

## PERTH

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23 March 2011

**SAS GLOBAL BALDIVIS LIMITED ACN 120 233 490  
(Subject to Deed of Company Arrangement)  
(Receivers and Managers Appointed) ("SGBL")**

**CIRCULAR TO CREDITORS**

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

We refer to the meeting of creditors held on 17 September 2010 at which creditors approved a resolution to vary the DOCA in a manner not materially different from that proposed by Patersons Corporate Finance ("Patersons") in the Deed Administrators report dated 10 September 2010.

We advise that a meeting is to be held on 31 March 2011 to again consider the future of the company as a variation to the Revised DOCA has been proposed by Patersons. The variation proposal provides for a reconstruction of SGBL on the terms previously outlined but with a revised end date for Completion (30 September 2011) having regard to the delay in realisation of the land property. Outcomes available to the meeting will include the decision whether to:

Affiliated through  
Zolfo Cooper  
and  
Kroll Worldwide  
UNITED STATES  
UNITED KINGDOM

- accept the terms of the DOCA variation proposal; or
- terminate the Deed thereby placing the company into liquidation.

We further advise that a meeting of creditors is to be held on **Thursday, 31 March 2011 at the offices of Ferrier Hodgson, Level 26, 108 St Georges Terrace, Perth WA 6000 at 11.00am WST** in order that the appropriate resolutions may be passed as required.

If a majority in number or in the case of a poll, a majority in number, and a majority in value, of those creditors voting at the meeting approve a variation proposal, the Deed variation will become binding on all creditors affected by its terms. In the event of a deadlock, the Chairperson of the meeting will have a carrying vote.

We enclose the following regarding the meeting of creditors:

1. **Notice of Meeting.** Please note that the meeting commences at **11.00 am (WST) on Thursday, 31 March 2011**. We request you arrive for registration at least **10 minutes** prior to the meeting.
2. **Informal Claim Form for Voting Purposes.** If you have previously submitted one of these, you do not need to submit another one for this meeting.



A person is not entitled to vote at the meeting unless they provide particulars of the debt or claim to the Deed Administrators before the meeting. **Please note this form is for voting purposes only.** All creditors must furnish details of their claims, indicating whether they rank as secured, preferential or unsecured, and whether they claim title to any goods supplied to the company or any lien over goods in their possession which are property of the company.

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

**The Informal Claim Form for Voting Purposes and Proxy Form should be lodged with this office before the meeting and, in any event not later than 4.00pm on the day prior to the meeting.**

Forms can be sent by facsimile to (08) 9214 1400 marked to the attention of Charlotte Linfoot, or scanned and emailed to [charlotte.linfoot@fh.com.au](mailto:charlotte.linfoot@fh.com.au) In this regard, please note that Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy Form with the Administrators' office within 72 hours of lodging the faxed/emailed copy.

4. **Deed Administrators' report to creditors** which includes:
  - (a) An update on the status of various matters pertinent to the administration;
  - (b) An opinion, with supporting reasons, on each of the following matters:
    - Whether it would be in the creditors' interests for the company to execute the proposed variation to the DOCA; and
    - Whether it would be in the creditors' interests for the DOCA to be terminated and the company to be wound up.

A handwritten signature in black ink, appearing to read 'Martin Jones', written over a horizontal line.

MARTIN JONES  
Joint and Several Deed Administrator of  
SAS Global Baldivis Limited

NOTICE OF MEETING OF CREDITORS  
SAS GLOBAL BALDIVIS LIMITED  
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)  
(RECEIVERS AND MANAGERS APPOINTED)  
ACN 120 233 490 ("the Company")

NOTICE is given that a meeting of the creditors of the Company will be held at the offices of Ferrier Hodgson, Level 26 BankWest Tower, 108 St George's Terrace, Perth, Western Australia, on Thursday, 31 March 2011 at 11:00am (WST).

A G E N D A

1. To receive the report of the Deed Administrators
2. Questions from creditors
3. For creditors to resolve:
  - (a) that the Company vary the existing Deed of Company Arrangement ("DOCA"); or
  - (b) that the Company be wound up.
4. If the Company is wound up, to consider the destruction of the books and records at the conclusion of the winding up
5. 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 Deed 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 Joint and Several Deed Administrators.

DATED this 23<sup>rd</sup> day of March 2011



**Martin Jones**

Joint and Several Deed Administrator of  
SAS Global Baldivis Limited

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

SAS GLOBAL BALDIVIS LIMITED  
(RECEIVERS AND MANAGERS APPOINTED)  
(SUBJECT TO DEED OF COMPANY ARRANGEMENT)  
ACN 120 233 490

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 BALDIVIS LIMITED  
 (SUBJECT TO DEED OF COMPANY ARRANGEMENT)  
 (RECEIVERS AND MANAGERS APPOINTED)  
 ACN 120 233 490**

\*I/\*We<sup>1</sup> .....  
 of .....  
 a creditor of SAS Global Baldivis Limited, appoint<sup>2</sup> .....  
 or in his absence as .....

\*my/our \*(i) general OR \*(ii) special proxy<sup>3</sup> to vote at the meeting of creditors to be held at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St Georges Terrace, Perth, Western Australia on Thursday, 31 March 2011 at 11:00am WST 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:

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
(a) That the DOCA be varied in a manner consistent with that outlined in this report (i.e. completion of the DOCA be extended from 31 March 2011 to 30 September 2011 and provision for further costs payable by Patersons in the event that it does not complete);.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(b) The company be wound up.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**If the Company is placed into Liquidation**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
(c) The books and records of the company be disposed of 12 months after the dissolution of the company or earlier at the discretion of ASIC.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

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 March 2011

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\* Strike out if inapplicable  
<sup>1</sup> If a firm, strike out "I" and set out the full name of the firm.  
<sup>2</sup> Insert the name, address and description of the person appointed.  
<sup>3</sup> If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

.....  
Signature<sup>5</sup> of individual or person<sup>6</sup>  
authorised by corporate resolution to  
represent the corporation

OR The Common Seal of<sup>4</sup>  
was hereunto affixed in the  
presence of

.....  
Director

.....  
Secretary

---

CERTIFICATE OF WITNESS<sup>7</sup>

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 March 2011

.....  
Signature of Witness

.....  
Description

.....  
Place of Residence

---

<sup>4</sup> 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.  
<sup>5</sup> The signature of the creditor is not to be attested by the person nominated as proxy.  
<sup>6</sup> 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.  
<sup>7</sup> This certificate is to be completed only where the person giving it is blind.

