

MBJ:GL:D11
G Luck

8 December 2009

PERTH

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**SAS GLOBAL MOSMAN PARK EQUITY LTD ACN 124 508 596
(Administrators 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

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Zolfo Cooper
and
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UNITED STATES
UNITED KINGDOM



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

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

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

MARTIN JONES
Joint and Several Administrator of
SAS Global Mosman Park Equity 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 Mosman Park Equity Ltd
ACN 124 508 596
(Administrators Appointed)**



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

Martin Jones

Andrew Saker

Darren Weaver

8 December 2009



FERRIER HODGSON

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

GPO BOX W2537 PERTH WA 6001

TELEPHONE 08 9214 1444 FACSIMILE 08 9214 1400

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Glossary of terms

| Abbreviation | Description |
|--------------------------|--|
| ABN | Australian Business Number |
| ACN | Australian Company Number |
| Act | The Corporations Act 2001 |
| AGM | Annual General Meeting |
| ASIC | Australian Securities and Investments Commission |
| ASX | Australian Securities Exchange |
| ATO | Australian Taxation Office |
| DOCA | Deed of Company Arrangement |
| ERV | Estimated Realisable Value |
| GEERS | General Employee Entitlements Redundancy Scheme |
| IPA | Insolvency Practitioners Association of Australia |
| IPO | Initial Public Offering |
| M | Millions |
| NAB | National Australia Bank Limited |
| LVR | Loan to Value Ratio |
| R&M | Receivers and Managers |
| ROE | Return on Equity |
| SGC | Superannuation Guarantee Charge |
| Statement | Directors' Statement about the Company's Business, Property, Affairs and Financial Circumstances |
| the Company | SAS Global Mosman Park Equity Ltd |
| SGPGPL / Project Manager | SAS Global Property Group Pty Ltd |
| SGMPL | SAS Global Mosman Park Ltd (Administrators Appointed) (Receivers and Managers Appointed) |
| WaterCorp | Water Corporation |
| 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 |
| Annexure 4 | Proposed DOCA |

1. Executive summary

Andrew Saker, Darren Weaver, and Martin Jones were appointed 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.

At the date of our appointment, the Company owned a 50% interest in SGMPL, which in turns owns a property located on the corner of McCabe Street and Stirling Hwy, North Fremantle, Western Australia ("Mosman Park project"). The purpose of the Company was to raise equity to acquire the 50% interest in SGMPL.

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.**

The Administrators have conducted an assessment of the DOCA proposal put forward by the directors and recommend creditors accept the DOCA proposal for the following key reasons:

- Provides the Administrators with further time to seek restructuring / recapitalisation offers for the Company and SGMPL;
- Based upon the current creditors' claims, the difference in the return to unsecured creditors under the DOCA compared to that of the liquidation scenario are immaterial;
- Provides for the prospect of a greater return to stakeholders in the event that a Purchaser of the Mosman Park project, or shareholders of the Company or SGMPL wish to take advantage of tax losses in the Company or SGMPL and strike an economic bargain in respect of same; and
- The Deed Administrators will call for Formal Proof of Debts to identify and adjudicate upon the various potential claims.

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

- As the Company was a vehicle to raise equity for the Mosman Park project, it had minimal liabilities it was solvent at the date of our appointment, however because of the risk inherent with the realisation of the Company's interest in SGMPL and certain conflict of interest the directors might face, the directors sought the appointment of external Administrators to overcome this risk.
- The return to investors was contingent upon the return of capital the company would be entitled to upon the completion of the Mosman Park project.

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, creditors should accept the proposed DOCA because is likely to provide a better return to stakeholders (i.e including shareholders) than an immediate winding up of the Company.

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 11.00am WST . At that meeting, creditors ratified our appointment as Administrators of the Company. Creditors resolved not to appoint a Committee of Creditors.

2.3 Second meeting of creditors

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

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

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

2.4 Non-disclosure of certain information

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

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

2.5 Declaration of independence, relevant relationships and indemnities

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

3. Company information

3.1 Statutory information

A search of the ASIC database revealed the following information.

3.1.1 Incorporation date and registered office

The Company's incorporation date is 20 March 2007. The Company's registered office is listed as 7 Ventnor Avenue, West Perth, Western Australia 6005.

3.1.2 Company officers

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

| Name | Role | Appointment Date | Cessation Date |
|------------------------|-----------|------------------|----------------|
| Anthony John Beamish | Director | 20/03/2007 | Current |
| Philip Anthony Meagher | Director | 20/03/2007 | Current |
| Umberto Bruno Gianotti | Director | 20/03/2007 | 25/03/2009 |
| Kenneth Wayne Wybrow | Director | 20/03/2007 | 25/02/2009 |
| Anthony John Beamish | Secretary | 20/03/2007 | 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 Company has no registered charges against it.

3.1.5 Winding up Applications

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

3.2 Company history

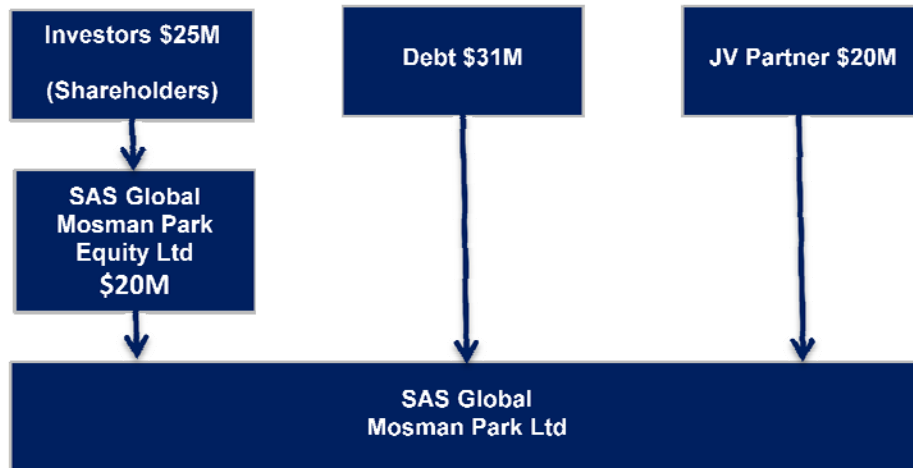
Incorporated on 20 March 2007 in Western Australia, the company's registered office at the date of our appointment is at 7 Ventnor Avenue, West Perth, WA.

The company was incorporated for the sole purpose of acquiring 50% ownership in SGMPL. SGMPL's intention was to purchase and develop a 3 hectare property in North Fremantle, Western Australia, known as the Mosman Park project (which is approximately 13 km south of Perth). It was the SGMPL's intention to develop the property (subject to various governmental approvals) into an apartment complex with its JV partner.

The Company obtained funding in the form of equity raised from public share offerings which it then invested in SGMPL to fund the acquisition of the Mosman Park property. SGMPL used these funds in conjunction with

further contributions by the JV partner and debt from the NAB to purchase the Mosman Park property. The property was ultimately acquired for approximately \$61M.

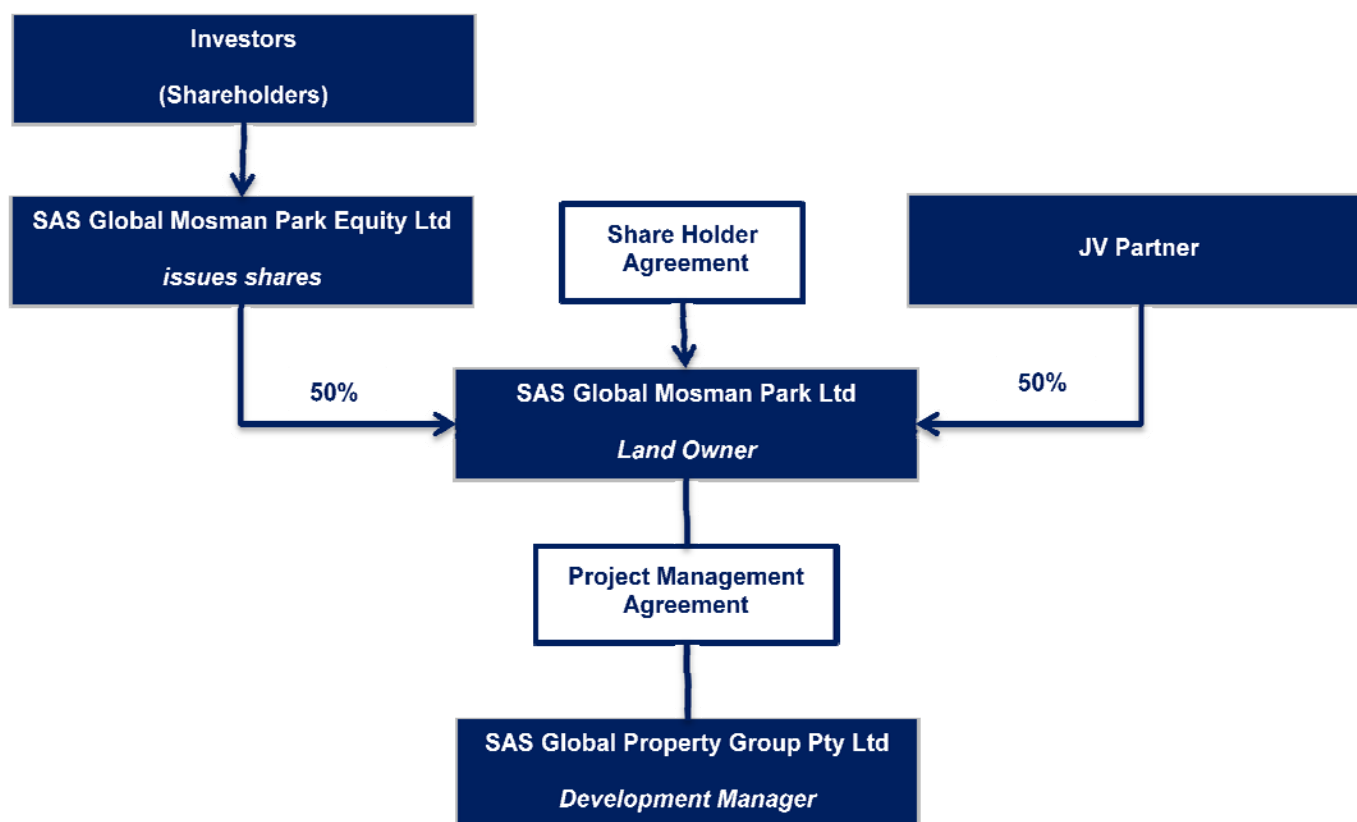
For ease of reference, we table below a diagram showing the funding structure relating to the Mosman Park development:



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.

