

## PERTH

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10 September 2010

**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 abovenamed company and to my Reports dated 3 December 2009, 10 February 2010, 17 February 2010 and 11 August 2010. We note that this Circular should be read in conjunction with those reports.

We advise that at a meeting of creditors held on 18 August 2010, creditors resolved to vary the existing Deed of Company Arrangement (DOCA) to provide for a further 30 days in order that the prospective DOCA proponent, Patersons Corporate Finance (Patersons) be able to finalise their DOCA proposal.

We further advise that a meeting of creditors is to be held on **Friday, 17 September 2010 at the offices of Ferrier Hodgson, Level 26, 108 St Georges Terrace, Perth WA 6000 at 3.00pm WST** to consider the future of the company as a variation to the current DOCA has been proposed by Patersons. The variation proposal provides for a reconstruction of SGBL.

Outcomes available to the meeting will include the decision whether to:

- Accept the terms of the DOCA variation proposal; or
- Terminate the DOCA thereby placing the company into liquidation.

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 **3.00 pm (WST) on Friday, 17 September 2010**. We request you arrive for registration at least **15 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.
5. **Remuneration Report.**

For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com). Should you require any further information prior to the meeting, please do not hesitate to contact Charlotte Linfoot of this office.

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

CORPORATE ADVISORY 

FORENSICS 

CORPORATE RECOVERY 

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 Friday, 17 September 2010 at 3:00pm (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 proposal to vary the existing DOCA is accepted, to approve the Deed Administrators' / Trustees' remuneration
5. If the Company is wound up, to consider appointing a Committee of Inspection
6. If no Committee is appointed, to fix the remuneration of the Liquidators
7. If no Committee is appointed, to consider the destruction of the books and records at the conclusion of the winding up
8. 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 10<sup>th</sup> day of September 2010



**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 Friday, 17 September 2010 at 3:00pm 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) The DOCA be varied in a manner not materially different from that of proposed in the Deed Administrators report dated 10 September 2010.	<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 varies the DOCA:**

	<b>For</b>	<b>Against</b>	<b>Abstain</b>
(c) The Deed Administrator / Trustees' remuneration be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$35,000 (exclusive of GST) from the date of execution to the conclusion of the DOCA / Creditors Trust and that the Deed Administrator/ Trustee be authorised to make periodic payments on the account of such accruing remuneration.	<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>
(d) The Liquidators' remuneration be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$80,000 (exclusive of GST) and that the Liquidator be authorised to make periodic payments on account of such accruing remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) 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"/>

\* 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.

I am a secured 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 September 2010

.....  
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 September 2010

.....  
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**

**10 September 2010**





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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
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
NAB	National Australia Bank Limited
SGBL or the Company	SAS Global Baldivis Ltd

## LISTING OF ANNEXURES

<b>Annexure 1</b>	Deed Administrators' / Trustees' Remuneration  Liquidators' Remuneration  The Firm's Schedule of Hourly Rates & General Guide to Staff Experience
<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 9 November 2009, 3 December 2009, 10 February 2010, 17 February 2010 and 11 August 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.

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

The Company owned 50.7 hectares of land located on the corner of Millar Road and the Kwinana Freeway, Baldivis, Western Australia ("the Baldivis property"). During the course of the Administration the R&Ms commenced a marketing program for the sale of the Baldivis property. It is our understanding that as at the date of this report the property remains unsold.

At a meeting of creditors of SGBL held on 18 February 2010, creditors passed a resolution that the company execute a Deed of Company Arrangement ("DOCA"). The DOCA was executed by SGBL on 2 March 2010 and provided for (inter-alia):

- A six (6) month period during which the Deed Administrators would remain in control of SGBL's affairs;
- The Deed Administrators further time to progress the proposal received towards a form able to be assessed and voted upon by creditors; and
- An opportunity for the Deed Administrators to analyse and assess the merits of this and any other proposal and offer, and provide a recommendation in relation to same.

Consistent with this process, we have received a proposal from Patersons Securities Limited ("the Proponent"), for a reconstruction of SGBL, the terms of which we have negotiated with them for the benefit of creditors by a variation to the existing DOCA. The legislation requires we present the creditor's proposal and comment upon same in this report.

At a meeting of creditors of SGBL held on 18 August 2010, creditors passed a resolution to vary the existing DOCA by allowing Patersons Securities Limited ("Patersons") a further 30 days to finalise their proposal.

We have analysed Patersons' offer in terms of both the level of returns to creditors and risks to completion and are of the view that it will be in creditors' best interests to accept the offer put forward by Patersons. Please refer to section five (5) of this report for specific details of the offer.



