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18 May 2010

**REWARDS GROUP LIMITED ACN 052 046 536  
AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE  
(All Administrators Appointed) (Collectively referred to as the Group)**

**CIRCULAR TO EMPLOYEES  
APPOINTMENT OF VOLUNTARY ADMINISTRATORS**

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

Affiliated through  
Zolfo Cooper  
and  
Kroll Worldwide  
UNITED STATES  
UNITED KINGDOM

I advise that Andrew Saker, Darren Weaver, and I were appointed Joint and Several Administrators of the Group pursuant to section 436A of the Corporations Act 2001 (the Act) on 16 May 2010.

Our role as Joint and Several Administrators of the Group is to take control of the Group's businesses, properties and affairs with a view to facilitating the execution of a Deed of Company Arrangement (DOCA) to reorganise the Group's affairs. The creditors of the Group will be given the opportunity to decide the Group's future at a meeting of creditors to be convened at a future date.

We will report to you further during the administration process however, in the meantime, this circular is to advise you about the status of your employment and provide you with notice of the first meetings of creditors. We have also enclosed an information sheet published by the Australian Securities and Investments Commission (ASIC) which provides general advice to employees whose employer is in voluntary administration.

We now control the Group's operations and we are assessing the Group's financial position. The Group's directors have been requested to prepare a statement about the Group's business, property, affairs and financial circumstances as at the date of our appointment.

**A. Timing in the Administration**

The voluntary administration process is largely a time driven sequence of events leading to a resolution of each company's affairs either by way of a restructuring of its affairs in order for the business to continue or a winding up. The steps are summarised below:

- (a) Voluntary Administrators have been appointed by the Group.
- (b) Within eight business days of the appointment of the Voluntary Administrators a meeting of creditors is held to confirm the Voluntary Administrators' appointment and if necessary to appoint a Committee of Creditors.



- (c) Within 20 business days of the appointment, the Administrators must convene a second meeting of creditors to be held within 25 business days after the appointment. To convene the meeting the Administrators must prepare a report to creditors which details any proposal for a DOCA and the result of the investigations into the affairs of the Group.
- (d) At the second meeting of creditors the creditors are given the opportunity to decide the fate of each company by way of resolution being either acceptance of a DOCA proposal, placing the company in liquidation or returning the control of the company to the directors.
- (e) The second meeting of creditors may also be adjourned for a period of up to 45 business days which is often sought in order that the Administrators may complete their investigations and assessment of a proposed DOCA.
- (f) If the DOCA is accepted by creditors the Deed must be executed within 15 business days of acceptance by the creditors. Upon execution, the Voluntary Administrators become Deed Administrators of the company subject to a Deed of Company Arrangement.
- (g) If the creditors resolve to place the Group into liquidation the Group is deemed to have gone into a creditors' voluntary liquidation and the Voluntary Administrators automatically become Liquidators.

## **B. Employment During the Administration**

The Administrators are continuing to conduct the Group on the basis of “business as usual” whilst a review of the Group’s operations is completed and restructuring alternatives explored.

Your employment by the Group continues on the same terms and conditions that existed at the time of our appointment. Your wages and other entitlements that accrue after our appointment are an expense of the Administration and payment will be made in the normal course.

As a consequence of the appointment, the Administrators assume responsibility for the Group’s management and the control of its assets. Your cooperation is sought in respect of controls and procedures that are relevant to the Administrators and the administration process. In this regard we require that without the written authority of the Administrators, you must not, nor must you permit anyone else to:

1. Place any orders for goods or services, unless they have been duly authorised by the Administrators or others as notified in my circular to creditors;
2. Accept delivery of any goods or services, unless they are the subject of a duly authorised order;
3. Supply any services to customers or dispatch any goods to customers;
4. Enter into any commitments with suppliers or customers;



5. Make any compromise or arrangement with any debtor or creditor of any of the Group, including the allowance of any set-offs;
6. Incur any debts or liabilities in the name of the Group or pledge its assets;
7. Return any goods to suppliers;
8. Make any payments; and
9. Remove any of the Group's assets from the Group's custody or control.

All monies received must be forwarded to Ferrier Hodgson or paid into the bank account we have opened for the relevant company in the Group.

Every invoice, order for goods, business letter, or similar document must have the words "Administrators Appointed" immediately following the name of the relevant company of the Group.

All of the Group's assets must continue to be secured against theft.

