

12 October 2010

REWARDS GROUP LIMITED ACN 087 702 547
REWARDS LAND PTY LTD ACN 089 948 824
REWARDS MANAGEMENT PTY LTD ACN 089 940 376
(All Administrators Appointed) (Some Receivers and Managers Appointed)
(Collectively referred to as the Companies)

ADELAIDE
BRISBANE
MELBOURNE
SYDNEY
JAKARTA
KUALA LUMPUR
SINGAPORE
TOKYO

CIRCULAR TO CREDITORS

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Zolfo Cooper
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UNITED STATES
UNITED KINGDOM

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.

At the concurrent second meetings of creditors held on 16 August 2010, creditors resolved to adjourn the meetings for a period not exceeding 45 business days to allow further time for the Rewards Growers Advocacy Group Inc (RGAG) to formulate a Deed of Company Arrangement (DOCA) or restructuring proposal which potentially would include the Companies. We have since received a DOCA proposal from RGAG and the main terms are noted in the attached supplementary Administrators' report to creditors, along with our recommendation regarding the future of the Companies.

Accordingly, at the reconvened second meetings of creditors, the following options will be available to creditors regarding the future of each of the Companies:

- That the Company execute the DOCA; or
- That the Company should be wound up; or
- That the administration should end.

We advise that the reconvened concurrent second meetings of creditors of the Companies convened pursuant to Section 439A of the Act **will be held on Tuesday, 19 October 2010 at the Holiday Inn, 778 - 788 Hay Street, Perth, Western Australia at 11.30am (WST)** for creditors to determine the future of the Companies.

Please note if you previously submitted a **general proxy** for the second meeting of creditors held on 16 August 2010, your proxy form remains valid for this reconvened second meeting of creditors. However, should you wish to appoint a new representative for this meeting, please submit a new proxy form to this office by no later than **5pm WST on Monday, 18 October 2010**.

We further note that a summary of the outcome of the reconvened second meeting of creditors will be made available on the Ferrier Hodgson website shortly after the meeting. Should any creditor or stakeholder wish to obtain copy of the minutes of these meetings, the same will be available from the Australian Securities and Investments Commission



(ASIC) 10 business days after the date of the meeting (subject to ASIC's document image timing).

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 **Tuesday, 19 October 2010 at the Holiday Inn, 778 - 788 Hay Street, Perth, Western Australia at 11.30am (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 or second 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. We note that to be entitled to vote, corporate creditors **must complete and submit a Proxy form** for the purposes of these meetings.

Please note if you previously submitted a **general proxy** for the second meeting of creditors held on 16 August 2010, your proxy form remains valid for this reconvened second meeting of creditors. However, should you wish to appoint a new representative for this meeting, please submit a new proxy form to this office by no later than **5.00pm WST on Monday, 18 October 2010.**

All forms and supporting documentation can be lodged with the Administrators by no later than **5.00pm WST on Monday, 18 October 2010** 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) Supplementary Administrator's report pursuant to Section 439A(4) of the Act

The report details any further information obtained since the date of the first Administrators' report to creditors. 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 to execute the proposed DOCA; or
- (b) Whether it would be in the creditors' interests for the company to be wound up; or
- (c) Whether it would be in the creditors' interests for the administration to end.

(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; and
- (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 Penny Vetten or Sarah Grove of this office

Martin Jones
Joint and Several Administrator of
Rewards Group Limited
Rewards Land Pty Ltd
Rewards Management Pty Ltd

Encl.

CORPORATIONS ACT 2001

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

**Rewards Group Ltd ACN 087 702 547
Rewards Projects Limited ACN 089 582 427
Rewards Land Pty Ltd ACN 089 948 824
Rewards Management Pty Ltd ACN 089 940 376
(All Administrators Appointed) (Some Receivers and Managers Appointed)
(Collectively referred to as the Companies)**

Notice is given that reconvened concurrent meetings of the creditors of the Companies will be held on Tuesday, 19 October 2010 at the Holiday Inn, 778 – 788 Hay Street, Perth, Western Australia at 11.30am (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 company execute a Deed of Company Arrangement; or
 - (b) That the company be wound up; or
 - (c) That the administration should end.
5. To fix the further remuneration of the Joint and Several Administrators for each of the Companies.
6. If a Deed of Company Arrangement is executed, 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 Monday, 18 October 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 12th day of October 2010.



Martin Jones

Joint and Several Administrator of
Rewards Group Limited
Rewards Projects Limited
Rewards Land Pty Ltd
Rewards Management Pty Ltd

INFORMAL PROOF OF DEBT FORM FOR CREDITORS

Regulation 5.6.47

REWARDS GROUP LIMITED ACN 087 702 547
REWARDS LAND PTY LTD ACN 089 948 824
REWARDS MANAGEMENT PTY LTD ACN 089 940 376
(All Administrators Appointed) (Some Receivers and Managers Appointed)
(Collectively referred to as the Companies)

Please indicate the company to which your claim relates (please tick)

Company Name	ACN	✓
*Rewards Group Limited	087 702 547	
*Rewards Land Pty Ltd	089 948 824	
*Rewards Management Pty Ltd	089 940 376	

*Receivers and Managers also 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.

**REWARDS GROUP LIMITED ACN 087 702 547
 REWARDS LAND PTY LTD ACN 089 948 824
 REWARDS MANAGEMENT PTY LTD ACN 089 940 376
 (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	✓
*Rewards Group Limited	087 702 547	
*Rewards Land Pty Ltd	089 948 824	
*Rewards Management Pty Ltd	089 940 376	

*Receivers and Managers also Appointed

*I/*We¹

of

a creditor of the company 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 Tuesday, 19 October 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 company execute a Deed of Company Arrangement in terms materially consistent with those detailed in the Administrators' Report dated 12 October 2010.	<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 Administrators' remuneration for the period 16 August 2010 to 30 September 2010 as detailed in the Administrators' Report dated 12 October 2010 be approved.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(e) A resolution that the Administrators' estimated future remuneration for the period 1 October 2010 to 18 October 2010 as detailed in the Administrators' Report dated 12 October 2010 be approved.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(f) If the Company executes a Deed of Company Arrangement: The Deed Administrators' estimated remuneration for the period 19 October 2010 to the execution of the Deed of Company Arrangement be fixed in accordance with the hourly rates of Ferrier Hodgson as detailed in the Administrators' Report dated 12 October 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 executes a Deed of Company Arrangement: The Deed Administrators'/Trustees' remuneration from the execution of the Deed of Company Arrangement until termination of the Creditors' Trust be fixed in accordance with the hourly rates of Ferrier Hodgson as detailed in the Administrators' Report dated 12 October 2010 and that the Deed Administrators/Trustees be authorised to make monthly payments on account of such accruing remuneration be approved.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(h) If the company is placed into Liquidation: The Liquidators' remuneration be fixed in accordance with the hourly rates of Ferrier Hodgson as detailed in the Administrators' Report dated 12 October 2010 and that the Liquidators be authorised to make monthly payments on account of such accruing remuneration be approved.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(i) If the company is placed into Liquidation: A Committee of Inspection be appointed.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
(j) If the company is placed into Liquidation: 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 October 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 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 October 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.

**Rewards Management Pty Ltd
ACN 089 940 376
(Receivers and Managers Appointed)
(Administrators Appointed)**

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

Martin Jones

Darren Weaver

Andrew Saker

12 October 2010



FERRIER HODGSON

LEVEL 26, 108 ST GEORGES TERRACE PERTH WA 6000

GPO BOX 2537 PERTH WA 6001

TELEPHONE 08 9214 1444 FACSIMILE 08 9214 1400

Table of Contents

Glossary of terms	1
1. Executive summary	2
2. Introduction	4
3. Company information	6
4. Historical financial information	7
5. Statement by directors	8
6. Trading by Administrators	14
7. Sale of business and assets	15
8. Statutory investigations	16
9. Proposal for Deed of Company Arrangement (DOCA)	19
10. ASIC's Guide to DOCA's Involving Creditors' Trusts	26
11. Creditors' options, dividend estimates & cost estimates	30
12. Administrators' opinion	33
13. Administrators' remuneration report	34
14. Further queries	34

Glossary of terms

Abbreviation	Description
ABN	Australian Business Number
ACN	Australian Company Number
Act	The Corporations Act 2001
ANZ	Australia and New Zealand Banking Group Limited
ARK	The ARK Fund Limited (Receivers and Managers Appointed) (Administrators Appointed)
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
BPPL	Berry Packers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)
The Company / RMPL	Rewards Management Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
FH	Ferrier Hodgson
GEERS	General Employee Entitlements Redundancy Scheme
GCPL	Greentree Capital Pty Ltd formerly QPR Capital Finance Pty Ltd
GST	Goods and Services Tax
IPA	Insolvency Practitioners Association of Australia
MIS	Managed Investment Scheme
OPPL	Ord Packers Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)
OPUT	Ord Packers Unit Trust
R&M	Receivers and Managers
Rewards Group / the Group	RGL, RPL, RLPL, GCPL, OPPL, BPPL, Rural Labour and the Company
RGAG	Rewards Growers Advocacy Group
RGL	Rewards Group Limited (Receivers and Managers Appointed) (Administrators Appointed)
RLPL	Rewards Land Pty Ltd (Receivers and Managers Appointed) (Administrators Appointed)
RPL	Rewards Projects Limited (Administrators Appointed)
Rural Labour	Rural Labour Pty Ltd (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

1. Executive summary

We refer to the appointment of Martin Jones, Andrew Saker and Darren Weaver as Joint and Several Administrators of Rewards Management Pty Ltd (RMPL) on 16 May 2010, pursuant to section 436A of the Corporations Act 2001 (the Act). We also refer to our section 439A of the Act Report to Creditors of the Company dated 9 August 2010 which should be read in conjunction with this report.

A Committee of Creditors was formed for RMPL at the first creditors meeting on 26 May 2010.

On the 1 June 2010, Peter Anderson, James Thackray and William Harris were appointed as R&M over the Company. As a consequence of the appointment of the R&M and pursuant to section 442D of the Act, the Administrators' powers are limited and subject to the powers of the R&M. A summary of the Group entities, the respective roles, and the Group's strengths and weaknesses is included as **Annexure 4**.

At the second meeting of creditors convened on 16 August 2010 creditors of the company resolved to adjourn the meeting for a period of up to forty-five (45) business days to allow further time for the Rewards Growers Advocacy Group Inc (RGAG) to formulate a Deed of Company Arrangement (DOCA) proposal for all or part of the Group and / or schemes. A quorum for Greentree Capital Pty Ltd (GCPL) was not present at this meeting nor a reconvened meeting held on 30 August 2010 and accordingly control of GCPL reverted to the directors of GCPL on this day.

The adjourned second meeting of creditors of the Company has been reconvened for **Tuesday, 19 October 2010 at the Holiday Inn, 778 – 788 Hay Street, Perth, Western Australia at 11.30 am WST**.

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.

RGAG has put forward a DOCA proposal for the Company and also Rewards Land Pty Ltd (RLPL), Rewards Group Ltd (RGL) and Rewards Projects Ltd (RPL). Separate Supplementary Reports to Creditors for RLPL, RGL and RPL have also been issued to creditors of these respective entities which are available for download via our website at www.ferrierhodgson.com and hard copies may be made available upon request to this office.

It is the Administrators' recommendation that creditors resolve to accept RGAG's DOCA proposal for the following key reasons:

1. The DOCA would allow for an orderly, timely and structured realisation of RLPL's land assets to satisfy the secured creditor's debt (National Australia Bank (NAB)) in full. In this regard, we note that NAB holds security over RMPL as well as other entities of the Group to secure its debt and the realisation strategy under the DOCA seeks to satisfy this debt in full in a timely process following which residual assets of RMPL would be transferred to a Creditors' Trust and realised by the Trustee for the benefit of unsecured creditors;
2. The DOCA provides for recovery of amounts owed by growers of the various MIS schemes. Thus these recoveries potentially provide for a greater pool of funds available to unsecured creditors in RPL than would arise in a winding up. In this regard, RMPL is an unsecured creditor of RPL and thus may receive a greater return than in a winding up of the Company;

3. Under the DOCA it is proposed that certain MIS schemes are to be restructured and continued. In this regard, this may increase RMPL's ability to collect outstanding grower loans and debtors (management fees) which are major assets of the Company as well as reduce the contingent exposure RMPL has to CBA and Investec in respect of loan debtors which may ultimately be to the benefit of creditors;
4. A Creditors' Trust is proposed to be formed under the DOCA which allows for the preservation of certain legal claims which may be pursued by the Trustee for the benefit of creditors; and
5. We also note that under the DOCA certain MIS schemes are proposed to be continued and restructured and this may provide for new or continued employment opportunities. This may also mitigate potential termination entitlements which would be owed to employees if their employment is terminated. Former employees with outstanding entitlements to which GEERS may respond, may prefer an immediate winding up in order to access a potentially more timely benefit from GEERS. However, we note that GEERS also has certain income thresholds to which eligible claimants' entitlements may be capped (and we note that superannuation entitlements are not covered under GEERS) and thus the DOCA may provide a greater (and potentially no less timely) return to employees. Should the outcome of RMPL's DOCA become apparent such that the DOCA will not provide for a return at least as equal to a liquidation scenario for employees then the Deed Administrators will consider placing RMPL into liquidation, absent of any proposed variation to the DOCA which would provide for the same or greater return in a liquidation scenario.

We set out below the estimated returns to creditors of RMPL under RGAG's DOCA:

Creditor	Estimated Return
Secured Creditor - National Australia Bank	100 cents in dollar
Priority Creditors - Employees	Up to 100 cents in dollar but not less than in a liquidation scenario
Unsecured Creditors	Up to 24.98 cents in the dollar from assets made specifically available under the DOCA plus any additional assets of RMPL existing as at the date of execution of the DOCA after satisfaction of secured and priority claims

- We note that we are yet to determine the validity of Linetime Holdings Pty Ltd's fixed and floating charge over RMPL. For the purposes of this analysis we have assumed that the claim would be satisfied in full as a secured claim from RMPL's existing assets. This claim will need to be assessed by the Deed Administrators / Liquidators as the case may be to determine its quantum and the validity of the security.

Please refer to sections 5 and 9.3 of this report for further details regarding the Company's estimated statement of position, estimated returns to creditors and assumptions in relation to these calculations.

We also highlight that there are a number of key risks to completion of the DOCA and these are detailed below:

1. There is a risk that the sale of the properties contemplated under the DOCA do not complete;
2. There is a risk that growers do not approve the variations to be proposed to various MIS scheme constitutions;
3. Uncertainty as to whether the DOCA proposal is acceptable to NAB. We note that at the time of preparing this report we were yet to receive any advice as to whether the DOCA proposal is acceptable to NAB; and
4. Uncertainty as to whether the ARK creditors will agree to the DOCA proposal to be put forward to them in the near future which proposes for the sale of various ARK properties and satisfaction of NAB's debt within ARK.

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).

2. Introduction

2.1 Purpose of Administrators' appointment and this report

As noted above, on 16 May 2010 Martin Jones, Andrew Saker and Darren Weaver were appointed as Joint and Several Administrators of each of the Group entities, pursuant to section 436A of the Act. Immediately following our appointment, we took control of the Group assets and continued to carry on the Group business.

On 1 June 2010, Peter Anderson, James Thackray and William Harris of McGrathNicol were appointed as R&M over the Company. Accordingly, control of the assets held by RMPL and limited trading activities were transferred to the R&M upon their appointment.