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**SAS Global Baldivis Ltd  
ACN 120 233 490  
(Administrators Appointed)  
(Receivers and Managers Appointed)**



**Deed Administrators' Report**

**Pursuant to Section 445F of the Corporations Act 2001**

**Andrew Saker**

**Darren Weaver**

**Martin Jones**

**23 March 2011**





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## GLOSSARY OF TERMS

Abbreviation	Description
Act	The Corporations Act 2001
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
CPs	Conditions Precedent
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
NAB	National Australia Bank Limited
Patersons/Proponent	Patersons Securities Limited
R&M	Receivers and Managers
Revised DOCA	Patersons proposal to recapitalise the Company, in a manner consistent with the changes as outlined in this report to creditors
SGBL or the Company	SAS Global Baldivis Ltd
The Property	The Company owned 50.7 hectares of land located at the corner of Millar Road and the Kwinana Freeway, Baldivis, Western Australia

## LISTING OF ANNEXURES

<b>Annexure 1</b>	Revised DOCA Proposal
<b>Annexure 2</b>	List of Creditors



## EXECUTIVE SUMMARY

This report should be read in conjunction with the Administrators' and Deed Administrators' previous reports to creditors dated 3 December 2009, 10 February 2010, 17 February 2010, 11 August 2010 and 10 September 2010, copies of which are available on the Ferrier Hodgson website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com).

Andrew Saker, Martin Jones and Darren Weaver were appointed as Joint and Several Administrators of SGBL on 6 November 2009, pursuant to section 436A of the Act and were subsequently appointed Joint and Several Deed Administrators on 2 March 2010. It was, in turn, replaced by DOCA variations submitted by Patersons that were approved at a meeting of creditors on 17 September 2010.

We also note that Brian McMaster and Mark Mentha of KordaMentha were appointed Joint and Several R&M of SGBL on 9 November 2009 by the NAB pursuant to its registered fixed and floating charge.

During the course of the Administration, the R&Ms commenced a marketing program for the sale of the Property. It is our understanding that as at the date of this report the Property has been sold and settlement is to occur on 23 March 2011 however the details pertaining to the sale agreement are not available to the Deed Administrators though we understand NAB were not repaid in full.

The Patersons DOCA provides, amongst other things for:

- The corporate structure of SGBL be restructured through a varied DOCA and subsequent recapitalisation;
- The proponent to pay \$260,000 to the Deed Administrators on an irrevocable, non-refundable basis;
- Upon receipt of cleared funds, the Deed Administrator will execute a Creditors' Trust Deed and pay the \$260,000 into the Creditors' Trust, where all liabilities are transferred to on execution of the Creditors' Trust Deed. Thereafter, such claims would simply give rise to rights as a beneficiary in a Creditors' Trust;
- Any claim by the Secured Creditor which remains unsatisfied following the realisation of the securities held by the Secured Creditor over the Property is to be paid before any payment to ordinary unsecured creditors of the Company, but this sum will be capped at \$30,000;
- The Deed Administrators' fees and costs incurred be paid in full;
- All other admitted unsecured creditors will receive a dividend pro-rated in respect of their admitted claims;
- The Proponent to raise approximately \$900,000 via a share placement and underwritten rights issue;
- The following CPs:
  - Shareholders' approval;

- The Deed Administrator is to remove and appoint all existing directors of the Company, if any, before termination of the DOCA and entry into the Creditors' Trust;
- Completion of all outstanding taxation and audit requirements; and
- Completion of the sale of the Property and the retirement of the R&M.

The DOCA requires completion on or by 31 March 2011, however the delay in realisation of the Property and retirement of the R&M was outside Patersons control. Accordingly, Patersons have requested an extension of the DOCA taking same to 30 September 2011 in order to satisfy or waive the remaining CP's. The legislation requires that we consider Patersons' request and the potential effects it may have in terms of both the level of returns to creditors and risks to completion. We are of the view that it will be in creditors' best interests to approve a variation of the DOCA which extends the time for completion to 30 September 2011. Please refer to section five (5) of this report for specific details of the offer.

The following table provides an overview of the changes between the existing Paterson's DOCA and the variation outlined in this report:

Matter	Change to existing DOCA	Impact
Condition precedent ("CP")	Extends the CP to completion of the DOCA from 31 March 2011 to 30 September 2011.	Whilst the extension will provide Patersons with further time to satisfy or waive the outstanding CPs in order that the SGBL can be successfully restructured and creditors be the recipient to dividend distributions, extra costs will be incurred by the Deed Administrator in administering this process. Further, creditors and potentially shareholders will be subject to delays in respect to dividend distribution.
Costs during DOCA	The Proponent to commit to a further payment of \$11,000 (inclusive GST) to the Deed Administrators in the event that the DOCA does not complete by the revised date being 30 September 2011.	This payment is with the view to ensuring that in the event that the DOCA does not complete, the Deed Administrators will be funded for the costs incurred in relation to submitting a variation proposal to creditors and holding SGBL in DOCA rather than an immediate liquidation of the company. This payment will also preserve the interests of ordinary unsecured creditors.

In our view, the amendments do not adversely affect the creditors. In circumstances where there has been no known quantifiable increase in the value of the assets of SGBL which would be available to creditors in a liquidation scenario, the Deed Administrators maintain their earlier recommendation that creditors accept the amended DOCA Proposal from Patersons to vary the existing DOCA. The estimated return to creditors from a liquidation of SGBL is consistent with our earlier report to creditors being nil in this instance.

