planning process for Lot 90. • It is proposed that following discussions regarding the updated plan, a subdivision application would be submitted to the WA Planning Commission concurrent with the adoption of the DGP by both the City and the WA Planning Commission. • DGP likely to be presented to the April round of Council meetings.
25 February 2008	<ul style="list-style-type: none"> • The Company submits an application for subdivision to the Department of Planning and Infrastructure to subdivide Lot 90 into 37 single residential lots, 3 multiple dwelling lots and one balance lot.
28 February 2008	<ul style="list-style-type: none"> • The Company receive acknowledgement from WAPC of their subdivision application received on 27 February 2008 with the application fee of \$2,525.
12 March 2008	<ul style="list-style-type: none"> • The Company issue a bi monthly update to NAB in regards to the updated plan for the Multiple Dwellings having been presented to the Director of Planning on 13th February 2008. City of Mandurah agreed to the Company advertising the revised Multiple Dwelling plan. • Planning Officers advise that the final proposed DGP be presented at the next Council meeting on 20 May 2008. • The Company anticipates that approval to subdivide Lot 90 will be obtained in late May/early June 2008.
25 March 2008	<ul style="list-style-type: none"> • City of Mandurah informs the Company that their submission for the subdivision of Lot 90 will be formally discussed at the (PCD&S) meeting on 1 April 2008.
2 April 2008	<ul style="list-style-type: none"> • The Company submits an Application for Subdivision to subdivide a portion of Lot 90 to DPI and encloses a cheque for the amount of \$1,385.
9 April 2008	<ul style="list-style-type: none"> • The Company applies to WAPC for Approval of Freehold Strata Subdivision.
17 April 2008	<ul style="list-style-type: none"> • The Company receives confirmation that the Council advises WAPC that it supports the proposed subdivision of Lot 90 prior to the overall DGP for Lots 88, 89 and 90 being finalised, subject to outlined recommendations and conditions imposed.
23 April 2008	<ul style="list-style-type: none"> • The Company provides a response to the Department for Planning and Infrastructure in regard to the proposed City of Mandurah Conditions 2,7,8,10,24,25,26 and 27 of the subdivision approval for Portion Lot 90.
5 May 2008	<ul style="list-style-type: none"> • Bi monthly update on Lot 90 to NAB confirming the following has occurred: <ol style="list-style-type: none"> i. Advertising of the revised Multiple Dwelling plan and corresponding revised DGP occurred between 5th March to 31st March 2008. ii. Detailed sketches of the proposed Multiple Dwellings was prepared and forwarded to the City of Mandurah for presentation iii. Proposed DGP is on the agenda and will be considered at the Mandurah Planning Committee meeting on 20th May 2008. iv. Planning Officers have recommended approval to DGP. • Following adoption, the DGP will be forwarded to the WAPC for endorsement, expected to occur early July 2008. • WAPC has received all referrals regarding the progress of the subdivision and is anticipated approval will be obtained late May/early June 2008.
7 May 2008	<ul style="list-style-type: none"> • The Company receives confirmation from City of Mandurah of Amendment No.92 to Town Planning Scheme No.3, rezoning a portion of Lot 9002 from 'Residential' to 'Urban Development'.
30 May 2008	<ul style="list-style-type: none"> • The Company receives final approval to the DGP from City of Mandurah, subject to noted exceptions.
30 May 2008	<ul style="list-style-type: none"> • Letter from NAB regarding the extension to the facility until 30/06/2008
17 June 2008	<ul style="list-style-type: none"> • The Company provide the DPI reasons for the proposed area of POS within the site, rather than the standard requirement of 10%.
24 June 2008	<ul style="list-style-type: none"> • City of Mandurah resolved to grant final approval to the DGP. • Council adopted the draft Developer Contributions Schedule for advertising to the affected land owners.
10 July 2008	<ul style="list-style-type: none"> • The Company receives a Fee & Service Proposal from VDM Environmental for an Acid Sulphate Soil Investigation and an Integrated Water Management Plan to be conducted on Lot 90 at a total of \$7,000 excluding GST.
17 July 2008	<ul style="list-style-type: none"> • Bi monthly update to NAB confirming that the following has occurred: <ol style="list-style-type: none"> i. City of Mandurah resolved to adopt the Leisure Way DGP in addition to certain