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 8 of this report. These investigations have assisted in forming an opinion about the Company's future. Our opinions are set out in section 12 of this report.

2.2 First meeting of creditors and committee of creditors

Creditors attended concurrent meetings of creditors held at the Perth Convention and Exhibition Centre on Wednesday, 26 May 2010 and ratified our appointment as Administrators of the Group, with

the exception of GCPL which was ratified at the reconvened first meeting of creditors held on 4 June 2010.

In the case of the Company, creditors elected to form a committee of creditors and the following creditors were elected as members:

Committee of Creditors	
Representative	Creditor
Julian Dayman	The ARK Fund Limited
Tim Rees	BGA Agri Services
Ivan Bennett	Chemicals Direct Pty Ltd
Lindsay Forrest	Forrest Nursery
Kerin Smart	Farmlink Rural

We note that between the first meeting of creditors on 26 May 2010 and the first meeting of the Committee of Creditors of RMPL on 10 June 2010, Mr Dayman resigned from the Committee as The Ark Fund Limited was placed into external administration and the control of that company passed to its Joint and Several Voluntary Administrators, Mr Strickland and Mr Hurt of WA Insolvency Solutions Pty Ltd and then ultimately its R&M.

We note that a number of meetings of the Group's committees of creditors have been held during the administration to date.

We intend to convene a meeting of the committees of creditors for RLPL, RPL, RMPL and OPPL prior to the second adjourned meetings of creditors to seek their views on RGAG's DOCA proposal. In this regard, creditors will be apprised of the committees' views at the reconvened second meetings of creditors.

2.3 Second meeting of creditors

As discussed earlier, at the second meeting of creditors convened on 16 August 2010 creditors of the company resolved to adjourn the meeting for a period of up to forty-five (45) business days to allow further time for RGAG to formulate a DOCA proposal for all or part of the Group and / or schemes.

The adjourned second meeting of creditors of the Company has been reconvened for **Tuesday, 19 October 2010 at the Holiday Inn, 778 – 788 Hay Street, Perth, Western Australia at 11.30 am WST.**

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

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

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.
- 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 Group in order to make decisions. However, as this information is commercially sensitive, it is not in creditors' interests for us to disclose the information publically at this stage.

The Committees of Creditors are privy to a greater level of information. The members of the Committees of Creditors have signed and are bound by confidentiality agreements with the Administrators.

2.5 Access to Company Books and Records

We have been unable to ascertain various account balances as our access to the Company's books and records has been restricted due to the appointment of the R&M's. Efforts to ascertain information directly from the Group's employees has also been limited due to the R&M's control of same and their different priorities.

2.6 Declaration of independence, relevant relationships and indemnities

Prior to our appointment we under took a proper assessment of the risks to our independence. This assessment identified no real or potential risks to our independence 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 our DIRRI is attached at **Annexure 3**.

3. Company information

3.1 Statutory information

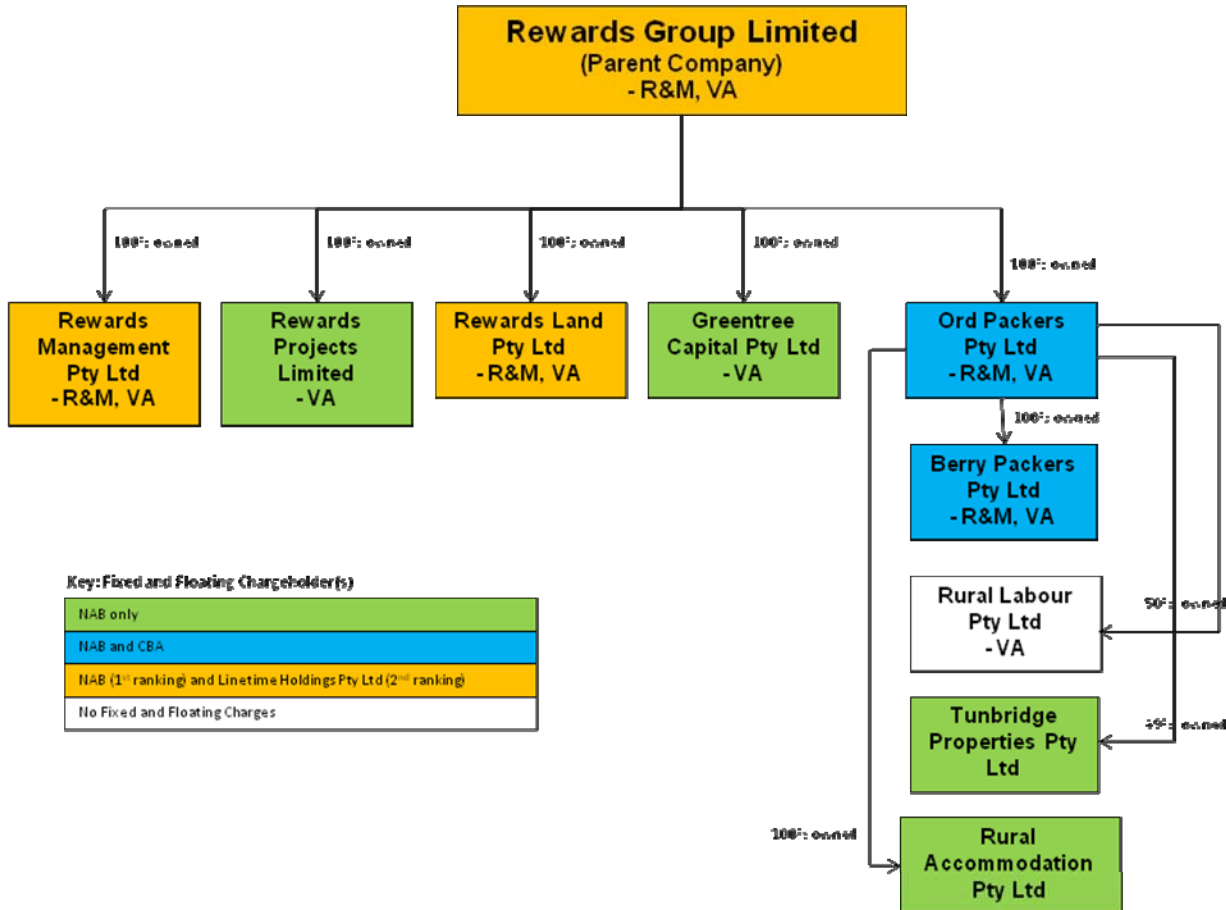
Please refer to our section 439A of the Act Report to Creditors dated 9 August 2010 for statutory information pertaining to the Company.

3.2 Company history

Please refer to our section 439A of the Act Report to Creditors dated 9 August 2010 for information pertaining to the history of the Company.

3.2.1 Group Structure

As noted above, RGL is the ultimate holding company of RMPL by way of its 100% ownership of the shares of the Company. Set out below is a diagram of the Group's corporate structure as at the date of our appointment.



3.3 Decision to appoint administrators

Representatives of Ferrier Hodgson first met with the Company's directors on 5 May 2010 to discuss its solvency and its options. In view of the Group's financial position and the lack of immediate funding alternatives available to the Company and to the Group, the directors of the company formed the opinion that the Company was or was likely to become insolvent, and resolved to appoint Administrators. The appointment took effect on 16 May 2010.

4. Historical financial information

Please refer to our section 439A of the Act Report to Creditors dated 9 August 2010 for historical financial information pertaining to the Company.

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 and an ERV for each category.

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	58,130,608	Unascertained
Cash at bank	5.1.2	85,167	85,167
Plant and Equipment	5.1.3	21,410,676	Unascertained
Other Assets	5.1.4	10,279,920	Unascertained
Sub Total		89,906,371	Unascertained
Less: Priority Creditors	5.1.5	(403,313)	Unascertained
Assets subject to specific charges	5.1.6	(27,888,588)	Unascertained
Less amounts owing under charges	5.1.7		(27,800,000)
Partly Secured Creditors	5.1.8	(6,380,862)	Unascertained
Total Available Assets to Unsecured Creditors		55,233,608	Unascertained
Ordinary unsecured creditor claims	5.1.9	(11,565,343)	(16,877,192)
Estimated Surplus/(Deficiency)		\$43,668,265	Unascertained

The estimated realisable values set out above are based on the Directors' Statement and the company's books and records and are not necessarily endorsed by the Administrators. The Administrators have not audited the company's records or the Directors' Statement. The Administrators have provided their own ERV with respect to the Company's liability position only.

As such, the above schedule should not be used to determine the likely return to creditors as realisations and return will depend upon the R&M future steps taken in relation to extracting value from the Group for the NAB.

Further, care should be taken in relying on the Directors' statements for, but not limited to, the following reasons:

- The affairs of the Group are complex and whilst the statements have been prepared by the directors on a good faith basis, the complexity of the Group and the MIS structure means that the rights and obligations of certain entities are still to be determined.
- The uncertainty in current financial markets makes it difficult to estimate realisable values with a high degree of certainty and the Administrators do not have the necessary funding in many of the administrations that would enable us to obtain independent third party valuations. Accordingly, we have not disclosed any Administrators' ERV's.
- Management accounts used by the directors to prepare their Statements have been prepared on a going concern basis.

The above schedule should not be used to determine the likely return to creditors as a number of realisable values are based on the Group's records and remain subject to review by the Administrators and, in particular:

- The Administrators are not presently in a position to confirm (or otherwise establish) the asset values attributed by the directors and the Group records due to the confidential and commercially sensitive nature of such information to the sale/restructuring process.
- The value of creditor claims remains subject to change as further claims may be received and require adjudication.
- The estimated position does not provide for possible future trading losses, capital costs or the professional costs associated with the administration and receivership process.

We also note that there is a Deed of Cross Guarantee between RGL and RMPL which pools the assets and liabilities of both entities for the benefit of creditors. Thus in a liquidation scenario the creditor pools of both entities would be consolidated.

In respect of the balances reported in the table above, we make the following comments:

5.1.1 Debtors

We table below a breakdown of the debtors at appointment as per the Directors' Statement:

	Amount Owing (\$)	Amount Realisable (\$)	Deficiency (\$)	Administrators' ERV (\$)
Trade Debtors	15,114,980	11,987,635	3,127,345	Unascertained
BAS Refund	544,040			544,040
Related Loan Debtors	42,471,588			Unknown
Total	\$58,130,608	\$11,987,635	\$3,127,345	Unknown

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

- Trade debtors predominantly refer to outstanding management fees for the 2008 and 2009 financial year of issue. At the point in time we are unable to accurately quantify the likely amount that could be recovered in respect of these balances. We note that these outstanding management fees are owed by growers to RPL however RMPL has a claim against RPL as an unsecured creditor.
- We confirm that the BAS refund was received during the first week of our appointment. Please refer to the remuneration report for an account of the receipts and payments during the administration.

- The amounts which relates to related loan debtors are as follows:

Intercompany Loans	Amount (\$)
Rewards Land Pty Ltd	25,457,433
Rewards Group Limited	12,106,130
Rewards Projects Limited	98,216
Ord Packers Pty Ltd	4,740,483
Stonefruit Orchards Pty Ltd	5,347
Rewards Asset Solutions	125
Domains & Vineyards	60,262
Total Intercompany Loans	\$42,467,996

We note that:

- The majority of the amounts owed to the Company relates to debt owing by related entities which are also under external administration. Given the uncertainties as to the likelihood of any dividends from these entities, we cannot predict with any accuracy the estimate amount to be recovered from sundry debtors; and
- A copy of the Administrators' Report for the related entities which are under external administration can be downloaded from Ferrier Hodgson's website (www.ferrierhodgson.com).

We also note that on 9 August 2010 the R&M wrote to us putting us on notice that RMPL invoiced \$11,716,346.06 in management fees to RPL which remains outstanding. We are yet to fully determine the validity of this claim against RPL.

5.1.2 Cash on hand and cash at bank

Immediately upon our appointment we issued instructions to RMPL's banker, ANZ to freeze all bank accounts and to transfer the standing cash balance to a new account subject to our control. A total of \$85,167 was held in RMPL's bank account at the date of our appointment, which was transferred to the Administrators' new account.

5.1.3 Property, plant and equipment

Given that the R&M have assumed control of all assets, we have not engaged independent valuers to assess the plant, equipment and office equipment. Accordingly, the value of the sale of the plant and equipment will flow through to the R&M.

Further, we note of the \$21M recorded in the Directors' Statement approximately \$15M pertains to expenditure capitalised on the balance sheet and \$4M pertains to farm machinery on the scheme properties.

5.1.4 Other assets

The following table summarises the Company's other assets according to the Statement.

Other assets	Amount (\$)
Loan security deposits	10,249,920
Investment in Projects VY02	33,000
Total Other Assets	\$10,279,920

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

- Loan securities deposits are in reference to collateral accounts established upon the assignment of loans from RMPL to external financiers. Given the uncertainty surrounding the recoverability of loan receivables, we consider that this balance will not be available to RMPL unsecured creditors having regard to the fact that the external financiers are entitled to draw upon these funds to the extent that loans assigned to them by RMPL are uncollectable.
- We have disclaimed the leases associated with the vineyard schemes, except for VY02 where we recently revoked our original disclaimer notice following acceptance by growers of this scheme for the potential restructure of the scheme. At present the directors are formulating a restructure plan for the scheme for growers' approval and funds held in the scheme, as agreed by growers are being utilised to maintain the property. Accordingly, RMPL's value of the investment within the scheme cannot be estimated at this point in time.

5.1.5 Employee Entitlements

The Directors' Statement discloses the following priority employee claims:

Employee Entitlements (Estimate only)	Amount (\$)
Annual Leave	364,780
Long Service Leave	38,533
Total	\$403,313

Not included in the Directors' Statement is an amount of \$40,960 of the Company's statutory obligations for superannuation that has yet to be remitted. We further note that there were several employees, whose employment was terminated after our appointment (either by ourselves or the R&M after 1 June 2010). Many of these employees are entitled to various termination payments and may also have other entitlements owed to them. We have yet to quantify the quantum of such claims given the implications of the R&M's appointment and their control over records and current staff.

The unpaid superannuation will attract the SGC as a result of non-payment by the relevant date pursuant to Section 52 of the Superannuation Guarantee (Administration) Act 1992. The ATO is responsible for proving this debt and any distribution from the Company must be paid to the ATO, who will ultimately remit the funds to the relevant employees' superannuation funds.

Employee claims are afforded priority of repayment pursuant to Section 556 of the Act.

The Act also provides that 'Excluded Employees', which includes Company directors and their spouses, are each restricted to a total maximum priority claim of \$2,000 for unpaid wages and \$1,500 for annual leave entitlements.

Amounts owed to Excluded Employees that exceed the statutory cap for wages and superannuation and annual leave/long service leave, and all payments owing in respect of retrenchment, being redundancy and payment in lieu of notice, rank for dividend with all other unsecured creditors.

All employee entitlements will be paid out in accordance with the terms of any deed of company arrangement that the Company enters in to, or once funds are available should the Company proceed into liquidation. Should insufficient funds be available to meet priority claims of employees, they may be entitled to claim their entitlements (other than superannuation) under the Federal Government's GEERS scheme.

5.1.6 Assets subject to specific charges

The directors have included in the statement the off balance sheet loans financed by CBA and Investec as being assets subject to specific charges. We confirm that these assets do not form part of the asset base of RMPL, however for completeness we table below as the information provided for under the Directors' Statement:

Financier	Amount (\$)
Investec	9,041,720
CBA	17,548,859
UPF	1,298,000
Total	\$27,888,579

We confirm that the above balances are as they are represented on the Directors' Statement. We are reviewing the information provided to us by the Company and whether these constituted assets subject to specific charges, as we are yet to sight charge documents in respect of these off-balance sheet loans.