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 proposal put forward by Patersons is not accepted by creditors, SGBL will likely proceed into liquidation and it is unlikely any value will be realised for SGBL's corporate shell;
2. 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 44 cents to 1.8 cents in the dollar; and
3. No other recapitalisation and restructure 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 Friday, 17 September 2010 at 3.00 pm 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 company vary the existing holding DOCA in terms materially consistent with Patersons proposal; 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 and 11 August 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 18 February 2010, creditors passed a resolution requiring the company to execute a DOCA pursuant to Part 5.3A of the Act. The DOCA was executed on 2 March 2010.

The DOCA, to date, provided:

- The Deed Administrators further time to progress the proposal received towards a form able to be assessed and voted upon by creditors; and
- An opportunity for the Deed Administrators to analyse and assess the merits of this and any other proposal and offer, and provide a recommendation prior to the next creditors' meeting.

The DOCA entered into by the Company on 2 March 2010 was due to terminate on 18 August 2010, unless a meeting of creditors was convened to consider a resolution to vary the DOCA.

Given that the restructuring DOCA proposal proposed by Patersons was not finally formulated, a meeting of the creditors of SGBL in accordance with section 445F of the Act was convened to seek creditors' views as to whether to vary the DOCA to provide a further period of 30 days.

This meeting was held on Wednesday, 18 August 2010 at the offices of Ferrier Hodgson, Level 26, BankWest Tower, 108 St George's Terrace, Perth, Western Australia at 10:00 am WST and at that meeting, creditors resolved to vary the existing DOCA to provide for a further 30 days in order that the prospective DOCA proponent, Patersons', could finalise their DOCA proposal.

### 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 as outlined in our Circular to Creditors dated 3 December 2009.

## 2. STATEMENT OF POSITION

Please refer to the Administrators' Report to Creditors dated 3 December 2009 and 10 February 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 10 September 2010 for your information:

	Reference	High Return (\$)	Low Return (\$)
<b>Assets</b>			
Cash at bank	2.1	1,456	1,456
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 31/8/2010) and not drawn		(25,934)	(25,934)
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>(237,596)</b>	<b>(257,596)</b>
<b>Total funds available after priority claims</b>		<b>Unascertained</b>	<b>Unascertained</b>
<b>Unsecured Creditor claims</b>			
- 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 company owned 50.7 hectares of land located on the corner of Millar Road and the Kwinana Freeway, Baldvis, Western Australia ("the Baldvis property") which is subject to a fixed and floating charged in favour of the National Australia Bank Limited.

The Baldvis property 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.

As previously noted, Brian McMaster and Mark Mentha of KordaMentha were appointed Joint and Several R&Ms on 9 November 2009 by the NAB pursuant to the duly registered fixed and floating charged in favour of the NAB.

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.

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

### 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 3 March 2010 to 10 September 2010 is tabled below:

Summary of Receipts and Payments	Amounts (\$)
<b>RECEIPTS</b>	
Transfer from Administrators	23,913
ATO Refund (in error)	16,932
ATO Refund	1,392
Bank Interest	2
<b>Total Receipts</b>	<b>\$42,239</b>
<b>PAYMENTS</b>	
Legal Fees	(23,727)
Return of ATO refund in error	(16,932)
Bank Charges	(124)
<b>Total Payments</b>	<b>\$(40,783)</b>
<b>Cash at Bank as at 10 September 2010</b>	<b>\$1,456</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.

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
<b>Financial Assessment</b>	
Profitability	Not Applicable
Working Capital Deficiency	June 2007
Net Assets	No Examples
<b>Source of Funding</b>	
External Finance Declined	October/November 2009
<b>Other Insolvency Indicators</b>	
Non Compliance with Finance Facilities	March 2009
Aged Trade Payables Outside of Terms	No Examples
Payment Arrangements with Creditors	July 2009
Statutory Payments in Arrears	No Examples
Demands, Writs & Summons	November 2009
Dishonoured Cheques	No Examples
<b>Indicative Date of Insolvency</b>	6 November 2009

Having regard to the above, we consider that the Company was potentially insolvent as early as March 2009 but given the defences available to the Directors it is likely that the date of insolvency was closer to the date of our appointment, being 6 November 2009.

In regards to our comments made in our section 439A Report 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 fruit (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. PROPOSED DOCA

### 5.1 Summary of Paterson’s Proposed DOCA

Patersons have presented a DOCA Variation Proposal, which is outlined below for the information of creditors generally:

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> <ol style="list-style-type: none"> <li>a. NAB \$30,000 in relation to the unsecured portion of its debt (if any);</li> <li>b. Administrators’/Deed Administrators’ fees and cost incurred be paid in full; and</li> <li>c. All other admitted unsecured creditors will receive a dividend pro-rated in respect of their admitted claims.</li> </ol> <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,</p>