Date	Events
	<ul style="list-style-type: none"> ii. requirements. No statutory power to refer the DGP to WAPC for endorsement and is therefore considered finalised following adoption by the City of Mandurah iii. Approval was received on 2 July 2008 for WAPC Ref 137041 creating the 37 cottage lots, loop road and POS reserve. iv. Approval was received on 4 July 2008 for WAPC Ref 137431 creating the three Multiple Dwelling lots and balance lot.
21 July 2008	<ul style="list-style-type: none"> • The Company receive a quotation from Underground Development Pty Ltd for the design of underground power for the subdivision to be \$6,314 inclusive of GST. • The Water Corporation receive a completed headworks agreement form and a copy of the pre calculation plan showing residential lots covered by the development from Ewing VDM.
28 July 2008	<ul style="list-style-type: none"> • The Company issue a letter of support to the City of Mandurah for the City's initiative to prepare a Developer Contributions Schedule for the Leisure Way land parcel. • The Company does not support the proposed Schedule in its current format and requests a meeting with the City of Mandurah Planning Officers and representatives from WAPC to further discuss the proposed content.
4 August 2008	<ul style="list-style-type: none"> • The Company submitted copies of a Detailed Area Plan (DAP) to the City of Mandurah for approval in accordance with the WAPC Conditionally Approved Subdivision Application.
11 August 2008	<ul style="list-style-type: none"> • The Company receives a proposal to undertake Tree Retention Plan at Lot 90 from VDM Environmental at an estimated total of \$4,800.
22 October 2008	<ul style="list-style-type: none"> • The Company receive two copies of drawing numbers for the sewer layout to service the development.
5 November 2008	<ul style="list-style-type: none"> • Further extension on the facility granted by NAB
19 November 2008	<ul style="list-style-type: none"> • The Water Corporation receives a completed headworks agreement form and a copy of the pre-calculation plan showing residential lots in the development.
1 December 2008	<ul style="list-style-type: none"> • The City of Mandurah drawings showing proposed retaining wall works to be undertaken and a completed application for building approval. • The estimated "current" value of unauthorised building work is \$50,000.
3 December 2008	<ul style="list-style-type: none"> • The City of Mandurah approves the Proposed Detailed Area Plan for Lot 90.
16 December 2008	<ul style="list-style-type: none"> • The City of Mandurah receive a full set of revised construction plans for approval, as well as a noise abatement report, an urban management plan and a written consent from adjoining lot owners for works on the boundary line for the development.
17 December 2008	<ul style="list-style-type: none"> • The Water Corporation receive a layout of water reticulation to service the development and a completed 'Acceptance of Final Engineering Submission' form for final approval.
19 January 2009	<ul style="list-style-type: none"> • The Company receives a DA Application from EPCAD including a letter to the City of Mandurah and a planning application form. • The Company is requested to forward all of the above together with a cheque to the value of \$690 to John Harris.
22 January 2009	<ul style="list-style-type: none"> • The Water Corporation receives copies of drawing numbers which show the sewer layout to service the development with amendments as discussed for approval.
30 January 2009	<ul style="list-style-type: none"> • Water and Wastewater Reticulation Plan and agreement payment schedule are provided by the Water Corporation, with total amount of fees payable for the sum of \$7,503.10
2 February 2009	<ul style="list-style-type: none"> • Bi monthly update to NAB confirms the following has occurred: <ul style="list-style-type: none"> i. Proposed DGP was adopted by the City of Mandurah on 20 May 2008 subject to certain requirements. ii. Approval was received on 2 July 2008 for WAPC creating the 37 cottage lots, loop road and POS reserve. The conditions stated that this approval did not allow for the creation of the Multiple Dwelling Lots iii. Approval was received on 4 July 2008 for WAPC creating the three Multiple Dwelling lots and balance lot. iv. Approval was received on 3 December 2008 to a Detailed Area Plan prepared for the cottage lots within Lot 90. The DAP was required to satisfy condition 10 on WAPC Conditional Approval 137041. v. Clearance of the three conditions attached to the DGP. • NAB agrees to extend the offer dated 31 January 2009 to 27 February 2009.
13 February 2009	<ul style="list-style-type: none"> • The Company expresses its concern to the City of Mandurah concerning the Developers Contribution Plan and the extensive delay to advise the Company pertaining to the development. • A request is made as to the final costs and equitable percentage contributions that are applicable to the Plan in order for the development to proceed.
27 February 2009	<ul style="list-style-type: none"> • NAB agrees to extend the offer dated 31 January 2009 and 27 February 2009 to 31 March 2009.
30 March 2009	<ul style="list-style-type: none"> • NAB agrees to extend the offer dated 31 January 2009, 27 February 2009 and 31 March 2009 to 17 April 2009.