5.1.7 Secured creditors

Chargeholder	Charge No.	Date Registered	Type of Charge	Outstanding Liability
National Australia Bank Limited*	1127010	31/01/2005	Fixed and Floating	\$26M
Linetime Holdings Pty Ltd	1971805	11/05/2010	Fixed and Floating	\$1.8M

*Contingent upon realisation of various assets. In the event that the R&M realise the guarantors' assets first, there may be a right of subordination/contribution in favour of such entities.

The Company entered into two Market Rate Facilities with the NAB who advanced \$17.75M plus \$2M fee to RMPL. The NAB also advanced approximately \$6M to RMPL in August 2008 in relation to a Master Asset Facility (financed plant and equipment). Accordingly, pending a proper reconciliation of the NAB debt, it is estimated to be in the vicinity of \$26M.

The Directors' Statement does not disclose the \$19.75M in advances from NAB however the searches undertaken outline that RMPL is party to the Loan Agreement. We note that the NAB exercised its right to enforce their security by appointing a R&M.

We undertook a review of the above charges and determined them to be prima facie valid, apart from further investigations required into Linetime Holdings Pty Ltd's ("Linetime") charge.

Section 266 of the Act provides that a charge may be considered void if it's registered within six (6) months of the appointment of an Administrator / Liquidator. We note that the Linetime charge was registered on 11 May 2010, five (5) days prior to the appointment of Administrators and this date falls within the relevant relation back date. We are currently continuing to review the particulars of this charge in order to determine its validity. We note that Linetime's charge appears to have been registered within 45 days of creation in accordance with section 263 of the Act having been created on 29 March 2010. Board minutes we have recovered evidence that the board of directors of RMPL resolved to grant the security to Linetime on 18 February 2010.

5.1.8 Partly Secured Creditors

We table below the partly secured creditors as per the Directors' statement:

Partly Secured Creditors	Value (\$)
The Ark Fund Ltd	5,218,697
Ord Orchards Land Unit Trust	501,005
Tunbridge Properties	431,398
S&L Dobson	125,730
Jones Lang LaSalle	104,030
Total	\$6,380,860

The Administrators have not adjudicated the proofs submitted by the above companies, however, prima facie, we consider the above to be ordinary unsecured creditors. This has been reflected in the Administrators' ERV.

5.1.9 Ordinary unsecured creditors

At the date of this report we are unable to ascertain the Company's liability to unsecured creditors as the amount is subject to the receipt and adjudication of final proofs of debt from creditors. In this regard, the value of creditors denoted in the above table is as per the Company's records as at the date of our appointment.

We note that ARK is listed as an unsecured creditor of RMPL in the Group's records for \$5.2M for outstanding rent which is reflected in the unsecured creditor position above. However, we have assessed this debt as likely owing by RPL rather than RMPL given contractual arrangements with ARK. Under the DOCA this outstanding rent is proposed to be satisfied which would reduce the unsecured creditor pool in RMPL or RPL

For completeness, we note that creditors should be aware the Act allows a creditor to apply to the Court to set aside or modify a resolution authorising the execution of a DOCA if the resolution carries as a consequence of a related entity vote. Similarly, a defeated resolution for the Company to be wound up may be declared carried, if defeated by the vote of a related entity.

5.1.10 Omissions from Statement

Save for our previous comments regarding specific disclosures in the Statement, including the Linetime charge, there are no further material omissions from the Directors' Statement that we are aware of.

5.2 Explanation for current financial position

The directors of the Group provided the following information with respect to their opinion as to the key reasons for the failure of RMPL and the other entities within the Group:

- Lack of willing external funders.
- Inability to obtain adequate working capital.
- Reduced capacity to recover outstanding debtors.
- Recent reduced investor confidence in MIS is resulting in a deteriorating Industry.

In addition to the above comments by the directors we have identified the following causes of failures from our preliminary review of the financial records and the business:

- Inherent risks within agricultural businesses that were susceptible to commodity prices and limited ability to increase annual management fees to adequately fund future costs from other sources of funding.
- Failure of some agriculture projects, investments and business units to deliver adequate returns to investors, which ultimately required supplemented funding, or the use of funds which would ordinarily be utilised for other scheme assets.
- The compounding impact of management fee write offs.
- Management of the risk associated with the Group's heavily reliance on MIS sales comingled with the consequential vulnerability to regulatory changes that impact on such sales and the impact upon the industry due to the collapse of Great Southern Limited, Timbercorp Limited and Forestry Enterprises Australia Limited which in effect eroded investor confidence.

6. Trading by Administrators

6.1 Overview

The Administrators assumed control of the business upon appointment and continued the company's trading activities. Appropriate controls and systems were put in place in respect of cash/banking, purchase orders, stock control and reporting. A number of assets (leased or rented) were disclaimed by the Administrators, given the R&M's control over the Company's other assets.

The company's operations were continued during the period of the Administration up till the date (1 June 2010) of the appointment of the R&M. Since 1 June 2010, the R&M has been responsible for the company's operations generally. We further note that since the appointment of R&M to RMPL, all of the scheme operations have been conducted at RPL level.

Notwithstanding the above, since the date of our appointment we have continued to service the loan portfolio held in the name of RMPL, including but not limited to loans financed by external financiers, namely, The Commonwealth Bank of Australia Limited and Investec Bank (Australia) Limited. Various complications have arisen in respect of the servicing due to legal and banking issues outside of our control, including but not limited to, the cancellation of the direct debit facility held by ANZ and the attempted reinstatement of the same through another bank.

During the month of September Investec Bank (Australia) Limited terminated the servicing agreement with RMPL and made alternative arrangements with respect to the servicing of those loans. The approximate outstanding balance of those loans is \$27M. We further note, that loans financed by RMPL and CBA continue to be serviced by dedicated collections staff under our control.

We confirm that we are continuing to consider and review the impact that loan applications, including direct debit authorities, being executed in favour of RPL, not RMPL, has in relation to the overall enforceability and collectability of the loans. In any event, an account of the receipts and payments for each RMPL account is attached as **Annexure 1** in the remuneration report.

6.2 Summary of receipts and payments

A summary of the Administrators' receipts and payments for the period 16 May 2010 to 30 September 2010 is included within Part B of the Administrators' Remuneration Report in **Annexure 1**.

7. Sale of business and assets

As previously advised, the Administrators received interest from a number of interested parties with respect to the acquisition / restructure of the Group's assets. The Administrators entered into an interim funding agreement with RGAG on 17 June 2010. Under the funding agreement, RGAG forwarded funds to the Administrators to maintain and preserve all horticulture (excluding brushwood, vineyard and berries) and timber schemes managed by the Group until 30 June 2010. A similar funding agreement was entered into with the Connections Group (CG) for the berry schemes. The Supreme Court of Western Australia heard and approved the Administrators entering into the loan agreements with CG and RGAG on 30 June 2010. Under the CG funding arrangement CG will be funding operations to complete the current harvest of the berry schemes, which are expected to conclude around mid October 2010 in the case of Caboolture, Queensland and May 2011 in the case of Yarra Valley, Victoria.

Under the RGAG funding arrangement RGAG has further agreed to advance funds to the Administrators of RPL to 19 October 2010. RGAG's funding arrangement provides RGAG with exclusivity to information pertaining to the Group (so long as funding remains in place) to liaise with the Administrators with a view of putting forward a restructuring / DOCA proposal for all or part of the Group and / or schemes managed by the Group (excluding, brushwood, berries and vineyards schemes) for growers' and creditors' consideration, as applicable.

We note that the R&M of RLPL made an application to the Supreme Court of Western Australia under Section 440C of the Act to take possession of these properties leased to RPL. The hearing in respect of this matter was originally heard on 30 June 2010 and adjourned to 28 July 2010. At the hearing his Honour reserved his decision and on 2 September 2010 his Honour delivered his decision and dismissed the R&M's application.

The Administrators understand that the R&M of ARK and RLPL have recently written to growers advising of the termination of various head leases with RPL, which are in turn sub-leased to respective growers by RPL. We confirm that the Administrators are relying on their statutory protection in relation to the leased properties pursuant to section 440C of the Corporations Act. Were it not for the statutory protection provided under the Act in a voluntary administration, the R&M of Ark and RLPL may have rights to repossess the scheme properties having regard to the termination notices issued in respect of the leased properties. This may result in RPL being unable to fulfil its obligations as RE (we also note that the Administrators are yet to fully determine the validity of the default events relied upon by the R&M). Accordingly, if RPL was to proceed into liquidation there is no further statutory protection afforded to RPL to maintain possession of the properties and the R&M may seek to repossess the properties, subject to legal remedies which may be pursued by growers.

RGAG has put forward a DOCA proposal for the Company and also RLPL, RGL and RPL. The contents of this proposal are discussed and analysed in section 9 of this report below.

8. Statutory investigations

Please refer to our section 439A of the Act Report to Creditors dated 9 August 2010 for details of our preliminary investigations into the Company's affairs and conduct of its officers prior to our appointment.

We have summarised in the table below the likely dates the Company was insolvent according to the analysis performed above:

Analysis	Likely Date of Insolvency
Review of the company's bank facilities	Further review required
Aged Payable Review	June 2009
Finance Commitment Review	June 2009
Profitability	June 2008
Working Capital	June 2008
Net Assets	n/a
Statutory Commitments	October 2009

Based on the above analysis, it is our preliminary view that the Company may have been insolvent as early as July 2009.

8.1 Potential liquidator recoveries - voidable transactions

8.1.1 Unfair preferences

As noted in our previous report we identified several transactions which may constitute unfair preferences pursuant to Section 588FH of the Act and of which may be recoverable by a Liquidator.

We have further investigated these payments and recovered documentation surrounding these payments. In this regard, we have revised our estimate of potential recoveries from unfair preferences at between nil and \$500K. Again, please note this is an estimate only based upon our preliminary investigations and documentation recovered to date.

There is no guarantee that a liquidator will recover funds or that costs ultimately dissipate the benefit to creditors. Should creditors resolve that the company be put in liquidation, any future appointed liquidator would perform further work and investigation in respect of this area before concluding on the availability of any recoveries for the benefit of creditors.

8.1.2 Unfair loans

Based on our investigations to date, we consider that two loans to the Company require further investigations to assess the validity of the advancement of funds and the granting of security.

We have recovered further loan documentation in respect of these loans however at this stage are yet to form a definitive position with respect to these loans.

We confirm that if a liquidator were appointed, they would perform further work and investigation in respect of this area before concluding on the availability of any recoveries for the benefit of creditors.

8.1.3 Unreasonable director-related transactions

We are considering the validity of a number of transactions that the directors entered into having regard to their timing and the benefit derived by the directors through related party entities. It may be

the case that such transactions are of a voidable nature however further investigative work would be required before conclusions can be drawn.

8.1.4 Voidable charges

We are considering the validity of the charges having regard to their timing and the benefit to the Company of providing the secured guarantees. It may be that certain funds from the advances did benefit the company and that there was a genuine expectation that a restructure would occur, but further enquiry will be necessary before we can draw any conclusion.

Section 266 of the Act provides that a charge may be considered void if it's registered within six (6) months of the appointment of an Administrator / Liquidator. We note that the Linetime charge was registered five (5) days prior to the appointment of Administrators and this date falls within the relevant relation back date. We are currently reviewing the particulars of this charge in order to determine its validity.

The costs of proceeding with an insolvent trading action must be considered as does the personal financial capacity of the directors to pay a judgement obtained against them. The latter issue is addressed below and indicates that we are unaware of the directors' likely personal asset base and whether same would withstand a potential claim from a future appointed Liquidator (if any).

It appears that an insolvent trading action may be commercially viable in the event that a liquidator is appointed to the Company. Synergies may also be available if it is capable of being advanced in unison with other insolvent trading claims within the Group, but only if there is an asset base to satisfy such claims in either the directors or the Group's Directors' and Officer's Insurer.

8.1.5 Holding company liability

RGL was the holding company of RMPL and, in our view, the nature and extent of RGL's control over the Company's operations was such that it would be reasonable to expect RGL and its directors had knowledge of the Company's financial position, though the consolidated monthly accounts prepared for the Group may have had the effect of masking the solvency issues of RMPL and the other companies.

Further, we note that there is a Deed of Cross Guarantee between RGL and RMPL which pools the assets and liabilities of both entities for the benefit of creditors in a liquidation scenario.

However, the Courts have held that, as a defence to such proceedings, a holding company can off-set any claim by a liquidator under Section 588W against monies owing under an intercompany loan account. As RGL is also under external administration, it may not be commercially viable to pursue such recovery unless directors' assets or the abovementioned policy were to satisfy/respond to same.

At this point in time we cannot accurately quantify the potential recoveries that would be available to the liquidator should the Company be wound up.

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

Our preliminary investigations (including land, vehicles and shareholding searches) have revealed that the directors' net asset position is subject to a mixture of personal and corporate interests. Further investigations will be required in regards to the directors' net asset positions. It appears their personal net asset positions does depend on the outcome of the R&M's work within the Group.



For completeness, we are also continuing to attempt to ascertain whether a Directors' and Officers' insurance policy may respond to any claims brought by a liquidator.

We note that if RMPL accepts a DOCA an insolvent trading claim cannot be pursued against the directors by a Deed Administrator, however the ASIC is able to take action on its own accord with respect to this matter.

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9. PROPOSAL FOR DEED OF COMPANY ARRANGEMENT (DOCA)

9.1 Statement of Proposed DOCA

We have received a DOCA proposal from RGAG for the reconstruction and recapitalisation of RPL, RGL, RMPL and RLPL as well as certain schemes managed by the Rewards Group.

The key terms of the DOCA proposal are set out below:

Term	Description
Proponent	<p>One or more of the following:</p> <ul style="list-style-type: none"> • Rewards Growers Advocacy Group Inc (RGAG) • Black Tree Pty Ltd (Black Tree) • Food and Beverage Australia Ltd (FABAL) <p>Or such other nominees as agreed with the Deed Administrators.</p>
Companies	<p>Rewards Projects Limited, Rewards Group Limited, Rewards Management Pty Ltd and Rewards Land Pty Ltd (Rewards Group)</p>
Purpose	<p>The purpose of the proposal is to reconstruct and recapitalise the Rewards Group and in that way:</p> <ul style="list-style-type: none"> • Facilitate the payment of the Secured Debt in a quick and certain timeframe; • Ensure that the Timber and Tropical Fruit MIS Schemes are maintained and the growers' assets therein are protected; • Make a contribution towards and thereby maximise the return to the unsecured creditors of the Rewards Group in a certain and timely way; and • Enable as much as possible of the business of the Rewards Group to survive as a going concern and in that way protect the employment of many of the employees of the Rewards Group. <p>Rewards shall continue all Forestry schemes (Forestry MIS) to enable change of RE to Black Tree (or its nominee).</p> <p>Rewards shall continue all Tropical Fruit Schemes (Tropical Fruit MIS) to enable change of RE to FABAL (or its nominee).</p>
Benefits to Stakeholders of Rewards Group	<p>The proposed DOCAs will benefit stakeholders of the Rewards Group by:</p> <p><u>Secured Creditor – NAB</u></p> <ul style="list-style-type: none"> • Enable restructure of MIS such that properties can be readily sold • Putting all properties on a commercial rental basis to maximise realisable value of properties • Unencumber certain properties / projects from MIS constraints to enable immediate realisation • Complete payout of secured creditor debt within a short timeline • Mitigate potential legal debate / claims with growers over ownership issues if the schemes were to be wound up

Employees

- Opportunity to continue employment with the Rewards Group
- Will receive a return equal or greater than in a liquidation scenario and a timely return

Unsecured Creditors

- A greater likely return than in a liquidation scenario by virtue of the proposed proceeds from future grower contributions, trading surplus, crop harvest proceeds and any surplus from sale of certain land which may not be available to unsecured creditors in a liquidation scenario
- Preservation of other assets such as potential legal claims and debtor recovery prospects which may provide a return to unsecured creditors
- Mitigate potential claims against the Group by growers and thus reduce the unsecured creditor pool

Growers

- Growers will maintain interest in certain schemes and / or interest in the long term restructure of the Rewards Group MIS corporatisation model.
-

Land owners

- Opportunity for land owners to renew lease terms and receive commercial benefit

Suppliers and Contractors

- Opportunity for suppliers and contractors to benefit from any commercial arrangements moving forward for the continued operation of the MIS projects
-

Working Capital

Rewards Group in particular the RE (through the Deed Administrator) will receive funding from:

- Black Tree sufficient to all necessary Grower meetings for Forestry schemes
 - FABAL sufficient to call necessary Grower meetings for Horticultural schemes
 - Collection of harvest receipts
 - Collection of grower payments
-

National Australia Bank Payments and Security

Payment of National Australia Bank debt in full through sale and / or refinance of properties.