[This space has been left blank intentionally]

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



Property overview

The Property is located on Stirling Highway, at the northern end of the peninsula in North Fremantle. The land is approximately 3.5 kilometres from the centre of Fremantle and 13.5 kilometres from the Perth CBD.

The Property was the former site for One Steel, used for steel storage, merchandising and distribution.

The existing improvements on the land include:

- A large shed approximately 50 metres wide, 180 metres long and 14 metres high;
- Two smaller office buildings; and
- Open-air area on the north side of the Property, primarily used for storage and loading.

3.3 Decision to appoint Administrators

In view of the uncertainties attaching to the financial position of SGMPL (which represents the company's main assets and operations) and the inherent conflict attached the Directors who are also the directors of SGMPL, the Directors of the Company resolved to appoint Administrators.

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

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

4. Historical financial information

4.1 Preparation of financial statements

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

The Company also engaged JGC Accounting and Financial Services Pty Ltd to prepare various management accounts and reports on a monthly basis.

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

4.2 Profit and loss statement and preliminary analysis

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

| Profit and Loss Summary | 20-Mar-07 to | | |
|---------------------------------|------------------|---------------------|------------------|
| | 30-Jun-08 | 30-Jun-09 | 31-Oct-09 |
| | \$ | \$ | \$ |
| Sales Revenue | Nil | Nil | Nil |
| Interest Received | 395,286 | 68,437 | 15,362 |
| Total Revenue | 395,286 | 68,437 | 15,362 |
| Operating Expenses | | | |
| Write down of property | Nil | (21,365,597) | Nil |
| Administrative Expenses | (53,472) | (45,453) | (16,338) |
| Depreciation & Amortisation | (340,969) | (540,257) | (289,050) |
| Total Operating Expenses | (394,441) | (21,951,307) | (305,388) |
| Net Profit/(Loss) | 845 | (21,882,870) | (290,026) |

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

- The first period of reporting is from the date of incorporation, 20 March 2007, to the financial year ending 30 June 2008.
- For the year ending 30 June 2008 the company made a profit of \$845 as a result of significant interest earned.
- The write down relates to the recoverability of monies from SGMPL, which is contingent upon the successful development of the Mosman Park project.
- The administrative expenses include accounting expenses, audit fees and bank fees and charges.

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

4.3 Balance sheet and preliminary analysis

| | 30-Jun-08 | 30-Jun-09 | 31-Oct-09 |
|----------------------|-------------------|------------------|-------------------|
| Balance Sheet | \$ | \$ | \$ |
| Assets | | | |
| Current assets | 1,630,612 | 1,653,596 | 1,652,708 |
| Non-current assets | 21,906,583 | 729 | 22,152,760 |
| Total assets | 23,537,195 | 1,654,325 | 23,805,468 |
| Equity | | | |
| Contributed Equity | 23,536,350 | 23,536,350 | 25,125,100 |
| Accumulated (Losses) | 845 | (21,882,025) | (1,319,632) |
| Total Equity | 23,537,195 | 1,654,325 | 23,805,468 |

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

- The Company has not incurred any liabilities.
- The substantial accumulated loss in June 2009 is as a result of the write down of the investment in SGMPL.

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

5. Statement by directors

5.1 Summary

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

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

The following table summarises the assets and liabilities described in the Directors' Statement.

| Statement as at 11 November 2009 | Report Reference | Cost or Net Book Value | Directors' ERV | Administrators' ERV High | Low |
|---|------------------|------------------------|------------------|--------------------------|------------------|
| | | \$ | \$ | \$ | \$ |
| Assets: | | | | | |
| Cash at bank | 5.1.1 | 1,640,000 | 1,640,000 | 1,645,999 | 1,645,999 |
| Sub total | | 1,640,000 | 1,640,000 | 1,645,999 | 1,645,999 |
| Equity Interest in GSMPL | 5.1.2 | 19,546,316 | Nil | NVA | NVA |
| Available to unsecured creditors | | 21,186,316 | 1,640,000 | NVA | NVA |
| Ordinary unsecured creditor claims | 5.1.3 | (465,000) | (465,000) | (465,000) | (465,015) |
| Estimated Surplus/(Deficiency) | | 20,721,316 | 1,175,000 | NVA | NVA |

The Administrators have not audited the company's records or the book values. The Administrators have provided estimated realisable values with respect to the company's cash at bank and liability position only. The Administrators have not disclosed their estimated realisable value for the other 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") of the company's interest in SGMPL as the Administrators have not commissioned any valuations of the property owned by SGMPL given the appointment of the R&M to SGMPL.
- 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 two (2) bank accounts with NAB as summarised below:

| Bank Account | Amount (\$) |
|-----------------------------|--------------------|
| MPark Equity Chq a/c | 16,058 |
| MPark Equity Investment a/c | 1,629,942 |
| Total | \$1,646,000 |

We note that we have requested that the NAB transfer the abovementioned sum into a separate bank account operated by the Administrators, however despite numerous requests the NAB has not actioned the transfer.

5.1.2 Equity Interest in SGMPL

The Company owns a 50% interest in SGMPL by virtue of its investment of approximately \$20M invested in August 2007. At the date of our appointment the book value of this interest was approximately \$19.5M. The directors have indicated a Nil ERV as a result of the uncertainty and/or deterioration in value of the property owned by SGMPL.

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 \$465,015 is approximately. A summary of the claims received to date appears below:

| Unsecured Creditors | Amounts (\$) |
|---------------------|------------------|
| SGPGPL | 465,000 |
| Mendelawitz Morton | 15 |
| Total | \$465,015 |

These figures are subject to the receipt and adjudication of final proofs of debt from creditors.

5.1.4 Related entities

The amounts represent monies owed by the Company to the following related entities:

| Related Entity | Amounts (\$) |
|----------------|------------------|
| SGPGPL | 465,000 |
| Total | \$465,000 |

SGPGPL, the property manager of the project, lodged an informal proof of debt for voting purposes at the first meeting of creditors in the amount of \$465,000 for breach of the project management agreement.

Furthermore, we advise that we have not adjudicated on this proof or any other unsecured creditor proofs. we note that the amount related party proof was included in the ordinary unsecured creditor claims reported in 5.1.3. this claim presented a potential conflict of interest for the directors who in turn also control SGPGPL.

5.1.5 Omissions from Statement

Save for my previous comments regarding specific disclosures in the Statement, there are 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 on the day of the appointment being 11 November 2009 due to the failure of recapitalisation proposals that were explored for SGMPL. The directors intended on convening a meeting of shareholders for the Company to put resolutions to consolidate the existing share capital on a 1:100 basis and pass resolutions to empower the directors to do 'what is necessary' to provide a return to shareholders. Administrators were appointed before this meeting was held.

Our preliminary view is that the Company failed because of:

- Issues surrounding the successfulness and viability of SGMPL with particular respect to the approval process and SGMPL's ability to generate cash to remain solvent which would then impact on the Company because of further "cash calls".

In view of the above, given the inherent uncertainty surrounding the position of its investment in SGMPL and the need for shareholders to have an 'independent board' to act on behalf of shareholders the directors resolved to appoint administrators on 11 November 2009.

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 have been no specific issues regarding trading since our appointment as the Company did not trade and its main assets were the cash at bank and its 50% equity stake in SGMPL.

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 on 16 November 2009 at 2.30pm; and
- Considered it inappropriate for the proposed resolutions to be put to shareholders. Accordingly, no resolutions were put to shareholders and voted upon at the AGM.

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

6.2 Summary of receipts and payments

A summary of the Administrators' receipts and payments for the period 11 November 2009 to 7 December 2009 is included within Part B of the Administrators' Remuneration Report attached as **Annexure 1**.

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, though we note further assessment of the claim will be necessary before it is paid.
- (b) Communications with the company's shareholders and their representatives regarding the nature and amount of the debts owed, the circumstances in which those funds were invested and the company's dealings with them;
- (c) The directors' Statement and a detailed questionnaire concerning the company's affairs prepared by the directors;
- (d) Discussions with the directors, their advisors and representatives of the project manager (SGPGPL);
- (e) A search of the ASIC records relating to the company and any related entities;
- (f) Searches obtained from the Department of Transport and Landgate;
- (g) Audited annual reports published by the company, and other significant information disclosed to investors;

- (h) An examination of the company's books and records including its financial statements and management accounts (to the extent that such were made available to us).

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

7.2 Areas of Investigation

The key areas of our investigations have included the following:

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

For completeness, we note that section 201A(2) of the Act provides that a public company must have at least three (3) directors (not including alternate directors) and that at least two (2) directors must ordinarily reside in Australia. There is no period in which the company is permitted to function without the required number of officers. We note that with the resignation of Mr Gianotti and Mr Wybrow on 23 March 2009 and 25 February 2009 respectively, the company did not appoint a 3rd director and may be in breach of the requirements of the Act. However, we do note that:

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

7.3 Solvency of the Company

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

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

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

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

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

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

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

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

7.4 Director’s liability

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

Section 588G(2) of the Act provides that a director who fails to prevent a company from incurring a debt at a time when the director is aware that there are reasonable grounds for suspecting that the company is insolvent, or will become insolvent by incurring that debt or debts including that debt, contravenes section 588G of the Act. This may result in a civil penalty under the Act. For example, compensation orders 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 | Event |
|------------------|--|
| 17 January 2007 | <ul style="list-style-type: none"> • SGPGPL provides Birkdale a diagram for the proposed Apartment development at OneSteel. |
| 16 February 2007 | <ul style="list-style-type: none"> • SGPGPL enters into an Option Agreement with the option to purchase land situated at 140 Stirling Highway, North Fremantle (the Property) from Octennial Holdings Pty Ltd (the Seller) |
| 20 February 2007 | <ul style="list-style-type: none"> • The incorporation date for SAS Global Mosman Park Ltd |
| 26 February 2007 | <ul style="list-style-type: none"> • SGPGPL exercised the option to purchase the Property under the Option Agreement. |
| 2 March 2007 | <ul style="list-style-type: none"> • SGMPL entered into a Contract for Sale with the Seller of the Property and pursuant to the Contract, paid \$10,000 of the \$4,000,000 deposit to the Seller. |
| 8 March 2007 | <ul style="list-style-type: none"> • SGMPL paid the balance of the remaining deposit to the Seller. <ul style="list-style-type: none"> ▪ Okton and Teloar Pty Ltd advanced SGMPL by way of loan an amount equal to 50% of the Deposit. ▪ An additional \$250,000 is to be provided by each of Okton and Teloar by way of further advances for the purposes of funding part of the initial working capital requirements of SGMPL. ▪ D.B Zwirn Asia Investment B.V. (DBZ) to act as investors. |
| 20 March 2007 | <ul style="list-style-type: none"> • Incorporation date for SAS Global Mosman Park Equity Ltd |
| 13 April 2007 | <ul style="list-style-type: none"> • SGMPL responds to the WAPC call for submissions in relation to Amendment No 1138/41 to the Metropolitan Region Scheme – East Leighton and its position concerning the proposed amendment. |
| 1 May 2007 | <ul style="list-style-type: none"> • Prospectus for unlisted shares in the Company issued |
| 1 May 2007 | <ul style="list-style-type: none"> • SGMPL receives from Jones Lang LaSalle information regarding the valuation of the Property with the current market value to be \$61,000,000 GST inclusive. |
| 15 May 2007 | <ul style="list-style-type: none"> • John Summer of Mack Hall and Associates receives an extract summary of the gross rental income received by Octennial for the Property during the financial year July 2006 to May 2007. |
| 31 May 2007 | <ul style="list-style-type: none"> • D.B Zwirn Asia Investment B.V. subscribed for: <ol style="list-style-type: none"> i. 50 B Class Ordinary Shares in SGMPL for \$1.00 per share to be satisfied by the payment of \$50; ii. 2,500,000 Preference Shares in SGMPL for \$1.00 per share to be satisfied by the payment of \$2,500,000. • SAS Global Mosman Park Equity Ltd subscribed for: <ol style="list-style-type: none"> i. 50 Ordinary Shares in SGMPL for \$1.00 per share to be satisfied by the payment of \$50; ii. 2,500,000 Preference Shares in SGMPL to be satisfied by – <ul style="list-style-type: none"> ➢ The receipt of Promissory Note 1 for \$1,000,000 to be transferred to Okton Pty Ltd; ➢ The receipt of Promissory Note 2 for \$1,000,000 to be transferred to Teloar Pty Ltd, and ➢ The payment of \$500,000 in immediately available funds. <p>SGMPL executes a Circulating Resolution of SGMPL's Directors made in accordance with s.248(A) and 201H of the <i>Corporations Act 2001</i>.</p> <ol style="list-style-type: none"> i. It was noted that Kenneth Wybrow had provided written resignation as a |

| Date | Event |
|--------------------------|---|
| | <ul style="list-style-type: none"> ii. Director of SGMPL. It was noted that Andrew Bruce and Christopher Suan had provided written consent to act as Directors of SGMPL. |
| 11 July 2007 | <ul style="list-style-type: none"> • SGMPL enters into an agreement for engagement with ENVIRON Australia (ENV) Pty Ltd with a cost estimate for a PSI/DSI to be performed for the total fee of \$41,000. |
| 20 July 2007 | <ul style="list-style-type: none"> • Box Tec Pty Ltd confirms with the Seller of its interest in leasing a portion of the Property from 1 September 2007 to 30 April 2008. <ul style="list-style-type: none"> ▪ The proposed rent is \$7,525 (GST inclusive) per month in advance. |
| 25 July 2007 | <ul style="list-style-type: none"> • SGMPL receives notice from WAPC verifying that a hearing date and time for SGMPL's submissions concerning the Metropolitan Region Scheme Amendment are to be heard on 15 August 2007. |
| 9 August 2007 | <ul style="list-style-type: none"> • SGMPL informs the Seller of its acceptance of the lease terms as outlined in the email dated 20 July 2007 between the Seller and Box Tec and the proposed rental per month. |
| 15 August 2007 | <ul style="list-style-type: none"> • SGMPL enters into an agreement for engagement ENV Australia Pty Ltd for the completion of a Hazardous materials survey of the Property for the total fee of \$5,800 excluding GST. |
| 29 August 2007 | <ul style="list-style-type: none"> • SGMPL receives a proposal from ENV to undertake a site audit of the Property. |
| 3 September 2007 | <ul style="list-style-type: none"> • SGMPL issues signed authorisation to ENV for commencement of the scope of work under the terms and conditions detailed in the proposal dated August 2007. |
| 4 September 2007 | <ul style="list-style-type: none"> • SGMPL receives a revised proposal from ENV for the Property |
| 13 September 2007 | <ul style="list-style-type: none"> • SGMPL receives information from PMdR concerning the status of rezoning/structure plan for OneSteel site and includes the following – <ul style="list-style-type: none"> i. Metropolitan Region Scheme Amendment (MRS) is due to be finalised on 19 September 2007 ii. The current structure plan for OneSteel has been approved by the City of Fremantle and awaits adoption from WAPC. Discussions with the officer of the WAPC indicate that adoption of the plan is envisaged to take 3-6 months. |
| 10 October 2007 | <ul style="list-style-type: none"> • SGMPL receives notice from the WAPC of the outcome of the Metropolitan Region Scheme Amendment Hearing for South West Districts Omnibus (No.6) • The WAPC recommended that the amendment proceed but with modifications |
| 15 October 2007 | <ul style="list-style-type: none"> • SGMPL receives from Jones Lang LaSalle information regarding the valuation of the Property with the current market value to be \$62,000,000 GST inclusive. |
| 16 October 2007 | <ul style="list-style-type: none"> • SGMPL receives a Variation for Contract of Sale of Land from the Seller which details that – <ul style="list-style-type: none"> i. SGMPL agrees to pay an extra \$281,095.89 on settlement. If settlement occurs before the agreed settlement date of 9 November 2007, the amount will be reduced by \$14,054.79 per day. ii. The purchase price to be amended to \$61,000,000 and is sold as a going concern. |
| 8 November 2007 | <ul style="list-style-type: none"> • SGMPL receives a Business Pack Certificate of Currency Schedule from its insurer Allianz Australia Insurance Limited. • SGMPL receives a Business Letter of Offer from NAB subject to terms and conditions outlined in the letter. |
| 9 November 2007 | <ul style="list-style-type: none"> • SGMPL receives from NAB an estimate of disbursements with a new Bill Drawn down with face value of \$29,465,000 out to 30 June 2008 for a fixed rate of 7.46% p.a (indicative). <ul style="list-style-type: none"> ▪ Net proceeds of \$28,070,317 and net proceeds as per settlement statement of \$27,078,720 at a difference of \$749,700 is to be credited to the Mosman Park Account and will be progressively drawn. ▪ A shortfall of \$45,557 is required to cover SGMPL from working capital reserves. <p>SGMPL receives a tax invoice for disbursements to the total of \$11,278.91.</p> |
| 13 November 2007 | <ul style="list-style-type: none"> • SGMPL receives from Mendelawitz Morton confirmation that settlement regarding the purchase of the Property was effected on 9 November 2007. <ul style="list-style-type: none"> ▪ Certificate of Title issued to NAB in due course. ▪ Confirms that council and water rates for the 2007/2008 financial year have been paid in full. |
| 7 December 2007 | <ul style="list-style-type: none"> • SGMPL receives from Mendelawitz Morton a copy of the Certificate of Title showing SGMPL as the registered proprietor of the Property. <ul style="list-style-type: none"> ▪ Certificate of Title to be held by NAB for the duration of the mortgage. |
| 8 December 2007 | <ul style="list-style-type: none"> • SGMPL receives from NAB confirmation of settlement of the Property in accordance with the terms of SGMPL's instructions on 9 November 2007, with a total of \$29,465,000 obtained in settlement funds. <ul style="list-style-type: none"> ▪ Total of Bank Fees: \$170,490 ▪ Total of Bill Details: \$1,719,254.07 |

| Date | Event |
|------------------|---|
| 14 January 2008 | <ul style="list-style-type: none"> • SGMPL makes submissions to the City of Fremantle on the proposed Structure Plan for Lots 16,18,19,315 of the Property. |
| 28 January 2008 | <ul style="list-style-type: none"> • SGMPL informs NAB on SGMPL's preparation of the Comprehensive Structure Plan for the Property (formerly OneSteel Site) and the current status on the necessary plans and graphics for the submission. <ul style="list-style-type: none"> ▪ City of Fremantle has employed a Consultant to undertake a study and prepare a Report for Council's consideration and has advised a timeline of the study to be approximately 8 weeks and consultation with land owners is likely to occur in mid February. ▪ City's assessment process will take in the order of four months from start to completion. • The proposed Comprehensive Structure Plan will then be submitted to the WAPC for approval. |
| 31 January 2008 | <ul style="list-style-type: none"> • SGMPL receives from ENV Australia an update on cost variations up to January 30 2008. <ul style="list-style-type: none"> ▪ The original fee proposal for a detailed environmental investigation of the Property was for \$41,000, and certain site conditions and constraints were difficult to foretell and hence not included in the initial budget estimate. ▪ The total fee for variations to 30 January 2008 is \$17,880. ▪ Total agreed therefore \$51,880. |
| 26 February 2008 | <ul style="list-style-type: none"> • SGMPL lodges a Change to Company Details form detailing the cessation of Christopher Suan as Company Director. |
| 28 February 2008 | <ul style="list-style-type: none"> • SGMPL receives a quote from Estill & Associates regarding the cost of a door to door survey of Mosman Park residents to be an estimated total of \$45,900. |
| 12 March 2008 | <ul style="list-style-type: none"> • SGMPL provides NAB with updated information concerning the progress of the Proposed Structure Plan and the City of Fremantle's current review of the submission made on 29 February 2008, with a report to be presented to Council at the end of March 2008. <ul style="list-style-type: none"> ▪ Following the consent from Council, the proposed Structure Plan will be advertised for a period of not less than 21 days. ▪ Following the close of advertising, the Council will be required to determine whether or not to adopt the proposed Structure Plan with or without modifications. ▪ The Plan will then be forwarded to the WAPC for endorsement. |
| 25 March 2008 | <ul style="list-style-type: none"> • SGMPL receives advice from the City of Fremantle concerning the determination of Planning Approval and SGMPL's request for advertising of the Structure Plan. The City informs SGMPL that the matter is to be resolved at the Ordinary Meeting of Council on 26 March 2008 |
| 27 June 2008 | <ul style="list-style-type: none"> • SGMPL meets with City of Fremantle to discuss – <ol style="list-style-type: none"> i. the adjoining McCabe Street Structure Plan ii. the connection between OneSteele Site and adjoining land iii. height study iv. SAS 8 Story Proposal |
| 9 July 2008 | <ul style="list-style-type: none"> • SGMPL receives feedback from Greg Rowe & Associates regarding the meeting with the City of Fremantle on 27 June 2008. SGMPL is directed as follows – <ul style="list-style-type: none"> ▪ The proposed Structure Plan, with its current building configuration and proposed height, will not be supported by the City of Fremantle and would be unlikely to be supported by the SAT in light of the views expressed by Council and the number of submissions received during advertising. ▪ In order to obtain approval, it is necessary for SGMPL to revisit the proposal and consider the recommendations contained within the Height Study. SGMPL provides NAB with an update concerning the progress of the proposed Structure Plan – <ul style="list-style-type: none"> ▪ The Plan was advertised for a period of 35 days, closing on 12 April 2008. ▪ The height study was finalised and presented to Council at its meeting on 25 June 2008 and resolved to undertake additional investigations which will be presented at its meeting scheduled for the end of July 2008. ▪ SGMPL is to consider modifications for the building height and location/placement and intend to present a report to Council at its August round |
| 25 August 2008 | <ul style="list-style-type: none"> • SGMPL provides NAB with an update concerning the progress of the proposed Structure Plan – <ul style="list-style-type: none"> ▪ Council of City of Fremantle completed its investigations concerning the Height Study on 23 July 2008 and a subsequent report was presented to Council recommending that a Local Planning Policy be prepared on the basis of the Height Study. ▪ City of Fremantle is accordingly progressing the preparation of this Planning Policy |