Date	Events
17 April 2009	<ul style="list-style-type: none"> The Company issues an IM to shareholders in an aim to raise further capital.
7 May 2009	<ul style="list-style-type: none"> NAB agrees to extend the offer dated 31 January 2009, 27 February 2009, 31 March 2009 and 17 April 2009 to 1 June 2009.
4 June 2009	<ul style="list-style-type: none"> NAB agrees to extend the offer dated 31 January 2009, 27 February 2009, 31 March 2009, 17 April 2009 and 1 June 2009 to 30 June 2009.
30 June 2009	<ul style="list-style-type: none"> City of Mandurah advises that a formal meeting on the proposal of Amendment 100 to Town Planning Scheme No 3 – Lots 88, 89, 90 is to be held on 7 July 2009. NAB agrees to extend the offer dated 31 January 2009, 27 February 2009, 31 March 2009, 17 April 2009, 1 June 2009 and 30 June 2009 to 31 July 2009.
21 July 2009	<ul style="list-style-type: none"> City of Mandurah resolved that: <ol style="list-style-type: none"> Amendment 100 to the Town Planning Scheme No 3, which proposes to rezone Lots 88, 89 and 90 from ‘Special Development’ R60 to ‘Special Development’ be adopted for final approval without modification. Three copies of the Scheme Amendment documents for Amendment 100 be signed and executed on behalf of Council and referred to the WAPC for approval by the Minister for Planning.
30 July 2009	<ul style="list-style-type: none"> NAB agrees to extend the offer dated 31 January 2009, 27 February 2009, 31 March 2009, 17 April 2009, 1 June 2009, 30 June 2009 and 31 July 2009 to 14 August 2009.
13 August 2009	<ul style="list-style-type: none"> NAB agrees to extend the offer dated 31 January 2009, 27 February 2009, 31 March 2009, 17 April 2009, 1 June 2009, 30 June 2009, 31 July 2009 and 14 August 2009 to 31 August 2009.
30 August 2009	<ul style="list-style-type: none"> Facility limit with NAB decreased to \$6,600,000
September 2009	<ul style="list-style-type: none"> Minimum subscription of \$3.5M for capital raising under the IM dated 17 April 2009 is not met - subscription funds returned shareholders.
2 September 2009	<ul style="list-style-type: none"> The Company issues a request from CB Richard Ellis to provide a valuation of the Property for the purpose of a prospectus for the agreed fee of \$5,500 (excluding GST).
9 September 2009	<ul style="list-style-type: none"> NAB agrees to extend the offer dated 31 January 2009, 27 February 2009, 31 March 2009, 17 April 2009, 1 June 2009, 30 June 2009, 31 July 2009, 14 August 2009 and 31 August 2009 to 25 September 2009.
16 September 2009	<ul style="list-style-type: none"> The Company receives advice from Freehills concerning the Company’s Information Memorandum and when a superannuation fund can invest in shares in SAS Global Mandurah without the need for the Company to issue a prospectus.
17 September 2009	<ul style="list-style-type: none"> The Company receives a letter from ASIC concerning the viability of the Company’s project and its concern that additional funds are being raised or are being proposed to be raised for projects that may not be viable. Chiefly : <ol style="list-style-type: none"> That the Information Memorandum provided by the Company may be misleading or deceptive; That there is insufficient/misleading information about the financial position of the project. ASIC considers that the financial position of the relevant project, including information about viability, must be clearly disclosed in the relevant disclosure document. ASIC requires that the Company is to provide written submissions: <ol style="list-style-type: none"> Providing an explanation as to how the Company is to address ASIC’s concerns no later than 23 September 2009 Demonstrating whether the various projects are viable by no later than 7 October 2009.
22 September 2009	<ul style="list-style-type: none"> City of Mandurah informs the Company that its submission of a Developer Contribution Schedule for final approval will be formally discussed at the (PCD&S) meeting on 29 September 2009.
24 September 2009	<ul style="list-style-type: none"> The Company replies to ASIC in regards to ASIC’s letter issued on 17 September 2009 and submit that the Information Memorandum did not contain any misleading or deceptive information regarding the financial position of the development. The Company contends that : <ol style="list-style-type: none"> Currently the Bankers have agreed to a postponement of the 30 September 2009 payment until the situation becomes clearer. Shareholders have been provided with a report, which has updated them with respect to the Company’s current position and intentions, to the extent that they can be disclosed. A new Information Memorandum will have to be prepared for shareholders to manage the ongoing financial arrangements. NAB agrees to extend the offer dated 31 January 2009, 27 February 2009, 31 March 2009, 17 April 2009, 1 June 2009, 30 June 2009, 31 July 2009, 14 August 2009, 31 August 2009 and 25 September 2009 to 16 October 2009.
15 October 2009	<ul style="list-style-type: none"> NAB agrees to extend the offer dated 31 January 2009, 27 February 2009, 31 March 2009,

