

PERTH

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9 August 2010

ORD PACKERS PTY LTD ACN 106 363 964
BERRY PACKERS PTY LTD ACN 125 068 911
RURAL LABOUR PTY LTD ACN 130 732 786
GREENTREE CAPITAL PTY LTD ACN 093 209 173
Formerly QPR Capital Finance Pty Ltd
(All Administrators Appointed) (Some Receivers and Managers Appointed)
(Collectively referred to as the Companies)

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

CIRCULAR TO CREDITORS

We refer to the appointment of Martin Jones, Andrew Saker and Darren Weaver as Joint and Several Administrators of the Companies pursuant to section 436A of the Corporations Act 2001 (the Act) on 16 May 2010.

As previously advised, on 10 June 2010 an application was made by the Administrators to extend the convening period for a period of up to three months. This application was approved by the Supreme Court of Western Australia on 11 June 2010 and extended the date by which the Administrators were required to convene the second creditors meetings to 14 September 2010.

Subsequent to the 11 June 2010 hearing, the Receivers and Managers of the Companies opposed the three month extension of the convening period. Following our discussions with the Receivers and Managers, we agreed that the extension of the convening period previously approved by the Court be brought back to 9 August 2010. In this regard, the Court approved this agreement and granted orders to this effect on 29 June 2010.

We advise that the concurrent second meetings of creditors of the Companies convened pursuant to Section 439A of the Act **will be held on Monday, 16 August 2010 at the Kings Perth Hotel, 517 Hay Street, Perth, Western Australia at 9.00am (WST)** for creditors to determine the future of the Companies.

We further note that a summary of the outcome of the second meeting of creditors will be made available on the Ferrier Hodgson website (www.ferrierhodgson.com) by 5.00pm (WST) on the day of the meeting. We also note should any creditor or stakeholder wish to obtain a copy of the minutes of these meetings, these will be available 10 business days after the date of the meetings from the ASIC.

Affiliated through
Zolfo Cooper
and
Kroll Worldwide
UNITED STATES
UNITED KINGDOM



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

(a) Notice of Meeting

Please note that meetings for the Companies will be held on **Monday, 16 August 2010 at the Kings Perth Hotel, 517 Hay Street, Perth, Western Australia at 9.00am (WST).**

Please note that you should arrive for registration at least 30 minutes prior to the meeting.

Although they will be legally separate meetings, we intend to conduct each of the meetings of the Companies at the same time and location and to allow observers to be present at each of the meetings. We believe this necessary and reasonable in order to save costs and allow for an efficient Administration process for all stakeholders, without prejudicing their respective interests.

(b) Informal Proof of Debt or Claim Form

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

If you have submitted one of these for the purposes of the first meetings of creditors, **you do not need to submit another.**

(c) Appointment of Proxy Form

This form enables you to appoint a person to act on your behalf at the meeting. Proxy forms submitted for the first meeting of creditors are not valid for these meetings. We note that to be entitled to vote, corporate creditors **must complete and submit a new Proxy form** for the purposes of these meetings.

To ensure your debt is registered with the Administrators and your vote is able to be counted at the meetings, you are required to lodge all forms with the Administrators by no later than **5.00pm WST on Friday, 13 August 2010.**

All forms and supporting documentation can be lodged with the Administrators via one of the following means:

By mail: Ferrier Hodgson
 GPO Box 2537
 PERTH WA 6001
By email: rewardsgroup@fh.com.au
By facsimile: +61 8 9214 1400



Please also note that Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy with the Administrators' office within 72 hours of lodging the electronic copy.

(d) Administrator's report pursuant to Section 439A(4) of the Act

The report details a summary on the Company's business, property, affairs and financial circumstances. It also contains a statement setting out our opinion about each of the following matters and our reasons for those opinions:

- (a) Whether it would be in the creditors' interests for the company to be wound up.
- (b) Whether it would be in the creditors' interests for the administration to end.
- (c) Whether the meeting should be adjourned for a period of up to 45 business days.

(e) Remuneration Report

The Administrators' report includes detailed scheduled explaining their remuneration claim setting out:

- (a) Details of time spent by category of staff at the rates applicable for such staff.
- (b) A summary of the work undertaken, and work expected to be undertaken up to the cessation or completion of the administration by the Administrators and their staff in the administration.

Should creditors resolve that any of the individual companies be wound up, the Liquidators intend that their remuneration be fixed on the basis of time spent by them and their staff of an appropriate level having regard to the nature and complexity of the work and calculated by reference to the hourly rates set out in the attached remuneration report.

Further Information

For further information concerning the Voluntary Administration process and Ferrier Hodgson, you may wish to visit our website at www.ferrierhodgson.com. You may also wish to consider the IPAA's website www.ipaa.com.au which contains the IPA's Statements of Best Practice, applicable to IPA members and/or the website www.asic.gov.au for information sheets.

Should you have any questions in relation to this matter, please contact either Sandra Gauci or Lauren McCann of this office

MARTIN JONES
Joint and Several Administrator of
Ord Packers Pty Ltd
Berry Packers Pty Ltd
Rural Labour Pty Ltd
Greentree Capital Pty Ltd

Encl.

CORPORATE ADVISORY 

FORENSICS 

CORPORATE RECOVERY 

FORM 529A

Paragraph 5.6.12(2)

CORPORATIONS ACT 2001

**NOTICE OF SECOND MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION**

**ORD PACKERS PTY LTD ACN 106 363 964
BERRY PACKERS PTY LTD ACN 125 068 911
RURAL LABOUR PTY LTD ACN 130 732 786
GREENTREE CAPITAL PTY LTD ACN 093 209 173
*Formerly QPR Capital Finance Pty Ltd***

**(All Administrators Appointed) (Some Receivers and Managers Appointed)
(Collectively referred to as the Companies)**

Notice is given that concurrent meetings of the creditors of the Companies will be held on Monday, 16 August 2010 at the Kings Perth Hotel 517 Hay Street, Perth, Western Australia at 9.00am (WST).

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

AGENDA

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

Proxies to be used at the meetings should be lodged at the office of the Joint and Several Administrators by 5.00pm (WST) on Friday, 13 August 2010. A corporate creditor can only be represented by proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.31A or if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the company in accordance with the Corporations Regulations and that claim has been admitted for voting purposes wholly or in part by the voluntary administrator.

DATED this 9th day of August 2010.



MARTIN JONES
Joint and Several Administrator of
Ord Packers Pty Ltd
Berry Packers Pty Ltd
Rural Labour Pty Ltd
Greentree Capital Pty Ltd

INFORMAL PROOF OF DEBT FORM FOR CREDITORS

Regulation 5.6.47

ORD PACKERS PTY LTD ACN 106 363 964
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(All Administrators Appointed) (Some Receivers and Managers Appointed)
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Please indicate the company to which your claim relates (please tick)

| Company Name | ACN | ✓ |
|---|-------------|---|
| *Ord Packers Pty Ltd | 106 363 964 | |
| *Berry Packers Pty Ltd | 125 068 911 | |
| Rural Labour Pty Ltd | 130 732 786 | |
| Greentree Capital Pty Ltd (Formerly QPR Capital Finance Pty Ltd) | 093 209 173 | |
| *Receivers and Managers Appointed | | |

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.

**ORD PACKERS PTY LTD ACN 106 363 964
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Formerly QPR Capital Finance Pty Ltd
(All Administrators Appointed) (Some Receivers and Managers Appointed)
(Collectively referred to as the Companies)**

**APPOINTMENT OF PROXY
CREDITORS MEETING**

Please indicate the meeting of the company for which your proxy is provided (please tick)
You may only select one company per Proxy form

| Company Name | ACN | ✓ |
|---|-------------|---|
| *Ord Packers Pty Ltd | 106 363 964 | |
| *Berry Packers Pty Ltd | 125 068 911 | |
| Rural Labour Pty Ltd | 130 732 786 | |
| Greentree Capital Pty Ltd (Formerly QPR Capital Finance Pty Ltd) | 093 209 173 | |

*Receivers and Managers Appointed

*I/*We¹

of

a creditor of the company/companies indicated above, appoint²

or in his absence

as *my/our *(i) general OR *(ii) special proxy³ to vote at the meeting of creditors to be held on Monday, 16 August 2010 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:

| Resolutions | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| (a) A resolution that the meeting be adjourned for a period not exceeding 45 business days. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (b) A resolution that the company be wound up. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (c) A resolution that the administration end. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (d) A resolution that the company execute a DOCA. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (e) A resolution that the Administrators' remuneration for the period 16 May 2010 to 31 July 2010 as detailed in the Administrators' Report dated 9 August 2010 be approved. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (f) A resolution that the Administrators' estimated future remuneration for the period 1 August 2010 to 15 August 2010 as detailed in the Administrators' Report dated 9 August 2010 be approved. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

* Strike out if inapplicable

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

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

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

| Resolutions | For | Against | Abstain |
|---|--------------------------|--------------------------|--------------------------|
| (g) If the company is placed into Liquidation: The Liquidators' remuneration be fixed in accordance with the hourly rates of Ferrier Hodgson as detailed in the Administrators' Report dated 9 August 2010 and that the Liquidators be authorised to make monthly payments on account of such accruing remuneration. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (h) If the company is placed into Liquidation: A Committee of Inspection be appointed. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| (i) If the company is placed into Liquidation: A resolution that the books and records of the company be disposed of 12 months after the dissolution of the company or earlier at the discretion of the ASIC. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

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 August 2010

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

OR The Common Seal of⁴

was hereunto affixed in the
presence of

.....
Director / Secretary

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

CERTIFICATE OF WITNESS⁷

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

DATED this day of August 2010

.....
Signature of Witness

.....
Description

.....
Place of Residence

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

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

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

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

**Greentree Capital Pty Ltd
ACN 093 209 173
(Administrators Appointed)
(Formerly QPR Capital Finance Pty Ltd)**

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

**Martin Jones, Andrew Saker and
Darren Weaver**

9 August 2010

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Glossary of terms

| Abbreviation | Description |
|----------------|--|
| ABN | Australian Business Number |
| ACN | Australian Company Number |
| Act | The Corporations Act 2001 |
| ANZ | Australia and New Zealand Bank |
| ARK | The ARK Fund Limited (Receivers and Managers Appointed) |
| ASIC | Australian Securities and Investments Commission |
| ATO | Australian Taxation Office |
| Company / GCPL | Greentree Capital Pty Ltd (Administrators Appointed) |
| DOCA | Deed of Company Arrangement |
| ERV | Estimated Realisable Value |
| FH | Ferrier Hodgson |
| GCPL | Greentree Capital Pty Ltd |
| GEERS | General Employee Entitlements Redundancy Scheme |
| GST | Goods and Services Tax |
| IPA | Insolvency Practitioners Association of Australia |
| MIS | Managed Investment Scheme |
| R&M | Receivers and Managers |
| Rewards Group | RGL, RLPL, RMPL, OPPL, BPPL, RPL, Rural Labour and GCPL |
| RGAG | Rewards Growers Advocacy Group |
| RGL | Rewards Group Limited (R&M Appointed) (Administrators Appointed) |
| RLPL | Rewards Land Pty Ltd (R&M Appointed) (Administrators Appointed) |
| RMPL | Rewards Management Pty Ltd (R&M Appointed) (Administrators Appointed) |
| RPL | Rewards Projects Limited (Administrators Appointed) |
| SGC | Superannuation Guarantee Charge |
| Statement | Directors' Statement about the Company's Business, Property, Affairs and Financial Circumstances |