| Date | Event |
|-------------------------|---|
| | <ul style="list-style-type: none"> ▪ SGMPL has prepared and lodged with the State Administrative Tribunal an Application or Review (Appeal) in respect of the Structure Plan proposal and lodged on 31 July 2008. ▪ The Application for Review was heard on 15 August 2008 and was referred to a Full Hearing to be heard on 9 December 2008. |
| 9 October 2008 | <ul style="list-style-type: none"> • SGMPL receives correspondence from the City of Fremantle concerning the Draft Local Planning Policy 3.11 – Height of New Buildings. <ul style="list-style-type: none"> ▪ Council adopted the draft Policy on 24 September 2008 for the purpose of advertising for public submissions. |
| 5 November 2008 | <ul style="list-style-type: none"> • SGMPL provides NAB with an update concerning the progress of the proposed Structure Plan. |
| 7 November 2008 | <ul style="list-style-type: none"> • SGMPL receives from Hardy Bowen Lawyers information concerning the revised Structure Plan and whether the City of Fremantle would accept the substituted plan as a permissible variation of the existing plan before the Tribunal. <ul style="list-style-type: none"> ▪ The plan is not accepted as a permissible variation but the City agrees to mediate on that basis. |
| 13 November 2008 | <ul style="list-style-type: none"> • SGMPL responds to the City of Fremantle's Draft on the Local Planning Policy 3.11 – Height of New Buildings. <ul style="list-style-type: none"> ▪ SGMPL does not support the height standards proposed under draft Policy and argue that they are not based on sound and rationale planning principles and therefore should not be supported. |
| 16 December 2008 | <ul style="list-style-type: none"> • SGMPL is informed that after hearing evidence and closing submissions the Tribunal reserves its decision and the following issues were addressed – <ul style="list-style-type: none"> ▪ The role of the Height Study ▪ Present position of the Draft Height Policy ▪ The issue of visual amenity ▪ The realisation by the proponents of the McCabe Street joint venture structure plan |
| 30 January 2009 | <ul style="list-style-type: none"> • SGMPL receives a Letter of Non-Waiver from NAB confirming that the contractual obligations under SGMPL's facility, pursuant to the Business Letter of Offer, have not been complied with – <ol style="list-style-type: none"> i. Formal written evidence of support from City of Fremantle with respect to the development of the Property to be held no later than 30 June 2008 (extended to December 2008); ii. Formal written evidence of WAPC endorsement with respect to the Property to be held by no later than 30 December 2008. <p>NAB requires SGMPL to provide a valuation of the Property no later than 28 February 2009.</p> |
| 2 February 2009 | <ul style="list-style-type: none"> • SGMPL receives an environmental update for the Property from ENV. <ul style="list-style-type: none"> ▪ ENV's response to the Auditor's comments on the environmental detailed site investigation were submitted to the Auditor on 29 October 2008. ▪ ENV has prepared an environmental site management plan (SMP) detailing the remediation processes to be undertaken at the site. SMP has been submitted to the Auditor and is awaiting feedback. |
| 9 February 2009 | <ul style="list-style-type: none"> • SGMPL receives information from the City of Fremantle regarding the Council and its failure to formally adopt a position concerning a preferred density for any future residential or mixed use redevelopment of the Property. <ul style="list-style-type: none"> ▪ The Property is zoned Development Zone under the City's Local Planning Scheme No.4 with a requirement for a structure plan to be adopted to guide future subdivision/development. ▪ 25 June 2008 Council resolved that it would support the principle of residential redevelopment in an appropriate built form at a density of up to R80 to a proposed development on an adjoining site on McCabe Street ▪ 27 August 2008 Council accepted a report prepared by City officers setting out recommended grounds on which to oppose the structure plan for the site prepared on behalf of SGMPL in the Tribunal proceedings, which failed to mention residential density, notwithstanding the report referred to the density of development as being approximately R60. |
| 20 March 2009 | <ul style="list-style-type: none"> • SGMPL receives from Mendelawitz Morton the final settlement statement for the Property for the total amount of \$64,838,253.14. |
| 7 May 2009 | <ul style="list-style-type: none"> • SGMPL receives from NAB a Bills Acceptance/Discount (Floating/Fixed) facility (the Facility) pursuant to a banking facilities letter of offer dated 8 November 2007. The Facility is secured by the following securities – <ol style="list-style-type: none"> i. First Registered Fixed and Floating Charge over SGMPL; and ii. Registered Mortgage over the Property <p>SGMPL must provide NAB with a duly executed copy of this letter of variation before 8 May 2009 to signify SGMPL's acknowledgement, confirmation and agreement with the terms set</p> |

| Date | Event |
|-------------------------|--|
| | out in the letter. |
| 8 May 2009 | <ul style="list-style-type: none"> SGMPL provides information to KordaMentha concerning Andrew Bruce. |
| 15 May 2009 | <ul style="list-style-type: none"> SGMPL receives notice from DBZ that Raymond Chan is to be nominated as the additional representative in accordance with clause 13 of the Agreement. |
| 4 June 2009 | <ul style="list-style-type: none"> SGMPL receives a Facility letter from NAB pursuant to a banking facilities letter of offer dated 8 November 2007. <p>The Facility is secured by the following securities –</p> <ol style="list-style-type: none"> First Registered Fixed and Floating Charge over SGMPL; and Registered Mortgage over the Property <p>SGMPL must provide NAB with a duly executed copy of this letter of variation before 5 June 2009 to signify SGMPL's acknowledgement, confirmation and agreement with the terms set out in the letter.</p> |
| 30 June 2009 | <ul style="list-style-type: none"> SGMPL receives from Town Planning and Urban Design a fee proposal for the preparation and lodgement of a structure plan for the Property. <ul style="list-style-type: none"> TPG estimates that the total costs for Stage One of pre lodgement services would be based on the hourly rates stipulated in the attached Terms of Agreements and anticipate that it will not exceed ten hours. TPG estimates that the total fee for Stage Two, to prepare a structure plan report and guidelines, is therefore \$22,500 including GST. Stage Three will be undertaken on an hourly basis on the rates stipulated in the attached Terms of Agreement. TPG were to prepare a Structure Plan comprising 233 apartments that conformed with the previously approved City of Fremantle Height Policy. |
| 20 August 2009 | <ul style="list-style-type: none"> SGMPL receives from Ralph Beattie Bosworth Pty Ltd an estimate of current construction costs for the OneSteel Apartments project totalling \$254,870,000. |
| 24 August 2009 | <ul style="list-style-type: none"> The City of Fremantle contacts TPG in relation to the Structure Plan received by the City on 31 July 2009. <ul style="list-style-type: none"> Advises that on 26 August 2009 the Structure Plan will be considered for advertising purposes at the Ordinary Meeting of Council. A review of information provided to the City concerning Appendix 2 require clarification in order for the proposed Plan to be submitted to the public for consideration. |
| 16 October 2009 | <ul style="list-style-type: none"> SGMPL receives information from NAB regarding the Preparation of Grace Letters for June/July/August 2009 that Mallesons Stephen Jacques have issued a tax invoice for legal services associated with the Preparation of Security Documents. <ul style="list-style-type: none"> NAB will pay \$15,009.22 being the sum of the attached invoice issued by Mallesons Stephen Jacques to the Bank. The total sum of \$13,985.86 was debited to SGMPL for payment on 16 October 2009. |
| 11 November 2009 | <ul style="list-style-type: none"> The directors of the Company resolved to appoint Andrew Saker, Darren Weaver and Martin Jones and joint and several Administrators pursuant to Section 436A of the Corporations Act. |
| 13 November 2009 | <ul style="list-style-type: none"> The directors of SGMPL resolved to appoint Martin Jones as Administrator pursuant to Section 436A of the Corporations Act. |
| 16 November 2009 | <ul style="list-style-type: none"> The NAB exercises their security and appointed Mark Mentha and Brian McMaster as Joint and Several Receivers and Managers of SGMPL. |