	<p>references to winding up were references to the Trust and with such other modifications as are necessary to give effect to the Trust.</p> <p>1.7 The Trustee of the Creditors' Trust becomes solely responsible to the former creditors (now beneficiaries) for:</p> <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>
<p>2. Purpose of the Deed Proposal:</p>	<p>2.1 To maximise the chance of SGBL continuing in existence.</p> <p>2.2 To provide a greater return to SGBL's creditors than would be available in liquidation.</p> <p>2.3 To facilitate a recapitalisation of SGBL (through capital raising).</p> <p>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).</p>
<p>3. Establishment of Creditors' Trust:</p>	<p>3.1 A creditors' trust will be established and named "SAS Global Baldivis Creditor's Trust" (Creditors' Trust).</p> <p>3.2 The Deed Administrators will assume the role of Trustee of the Creditors' Trust.</p> <p>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.</p> <p>3.4 Property available to the Creditors' Trust comprises the Fund. The Fund includes:</p> <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>
<p>4. Participating Creditors:</p>	<p>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.</p> <p>4.2 If the proposed Patersons proposal is accepted by creditors, the</p>

	<p>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.</p>
5. New Directors:	<p>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.</p> <p>5.2 SGBL shall be returned to the new directors upon termination of the Varied DOCA.</p>
6. Deed Administrators:	<p>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.</p> <p>6.2 The Deed Administrators will assume the role of Trustees of the Creditors' Trust.</p>
7. Shareholder approval and cost:	<p>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:</p> <ul style="list-style-type: none"> <li>a. Shareholder meeting documents to give effect to the resolutions required to undertake the proposal;</li> <li>b. Any ASIC lodgements or approvals fees;</li> <li>c. Completion of all outstanding taxation and audit requirements provided that they can be done at a reasonable cost;</li> <li>d. Draft reconstruction deed for consideration and execution;</li> <li>e. All capital raising cost including prospectus and accounts preparation.</li> </ul> <p>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.</p>
8. Condition precedent ("CP"):	<p>8.1 The DOCA is conditional on and subject to the following:</p> <ul style="list-style-type: none"> <li>a. Approval by SGBL's creditors in accordance with Section 445F of the Act on or before 17 September 2010;</li> <li>b. Shareholders' approval;</li> <li>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>d. Completion of all outstanding taxation and audit requirements; and</li> <li>e. Completion of the sale of the Property and the retirement of the Receivers and Managers.</li> </ul>

	<p>8.2 If the CPs are not waived by the Proponent's written agreement or satisfied by 31 March 2011:</p> <ul style="list-style-type: none"> <li>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> <li>b. The Proponent will pay \$22,000 (incl GST) to the Deed Administrators within 14 days of being issued with a taxation invoice for "insolvency services".</li> </ul>
<p>9. Creditors' Committee:</p>	<p>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.</p>
<p>10. Administrators' / Trustees' Lien:</p>	<p>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.</p> <p>10.2 Likewise, the Trustees will have an indemnity secured by a lien over the Fund.</p>
<p>11. Application of the Fund:</p>	<p>11.1 The Fund will be applied by the Trustees in the manner and order of priority as follows:</p> <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> <p>11.2 Section 444DB of the Act applies to the DOCA.</p>
<p>12. Moratorium against the Company in relation to winding up:</p>	<p>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:</p> <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</li> </ul>

	<p>enforcement process in relation to the property of the Company.</p> <p>12.2 This limitation does not affect the ability of the Secured Creditors to enforce their security against the Company.</p>
13. Termination of DOCA:	<p>13.1 In the event that the CPs:</p> <ul style="list-style-type: none"> <li>a. are not waived or satisfied by 31 March 2011 as per Clause 8.2 above; or</li> <li>b. the Proponent advises the Deed Administrators in writing that it will not be completing the DOCA, then the Deed Administrators may: <ul style="list-style-type: none"> <li>• issue a certificate stating that the company has been placed into Liquidation; and/or</li> <li>• convene a meeting of creditors to vary or terminate the DOCA; and/or</li> <li>• claim the sum from the Proponent in accordance with Clause 8.2(b).</li> </ul> </li> </ul>
14. Other terms:	<p>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.</p> <p>14.2 Section 440D will apply while the DOCA is on foot.</p>

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 proposed variation to the DOCA, we provide the following summary of the expected returns for the various creditor groups:

*This section has been left blank intentionally*

Statement of Position	ERV Liquidation Scenario (\$)	ERV DOCA High Return (\$)	ERV DOCA Low Return (\$)
<b>Floating Charge Assets</b>			
Cash at Bank	1,456	1,456	1,456
Proceeds from sale of assets	Unascertained	Unascertained	Unascertained
Proceeds from DOCA Proponent	nil	260,000	260,000
<b>Total Assets Available</b>	<b>1,456</b>	<b>261,456</b>	<b>261,456</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	(127,596)	(127,596)	(127,596)
Administrators / Deed Administrators' Expenses Outstanding	(4,353)	(4,353)	(4,353)
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>(\$235,493)</b>	<b>\$39,507</b>	<b>\$29,507</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>(\$2,323,650)</b>	<b>(\$51,150)</b>	<b>(\$1,546,150)</b>
<b>Estimated Return to Unsecured Creditors (Cents in Dollar)</b>	<b>NIL</b>	<b>44 cents in the \$</b>	<b>1.8 cents in the \$</b>

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 proposal put forward by Patersons is not accepted by creditors, SGBL will likely proceed into liquidation and it is unlikely any value will be realised for SGBL's corporate shell;
2. 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 Paterson Corporate Finance will not prove for any future dividends. The estimated dividend to unsecured creditors of SGBL under the Patersons proposal is between 44 cents to 1.8 cents in the dollar; and
3. No other recapitalisation and restructure proposals have been proposed at this time.