Date	Events
	17 April 2009, 1 June 2009, 30 June 2009, 31 July 2009, 14 August 2009, 31 August 2009, 25 September 2009 and 16 October 2009 to 18 November 2009.
11 November 2009	<ul style="list-style-type: none"> Appointment of Martin Jones, Darren Weaver and Andrew Saker as Joint and Several Voluntary Administrators.
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 summarised in the below table, the indicative time line set by the Company as outlined to creditors initially in the IM, and at later points in time through the Company's publicly available shareholder updates.

Event	Anticipated Date - Per Shareholder Updates					
	IM	Autumn 2007	Spring 2007	Winter 2008	3rd Qtr 2008	1st Qtr 2009
Minimum Subscription \$7,000,000	Early December	-	-	-	-	-
Settlement of Property	15/12/2006	-	-	-	-	-
MRS Zoning Amendment from Rural to Urban	Early 2007	Mid 2007	Late 2007	Mid 2008	Early 2009	Mid 2009
Local Structure Plan Adopted	September 07	September 07	Early 2008	May 08	-	-
Subdivision Approval	Early 2007	Mid 2007	-	-	-	-
Site Works Commence	Mid 2007	Late 2007	Late 2007	Late 2007	October 08	Mid 2010
Pre-sales Commence	Early 2008	Early 2008	Early 2008	Early 2008	Late 2008	Mid 2009
1st Stage Completed	June 08	June 08	June 08	Late 2008	April 09	-
Expected 1st and Final Dividend	July 08	July 08	July 08	November 10	-	-
Subdivision Numbers	37	37	37	37	37	37

7.5.1 Subdivision Approval / Delays to project

As previously noted, the Company experienced considerable delays in obtaining various approvals from the WAPC and the City of Mandurah. This meant that no sales revenue could be achieved throughout the project. This source of cashflow was imperative for working capital purposes and eventually the cost of the sub-division itself.

The following table provides a timeline in relation to the process of obtaining the relevant approvals:

Process	Lodgement / Initiation	Approval
Development Guide Plan	May 07	June 08
Developers Contribution Plan/ TPS Amendments	June 08	September 09

As shown in the table, considerable delays were experienced in gaining all the relevant approvals. These delays were experienced in dealings with both the City of Mandurah and the WAPC.

To date, the Company has managed to obtain approval of a 40-lot subdivision, Development Guide Plan approval and a detailed area plan relating to the 37 single residential lots and 3 apartment sites.