Further to the above, the Deed Administrators recommend that creditors accept the proposed variation to the DOCA for the following key reasons:

1. If the DOCA is not varied as proposed, SGBL will likely proceed into liquidation and it is unlikely that any value will be realised for SGBL's corporate shell;
2. Based upon our assessment the DOCA is estimated to provide a greater return to unsecured creditors than in a liquidation scenario;
3. The proposal provides some certainty for creditors, with payment of cash up-front (the return to creditors from which is itself comparable to or higher than the anticipated liquidation return). The two (2) major creditors being SAS Property Group Pty Ltd and Patersons Corporate Finance will not prove for on any future dividends. The estimated dividend to unsecured creditors of SGBL under the Patersons proposal is between 41 cents to 1.7 cents in the dollar;
4. In our view the conditions precedent to completion of the DOCA are reasonably able to be completed by 30 September 2011 as proposed under the varied DOCA; and
5. No other recapitalisation and restructuring proposals have been proposed at this time.

**We have formed the opinion, for the reasons outlined in this report, that creditors should accept the proposed variation to the DOCA.**

A meeting of creditors of SGBL has been convened for Thursday, 31 March 2011 at 11.00 am WST at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George's Terrace, Perth, Western Australia. At this meeting, the following options are available to creditors regarding SGBL's future:

- That the DOCA be varied in a manner consistent with that outlined in this report (i.e. completion of the DOCA be extended from 31 March 2011 to 30 September 2011 and provision for further costs payable by Patersons in the event that it does not complete); or
- That the DOCA be terminated and the company be wound up.



## **1. INTRODUCTION**

### **1.1 Previous Meetings of Creditors**

The Administrators' section 439A of the Act Report was mailed to creditors on 3 December 2009. Further Reports were provided to creditors on 10 February 2010, 17 February 2010, 11 August 2010 and 10 September 2010. Copies of these documents are available from [www.ferrierhodgson.com](http://www.ferrierhodgson.com) or from our office upon request. This report should be read in the context of the Administrators' Report, and as an update to, the earlier reports.

At a meeting of the creditors of SGBL held on 17 September 2010, creditors passed a resolution to implement the Patersons DOCA as outlined in the Deed Administrators report dated 10 September 2010.

The Patersons' Revised DOCA provides for the restructure of the corporate shell of SGBL and subsequent recapitalisation.

Both the DOCA and Creditor Trust Deeds have been drafted and are substantially agreed, but are expected to be superseded in so far as this Report outlines a varied date for Completion.

### **1.2 Purpose of Report**

Section 445F(3) of the Act requires the Deed Administrators provide a notice of this meeting which sets out each resolution that the Deed Administrator proposes that the meeting vote upon. The resolutions for creditors' consideration are, similar to earlier creditor meetings, to determine the future of the company, though the matters more precisely now are whether to:

- Execute a variation to the DOCA; or
- Terminate the DOCA and the company be wound up.

### **1.3 Declaration of independence, relevant relationships and indemnities**

Prior to our appointment we under took 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. This position is unchanged.

## 2. STATEMENT OF POSITION

Please refer to the Administrators' Report to Creditors dated 3 December 2009, 10 February 2010 and 10 September 2010 for our detailed discussion with respect to the Directors' statement about the Company's business property, affairs and financials circumstances and Administrators' estimated realisable values of the Company's asset and liabilities

We table below our updated Statement of Position as at 21 March 2011 for your information:

	Reference	High Return (\$)	Low Return (\$)
<b>Assets</b>			
Cash at bank	2.1	2,114	2,114
Assets subject to specific charges	2.2	Unascertained	Unascertained
<b>Less: Amounts owing to the secured creditor - NAB</b>	2.2	<b>-20,000,000</b>	<b>-21,500,000</b>
<b>Net realisations from floating charge assets</b>		<b>Unascertained</b>	<b>Unascertained</b>
<b>Less priority claims</b>			
Administrators' fees approved and not drawn		-101,662	-101,662
Deed Administrations' fees incurred (to 21/3/2011) and not drawn		-29,175	-29,175
Estimated Deed Administrators' future fees and expenses (incl. legal fees)		-30,000	-50,000
Estimated Future Liquidators' fees and expenses		-80,000	-80,000
<b>Total estimated priority claims</b>		<b>-240,837</b>	<b>-260,837</b>
<b>Total funds available after priority claims</b>		<b>Unascertained</b>	<b>Unascertained</b>
Unsecured Creditor claims			
- Unsecured Creditor claims(estimated)		-228,157	-228,157
- Related party debt - SGPGPL		-375,000	-375,000
- Contingent Claims – shareholders		Nil	-1,485,000
<b>Total estimated unsecured creditors claim</b>	2.3	<b>-603,157</b>	<b>-2,088,157</b>
<b>Estimated dividend to ordinary unsecured creditors</b>		<b>TBD</b>	<b>TBD</b>

### 2.1 Cash at bank

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

### 2.2 Assets subject to specific charges and amounts owing to the secured creditor

The Property is subject to a fixed and floating charged in favour of the National Australia Bank Limited and is secured and guaranteed by a combination of the following:

- Specific mortgage over the Property;
- Fixed and floating charge over the Company; and
- Joint and several directors' limited guarantee.

Given the accrued interest and other associated cost in maintaining the property, we estimate that amount owed to the NAB would be in the vicinity of \$20M to \$21.5M. A marketing campaign run by the R&M late in 2010 attracted a number of interested parties to the property. We understand a contract for the sale of property was entered into on 21 February 2011 with settlement to occur on or before 23 March 2011 and that a shortfall to the NAB is expected given the fall in the value of property since early 2009. In this regard the NAB would be entitled to prove as an unsecured creditor for any shortfall following the sale of the property.

### 2.3 Ordinary unsecured creditors

This sum represents likely unsecured creditor claims based upon the Company's records and Informal Proof of Debts received to date. We note that:

- The Deed Administrators have not called for Formal Proof of Debts in relation to the Company; and
- The amounts in the table above provides only an indicative value of the unsecured creditors' claims. These claims are subject to the receipt and adjudication of final proofs of debt from creditors, including possible shareholder claims.