We have also considered and analysed the updates that were provided to shareholders in relation to the Mosman Park project and have summarised them below:

| Event | Anticipated Date - Per Shareholder Updates | | | | | | |
|----------------------------|--|-------------|-------------|-----------------|--------------|--------------|----------------|
| | Prospectus - 1/5/07 | Autumn 2007 | Spring 2007 | Winter 2008 | 3rd Qtr 2008 | 1st Qtr 2009 | September 2009 |
| Full Subscription | 15/07/2007 | Jul-07 | Jul-07 | | | | |
| Settlement of Property | 31/08/2007 | Aug-07 | Aug-07 | | | | |
| new structure plan | Mid 2008 | | | Early 2009 | | | |
| Pre-sales Commence | End 2008 | | | | | | |
| Completion of construction | July 05 | | | Commence Dec 09 | | | |
| Completion of project | July 05 | 2009 - 2013 | 2009 - 2013 | 2013 | | | |
| SAT Appeal heard | | | | | Dec-08 | | |
| SAT Decision handed down | | | | | Feb-09 | Refused | |
| New valuation | | | | | | Mar-09 | |

7.5.1 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 | (\$) |
|--|---------------------|
| Receipts | |
| Net proceeds from share issues | 23,536,350 |
| Interest received | 478,595 |
| | 24,014,945 |
| Payments | |
| Investment in SGMPL | (22,246,566) |
| Other | (1,412) |
| Supplier Payments | (118,653) |
| | (22,366,631) |
| Closing Cash at Bank 11 November 09 | 1,648,314 |

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

- Approximately \$23M was raised from shareholders for the purposes of distributing those funds to SGMPL;
- The Company derived interest from its cash at bank;
- The Company capitalised payments in respect of project management fees and commissions. In this regard, funds classified 'purchase of investments' included such payments. Further, related party transactions are discussed in section 7.10.4 of this report; and

We advise that we still continuing our review into the above 'supplier payments' which includes reconciliations between cheque books, bank statements and payments journals. Accordingly, and given the reconciliation is preliminary in nature, any future appointed liquidator would likely 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 itself, the solvency of the Company is determined by the cash resources on hand and available from external sources.

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, 2008, 2009 and at 31 October is as tabled below:

| Balance Sheet | 30-Jun-08 | 30-Jun-09 | 31-Oct-09 |
|----------------------|-------------------|------------------|-------------------|
| | \$ | \$ | \$ |
| Total Assets | 23,537,195 | 1,653,325 | 23,805,468 |
| Total Liabilities | (0) | (0) | (0) |
| Net Assets | 23,537,195 | 1,653,325 | 23,805,468 |

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

- The Company's main asset is the cash at bank and its investment in SGMPL; and
- In the audited financials for the year ended 30 June 2009, the Company made a provision for impairment of its investment in SGMPL and wrote down approximately \$21.37M from its books as a result of the unfavourable valuation on the property owned by SGMPL.

7.6.2 Working Capital Test

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

| Balance Sheet | 30-Jun-08 | 30-Jun-09 | 31-Oct-09 |
|---------------------------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ |
| Current assets | 1,630,612 | 1,653,596 | 1,652,708 |
| Current liabilities | 0 | 0 | 0 |
| Working capital / (deficiency) | 1,630,612 | 1,653,596 | 1,652,708 |

The Company had no liabilities and accordingly had a positive working capital position;

In view of the above, we consider the Company to be solvent from a working capital perspective. 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 and this instance trade creditors were generally paid when they fell due.

As the Company was an investment vehicle to raise and distributed equity to SGMPL, the cashflow forecasts in relation to the development project are discussed in SGMPL's section 439A report.

Although the Company may not be profitable and provide a return to shareholders if SGMPL's project failed, this would not impact the solvency of the Company.

7.6.4 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 6 November 2009 | (15.07) | (15.07) | 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 no overdue balances, indicating that trade creditors were being paid on a regular basis as per the Company's payment cycle. That is, comingled with the minimal trade creditor commitments and the cash at bank, the Company was not insolvent from a trade creditor perspective.

7.7 Other Indicators of Insolvency

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

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

(a) *Knowledge of substantial trading losses*

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

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

The Company paid its trade creditors when they fell due and payable and therefore from that perspective there were no concerns as to solvency.

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

The Company convened a meeting of shareholders scheduled for 16 November 2009. At the meeting the directors intended to propose a consolidation on a 1:100 basis and to raise further capital to decrease SGMPL's LVR. The Company's administration intervened.

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

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

(e) *Knowledge of legal demands*

We have no knowledge of legal demand issued 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 led them to resolve to appoint an Administrator to the Company on 11 November 2009.

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

There was no resignation of the financial officer.

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

We are not aware of any appointment of an investigating accountant by the Company's bankers.

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

The Company did not borrow any money, therefore this is not relevant.

(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 as to the company's solvency.

(m) *Bank facilities on demand*

The Company did not operate a debt facility.

(n) *Knowledge of major creditors long overdue*

Generally, creditor accounts were paid within normal trading terms.

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

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

There was no evidence of any significant major balances outstanding.

- *Debt collectors retained by creditors*

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

- *Legal proceedings initiated by creditors*

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

- *Creditors placing company on cash on delivery terms*

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

- *Power supply threatened for non-payment*

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

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

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

- *Cheques drawn but held until cash allowed release*

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

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

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

- *Creditor exercising lien rights*

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

- *Negotiated special repayment terms with creditors*

The Company did not operate a debt facility.

- *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 investment company and did not conduct any trading.

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

There were attempts to obtain additional finance to assist SGMPL in meeting its commitments, however the Company was unsuccessful.

- *Banking facilities put on demand*

The Bank facility that the Company operated had not been placed on demand prior to our appointment.

- *Deteriorating financial ratios*

There are no examples as the Company did not have any liabilities.

Having considered 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. There are no significant factors that give rise to evidence of the conclusion of insolvency. As previously mentioned, the company is solvent and the Directors sought to appoint Administrators due to their inherent conflict of interest in light of the insolvency of SGMPL.

7.7.1 Disclosure obligations

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

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

In this regard, our preliminary review considers the obligations in relation to disclosure as having been fulfilled.

7.8 Preliminary conclusions on solvency

As noted above, it is necessary to identify and report to creditors, a likely date of insolvency on 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.
- (b) Given the inherent risk to the financial position of SGMPL and the inherent conflict of interest the directors resolved 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 | No Examples |
| Net Assets | No Examples |
| Source of Funding | |
| External Finance Declined | Not Applicable |
| Other Insolvency Indicators | |
| Non Compliance with Finance Facilities | Not Applicable |
| Aged Trade Payables Outside of Terms | No Examples |
| Payment Arrangements with Creditors | No Examples |
| Statutory Payments in Arrears | No Examples |
| Demands, Writs & Summons | No Examples |
| Dishonoured Cheques | No Examples |
| Presumption of Insolvency | Not Applicable |

As noted in our introduction, our conclusion as to the date of insolvency is preliminary in nature. A Liquidator may perform further detailed investigations, potentially 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 solvent at the date of appointment given that it had only a contingent liability.

7.9 Books and Records

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

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

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

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

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

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

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

7.10 Potential Liquidator recoveries – voidable transactions

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

7.10.1 Unfair preference

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

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

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

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

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

We are not aware of any factors represented by (a), (b) or (c) above.

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

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

A creditor seeking protection must prove all three elements.

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

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

We have been advised by the directors, that:

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

We have confirmed through publicly available information and credit searches that no winding up applications had been issued by creditors against any of the Company. We also refer to the aged trade creditors position set out at section 7.6.5 above, and note that creditors generally appear to have been paid within trade terms.

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.

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.

My preliminary investigations do not disclose any transactions of an uncommercial nature which may lead to recoveries by a Liquidator in the event that the company is wound up.

7.10.3 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.

Based on our preliminary investigations to date, the company was not a party to any 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.

7.10.4 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, the Company had following related party transactions:

- 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 60 month period. An amount of \$180,000 was paid during the 2009 financial year;
- SGPGPL is also entitled to a project establishment fee totalling \$2.7M this was paid during the 2009 financial year; and
- Capital raising commissions of \$1,281,250 in the 2008 financial year were paid to Capital Union Pty Ltd. We have been advised that Capital Union Pty Ltd acted as a commission distribution agent for SAS Global Ltd (AFSL holder) and the capital raising commissions were then on-paid to various advisors who raised the funds.

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

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

7.11 Other potential liquidator recoveries

7.11.1 Falsification of Books

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

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

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

7.11.2 False or Misleading Statements

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

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

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

7.11.3 False Information

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

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

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

Our preliminary investigations do not reveal any evidence of any false information.

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

The Company did not operate a debt facility and therefore there are no registered charges.

7.11.6 Avoidance of employee entitlements

The Company did not employ any staff directly. Accordingly, 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

Richard Francis Bryant and Joan Irene Bryant

A Writ of Summons was forwarded to us by the Directors of the company. The Writ is undated however we are seeking further details in relation to this. We note the above party who filed the writ is a shareholder in the Company of which the claim is being brought against.

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

- SAS Global Ltd;
- SAS Global Coogee Ltd (Administrators Appointed) (Receivers and Managers Appointed);
- SAS Global Baldivis Ltd (Administrators Appointed) (Receivers and Managers Appointed); and
- Nigel Thomas Gill.

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

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

7.11.8 Subscription and Investors' Agreement

The following parties entered into the agreement to fund the Mosman Park project and assign the various rights and responsibilities:

- SGMPL
- D.B. Zwirn Asia Investment B.V. ("DBZ")
- SGPMEPL
- SGPGPL
- Okton Pty Ltd ATF Beamish Family Trust ("Okton")
- Teloar Pty Ltd ATF Philip Meagher Trust No. 2 ("Teloar")
- Anthony John Beamish
- Philip Anthony Meagher

With respect to the Agreement we make the following comments:

- Each Okton and Teloar advanced \$2M to the Company to enable the Company to pay the deposit on 2 March 2007. These funds have been repaid;

- DBZ and SGMPEL subscribed for an equal proportion of shares and stapled securities in the SGMPL;
- Mr Beamish, Mr Meagher, Okton and Teloar provided a Guarantee with respect to the purchase and option agreement. We note these parties have satisfied their guarantee obligations arising under the deed;
- That is, the above parties and SGP GPL provided warranties on the terms of the investors' agreement; and
- The parties to the agreement appointed SGP GPL to manage and develop the Mosman Park property.