We must be notified in writing immediately of all known or potential breaches of the law or regulations (e.g. health, safety, hygiene, fire, etc).

### C. First Meeting of Creditors

We are required to call a first meeting of creditors within eight (8) business days of our appointment pursuant to Section 436E of the Act. The purpose of this meeting is to provide creditors with an opportunity to:

- Appoint a Committee of Creditors
- Appoint an alternative Administrator, if they so desire

In this regard, I enclose the following documents:

#### (a) Notice of Meetings of Creditors

Please note that meetings for the Group will be held on **Wednesday, 26 May 2010** at the following location and times:

<b>Venue:</b>	<b>Perth Convention and Exhibition Centre Meeting Rooms 1 and 2 21 Mounts Bay Road, Perth WA 6000</b>	
<b>Time:</b>	<b>9.00am</b>	<b>11.00am</b>
	Rewards Group Limited Rewards Land Pty Ltd Rewards Management Pty Ltd Ord Packers Pty Ltd Berry Packers Pty Ltd Rural Labour Pty Ltd Greentree Capital Pty Ltd	Rewards Projects Limited



***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 in the Group (with the exception of Rewards Projects Limited) 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.

A webcast facility will be available for each of the meetings of creditors of the Group. Please note that the webcast is not interactive. Accordingly, creditors and observers accessing the meeting via the webcast facility will **not** be able to vote or participate in the meeting. Should creditors wish to vote at the meeting they will need to attend the meeting in person or by proxy.

The webcast facilities can be accessed during the following periods:

- From the commencement until the conclusion of the meetings on the day of the meetings; and
- Anytime after 9:00am (WST) on the day following the meetings and thereafter.

Viewers can register for access to the webcast through the Ferrier Hodgson website ([www.ferrierhodgson.com](http://www.ferrierhodgson.com)) by clicking on the Rewards Group Limited logo.

**(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.

**(c) Appointment of Proxy Form**

This form enables you to appoint a person to act on your behalf at the meeting.

**(d) Voluntary Administration: A Guide for Employees**

This document is a publication of the Insolvency Practitioners Association of Australia (IPAA) and the Australian Securities and Investments Commission (ASIC) concerning insolvency information for employees.

The Employee Claim form and Proxy form should be lodged with this office before the meeting and, in any event, **no later than 4.00pm on the day prior to the meeting**. Forms can be sent by facsimile on (08) 9214 1400 or scanned and emailed to [rewardsgroup@perth.fh.com.au](mailto:rewardsgroup@perth.fh.com.au). However, Corporations Regulation 5.6.36A requires lodgement of the original of the Proxy form with the Administrators' office within 72 hours of lodging the faxed copy.



We will request details of all employee entitlements from the Human Resources Department in order to verify the value of your claim and in this regard we will be able to confirm your entitlements in due course.

#### **D. Representative of the Employees**

We request that to avoid business interruption that the employee creditors select one of their number to attend the meetings of creditors, and if a Committee of Creditors is to be formed, to have that representative nominate for the Committee. The employees can exercise a vote at creditors' meetings by providing their representative with a completed proxy form in favour of the representative. The minutes of the meetings of the creditors and the Committee of Creditors are public documents that can be readily made available to all employees.

#### **E. Your Employee Entitlements at the Date of our Appointment**

As an employee, you have a statutory priority for payment of outstanding entitlements such as wages, superannuation contributions, holiday pay and long service leave. Directors and other related persons also have a statutory priority of payment for these entitlements. However, the priority afforded to Directors and related persons is subject to a statutory 'cap' of \$2,000 for wages and superannuation contributions and \$1,500 for holiday pay and long service leave entitlements. An employee's priority claim ranks after the Administrator's costs and remuneration but ahead of ordinary unsecured creditors.

To assist in determining any employee claim you might have, we ask that you complete the enclosed Employee Claim Form detailing your outstanding entitlements at the date of our appointment and return it to our office as soon as practicable. You may request this to be coordinated via the Human Resources Department if it is more convenient.

At this early stage of the Administration, given that our appointment has only just commenced, we are unable to say definitively whether or not the Group will have sufficient funds to pay employee entitlements outstanding at the date of the appointment of the Administrators. As part of our role, the Administrators will report to the creditors on a number of matters including the assessment of the financial position of the Group, future restructure proposals and the assets available to meet the entitlements.