## 3. RECEIPTS AND PAYMENTS

### 3.1 Summary of Receipts and Payments

A summary of the receipts and payments of the administration for the period 10 September 2010 to 21 March 2011 is tabled below:

Summary of Receipts and Payments	Amount (\$)
<b>RECEIPTS</b>	
ATO Refund	778
<b>Total Receipts</b>	<b>778</b>
<b>PAYMENTS</b>	
Bank Charges	120
<b>Total Payments</b>	<b>120</b>
<b>Change in Cash at Bank for the Period</b>	<b>658</b>
<b>Funds held as at 9 September 2010</b>	<b>1,456</b>
<b>Cash at Bank as at 21 March 2011</b>	<b>\$ 2,114</b>

## 4. STATUTORY INVESTIGATIONS

Please refer to the Administrators' Report to Creditors dated 3 December 2009 for details regarding the Administrators' statutory investigations and potential recoveries available in a liquidation scenario.

Having regard to our previous comments in relation to potential insolvent trading claims and other potentially voidable transactions, and our subsequent investigations, it is questionable as to whether any sum/s would be recoverable. This would be a matter for the consideration of a future (if) appointed Liquidator.

In the event that the company is placed into liquidation, we note that an individual creditor (or a group of creditors) may, subject to Liquidator or Court approval pursuant to section 588R or 588T of the Act respectively, progress an insolvent trading action in relation to their own debt/s (only). Creditors who progress such litigation benefit from all of the proceeds (if any) from such actions and the bear all of the associated costs. Accordingly, it is not a course of action that we consider would be likely to produce funds for the general body of creditors – the exception potentially being those creditors which initiate such action.

## 5. PROPOSAL FOR A VARIATION TO THE DOCA

### 5.1 Summary of Patersons Revised DOCA

Patersons has requested a variation to its DOCA, which is enclosed as Annexure 1. The variations to the key terms of Patersons' previous proposal have been highlighted at Annexure 1 and summarised below:

Matter	Change to existing DOCA	Effect
Condition precedent ("CP")	Extends the CP to completion of the DOCA from 31 March 2011 to 30 September 2011.	The impact of the delay is expected to reduce the returns to creditors from 44 cents to 1.8 cents to 41 cents to 1.7 cents respectively, reflecting predominately, the costs incurred by the Deed Administrator in administering this process.
Costs during DOCA	The Proponent to commit to a further payment of \$11,000 (inclusive GST) to the Deed Administrators in the event that the DOCA does not complete by the revised date being 30 September 2011.	No effect to creditors. This payment is with the view to ensuring that in the event that the DOCA does not complete, the Deed Administrators will be funded for the costs incurred in relation to submitting a variation proposal to creditors and holding SGBL in DOCA rather than an immediate liquidation of the company. This payment will also preserve the interests of ordinary unsecured creditors.

Essentially, the success of the proposed variation to the DOCA is premised upon the DOCA Proponent's due diligence being satisfactory and the CPs being cleared.

We consider the DOCA Proponent has the financial capacity to conclude the suite of transactions that its DOCA proposal entails.

## 5.2 Estimated Returns Under the Proposed DOCA's

Under the Revised DOCA Proposal, we provide the following summary of the expected returns for the various creditor groups:

Statement of Position	ERV Liquidation Scenario (\$)	ERV DOCA High Return (\$)	ERV DOCA Low Return (\$)
<b>Floating Charge Assets</b>			
Cash at Bank	2,114	2,114	2,114
Proceeds from sale of assets	Unascertained	Unascertained	Unascertained
Proceeds from DOCA Proponent	nil	260,000	260,000
<b>Total Assets Available</b>	<b>-2,114</b>	<b>262,114</b>	<b>262,114</b>
<b>Less: Priority Creditors</b>			
Secured Creditor	Nil	-30,000	-30,000
Provision for Future Legal Fees	-15,000	-15,000	-20,000
Administrators / Deed Administrators' Fees Outstanding	-130,738	-130,738	-130,738
Administrators / Deed Administrators' Expenses Outstanding	-4,452	-4,452	-4,452
Estimated future Deed Administrators' Fees	-10,000	-10,000	-15,000
Provision for Deed Administrators'/ Trustees Future Fees	Nil	-35,000	-35,000
Provision for Liquidators' Future Fees	-80,000	Nil	Nil
<b>Total Assets Available for Unsecured Creditors</b>	<b>-\$242,304</b>	<b>\$36,924</b>	<b>\$26,924</b>
<b>Unsecured Creditors</b>			
Trade Creditors	-90,657	-90,657	-90,657
Trade Creditors - Patersons Corporate Finance	-137,500	Nil	Nil
Secured Creditor shortfall	Unascertained	Nil	Nil
Related Party Claim - SAS Property Group Pty Ltd	-375,000	Nil	Nil
Contingent Claims – Shareholders	-1,485,000	Nil	-1,485,000
<b>Total Unsecured Creditor Claims</b>	<b>-2,088,157</b>	<b>-90,657</b>	<b>-1,575,657</b>
<b>Estimated Surplus / (Deficiency)</b>	<b>-\$2,330,461</b>	<b>-\$53,733</b>	<b>-\$1,548,733</b>
<b>Estimated Return to Unsecured Creditors (Cents in Dollar)</b>	<b>NIL</b>	<b>41 cents in the \$</b>	<b>1.7 cents in the \$</b>

It should be noted the estimated return to creditors has reduced (from 44 cents to 1.8 cents respectively) from our last report to creditors as a result of the Administration costs incurred including Deed Administrators' remuneration.

The above dividend calculation is an estimate only and will change due to the following:

- The final amount claimed by creditors and the adjudication thereon;
- Changes in the estimated costs of the DOCA resulting from issues not presently known; and
- Compliance with all provisions of the DOCA.

The Deed Administrators recommend that creditors accept the proposal put forward by Patersons and vary the existing DOCA for the following key reasons:

1. If the DOCA is not varied as proposed, SGBL will likely proceed into liquidation and it is unlikely that any value will be realised for SGBL's corporate shell;
2. Based upon our assessment the DOCA is estimated to provide a greater return to unsecured creditors than in a liquidation scenario;
3. The proposal provides some certainty for creditors, with payment of cash up-front (the return to creditors from which is itself comparable to or higher than the anticipated liquidation return). The two (2) major creditors being SAS Property Group Pty Ltd and Patersons Corporate Finance will not prove for on any future dividends. The estimated dividend to unsecured creditors of SGBL under the Patersons proposal is between 41 cents to 1.7 cents in the dollar;
4. In our view the conditions precedent to completion of the DOCA are reasonably able to be completed by 30 September 2011 as proposed under the varied DOCA; and
5. No other recapitalisation and restructuring proposals have been proposed at this time.