Further, distributions of funds flow in the following order:

| Number | Company | Notes |
|--------|--------------|---|
| 1 | DBZ / SGMEPL | Pro-rata basis in amount equal to the reimbursable expenses incurred by the investors |
| 2 | SGP GPL | Monthly management fees |
| 3 | DBZ | Amounts equal to its capital contributions |
| 4 | SGMPEL | Amounts equal to its capital contributions |
| 5 | DBZ | Amounts that will provide 12% return on capital contributions |
| 6 | SGMPEL | Amounts that will provide 12% return on capital contributions |
| 7 | DBZ / SGMPEL | Distributions to DBZ and SGMPEL ranking pari passu for an amount that will provided 20% return on capital contribute |
| 8 | SGP GPL | Amounts equal to the marketing fee |
| 9 | DBZ / SGMPEL | If the investors obtain 25% return on capital contributions funds shall be distributed: <ul style="list-style-type: none"> i. 20% SGP GPL ii. 40% DBZ iii. 40% SGMPEL |
| 10 | DBZ / SGMPEL | If the investors obtain a return greater than 25% of capital contributions funds shall be distributed: <ul style="list-style-type: none"> i. 40% SGP GPL ii. 30% DBZ iii. 30% SGMEPL |

7.11.9 Project Management Fees

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

| Project Management Fees | Amount (\$) |
|--------------------------|--|
| Per Month Management Fee | \$15,000 (excl GST) |
| Capital Raising Fee | 5% |
| Project Fee | \$2.7M |
| Disposal of Assets Fee | 2% |
| Marketing Fee | 1% |
| Capital Managers Fee | \$300,000 |
| 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 SGP GPL;

- The management fee is payable per month for services associated with running and maintaining the project;
- The capital raising fee is 5% of the gross equity raised through the share issue;
- The project fee is payable upon settlement of the entire project;
- 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.

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

7.12 Breach of Directors Duties

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

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

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

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

7.13 Report to ASIC

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

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

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

7.14 Summary of potential liquidator recoveries

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

| Potential Recovery Item | High (\$) | Low (\$) |
|---|------------|------------|
| Unfair preferences | Nil | 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 | Nil | Nil |
| Breaches of directors duties | TBD | Nil |
| Total | TBD | Nil |

7.15 Directors' ability to pay a liquidator's claims

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

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

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

8. Proposal for DOCA

8.1 Statement of proposed DOCA

We have received a proposal for the reconstruction and recapitalisation of the company from the Directors.

We advise that we have reviewed the offer received for both conditions and return to creditors and recommend that creditors resolve to accept the reconstruction proposal put forward by the company's directors.

The proposal is included as **Annexure 4** and is also outlined below

| Key Elements | Directors' Proposal |
|-------------------------------|---|
| Deed Administrators: | <ul style="list-style-type: none"> The Administrators become the Deed Administrators for the purposes of the DOCA. |
| Purpose of the Deed Proposal: | <ul style="list-style-type: none"> Enable sufficient time to consider and implement asset realisation strategies, and/or to negotiate with a view to a possible financial reorganisation of the affairs of the Company and potentially of SAS Global Mosman Park Limited ("SGMPL"). The DOCA will operate for a period of 12 months from acceptance by creditors or such shorter period as contemplated by the "Termination of DOCA" section below. |
| Operative Provisions: | <ul style="list-style-type: none"> The Deed Administrators are given a mandate to work with SGMPL's Receivers and Managers with a view to ascertaining whether a Purchaser of the land owned by SGMPL located on the corner of McCabe Street and Stirling Hwy, North Fremantle, Western Australia ("the Property") may pay a premium to benefit from that purchase proceeding via a change in control of SGMPL whereby the Property and associated tax losses are retained by the Purchaser in SGMPL. In this way, the Deed Administrators will look to maximise the return to SGMPL creditors/shareholders and therefore also the Company. Alternatively, shareholders (subject to their own due diligence) of the Company or SGMPL may propose a new asset/operation be held by the Company or SGMPL in order that such losses may be realised. The benefit of all of the Company's and SGMPL's losses will, after settlement of creditors' claims, be available to the Company's shareholders. The SGMPL Administrators' and Deed Administrators' costs will be funded by the Company up to a cap of \$70,000 (plus GST). The Deed Administrators will continue their investigations into the affairs of the |

| Key Elements | Directors' Proposal |
|---|---|
| | <p>Company and as to possible claims available to the Company.</p> <ul style="list-style-type: none"> It is open to the Deed Administrators to revert to creditors via a general meeting of creditors, to seek a future variation of the DOCA, which may include a Creditors' Trust. It will be a matter for that meeting to determine the appropriateness of any such variation. The Deed Administrators will be entitled to call for and adjudicate upon proofs of debts from creditors, with a view to determining the size of the creditor pool (particularly as to the quantum of and validity of claims by shareholders who assert they are creditors of the Company), so as to assess whether an interim dividend can be paid to particular categories of creditors of the Company (including to employees). |
| Proponent directors: | <ul style="list-style-type: none"> the Company's directors are proposing this DOCA. Subject to the rights of the Secured Creditor of SGMPL and any receivers appointed, the Deed Administrators (and not the directors) shall be responsible for the management, operation and control of the business and affairs of SGMPL and the Company throughout the DOCA period. |
| Secured creditors: | <ul style="list-style-type: none"> The rights of the NAB (NAB) as a secured creditor of SGMPL, will not be affected by the DOCAs. |
| Application of Proceeds: | <ul style="list-style-type: none"> Monies realised by the Deed Administrators, as a result of an investment in the Company or asset realisations, will be applied by reference to the order of priority applicable in a liquidation, and in particular, effect will be given to sections 556, 560 and 561 of the Corporations Act. Section 444DB of the Act applies to the DOCA. |
| Moratorium against the Company in relation to winding up: | <ul style="list-style-type: none"> During the period of operation of the DOCA, the Company, any officer or member of the Company or any creditor bound by the provisions of the DOCA: <ul style="list-style-type: none"> <u>may</u> take any recovery action or pursue any claim against the Company though the resulting claim is expected to be subject to the DOCA; and <u>must not</u> make any application to wind up the Company, continue any such application or commence or continue any enforcement process in relation to the property of the Company. This limitation does not affect the ability of the Secured Creditors to enforce their security against SGMPL. |
| Termination of DOCA: | <ul style="list-style-type: none"> The Company's DOCA will terminate and the appointment of the Deed Administrators will come to an end upon the earlier of the following events: <ol style="list-style-type: none"> the lapse of the period of 12 months from acceptance by creditors of the DOCA; or the Deed Administrators giving written notice to the creditors that the DOCA has terminated; or otherwise in accordance with the Act; or by an order of the Court. |
| Creditors Committee | <ul style="list-style-type: none"> For the purpose of assisting the Deed Administrators, the creditors of the Company may resolve to form a Committee of Inspection in accordance with clause 11 of Schedule 8A of the Corporations Regulations. |
| Administrators Lien | <ul style="list-style-type: none"> The Administrators and Deed Administrators are entitled to be indemnified out of, and have a lien over the assets of the Company for their remuneration, costs, fees and expenses for work done in the performance of their duties as Administrators and Deed Administrators. |
| Other terms | <ul style="list-style-type: none"> The terms and conditions as contained in Schedule 8A of the Corporations Regulations (excluding regulations 3(c)) will otherwise be incorporated into the DOCA. Section 440D will apply while the DOCA is on foot. The DOCA will include such other provisions as are commonly included in "holding DOCAs". |

Related Entity

We note that there are no restrictions upon SGMPL or any other related entities claiming under the DOCA.

Proposed Monitoring and Reporting Arrangements

Should it appear that the terms of the DOCA are not capable of being fulfilled, we will write to advise creditors as soon as practicable, and may convene a further meeting to terminate the DOCA.

Prospects of DOCA Success

Based upon the operative provisions whereby:

- The Deed Administrators are given a mandate to work with SGMPL's Receivers and Managers with a view to ascertaining whether a Purchaser of the land owned by SGMPL located on the corner of McCabe Street and Stirling Hwy, North Fremantle, Western Australia ("the Property") may pay a premium to benefit from that purchase proceeding via a change in control of SGMPL whereby the Property and associated tax losses are retained by the Purchaser in SGMPL. In this way, the Deed Administrators will look to maximise the return to SGMPL creditors/shareholders and therefore also the Company. Alternatively, shareholders (subject to their own due diligence) of the Company or SGMPL may propose a new asset/operation be held by the Company or SGMPL in order that such losses may be realised.
- The benefit of all of the Company's and SGMPL's losses will, after settlement of creditors' claims, be available to the Company's shareholders.

We consider there is some prospect of the terms of the DOCA being achieved. That said, any prospective Purchaser's decision or existing shareholders' decision to attribute value to the substantial tax losses available in the Company and SGMPL will ultimately depend upon the final outcome of their due diligence including such issues as timing as to recovery of tax losses available in the Company and SGMPL.

Prospective Financial Information

The DOCA proposal is not based upon future profits of the Company in the way that a series of DOCA payments from the company would be. Accordingly, it is not entered into in reliance upon any prospective financial information. That said, we are also unable to quantify the likely value to be attributed to the losses other than to say broadly we expect it will be some discount on losses broadly in the vicinity of \$30M for SGMPL and \$20M for the Company.

9. Creditors' options, dividend estimates and cost estimates

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

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

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect, and the likely costs, under each option.

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 solvent however, there appears more appropriate that an independent party remain in control of the Company rather than it revert to the directors. If the administration was to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors (which may include the Bryant's and other shareholders). We are unable to say what the Company ultimately pay creditors/investors 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

Based upon the information in this report, detailed in particular through Section 7 of the same, where the company is wound up, prima facie, it appears a dividend of 100 cents in the dollar would be payable to creditors.

The costs of winding up the Company's affairs are estimated at \$100,000 (excl GST) although these costs would be considerably higher in the event that the potential claims referred to above at Section 6 of this report are pursued.

In view of the above, we detail below a preliminary estimate of the potential return to creditors:

| | High (\$) | Low (\$) |
|---|-----------------------|-----------------------|
| Floating charge assets | | |
| Cash | 1,646,000 | 1,646,000 |
| Interest in SGPML | TBD | Nil |
| Net realisations from floating charge assets | 1,646,000 | 1,646,000 |
| Less priority claims | | |
| Estimated Administrators' fees and disbursements | (45,000) | (45,000) |
| Estimated Liquidators' fees and disbursements | (100,000) | (100,000) |
| Total priority claims | (145,000) | (145,000) |
| Total funds available after priority claims | 1,501,000 | 1,501,000 |
| Unsecured Creditor claims | 465,015 | 465,015 |
| Estimated dividend to ordinary unsecured creditors | 100c in the \$ | 100c in the \$ |

As you will note above, creditors will receive 100 cents in the dollar plus statutory interest. Further, the winding up will facilitate a dividend to shareholders in the Company at a rate of 4 cents in the dollar.