MIS Scheme Amendments

Conditional upon the DOCA being approved, separate meetings must be held of each of the Timber and Tropical Fruit MIS Schemes, to approve resolutions to:

1. Vary the Schemes to the satisfaction of the Proponent;
 2. Where necessary, approve the contributions to Rewards Projects Limited from scheme assets as contemplated under this DOCA; and
 3. If required by the Proponent, change the Responsible Entity of the Schemes to an entity nominated by the Proponent (subject to Due Diligence).
-

Existing Crop and Finance Tripartite Deeds

The Proponent acknowledges that Rewards Projects Limited and its Administrators entered into a Crop and Finance Tripartite Deed with Food and Beverage Australia Limited and RGAG on 17 September 2010 for the current harvest of the Kumbia, Childers, Mareeba and Dandaragan tropical fruit crop (2006, 2007 and 2008 tropical fruit crop). The Proponent acknowledges that this arrangement remains in force and Rewards Projects Limited and its Administrators are bound by the terms of this arrangement.

The Proponent acknowledges that Rewards Projects Limited and its Administrators intend to enter into a Crop and Finance Tripartite Deed for the current harvest of the Kununurra tropical fruit crop. The Proponent acknowledges that this arrangement remains in force and Rewards Projects Limited and its Administrators are bound by the terms of this arrangement.

The Proponent acknowledges that Rewards Projects Limited and its Administrators entered into a Loan Agreement with the Connections Group in early June 2010 for the current harvest of the Yarra Valley and Caboolture berries 2007 and 2008 scheme crops. The Proponent acknowledges that this arrangement remains in force and Rewards Projects Limited and its Administrators are bound by the terms of this arrangement.

DOCA	<p>Under the DOCAs for each of the entities in the Rewards Group which will be conditional upon the MIS Scheme Arrangements being passed:</p> <ol style="list-style-type: none"> 1. The administrators will become the Deed Administrators; 2. The claims of all creditors (including Grower claimants, any shareholder claimants and ordinary unsecured creditors) of all of the entities in the Rewards Group (Unsecured Creditors) will be released; 3. Creditors Trust/s will be created and the Unsecured Creditors will only be entitled to participate as beneficiaries of the Creditors' Trust 4. The Deed Administrators of Rewards Projects Ltd will be responsible for dealing with or closure of the MIS Schemes not required unless replaced by a Responsible Entity other than the Proponent or its nominee; 5. The Proponent is to negotiate new commercial lease terms with respective land owners of the MIS projects. The Proponent will seek a change in the Constitutions of the MIS projects such that the payments to the Responsible Entity will facilitate payments by the Responsible Entity to the land owning companies to reflect commercial lease rates.
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Assets to be Acquired and Realised	<p>The Proponent or its nominee require:</p> <ul style="list-style-type: none"> • RGAG or its nominees to acquire all shares in Rewards Projects Limited • Black Tree to acquire forestry land properties of the schemes owned by Rewards Group and Ark • Black Tree to acquire loan books held by the Rewards Group • Black Tree to acquire Sandalwood Land Unit Trust and Teak Land Unit Trust land • FABAL to acquire (or underwrite minimum value) certain horticultural properties <p>In respect of the sale of the properties above, subject to National Australia Bank's consent the Deed Administrators are to obtain two independent valuations prior to entering into the binding contracts for sale of the properties of which the acquisition prices proposed by the acquiring parties must be greater than the average of these values</p> <p>Other surplus land assets remaining after discharge of National Australia Bank's debt not acquired by Black Tree and FABAL are to be realised by the Deed Administrators for the benefit of creditors</p>
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Ark DOCA key terms	<p>The completion of the Rewards Group DOCAs is contingent on completion of the Ark DOCA.</p> <p>Essentially under the Ark DOCA, the Deed Administrators of Ark are to enter into binding agreements or complete the sale of the following:</p> <ul style="list-style-type: none"> • Repayment of National Australia Bank facilities • Caboolture property by 28 February 2011 • Horticulture properties owned by Ark by 28 February 2011
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Creditors' Trust	<p>Upon completion of the DOCAs a Creditors' Trust will be formed for Rewards Projects Limited. The Trustees will be the Deed Administrators. The assets of the Rewards Projects Limited's Creditors Trust will comprise of:</p> <ul style="list-style-type: none"> • Outstanding grower debtor balances as at the date of execution of the DOCA • All future grower contributions payable to 31 March 2011 (estimated value range of \$2M to \$3M) less ongoing operating expenses of the schemes incurred by the Administrators / Deed Administrators • Trading Surplus from current harvests (estimated value range of up to \$4M) • Any and all legal actions identified by the Administrators or Deed Administrators existing from circumstances arising prior or during the Administrators' appointment will be to the benefit of the Creditors' Trust
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- All excess land and other assets of the company which existed at the date of execution of the DOCA after discharge of National Australia Bank debt
- The Trustees will seek to realise these assets as soon as practicable for the benefit of creditors

Funds contributed from the Trading Surplus and Future Grower Contributions are subject to growers' approval.

The Creditors' Trust will pay all Administrator and Deed Administrator fees and costs and debts incurred. The balance will be paid to creditors in order of priority under the Act.

Upon completion of the DOCAs Creditors' Trusts will be formed for Rewards Land Pty Ltd, Rewards Management Pty Ltd and Rewards Group Limited. The Trustees will be the Deed Administrators. The assets of these Creditors' Trusts will comprise of the following:

- Current existing assets as at the date of execution of the DOCA
- Any and all legal actions identified by the Administrators or Deed Administrators existing from circumstances arising prior or during the Administrators' appointment will be to the benefit of the Creditors' Trusts.
- The Trustees will seek to realise these assets as soon as practicable for the benefit of creditors

The Creditors' Trust will pay all Administrator and Deed Administrator fees and costs and debts incurred. The balance will be paid to creditors in order of priority under the Act.

Employees' Claims

Employees' claims enjoy the same priority for distribution under the Creditors' Trust per section 556 of the Corporations Act.

Employees are to receive a return not less than that in a liquidation scenario of the Rewards Group (incorporating any advances which employees would be eligible to claim under GEERS in a liquidation scenario).

New directors and control of Rewards Group post DOCA

Upon completion of the Rewards Group's DOCAs control of Rewards Projects Limited will revert to the Proponent by the appointment of new directors and new shareholders nominated by the Proponent (Rewards Group Limited to no longer hold shares in Rewards Projects Limited). The Deed Administrators are to assist in implementing these changes at completion.

Upon completion of the Rewards Group Ltd, Rewards Management Pty Ltd and Rewards Land Pty Ltd DOCAs control of these companies is to revert to the existing directors.

Conditions Precedent

Completion will be subject to the following conditions:

- Satisfactory arrangements to facilitate full repayment of National Australia Bank debt
- Approval by the Committee of Creditors of the Rewards Group;
- Approval by creditors of the various Rewards Group entities to the Deed of Company Arrangement at a meeting to be held on 19 October 2010;
- Approval by creditors of Ark to the Deed of Company Arrangement at a meeting to be held around early November 2010;
- A convening of Meetings of Growers of the Timber Schemes and the Tropical Fruit Schemes to vary the respective constitutions in a form satisfactory to the Proponent;
- The Proponent is to negotiate new commercial lease terms with respective land owners of the MIS projects. The Proponent will seek a change in the Constitutions of the MIS projects such that the payments to the Responsible Entity will facilitate payments by the Responsible Entity to the land owning companies to reflect commercial lease rates.
- Approval by the Court to any applications applicable to this proposal;
- Regulatory and other applicable approvals; and
- Replacement of directors.

Change in Constitutions

The Proponent will seek a change in the Constitutions of the MIS projects such that the payments to the RE will facilitate payments by the RE to the land owning companies to reflect commercial lease rates.

Transaction Documents	<p>Upon acceptance by creditors of the DOCA the parties to the DOCA will negotiate in good faith the following transaction documents:</p> <ol style="list-style-type: none"> The Deeds of Company Arrangement; Binding Contracts of Sale for Land; The Creditors' Trust Deeds; and Any other document reasonably required. 																																	
Exclusivity	<p>During the DOCA the Deed Administrators will not solicit, encourage, initiate or participate in any discussions with third parties interested in the Timber Scheme or the Tropical Fruit Schemes other than the Proponent and its nominees.</p>																																	
Benefit of Legal Claims	<p>Any and all legal actions identified by the Administrators or Deed Administrators will be to the benefit of the Creditors' Trust.</p>																																	
Completion	<p>On or prior to 31 March 2011.</p>																																	
Timeline	<p>For the avoidance of doubt, the critical timeline is as follows:</p> <table border="1"> <thead> <tr> <th>Stage</th> <th>Key Event</th> <th>Date</th> </tr> </thead> <tbody> <tr> <td>Stage 1</td> <td>Rewards DOCA to be approved by creditors</td> <td>19 October 2010</td> </tr> <tr> <td>Stage 2</td> <td>Draft terms for contracts of sale for land</td> <td>19 October 2010</td> </tr> <tr> <td>Stage 3</td> <td>Rewards DOCA to be executed</td> <td>4 November 2010</td> </tr> <tr> <td>Stage 4</td> <td>Ark DOCA to be approved by creditors</td> <td>November 2010</td> </tr> <tr> <td>Stage 5</td> <td>Ark DOCA to be executed</td> <td>November 2010</td> </tr> <tr> <td>Stage 6</td> <td>Execution of contracts of sale</td> <td>4 November 2010</td> </tr> <tr> <td>Stage 7</td> <td>Completion of due diligence</td> <td>November 2010</td> </tr> <tr> <td>Stage 8</td> <td>MIS scheme meetings to be held to change constitutions</td> <td>January / February 2011</td> </tr> <tr> <td>Stage 9</td> <td>MIS scheme meetings to be held to change Responsible Entity</td> <td>January / February 2011</td> </tr> <tr> <td>Stage 10</td> <td>Financial Closure and DOCA terminated and Creditors' Trust formed</td> <td>February / March 2011</td> </tr> </tbody> </table>	Stage	Key Event	Date	Stage 1	Rewards DOCA to be approved by creditors	19 October 2010	Stage 2	Draft terms for contracts of sale for land	19 October 2010	Stage 3	Rewards DOCA to be executed	4 November 2010	Stage 4	Ark DOCA to be approved by creditors	November 2010	Stage 5	Ark DOCA to be executed	November 2010	Stage 6	Execution of contracts of sale	4 November 2010	Stage 7	Completion of due diligence	November 2010	Stage 8	MIS scheme meetings to be held to change constitutions	January / February 2011	Stage 9	MIS scheme meetings to be held to change Responsible Entity	January / February 2011	Stage 10	Financial Closure and DOCA terminated and Creditors' Trust formed	February / March 2011
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Assignment	<p>The Proposal (including the Tropical Fruit Scheme Loan and Forestry Scheme Loan) shall be able to be freely assigned and/or transferred by the Proponent.</p>																																	
Variation	<p>Should the DOCA become capable of not being completed in its current form the Proponent may put forward a variation to the Deed Administrators for consideration. Any reasonable variation will be put forward to creditors and the DOCA may be varied with appropriate consents being provided by creditors in accordance with the Corporations Act 2001 and terms of the DOCA where applicable.</p>																																	
Governing Law	<p>Western Australia</p>																																	
Non-binding Nature	<p>This Proposal is non-binding, except for the provisions relating to Exclusivity, Confidentiality, and Governing Law.</p>																																	
Schemes / MIS projects	<p>In this proposal: Timber Schemes include: TK01R1 Forest Rewards Teak Project 2001 ARSN 096-619-466 TK01R2 Forest Rewards Teak Project 2001 ARSN 096-619-466 TK03R1 Rewards Group Teak Project 3 ARSN 104-486-222 TK03R2 Rewards Group Teak Project 3 ARSN 104-486-222 (Release 2) TK05R1 Rewards Group Teak Project 4 ARSN 111-957-843 TK05R2 Rewards Group Teak Project 4 ARSN 111-957-843 (Release 2) TK 06R1 Rewards Group Teak Project 6 ARSN 119-363-727 TK06R2 Rewards Group Teak Project 6 ARSN 119-363-727 (Release 2) SW00R1 Forest Rewards Sandalwood Project 2000 ARSN 091-534-995 SW01R1 Forest Rewards Sandalwood Project 2001 ARSN 096-165-874 SW02R1 Forest Rewards Sandalwood Project 2002 ARSN 099-571-285</p>																																	

SW04R1 Rewards Group Sandalwood Project 4 ARSN 104-486-240
 SW04R2 Rewards Group Sandalwood Project 4 ARSN 104-486-240 (Release 2)
 SW05R1 Rewards Group Sandalwood Project 5 ARSN 112-106-313
 SW05R2 Rewards Group Sandalwood Project 5 ARSN 112-106-313 (Release 2)
 SW05R3 Rewards Group Sandalwood Project 5 ARSN 112-106-313 (Supplementary)
 SW07R1 Rewards Group Sandalwood Project 7 ARSN 121-784-325
 SW07R2 Rewards Group Sandalwood Project 7 ARSN 121-784-325 (Supplementary)

Tropical Fruit Schemes include:

TC02R1 Rewards Group Tropical Citrus Project ARSN 099-629-973
 TF03R1 Rewards Group Tropical Fruits Project – Retail ARSN 103-358-229
 TF03W1 Rewards Group Tropical Fruits Project – Wholesale ARSN 103-358-229
 TF04R1 Rewards Group Tropical Fruits Project 2004 – Retail ARSN 108-145-160
 TF04W1 Rewards Group Tropical Fruits Project 2004 – Wholesale ARSN 108-145-160
 TF05R1 Rewards Group Tropical Fruits Project 2005 ARSN 113-282-232
 TF06R1 Rewards Group Tropical Fruits Project 2006 ARSN 118-265-526
 TF07R1 Rewards Group Tropical Fruits Project 2007 ARSN 124-299-056
 TF08R1 Rewards Group Tropical Fruits Project 2008 ARSN 130-040-032

9.2 Key Events and Terms

If RGAG's DOCA proposal is approved by creditors, a number of key events will occur prior to completion of the DOCA, including:

- Approval by creditors at the meeting of creditors convened for 19 October 2010 to give effect to the DOCA and execution of the DOCA by 9 November 2010;
- Terms for contracts for sale of forestry land owned by RLPL to Black Tree to be drafted on 19 October 2010;
- In respect of the sale of the properties, subject to NAB's consent the Deed Administrators are to obtain two (2) independent valuations prior to entering into the binding contracts for sale of the properties of which the acquisition prices proposed by the acquiring parties must be greater than the average of these values - October 2010;
- ARK DOCA to be approved by creditors and executed - November 2010;
- Execution of contracts for sale of forestry land owned by RLPL to Black Tree on 4 November 2010;
- Marketing of Rewards Group horticulture land - November 2010;
- Execution of contracts for sale of horticulture land owned by RLPL - December 2010 / January 2011;
- Meetings of growers to be held in January / February 2011 to seek approval to changes to scheme constitutions including potential new Responsible Entity proposals and revision of financial structure and operation of MIS schemes;
- Sale and settlement by ARK of Caboolture property and horticulture properties per ARK's DOCA - February 2011;
- Financial closure for settlement of sale of properties and pay out of NAB debt in full - February / March 2011;
- DOCA terminated and Creditors' Trusts formed February / March 2011; and
- Distributions to unsecured creditors May / June 2011.