Having regard to the above, if the terms of the Revised DOCA variation proposal are complied with, it is expected to result in an improved return to creditors than would be available from an immediate winding up of SGBL. Accordingly, we recommend the creditors approve the variation to the Revised DOCA.

## **6. ASIC'S GUIDE TO DOCA'S INVOLVING CREDITORS' TRUSTS**

The ASIC has issued a guide for Registered Liquidators recommending the provision of certain information to creditors when they are considering approving a DOCA which includes a Creditors' Trust also being implemented.

The DOCA variation proposal will require that SGBL enter into a Creditors' Trust. In this regard, we outline for creditors some important information to consider when considering whether to approve a Creditors' Trust:

### ***What is a Creditors' Trust?***

A Creditors' Trust in a DOCA is a mechanism used to accelerate a company's exit from external administration. Typically under the terms of the DOCA and one or more interconnected deeds, a trust entity is created and the company's obligations to some or all of its creditors bound by the DOCA are compromised and transferred to the trust. Those creditors become beneficiaries of the trust.

In this case, a third party has made a promise to make one or more payments to SGBL, and SGBL will pay certain of these funds to the Trustee concurrent with the execution of the Creditors' Trust's execution in satisfaction of the creditors' claims against the company. In return, the creditors' rights against the company will be extinguished.

Usually, the DOCA is 'effectuated' (and terminates and "completes") after the creditors' claims against the company have been removed in this way. In most cases, the DOCA terminates immediately upon creation of the trust, which usually occurs when or shortly after the DOCA is executed.

When the DOCA terminates, the company ceases to be externally administered and the company is no longer required to use the notification 'subject to deed of company arrangement' on its public documents as otherwise would be required by s450E(2) of the Act.

### ***Reasons for a Creditors' Trust***

One key reason for the inclusion of a Creditors' Trust with DOCA proposals is to allow an ASX listed company to commence trading on the ASX. A company cannot be quoted or requote on the ASX if it is subject to a DOCA.

In this case, given that SGBL is an unlisted public entity, it is anticipated that the Paterson DOCA proposal will facilitate a recapitalisation through a capital raising and potentially have SGBL list on the ASX in due course, under the direction of a new board of Directors.

The Creditors' Trust provides a structure whereby creditors' claims can be dealt with by the Trustee of the Creditors' Trust and the DOCA can end sooner.

### ***Key Events***

If the Revised DOCA proposal is approved by creditors, a number of key events will occur, including the following:

- Approval by creditors at the meeting of creditors convened in accordance with Section 445F of the Act on 31 March 2011;
- Shareholders' approval;
- The Deed Administrator is to remove all existing directors of the Company, if any, before termination of the DOCA and entry into the Creditors' Trust;
- Completion of all outstanding taxation and audit requirements; and

- Completion of the sale of the Property by the Receivers and Managers.

In the event that any of the conditions precedent are not satisfied or otherwise not waived by the Proponent's written agreement by 30 September 2011:

- The DOCA will be at an end and the company placed into Liquidation unless the Deed Administrators consider it appropriate to convene a further meeting of creditors pursuant to section 445F of the Act; and
- The Proponent will pay \$33,000 (incl GST) to the Deed Administrators within 14 days of being issued with a taxation invoice for "insolvency services".

### ***Anticipated Return***

As stated above, we estimate the anticipated return to creditors at between 41 cents to 1.7 cents in the dollar.

Preservation of SGBL's corporate shell and the possible listing on the ASX will preserve some benefit for existing shareholders. If the DOCA proposal did not involve a Creditors' Trust, SGBL would not be able to potentially take steps to attempt to list on the ASX as proposed under the DOCA and thus it likely that Paterson (or any other party for that matter) would be reluctant to put forward a DOCA as proposed on similar terms.

### ***Trustee Particulars***

It is proposed that the current Deed Administrators, being Darren Weaver, Andrew Saker and Martin Jones, will assume the role of Trustees of the Creditors' Trust should it be approved. By appointing the current Deed Administrators as Trustees of the Trust, there is a cost saving compared with appointing a different Trustee. The Deed Administrators have detailed knowledge of the background to the restructure which a different trustee would have to acquire at a substantial cost to the Trust.

Under a DOCA, creditors may apply to the Court for orders in relation to the Deed Administrators' performance of its duties under the Act. A beneficiary under a Creditors' Trust could also apply to the Court under the *Trustees Act 1962 (WA)* in relation to the Trustees' performance of their duties.

### ***Remuneration and Indemnities***

It is proposed that the Trustees would be remunerated on a time incurred basis calculated at rates set down by Ferrier Hodgson from time to time. For details regarding the guide to staff experience and hourly rates please refer to our previous report to creditors dated 10 September 2010. Hourly rates are as at 1 August 2010 and remain current up to the date of this report.



Details of the estimated fees likely to be incurred under a Creditors' Trust remain unchanged from our previous report to creditors and are expected to be in the vicinity of \$35,000. It should be noted that these amounts are estimates only and should the actual costs be lower, then this will result in more funds being made available for distribution to the general body of unsecured creditors / beneficiaries of the Company / Creditors' Trust.

As part of the proposed DOCA Variation and Creditors' Trust, the Deed Administrators and Trustees would have an indemnity secured by a lien over the assets of the company and the Trust fund respectively.

### **Powers**

The Trustees of the new Trust become solely responsible to the former creditors (now beneficiaries) for:

- (a) ensuring that the company and/or other third parties perform their payment and other obligations to the Trustee;
- (b) determining how much each of the former creditors is entitled to receive from the trust; and
- (c) in due course, making any distribution to those former creditors.