Having regard to the above, if the terms of the 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 DOCA variation.

## **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) 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***

We summarise below the conditions precedent to completion of Patersons DOCA:

- Approval by creditors at the meeting of creditors convened in accordance with Section 445F of the Act on or before 17 September 2010;
- 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 31 March 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 \$22,000 (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 44 cents to 1.8 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. The current rates as at 1 August 2010 are set out in the Remuneration Report enclosed as **Annexure 1** to this Report.

**Annexure 1** also sets out details of the estimated fees likely to be incurred under a Creditors' Trust. 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, 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.

To ensure that those provisions apply to the Creditors' Trust, they will be incorporated into the Creditors' Trust to apply as contractual provisions.

For the purposes of any distribution to priority creditors detailed above, any reference to a Liquidator or liquidation under Section 52 of the Superannuation Guarantee (Administration) Act 1992 (Cth), shall read Deed Administrators or Deed Administration respectively for the purposes of the DOCA and Creditors' Trust respectively for the purpose of the Trust Deed.

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 DOCA (other than those provided under the 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, 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:

- The company vary the existing DOCA in terms materially consistent with Patersons proposal; 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 proposal put forward by Patersons and vary the existing DOCA for the following key reasons:

1. If the DOCA proposal put forward by Patersons is not accepted by creditors, SGBL will likely proceed into liquidation and it is unlikely any value will be realised for SGBL's corporate shell;
2. The proposal provides some certainty for creditors, with payment of some cash consideration (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 any future dividends. The estimated dividend to unsecured creditors of SGBL under the Paterson's proposal is between 44 cents to 1.8 cents in the dollar; and
3. No other recapitalisation and restructure 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 4.5 of the current DOCA, we also note that if the Patersons DOCA proposal is not accepted by creditors at the forthcoming meeting of creditors, the current holding 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 variation to the DOCA, as against the estimated return under a winding up of the company.

We consider the proposed variation to the DOCA 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 44 cents to 1.8 cents in the dollar.</li> <li>Distribution likely to be during June 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 consider approving the DOCA variation 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

At the meeting of creditors convened for Friday, 17 September 2010, we intend seeking approval of the following remuneration.

### 9.1 Deed Administrators'/Trustees' Remuneration

In the event that creditors approve the DOCA variation, we will seek creditors' approval for future costs of administering the DOCA / Creditors' Trust estimated, at the Ferrier



Hodgson scale of hourly rates, at up to \$35,000 (excl. GST). A summary of the anticipated tasks is set out in **Annexure 1**. This estimate of future costs is in addition to the Deed Administrators remuneration of \$50,000 (excl. GST) approved by creditors at the meeting of creditors held on 18 February 2010.

## 9.2 Prospective Liquidators' Remuneration

In the event creditors vote to wind up the company, Liquidators' remuneration is estimated at \$80,000 (excl. GST). Accordingly, in the event that creditors resolve to wind up the company, the Liquidators would seek approval of remuneration at the Ferrier Hodgson standard hourly rates capped at that amount. A summary of the anticipated tasks is set out in **Annexure 1**.

## 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 Kieran Chu or Charlotte Linfoot at this office.

DATED this 10<sup>th</sup> day of September 2010.

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

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# **Annexure 1**

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**Deed Administrators' / Trustees' Remuneration**

**Liquidators' Remuneration**

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

## CORPORATIONS ACT 2001

## Section 449E

**SAS Global Baldivis Limited  
(Subject to Deed of Company Arrangement)  
(Receivers and Managers Appointed)  
ACN 120 233 490**

### **REMUNERATION REPORT**

The Deed 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 A schedule of the tasks undertaken by the Deed Administrator and the remuneration calculation for the period 2 March 2010 to 31 August 2010.
- A3 If the Deed of Company Arrangement is varied, a schedule of the Deed Administrators/ Trustees' anticipated tasks and further remuneration estimate to the completion of the Deed of Company Arrangement/ Creditor's Trust.
- A4 If the company is placed in Liquidation, a schedule of the Liquidators' anticipated tasks and further remuneration estimate to the completion of the liquidation.
- A5 Remuneration approved and drawn to date.
- A6 Resolutions regarding remuneration to be put to creditors at the meeting convened for 17 September 2010.