During the DOCA, RPL will receive funding through the following forms to continue to operate the MIS schemes:

- Black Tree sufficient to convene all necessary grower meetings for Forestry schemes;
- FABAL sufficient to convene all grower meetings for Tropical Fruit schemes;

- Collection of harvest receipts;
- Collection of grower payments; and
- Existing harvest / crop sale arrangements.

The viability of the MIS schemes subject to the DOCA proposal have been assessed by the Proponent. In this regard, the Proponent proposes to put forward a number of constitutional changes for growers' approval to seek to ensure the long term viability of the MIS schemes.

We also highlight that there are a number of key risks to completion of the DOCA and these are detailed below:

1. There is a risk that the sale of the properties contemplated under the DOCA do not complete;
2. There is a risk that growers do not approve the variations to be proposed to various MIS scheme constitutions;
3. Uncertainty as to whether the DOCA proposal is acceptable to NAB. We note that at the time of preparing this report we were yet to receive any advice as to whether the DOCA proposal is acceptable to NAB; and
4. Uncertainty as to whether the ARK creditors will agree to the DOCA proposal to be put forward to them in the near future which proposes for the sale of various ARK properties and satisfaction of NAB's debt within ARK.

9.3 Anticipated return to creditors

Please refer to section 5 of this report for the Company's estimated Statement of Position. It is unclear what the return may be to creditors of RMPL given that we have not conducted a valuation of the Group's assets given a R&M has been appointed to various entities within the Group. Notwithstanding this position, we are of the view that the DOCA allows for an orderly, timely and structured realisation of RLPL's assets such that the realisation strategy under the DOCA maximises the opportunity for a return to unsecured creditors and pay out of NAB's secured debt in full.

We do however set out below a summary of the anticipated additional funds which may flow to RPL from contributions from growers under the DOCA and the corresponding distribution of these funds through to RMPL, RLPL and RGL and other unsecured creditors of these entities. Please note that this is only an estimate and is based upon:

- The expected recoveries of funds from growers;
- Excludes surplus assets which may be available after satisfaction of NAB debt;
- Current known and likely creditor claims at this point;
- We note that ARK is listed as an unsecured creditor of RMPL in the Group's records for \$5.2M for outstanding rent which is reflected in the unsecured creditor position below. In this regard, we have assessed this debt as likely owing by RPL rather than RMPL given contractual arrangements with ARK. Under the DOCA this outstanding rent is proposed to be satisfied which would reduce the unsecured creditor pool in RMPL or RPL;
- Excludes the Administrators' fees and expenses and other realisation costs; and
- Assumes the secured creditor and employee claims are satisfied from other existing fixed and floating charge assets (in reality a surplus or deficiency may exist following ultimate realisation).

	RPL	RMPL	RLPL	RGL
	(\$)	(\$)	(\$)	(\$)
DOCA Contributions:				
Grower Recoveries to 31 March 2010	3,000,000	-	-	-
Trading Surplus	4,000,000	-	-	-
Total Estimated DOCA Contributions	7,000,000	-	-	-
<i>Dividend Flow</i>				
Dividend from RPL	-	2,883,711	-	28,804
Dividend from RLPL	-	-	-	-
Dividend from RGL	-	28,325	-	-
Total	-	2,912,037	-	28,804
Unsecured Creditor Claims				
RGL	117,028	-	-	-
RMPL	11,716,346	-	25,455,228	12,107,130
RLPL	-	-	-	-
RPL	-	-	-	-
Other	16,607,205	16,877,192	3,810	204,527
Total	28,440,579	16,877,192	25,459,038	12,311,657
Estimated Dividend Rate (cents in \$)	24.61	17.25	-	0.23
Less: Ark Claim		(5,218,698)		
Total (revised unsecured claims)		11,658,494		
Estimated Dividend Rate Excluding ARK claim (cents in \$)		24.98		

We set out below the estimated returns to creditors of RMPL under RGAG's DOCA:

Creditor	Estimated Return
Secured Creditor - National Australia Bank	100 cents in dollar
Priority Creditors - Employees	Up to 100 cents in dollar but not less than in a liquidation scenario
Unsecured Creditors	Up to 24.98 cents in the dollar from assets made specifically available under the DOCA plus any additional assets of RMPL existing as at the date of execution of the DOCA after satisfaction of secured and priority claims

- We note that we are yet to determine the validity of Linetime Holdings Pty Ltd's fixed and floating charge over RMPL. For the purposes of this analysis we have assumed that the claim would be satisfied in full as a secured claim from RMPL's existing assets. This claim will need to be assessed by the Deed Administrators / Liquidators as the case may be to determine its quantum and the validity of the security.

10. ASIC's Guide to DOCA's Involving Creditors' Trusts

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

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

10.1 What is a Creditors' Trust?

A Creditors' Trust in a DOCA is a mechanism used to accelerate a company's exit from external administration. Typically under the terms of the DOCA and one or more interconnected deeds, a trust

entity is created and the company's obligations to some or all of its creditors bound by the DOCA are compromised and transferred to the trust. Those creditors become beneficiaries of the trust.

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

When the DOCA terminates, the company ceases to be externally administered, the directors regain full control of the company and the company is no longer required to use the notification "Subject to Deed of Company Arrangement" on its public documents as otherwise would be required by Section 450E(2) of the Act.

10.2 Reasons for a Creditors' Trust

The Creditors' Trust provides a structure whereby creditors' claims can be dealt with by the Trustee of the Creditors' Trust and the DOCA can end, thereby allowing the company to continue with a clean balance sheet and extinguishment of pre-appointment liabilities.

Key Events and Terms

If RGAG's DOCA proposal is approved by creditors, a number of key events will occur prior to completion of the DOCA and creation of the Creditors' Trust, including:

- Approval by creditors at the meeting of creditors convened for 19 October 2010 to give effect to the DOCA and execution of the DOCA by 9 November 2010;
- Terms for contracts for sale of forestry land owned by RLPL to Black Tree to be drafted on 19 October 2010;
- In respect of the sale of the properties, subject to NAB's consent the Deed Administrators are to obtain two (2) independent valuations prior to entering into the binding contracts for sale of the properties of which the acquisition prices proposed by the acquiring parties must be greater than the average of these values - October 2010;
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During the DOCA, RPL will receive funding through the following forms to continue to operate the MIS schemes:

- Black Tree sufficient to convene all necessary grower meetings for Forestry schemes;

- FABAL sufficient to convene all grower meetings for Tropical Fruit schemes;
- Collection of harvest receipts;
- Collection of grower payments; and
- Existing harvest / crop sale arrangements.

The viability of the MIS schemes subject to the DOCA proposal have been assessed by the Proponent. In this regard, the Proponent proposes to put forward a number of constitutional changes for growers' approval to seek to ensure the long term viability of the MIS schemes.

Creditors must note that if any of the conditions precedent under the DOCA are not met or become unlikely to be met then the Deed Administrators may elect to convene a meeting of creditors to consider possible variations or terminate the DOCA.

Anticipated Return

Please refer to sections 5 and 9.3 of this report for further details regarding the Company's estimated statement of position, estimated returns to creditors and assumptions in relation to these calculations.

Trustee Particulars

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

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

Remuneration and Indemnities

It is proposed that the Trustees would be remunerated on a time incurred basis calculated at rates set down by Ferrier Hodgson from time to time. The current rates are as follows:

	Rate per hour (\$)
Partner	540
Director	475
Manager 1	400
Manager 2	335
Supervisor	295
Senior 1	265
Senior 2	235
Intermediate 1	190
Intermediate 2	160
Junior / Clerk	155
Secretary	135

The estimated fees likely to be incurred under the DOCA and a Creditors' Trust are estimated at \$150,000 exclusive of GST.

It should be noted that this amount is an estimate only and should the actual costs be lower, then it is likely that this will ultimately result in more funds being made available for distribution to creditors and potentially shareholders of the company.

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

Powers

The Trustee of the new trust becomes solely responsible to the former creditors (now beneficiaries) for:

- Ensuring that the company and / or other third parties perform their obligations to the Trustee.
- Determining how much each of the former creditors is entitled to receive from the trust.
- In due course, making any distribution to those former creditors.

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

- To administer the Trust Fund.
- To ensure that the company fulfils its obligations under the DOCA and to take such legal proceedings or other steps as the Trustees think fit to enforce those obligations.
- To fulfil the Trustees' obligations in terms of the DOCA.
- To admit claims to proof in accordance with the provisions of the DOCA and the Trust Deed.
- To make interim or other dividend payments to creditors or distributions of the Trust Fund.
- To appoint agents to do any business or attend to any matter or affairs of the Trust that the Trustee is unable to do or that it is unreasonable to expect the Trustee to do in person.
- To appoint a solicitor, accountant or other professionally qualified person to assist the Trustees.
- To compromise any claim on such terms as the Trustees consider fit.
- Having taken an assignment of all causes of action, to prosecute such of those actions as the Trustees consider fit.
- To do anything else that is necessary or convenient for administering the Trust.

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

Claims

Creditors will no longer be creditors under the DOCA but will instead become beneficiaries of the Creditors' Trust. For the purpose of determining the admissibility and ranking of creditors'/beneficiaries' claims in the Trust, regulations 5.6.39 to 5.6.72 and Sub-divisions A to E of Division 6 of Part 5.6 of the Act and Regulations shall apply to the Trust and the Trustees as if the references to a Liquidator were references to the Trustees, references to winding up were references to the Trust and with such other modifications as are necessary to give effect to the Trust. To ensure that those provisions apply to the Creditors' Trust, they will be incorporated into the Creditors' Trust to apply as contractual provisions.

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

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

Compliance Opinion

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

Solvency Statement

At the time the DOCA will be wholly effectuated, RMPL will be solvent. This will occur as a result of:

1. Effect on the DOCA on claims against the company, i.e. pre-administration claims being transferred to the Creditors' Trust and as such RMPL will have no liabilities other than those incurred by the restructured RMPL moving forward.

Tax (company/trust)

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

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

Tax (creditor/beneficiary)

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

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

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

Other

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

11. 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.

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.

11.1 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. We are unable to say what the Company might ultimately pay creditors or what costs it might incur.

Therefore, our opinion is that it is not in the creditors' interest for the administration to end.

11.2 Winding up of Company

Given the nature and costs involved in realising the Group's assets and potential recoveries in a liquidation scenario, along with the complexity that a R&M has been appointed to RMPL and other Group entities it is difficult to determine with any degree of certainty the likely level of return to unsecured creditors that would arise from liquidation. We also note that given that NAB holds various securities and guarantees over the Group not just RMPL to secure its entire debt estimated at approximately \$26 million this adds additional complexity to determining the likely return to creditors. However, we are of the opinion that the returns to the creditor body as a whole are likely to be superior in a restructuring scenario compared to a liquidation scenario and returns would likely be more timely.

The costs of winding up the Company's affairs are estimated at \$200,000 (excl GST), though these costs would be considerably higher in the event that the potential claims referred to above at Section 8 of this report are pursued.

11.3 Proposed DOCA

It is unclear what the return may be to creditors of RMPL given that we have not conducted a valuation of the Group's assets given a R&M has been appointed to various entities within the Group. Notwithstanding this position we are of the view that the DOCA allows for an orderly, timely and structured realisation of RLPL's assets such that the realisation strategy under the DOCA maximises the opportunity for a return to unsecured creditors and pay out of NAB's secured debt in full.

We do however set out below a summary of the anticipated additional funds which may flow to RPL from contributions from growers under the DOCA and the corresponding distribution of these funds through to RMPL, RLPL and RGL and other unsecured creditors of these entities. Please note that this is only an estimate and is based upon:

- The expected recoveries of funds from growers;
- Excludes surplus assets which may be available after satisfaction of NAB debt;
- Current known and likely creditor claims at this point;
- We note that ARK is listed as an unsecured creditor of RMPL in the Group's records for \$5.2M for outstanding rent which is reflected in the unsecured creditor position below. In this regard, we

have assessed this debt as likely owing by RPL rather than RMPL given contractual arrangements with ARK. Under the DOCA this outstanding rent is proposed to be satisfied which would reduce the unsecured creditor pool in RMPL or RPL;

- Excludes the Administrators' fees and expenses and other realisation costs; and
- Assumes the secured creditor and employee claims are satisfied from other existing fixed and floating charge assets (in reality a surplus or deficiency may exist following ultimate realisation).

	RPL	RMPL	RLPL	RGL
	(\$)	(\$)	(\$)	(\$)
DOCA Contributions:				
Grower Recoveries to 31 March 2010	3,000,000	-	-	-
Trading Surplus	4,000,000	-	-	-
Total Estimated DOCA Contributions	7,000,000	-	-	-
<i>Dividend Flow</i>				
Dividend from RPL	-	2,883,711	-	28,804
Dividend from RLPL	-	-	-	-
Dividend from RGL	-	28,325	-	-
Total	-	2,912,037	-	28,804
Unsecured Creditor Claims				
RGL	117,028	-	-	-
RMPL	11,716,346	-	25,455,228	12,107,130
RLPL	-	-	-	-
RPL	-	-	-	-
Other	16,607,205	16,877,192	3,810	204,527
Total	28,440,579	16,877,192	25,459,038	12,311,657
Estimated Dividend Rate (cents in \$)	24.61	17.25	-	0.23
Less: Ark Claim		(5,218,698)		
Total (revised unsecured claims)		11,658,494		
Estimated Dividend Rate Excluding ARK claim (cents in \$)		24.98		

In summary, we set out below the estimated returns to creditors of RMPL under RGAG's DOCA:

Creditor	Estimated Return
Secured Creditor - National Australia Bank	100 cents in dollar
Priority Creditors - Employees	Up to 100 cents in dollar but not less than in a liquidation scenario
Unsecured Creditors	Up to 24.98 cents in the dollar from assets made specifically available under the DOCA plus any additional assets of RMPL existing as at the date of execution of the DOCA after satisfaction of secured and priority claims

- We note that we are yet to determine the validity of Linetime Holdings Pty Ltd's fixed and floating charge over RMPL. For the purposes of this analysis we have assumed that the claim would be satisfied in full as a secured claim from RMPL's existing assets. This claim will need to be assessed by the Deed Administrators / Liquidators as the case may be to determine its quantum and the validity of the security.