In addition to the above, the Trustees are likely to have the following powers:

- (a) to administer the Trust Fund;
- (b) to ensure that the Company fulfils its obligations under the DOCA and to take such legal proceedings or other steps as the Trustees think fit to enforce those obligations;
- (c) to fulfil the Trustees' obligations in terms of the DOCA;
- (d) to admit claims to proof in accordance with the provisions of the DOCA and the Trust Deed;
- (e) to make interim or other dividends to creditors or distributions of the Trust Fund;
- (f) to appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustee is unable to do or that it is unreasonable to expect the Trustee to do in person;
- (g) to appoint a solicitor, accountant or other professionally qualified person to assist the Trustees;
- (h) to compromise any claim on such terms as the Trustees consider fit; and
- (i) to do anything else that is necessary or convenient for administering the Trust.



These powers are provided for the benefit of creditors in determining whether to accept the proposed DOCA Variation. However these powers may be varied prior to finalisation of the Trust Deed.

### ***Claims***

For the purpose of determining the admissibility and ranking of creditors' claims in the Trust, the process contemplated by regulations 5.6.39 to 5.6.72 and Sub-divisions A to E of Division 6 of Part 5.6 of the Act and Regulations shall apply to the Trust and the Trustees as if the references to a Liquidator were references to the Trustees, references to winding up were references to the Trust and with such other modifications as are necessary to give effect to the Trust.

Of course, if a creditor wishes to challenge the adjudication of the Trustee on a proof of debt, the process contemplated under the Act will not be available, and creditors will need to pursue a claim under the Trustees Act (which may not be as convenient or cost effective).

Creditors, including secured creditors to the extent of the unsecured portion of their debts (if any), will not be permitted to take recovery action against the company for pre-administration debts during the period of the Revised DOCA.

### ***Compliance Opinion***

In our opinion, and based upon our discussions with the DOCA Proponent, we believe they are capable of complying with the terms of the DOCA and their obligations to the Trustee if the DOCA variations are accepted by creditors.

### ***Solvency Statement***

At the time the varied DOCA will be wholly effectuated (i.e. complete), we expect that SGBL will be solvent. This will occur as a result of the effect of the DOCA on claims against the company, i.e. pre-administration claims being transferred to the Creditors' Trust and as such SGBL will have no liabilities other than those incurred by SGBL moving forward.

### ***Tax (company/trust)***

Creditors should note that there may be income tax and stamp duty implications for the Company and the Trust associated with the abovementioned proposal.

The Trust may be required to register for GST purposes and apply for a new Tax File Number. In addition, the Trustees may also be responsible for lodging income tax returns for the Trust with the ATO.

It should be noted that any carry forward income or capital losses in SGBL will not be available for offset against any assessable income made by the Trust.

### ***Tax (creditor/beneficiary)***

Our preliminary view is that by assigning creditors' claims to the Trust any dividend paid to creditors would be treated the same as if creditors had received the dividend from the company under Administration. That is, we do not foresee any tax disadvantages to creditors with the proposed DOCA variation and Creditors' Trust.

The proposed DOCA variation and Creditors' Trust also enables (if considered necessary) the Trustee to make distributions to the beneficiaries of the Trust (as opposed to the repayment of creditors claims outlined above). Under this scenario however, the Trustee may be required to withhold tax from distributions to non-resident beneficiaries at the applicable tax rates.

Creditors are encouraged to seek their own independent legal advice in relation to the possible taxation consequences of receiving a distribution from the proposed Creditors' Trust.

### ***Other***

A copy of the varied DOCA will be lodged with ASIC as required and will be available for inspection upon request.

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

We herewith set out our opinion on whether it is in the creditors' interests that:

- That the timeframe as stipulated under the DOCA for the conditions precedent to completion of the DOCA be extended from 31 March 2011 to 30 September 2011; or
- The company be wound up.

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

### **7.1 Variation to the DOCA**

The Deed Administrators recommend that creditors accept the proposed variation to the DOCA for the following key reasons:

1. If the DOCA is not varied as proposed, SGBL will likely proceed into liquidation and it is unlikely that any value will be realised for SGBL's corporate shell;
2. Based upon our assessment the DOCA is estimated to provide a greater return to unsecured creditors than in a liquidation scenario;
3. The proposal provides some certainty for creditors, with payment of cash up-front (the return to creditors from which is itself comparable to or higher than the

anticipated liquidation return). The two (2) major creditors being SAS Property Group Pty Ltd and Patersons Corporate Finance will not prove for on any future dividends. The estimated dividend to unsecured creditors of SGBL under the Patersons proposal is between 41 cents to 1.7 cents in the dollar;

4. In our view the conditions precedent to completion of the DOCA are reasonably able to be completed by 30 September 2011 as proposed under the varied DOCA; and
5. No other recapitalisation and restructuring proposals have been proposed at this time.

## **7.2 Winding up of the Company**

We note that by winding up SGBL it is unlikely that any value will be realised for SGBL's corporate shell.

Accordingly, given that the DOCA proposal from Patersons proposes that funds totalling \$260,000 will be paid for the benefit of SGBL's creditors, a greater return to creditors of SGBL than in a liquidation scenario will likely be achieved, as set out in section 5.2 of this report. Given the above, we are of the opinion that the company should not be wound up.

For the avoidance of doubt, notwithstanding Clause 10.4 of the varied DOCA, we also note that if the Patersons Revised DOCA proposal is not accepted by creditors at the forthcoming meeting of creditors, the current DOCA will terminate and all unsecured creditors' claims are not released in full and extinguished upon the termination of current holding DOCA. That is to say, creditors' claims will remain against SGBL (In Liquidation).

For completeness, we note that in a Liquidation scenario where only the \$100,219 (refer page 33 of the Administrators Report dated 3 December 2009), potentially recoverable from unfair preference is collected, having regard to the costs of the winding up, such funds would not result in a return to creditors.

## **8. DEED ADMINISTRATORS' OPINION**

Further to our comments set out in Sections 7.1 and 7.2 of this report, we believe there is the prospect of an improved return to creditors under the Revised DOCA, as against the estimated return under a winding up of the company.

We consider the Revised DOCA variation meets the objectives of the voluntary administration regime as set out in section 435A of the Corporations Act by maximising the chances of the company, or as much of its business, continuing in existence. Further, we expect it will result in a better return for creditors and members than would result from an immediate winding up.