9.3 Execution of Proposed DOCA

We are unable to provide an estimate of the likely return to creditors at this time, because the DOCA is effectively a holding DOCA which provides time for a restructuring of the company's affairs. However, we have conducted an assessment of the DOCA proposal put forward by the directors (attached in **Annexure 4**) and recommend creditors accept the DOCA proposal for the following key reasons:

- Provides the Administrators with further time to seek restructuring / recapitalisation offers for the Company and SGMPL;
- Based upon the current creditors' claims, the difference in the return to unsecured creditors under the DOCA compared to that of the liquidation scenario are immaterial; and
- Provides for the prospect of a greater return to stakeholders in the event that a Purchaser of the Mosman Park project, or shareholders of the Company or SGMPL wish to take advantage of tax losses in the Company or SGMPL and strike an economic bargain in respect of same; and
- The Deed Administrators will call for Formal Proof of Debts to identify and adjudicate upon the various potential claims.

In view of the above, we recommend creditors resolve to execute a DOCA in favour of the director's proposal.

The costs of administering the future DOCA are estimated at \$70,000 (excluding GST).

9.4 Adjournment of Second Meeting

The Administrators do not recommend an adjournment of the second meeting of creditors because of the incremental costs associated with same and the lack of expected benefits, that is we do not expect that creditors will have any greater base of information on which to make a decision.

10. Administrators' opinion

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

Further to my comments set out in Section 9.2 and 9.3 of this report, we believe the return to creditors under the proposed DOCA may exceed the estimated return under a winding up of the company.

The proposed DOCA is likely to provide a better return to overall stakeholders (i.e including shareholders) than an immediate winding up of the company because it may attract a premium to interested parties in the event that a Purchaser or shareholders wishes to take advantage of associated tax losses.

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

11. Administrators' remuneration report

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

12. Further queries

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

In the meantime, should creditors have any queries, please do not hesitate to contact either Sandra Gauci or Sean Holmes of this office.

DATED this 8th day of December 2009.



MARTIN JONES
Joint and Several Administrator of
SAS Global Mosman Park Equity Ltd

Encl.

Annexure 1

Administrators' Remuneration Report

CORPORATIONS ACT 2001

Section 449E

SAS GLOBAL MOSMAN PARK EQUITY LTD ACN 124 508 596 (Administrators 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 Deed Administrators are appointed, a schedule of the Deed Administrators' anticipated tasks and remuneration estimate from 17 December 2009 to the conclusion of the Deed of Company Arrangement.
- A5 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 17 December 2009 to the conclusion of the liquidation
- A6 Resolutions to be put to creditors at the meeting convened for 16 December 2009

Part B

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

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



PART A

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

| Classification | Rate (\$) | Experience |
|--------------------|-----------|--|
| Partner/Appointee | 540 | The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com |
| Principal/Director | 460 | Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues. |
| Senior Manager | 390 | Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues. |
| Manager | 325 | Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues. |
| Supervisor | 285 | Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues. |
| Senior 1 | 255 | Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues. |
| Senior 2 | 230 | Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced. |
| Intermediate 1 | 185 | Generally, 1 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks. |
| Intermediate 2 | 155 | 0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks. |
| Senior Secretary | 150 | Appropriate skills including machine usage. |
| Junior/Filing | 130 | Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff. |

Notes:

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

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

Administrators' fees, based on the tasks detailed below and covering the above period are \$19,101.00 (excl GST).

| | | |
|---|--|---|
| Assets 4.2 Hours \$988.00 | Other assets | <ul style="list-style-type: none"> ▪ Liaising with interested parties ▪ Internal meetings to discuss / review proposals received ▪ Reviewing valuations |
| | Creditors 35.1 Hours \$8,484.50 | Creditor Enquiries |
| 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 13.3 Hours \$3,790.50 | 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 25.0 Hours \$5,838.00 | 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 |



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



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

| Employee | Position | Charge Rate (\$) | Total | | Assets | | Creditors | | Investigation | | Administration | |
|------------------|----------------|------------------|--------------|------------------|-------------|---------------|--------------|-----------------|---------------|-----------------|----------------|-----------------|
| | | | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ |
| Martin Jones | Partner | 540 | 1.00 | 540.00 | - | - | - | - | - | - | 1.00 | 540.00 |
| Malcolm Field | Manager | 390 | 0.20 | 78.00 | - | - | - | - | - | - | 0.20 | 78.00 |
| Kieran Chu | Supervisor | 285 | 39.80 | 11,343.00 | 0.40 | 114.00 | 18.20 | 5,187.00 | 13.30 | 3,790.50 | 7.90 | 2,251.50 |
| Shannon Coleman | Senior 2 | 230 | 1.00 | 230.00 | 1.00 | 230.00 | - | - | - | - | - | - |
| Erlyn Dale | Senior 2 | 230 | 1.50 | 345.00 | - | - | 0.40 | 92.00 | - | - | 1.10 | 253.00 |
| Sandra Gauci | Senior 2 | 230 | 9.60 | 2,208.00 | 2.80 | 644.00 | 3.40 | 782.00 | - | - | 3.40 | 782.00 |
| Georgina Luck | Intermediate 1 | 185 | 4.70 | 869.50 | - | - | 4.30 | 795.50 | - | - | 0.40 | 74.00 |
| Sean Holmes | Intermediate 1 | 185 | 15.40 | 2,849.00 | - | - | 8.80 | 1,628.00 | - | - | 6.60 | 1,221.00 |
| Sam Wilson | Intermediate 2 | 155 | 0.10 | 15.50 | - | - | - | - | - | - | 0.10 | 15.50 |
| Jacqui Westwood | Secretary | 150 | 3.20 | 480.00 | - | - | - | - | - | - | 3.20 | 480.00 |
| Dorothy Radisich | Clerk | 130 | 1.10 | 143.00 | - | - | - | - | - | - | 1.10 | 143.00 |
| Total | | | 77.60 | 19,101.00 | 4.20 | 988.00 | 35.10 | 8,484.50 | 13.30 | 3,790.50 | 25.00 | 5,838.00 |



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 | Other assets | <ul style="list-style-type: none"> ▪ Liaising with interested parties ▪ Internal meetings to discuss / review proposals received ▪ Reviewing valuations |
| 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 ▪ Correspondence with bank regarding specific transfers |
| | ASIC Form 524 and other | <ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505 and 5011 |



| | | |
|--|---------------------------------|---|
| | forms | <ul style="list-style-type: none"> ▪ 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 Deed Administrators are appointed, a schedule of the Deed Administrators' anticipated tasks and remuneration estimate from 17 December 2009 to the conclusion of the Deed of Company Arrangement

Based on the following anticipated tasks of the Liquidation, I estimate the Liquidators' fees to be \$70,000 (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 66.0 Hours \$15,640.00 | 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 | |
| Dividends 72.0 Hours \$18,185.00 | Processing proofs of debt | <ul style="list-style-type: none"> ▪ Preparation of correspondence to potential creditors inviting lodgement of POD ▪ Receipt of PODs ▪ Maintain POD register ▪ Adjudicating PODs ▪ Request further information from claimants regarding POD ▪ Preparation of correspondence to claimant advising outcome of adjudication |
| | Dividend procedures | <ul style="list-style-type: none"> ▪ Preparation of correspondence to creditors advising of intention to declare dividend ▪ Advertisement of intention to declare dividend ▪ Preparation of dividend calculation ▪ Preparation of correspondence to creditors announcing declaration of dividend ▪ Advertise announcement of dividend ▪ Preparation of distribution ▪ Preparation of dividend file ▪ Preparation of payment vouchers to pay dividend ▪ Preparation of correspondence to creditors enclosing payment of dividend |



| | | |
|--|--|--|
| Administration 86.0 Hours \$21,205.00 | 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 Deed Administrators are appointed, a schedule of the Deed Administrators' anticipated tasks and remuneration estimate from 17 December 2009 to the conclusion of the Deed of Company Arrangement

| Employee | Position | Charge Rate (\$) | Total | | Assets | | Creditors | | Dividends | | 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 | 70.00 | 19,950.00 | 30.00 | 8,550.00 | 10.00 | 2,850.00 | 20.00 | 5,700.00 | 10.00 | 2,850.00 |
| Shannon Coleman | Senior 2 | 230 | 26.00 | 5,980.00 | 6.00 | 1,380.00 | 10.00 | 2,300.00 | 5.00 | 1,150.00 | 5.00 | 1,150.00 |
| Erlyn Dale | Senior 2 | 230 | 15.00 | 3,450.00 | - | - | 5.00 | 1,150.00 | 5.00 | 1,150.00 | 5.00 | 1,150.00 |
| Sandra Gauci | Senior 2 | 230 | 26.00 | 5,980.00 | - | - | 15.00 | 3,450.00 | 6.00 | 1,380.00 | 5.00 | 1,150.00 |
| Georgina Luck | Intermediate 1 | 185 | 19.00 | 3,515.00 | - | - | 5.00 | 925.00 | 9.00 | 1,665.00 | 5.00 | 925.00 |
| Clinton Roberts | Intermediate 1 | 185 | 16.00 | 2,960.00 | - | - | 5.00 | 925.00 | 8.00 | 1,480.00 | 3.00 | 555.00 |
| Sean Holmes | Intermediate 1 | 185 | 16.00 | 2,960.00 | - | - | 5.00 | 925.00 | 5.00 | 925.00 | 6.00 | 1,110.00 |
| Sam Wilson | Intermediate 2 | 155 | 15.00 | 2,325.00 | - | - | 5.00 | 775.00 | 5.00 | 775.00 | 5.00 | 775.00 |
| Jacqui Westwood | Secretary | 150 | 21.00 | 3,150.00 | - | - | - | - | - | - | 21.00 | 3,150.00 |
| Dorothy Radisich | Clerk | 130 | 5.00 | 650.00 | - | - | - | - | - | - | 5.00 | 650.00 |
| Total | | | 271.00 | 70,000.00 | 47.00 | 14,970.00 | 66.00 | 15,640.00 | 72.00 | 18,185.00 | 86.00 | 21,205.00 |

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



A5 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 17 December 2009 to the conclusion of the liquidation