It is the Administrators' recommendation that creditors resolve to accept RGAG's DOCA proposal for the following key reasons:

1. The DOCA would allow for an orderly, timely and structured realisation of RLPL's land assets to satisfy the secured creditor's debt (National Australia Bank (NAB)) in full. In this regard, we note that NAB holds security over RMPL as well as other entities of the Group to secure its debt and the realisation strategy under the DOCA seeks to satisfy this debt in full in a timely process following which residual assets of RMPL would be transferred to a Creditors' Trust and realised by the Trustee for the benefit of unsecured creditors;

2. The DOCA provides for recovery of amounts owed by growers of the various MIS schemes. Thus these recoveries potentially provide for a greater pool of funds available to unsecured creditors in RPL than would arise in a winding up. In this regard, RMPL is an unsecured creditor of RPL and thus may receive a greater return than in a winding up of the Company;
3. Under the DOCA it is proposed that certain MIS schemes are to be restructured and continued. In this regard, this may increase RMPL's ability to collect outstanding grower loans and debtors (management fees) which are major assets of the Company as well as reduce the contingent exposure RMPL has to CBA and Investec in respect of loan debtors which may ultimately be to the benefit of creditors;
4. A Creditors' Trust is proposed to be formed under the DOCA which allows for the preservation of certain legal claims which may be pursued by the Trustee for the benefit of creditors; and
5. We also note that under the DOCA certain MIS schemes are proposed to be continued and restructured and this may provide for new or continued employment opportunities. This may also mitigate potential termination entitlements which would be owed to employees if their employment is terminated. Former employees with outstanding entitlements to which GEERS may respond, may prefer an immediate winding up in order to access a potentially more timely benefit from GEERS. However, we note that GEERS also has certain income thresholds to which eligible claimants' entitlements may be capped (and we note that superannuation entitlements are not covered under GEERS) and thus the DOCA may provide a greater (and potentially no less timely) return to employees. Should the outcome of RMPL's DOCA become apparent such that the DOCA will not provide for a return at least as equal to a liquidation scenario for employees then the Deed Administrators will consider placing RMPL into liquidation, absent of any proposed variation to the DOCA which would provide for the same or greater return in a liquidation scenario.

We also highlight that there are a number of key risks to completion of the DOCA and these are detailed below:

1. There is a risk that the sale of the properties contemplated under the DOCA do not complete;
2. There is a risk that growers do not approve the variations to be proposed to various MIS scheme constitutions;
3. Uncertainty as to whether the DOCA proposal is acceptable to NAB. We note that at the time of preparing this report we were yet to receive any advice as to whether the DOCA proposal is acceptable to NAB; and
4. Uncertainty as to whether the ARK creditors will agree to the DOCA proposal to be put forward to them in the near future which proposes for the sale of various ARK properties and satisfaction of NAB's debt within ARK.

12. Administrators' opinion

As stated in section 11.1 above, the option of the administration ending is clearly not viable. The only remaining options available to creditors is to wind up the Company or accept RGAG's DOCA proposal.

In forming our recommendation to creditors throughout this report, we have considered the following:

- The level of return available to creditors under each option.
- Other alternatives available to the Company.
- The degree of certainty of completion of the DOCA and assessment of risks.

- The timing of payment of a dividend to creditors.

For the reasons set out under section 11.3 of this report the Administrators' recommend that creditors resolve to accept RGAG's DOCA proposal.

13. 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.

14. Further queries

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

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

DATED this 12th day of October 2010.



Martin Jones
Joint and Several Administrator

Annexure 1

Administrators' Remuneration Report



CORPORATIONS ACT 2001

Section 449E

REWARDS MANAGEMENT PTY LTD
ACN 089 940 376
(Receivers and Managers Appointed) (Administrators Appointed)
("Rewards Management")

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 claimed for the period 1 August 2010 to 15 August 2010.
- A3 Tasks undertaken by the Administrators and remuneration claimed for the period 16 August 2010 to 30 September 2010.
- A4 Administrators anticipated tasks and estimated remuneration for the period 1 October 2010 to 18 October 2010.
- A5 Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate from 19 October 2010 to the date of execution of the Deed of Company Arrangement (DOCA).
- A6 Where Deed Administrators are appointed, a schedule of the Deed Administrators' anticipated tasks and remuneration estimate for the DOCA period.
- A7 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and estimated remuneration from 19 October 2010 to the conclusion of the Liquidation.
- A8 Resolutions regarding remuneration to be put to the Creditors at the Reconvened Second Meeting of Creditors convened for 19 October 2010.

Part B

- B1 Administrators' Disbursements.
- B2 Summary of Receipts and Payments for the period 16 May 2010 to 30 September 2010.
- B3 Other creditor information on remuneration.
- B4 Initial advice to creditors.

This remuneration report must be read in conjunction with the report to creditors dated 12 October 2010.



PART A

A1 SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Title	Rate (\$)	Experience
Partner/Principal/ Appointee	540	The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Director	475	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	400	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager	335	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	295	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	265	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	235	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	190	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	160	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	Appropriate skills including machine usage.
Clerk/Junior	135	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.

Notes:

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



A2. Tasks undertaken by the Administrators and remuneration calculation for the period 1 August 2010 to 15 August 2010.

Administrators' fees, based on the tasks detailed below and covering the period 1 August 2010 to 15 August 2010 are **\$38,089.50** (excl. GST)

Task Area	General Description	Includes
Assets 1.80 hours \$477.00	Debtors	<ul style="list-style-type: none"> ▪ Reviewed and assessed debtors ledgers ▪ Corresponded with debtors ▪ Collection from debtors ▪ Maintained debtor collection schedule
Creditors 76.00 hours \$19,658.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Reviewed and prepared correspondence to creditors and their representatives via facsimile, email and post ▪ Prepared and maintained the Frequently Asked Questions ('FAQ') document ▪ Prepared updates to be posted to the Ferrier Hodgson website ▪ Received and followed up creditor enquiries via telephone and email ▪ Corresponded with creditors regarding status of the administration
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Planning and internal meetings to discuss the preparation of the Administrators' section 439A report ▪ Finalised Administrators section of 439A report ▪ Prepared remuneration report ▪ Finalised of remuneration report
	Dealing with proofs of debt ('POD's')	<ul style="list-style-type: none"> ▪ Prepared and maintained proof of debt register ▪ Entered informal proofs of debt into register and adjudicated upon validity of claims for first creditors meeting ▪ Filed informal POD
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Received and followed up on creditor queries in relation to the creditors meeting ▪ Prepared second meeting documents such as notices, proxies and advertisements ▪ Forwarded notice of meeting to all known creditors ▪ Conducted internal meetings to prepare for the creditors meeting ▪ Prepared and maintained register of proxies ▪ Reviewed, adjudicated validity of proxy forms and contacted creditors with invalid proxies ▪ Prepared meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting ▪ Prepared presentation for the creditors meeting ▪ Organised venue
Administration 27.00 hours \$7,413.50	Document maintenance/ file review/ checklist	<ul style="list-style-type: none"> ▪ Filed documents ▪ File reviews ▪ Updated checklists
	Correspondence	<ul style="list-style-type: none"> ▪ General Correspondence ▪ Internal meetings to discuss ongoing communications strategy ▪ Prepared circulars to creditors providing regular updates in relation to the status of the administration



Task Area	General Description	Includes
Administration (cont)	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration ▪ Discussed action plan in relation to Administration
	Books and records/storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage
	ASIC Forms	<ul style="list-style-type: none"> ▪ Prepared and lodged ASIC forms
Employees 0.80 hours \$182.00	Employee Enquiries	<ul style="list-style-type: none"> ▪ Internal discussions regarding ongoing staffing requirements ▪ Received and followed up employee enquiries
Trade On 36.30 hours \$9,556.50	Trade On Management	<ul style="list-style-type: none"> ▪ Reviewed and discussed ongoing funding requirements ▪ Discussions and planning regarding site operations ▪ Liaised with management and staff regarding future operations ▪ Attended site and head office ▪ Considered and resolved site issues ▪ Maintained purchase order schedule ▪ Prepared and authorised payment vouchers ▪ Prepared and authorised receipt vouchers ▪ Prepared and authorised purchase orders
Investigation 2.40 hours \$811.50	Conducting investigation	<ul style="list-style-type: none"> ▪ Review of company books and records ▪ Review of specific transactions ▪ Prepared investigation strategy ▪ Obtained and reviewed financial statements ▪ Prepared working capital position ▪ Review of board minutes ▪ Internal discussions regarding investigations conducted ▪ Completed preliminary investigations
	Litigation/Recoveries	<ul style="list-style-type: none"> ▪ Liaising with solicitors regarding various matters



A2 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 1 August 2010 to 15 August 2010.

Employee	Position	Rate		Total		Assets		Creditors		Administration		Employees		Trade On		Investigations	
		\$	Hours	\$	Hours	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Jones, M	Partner	540.00	2.90	1,566.00	-	-	1.40	756.00	1.50	810.00	-	-	-	-	-	-	-
Field, M	Senior Manager	400.00	5.80	2,320.00	-	-	4.40	1,760.00	-	-	0.10	40.00	-	-	1.30	520.00	-
Smith, A	Senior Manager	400.00	5.00	2,000.00	-	-	0.40	160.00	4.60	1,840.00	-	-	-	-	-	-	-
Chu, K	Supervisor	295.00	13.10	3,864.50	-	-	11.50	3,392.50	1.60	472.00	-	-	-	-	-	-	-
Holmes, S	Senior 1	265.00	60.60	16,059.00	1.10	291.50	14.40	3,816.00	8.80	2,332.00	-	-	35.20	9,328.00	1.10	291.50	-
Gauci, S	Senior 1	265.00	12.10	3,206.50	0.70	185.50	10.90	2,888.50	-	-	-	-	0.50	132.50	-	-	-
Gunnis, J	Senior 2	235.00	6.60	1,551.00	-	-	5.60	1,316.00	0.60	141.00	0.40	94.00	-	-	-	-	-
McCann, L	Senior 2	235.00	12.50	2,937.50	-	-	12.50	2,937.50	-	-	-	-	-	-	-	-	-
Webb, G	Senior 2	235.00	6.00	1,410.00	-	-	3.30	775.50	2.70	634.50	-	-	-	-	-	-	-
Puddy, A	Intermediate 1	190.00	2.00	380.00	-	-	-	-	2.00	380.00	-	-	-	-	-	-	-
Di Menna, A	Intermediate 1	190.00	0.30	57.00	-	-	-	-	0.30	57.00	-	-	-	-	-	-	-
Godfrey, A	Intermediate 2	160.00	4.40	704.00	-	-	4.40	704.00	-	-	-	-	-	-	-	-	-
Linfoot, C	Intermediate 2	160.00	6.30	1,008.00	-	-	5.40	864.00	0.60	96.00	0.30	48.00	-	-	-	-	-
George, K	Intermediate 2	160.00	1.60	256.00	-	-	1.60	256.00	-	-	-	-	-	-	-	-	-
Vetten, P	Intermediate 2	160.00	1.20	192.00	-	-	-	-	1.20	192.00	-	-	-	-	-	-	-
Grove, S	Intermediate 2	160.00	0.80	128.00	-	-	0.20	32.00	-	-	-	-	0.60	96.00	-	-	-
Westwood, J	Secretary	155.00	2.70	418.50	-	-	-	-	2.70	418.50	-	-	-	-	-	-	-
Ross, M	Clerk	135.00	0.10	13.50	-	-	-	-	0.10	13.50	-	-	-	-	-	-	-
Clayton, C	Clerk	90.00	0.30	27.00	-	-	-	-	0.30	27.00	-	-	-	-	-	-	-
Total			144.30	38,098.50	1.80	477.00	76.00	19,658.00	27.00	7,413.50	0.80	182.00	36.30	9,556.50	2.40	811.50	



A3. Tasks undertaken by the Administrators and remuneration calculation for the period 16 August 2010 to 30 September 2010.

Administrators' fees, based on the tasks detailed below and covering the period 16 August 2010 to 30 September 2010 are **\$36,489.50** (excl. GST)

Task Area	General Description	Includes
Assets 1.80 hours \$516.00	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Corresponded with interested parties ▪ Prepared and maintained interested parties schedule
	Debtors	<ul style="list-style-type: none"> ▪ Reviewed and assessed debtors ledgers
	Leasing	<ul style="list-style-type: none"> ▪ Reviewed leasing documents ▪ Liaised with owners/lessors
Creditors 18.20 hours \$4,538.00	Secured Creditor Reporting	<ul style="list-style-type: none"> ▪ Responded to secured creditor's queries
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Prepared report pursuant to section 439A of the Act.
	Dealing with proofs of debt ('POD's')	<ul style="list-style-type: none"> ▪ Receipting and filing POD's when not related to a dividend ▪ Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Attended and chaired second meeting of creditors ▪ Responded to stakeholder queries and questions immediately following meeting
	Committee of Creditors	<ul style="list-style-type: none"> ▪ Corresponded with Committee members to determine availability to attend committee meeting ▪ Prepared for and attended Committee of Creditors meeting ▪ Prepared and reviewed minutes of Committee of Creditors meeting
Administration 67.40 hours \$16,392.00	Document maintenance/ file review/ checklist	<ul style="list-style-type: none"> ▪ Filed documents ▪ File reviews
	Correspondence	<ul style="list-style-type: none"> ▪ General Correspondence
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration ▪ Internal discussions and meetings
	Books and records/storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage
Employees 2.90 hours \$855.50	Employee Enquiries	<ul style="list-style-type: none"> ▪ Prepared entitlements summary ▪ Discussions and correspondence regarding entitlements summary
Trade On 52.20 hours \$13,498.50	Trade On Management	<ul style="list-style-type: none"> ▪ Reviewed and discussed ongoing funding requirements ▪ Discussions and planning regarding site operations
Investigation 2.20 hours \$689.50	Conducting investigation	<ul style="list-style-type: none"> ▪ Reviewed company books and records ▪ Reviewed company's books and records/seek Report as to Affairs ▪ Conducted and summarising statutory searches ▪ Reviewed specific transactions and liaising with directors regarding certain transactions ▪ Reviewed investor updates and summarising
	Litigation/Recoveries	<ul style="list-style-type: none"> ▪ Liaised with solicitors regarding various matters



A3 (cont) Tasks undertaken by the Administrators and remuneration calculation for the period 16 August 2010 to 30 September 2010.