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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 SGML	Amount (\$)
Receipts	
Proceeds from borrowings	9,200,000
Proceeds from share issues	12,180,000
Commercial Mortgage Overdraft	600,000
Related Party Loans – SGPGPL	507,000
Other	32,526
	22,519,526
Payments	
Property acquisition	18,039,531
Yearly Development Expenditure	
Y/E 2007	2,988,215
Y/E 2008	788,254
Y/E 2009	1,343,526
Y/E 31 October 2009	-
	23,159,526
Cash at Bank as at 11 November 2009	(640,000)

In respect of the above we make the following comments:

- During the initial stages of the project, the Company had an ongoing loan account with the Project Management entity, SGPGPL. These loans are covered earlier in this report and are subject to review;
- Other receipts pertain to receivables such as GST and interest earned from cash at bank;
- The acquisition of the Property is inclusive of GST, land tax and stamp duty;
- During the life of the project the Company spent approximately \$5.1M on development expenditure which includes payments to SGPGPL under the Project Management Agreement; and
- Fees incurred and paid under the NAB fixed and floating facility are included in development expenditure.

Further to the above, we confirm that the reconciliation is preliminary in nature. Any future appointed liquidator may 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 and preliminary development prior to the commencement of sales of the individual sub-lots.

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 balance sheet position of the Company as at the year/period ended 2007, 2008, 2009 and at 31 October 2009 is as tabled below:

Balance Sheet	22-Dec-05 to 30-Jun-07	30-Jun-08	30-Jun-09	31-Oct-09
	\$	\$	\$	\$
Total Assets	18,600,285	19,204,731	13,422,397	10,433,755
Total Liabilities	(8,670,897)	(9,302,948)	(13,259,269)	(10,648,319)
Net Assets	9,929,388	9,901,783	163,128	(214,564)
Net Asset Ratio	2.15	2.06	1.01	0.98

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

- Net assets remained positive for each reporting period up until the end of October 2009, and as detailed later in this report, adequate loan to value ratios were not maintained;
- The Company's net asset position declined significantly upon receipt of the valuation at \$10.4 million in early 2009;
- Drawdown's on the NAB facility during 2008 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	22-Dec-05 to 30-Jun-07	30-Jun-08	30-Jun-09	31-Oct-09
	\$	\$	\$	\$
Current assets	1,293,147	520,013	3,011,410	28,045
Current liabilities	Nil	(9,202,948)	(12,486,735)	(9,851,279)
Working capital / (deficiency)	1,293,147	(8,682,935)	(9,475,325)	(9,823,234)
Working Capital Ratio	N/A	(0.06)	(0.24)	0.00

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

- As you will note, the Company's working capital was a serious point of concern from its incorporation till the date of our appointment;
- As the facility came into maturity, the Company reclassified the NAB facility as a current liability. Further, the Company obtained extensions on the maturity of the facility, as tabled in the above chronology.
- 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 2007. 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, the directors of the Company considered and undertook a number of separate initiatives to address available cash resources in order to raise an additional \$5M in working capital. One of the options that were considered included the proposed IPO of 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 and the appointment of Administrators on 6 November 2009. 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.

These initiatives were considered and 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. It was also to provide additional working capital in order for the Company to proceed with the development of the Project.

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.

We have conducted preliminary analysis of the cash flow and profit and loss forecasts of the project, including the major assumptions underlying the cashflow and the reasonableness of those assumptions, as per below (for the Company, not shareholders):

Estimated Profit & Loss	(\$)
Income	
Sales	31,932,656
	31,932,656
Expenditure	
Land Acquisition	(16,471,000)
Construction	(6,061,000)
Marketing and Finance	(378,000)
Other	(1,738,733)
	(24,648,733)
Net profit	\$ 7,283,923

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

- The above profit and loss summary is based on the Company's cashflow model over the life of the project;
- Sales forecasts are based on 37 lots sold at an average of \$450,000 per lot. Further, the project is reliant on pre-sales in order to fund the sub-division;
- As noted earlier in the report the cost of land acquisition was approximately \$17M;
- We confirm that the real estate agent in relation to the sales is a related party of the SAS Global Group. Please refer to section 7.11.8 of this report in relation to related party transactions; and
- The quantum of "Other" in the above table relates primarily to interest payable on the NAB facility, however it also includes the stamp duty assessed on the initial purchase.