Listing of annexures

| | |
|-------------------|---|
| Annexure 1 | Administrators' Remuneration Report |
| Annexure 2 | IPA – Creditor Information Sheet – Offences, Recoverable Transactions and Insolvent Trading |
| Annexure 3 | Declaration of Independence, Relevant Relationship and Indemnities |
| Annexure 4 | The Group Overview and Background |
| Annexure 5 | RGAG Letter of Intention to Propose a DOCA |

1. Executive summary

We advise that the Directors of the Company appointed Martin Jones, Andrew Saker and Darren Weaver as Joint and Several Administrators on 16 May 2010, pursuant to section 436A of the Act. A summary of the Group entities, the respective roles, and the Group's strengths and weaknesses is included as **Annexure 4**.

Initially, at the first meeting of creditors convened for 26 May 2010 a quorum was not present, being two or more creditors. Accordingly, the Chairman declared that the meeting be adjourned in accordance with Corporations Regulation 5.6.16.

Pursuant to Section 436E of the Act, a reconvened first meeting of creditors of the Company was held on Friday, 4 June 2010, at the offices of Ferrier Hodgson, BankWest Tower, 108 St Georges Terrace, Perth, Western Australia at 10.30am WST at which a quorum was present and that at that meeting creditors ratified the appointment of the Administrators.

The second meeting of creditors is convened for Monday, 16 August 2010, being consistent with the terms of the Court's orders made on 29 June 2010 which extended the convening period.

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

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

We have carried out preliminary investigations into the Company's affairs to assist in formulating our opinion as to what is in the creditors' best interests. At the date of this report, no DOCA proposal has been received, however we have received a letter of intent by RGAG to provide a DOCA proposal to creditors and therefore requesting that creditors consider adjourning the forthcoming meeting of creditors. Should this situation change, creditors will be advised at or prior to the meeting.

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

We advise that the ultimate return to ordinary unsecured creditors may be dependent upon the amount recoverable from RMPL, a related-party debtor, particularly having regard to the fact that surplus funds (after settlement of securitised loans) will first be remitted to the secured creditor, the NAB, given the secured guarantee granted in its favour by the company. Accordingly, for the reasons set out in this report, **we recommend that creditors resolve to adjourn the second meeting of creditors for a period not exceeding forty-five (45) business days**. In the event that creditors adopt that course, the Administrators will continue to engage with RGAG with a view to a restructure of the Company, compile a supplementary report to creditors and thereafter reconvene the second meeting of creditors (to be held on or before 19 October 2010).

2. Introduction

2.1 Purpose of Administrators' appointment and this report

On 16 May 2010 Martin Jones, Andrew Saker and Darren Weaver were appointed Joint and Several Administrators pursuant to Section 436A of the Act. Immediately following our appointment, we took

control of the operations of the Company and the Group's assets and continued to carry on the business.

Receivers and Managers have been appointed to various entities within the Group, however this appointment does not extend to GCPL.

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

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

- (a) *A report by the Administrator about the company's business, property, affairs and financial circumstances; and*
- (b) *A statement setting out the Administrator's opinion about each of the following matters:*
 - (i) *Whether it would be in the creditors' interests for the company to execute a Deed of Company Arrangement;*
 - (ii) *Whether it would be in the creditors' interest for the administration to end;*
 - (iii) *Whether it would be in the creditors' interest for the company to be wound up;*

and also setting out:

 - (iv) *His or her reasons for those opinions; and*
 - (v) *Such other information known to the administrator as will enable the creditors to make an informed decision about each matter covered by subparagraph (i), (ii) or (iii); and*
- (c) *If a Deed of Company Arrangement is proposed – a statement setting out details of the proposed deed.*

In the available time, we have undertaken the preliminary investigations detailed in section 6 of this report. These investigations have assisted in forming an opinion about the Company's future. Our opinions are set out in section 8 of this report.

2.2 First meeting of creditors and committee of creditors

At the first meeting of creditors convened for 26 May 2010 a quorum was not present, being two or more creditors. Accordingly, the Chairman declared that the meeting be adjourned in accordance with Corporations Regulation 5.6.16.

Pursuant to Section 436E of the Act, a reconvened first meeting of creditors of the Company was convened for Friday, 4 June 2010, at the offices of Ferrier Hodgson, BankWest Tower, 108 St Georges Terrace, Perth, Western Australia at 10.30am WST. We advise that at that meeting creditors ratified the appointment of the Administrators.

2.3 Second meeting of creditors

Pursuant to Section 439A of the Act, the second meeting of creditors is convened for Monday, 16 August 2010, being consistent with the terms of the Court's orders made on 29 June 2010 which extended the convening period.

At the second meeting, creditors will decide the Company's future in voting on one of the following options:

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

An application was made by the Administrators to extend the convening period for a period of three months to the Supreme Court of Western Australia, which was approved on 11 June 2010. This application extended the date by which the Administrators were required to convene the second creditors meetings of the Rewards Group to 14 September 2010.

Subsequent to the 11 June 2010 hearing, the R&M of various entities of the Rewards Group opposed the three month extension of the convening period. Following our discussions with the R&M, and in line with the timeframe of the RGAG funding agreement, we agreed with the R&M that the extension of the convening period previously approved by the Court be brought back to 9 August 2010. In this regard, the Court approved this agreement and granted orders to this effect on 29 June 2010.

Due to the size and complex nature of the Rewards Group structure and affairs, the extended period of time was intended to enable us to:

- a) Continue discussions with existing interest parties and further seek expressions of interest with regard to the possible restructure and recapitalisation of the Rewards Group or part thereof, ultimately leading to a DOCA proposal being put forward to creditors; and
- b) Conduct and complete our preliminary statutory investigations into the Rewards Group's affairs prior to our appointment and formulate an opinion with regard to the future of the Rewards Group which is in the best interests of the Rewards Group's creditors.

2.4 Non-disclosure of certain information

There are sections of this report wherein we considered it inappropriate to disclose certain information to creditors. Such information included:

- a) Valuations of specific assets;
- b) Valuation of the business; and
- c) Commercially sensitive prospective financial information (for example, projections/forecasts).

We appreciate the need to provide creditors with complete disclosure of all necessary information relating to the Company in order to make decisions. However, as this information is commercially sensitive, it is not in creditors' interests for us to disclose the information publicly at this stage.

2.5 Access to Company Books and Records

Access to the Company's books and records was restricted for a period due to the appointment of the R&M's, however, we were able to secure key collections staff to assist us with our enquiries and the establishment of a standalone RPL office.

2.6 Declaration of independence, relevant relationships and indemnities

Prior to our appointment we undertook a proper assessment of the risks to our independence. This assessment identified no real or potential risks to our independence though it did declare a number of relevant relationships. We were not aware of any reasons that would prevent us from accepting this appointment nor that would prevent us from continuing those appointments today. A copy of an updated DIRRI is attached at **Annexure 3**.

3. Company information

3.1 Statutory information

A search of the ASIC database revealed the following information.

3.1.1 Incorporation date and registered office

The ASIC search discloses the Company's incorporation date as 10 March 2003. The Company's registered office is listed as Ground Floor, 50 Colin Street, West Perth, WA, 6005.

3.1.2 Company officers

The ASIC database discloses the Company's officers over the past 12 months to be:

| Name | Role | Appointment Date | Cessation Date |
|---------------------|------------------|------------------|-----------------|
| Craig Anderson | Director | 27 June 2003 | Current |
| Craig Burton | Director | 27 June 2003 | Current |
| Andrew Radomijac | Director | 27 June 2003 | Current |
| Barry Loller | Secretary | 3 February 2010 | Current |
| Jonathan Willoughby | Former Secretary | 19 January 2009 | 3 February 2010 |

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

3.1.3 Shareholders

The ASIC database discloses the Company's shareholders to be:

| Shareholders | Shares Held |
|-----------------------|-------------|
| Rewards Group Limited | 18,010,000 |

3.1.4 Registered chargeholder

The National Australia Bank Limited (NAB) holds the following securities:

Registered Fixed and Floating Charge Number 1778748

The charge is held over the assets and undertakings of the Company. The charge was created on 24 March 2009 and registered with ASIC on 20 April 2009.

The debt owed to the NAB pertains to financial guarantees in respect of funds it has provided other entities within the Rewards Group.

We note the NAB has not exercised its rights under the above charge to appoint a receiver and manager over the Company. Further, we confirm that the Administrators did not provide irrevocable consent under Section 440B of the Act for the NAB to appoint a receiver or receiver and manager outside the statutory timeframe of 13 days.