Employee	Position	Rate		Total		Assets		Creditors		Administration		Employees		Trade On		Investigations	
		\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	
Jones, M	Partner	540.00	0.80	432.00	-	-	0.80	432.00	-	-	-	-	-	-	-	-	-
Field, M	Senior Manager	400.00	0.70	280.00	-	-	-	-	-	-	-	-	-	-	-	0.70	280.00
Smith, A	Senior Manager	400.00	3.40	1,360.00	-	-	0.50	200.00	2.90	1,160.00	-	-	-	-	-	-	-
Chu, K	Supervisor	295.00	26.80	7,906.00	1.30	383.50	1.50	442.50	6.40	1,888.00	2.90	855.50	14.30	4,218.50	0.40	118.00	-
Holmes, S	Senior 1	265.00	61.30	16,244.50	0.50	132.50	1.20	318.00	34.90	9,248.50	-	-	23.80	6,307.00	0.90	238.50	-
Gauci, S	Senior 1	265.00	6.30	1,669.50	-	-	5.20	1,378.00	0.50	132.50	-	-	0.40	106.00	0.20	53.00	-
Gunnis, J	Senior 2	235.00	13.40	3,149.00	-	-	4.50	1,057.50	-	-	-	-	8.90	2,091.50	-	-	-
McCann, L	Senior 2	235.00	0.20	47.00	-	-	0.20	47.00	-	-	-	-	-	-	-	-	-
Webb, G	Senior 2	235.00	3.90	916.50	-	-	-	-	3.80	893.00	-	-	0.10	23.50	-	-	-
Puddy, A	Intermediate 1	190.00	5.60	1,064.00	-	-	-	-	5.60	1,064.00	-	-	-	-	-	-	-
Godfrey, A	Intermediate 2	160.00	1.10	176.00	-	-	0.80	128.00	0.30	48.00	-	-	-	-	-	-	-
Linfoot, C	Intermediate 2	160.00	3.60	576.00	-	-	2.20	352.00	1.40	224.00	-	-	-	-	-	-	-
Vetten, P	Intermediate 2	160.00	1.80	288.00	-	-	-	-	1.40	224.00	-	-	0.40	64.00	-	-	-
Grove, S	Intermediate 2	160.00	9.60	1,536.00	-	-	0.30	48.00	5.00	800.00	-	-	4.30	688.00	-	-	-
McDermott, J	Secretary	155.00	0.10	15.50	-	-	-	-	0.10	15.50	-	-	-	-	-	-	-
Westwood, J	Secretary	155.00	0.30	46.50	-	-	-	-	0.30	46.50	-	-	-	-	-	-	-
Gray, E	Clerk	135.00	1.00	135.00	-	-	1.00	135.00	-	-	-	-	-	-	-	-	-
Martin, K	Clerk	135.00	3.40	459.00	-	-	-	-	3.40	459.00	-	-	-	-	-	-	-
Radisich, D	Clerk	135.00	0.90	121.50	-	-	-	-	0.90	121.50	-	-	-	-	-	-	-
Clayton, C	Clerk	135.00	0.50	67.50	-	-	-	-	0.50	67.50	-	-	-	-	-	-	-
Total			144.70	36,489.50	1.80	516.00	18.20	4,538.00	67.40	16,392.00	2.90	855.50	52.20	13,498.50	2.20	689.50	



A4. Administrators anticipated tasks and estimated remuneration for the period 1 October 2010 to 18 October 2010

Administrators' anticipated fees, based on the tasks detailed below and covering the period 1 October 2010 to 18 October 2010 are estimated to be **\$50,000.00** (excl. GST)

Task Area	General Description	Includes
Creditors 63.00 hours \$18,080.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone and email ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with Committee of Creditors members
	Secured creditor reporting	<ul style="list-style-type: none"> ▪ Responding to secured creditor's queries
	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"> ▪ Preparing meeting notices, proxies and advertisements ▪ Forward notice of meeting to all known creditors ▪ Preparing meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. ▪ Preparing meeting presentation ▪ Receiving and following up on creditor queries in relation to the creditors meeting ▪ Conducting internal meetings to prepare for the creditors meeting ▪ Preparing and maintaining register of proxies ▪ Reviewing, adjudicating validity of proxy forms and contacting creditors with invalid proxies
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing and completing report to creditors pursuant to section 439A of the Act ▪ Preparing to complete Administrators' remuneration report
Investigation 38.00 hours \$12,515.00	Conducting investigation	<ul style="list-style-type: none"> ▪ Reconstruction of financial statements ▪ Reviewing company's books and records and Report as to Affairs ▪ Review and preparation of company nature and history ▪ Review of specific transactions and liaising with directors regarding certain transactions ▪ Liaising with directors regarding certain transactions
	ASIC reporting	<ul style="list-style-type: none"> ▪ Liaising with ASIC (if required)
	Shareholder enquiries	<ul style="list-style-type: none"> ▪ Responding to any shareholder legal action
Administration 66.00 hours \$19,405.00	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 as necessary ▪ Requesting bank statements ▪ Bank account reconciliations
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration



A4 (cont) Administrators anticipated tasks and estimated remuneration for the period 1 October 2010 to 18 October 2010.

Employee	Position	Rate \$	Total		Creditors		Administration		Investigations	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$
Jones, M	Partner	540.00	5.00	2,700.00	1.00	540.00	4.00	2,160.00	-	-
Field, M	Senior Manager	400.00	15.00	6,000.00	5.00	2,000.00	5.00	2,000.00	5.00	2,000.00
Smith, A	Senior Manager	400.00	40.00	16,000.00	13.00	5,200.00	12.00	4,800.00	15.00	6,000.00
Chu, K	Supervisor	295.00	10.00	2,950.00	5.00	1,475.00	5.00	1,475.00	-	-
Holmes, S	Senior 1	265.00	40.00	10,600.00	10.00	2,650.00	15.00	3,975.00	15.00	3,975.00
Gauci, S	Senior 1	265.00	8.00	2,120.00	5.00	1,325.00	3.00	795.00	-	-
Gunnis, J	Senior 2	235.00	12.00	2,820.00	10.00	2,350.00	2.00	470.00	-	-
McCann, L	Senior 2	235.00	3.00	705.00	2.00	470.00	1.00	235.00	-	-
Webb, G	Senior 2	235.00	10.00	2,350.00	2.00	470.00	8.00	1,880.00	-	-
Puddy, A	Intermediate 1	190.00	2.00	380.00	-	-	-	-	2.00	380.00
Godfrey, A	Intermediate 2	160.00	6.00	960.00	6.00	960.00	-	-	-	-
Linfoot, C	Intermediate 2	160.00	2.00	320.00	2.00	320.00	-	-	-	-
Vetten, P	Intermediate 2	160.00	3.00	480.00	-	-	2.00	320.00	1.00	160.00
Grove, S	Intermediate 2	160.00	2.00	320.00	2.00	320.00	-	-	-	-
McDermott, J	Secretary	155.00	2.00	310.00	-	-	2.00	310.00	-	-
Westwood, J	Secretary	155.00	2.00	310.00	-	-	2.00	310.00	-	-
Gray, E	Clerk	135.00	1.00	135.00	-	-	1.00	135.00	-	-
Martin, K	Clerk	135.00	1.00	135.00	-	-	1.00	135.00	-	-
Radisich, D	Clerk	135.00	2.00	270.00	-	-	2.00	270.00	-	-
Clayton, C	Clerk	135.00	1.00	135.00	-	-	1.00	135.00	-	-
Total			167.00	50,000.00	63.00	18,080.00	66.00	19,405.00	38.00	12,515.00



A5. Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate from 19 October 2010 to the execution of the DOCA.

Deed Administrators' anticipated fees, based on the tasks detailed below and covering the period 19 October 2010 to the execution of the DOCA are estimated to be **\$25,000.00** (excl. GST).

Task Area	General Description	Includes
Assets 11.00 hours \$3,260.00	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 32.00 hours \$8,745.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	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
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Draft minutes of meeting ▪ Receiving and following up on investor and creditor queries in relation to the creditors meeting ▪ Attending and chairing creditors meeting ▪ Responding to stakeholder queries and questions immediately following the meeting
	Secured Creditor Reporting	<ul style="list-style-type: none"> ▪ Preparing reports to secured creditor ▪ Responding to secured creditor's queries
Investigation 14.50 hours \$3,910.00	Conducting investigation	<ul style="list-style-type: none"> ▪ Reviewing company's books and records ▪ Review and preparation of company nature and history
	ASIC reporting	<ul style="list-style-type: none"> ▪ Preparing statutory investigation reports ▪ Liaising with ASIC
Administration 36.00 hours \$9,085.00	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Updating checklists ▪ Filing of documents ▪ File reviews ▪ Six (6) monthly administration reviews
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts as necessary ▪ Requesting bank statements ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
	Insurance	<ul style="list-style-type: none"> ▪ Correspondence with Willis regarding ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 505, 524, 911 ▪ Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Preparing BAS ▪ Completing group certificates
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status/strategy of administration ▪ Review and execute DOCA
	Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage



A5 (cont) Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate from 19 October 2010 to the execution of the DOCA.

Employee	Position	Rate \$	Total		Assets		Creditors		Administration		Investigations	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Jones, M	Partner	540.00	4.00	2,160.00	-	-	2.00	1,080.00	2.00	1,080.00	-	-
Field, M	Senior Manager	400.00	9.50	3,800.00	-	-	-	-	4.00	1,600.00	5.50	2,200.00
Smith, A	Senior Manager	400.00	12.00	4,800.00	3.00	1,200.00	6.00	2,400.00	3.00	1,200.00	-	-
Chu, K	Supervisor	295.00	4.00	1,180.00	-	-	4.00	1,180.00	-	-	-	-
Holmes, S	Senior 1	265.00	14.00	3,710.00	6.00	1,590.00	1.00	265.00	6.00	1,590.00	1.00	265.00
Gauci, S	Senior 1	265.00	1.00	265.00	-	-	1.00	265.00	-	-	-	-
Gunnis, J	Senior 2	235.00	7.00	1,645.00	-	-	6.00	1,410.00	-	-	1.00	235.00
McCann, L	Senior 2	235.00	1.00	235.00	-	-	1.00	235.00	-	-	-	-
Webb, G	Senior 2	235.00	10.00	2,350.00	2.00	470.00	2.00	470.00	6.00	1,410.00	-	-
Puddy, A	Intermediate 1	190.00	3.00	570.00	-	-	-	-	-	-	3.00	570.00
Godfrey, A	Intermediate 2	160.00	5.00	800.00	-	-	4.00	640.00	1.00	160.00	-	-
Linfoot, C	Intermediate 2	160.00	1.00	160.00	-	-	1.00	160.00	-	-	-	-
Vetten, P	Intermediate 2	160.00	6.00	960.00	-	-	3.00	480.00	1.00	160.00	2.00	320.00
Grove, S	Intermediate 2	160.00	5.00	800.00	-	-	1.00	160.00	2.00	320.00	2.00	320.00
McDermott, J	Secretary	155.00	2.00	310.00	-	-	-	-	2.00	310.00	-	-
Westwood, J	Secretary	155.00	2.00	310.00	-	-	-	-	2.00	310.00	-	-
Gray, E	Clerk	135.00	1.00	135.00	-	-	-	-	1.00	135.00	-	-
Martin, K	Clerk	135.00	1.00	135.00	-	-	-	-	1.00	135.00	-	-
Radisich, D	Clerk	135.00	3.00	405.00	-	-	-	-	3.00	405.00	-	-
Clayton, C	Clerk	135.00	2.00	270.00	-	-	-	-	2.00	270.00	-	-
Total			93.50	25,000.00	11.00	3,260.00	32.00	8,745.00	36.00	9,085.00	14.50	3,910.00



A6. Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate for the DOCA period.

Deed Administrators' anticipated fees, based on the tasks detailed below and covering the DOCA period are estimated to be **\$150,000.00** (excl. GST).

Task Area	General Description	Includes
Assets 85.00 hours \$25,900.00	Assets subject to specific charges	<ul style="list-style-type: none"> ▪ All tasks associated with realising a charged asset
	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
	DOCA contributions	<ul style="list-style-type: none"> ▪ Monitor and receipt contributions payable under the DOCA
Creditors 128.00 hours \$38,030.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	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 OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors (if any)	<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
	Secured Creditor Reporting	<ul style="list-style-type: none"> ▪ Preparing reports to secured creditor ▪ Responding to secured creditor's queries
Investigation 120.00 hours \$33,375.00	Conducting investigations	<ul style="list-style-type: none"> ▪ Collection of company books and records ▪ Correspondence with ASIC to receive assistance in obtaining books and records ▪ Reconstruction of financial statements ▪ Reviewing company's books and records and Report as to Affairs ▪ Review and preparation of company nature and history ▪ Conducting and summarising statutory searches ▪ Preparation of comparative financial statements ▪ Preparation of deficiency statement ▪ Review of specific transactions and liaising with directors regarding certain transactions ▪ Liaising with directors regarding certain transactions
	ASIC reporting	<ul style="list-style-type: none"> ▪ Liaising with ASIC
	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



Task Area	General Description	Includes
Investigation (cont)	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
Administration 189.00 hours \$52,695.00	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Updating checklists ▪ Filing of documents ▪ File reviews ▪ First month, then 6 monthly administration review
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statement ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
	Insurance	<ul style="list-style-type: none"> ▪ Correspondence with Willis regarding ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers
	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"> ▪ Preparing BAS' ▪ Completing group certificates
	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
	Finalisation	<ul style="list-style-type: none"> ▪ Notifying ATO of finalisation ▪ Cancelling ABN / GST / PAYG registration ▪ Completing checklists ▪ Finalising WIP



A6 (cont) Where Deed Administrators are appointed, a schedule of anticipated tasks and remuneration estimate for the DOCA period.

Employee	Position	Rate \$	Total		Assets		Creditors		Administration		Investigations	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Jones, M	Partner	540.00	5.00	2,700.00	-	-	-	-	5.00	2,700.00	-	-
Field, M	Senior Manager	400.00	20.00	8,000.00	-	-	-	-	10.00	4,000.00	10.00	4,000.00
Smith, A	Senior Manager	400.00	126.00	50,400.00	25.00	10,000.00	40.00	16,000.00	36.00	14,400.00	25.00	10,000.00
Chu, K	Supervisor	295.00	10.00	2,950.00	5.00	1,475.00	5.00	1,475.00	-	-	-	-
Holmes, S	Senior 1	265.00	220.00	58,300.00	50.00	13,250.00	50.00	13,250.00	70.00	18,550.00	50.00	13,250.00
Gauci, S	Senior 1	265.00	5.00	1,325.00	-	-	5.00	1,325.00	-	-	-	-
Gunnis, J	Senior 2	235.00	40.00	9,400.00	5.00	1,175.00	15.00	3,525.00	20.00	4,700.00	-	-
McCann, L	Senior 2	235.00	5.00	1,175.00	-	-	-	-	-	-	5.00	1,175.00
Webb, G	Senior 2	235.00	15.00	3,525.00	-	-	5.00	1,175.00	10.00	2,350.00	-	-
Puddy, A	Intermediate 1	190.00	10.00	1,900.00	-	-	-	-	5.00	950.00	5.00	950.00
Godfrey, A	Intermediate 2	160.00	6.00	960.00	-	-	5.00	800.00	1.00	160.00	-	-
Linfoot, C	Intermediate 2	160.00	5.00	800.00	-	-	3.00	480.00	2.00	320.00	-	-
Vetten, P	Intermediate 2	160.00	20.00	3,200.00	-	-	-	-	10.00	1,600.00	10.00	1,600.00
Grove, S	Intermediate 2	160.00	20.00	3,200.00	-	-	-	-	5.00	800.00	15.00	2,400.00
McDermott, J	Secretary	155.00	3.00	465.00	-	-	-	-	3.00	465.00	-	-
Westwood, J	Secretary	155.00	4.00	620.00	-	-	-	-	4.00	620.00	-	-
Gray, E	Clerk	135.00	2.00	270.00	-	-	-	-	2.00	270.00	-	-
Martin, K	Clerk	135.00	2.00	270.00	-	-	-	-	2.00	270.00	-	-
Radisich, D	Clerk	135.00	2.00	270.00	-	-	-	-	2.00	270.00	-	-
Clayton, C	Clerk	135.00	2.00	270.00	-	-	-	-	2.00	270.00	-	-
Total			522.00	150,000.00	85.00	25,900.00	128.00	38,030.00	189.00	52,695.00	120.00	33,375.00



A7. Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and estimated remuneration from 19 October 2010 to the conclusion of the Liquidation.