We consider the forecasted profit and loss for the life of the project to be reasonable given the indicative timeline provided by the Company in the prospectus. There was also sufficient disclosure in relation to fees attributable to the project manager over the life of project.

Several key assumptions were made in order to maintain that view of positive cashflow, and it is those assumptions that we are continuing to test by way of our further investigations and review.

7.6.4 Review of banking covenants

Besides the cashflow for the Company it is also relevant consider the standing of the existing debt facilities. As displayed in the timeline earlier in this report, the Company obtained several extensions of its NAB facility. As displayed in the chronology, the Company was requested to decrease its loan to value ratio which had been increasing, as tabled below:

	30-Jun-07	30-Jun-08	30-Jun-09	11-Nov-09
	(\$)	(\$)	(\$)	(\$)
Total Facility	9,200,000	9,200,000	9,600,000	9,600,000
Used Amount	8,670,897	9,200,000	9,493,104	9,840,000
Unused Amount	529,103	0	106,896	0
Valuation	15,500,000	12,177,500	10,370,000	10,370,000
LVR	55.94%	75.55%	91.54%	94.89%

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

- The above table was compiled from a preliminary review of the records of the company to the extent that it was available to us;
- The Company is required under the NAB facility agreement / mortgagee to maintain a LVR of no greater than 60.7%;
- As noted previously this was initially breached in early 2008 when a property valuation was conducted on the Bank's request;
- There are a number of external market factors that have lead to a decline in value, being the gaining of necessary approvals and the general commercial property market; and
- Further, upon receipt of the valuation in early 2009 the Company immediately sought to correct the loan to value ratio by considering options to raise \$5M in working capital.

The NAB required a total of \$4.925M to be repaid by 15 December 2009 in order to maintain the loan facility:

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 of KordaMentha 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	(19,817)	(19,817)	0	0	0
Percentage of total	100.0%	100.0%	0.0%	0.0%	0.0%

The ageing of trade creditors as the date of our appointment indicates that there were minimal overdue balances, indicating that trade creditors were being paid on a regular basis as per the Company's payment cycle.

We have not adjudicated or assessed the validity of the proofs of debt of the outstanding trade creditors.

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 on 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 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.*

From time to time, SGPGPL lent money (as referred to in Section 5.1.3) to the Company to assist with ongoing cash flow commitments.

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

Trade creditors were maintained within trade terms so there was no such requirement.

(e) *Knowledge of legal demands*

No legal demands were issued against the Company for outstanding trade creditors amounts; however a writ was issued in relation to 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 did consult 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 re 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 to consider the NAB's position.

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

We have not identified any view expressed by any of the Banks 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, to our knowledge there was no investigations by ASIC into the affairs of any company within the SAS Global Group.

(m) *Knowledge of major creditors long overdue*

Generally, creditor accounts were paid within normal trading terms.

In addition to the above factors, it is 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 were any threats 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.

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 the Company's property.

- *Negotiated special repayment terms with creditors*

Other than the waiver of banking covenants throughout 2009, we are not aware of any special repayments 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*

The attempt to obtain additional finance once the LVR increased to ensure compliance with debt covenants, however the Company was unsuccessful.

- *Banking facilities put on demand*

There were concerns by the NAB in relation to the increase in LVR. We note that the company attempted to negotiate its facilities with the NAB including initiatives to restore the LVR to a level acceptable to the NAB.

- *Deteriorating financial ratios*

As detailed early in this report, the Company's LVR deteriorated significantly upon receipt of the valuation in early 2009. As such, the bank 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 closer to the date of appointment of the administrators on 11 November 2009.

7.7.1 Disclosure obligations

Unlisted public companies have obligations in relation to disclosure as prescribed under AISC 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 and in accordance with the regulatory guide, the Company did issue quarterly updates in relation to the project.

In this regard, our preliminary review considers the obligations in relation to disclosure having being fulfilled. A liquidator may conduct further investigations into this matter, in particular some of the concerns that have been raised by Robert Graham ATF 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 delay in the approval process which in effect delayed the Company's ability to generate cash through sales caused the directors to appoint Administrators.