The enclosed ASIC information sheet provides information concerning the government's *General Employee Entitlements and Redundancy Scheme* ("GEERS"), which protects employee entitlements in a liquidation scenario. Please note that the GEERS does not apply in a voluntary administration.



## **F. Declaration by Administrators**

Pursuant to section 435DA of the Act and the IPA Code of Professional Practice, we enclose the Administrators' 'Declaration of Independence, Relevant Relationships and Indemnities'.

## **G. Administrators' Remuneration**

For the purposes of the Group's administration, the Administrators 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 hourly rates. Enclosed for your information are the following:

- Statement regarding remuneration setting out the four basic methods of calculating remuneration together with an explanation as to why hourly rates are appropriate in this administration; and
- Schedule of Rates and General Guide to Staff Experience.

The Administrators will provide creditors with a remuneration report pursuant to section 449E of the Act with the report to creditors to be provided prior to the second meeting of creditors, to be held on or before Monday 21 June 2010.

An information sheet concerning approval of remuneration in external administrations can be obtained from [www.ipaa.com.au](http://www.ipaa.com.au) or through this office.

## **H. Electronic Notification**

Section 600G of the Act permits creditors to elect to receive certain notices during the Administration via email. Should you wish to do so, please complete the enclosed Email Notification Opt-In Form and email to [rewardsgroup@perth.fh.com.au](mailto:rewardsgroup@perth.fh.com.au).

## **I. Further Information**

For further information concerning the Voluntary Administration process, Administrators' remuneration and Ferrier Hodgson, you may wish to visit our website at [www.ferrierhodgson.com](http://www.ferrierhodgson.com).

You may also wish to consider the IPAA's website ([www.ipaa.com.au](http://www.ipaa.com.au)), which contains the IPAA's Statements of Best Practice, applicable to IPA members and/or the ASIC website ([www.asic.gov.au](http://www.asic.gov.au)) for information sheets on the following topics:

- Insolvency: a glossary of terms
- Voluntary administration: a guide for creditors
- Voluntary administration: a guide for employees
- Liquidation: a guide for creditors



- Liquidation: a guide for employees
- Insolvency: a guide for shareholders
- Insolvency: a guide for directors
- Independence of external administrators: a guide for creditors
- Approving fees: a guide for creditors

Should you have any queries in relation to this matter, please do not hesitate to contact this office on (08) 9214 1444 or via email to [rewardsgroup@perth.fh.com.au](mailto:rewardsgroup@perth.fh.com.au).

A handwritten signature in black ink, appearing to read 'Martin Jones', is written over the printed name.

**Martin Jones**  
Joint and Several Administrator of  
Rewards Group Limited  
and Subsidiaries as set out in the Schedule

Encl.

#### THE SCHEDULE

Company Name	ACN
Rewards Projects Limited	089 582 427
Rewards Land Pty Ltd	089 948 824
Rewards Management Pty Ltd	089 940 376
Ord Packers Pty Ltd	106 363 964
Berry Packers Pty Ltd	125 068 911
Rural Labour Pty Ltd	130 732 786
Greentree Capital Pty Ltd (Formerly "QPR Capital Finance Pty Ltd")	093 209 173



**REWARDS GROUP LIMITED ACN 052 046 536  
AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE  
(All Administrators Appointed) (Collectively referred to as “the Group”)**

**STATEMENT REGARDING REMUNERATION**

**A. Remuneration Methods**

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

**Time based/hourly rates**

This is the most common method. The total fees charged is based on the hourly rate charged for each person who carries out the work multiplied by the number of hours spent by each person on each of task performed.

**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.

**Percentage**

The total fee charged is based on a percentage of a particular variable such as the gross proceeds of asset realisations.

**Contingency**

The insolvency practitioner's fee is contingent on achieving a particular outcome.

**B. Method Chosen**

Time based remuneration is appropriate in this administration given:

- It ensures creditors are only charged for work performed.
- We are required to perform tasks unrelated to asset realisations; hence, fees solely based on asset realisation would be unrealistic.
- We are unable to provide a reliable estimate of total fees to complete all tasks in the administration.

**C. Fee Estimate**

We estimate that our fees for the administration of the Company's affairs through to the first meetings of creditors will be between \$100,000 and \$200,000. Please note this is an estimate only and may vary materially given the circumstances of the administration.

Dated this 18<sup>th</sup> day of May 2010

**Martin Jones**

Joint and Several Administrator of  
Rewards Group Limited  
and Subsidiaries as set out in the Schedule  
Encl.