#### **Part B**

- B1 Deed Administrators' disbursements.
- B2 Summary of Receipts and Payments.
- 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 **10 September 2010**.

## PART A

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

Title	Rate (\$)	Experience
Partner/Principal/ 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 <a href="http://www.ferrierhodgson.com">www.ferrierhodgson.com</a>
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	400	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	355	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	295	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	265	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	235	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, commenced ICAA's CA program.
Intermediate 1	190	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.
Intermediate 2	160	0 to 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more detailed administrative tasks.
Senior Secretary	155	Appropriate skills including machine usage.
Clerk	135	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.

#### Notes:

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



**A2 A schedule of the Deed Administrators tasks undertaken from 2 March 2010 to 31 August 2010.**

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Assets 3.0 hours \$1,054.50</b>	Other	<ul style="list-style-type: none"> <li>▪ Liaising with interested parties regarding possible DOCA proposals.</li> </ul>
<b>Creditors 23.40 hours \$6,390.50</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone and email</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> </ul>
	Secured creditor	<ul style="list-style-type: none"> <li>▪ Discussions with secured creditor, Receivers and Managers and their legal representatives</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Preparation of circulars to creditors</li> <li>▪ Prepare report pursuant to section 445F of the Act</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipting and filing POD's when not related to a dividend</li> <li>▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Preparation of meeting notices, proxies and advertisements</li> <li>▪ Forward notice of meeting to all known creditors</li> <li>▪ 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.</li> <li>▪ Preparation and lodgement minutes of meetings with ASIC</li> <li>▪ Respond to stakeholder queries and questions immediately following meeting</li> </ul>
	Shareholder enquiries	<ul style="list-style-type: none"> <li>▪ General liaison with shareholders</li> <li>▪ Receive and follow up shareholder enquiries via telephone and email</li> <li>▪ Maintaining shareholder enquiry register</li> <li>▪ Review and prepare correspondence to shareholders and their representatives via facsimile, email and post</li> </ul>
<b>Investigations 21.00 Hours \$5,945.00</b>	Conducting investigation	<ul style="list-style-type: none"> <li>▪ Reconstruction of financial statements</li> <li>▪ Reviewing company's books and records</li> <li>▪ Review of specific transactions and liaising with directors regarding certain transactions</li> <li>▪ Preparation of investigation file</li> </ul>
	ASIC reporting	<ul style="list-style-type: none"> <li>▪ Liaising with ASIC</li> </ul>
<b>Trade On 14.0 hours \$3,197.50</b>	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system</li> </ul>
	Budgeting & financial reporting	<ul style="list-style-type: none"> <li>▪ Reviewing company's budgets and financial statements</li> <li>▪ Preparing/reviewing Statement of Position</li> </ul>
<b>Administration 45.40 hours \$10,797.50</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Filing of documents</li> <li>▪ File reviews</li> <li>▪ Updating checklists</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Preparing correspondence opening and closing accounts</li> <li>▪ Requesting bank statements</li> <li>▪ Bank account reconciliations</li> <li>▪ Correspondence with bank regarding specific transfers</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including 505, 524, 5011 etc</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ Notification of appointment</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status/strategy of administration</li> </ul>



**A2 A schedule of the Deed Administrators tasks undertaken from 2 March 2010 to 31 August 2010.**

Employee	Position	Average Charge Rate \$	Total		Assets		Creditors		Investigations		Trade on		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Martin Jones	Partner	540	2.6	1,404.00			0.7	378.00					1.9	1,026.00
Darren Weaver	Partner	540	0.2	108.00					0.1	54.00	0.1	54.00		
Malcolm Field	Senior Manager	392	4.2	1,646.00	1.9	741.00	0.9	359.00	0.1	39.00			1.3	507.00
Kieran Chu	Supervisor	287	46.9	13,452.00	1.1	313.50	10.9	3,209.50	15.3	4,400.50	6.0	1,710.00	13.6	3,818.50
Sandra Gauci	Senior 1	240	16.5	3,959.50			6.3	1,599.50			2.5	585.50	7.7	1,774.50
Lauren McCann	Senior 2	235	0.5	117.50			0.5	117.50						
Sean Holmes	Senior 1	230	7.1	1,633.00									7.1	1,633.00
Derek Kier	Senior 2	230	0.1	23.00									0.1	23.00
Sam Wilson	Intermediate 1	190	0.2	38.00			0.2	38.00						
Adrian Di Menna	Intermediate 1	185	0.7	129.50									0.7	129.50
Georgina Luck	Intermediate 1	185	2.7	499.50			2.6	481.00					0.1	18.50
Alex Godfrey	Intermediate 2	161	0.9	144.50							0.9	144.50		
Charlie Linfoot	Intermediate 2	157	9.4	1,473.50			1.3	208.00			4.5	703.50	3.6	562.00
Penny Vetten	Intermediate 2	155	2.5	387.50									2.5	387.50
Jacqui Westwood	Secretary	153	1.7	259.50									1.7	259.50
Carly McDougall	Secretary	150	0.3	45.00									0.3	45.00
Melissa Ross	Filing/Clerk	130	1.5	195.00									1.5	195.00
Kate Martin	Filing/Clerk	130	0.2	26.00									0.2	26.00
Evelyn Grey	Filing/Clerk	130	0.1	13.00									0.1	13.00
Dorothy Radisich	Filing/Clerk	130	2.6	339.00									2.6	339.00
Carla Clayton	Filing/Clerk	101	0.4	40.50									0.4	40.50
<b>Total</b>			<b>101.30</b>	<b>\$25,933.50</b>	<b>3.0</b>	<b>\$1,054.50</b>	<b>23.4</b>	<b>\$6,390.50</b>	<b>15.5</b>	<b>\$4,493.50</b>	<b>14.0</b>	<b>\$3,197.50</b>	<b>45.4</b>	<b>\$10,797.50</b>