We set out below a comparison of the effect on stakeholders of SGBL under the restructured SGBL:

Stakeholder	Effect of Possible Restructuring Under Patersons DOCA	Liquidation
Unsecured Creditors	<ul style="list-style-type: none"> <li>Dividend estimated at between 41 cents to 1.7 cents in the dollar.</li> <li>Distribution likely to be during September 2011.</li> </ul>	<ul style="list-style-type: none"> <li>Unlikely to be any return.</li> <li>In liquidation, recoveries from the voidable and other transactions referred to in Section 4 of this report are uncertain or unlikely.</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>Subject to share dilution pending Patersons' future success to recapitalise SGBL, but equity interest is possibly preserved to some extent.</li> </ul>	<ul style="list-style-type: none"> <li>Unlikely to be any return.</li> </ul>

**Based on the above, it is our opinion that creditors should approve a variation of the DOCA to give effect to the Revised Proposal because it provides for a more certain return and in excess of what we consider is available from a liquidation scenario.**

## 9. REMUNERATION AND DISBURSEMENTS

We do not intend to seek creditor approval for the Deed Administrators costs incurred during the period 1 September 2010 to 21 March 2011 at this time given their relatively low materiality (\$3,240). We will however make full disclosure of all costs incurred as part of administering the Paterson's Revised DOCA in a subsequent report to creditors in the event that realisations are sufficient to meet those and past costs.

## 10. 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 Charlotte Linfoot at this office.

DATED this 23rd day of March 2011.

**SAS Global Baldivis Limited**



Martin Jones  
Joint and Several Deed Administrator

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# Annexure 1

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## Revised DOCA Proposal

Key Elements	Proposal
1. Proposal:	<p>1.1 Patersons Securities Limited (“the Proponent”) proposes that:</p> <ul style="list-style-type: none"><li>• the secured creditor, the National Australia Bank Limited (“NAB”):<ol style="list-style-type: none"><li>a. realises the 50.7 hectares of land located on the corner of Millar Road and the Kwinana Freeway, Baldivis, Western Australia (“the Property”);</li><li>b. accounts to SGBL for any surplus or deficiency subject to their security to the company; and</li><li>c. then retire the Receivers and Managers;</li></ol></li><li>• the corporate structure of SGBL be restructured through a varied DOCA and subsequent recapitalisation.</li></ul> <p>1.2 The Proponent will raise approximately \$900,000 via a share placement and underwritten rights issue.</p> <p>1.3 The Proponent will pay \$260,000 to the Deed Administrators on an irrevocable, non-refundable basis.</p> <p>1.4 Upon receipt of such cleared funds, the Deed Administrator will execute a Creditors’ Trust Deed and pay the \$260,000 into the Creditors’ Trust, where all liabilities are transferred to on execution of the Creditors’ Trust Deed to enable the Creditors’ Trust to pay:</p> <ul style="list-style-type: none"><li>• NAB \$30,000 in relation to the unsecured portion of its debt (if any);</li><li>• Administrators’/Deed Administrators’ fees and cost incurred be paid in full; and</li><li>• All other admitted unsecured creditors will receive a dividend pro-rated in respect of their admitted claims.</li></ul> <p>1.5 If fully subscribed, SGBL is anticipated to have working capital, post recapitalisation of approximately \$600,000.</p> <p>1.6 Creditors will no longer be creditors under the DOCA but will instead become beneficiaries of the Creditors’ Trust. For the purpose of determining the admissibility and ranking of creditors/beneficiaries’ claims in the Trust, regulations 5.6.39 to 5.6.72 and Sub-divisions A to E of Division 6 of Part 5.6 of the Act and Regulations shall apply to the Trust and the Trustees as if the references to a Liquidator were references to the Trustees, references to winding up were references to the Trust and with such other modifications as are necessary to give effect to the Trust.</p>

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	1.7	The Trustee of the Creditors' Trust becomes solely responsible to the former creditors (now beneficiaries) for: <ul style="list-style-type: none"> <li>a. Ensuring that the company and / or other third parties perform their obligations to the Trustee;</li> <li>b. Determining how much each of the former creditors is entitled to receive from the trust; and</li> <li>c. In due course, making any distribution to those former creditors.</li> </ul>
2. Purpose of the Deed Proposal:	2.1	To maximise the chance of SGBL continuing in existence.
	2.2	To provide a greater return to SGBL's creditors than would be available in liquidation.
	2.3	To facilitate a recapitalisation of SGBL (through capital raising).
	2.4	To cause SGBL to be released from all claims (apart from excluded claims together with those statutory liabilities and environmental obligations that cannot be released by a DOCA).
3. Establishment of Creditors' Trust:	3.1	A creditors' trust will be established and named "SAS Global Baldivis Creditor's Trust" (Creditors' Trust).
	3.2	The Deed Administrators will assume the role of Trustee of the Creditors' Trust.
	3.3	The purpose of the Creditors' Trust will be to enable certain tasks ordinarily undertaken by the Deed Administrators (including, but not limited to, the calling for and the adjudication of creditors' proofs of debt) to be performed by the Trustees of the Creditors' Trust in order to facilitate the termination of the DOCA.
	3.4	Property available to the Creditors' Trust comprises the Fund. The Fund includes: <ul style="list-style-type: none"> <li>a. Monies transferred by the Deed Administrators including the sum referred to in clause 1.3;</li> <li>b. Any BAS refunds due to SGBL or the Deed Administrators for the period ending with the DOCA termination; and</li> <li>c. The surplus, if any from the sale of the Property albeit subject to any orders of the Court.</li> </ul>
4. Participating Creditors:	4.1	Creditors of SGBL who had claims as at the date of the appointment of the administrators will be bound by the DOCA including secured and contingent creditors.
	4.2	If the proposed Patersons proposal is accepted by creditors, the Deed Administrators will use their best endeavours to procure from SAS Property Group Pty Ltd and Patersons Corporate Finance a withdrawal of their claim against the company and their agreement not to claim in the Creditors Trust for the purposes of a dividend distribution and their debts will be extinguished.