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

3.1.5 Winding up applications

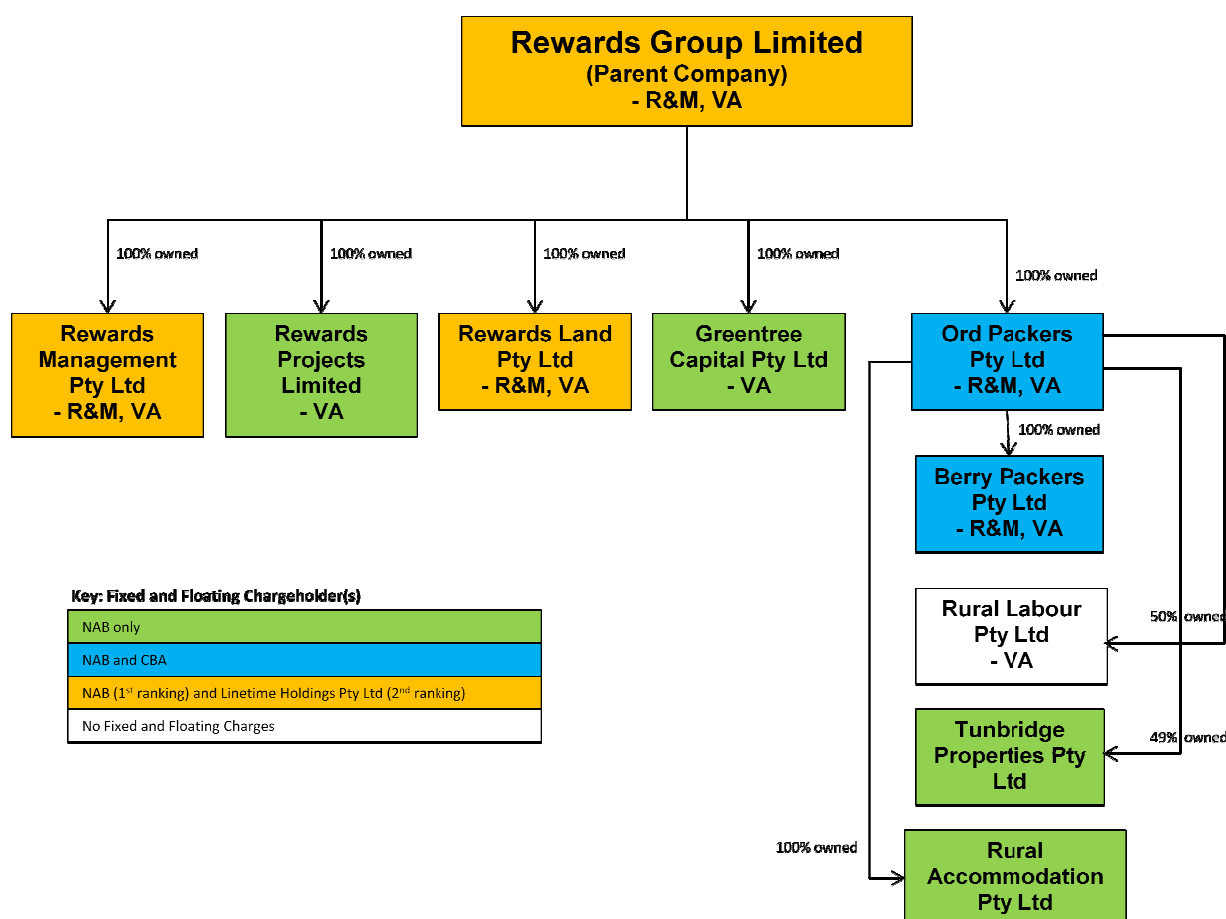
There have been no winding up applications issued against the Company prior to our appointment.

3.2 Company history

Incorporated on 10 March 2003 in Western Australia, the Company commenced trading as, QPR Finance Pty Ltd from premises of the Rewards Group Limited, being Ground Floor, 50 Colin Street, West Perth, Western Australia.

Further, the Company was established as vehicle to provide investors finance in relation to management investment scheme products issued by RPL. As at the date of our appointment the Company had approximately, \$2.2 million of on-balance sheet loan receivables, and a further \$0.4 million in off-balance sheet loan receivables.

RGL is the ultimate holding company of the Company and Rewards Group. The Rewards Group structure is set out diagrammatically below as at the date of our appointment:



As shown above, the Company is 100% owned by RGL of which there are common directors throughout the Group. A more detailed summary of the Group entities, the respective roles, and the Group's strengths and weaknesses is included as **Annexure 4**.

3.3 Decision to appoint administrators

The directors resolved to appoint Administrators to the Company on 16 May 2010, due to the simultaneous appointment of Administrators to the other entities of the Group, having regard to the financial position on a consolidated Group basis. We note this position was discussed with the major

secured creditor, being the NAB, who subsequently appointed receivers and managers to other entities within the Group.

4. Historical financial information

4.1 Preparation of financial statements

The Company's financial statements were prepared up to 30 June 2009. PKF Chartered Accountants provided a compilation report that accompanied the financial statements, however, as the Company was not considered to be a disclosing entity, it was not required to have the statements audited.

According to the information provided to us by the directors in the RATA, the Group also prepared consolidated management accounts and reports on a monthly basis.

At section 6 of this report, we comment on the adequacy of the Company's books and records.

4.2 Profit and loss statement and preliminary analysis

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

| Profit and Loss Summary | 30 June 2009 \$ | 30 June 2008 \$ |
|--------------------------|--------------------|--------------------|
| Revenue | 236,269 | 194,708 |
| Expenses | (638,332) | (34,554) |
| Net Profit/(Loss) | (402,063) | 160,154 |

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

- Revenue pertains to principal and interest received in relation to loans provided to growers; and
- Expenses are in relation to the finance charges incurred in connection with loans provided to growers, specifically fair value discounts in respect of interest free loans provided by the Company and increase in the provision for doubtful debts.

4.3 Balance sheet and preliminary analysis

A summary of the Company's balance sheet for the past three (3) financial years is set out below together with our preliminary analysis:

| Balance Sheet | 30 April 2010 \$ | 30 June 2009 \$ | 30 June 2008 \$ |
|-----------------------------|---------------------|--------------------|--------------------|
| Assets | | | |
| Current assets | 8,865,390 | 8,770,084 | 118,490 |
| Non-current assets | 197,919 | 307,484 | 407,582 |
| Total Assets | 9,063,309 | 9,077,568 | 526,072 |
| Liabilities | | | |
| Current liabilities | (304,918) | (311,603) | (270,512) |
| Non-current liabilities | (78,151) | (181,091) | (289,455) |
| Total Liabilities | (383,069) | (492,694) | (559,967) |
| Surplus/(Deficiency) | 8,680,240 | 8,584,874 | (33,895) |

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

- Assets tabled above pertain to loan borrowers and intercompany receivables.
- Historically, upon receipt of the monthly collections the balance would be transferred to RMPL for working capital purposes and this is therefore reflected as an intercompany receivable in the accounts of GCPL.
- From discussions held with management, it is our understanding that, it was not the intention for RMPL to repay the intercompany loan and GCPL would write off the balance of the receivable in due course.
- The liabilities noted above, are effectively off balance sheet liabilities of loans serviced on behalf of Investec. The servicing of the loans due to Investec were performed on an agency basis, with the GCPL never owning effective title to the asset and any funds collected were remitted to Investec at the end of each month.
- Please refer to section 5.1.1 for further detail in respect of the above.

5. Statement by directors

5.1 Summary

Section 438B of the Act requires the directors to give an Administrator a Statement. We received the directors' Statements on 1 June 2010 and the various statements are consistent. Accordingly, they are referred to hereafter as one.

In the Statement, the directors detailed the Company's assets and liabilities at cost or net book value but failed to provide ERVs.

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

| Statement as at 16 May 2010 | Report Reference | Cost or Net Book Value \$ | Administrators' ERV \$ |
|--|------------------|------------------------------|---------------------------|
| Assets: | | | |
| Debtors | 5.1.1 | 9,633,738 | 1,444,434 |
| Cash at bank | 5.1.2 | 327 | 327 |
| Sub Total | | 9,633,738 | 1,444,761 |
| Assets subject to specific charges | 5.1.3 | 399,035 | |
| Less amounts owing under financial guarantees | 5.1.4 | unquantifiable | (1,444,761) |
| Total Available Assets to Unsecured Creditors | | Nil | Nil |
| Ordinary unsecured creditor claims | 5.1.5 | (Nil) | (8,227,385) |
| Estimated Surplus/(Deficiency) | | (Unknown) | (Nil) |

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

5.1.1 Debtors

As you will be aware, the Company's principal activities pertain to the financing of investments in management investment schemes administered by RPL. In this regard, we table below an analysis of the loan portfolio, on an arrears and balance outstanding basis as at the date of our appointment:

| Financier | Number of Loans | Balance Outstanding as at 16 May 2010 | Arrears Balance as at 16 May 2010 |
|--------------|-----------------|--|--------------------------------------|
| GCPL | 236 | 1,444,434 | 45,985 |
| Investec | 20 | 399,035 | 120,448 |
| Total | 256 | 1,843,469 | 166,433 |

Having regard to the above loans financed by GCPL, we table below a breakdown of the financing on a scheme basis:

| Loan Financed by GCPL Scheme Breakdown | Number of Loans | Balance Outstanding as at 16 May 2010 | Arrears Balance as at 16 May 2010 |
|---|-----------------|--|--------------------------------------|
| PT09R1 | 204 | 1,112,884 | - |
| PT09R2 | 4 | 50,014 | 45,984 |
| PV09R1 | 2 | 9,901 | - |
| PV09R2 | 12 | 219,203 | - |
| No Scheme | 5 | 52,432 | - |
| Total | 227 | 1,444,434 | 45,984 |

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

- RPL has not entered into lease agreements for the purposes of the commencement of the PT09 scheme with respect to either release 1 or 2. In that regard, under the scheme terms the Company was not required to purchase the land until September 2010 and management has informed us that the \$19.3M balance of PT09 funds (after costs and securities) was paid to RMPL. We are yet to consider how RMPL has applied these funds and the legitimacy of same.
- The RPL Administrators have not continued the PV09 scheme. Accordingly, a heightened risk of lower recoveries on grower loans exists.

Further, we table below an analysis of the loan collections since the date of our appointment:

| | High (\$) | Low (\$) |
|--|----------------|-------------|
| Opening Debtors' balance | 1,444,434 | 1,444,434 |
| Less: Debtors collected to date | (1,093,848) | (1,093,848) |
| Less: Debtors disputed or doubtful | (6,235) | (350,586) |
| Estimate of further debt recoveries | 344,351 | Nil |

Further to the above, the intercompany receivables relate to the remittance of monthly collections to RMPL, which is reflected in an intercompany loan adjustment. Accordingly, GCPL will have a right to prove in the winding up of RMPL, however given the charges registered in favour of the NAB, there is considerable uncertainty as to whether this balance is realisable.

5.1.2 Cash on hand and cash at bank

The Company held one (1) operating bank account with ANZ. Immediately following our appointment, we froze the pre-appointment bank account and transferred the funds into a separate administration account under the Administrators' control. As the Company's principal operations are focused upon the collection of loan receipts, the pre-appointment account has been left open, albeit frozen in respect of outgoing transactions but subject to the Administrators' consent, to receive loan repayments directly deposited into the account.

5.1.3 Assets subject to specific charges

We advise that the directors included in the Statement the off balance sheet loans financed by Investec as fund subject to specific charges. As there is a servicing arrangement between Investec, GCPL and RMPL in respect of the ongoing collections work, we consider these balances not to be an asset of the Company.

5.1.4 Amounts owing under financial guarantees

The charge is held over the assets and undertakings of the Company. The charge was created on 24 March 2009 and registered with ASIC on 20 April 2009.