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 2007
Net Assets	October 2009
Source of Funding	
External Finance Declined	November 2009
Other Insolvency Indicators	
Non Compliance with Finance Facilities	June 2008
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

We note that our conclusion as to the date of insolvency is preliminary in nature. A Liquidator may perform further detailed investigations, including the benefit of public examination of officers and their parties that would provide further information.

Having regard to the above, we consider that the Company was potentially insolvent as early as June 2008, but more likely closer to the date of appointment (11 November 2009) given the defences available to the directors.

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

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 do not reveal any payments which may be considered voidable as unfair preferences; however this is subject to further investigations into the Company and effectively determining the Company's 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 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 Project Manager 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 have confirmed through 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.

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 will 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 and for the purposes of this report, we estimate there to be no potential recoveries from unfair preferences. Please note this is an estimate only determined on preliminary analysis. 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 concluded that any transactions may be considered uncommercial.

We advise the directors operated no loan accounts from the Company.

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 original proprietor of the land was Coldwell Banker Pro Property (“Coldwell”);
- The Company submitted an offer to Coldwell on or about June 2006;
- The Company executed a mortgage with the NAB with the mortgage being registered on 21 December 2006;
- Settlement for the purchase was on 11 January 2007, with the NAB holding the Certificate of Title for the duration of the mortgage; and
- The purchase price of the Property was \$17,050,000 GST inclusive.

The above has been derived from the information available and we are continuing to assess the validity of this assignment. However please 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.

7.10.5 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.

As you will be aware, the Company operated a debt facility with the NAB, as per below:

	Amount (\$)
Bill Facility – Floating Rate	9,200,000
Commercial Mortgage Overdraft	600,000
Total	9,800,000

The floating component operates as a drawdown facility, of which was almost fully drawn down as at the date of our appointment.

Pursuant to the management agreement between the Company and SGPGPL the Company is liable for management fees payable in monthly instalments of \$15,000 from the settlement date over a 21 month period. An amount of approximately \$340,000 was paid from the date the Company was incorporated until the end of financial year 2009.

SGPGPL is also entitled to a project establishment fee of \$1.5 million of which we understand this figure was paid at settlement.

As at the date of our appointment, there was only one (1) outstanding loan payable to a related entity. The Company has an unsecured loan with SGPGPL, the project management entity in the amount of \$700,000.

Based on our preliminary investigations to date, the terms of the loans provided to the Company were not 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 any unreasonable director related transactions. Director's loans have been addressed in the previous section of the 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 do not reveal 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.

Further investigations may be appropriate to determine whether 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.

Further investigations may be appropriate to determine whether any false or misleading statements.

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 pursuant to Section 533 of the Act.

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 Robert Graham ATF the Graham Family Trust who are shareholders of the Company and other related entities. A summary of the claim appears below:

Robert Graham (ATF the Graham Family Trust)

Mr Graham issued a writ against the Company and the following individuals, companies and related parties thereto:

- SAS Global Baldivis Ltd (Administrators Appointed) (Receivers and Managers Appointed)
- SAS Global Forrestdale 2 Ltd
- SAS Global Pty Ltd
- Nigel Thomas Gill
- Philip Anthony Meagher.

Mr Graham lodged a claim as an unsecured creditor against the Company for a breach of the Trade Practices Act and the Fair Trading Act, claiming that he was misled into the purchase of shares in the Company.

We referred Mr Graham's solicitors to section 440D of the Act, which provides for a stay of proceedings against a company in administration unless leave of the Court is granted or the Administrators consent is provided.

On 2 December 2009, we received notification from Mr Graham's solicitors that they request that the Administrators provide consent in order for them to proceed with its legal claim against the Company. In addition, we have also been notified that Mr Graham has filed a Notice of Mention in the Federal Court of Australia for leave to proceed against the Company pursuant to section 440D(1) and section 500(2) (in the event the Company is placed into Liquidation).