Liquidators' anticipated fees, based on the tasks detailed below and covering the period 19 October 2010 to the end of the Liquidation are estimated to be **\$200,000.00** (excl. GST).

Task Area	General Description	Includes
Assets 91.00 hours \$24,915.00	Assets subject to specific charges	<ul style="list-style-type: none"> ▪ All tasks associated with realising a charged asset
	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 110.00 hours \$32,570.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receive and follow up creditor enquiries via telephone ▪ Maintaining creditor enquiry register ▪ Review and prepare correspondence to creditors and their representatives via facsimile, email and post ▪ Correspondence with committee of creditors members
	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
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Preparation and lodgement minutes of meetings with ASIC ▪ Respond to stakeholder queries and questions immediately following meeting
	Secured Creditor Reporting	<ul style="list-style-type: none"> ▪ Preparing reports to secured creditor ▪ Responding to secured creditor's queries
Investigation 149.00 hours \$42,380.00	Conducting investigation	<ul style="list-style-type: none"> ▪ Correspondence with ASIC to receive assistance in obtaining books and records ▪ reconstruction of financial statements ▪ Reviewing company's books and records and Report as to Affairs ▪ Review and preparation of company nature and history ▪ 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
	ASIC reporting	<ul style="list-style-type: none"> ▪ Preparing statutory investigation reports ▪ Preparing affidavits seeking non lodgements assistance ▪ Liaising with ASIC
	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
	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



Task Area	General Description	Includes
Administration 301.00 hours \$81,685.00	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Updating checklists ▪ Filing of documents ▪ File reviews ▪ Six (6) monthly administration review
	Bank account administration	<ul style="list-style-type: none"> ▪ Preparing correspondence opening and closing accounts ▪ Requesting bank statement ▪ Bank account reconciliations ▪ Correspondence with bank regarding specific transfers
	Insurance	<ul style="list-style-type: none"> ▪ Correspondence with Willis regarding ongoing insurance requirements ▪ Reviewing insurance policies ▪ Correspondence with previous brokers
	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
	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
	Finalisation	<ul style="list-style-type: none"> ▪ Notifying ATO of finalisation ▪ Cancelling ABN / GST / PAYG registration ▪ Completing checklists ▪ Finalising WIP
Dividend 60.00 hours \$18,450.00	Processing Proofs of Debt	<ul style="list-style-type: none"> ▪ Preparation of correspondence to potential creditors inviting lodgement of POD ▪ Receipts POD's ▪ Maintain POD Register ▪ Adjudicating POD's ▪ Request further information from claimants regarding POD's ▪ Preparation of correspondence to claimant advising outcome of adjudication
	Dividend Procedures (if any)	<ul style="list-style-type: none"> ▪ Preparation of correspondence to creditors advising of intention to declare dividend ▪ Advertisement of intention to declare dividend ▪ Obtain clearance from ATO to allow distribution of company's assets ▪ Preparation of dividend calculation ▪ Preparation of correspondence to creditors announcing declaration of dividend ▪ Advertise announcement of dividend ▪ Preparation of distribution ▪ Preparation of dividend file ▪ Preparation of payment vouchers to pay dividend ▪ Preparation of correspondence to creditors enclosing payment of dividend



A7 (cont) Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and estimated remuneration from 19 October 2010 to the conclusion of the Liquidation.

Employee	Position	Rate \$	Total		Assets		Creditors		Administration		Investigations		Dividend	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Jones, M	Partner	540.00	6.00	3,240.00	1.00	540.00	-	-	5.00	2,700.00	-	-	-	-
Field, M	Senior Manager	400.00	26.00	10,400.00	-	-	-	-	11.00	4,400.00	10.00	4,000.00	5.00	2,000.00
Smith, A	Senior Manager	400.00	165.00	66,000.00	15.00	6,000.00	30.00	12,000.00	65.00	26,000.00	35.00	14,000.00	20.00	8,000.00
Chu, K	Supervisor	295.00	18.00	5,310.00	-	-	6.00	1,770.00	12.00	3,540.00	-	-	-	-
Holmes, S	Senior 1	265.00	250.00	66,250.00	50.00	13,250.00	50.00	13,250.00	75.00	19,875.00	55.00	14,575.00	20.00	5,300.00
Gauci, S	Senior 1	265.00	12.00	3,180.00	-	-	2.00	530.00	8.00	2,120.00	2.00	530.00	-	-
Gunnis, J	Senior 2	235.00	75.00	17,625.00	15.00	3,525.00	20.00	4,700.00	20.00	4,700.00	10.00	2,350.00	10.00	2,350.00
McCann, L	Senior 2	235.00	10.00	2,350.00	-	-	-	-	5.00	1,175.00	5.00	1,175.00	-	-
Webb, G	Senior 2	235.00	24.00	5,640.00	-	-	-	-	18.00	4,230.00	6.00	1,410.00	-	-
Puddy, A	Intermediate 1	190.00	12.00	2,280.00	-	-	-	-	6.00	1,140.00	6.00	1,140.00	-	-
Godfrey, A	Intermediate 2	160.00	9.00	1,440.00	-	-	2.00	320.00	7.00	1,120.00	-	-	-	-
Linfoot, C	Intermediate 2	160.00	6.00	960.00	-	-	-	-	6.00	960.00	-	-	-	-
Vetten, P	Intermediate 2	160.00	50.00	8,000.00	10.00	1,600.00	-	-	20.00	3,200.00	15.00	2,400.00	5.00	800.00
Grove, S	Intermediate 2	160.00	25.00	4,000.00	-	-	-	-	20.00	3,200.00	5.00	800.00	-	-
McDermott, J	Secretary	155.00	6.00	930.00	-	-	-	-	6.00	930.00	-	-	-	-
Westwood, J	Secretary	155.00	5.00	775.00	-	-	-	-	5.00	775.00	-	-	-	-
Gray, E	Clerk	135.00	2.00	270.00	-	-	-	-	2.00	270.00	-	-	-	-
Martin, K	Clerk	135.00	3.00	405.00	-	-	-	-	3.00	405.00	-	-	-	-
Radisich, D	Clerk	135.00	5.00	675.00	-	-	-	-	5.00	675.00	-	-	-	-
Clayton, C	Clerk	135.00	2.00	270.00	-	-	-	-	2.00	270.00	-	-	-	-
Total			711.00	200,000.00	91.00	24,915.00	110.00	32,570.00	301.00	81,685.00	149.00	42,380.00	60.00	18,450.00



A8. Resolutions regarding remuneration to be put to the Creditors at the Reconvened Second Meeting of Creditors convened for 19 October 2010.

At the Second Meeting of Creditors of the Rewards Group convened for 19 October 2010, creditors will be asked to consider a number of resolutions in relation to the Administrators' remuneration:

"That the Administrators remuneration, as set out in the Administrators' remuneration report dated 12 October 2010 for the period 1 August 2010 to 15 August 2010 be fixed in the sum of \$38,098.50 (exclusive of GST)."

"That the Administrators remuneration, as set out in the Administrators' remuneration report dated 12 October 2010 for the period 16 August 2010 to 30 September 2010 be fixed in the sum of \$36,489.50 (exclusive of GST)."

"That the Administrators' further remuneration, as set out in the Administrators' remuneration report dated 12 October 2010 for the period 1 October 2010 to 18 October 2010 be fixed in accordance with the hourly rates of Ferrier Hodgson up to the sum of \$50,000 (exclusive of GST)."

If creditors resolve to accept the proposed Deed of Company Arrangement:

"That the Administrators' remuneration, as set out in the Administrators' remuneration report dated 12 October 2010 for the period 19 October to the date the DOCA is executed, be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$25,000 (exclusive of GST) and the Administrators be authorised to make periodic payments on account of such accruing remuneration."

"That the Deed Administrators' remuneration, as set out in the Administrators' remuneration report dated 12 October 2010 be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$150,000 (exclusive of GST) and the Deed Administrators be authorised to make periodic payments on account of such accruing remuneration."

If the company is placed into Liquidation:

"That the Liquidators' remuneration, as set out in the Administrators' remuneration report dated 12 October 2010 be fixed in accordance with the Ferrier Hodgson hourly rates up to the sum of \$200,000 (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 30 September 2010

The following receipts and payments were incurred by the Administrators for the period 16 May 2010 to 30 September 2010.

Operating Account

	\$
Receipts	
Bank Interest	1,224.73
Management Fees	22,374.14
Pre-Appointment Cash at Bank	104,173.01
GST Refund	544,040.00
Re-imburement from Commonwealth Bank	9,773.24
Re-imburement from Investec Bank	22,726.00
Total Receipts	704,311.12
Payments	
Bank Charges	(361.90)
Casual Labour	(31,633.17)
Compliance Costs	(2,354.00)
Employee Re-imburements	(2,198.74)
Freight	(76,298.31)
Fuel and Oil	(1,915.51)
Insurance	(7,950.78)
Meeting Room Hire	(3,805.00)
Printing	(23,746.54)
Professional Fees	(31,750.41)
Rental Payments	(40,715.00)
Repairs	(1,166.00)
Storage	(6,435.88)
Subcontractors	(113,049.55)
Sundry Expenses	(3,128.18)
Wages and Salaries	(68,119.29)
Webcast for Creditors Meeting	(15,730.00)
Total Payments	(430,358.26)
Net Receipts / Payments	\$ 273,952.86



Proceeds Account

	\$
Receipts	
Bank Interest	303.88
Loan Repayments	145.20
Pre-Appointment Cash at Bank	87,224.62
Total Receipts	87,673.70
Payments	
Bank Charges	(19.05)
Total Payments	(19.05)
Net Receipts / Payments	\$ 87,654.65

Terms Account

	\$
Receipts	
Bank Interest	584.51
Loan Repayments	1,089,537.78
Pre-Appointment Cash at Bank	90,101.75
Total Receipts	1,180,224.04
Payments	
Bank Charges	(8,683.92)
CBA Collections	(192,755.93)
Investec Collections	(705,134.57)
Transfers to Loan Clearing Account	(263,724.84)
Total Payments	(1,170,299.26)
Net Receipts / Payments	\$ 9,924.78

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 Jamie Gunnis of this office.

Dated this 12th day of October 2010.

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

Martin Jones
Joint and Several Administrator of
Rewards Management 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

Declaration of Independence, Relevant Relationship and Indemnities

CORPORATIONS ACT 2001

Section 436DA(2)

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 12th day of October 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 Overview and Background

12 October 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)**

PERTH
Level 26 BankWest Tower
108 St George's Terrace
Perth WA 6000 Australia
GPO Box 2537 Perth WA 6001
phone +61 8 9214 1444
fax +61 8 9214 1400
email perth@fh.com.au
www.ferrierhodgson.com

ADELAIDE
BRISBANE
MELBOURNE
SYDNEY
JAKARTA
KUALA LUMPUR
SINGAPORE
TOKYO

Affiliated through
Zolfo Cooper
and
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

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

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.

At the second meeting of creditors convened on 16 August 2010 creditors of the company resolved to adjourn the meeting for a period of up to forty-five (45) business days to allow further time for the Rewards Growers Advocacy Group Inc (RGAG) to formulate a Deed of Company Arrangement (DOCA) proposal for all or part of the Group and / or schemes. A quorum for Greentree Capital Pty Ltd (GCPL) was not present at this meeting nor a reconvened meeting held on 30 August 2010 and accordingly control of GCPL reverted to the directors of GCPL on this day.

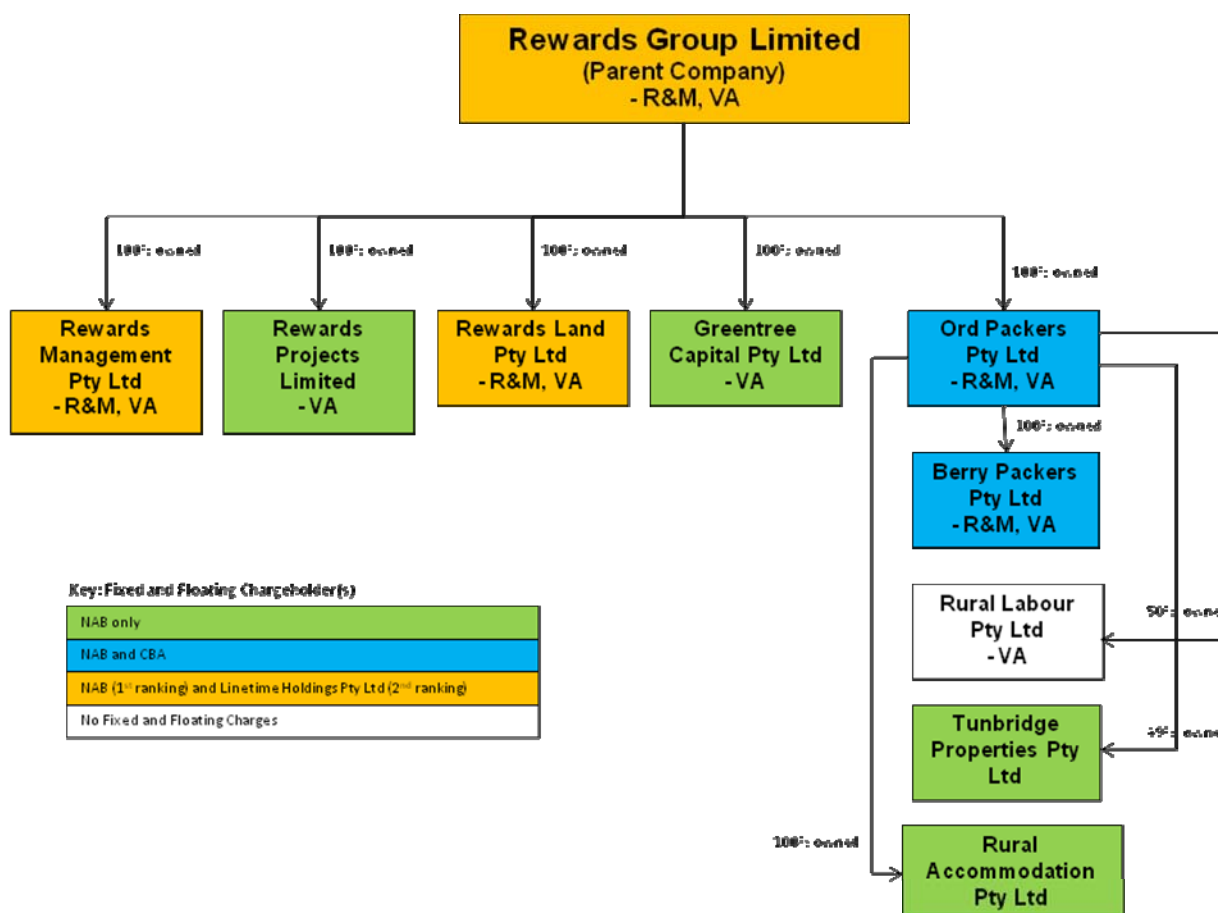
Our role as Joint and Several Administrators of the Group is to control the Group's businesses, properties and affairs to the extent that same are not within the R&M's control, with a view to facilitating the execution of a Deed of Company Arrangement (DOCA) to reorganise the Group's affairs in the event 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 reconvened 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 reconvened second meeting of creditors, convened for Tuesday, 19 October 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.