The debt owed to the NAB pertains to financial guarantees in respect of funds it has provided other entities within the Rewards Group.

We note the NAB has not exercised its rights under the above charge to appoint a R&M over the Company. Further, we confirm that the Administrators did not provide irrevocable consent under Section 440B of the Act for the NAB to appoint a R&M outside the statutory timeframe of 13 days.

As noted previously in this report, we undertook a preliminary review of the bank's charge and determined it to be, prima facie, valid.

5.1.5 Unsecured Creditor Claims

Investec lodged an informal proof of debt in respect of the reconvened first meeting of creditors in the amount of \$8M pertaining to contingent claims under the various loan assignment deeds. We have not adjudicated this proof as at the date of writing this report and having regard to the nature of the claim, we note that this value may be subject to change.

5.1.6 Omissions from Statement

Save for our previous comments regarding specific disclosures in the Statement, we are not aware of any material omissions from the directors' Statement.

5.2 Explanation for current financial position

The directors' explanation for the Company's current financial position is the insolvency of the Rewards Group, specifically the holding company RGL.

Our preliminary view is that the Company failed because of:

- GCPL did not directly employ staff for the purposes of servicing the loans and therefore was reliant on RMPL in respect of staffing and resources; and
- The connection with the remaining subsidiaries within the Rewards Group on an operating level.

6. Trading by Administrators

The Administrators assumed control of the business upon appoint and continued the Company's loan collection activities, albeit through the utilisation of RMPL staff and subsequently RPL staff. Appropriate controls and systems were initiated to ensure the accurate collection and reporting of loan receipts.

The Administrators have not debited debtors accounts when the July monthly loan repayments fell due and payable, as the pre-appointment bankers, ANZ, suspended the direct debit facility pending the execution of appropriate indemnity in favour of the ANZ. As at the date of writing this report, the Administrators were considering the alternatives available and are progressing matters to reinstate the facility.

6.1 Summary of receipts and payments

A summary of the Administrators' receipts and payments for the period 16 May 2010 to 31 July 2010 is included within Part B of the Administrators' Remuneration Report in **Annexure 1**.

7. Statutory investigations

7.1 Nature and scope of review

The Act requires an administrator to carry out preliminary investigations into a company's business, property, affairs and financial circumstances.

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

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

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

An administrator is not obliged to carry out investigations to the same extent as a liquidator. A liquidator may require many months of investigation and conduct public examinations before forming a concluded view on recovery action. We investigated matters to the extent possible in the time available. The dividend estimate in a liquidation scenario set out in section 7.2 of this report reflects the outcome of our investigations.

The Administrators' knowledge of the Company's affairs comes principally from the following sources:

- Communications with the Company's creditors regarding the nature and amount of the debts owed.
- The directors' Statement and a detailed questionnaire concerning the Company's affairs prepared by the directors.
- Discussions with the directors and their advisors.
- A search of the ASIC records relating to the Company and any related entities.
- An examination of the Company's books and records including its financial statements and management accounts.

7.2 The Company's solvency

7.2.1 Overview

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

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

- Balance sheet test; and

- Cash flow or commercial test.

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

Section 95A of the Act also contains a definition of solvency. That definition reflects the commercial test in stating that a person is solvent if *"the person is able to pay all the person's debts as and when they become due and payable"*.

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

- The degree of illiquidity. A temporary lack of liquidity is not conclusive;

- Regard should be had to:

- Cash resources; and

- Monies available through asset realisations, borrowings against the security of assets or equity/capital raising;

- All a company's assets might not be relevant when considering solvency. For example, where a company proposes selling assets which are essential to its business operations, the proceeds of those assets should not be taken into account;

- The voluntary and temporary forbearance by creditors not to enforce payment terms; and

- It is not appropriate to base an assessment of whether a company can meet its liabilities as and when they fall due on the prospect that a company might trade profitably in the future.

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

7.2.2 Preliminary determination

Set out below is a summary of our preliminary investigations and our preliminary determination as to the Company's solvency.

Aged payables review

As the Company's operates pertain to the financing of management investment loans and the remittance of same to the scheme manager, there are no aged payables as at the date of our appointment.

Profitability, Cashflow and Working Capital

Having regard to the nature of the Company's business and the uncertainty of realisations, this category is not considered relevant to solvency analysis.

Net Assets

Having regard to the nature of the Company's business and the uncertainty of realisations, this category is not considered relevant to solvency analysis.

Preliminary View of Insolvency

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

Based on the above analysis and having regard to the company's circumstances, we consider that the Company was solvent at the date of appointment given that its only liability was of contingent nature given its guarantee of the related party loan from the NAB.

A liquidator would need to conduct further investigations, and possibly conduct public examinations of relevant parties, to ultimately determine whether or not the Company became insolvent at that time or earlier.

7.2.3 Presumption of insolvency – inadequate books and records

Failure to keep or retain adequate books and records in accordance with Section 286 of the Act provides a rebuttable presumption of insolvency under Section 588E of the Act. A liquidator can rely on the presumption of insolvency in litigation including:

- Compensation claims arising from insolvent trading; and
- Recovery of voidable transactions from related entities.

The presumption cannot be relied upon in the recovery of an unfair preference except where the recovery is sought from a related entity.

Our preliminary view is that the Company maintained adequate books and records in accordance with Section 286. Accordingly, the presumption of insolvency under Section 588E would not be available.

7.3 Potential liquidator recoveries - voidable transactions

7.3.1 Unfair preferences

Our preliminary investigation into the Company's affairs does not reveal any unfair preference payments.

7.3.2 Uncommercial transactions

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

7.3.3 Unfair loans

Based on our investigations to date, the Company was not a party to any unfair loans.

7.3.4 Unreasonable director-related transactions

Our preliminary investigations do not reveal any unreasonable director related transactions.

7.3.5 Obstruction of creditors' rights

Our investigations do not disclose any transactions intended to obstruct creditors' rights.

7.4 Potential liquidator recoveries - insolvent trading

7.4.1 Director liability

Our preliminary investigations do not show that the Company traded whilst it was insolvent.

7.5 Other potential liquidator recoveries

7.5.1 Compensation for breach of director duties

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

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

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

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

7.5.2 Arrangements to avoid employee entitlements

Based on our investigations to date, there has been no contravention of Part 5.8A of the Act by any person.

7.6 Possible offences

Based on preliminary investigations, we have not identified any offences the directors may have committed under the Act.

7.7 Summary of potential liquidator recoveries

We have not identified any possible recoveries that could be pursued by the Liquidator.

8. Creditors' options, dividend estimates & cost estimates

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

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

There is no proposal for a DOCA. Accordingly, creditors have the options of resolving that the administration end, that the Company be wound up or that the meeting be adjourned.

In forming our opinion, it is necessary to consider an estimate of the dividend creditors might expect, and the likely costs under each option; however in the current circumstances such estimates are not available or may be difficult to predict with accuracy, especially having regard to the uncertainty surrounding the collection of loan debtors for CBA/Investec and the secured guarantee in favour of the NAB.

8.1 Administration to end

Creditors may resolve that the administration should end if it appears the Company is solvent or, for some other reason, control of the Company should revert to its directors.

Based on our preliminary investigations and analysis of the Company's financial information, the Company is insolvent. There appears to be no valid commercial reason why control of the Company should revert to its directors.

If the administration were to end, there is no mechanism controlling an orderly realisation of assets and distribution to creditors. Therefore, our opinion is that it is not in the creditors' interest for the administration to end.

8.2 Winding up of Company

In the absence of a DOCA proposal, the winding up of the Company is the only commercial option remaining. Given the nature, size and costs involved in realising the value of the asset and potential recoveries in a liquidation scenario, it is difficult to determine with any degree of certainty the likely level of return to unsecured creditors that would arise from liquidation. Accordingly, we do not recommend this course of action while there remains a real prospect of a DOCA proposal from RGAG.

The costs of winding up the Company's affairs are estimated at \$50,000 (excl GST), though these costs would be considerably higher in the event that the potential claims referred to above at Section 7 of this report are pursued.

8.3 Adjournment of Meeting

In view of the funding arrangement with RGAG noted at section 2.3 and a letter (see **Annexure 5**) from RGAG indicating an intention to submit a DOCA proposal for a possible restructure of the Group, including the Company, we consider it would be in creditors' best interests to resolve to adjourn the meeting of creditors for a period not exceeding forty-five (45) business days for the following:

- The adjournment would enable RGAG to finalise its DOCA proposal for the Group for creditors' and growers' consideration;
- The DOCA proposal put forward by RGAG may provide a superior return to creditors than if the Company was immediately wound up and may have benefits for other stakeholders than if the Company were immediately wound up;
- The RGAG is attempting to find a solution to the Group's/Company's current financial predicament and situation with a view to repaying secured creditors in full, unsecured creditors a better outcome than on a winding up, as well as preserving scheme assets for the benefit of growers;
- Whilst the adjournment period is in place, RGAG would continue to provide funding to the Administrators to keep the schemes on foot and conduct maintenance works on various scheme properties. We note that the RGAG has already contributed a significant amount of funding

(approximately \$1.5M) to the Administrators and maintenance works have and are continuing to be conducted on various scheme properties as a result of having being funded by RGAG.

It is difficult to estimate the cost of adjourning the meeting of creditors. During the period of the adjournment, some costs will be incurred in continuing investigations that would otherwise be undertaken in a liquidation, while other costs will relate more specifically to RGAG's due diligence information requests, reporting to creditors and to re-convening the second meeting of creditors (in the event that creditors resolve to adjourn the forthcoming meeting). Our estimate of the marginal costs is \$25,000, upon which we would report to creditors in a supplementary report pursuant to section 439A of the Act in order that approval of such costs may then be considered by creditors.

It is even more difficult to estimate the benefits attributable to an adjournment, other than to note that there is currently a high risk of a nil return to creditors in the event that the Company is immediately placed into liquidation. Accordingly, the improved prospect of a dividend that may be attributable to a future DOCA proposal is considered to be of value to creditors. We note that the Administrators' costs associated with an adjournment will only be paid in the event that there are assets to satisfy such costs and creditors or the court approve same.

9. Administrators' opinion

As stated in section 7.1 above, the option of the administration ending is clearly not viable. The only remaining option available to creditors is to wind up the Company.

10. Administrators' remuneration report

Pursuant to Section 449E of the Act, we enclose as **Annexure 1** the Administrators' Remuneration Report. At the second meeting of creditors, we intend seeking approval of the remuneration set out in the remuneration report. Details of disbursements incurred are also included in the remuneration report.

11. 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 Sean Holmes of this office.