The merit of these types of claims will be determined in due course, however, 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
Capital Raising Fee	6.5%
Project Fee	\$1.85 million
Disposal of Assets Fee	3%
Profit Share Fee	50/50 Spilt of profit over 20% p.a. of invested capital

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

- The prospectus discloses all of the fees payable to the project manager, being SGPGPL;
- The management fee is payable per month plus GST for services associated with running and maintaining the project;
- The capital raising fee is 6.5% of the gross equity raised through the share issue;
- The project fee is payable upon settlement of the entire project; and
- Should there have been profits over and above the anticipated net profit, there would have been at 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 also 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 Corporations Act, impose fiduciary duties on the 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; and
- 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 I am appointed.

Based on our limited investigations conducted to date, we advise that we are not preparing a preliminary report to the ASIC. Creditors should also be aware that any report lodged pursuant to Section 438D (or an investigative report lodged by a liquidator pursuant to Section 533 of the Act) is not available to the public.

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. 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 whereas at the commencement of the Administration, a DOCA had been contemplated, however the Company's circumstances are such that the Director was unable to present a DOCA proposal adequate to meet employee entitlements and 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;
- 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. 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 (excl GST), though these costs would be considerably higher in the event that the potential claims referred to above at Section 6 of this report are pursued.

10. Administrators' opinion

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

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.

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

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 my attention after the dispatch of this report that, in my view, is material to creditors' deliberations.

In the meantime, should creditors have any queries, please do not hesitate to contact either Adam Puddy or Sandra Gauci 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 Mandurah Limited

Encl.

Annexure 1

Administrators' Remuneration Report

CORPORATIONS ACT 2001

Section 449E

SAS GLOBAL MANDURAH LTD ACN 117 669 468 (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 \$21,623.00 (excl GST).

Assets 2.3 Hours \$475.00	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 60.8 Hours \$12,590.50	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
	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
Investigation 15.1 Hours \$3,203.50	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
	Litigation / Recoveries	<ul style="list-style-type: none"> ▪ Liaising with solicitors regarding various matters
Administration 21.2 Hours \$5,354.00	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	2.00	1,080.00	-	-	0.50	270.00	-	-	1.50	810.00
Malcolm Field	Manager	390	0.30	117.00	-	-	-	-	0.30	117.00	-	-
Kieran Chu	Supervisor	285	33.40	9,519.00	-	-	17.80	5,073.00	7.50	2,137.50	8.10	2,308.50
Shannon Coleman	Senior 2	230	1.60	368.00	1.10	253.00	-	-	-	-	0.50	115.00
Erlyn Dale	Senior 2	230	1.40	322.00	-	-	0.40	92.00	-	-	1.00	230.00
Sandra Gauci	Senior 2	230	10.20	2,346.00	-	-	6.80	1,564.00	-	-	3.40	782.00
Jamie Gunnis	Senior 2	230	1.10	253.00	-	-	-	-	-	-	1.10	253.00
Georgina Luck	Intermediate 1	185	4.40	814.00	-	-	4.00	740.00	-	-	0.40	74.00
Sean Holmes	Intermediate 1	185	2.00	370.00	1.20	222.00	-	-	-	-	0.80	148.00
Adrian Di Menna	Intermediate 2	155	0.30	46.50	-	-	-	-	-	-	0.30	46.50
Adam Puddy	Intermediate 2	155	31.30	4,851.50	-	-	31.30	4,851.50	-	-	-	-
Melissa Kroon	Secretary	150	0.20	30.00	-	-	-	-	-	-	0.20	30.00
Jacqui Westwood	Secretary	150	2.50	375.00	-	-	-	-	-	-	2.50	375.00
Jessica Jones	Junior	130	7.30	949.00	-	-	-	-	7.30	949.00	-	-
Dorothy Radisich	Clerk	130	1.40	182.00	-	-	-	-	-	-	1.40	182.00
Total			99.40	21,623.00	2.30	475.00	60.80	12,590.50	15.10	3,203.50	21.20	5,354.00



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 12 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 12 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 \$21,623.00 (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.

There were no receipts or payments during the period.

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 Mandurah 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 MANDURAH LIMITED
ACN 117 669 468
(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 Mandurah 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 Coogee 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 Mandurah Limited

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

**SAS GLOBAL MANDURAH LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 117 669 468**

*I/*We¹
of
a creditor of SAS Global Mandurah 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 \$21,623.00 (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 MANDURAH LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 117 669 468

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.