**A3 A schedule of the Deed Administrators / Trustees' anticipated tasks and further remuneration estimate to the completion of the DOCA / Creditors' Trust.**

Based on the following anticipated tasks of the DOCA / Creditors' Trust, we estimate the Deed Administrators / Trustees' fees to be \$35,000 (exclusive of GST).

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Creditors</b> <b>56.5 hours</b> <b>\$16,180</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone and email</li> <li>▪ Maintaining creditor enquiry register</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Correspondence with committee of creditors members</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Preparation of circulars to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipting and filing POD's when not related to a dividend</li> <li>▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Preparation and lodgement minutes of meetings with ASIC</li> <li>▪ Respond to stakeholder queries and questions immediately following meeting</li> </ul>
	Shareholder enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up shareholders enquiries via telephone and email</li> <li>▪ Maintaining shareholders enquiry register</li> <li>▪ Review and prepare correspondence to shareholders and their representatives via facsimile, email and post</li> <li>▪ Responding to any shareholder legal action</li> </ul>
<b>Trade On</b> <b>6.0 hours</b> <b>\$1,545</b>	Processing receipts and payments	<ul style="list-style-type: none"> <li>▪ Entering receipt and payments into accounting system</li> </ul>
	Budgeting & financial reporting	<ul style="list-style-type: none"> <li>▪ Reviewing company's budgets and financial statements</li> <li>▪ Preparing/reviewing budgets and cash flow forecasts</li> <li>▪ Preparing weekly financial reports</li> <li>▪ Meetings to discuss trading position</li> </ul>
<b>Administration</b> <b>69.0 hours</b> <b>\$17,275</b>	ASIC reporting	<ul style="list-style-type: none"> <li>▪ Liaising with ASIC</li> </ul>
	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ Filing of documents</li> <li>▪ File reviews</li> <li>▪ Updating checklists</li> </ul>
	Processing proofs of debt	<ul style="list-style-type: none"> <li>▪ Preparation of correspondence to potential creditors inviting lodgement of Proofs of Debts ("POD")</li> <li>▪ Adjudicating PODs and request further information from claimants regarding POD (if required)</li> <li>▪ Preparation of correspondence to claimant advising outcome of adjudication</li> </ul>
	Dividend procedures	<ul style="list-style-type: none"> <li>▪ Preparation of correspondence to creditors advising of intention to declare dividend</li> <li>▪ Advertisement of intention to declare dividend</li> <li>▪ Obtain clearance from ATO to allow distribution of company's assets</li> <li>▪ Preparation of dividend calculation</li> <li>▪ Preparation of correspondence to creditors enclosing payment of dividend</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Bank account reconciliations</li> <li>▪ Correspondence with bank regarding specific transfers</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms</li> <li>▪ Correspondence with ASIC regarding statutory obligations</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ Business Activity Statements</li> </ul>
Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status/strategy of administration</li> </ul>	



A3 (cont)

A schedule of the Deed Administrators / Trustees' anticipated tasks and further remuneration estimate (exclusive of GST) to the completion of the DOCA / Creditors' Trust.