## Schedule of Hourly Rates and General Guide to Staff Experience

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

### Notes:

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



Disbursements are recovered on the following basis:

Disbursements	Charges
Postage	At cost
Telephone	At cost
Photocopying / Document Production	35 cents a copy
Facsimile	\$1 per page
Company Search	At cost
File Set up	At cost
Advertising	At cost
Storage	At cost
Couriers	At cost

The Partners of Ferrier Hodgson are members of the Insolvency Practitioners Association of Australia and follow the IPA Code of Professional Practice.

A copy of the IPA Code of Professional Practice may be found on the IPA website at [www.ipaa.com.au](http://www.ipaa.com.au)

## CORPORATIONS ACT 2001

NOTICE OF FIRST MEETING OF  
CREDITORS OF COMPANY UNDER ADMINISTRATIONREWARDS GROUP LIMITED ACN 052 046 536  
AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE  
(All Administrators Appointed) (Collectively referred to as the Group)

1. Notice is given that on 16 May 2010, the Group under Section 436A of the Corporations Act 2001 appointed Martin Jones, Andrew Saker and Darren Weaver of Ferrier Hodgson, Level 26 BankWest Tower, 108 St Georges Terrace, PERTH WA 6000 as the Joint and Several Administrators of the Group.
2. Notice is also given that meetings of the creditors of the Group will be held on 26 May 2010 at the following location:

<b>Venue:</b>	<b>Perth Convention and Exhibition Centre Meeting Rooms 1 and 2 21 Mounts Bay Road, Perth WA 6000</b>	
<b>Time:</b>	<b>9.00am</b>	<b>11.00am</b>
	Rewards Group Limited Rewards Land Pty Ltd Rewards Management Pty Ltd Ord Packers Pty Ltd Berry Packers Pty Ltd Rural Labour Pty Ltd Greentree Capital Pty Ltd	Rewards Projects Limited

***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 in the Group at the same time (with the exception of Rewards Projects Limited). Viewers can access the webcast through the Ferrier Hodgson website ([www.ferrierhodgson.com](http://www.ferrierhodgson.com)) by clicking on the Rewards Group Limited logo.

3. The purpose of the meeting is to determine:
  - a. Whether to appoint a Committee of Creditors; and if so
  - b. Who are to be the committee's members
4. At the meeting, creditors may also, by resolution:
  - a. Remove the Joint and Several Administrators from office
  - b. Appoint someone else as Administrator of the Group
5. Statement of Independence to be tabled.

DATED this 18<sup>th</sup> day of May 2010.



**Martin Jones**  
Joint and Several Administrator of  
Rewards Group Limited  
and Subsidiaries as set out in the Schedule

**CORPORATIONS ACT 2001**

Section 436DA(2)

**REWARDS GROUP LIMITED ACN 052 046 536  
AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE  
(All Administrators Appointed) (Collectively referred to as “the Group”)**

**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	RP	Responsible Entity for the Schemes.
Rewards Management Pty Ltd ACN 089 940 376	RM	Manages the daily operation of the Schemes for RP.
Rewards Land Pty Ltd ACN 089 948 824	RL	Owens the land used by many RP schemes.
Ord Packers Pty Ltd ACN 106 363 964	OP	Heads a subgroup – fruit packing operations and equipment.
Berry Packers Pty Ltd ACN 125 068 911	BP	Packing operations and equipment.
Rural Labour Pty Ltd ACN 130 732 786	RLPL	Casual operations labour force that is contracted to RP, RM, OP and BP.
Green Tree Capital Pty Ltd ACN 093 209 173	GT	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.	If and when the investment in subsidiaries realise value, we would report to stakeholders upon this, with transparent accounting for same.
RGL	RM	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	RM	At 31 March 2010, an inter-company loan existed under which RGL owed RM approximately \$12.8M.	Report to creditors upon recoverability and consider independent review if/as appropriate.