Based on the following anticipated tasks of the Liquidation, I estimate the Liquidators' fees to be \$100,000 (excl GST).

| | | |
|---|-------------------------------------|---|
| Assets 52.0 Hours \$17,070.00 | 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 100.0 Hours \$23,625.00 | 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 120.0 Hours \$29,890.00 | 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 121.0 Hours \$29,415.00 | 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 |



A5 (cont) Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 17 December 2009 to the conclusion of the liquidation

| Employee | Position | Charge Rate (\$) | Total | | Assets | | Creditors | | Investigation | | Administration | |
|------------------|----------------|------------------|---------------|-------------------|--------------|------------------|---------------|------------------|---------------|------------------|----------------|------------------|
| | | | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ |
| Martin Jones | Partner | 540 | 21.00 | 11,340.00 | 6.00 | 3,240.00 | 2.00 | 1,080.00 | 3.00 | 1,620.00 | 10.00 | 5,400.00 |
| Malcolm Field | Manager | 390 | 45.00 | 17,550.00 | 10.00 | 3,900.00 | 10.00 | 3,900.00 | 15.00 | 5,850.00 | 10.00 | 3,900.00 |
| Kieran Chu | Supervisor | 285 | 80.00 | 22,800.00 | 30.00 | 8,550.00 | 10.00 | 2,850.00 | 25.00 | 7,125.00 | 15.00 | 4,275.00 |
| Shannon Coleman | Senior 2 | 230 | 36.00 | 8,280.00 | 6.00 | 1,380.00 | 10.00 | 2,300.00 | 10.00 | 2,300.00 | 10.00 | 2,300.00 |
| Erlyn Dale | Senior 2 | 230 | 28.00 | 6,440.00 | - | - | 8.00 | 1,840.00 | 10.00 | 2,300.00 | 10.00 | 2,300.00 |
| Sandra Gauci | Senior 2 | 230 | 39.00 | 8,970.00 | - | - | 19.00 | 4,370.00 | 10.00 | 2,300.00 | 10.00 | 2,300.00 |
| Georgina Luck | Intermediate 1 | 185 | 34.00 | 6,290.00 | - | - | 11.00 | 2,035.00 | 15.00 | 2,775.00 | 8.00 | 1,480.00 |
| Clinton Roberts | Intermediate 1 | 185 | 27.00 | 4,995.00 | - | - | 10.00 | 1,850.00 | 12.00 | 2,220.00 | 5.00 | 925.00 |
| Sean Holmes | Intermediate 1 | 185 | 26.00 | 4,810.00 | - | - | 10.00 | 1,850.00 | 10.00 | 1,850.00 | 6.00 | 1,110.00 |
| Sam Wilson | Intermediate 2 | 155 | 27.00 | 4,185.00 | - | - | 10.00 | 1,550.00 | 10.00 | 1,550.00 | 7.00 | 1,085.00 |
| Jacqui Westwood | Secretary | 150 | 22.00 | 3,300.00 | - | - | - | - | - | - | 22.00 | 3,300.00 |
| Dorothy Radisich | Clerk | 130 | 8.00 | 1,040.00 | - | - | - | - | - | - | 8.00 | 1,040.00 |
| Total | | | 393.00 | 100,000.00 | 52.00 | 17,070.00 | 100.00 | 23,625.00 | 120.00 | 29,890.00 | 121.00 | 29,415.00 |

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



A6 Resolutions to be put to creditors at the meeting convened for 16 December 2009.

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

"The Administrators remuneration, as set out in the Administrators' remuneration report dated 8 December 2009 for the period 11 November 2009 to 6 December 2009 in the sum of \$19,101.00 (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 executes a Deed of Company Arrangement:

"The Deed Administrators' remuneration be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$70,000 (exclusive of GST) and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration."

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 \$100,000 (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 Mosman Park Equity 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 MOSMAN PARK EQUITY LIMITED ACN 124 508 596 (Administrators 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 Mosman Park Equity Limited ("the Company"). This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

Relevant Relationships

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

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

| Company Name | Appointment date |
|---|------------------|
| SAS Global Baldivis Ltd ACN 120 233 490 (Administrators Appointed) (Receivers and Managers Appointed) | 6 November 2009 |
| SAS Global Seville Grove Ltd ACN 123 755 859 (Administrators Appointed) (Receivers and Managers Appointed) | 11 November 2009 |
| SAS Global Mandurah Ltd ACN 117 669 468 (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 |

- 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.

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 Mosman Park Equity Limited

Annexure 4

Deed of Company Arrangement Proposal

| Key Elements | Directors' Proposal |
|-------------------------------|---|
| Deed Administrators: | <ul style="list-style-type: none"> The Administrators become the Deed Administrators for the purposes of the DOCA. |
| Purpose of the Deed Proposal: | <ul style="list-style-type: none"> Enable sufficient time to consider and implement asset realisation strategies, and/or to negotiate with a view to a possible financial reorganisation of the affairs of the Company and potentially of SAS Global Mosman Park Limited ("SGMPL"). The DOCA will operate for a period of 12 months from acceptance by creditors or such shorter period as contemplated by the "Termination of DOCA" section below. |
| Operative Provisions: | <ul style="list-style-type: none"> The Deed Administrators are given a mandate to work with SGMPL's Receivers and Managers with a view to ascertaining whether a Purchaser of the land owned by SGMPL located on the corner of McCabe Street and Stirling Hwy, North Fremantle, Western Australia ("the Property") may pay a premium to benefit from that purchase proceeding via a change in control of SGMPL whereby the Property and associated tax losses are retained by the Purchaser in SGMPL. In this way, the Deed Administrators will look to maximise the return to SGMPL creditors/shareholders and therefore also the Company. Alternatively, shareholders (subject to their own due diligence) of the Company or SGMPL may propose a new asset/operation be held by the Company or SGMPL in order that such losses may be realised. The benefit of all of the Company's and SGMPL's losses will, after settlement of creditors' claims, be available to the Company's shareholders. The SGMPL Administrators' and Deed Administrators' costs will be funded by the Company up to a cap of \$70,000 (plus GST). The Deed Administrators will continue their investigations into the affairs of the Company and as to possible claims available to the Company. It is open to the Deed Administrators to revert to creditors via a general meeting of creditors, to seek a future variation of the DOCA, which may include a Creditors' Trust. It will be a matter for that meeting to determine the appropriateness of any such variation. The Deed Administrators will be entitled to call for and adjudicate upon proofs of debts from creditors, with a view to determining the size of the creditor pool (particularly as to the quantum of and validity of claims by shareholders who assert they are creditors of the Company), so as to assess whether an interim dividend can be paid to particular categories of creditors of the Company (including to employees). |
| Proponent directors: | <ul style="list-style-type: none"> the Company's directors are proposing this DOCA. Subject to the rights of the Secured Creditor of SGMPL and any receivers appointed, the Deed Administrators (and not the directors) shall be responsible for the management, operation and control of the business and affairs of SGMPL and the Company throughout the DOCA period. |

| | |
|---|--|
| Secured creditors: | <ul style="list-style-type: none"> The rights of the NAB (NAB) as a secured creditor of SGMPL, will not be affected by the DOCA's. |
| Application of Proceeds: | <ul style="list-style-type: none"> Monies realised by the Deed Administrators, as a result of an investment in the Company or asset realisations, will be applied by reference to the order of priority applicable in a liquidation, and in particular, effect will be given to sections 556, 560 and 561 of the Corporations Act. Section 444DB of the Act applies to the DOCA. |
| Moratorium against the Company in relation to winding up: | <ul style="list-style-type: none"> During the period of operation of the DOCA, the Company, any officer or member of the Company or any creditor bound by the provisions of the DOCA: <ul style="list-style-type: none"> <u>may</u> take any recovery action or pursue any claim against the Company though the resulting claim is expected to be subject to the DOCA; and <u>must not</u> make any application to wind up the Company, continue any such application or commence or continue any enforcement process in relation to the property of the Company. This limitation does not affect the ability of the Secured Creditors to enforce their security against SGMPL. |
| Termination of DOCA: | <ul style="list-style-type: none"> The Company's DOCA will terminate and the appointment of the Deed Administrators will come to an end upon the earlier of the following events: <ol style="list-style-type: none"> the lapse of the period of 12 months from acceptance by creditors of the DOCA; or the Deed Administrators giving written notice to the creditors that the DOCA has terminated; or otherwise in accordance with the Act; or by an order of the Court. |
| Creditors Committee | <ul style="list-style-type: none"> For the purpose of assisting the Deed Administrators, the creditors of the Company may resolve to form a Committee of Inspection in accordance with clause 11 of Schedule 8A of the Corporations Regulations. |
| Administrators Lien | <ul style="list-style-type: none"> The Administrators and Deed Administrators are entitled to be indemnified out of, and have a lien over the assets of the Company for their remuneration, costs, fees and expenses for work done in the performance of their duties as Administrators and Deed Administrators. |
| Other terms | <ul style="list-style-type: none"> The terms and conditions as contained in Schedule 8A of the Corporations Regulations (excluding regulations 3(c)) will otherwise be incorporated into the DOCA. Section 440D will apply while the DOCA is on foot. The DOCA will include such other provisions as are commonly included in "holding DOCA's". |

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

SAS GLOBAL MOSMAN PARK EQUITY LTD
(ADMINISTRATORS APPOINTED)
ACN 124 508 596

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.

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

**SAS GLOBAL MOSMAN PARK EQUITY LTD
(ADMINISTRATORS APPOINTED)
ACN 124 508 596**

*I/*We¹
of
a creditor of SAS Global Mosman Park Equity 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 execute a Deed of Company Arrangement not materially different from that proposed in the Administrators' report dated 8 December 2009 | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) The company be wound up. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (c) The Administration end. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (d) The Administrators' remuneration for the period 11 November 2009 to 6 December 2009 be fixed in the sum of \$19,101 (exclusive of GST). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (e) 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"/> |
| (f) If the company executes a Deed of Company Arrangement: The Deed Administrators' remuneration be fixed in accordance with the hourly rates of Ferrier Hodgson up to the sum of \$70,000.00 (exclusive of GST) and that the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (g) If the company executes a Deed of Company Arrangement: A Committee of Inspection be appointed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (h) 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 \$100,000.00 (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"/> |
| (i) If the company is placed into Liquidation: A Committee of Inspection be appointed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (j) 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"/> |
| (k) 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.