DATED this 9th day of August 2010



Martin Jones
Joint and Several Administrator

Annexure 1

Administrators' Remuneration Report

CORPORATIONS ACT 2001

Section 449E

**GREENTREE CAPITAL PTY LTD (ADMINISTRATORS APPOINTED)
FORMERLY "QPR CAPITAL FINANCE PTY LTD"
ACN 093 209 173
("THE COMPANY")**

REMUNERATION REPORT

The Administrators' Remuneration Report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format.

Part A

- A1 Schedule of hourly rates and general guide to staff experience.
- A2 Tasks undertaken by the Administrators and remuneration calculation for the period 16 May 2010 to 31 July 2010.
- A3 Schedule of the Administrators' anticipated tasks and remuneration estimate for the period 1 August 2010 to 15 August 2010.
- A4 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 16 August 2010 to the conclusion of the liquidation.
- A5 Resolutions to be put to creditors at the meeting convened for 16 August 2010.

Part B

- B1 Administrators' disbursements.
- B2 Summary of Receipts and Payments for the period 16 May 2010 to 31 July 2010.
- B3 Other creditor information on remuneration.
- B4 Initial advice to creditors.



PART A

A1 SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

| Title | Rate (\$) As at 1 Aug 2010 | Previous Rate (\$) | Experience |
|---------------------------------|---|-------------------------------|--|
| Partner/Principal/ Appointee | 540 | 540 | The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com |
| Director | 475 | 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 | 390 | Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues. |
| Manager | 335 | 325 | Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues. |
| Supervisor | 295 | 285 | Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues. |
| Senior 1 | 265 | 255 | Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues. |
| Senior 2 | 235 | 230 | Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced. |
| Intermediate 1 | 190 | 185 | 0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks. |
| Intermediate 2 | 160 | 155 | 0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks. |
| Senior Secretary | 155 | 150 | Appropriate skills including machine usage. |
| Clerk/Junior | 135 | 130 | 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. Tasks undertaken by the Administrators and remuneration calculation for the period 16 May 2010 to 31 July 2010

| | | |
|---|---|---|
| Assets 1.1 Hours \$328.00 | Debtors | <ul style="list-style-type: none"> ▪ Correspondence with debtors ▪ Reviewing and assessing debtors ledgers ▪ Loan collection reconciliations and remittance of funds to respective finances. |
| | Other assets | <ul style="list-style-type: none"> ▪ Tasks associated with realising other assets |
| Creditors 20.6 hours \$5,063.50 | Creditor reports/circulars | <ul style="list-style-type: none"> ▪ Initial circular to creditors. Prepare report pursuant to section 439A of the Act. |
| | Dealing with proofs of debt | <ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend |
| | Meeting of Creditors | <ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement for both the first meeting of creditors and the adjourned first meeting of creditors. ▪ Respond to stakeholder queries and questions immediately following meeting |
| Investigation 2.5 hours \$479.50 | Conducting investigation | <ul style="list-style-type: none"> ▪ Collection of company books and records ▪ Reconstruction of financial statements ▪ Reviewing company's books and records and Directors' Statement about the company's business, property, affairs and financial circumstances ▪ Review and preparation of company nature and history ▪ Conducting and summarising statutory searches |
| Administration 12.9 hours \$2,858.00 | Correspondence | <ul style="list-style-type: none"> ▪ General correspondence |
| | Document maintenance/file review/checklist | <ul style="list-style-type: none"> ▪ First month administration review ▪ Filing of documents ▪ Updating checklists |
| | Bank account administration | <ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers |
| | ASIC forms | <ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505, 911, 5011. |
| | ATO & other statutory reporting | <ul style="list-style-type: none"> ▪ Notification of appointment |
| Planning / Review | <ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration | |



A2 (cont) Tasks undertaken by the Administrators and remuneration calculation (exclusive of GST) for the period 16 May 2010 to 31 July 2010

| Employee | Position | Charge Rate (\$) | Total | | Assets | | Creditors | | Investigation | | Administration | |
|------------------|----------------|------------------|-------------|-------------------|------------|-----------------|-------------|-------------------|---------------|-----------------|----------------|-------------------|
| | | | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ |
| Martin Jones | Partner | 540 | 1.0 | 540.00 | - | - | 1.0 | 540.00 | - | - | - | - |
| Malcolm Field | Senior Manager | 390 | 1.2 | 468.00 | 0.4 | 156.00 | 0.3 | 117.00 | - | - | 0.5 | 195.00 |
| Andrew Smith | Senior Manager | 390 | 0.3 | 117.00 | - | - | - | - | - | - | 0.3 | 117.00 |
| Kieran Chu | Supervisor | 285 | 2.9 | 826.50 | 0.2 | 57.00 | 0.5 | 142.50 | 0.2 | 57.00 | 2.0 | 570.00 |
| Shannon Coleman | Senior 1 | 255 | 0.6 | 153.00 | - | - | - | - | - | - | 0.6 | 153.00 |
| Jamie Gunnis | Senior 2 | 230 | 0.6 | 138.00 | - | - | 0.4 | 92.00 | - | - | 0.2 | 46.00 |
| Derek Kier | Senior 2 | 230 | 6.3 | 1,449.00 | - | - | 3.9 | 897.00 | - | - | 2.4 | 552.00 |
| Geoff Webb | Senior 2 | 230 | 11.4 | 2,622.00 | - | - | 9.1 | 2,093.00 | - | - | 2.3 | 529.00 |
| Sean Holmes | Senior 2 | 230 | 5.1 | 1,173.00 | 0.5 | 115.00 | 4.6 | 1,058.00 | - | - | - | - |
| Clinton Roberts | Intermediate 1 | 185 | 2.2 | 407.00 | - | - | - | - | 2.2 | 407 | - | - |
| Adrian De Menna | Intermediate 1 | 185 | 0.5 | 92.50 | - | - | - | - | - | - | 0.5 | 92.50 |
| Charlie Linfoot | Intermediate 2 | 155 | 0.1 | 15.50 | - | - | - | - | 0.1 | 15.50 | - | - |
| Penny Vetten | Intermediate 2 | 155 | 2.9 | 449.50 | - | - | 0.8 | 124.00 | - | - | 2.1 | 325.50 |
| Jacqui Westwood | Secretary | 150 | 0.9 | 135.00 | - | - | - | - | - | - | 0.9 | 135.00 |
| Dorothy Radisich | Filing | 130 | 0.9 | 117.00 | - | - | - | - | - | - | 0.9 | 117.00 |
| Mellisa Ross | Filing | 130 | 0.2 | 26.00 | - | - | - | - | - | - | 0.2 | 26.00 |
| Total | | | 37.1 | \$8,729.00 | 1.1 | \$328.00 | 20.6 | \$5,063.50 | 2.5 | \$479.50 | 12.9 | \$2,858.00 |



A3 Schedule of anticipated tasks and Administrators' estimated prospective remuneration for the period 1 August 2010 to 15 August 2010

Based on the following anticipated tasks, we estimate the Administrators' fees for the above period at \$10,000 (exclusive of GST).

| | | |
|---|--|--|
| Assets 3.5 hours \$1,017.50 | Debtors | <ul style="list-style-type: none"> ▪ Correspondence with debtors ▪ Reviewing and assessing debtors ledgers |
| | Other assets | <ul style="list-style-type: none"> ▪ Tasks associated with realising other assets |
| Creditors 14 hours \$3,557.50 | Creditor reports/circulars | <ul style="list-style-type: none"> ▪ Preparing report to creditors pursuant to section 439A of the Act |
| | Dealing with proofs of debt | <ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend ▪ Corresponding with ATO regarding POD's when not related to a dividend |
| | Meeting of Creditors | <ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting |
| Investigation 5 hours \$935.00 | Conducting investigation | <ul style="list-style-type: none"> ▪ Collection of company books and records ▪ Reconstruction of financial statements ▪ Reviewing company's books and records and Directors' Statement about the company's business, property, affairs and financial circumstances ▪ Review and preparation of company nature and history ▪ Review of specific transactions and liaising with directors regarding certain transactions ▪ Liaising with directors regarding certain transactions ▪ Preparation of investigation file |
| Administration 20 hours \$4,490.00 | Correspondence | <ul style="list-style-type: none"> ▪ General correspondence |
| | Document maintenance/file review/checklist | <ul style="list-style-type: none"> ▪ Administration reviews ▪ Filing of documents ▪ File reviews ▪ Updating checklists |
| | Bank account administration | <ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers |



A3 (Cont) Schedule of anticipated tasks and Administrators' estimated prospective remuneration (exclusive of GST) for the period 1 August 2010 to 15 August 2010.

| Position | Charge Rate (\$) | Total | | Assets | | Creditors | | Investigation | | Administration | |
|----------------|------------------|-------------|--------------------|------------|-------------------|-------------|-------------------|---------------|-----------------|----------------|-------------------|
| | | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ |
| Partner | 540 | 1.0 | 540.00 | - | - | 1.0 | 540.00 | - | - | - | - |
| Senior Manager | 400 | 2.0 | 800.00 | 1.0 | 400.00 | 0.5 | 200.00 | - | - | 0.5 | 200.00 |
| Supervisor | 295 | 3.0 | 885.00 | 0.5 | 147.50 | 0.5 | 147.50 | 1.0 | 295.00 | 1.0 | 295.00 |
| Senior 1 | 265 | 5.0 | 1,325.00 | - | - | - | - | - | - | 5.0 | 1,325.00 |
| Senior 2 | 235 | 18.0 | 4,230.00 | 2.0 | 470.00 | 10.0 | 2,350.00 | - | - | 6.0 | 1,470.00 |
| Intermediate 1 | 190 | 3.0 | 570.00 | - | - | - | - | - | - | 3.0 | 570.00 |
| Intermediate 2 | 160 | 8.5 | 1,360.00 | - | - | 2.0 | 320.00 | 1.0 | 640.00 | 2.5 | 400.00 |
| Secretary | 155 | 1.0 | 155.00 | - | - | - | - | - | - | 1.0 | 155.00 |
| Filing | 135 | 1.0 | 135.00 | - | - | - | - | - | - | 1.0 | 135.00 |
| | | 42.5 | \$10,000.00 | 3.5 | \$1,017.50 | 14.0 | \$3,557.50 | 5.0 | \$935.00 | 20.0 | \$4,490.00 |



A4 Schedule of anticipated tasks and Liquidators' estimated prospective remuneration for the period 16 August 2010 to the conclusion of the liquidation

Based on the following anticipated tasks of the Liquidation, we estimate the Liquidators' fees at \$50,000 (exclusive of GST).