Entity	Entity	Relationship	Comments/How Managed
RP	RM	At 31 March 2010, an inter-company loan existed under which RP owed RM approximately \$136k.	Report to creditors upon recoverability and consider independent review if/as appropriate.
RP	RM	RM 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.
RP	RL	RP leases land from RL on a deferred rent basis. RP may be unfunded to meet the costs of maintaining the crops, in which case, there is a risk that RL will be interested to terminate the leases. The Administrators are not obliged to incur debt to maintain crops.	We have indicative funding to cover at least some, but potentially not all schemes and anticipate an application to the Court 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, there is a real risk that some leases will be disclaimed.
RM	RL	At 31 March 2010, an inter-company loan existed under which RL owed RM approximately \$25.5M.	Report to creditors upon recoverability and consider independent review if/as appropriate.
RM	OP	At 10 May 2010, OP was owed \$1.3M by RM, but OP owed circa \$2M to RM.	Report to creditors upon recoverability and consider independent review if/as appropriate, including as to any set-off that may be appropriate.
RM	BP	At 10 May 2010, BP was owed \$493k by RM, but BP owed \$672k to RM.	Report to creditors upon recoverability and consider independent review if/as appropriate, including as to any set-off that may be appropriate.
RM	RLPL	At 10 May 2010, RLPL was owed \$593k by RM, but RLPL owed \$4.5k to RM.	Report to creditors upon recoverability and consider independent review if/as appropriate, including as to any set-off that may be appropriate.
RM	GT	GT will be collecting final payments from 12 month interest free loans in May and June 2010 and remitting these sums to RM and RP. 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.
BP	OP	At 10 May 2010, BP owed \$235k to OP.	Report to creditors upon recoverability and consider independent review if/as appropriate.
BP	RLPL	At 10 May 2010, BP owed \$181k to RLPL.	Report to creditors upon recoverability and consider independent review if/as appropriate.

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 or CBA 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.

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 18<sup>th</sup> day of May 2010.



**Martin Jones**



**Andrew Saker**



**Darren Weaver**

Joint and Several Administrators of  
Rewards Group Limited  
and Subsidiaries as set out in the Schedule

***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.***



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REWARDS GROUP LIMITED  
 ACN 087 702 547  
 AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE  
 (All Administrators Appointed)

APPOINTMENT OF PROXY  
 CREDITORS MEETING

Please indicate the meeting of the company for which your proxy is provided (please tick)

Company Name	ACN	✓
Rewards Group Ltd	087 702 547	
Rewards Projects Limited	089 582 427	
Rewards Land Pty Ltd	089 948 824	
Rewards Management Pty Ltd	089 940 376	
Ord Packers Pty Ltd	106 363 964	
Berry Packers Pty Ltd	125 068 911	
Rural Labour Pty Ltd	130 732 786	
Greentree Capital Pty Ltd (Formerly "QPR Capital Finance Pty Ltd")	093 209 173	

\*I/\*We (1) .....  
 of .....  
 a creditor of the company/companies indicated above, appoint (2) .....  
 or in his absence .....  
 as \*my/our \*general/special proxy to vote at the meeting of creditors to be held on 26 May 2010, or at  
 any adjournment of that meeting.

DATED this                      day of                      2010.

.....  
 Signature (3) of individual or person (4)  
 authorised by corporate resolution to  
 represent the corporation

OR    The Common Seal (5) of  
 was hereunto affixed in the  
 presence of:

.....  
 Director

.....  
 Secretary



**REWARDS GROUP LIMITED  
ACN 087 702 547  
AND SUBSIDIARIES AS SET OUT IN THE SCHEDULE  
(All Administrators Appointed)**

**Election by Employee to Receive Notices and Documents Electronically**

**Please indicate the company for which your authorisation is provided (please tick)**

Company Name	ACN	✓
Rewards Group Ltd	087 702 547	
Rewards Projects Limited	089 582 427	
Rewards Land Pty Ltd	089 948 824	
Rewards Management Pty Ltd	089 940 376	
Ord Packers Pty Ltd	106 363 964	
Berry Packers Pty Ltd	125 068 911	
Rural Labour Pty Ltd	130 732 786	
Greentree Capital Pty Ltd (Formerly "QPR Capital Finance Pty Ltd")	093 209 173	

Pursuant to Regulation 5.6.11A of the *Corporations Regulations 2001*, creditors may elect to receive notices and documents prescribed by the *Corporations Act 2001* by electronic means.

Accordingly, should you wish to receive notices and documents pertaining to the administration of the Group via e-mail, please complete the following details and return this slip to Ferrier Hodgson by fax on (08) 9214 1400 or email to [rewardsgroup@perth.fh.com.au](mailto:rewardsgroup@perth.fh.com.au).