Employee	Position	Charge Rate \$	Total		Creditors		Trade On		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$
Martin Jones	Partner	540	12.0	6,480	6.0	3,240	-	-	6	3,240
Malcolm Field	Senior Manager	400	11.0	4,400	7.0	2,800	-	-	4	1,600
Kieran Chu	Supervisor	295	29.0	8,555	15.0	4,425	2.0	590	12	3,540
Sandra Gauci	Senior 1	265	29.0	7,685	11.0	2,915	3.0	795	15	3,975
Charlotte Linfoot	Intermediate 2	160	38.5	6,160	17.5	2,800	1.0	160	20	3,200
Jacqui Westwood	Secretary	155	5.0	775	-	-	-	-	5	775
Kate Martin	Junior	135	4.0	540	-	-	-	-	4	540
Dorothy Radisich	Junior	135	3.0	405	-	-	-	-	3	405
<b>Total</b>			<b>131.5</b>	<b>\$35,000</b>	<b>56.5</b>	<b>\$16,180</b>	<b>6.0</b>	<b>\$1,545</b>	<b>69</b>	<b>\$17,275</b>



**A4 Schedule of anticipated tasks and Liquidators' estimated prospective remuneration for the period 17 September 2010 to the conclusion of the Liquidation.**

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

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Creditors</b> <b>79 hours</b> <b>\$23,550</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>▪ Receive and follow up creditor enquiries via telephone</li> <li>▪ Maintaining creditor enquiry register</li> <li>▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>▪ Correspondence with committee of creditors members</li> </ul>
	Secured creditor reporting	<ul style="list-style-type: none"> <li>▪ Preparing reports to secured creditor</li> <li>▪ Responding to secured creditor's queries</li> </ul>
	Creditor reports/circulars	<ul style="list-style-type: none"> <li>▪ Preparing general reports to creditors</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>▪ Receipting and filing POD's when not related to a dividend</li> <li>▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>▪ Preparation meeting notices, proxies and advertisements</li> <li>▪ Forward notice of meeting to all known creditors</li> </ul>
		<ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ Preparation and lodgement minutes of meetings with ASIC</li> <li>▪ Respond to stakeholder queries and questions immediately following meeting</li> </ul>
Shareholder enquires	<ul style="list-style-type: none"> <li>▪ ITAA Section 104-145(1) declarations</li> <li>▪ Responding to any shareholder legal action</li> </ul>	
<b>Investigation</b> <b>108 hours</b> <b>\$30,670</b>	Conducting investigation	<ul style="list-style-type: none"> <li>▪ Collection of company books and records</li> <li>▪ Correspondence with ASIC to receive assistance in obtaining books and records</li> <li>▪ reconstruction of financial statements</li> <li>▪ Reviewing company's books and records and Report as to Affairs</li> <li>▪ Review and preparation of company nature and history</li> <li>▪ Conducting and summarising statutory searches</li> <li>▪ Preparation of comparative financial statements</li> <li>▪ Preparation of deficiency statement</li> <li>▪ Review of specific transactions and liaising with directors regarding certain transactions</li> <li>▪ Liaising with directors regarding certain transactions</li> <li>▪ Preparation of investigation file</li> <li>▪ Lodgement of report with the ASIC pursuant to section 533 of the Act</li> <li>▪ Preparation and lodgement of supplementary report if required</li> </ul>
	Examinations	<ul style="list-style-type: none"> <li>▪ Preparing brief to solicitor</li> <li>▪ Liaising with solicitor(s) regarding examinations</li> <li>▪ Attendance at examination</li> <li>▪ Reviewing examination transcripts</li> <li>▪ Liaising with solicitor(s) regarding outcome of examinations and further actions available</li> </ul>
	Litigation / Recoveries	<ul style="list-style-type: none"> <li>▪ Liaising with solicitors regarding recovery actions</li> <li>▪ Attending to negotiations</li> <li>▪ Attending to settlement matters</li> </ul>
	ASIC reporting	<ul style="list-style-type: none"> <li>▪ Preparing statutory investigation reports</li> <li>▪ Preparing affidavits seeking non lodgements assistance</li> <li>▪ Liaising with ASIC</li> </ul>



Task Area	General Description	Includes
<b>Administration</b> <b>99 hours</b> <b>\$25,780</b>	Correspondence	<ul style="list-style-type: none"> <li>▪ General correspondence</li> </ul>
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> <li>▪ First month, then 6 monthly administration review</li> <li>▪ Filing of documents</li> <li>▪ File reviews</li> <li>▪ Updating checklists</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>▪ Preparing correspondence opening and closing accounts</li> <li>▪ Requesting bank statements</li> <li>▪ Bank account reconciliations</li> <li>▪ Correspondence with bank regarding specific transfers</li> </ul>
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> <li>▪ Preparing and lodging ASIC forms including 505, 524, 911 etc</li> <li>▪ Correspondence with ASIC regarding statutory forms</li> </ul>
	ATO & other statutory reporting	<ul style="list-style-type: none"> <li>▪ Notification of appointment</li> <li>▪ Preparing BAS'</li> <li>▪ Completing group certificates</li> </ul>
	Finalisation	<ul style="list-style-type: none"> <li>▪ Notifying ATO of finalisation</li> <li>▪ Cancelling ABN / GST / PAYG registration</li> <li>▪ Completing checklists</li> <li>▪ Finalising WIP</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>▪ Discussions regarding status/strategy of administration</li> </ul>
	Books and records / storage	<ul style="list-style-type: none"> <li>▪ Dealing with records in storage</li> <li>▪ Sending job files to storage</li> </ul>