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5. New Directors:	5.1	The Proponent shall procure the appointment of not less than three new directors to be appointed on termination of the DOCA. The Proponent's nominees will constitute all of the directors of SGBL.
	5.2	SGBL shall be returned to the new directors upon effectuation of the Varied DOCA.
6. Deed Administrators:	6.1	The Deed Administrators are to be Darren Weaver, Andrew Saker and Martin Jones who will have extensive powers to administer the varied DOCA.
	6.2	The Deed Administrators will assume the role of Trustees of the Creditors' Trust.
7. Shareholder approval and cost:	7.1	The Proponent must at its own expense (which it shall be entitled to be reimbursed by the Company out of the proceeds of the Capital Raising) promptly prepare or procure the following documents or approvals: <ul style="list-style-type: none"> <li data-bbox="587 936 1369 999">a. Shareholder meeting documents to give effect to the resolutions required to undertake the proposal;</li> <li data-bbox="587 1003 1118 1032">b. Any ASIC lodgements or approvals fees;</li> <li data-bbox="587 1037 1369 1099">c. Completion of all outstanding taxation and audit requirements provided that they can be done at a reasonable cost;</li> <li data-bbox="587 1104 1326 1133">d. Draft reconstruction deed for consideration and execution;</li> <li data-bbox="587 1137 1369 1200">e. All capital raising cost including prospectus and accounts preparation.</li> </ul>
	7.2	The meeting resolutions are to be inter-dependent and it will be a requirement that all resolutions be approved to give effect to the proposal.
8. Condition precedent ("CP"):	8.1	The DOCA is conditional on and subject to the following: <ul style="list-style-type: none"> <li data-bbox="587 1420 1369 1482">a. Approval by SGBL's creditors in accordance with Section 445F of the Act on or before 31 March 2011;</li> <li data-bbox="587 1487 919 1516">b. Shareholders' approval;</li> <li data-bbox="587 1520 1369 1615">c. The Deed Administrator is to remove all existing directors of the Company, if any, before termination of the DOCA and entry into the Creditors' Trust;</li> <li data-bbox="587 1619 1369 1682">d. Completion of all outstanding taxation and audit requirements; and</li> <li data-bbox="587 1686 1369 1749">e. Completion of the sale of the Property and the retirement of the Receivers and Managers.</li> </ul>
	8.2	If the CPs are not waived by the Proponent's written agreement or satisfied by 30 September 2011: <ul style="list-style-type: none"> <li data-bbox="587 1901 1369 2011">a. the DOCA will be at an end and the company placed into Liquidation unless the Deed Administrators consider it appropriate to convene a further meeting of creditors pursuant to section 445F of the Act; and</li> </ul>

		b. The Proponent will pay <b>\$33,000</b> (incl GST) to the Deed Administrators within 14 days of being issued with a taxation invoice for "insolvency services".
9. Creditors' Committee:	9.1	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 and the creditors in meeting may agree to one shareholder representative as a full member of the Committee.
10. Administrators' / Trustees' Lien:	10.1	Subject to the rights of the secured creditor, 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.
	10.2	Likewise, the Trustees will have an indemnity secured by a lien over the Fund.
11. Application of the Fund:	11.1	The Fund will be applied by the Trustees in the manner and order of priority as follows: <ul style="list-style-type: none"> <li>a. Any claim by the Secured Creditor which remains unsatisfied following the realisation of the securities held by the Secured Creditor over the property of the Company ("residual debt") is to be paid before any payment to ordinary unsecured creditors of the company, but this sum will be capped at \$30,000;</li> <li>b. Any liabilities properly incurred by the Administrators, Deed Administrators and Trustees;</li> <li>c. The Administrators, Deed Administrators and Trustees' remuneration and out of pocket expenses/disbursements;</li> <li>d. To pay dividends to the priority beneficiaries (if any);</li> <li>e. To pay dividends to the ordinary beneficiaries (formerly SGBL creditors).</li> </ul>
	11.2	Section 444DB of the Act applies to the DOCA.
12. Moratorium against the Company in relation to winding up:	12.1	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"> <li>a. <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</li> <li>b. <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.</li> </ul>
	12.2	This limitation does not affect the ability of the Secured Creditors to enforce their security against the Company.

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13. Termination of DOCA:

- 13.1 In the event that the CPs:
- a. are not waived or satisfied by 30 September 2011 as per Clause 8.2 above; or
  - b. the Proponent advises the Deed Administrators in writing that it will not be completing the DOCA, then the Deed Administrators may:
    - issue a certificate stating that the company has been placed into Liquidation; and/or
    - convene a meeting of creditors to vary or terminate the DOCA; and/or
    - claim the sum from the Proponent in accordance with Clause 8.2(b).

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14. Other terms:

14.1 The terms and conditions as contained in Schedule 8A of the Corporations Regulations (excluding regulations 3(c)) will otherwise be incorporated into the DOCA.

14.2 Section 440D will apply while the DOCA is on foot.

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# Annexure 2

## List of Creditors

Creditor Name	Amounts (\$)	Amounts (\$)
<b>Ordinary Unsecured Creditors</b>		
Abbott Printing	-	
Australian Securities and Investments Commission	1,065.00	
BDO Kendalls Corporate Tax (WA) Pty Ltd	5,555.00	
Emerson Stewart Limited	7,269.33	
FD Third Person	-	
Freehills	6,425.10	
Hardy Bowen	-	
Hyatt Regency Perth	-	
JGC Accounting & Financial Service Pty Ltd	-	
KordaMentha	-	
Mendelawitz Morton	1,924.00	
Moore Stephens BG	2,200.00	
National Australia Bank Limited	-	
Office of State Revenue	61,509.40	
Patersons Corporate Finance	137,500.00	
RPS Environment and Planning Pty Ltd	1,278.93	
RPS Koltasz Smtih	810.30	
Sandbox	-	
SAS Global Property Group	375,000.00	
Shire of Rockingham	-	
The Civil Group	773.09	
Uloth and Associates	1,846.90	603,157.05
<b>Shareholders</b>		
Great Day Holdings Pty Ltd	650,000.00	
P & R Davies	15,000.00	
The Graham Family Trust	820,000.00	1,485,000.00
<b>TOTAL</b>		<b>\$2,088,157.05</b>