| | | |
|--|-----------------------------|--|
| Assets 53 hours \$12,995.00 | Debtors | <ul style="list-style-type: none"> ▪ Correspondence with debtors ▪ Reviewing and assessing debtors ledgers ▪ Liaising with debt collectors and solicitors |
| | Other assets | <ul style="list-style-type: none"> ▪ Tasks associated with realising other assets |
| Creditors 53 hours \$14,120.00 | Creditor Enquiries | <ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post |
| | Secured creditor reporting | <ul style="list-style-type: none"> ▪ Preparing reports to secured creditor ▪ Responding to secured creditor's queries |
| | Creditor reports/circulars | <ul style="list-style-type: none"> ▪ Preparing general reports to creditors |
| | Dealing with proofs of debt | <ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend ▪ Corresponding with ATO regarding POD's when not related to a dividend |
| | Meeting of Creditors | <ul style="list-style-type: none"> ▪ Preparation meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting |
| Investigation 38 hours \$8,615.00 | Conducting investigation | <ul style="list-style-type: none"> ▪ Review of company books and records ▪ Reconstruction of financial statements ▪ Conducting and summarising statutory searches ▪ Preparation of comparative financial statements ▪ Preparation of deficiency statement ▪ Review of specific transactions and liaising with directors regarding certain transactions ▪ Liaising with directors regarding certain transactions ▪ Preparation of investigation file ▪ Lodgement of report with the ASIC pursuant to section 533 of the Act ▪ Preparation and lodgement of supplementary report if required |
| | Examinations | <ul style="list-style-type: none"> ▪ Preparing brief to solicitor ▪ Liaising with solicitor(s) regarding examinations ▪ Attendance at examination ▪ Reviewing examination transcripts ▪ Liaising with solicitor(s) regarding outcome of examinations and further actions available |
| | Litigation / Recoveries | <ul style="list-style-type: none"> ▪ Internal meetings to discuss status of litigation ▪ Preparing brief to solicitors ▪ Liaising with solicitors regarding recovery actions ▪ Attending to negotiations ▪ Attending to settlement matters |
| | ASIC reporting | <ul style="list-style-type: none"> ▪ Preparing statutory investigation reports ▪ Preparing affidavits seeking non lodgements assistance ▪ Liaising with ASIC |



| | | |
|--|--|--|
| Administration 59 hours \$14,270.00 | Correspondence | <ul style="list-style-type: none"> ▪ General correspondence |
| | Document maintenance/file review/checklist | <ul style="list-style-type: none"> ▪ First month, then 6 monthly administration review ▪ Filing of documents ▪ File reviews ▪ Updating checklists |
| | Insurance | <ul style="list-style-type: none"> ▪ Identification of potential issues requiring attention of insurance specialists ▪ Correspondence with Willis regarding initial and ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers |
| | Bank account administration | <ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers |
| | ASIC Form 524 and other forms | <ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505, 524, 911 etc ▪ Correspondence with ASIC regarding statutory forms |
| | ATO & other statutory reporting | <ul style="list-style-type: none"> ▪ Notification of appointment ▪ Preparing BAS' ▪ Completing group certificates |
| | Finalisation | <ul style="list-style-type: none"> ▪ Notifying ATO of finalisation ▪ Cancelling ABN / GST / PAYG registration ▪ Completing checklists ▪ Finalising WIP |
| | Planning / Review | <ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration |
| | Books and records / storage | <ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage |



A4 (cont) Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate (exclusive of GST) from 16 August 2010 to the conclusion of the liquidation.

| Position | Charge Rate (\$) | Total | | Assets | | Creditors | | Investigation | | Administration | |
|----------------|------------------|--------------|--------------------|-------------|--------------------|-------------|--------------------|---------------|-------------------|----------------|--------------------|
| | | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ | Hours | \$ |
| Partner | 540 | 3.0 | 1,620.00 | - | - | 3.0 | 1,620.00 | - | - | - | - |
| Senior Manager | 400 | 16.0 | 6,400.00 | 4.0 | 1,600.00 | 4.0 | 1,600.00 | - | - | 8.0 | 3,200.00 |
| Supervisor | 295 | 26.0 | 7,670.00 | 12.0 | 3,540.00 | 6.0 | 1,770.00 | 4.0 | 1,180.00 | 4.0 | 1,180.00 |
| Senior 1 | 265 | 34.0 | 9,010.00 | 7.0 | 1,855.00 | 6.0 | 1,590.00 | 12.0 | 3,180.00 | 9.0 | 2,385.00 |
| Senior 2 | 235 | 68.0 | 15,980.00 | 16.0 | 3,760.00 | 28.0 | 6,580.00 | 7.0 | 1,645.00 | 17.0 | 3,995.00 |
| Intermediate 1 | 190 | 16.0 | 3,040.00 | - | - | - | - | 7.0 | 1,330.00 | 9.0 | 1,710.00 |
| Intermediate 2 | 160 | 32.0 | 5,120.00 | 14.0 | 2,240.00 | 6.0 | 960.00 | 8.0 | 1,280.00 | 4.0 | 640.00 |
| Secretary | 155 | 4.0 | 620.00 | - | - | - | - | - | - | 4.0 | 620.00 |
| Filing | 135 | 4.0 | 540.00 | - | - | - | - | - | - | 4.0 | 540.00 |
| | | 203.0 | \$50,000.00 | 53.0 | \$12,995.00 | 53.0 | \$14,120.00 | 38.0 | \$8,615.00 | 59.0 | \$14,270.00 |

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



A5 Resolutions to be put to creditors at the meeting convened for 16 August 2010

At the meeting of creditors convened for 16 August 2010, creditors will be asked to consider the following resolutions:

“The Administrators remuneration, as set out in the Administrators’ remuneration report dated 9 August 2010 for the period 16 May 2010 to 31 July 2010 be fixed in the sum of \$8,729.00 (exclusive of GST).”

“The Administrators’ further remuneration for the period 1 August 2010 to 15 August 2010 be fixed in accordance with the hourly rates of Ferrier Hodgson up to the sum of \$10,000 (exclusive of GST).”

If the company is placed into Liquidation:

“The Liquidators’ remuneration be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$50,000 (exclusive of GST) and the Liquidators be authorised to make periodic payments on account of such accruing remuneration.”

PART B

B1 Administrators’ Disbursements

Disbursements are divided into three types **D1**, **D2** and **D3**.

- D1 Disbursements are all externally provided professional services and are recovered at cost. An example of a D1 disbursement is legal fees.
- D2 Disbursements are externally provided non professional costs such as travel, accommodation and search fees. D2 disbursements are recovered at cost.
- D3 Disbursements are internally provided non professional costs such as photocopying and document storage. D3 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs. The relevant rates are set out below.

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

Disbursements incurred to date are shown in the Summary of Receipts and Payments. Creditor approval for the payment of disbursements is not required. However, the Administrators must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.



B2 Summary of Receipts and Payments for the period 16 May 2010 to 31 July 2010

| Receipts and Payments | Amount (\$) |
|----------------------------------|--------------------|
| Receipts | |
| Cash at Bank | 1,386 |
| Loan Debtors | 1,106,886 |
| Bank Interest | 170 |
| Total Receipts | 1,108,442 |
| Payments | |
| Bank Charges | (39) |
| Payments to Investec | (5,616) |
| Other | (6,282) |
| Total Payments | (11,936) |
| Net Receipts and Payments | \$1,096,506 |

B3 Other creditor information on remuneration

The partners of Ferrier Hodgson WA are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice. A copy of the Code of Professional Practice may be found on the IPA website at www.ipaa.com.au

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

B4 Initial advice to creditors

Remuneration Methods

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

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

**Method chosen**

Given the nature of this administration we propose that our remuneration be calculated on time based hourly rates. This method was selected as it is the most practical method, and provides the most transparency to creditors given the nature of this administration.

Queries regarding remuneration should be directed to either Alex Godfrey or Sean Holmes of this office.

Dated this 9th day of August 2010.

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

Martin Jones

Joint and Several Administrator of
Greentree Capital Pty Ltd

Annexure 2

IPA – Creditor Information Sheet Offences, Recoverable Transactions and Insolvent Trading

Creditor Information Sheet

Offences, Recoverable transactions and Insolvent Trading



Offences

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

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

Voidable Transactions

Preferences

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

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

Uncommercial Transaction

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

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

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



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

Unfair Loan

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

Arrangements to avoid employee entitlements

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

Unreasonable payments to directors

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

Voidable charges

Certain charges are voidable by a liquidator:

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

Insolvent Trading

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

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

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

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

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

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

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

Annexure 3

Updated Declaration of Independence, Relevant Relationship and Indemnities

Rewards Group Limited
And the other entities set out in the Relevant Relationships section below

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

Independence

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

Relevant Relationships

Aside from the notes below, neither Martin Jones, Andrew Saker, Darren Weaver nor our firm, have, or have had within the preceding 24 months, any relationships with the Group, any associate of the Group, a former insolvency practitioner appointed to the Group or any other person or entity that has a charge on the whole or substantially whole of the Group's property.

Briefly stated, the entities' roles are as follows:

| Entity | Short | Brief Description of role |
|---|-----------------|--|
| Rewards Group Limited ACN 087 702 547 | RGL | Unlisted head of the Group. |
| Rewards Projects Limited ACN 089 582 427 | RPL | Responsible Entity for the Schemes. |
| Rewards Management Pty Ltd ACN 089 940 376 | RMPL | Manages the daily operation of the Schemes for RPL. |
| Rewards Land Pty Ltd ACN 089 948 824 | RLPL | Owens the land used by many RPL schemes. |
| Ord Packers Pty Ltd ACN 106 363 964 | OPPL | Heads a subgroup – fruit packing operations and equipment. |
| Berry Packers Pty Ltd ACN 125 068 911 | BPPL | Packing operations and equipment. |
| Rural Labour Pty Ltd ACN 130 732 786 | Rural Labour | Casual operations labour force that is contracted to RPL, RMPL, OPPL and BPPL. |
| Green Tree Capital Pty Ltd ACN 093 209 173 | GCPL | Collecting the final payments in relation to the 2009 Premium Timber Project. |