**A4 (cont) Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate (exclusive of GST) for the period 17 September 2010 to the conclusion of the Liquidation.**

Employee	Position	Charge Rate \$	Total		Creditors		Investigation		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$
Martin Jones	Partner	540	28	15,120	10	5,400	8	4,320	10	5,400
Malcolm Field	Senior Manager	400	35	14,000	12	4,800	15	6,000	8	3,200
Kieran Chu	Supervisor	295	55	16,225	15	4,425	22	6,490	18	5,310
Sandra Gauci	Senior 2	265	77	20,405	21	5,565	36	9,540	20	5,300
Charlie Linfoot	Intermediate 2	160	73	11,680	21	3,360	27	4,320	25	4,000
Jacqui Westwood	Secretary	155	7	1,085	-	-	-	-	7	1,085
Kate Martin	Junior	135	6	810	-	-	-	-	6	810
Dorothy Radisich	Junior	135	5	675	-	-	-	-	5	675
<b>Total</b>			<b>286</b>	<b>\$80,000</b>	<b>79</b>	<b>\$23,550</b>	<b>108</b>	<b>\$30,670</b>	<b>99</b>	<b>\$25,780</b>

If costs exceed the estimates made above, we will advise creditors accordingly and seek further approval from creditors.



## A5 Remuneration approved and drawn to date

The Administrator's remuneration for the period 6 November 2009 to 2 March 2010 totalled \$111,662 (excl GST) as summarised below. These costs were summarised in the reports to creditors dated 3 December 2009 and 10 February 2010 and were previously approved by creditors.

Voluntary Administration Period	Amount Approved (excl GST) (\$)	Amount Drawn (excl GST) (\$)
6 November 2009 to 30 November 2009	\$61,781.00	\$10,000.00
1 December 2009 to 31 January 2010	\$29,881.00	Nil
1 February 2010 to 1 March 2010	\$20,000.00	Nil
<b>Total</b>	<b>\$111,662.00</b>	<b>\$10,000.00</b>

At the meeting of creditors held on 18 February 2010, creditors also approved the Deed Administrators' remuneration totalling \$50,000 (excl GST), which is summarised below.

DOCA Period	Amount Approved (excl GST) (\$)	Amount incurred to 31 August 2010 (excl GST) (\$)	Amount Drawn (excl GST) (\$)
2 March 2010 to end of DOCA	\$50,000.00	\$25,933.50	Nil
<b>Total</b>	<b>\$50,000.00</b>	<b>\$25,933.50</b>	<b>Nil</b>

## A6 Resolutions regarding remuneration to be put to creditors at the meeting convened for 17 September 2010.

At the meeting of creditors convened for 17 September 2010, creditors will be asked to consider the following resolutions in relation to remuneration:

### Prospective Deed Administrators' / Trustees Remuneration

In the event creditors vote to vary the existing DOCA:

"That a provision for the Deed Administrators' / Trustees' future remuneration for the period of the proposed DOCA / Creditors' Trust in the amount of \$35,000 (excluding GST) be approved subject to upward or downward adjustment by resolution of creditors and that the Deed Administrators be authorised to draw their fees monthly in arrears."

### Prospective Liquidators' Remuneration

In the event creditors vote to wind up the company:

"That a provision for the Liquidators' future remuneration in the amount of \$80,000 (excluding GST) be approved subject to upward or downward adjustment by resolution of creditors / committee of inspection and that the Liquidators be authorised to draw their fees monthly in arrears."



**PART B**

**B1 Deed 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

Please find below a schedule of Disbursements incurred and drawn to date:

Disbursements	Amounts (\$) (Excluding GST)
Advertising	1,088.00
Courier	75.82
Facsimile	61.88
Meals	44.2
Storage	224.18
Taxis and parking	347.09
Travelling	65.78
Searches	903.64
Telephone	22.09
Document Production	2,341.85
Postage	177.29
<b>Subtotal</b>	<b>\$5,887.00</b>
<b>Less: Amounts Drawn</b>	<b>\$1,534.38</b>
<b>Total Outstanding</b>	<b>\$4,352.62</b>



We note that 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 2 March 2010 to 9 September 2010**

Please refer to Section 3.1 of the Deed Administrators' Report dated 10 September 2010 for a summary of Receipts and Payments.

## **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](http://www.ipaa.com.au)

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

## **B4 Initial Advice to Creditors**

### **Remuneration Methods**

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

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

### **Method chosen**

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

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 Charlotte Linfoot of this office.

Dated this 10th day of September 2010.

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

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

# Annexure 2

## List of Creditors

Creditor Name	Amounts (\$)	Amounts (\$)
<b><u>Ordinary Unsecured Creditors</u></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><u>Shareholders</u></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>