There are numerous inter-relationships between the Group members. These are summarised as follows:

| Entity | Entity | Relationship | Comments/How Managed |
|--------|--------|--|--|
| RGL | All | As the head of the corporate group, any surplus funds from entities lower in the Group will work their way up to RGL. Likewise, insolvent trading claims may arise against RGL as a holding company. | If and when the investment in subsidiaries realise value or claims are capable of being proved up, we would report to stakeholders and consider an independent review as and when appropriate. |
| RGL | RMPL | There is a Deed of Cross Guarantee between RGL and RM. | If and when the investment in subsidiaries realise value, we would report to stakeholders upon this, with transparent accounting for same. |
| RGL | RMPL | At 31 March 2010, an inter-company loan existed under which RGL owed RMPL approximately \$12.8M. | Report to creditors upon recoverability and consider independent review if/as appropriate. |
| RPL | RMPL | At 31 March 2010, an inter-company loan existed under which RPL owed RMPL approximately \$136k. | Report to creditors upon recoverability and consider independent review if/as appropriate. |
| RPL | RMPL | RMPL is owed \$12.4M in annual management fees and rent reimbursements. | The mechanism by which these payments may occur is regulated by the scheme documentation. There is no discretion for the Administrators to exercise. |

| Entity | Entity | Relationship | Comments/How Managed |
|--------|--------------|--|---|
| RPL | RMPL | RM collection of grower loans and management fees for the Group and/or Investec/CBA in respect to securitised debtors vs the obligation in RPL to adjudicate upon grower claims/allegations which may impact upon the collectability of the said loans/fees. | Our investigations are still at a preliminary stage. Accordingly, it is unclear as to whether an actual conflict will exist in the future. We propose to summarise our findings in due course and to open them to independent review if/as appropriate. |
| RPL | RLPL | RPL leases land from RLPL on a deferred rent basis. RPL may be unfunded to meet the costs of maintaining the crops, in which case, there is a risk that RLPL will be interested to terminate the leases. The Administrators are not obliged to incur debt to maintain crops. | We have funding to cover at least some, but potentially not all schemes, which is supported by Court Orders in relation to the Administrators' authority and to enter and the terms of such a loan, potentially in advance of secured lender and grower rights. Absent such funding, certain leases were disclaimed and there is a real risk that further leases will be disclaimed. A high degree of independence exists between the R&M on behalf of RLPL and the Administrators. |
| RMPL | RLPL | At 31 March 2010, an inter-company loan existed under which RLPL owed RMPL approximately \$25.5M. | Report to creditors upon recoverability and consider independent review if/as appropriate. |
| RMPL | OPPL | At 10 May 2010, OP was owed \$1.3M by RMPL, but OPPL owed circa \$2M to RMPL. | Report to creditors upon recoverability and consider independent review if/as appropriate, including as to any set-off that may be appropriate. |
| RMPL | BPPL | At 10 May 2010, BPPL was owed \$493k by RMPL, but BPPL owed \$672k to RMPL. | Report to creditors upon recoverability and consider independent review if/as appropriate, including as to any set-off that may be appropriate. |
| RMPL | Rural Labour | At 10 May 2010, Rural Labour was owed \$593k by RMPL, but Rural Labour owed \$4.5k to RMPL. | Report to creditors upon recoverability and consider independent review if/as appropriate, including as to any set-off that may be appropriate. |
| RMPL | GCPL | GCPL will be collecting final payments from 12 month interest free loans in May and June 2010 and remitting these sums to RMPL and RPL. Currently the total to be collected is \$1.4M. | The mechanism by which these transfers occur is regulated by the scheme documentation. There is no discretion for the Administrators to exercise. |
| BPPL | OPPL | At 10 May 2010, BPPL owed \$235k to OPPL. Further, an insolvent trading claim may exist against OPPL by BPPL. | Report to creditors upon recoverability and consider independent review if/as appropriate. |
| BPPL | Rural Labour | At 10 May 2010, BPPL owed \$181k to Rural Labour. | Report to creditors upon recoverability and consider independent review if/as appropriate. |
| OPPL | Rural Labour | Potential insolvent trading claim by Rural Labour against OPPL. | Report to creditors in due course as to the merits of the possible claim. Consider independent review at that time. |

While there is risk in having common Administrators, who may benefit from assets being available in all administrations (such as the inter-company assets/claims may provide), which may in turn satisfy the remuneration of those Administrators, we believe that by keeping the various administrations together with one insolvency practice (rather than having a range of firms all coming up to speed with how the Group operates and attempting to "fit in together" on trading issues), and with a view to restructuring the affairs holistically, rather than on a piecemeal basis, we expect there will be significant cost savings and improved prospects of a higher return for all stakeholders, more than sufficient to overcome the potential costs of managing future potential conflicts between the Administrators' interests and the Administrators' duties.

Prior Engagements with the Insolvent

Aside from preliminary advice in relation to this appointment (to date unremunerated, that preliminary advice having commenced on 5 May 2010), neither Andrew Saker, Martin Jones or Darren Weaver, nor our Firm, have undertaken any prior engagements for the Group. No advice has been provided to the directors in relation to their individual/personal circumstances, only as to their obligations to the company and its creditors.

Indeed, were it not for this limited prior involvement, we would not have been able to provide the summaries of relationships above.

From time to time we provide professional advice, either formally or informally to the secured creditors of the Group, National Australia Bank (NAB) and the Commonwealth Bank of Australia (CBA), however we have had no involvement with NAB, CBA or Investec in direct relation to the Group. There are no other prior professional relationships or engagements that should be disclosed.

Indemnities

Martin Jones, Andrew Saker and Darren Weaver have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute. That said, since the commencement of the administration, in collecting certain MIS loan debts, we have an agreement with Investec, pursuant to which a proportion of the costs of collection are recouped.

We are not aware of any other issues that require disclosure in relation to our independence and we confirm, that in the event that a real risk to our independence is identified in the future as a result of the above matters or otherwise, we will consult with the relevant Committee and thereafter refer appropriate matters to the Court and/or an independent insolvency practitioner for consideration. In the interim, we consider that proceeding as Administrators of the companies is appropriate and reflects the fact that the Administrators have an understanding of the matters critical to each company and will endeavour to overcome any potential impediments to our independence.

Dated this 9th day of August 2010.



MARTIN JONES
Joint and Several Administrators of
Rewards Group Limited
and Subsidiaries as set out above
in this DIRRI



ANDREW SAKER



DARREN WEAVER

NOTE: If circumstances change, or new information is identified, we are required under the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with my next communication as well as table a copy of any replacement declaration at the next meeting of each of the company's creditors.

Annexure 4

The Group Summary and Background

9 August 2010

**Rewards Group Limited
 (Receivers And Managers Appointed) (Administrators Appointed)
 And Subsidiaries as set out in the table below
 (Receivers and Managers Appointed to Limited Companies)
 (All Administrators Appointed)
 (Collectively referred to as the Group)**

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

BACKGROUND INFORMATION REGARDING THE GROUP

This document is intended to provide a brief overview of the Companies and their role in the Group and has been compiled under the following headings:

1. Administrators' Function
2. Diagram of the Group Structure
3. Role of each Company within the Group
4. Group Weaknesses
5. Group Strengths
6. Future of the Group

Affiliated through
 Zolfo Cooper
 and
 Kroll Worldwide
 UNITED STATES
 UNITED KINGDOM

1. Administrators' Function

On 16 May 2010, Martin Jones, Andrew Saker and Darren Weaver were appointed as Joint and Several Administrators to each of the entities in the table below pursuant to section 436A of the Act. The table also records the appointments of Peter Anderson, James Thackray and William Harris of McGrathNicol as Receivers and Managers ("R&M") to certain of those entities:

| Company Name | Abbreviation | ACN | R&M Appointment Date |
|---|--------------|-------------|----------------------|
| Rewards Group Limited | RGL | 087 702 547 | 19 May 2010 |
| Rewards Projects Limited | RPL | 089 582 427 | N/A |
| Rewards Land Pty Ltd | RLPL | 089 948 824 | 19 May 2010 |
| Rewards Management Pty Ltd | RMPL | 089 940 376 | 1 June 2010 |
| Ord Packers Pty Ltd | OPPL | 106 363 964 | 1 June 2010 |
| Berry Packers Pty Ltd | BPPL | 125 068 911 | 1 June 2010 |
| Rural Labour Pty Ltd | Rural Labour | 130 732 786 | N/A |
| Greentree Capital Pty Ltd (Formerly "QPR Capital Finance Pty Ltd") | GCPL | 093 209 173 | N/A |

Whereas immediately following our appointment, we took control of the Group assets and continued to carry on the Group business, control of the assets and the trading activities of the companies under receivership transferred to the R&M upon their appointment.

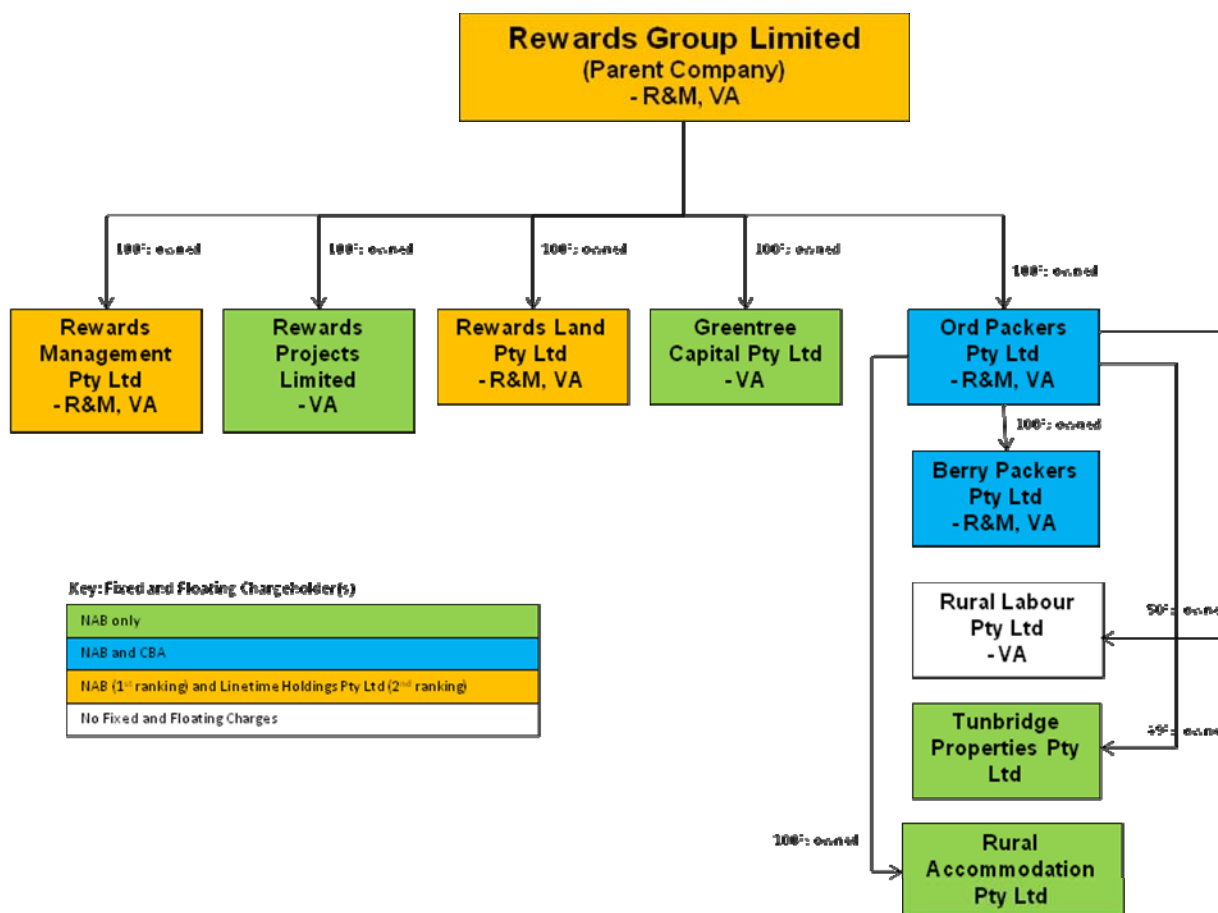
Our role as Joint and Several Administrators of the Group is to control the Group's businesses, properties and affairs to the extent that same are not within the R&M's control, with a view to facilitating the execution of a Deed of Company Arrangement (DOCA) to reorganise the Group's affairs in the event that such course of action is in the interests of creditors, and would therefore achieve either, but preferably both of the objectives of a voluntary administration ("VA") established by section 435A of the Act. That is, for the Companies' business, property and affairs to be administered in a way that, for each company:

- a) Maximises the chances of the company, or as much as possible of its business, continuing in existence; or
- b) If it is not possible for the company or its business to continue in existence – results in a better return for the company's creditors and members than would result from an immediate winding up of the company.

The creditors of the Group will be given the opportunity to decide the Group's future at the second meeting of creditors.

2. Diagram of the Group Structure

We provide below a diagram of the Group's corporate structure as at the date of our appointment:



3. Role of each Company within the Group

RGL

RGL is the ultimate holding company of RPL, RMPL, RLPL and GCPL. It also owns 100% of the units in the Ord Packers Unit Trust of which OPPL is the trustee of that unit trust.

RPL

RPL is the responsible entity (“RE”) of a number of registered managed investment schemes (“MIS”) and in that role has responsibility for the operation and administration of the schemes. Each scheme is governed by its own constitution or trust deed, and if a registered scheme, is also governed by Chapter 5C of the Act. RPL continues to be the RE for its registered managed investment schemes until it is replaced in accordance with the Act.

In operating the schemes, RPL has leases in respect to land owned predominantly by RLPL and also The Ark Fund Limited (“Ark”). Maintaining or renegotiating these leases has been an obstacle to replacing RPL as RE during the course of the VA to date.

RMPL

RMPL is the manager of the MIS projects and responsible for establishing, managing, harvesting and selling the product from the projects.

Whilst growers contract RPL to establish, maintain, manage and ultimately harvest and sell the commodity grown by the investors/growers, RPL in turn appointed RMPL to perform the services, utilising a skilled management team and to undertake its duties in accordance with the Management Plan for each Project and a Service Agreement in place between RPL and RMPL. In certain circumstances, RMPL sub-contracted some of the services to third parties, such as fruit marketing to Global Rewards Pty Ltd, an entity having an independent managing director, though an entity in which certain of the Group’s directors took an interest soon after the contract was established.

RLPL

RLPL is the owner of land upon which horticultural and forestry MIS operations have been established in Western Australia and Queensland. It was incorporated as a land holding company and was established to lease its land assets to RPL.

GCPL

GCPL was established as a vehicle to provide investors finance in relation to management investment scheme products issued by RPL.

OPPL

OPPL operates a fruit packing business based in Kununurra, Western Australian and Mareeba, Queensland. It became a wholly owned subsidiary of RGL on 1 February



2010 as RGL acquired 100% of the units in Ord Packers Unit Trust “OPUT” (acting trustee fund).

BPPL

BPPL is a wholly owned subsidiary of OPPL. It operates a fruit packing business based in Wamuran (near Caboolture), Queensland, and Yarra Valley, Victoria.

Rural Labour

Rural Labour operated a labour hire business which complemented the Group’s operations. In particular, it contracted casual labour to the following related entities:

- a) BPPL in Victoria and Queensland;
- b) OPPL in Western Australia and Queensland; and
- c) RMPL and RPL in Western Australia and Queensland.

4. Group Weaknesses

- a) The Companies are insolvent. Accordingly, the Companies’ assets will be viewed as being distressed by parties interested to invest in, acquire, or otherwise recapitalise the Group.
- b) The legal structure in which the assets are held is complex, having regard to the MIS schemes i.e. leased land, other Group entities owning the infrastructure thereon, Grower interest in the crops/trees grown on the land etc.
- c) Significant external secured debt. The R&M are collecting upwards of \$60M in debt due to the NAB by a combination of the Group and Ark. The R&M will set their own strategy to realise value for the NAB and that strategy may not be consistent with the interests of Growers.
- d) Significant inter-company transactions and accounting to work through to ascertain the likely recoveries that may ultimately be appropriate having regard to the legal/equitable rights of the Companies and therefore the creditors of each of the Companies.
- e) The end of RPL’s VA is expected to sever the leasehold interest of the schemes because the R&M has issued default and termination notices in respect of the head leases between RLPL, Ark and RPL. It is only the protection afforded by section 440C of the Act that has avoided such an outcome to date.
- f) The extent of pre-VA outstanding rent to Ark is so great that an agreement with the R&M to reach a settlement, by which RPL (or a replacement RE) is able to retain the farms, appears unlikely at this time absent a proposal to repay the NAB debt in full and in a short time.

5. Group Strengths

- a) The agricultural investments owned by the Growers, the Group and Ark, represent a diverse set of quality assets, which may, in time, produce equity to enable a return to be paid to the creditors of many of the Companies.
- b) So long as there is a party that is prepared to fund the rents and the MIS farming and other operations, there is a prospect that a restructure may be achieved.



6. Future of the Group

Creditors will decide the future of the individual Companies at the second meeting of creditors, convened for Monday, 16 August 2010.

Known creditors of each of the Companies receive a detailed report pursuant to section 439A of the Act in respect to the company against which their claim is understood to exist. In the case of Investors/Growers, the report is available for download from the Administrators' website. Likewise, the report for each of the other Companies is also available for download from the "current matters" section of the Ferrier Hodgson website (www.ferrierhodgson.com).

Enquiries in relation to the Companies may be submitted via email to rewardsgroup@fh.com.au.

Annexure 5

RGAG Letter of Intention to Propose a DOCA

6 August 2010

Mr Martin Jones
Joint and Several Administrator of
Rewards Projects Limited and Various Related Entities
c/- Ferrier Hodgson
Level 26, BankWest Tower
108 St George's Terrace
PERTH WA 6000

By email: Martin.Jones@fh.com.au

Dear Sir,

**Rewards Projects Limited
(Administrators Appointed)
ACN 089 582 427
And Related Entities as Set Out in The Schedule (the Group)**

Restructuring / Deed of Company Arrangement (DOCA) Proposal and Upcoming Second Meetings of Creditors of the Group

We refer to the Facility Agreement executed between the Rewards Growers Advocacy Group Inc (RGAG), Rewards Projects Limited (RPL) and its Administrators which was approved by the Supreme Court of Western Australia on 30 June 2010.

As you are aware, the Facility Agreement has been extended for a further month to 31 August 2010 by mutual agreement between RGAG, RPL and its Administrators. Under the Facility Agreement, RGAG has been granted exclusivity to 31 August 2010 (or so long as funding remains in place) to liaise with the Administrators with a view to putting forward a restructuring / DOCA proposal for all or part of the Group and / or schemes managed by the Group (excluding brushwood, vineyard and berries schemes) for creditors' and growers' consideration, as applicable.

The RGAG is continuing to formulate a restructuring / DOCA proposal with a view to submitting the same by 31 August 2010 for the Administrators' consideration and ultimately creditors' deliberation. The RGAG is continuing discussions with a number of financiers and other parties and is well advanced in these discussions. At this stage, the RGAG has not confirmed a definitive view as to which entities of the Group may be incorporated in its proposed restructuring / DOCA proposal.

The RGAG understands that the Administrators have scheduled the second meetings of creditors of the Group for Monday, 16 August 2010 in accordance with Section 439A of the Corporations Act and orders granted by the Court to decide each company of the Group's future.

In view of the funding arrangements currently in place as discussed above and status of RGAG's formulation of a restructuring / DOCA proposal the RGAG is of the view that it would be in the interests of creditors of the Group to resolve to adjourn the upcoming meetings of creditors for all entities of the Group for a period of up to 45 business days pursuant to Section 439B(2) of the Corporations Act. In forming this view RGAG make the following comments:

- The adjournment would enable RGAG to finalise its restructuring / DOCA proposal for all or part of the Group and / or schemes managed by the Group (excluding vineyard, brushwood and berries schemes) for creditors' and growers' consideration.
- The restructuring / DOCA proposal put forward by RGAG may provide a superior return to creditors than if the Group was immediately wound up and may have benefits for other stakeholders than if the Group and schemes were immediately wound up.
- The RGAG is attempting to find a solution to the Group's current financial predicament and situation with a view to repaying secured creditors in full, unsecured creditors a better outcome than on a winding up, as well as preserving scheme assets for the benefit of growers.
- Whilst the adjournment period is in place, RGAG would continue to provide funding to the Administrators to keep the schemes on foot and conduct maintenance works on various scheme properties. We note that the RGAG has already contributed a significant amount of funding (approximately \$1.5 million) to the Administrators and maintenance works have and are continuing to be conducted on various scheme properties and are being funded by RGAG.

We request that the Administrators please consider the aforementioned issues when putting forward their recommendations to creditors as to the future of the Group at the upcoming second creditors' meetings.

We are available to discuss any of the issues above at your convenience.

Yours faithfully

Rewards Growers Advocacy Group Inc



Michael Bugelly

President

THE SCHEDULE

| Company Name | ACN |
|-----------------------------|-------------|
| *Rewards Group Limited | 087 702 547 |
| *Rewards Land Pty Ltd | 089 948 824 |
| *Rewards Management Pty Ltd | 089 940 376 |
| *Ord Packers Pty Ltd | 106 363 964 |
| *Berry Packers Pty Ltd | 125 068 911 |
| Rural Labour Pty Ltd | 130 732 786 |
| Greentree Capital Pty Ltd | 093 209 173 |

* Receivers and Managers also appointed