SIGNATURE: \_\_\_\_\_

NAME: \_\_\_\_\_

E-MAIL ADDRESS: \_\_\_\_\_

CONTACT NUMBER: \_\_\_\_\_

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ASIC

Australian Securities & Investments Commission

## INFORMATION SHEET 75

# Voluntary administration: a guide for employees

If a company is in financial difficulty, it can be put into voluntary administration.

This information sheet provides general information for employees of companies in voluntary administration. Employees should also read ASIC's information sheet INFO 74 *Voluntary administration: a guide for creditors*.

## Who is an employee?

You are likely to be classified as an employee if you are:

- engaged by a company under an award, Certified Agreement, Australian Workplace Agreement, or a contract of employment, and
- paid a salary, wages or commission.

Contractors are not employees. They are ordinary unsecured creditors of the company.

If you are an employee who is owed money for unpaid wages, superannuation, annual leave, sick leave, long service leave, retrenchment pay or other benefits, you are a creditor of the company. You may be entitled to some or all of what you are owed in priority to the company's other creditors.

## The purpose of voluntary administration

Voluntary administration is designed to resolve a company's future direction quickly. An independent and suitably qualified person (the voluntary administrator) takes full control of the company to try to work out a way to save either the company or its business.

If it isn't possible to save the company or its business, the aim is to administer the affairs of the company in a way that results in a better return to creditors than they would have received if the company had instead been placed straight into liquidation. A mechanism for achieving these aims is a deed of company arrangement.

A voluntary administrator is usually appointed by a company's directors, after they decide that the company is insolvent or likely to become insolvent. Less commonly, a voluntary administrator may be appointed by a liquidator, provisional liquidator, or a secured creditor.

A secured creditor is someone who has a charge, such as a mortgage, over company assets, to secure a debt owed by the company. Lenders usually require a charge over company assets when they provide a loan.

A company in voluntary administration may also be in receivership: see ASIC information sheet

**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. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

INFO 55 *Receivership: a guide for employees.*

## The voluntary administrator's role

After taking control of the company, the voluntary administrator investigates and reports to creditors on the company's business, property, affairs and financial circumstances, and on the three options available to creditors (including employees). These are:

- end the voluntary administration and return the company to the directors' control
- approve a deed of company arrangement through which the company will pay all or part of its debts and then be free of those debts, or
- wind up the company and appoint a liquidator.

The voluntary administrator must give an opinion on each option and recommend which option is in the best interests of creditors. In doing so, the voluntary administrator tries to work out the best solution to the company's problems, assesses any proposals put forward by others for the company's future, and compares the possible outcomes of the proposals with the likely outcome in a liquidation.

A creditors' meeting is usually held about five weeks after the company goes into voluntary administration to decide on the best option. In complex administrations, the meeting may be held later if the court consents. Employees are entitled to vote at creditors' meetings. You should lodge details of your claim with the voluntary administrator before the meeting to enable you to vote.

The voluntary administrator has all the powers of the company and its directors. This includes the power to sell or close down the company's business, or sell individual assets in the lead up to the creditors' decision on the company's future.

Another responsibility of the voluntary administrator is to report to ASIC on possible offences by people involved with the company.

## Employee entitlements

If the voluntary administrator continues to trade the business, they must pay out of the assets available to them ongoing wages for services provided and other employee entitlements that arise after the date of their appointment. These payments are treated as an expense of the voluntary administration.

The appointment of a voluntary administrator does not automatically terminate the employment of the company's employees. As a result, unless the voluntary administrator adopts the employment contracts or enters into new contracts of employment with employees, they are not personally liable for any employee entitlements that arise during voluntary administration.

As voluntary administration is an interim form of external administration, employee entitlements that arose prior to voluntary administration are not usually paid during voluntary administration.

How and when these employee entitlements are paid depends on the option passed at the creditors' meeting (i.e. company returned to directors, a deed of company arrangement, or liquidation).

### Company returned to directors

If the company is returned to the directors, the directors will be responsible for ensuring that the company pays outstanding entitlements as they fall due. It is only in very rare circumstances that creditors will resolve to return the company to the control of its directors.

### Deed of company arrangement

If creditors approve a deed of company arrangement, the priority in which outstanding employee entitlements are paid depends on the terms of the deed. Sometimes the deed proposal is for these entitlements to be paid in the same priority as in a liquidation. Other times, a different priority is proposed.

A deed of company arrangement must ensure that employees' entitlements have the same priority as in

a liquidation unless the eligible employees agree by a majority in both number and value to vary this priority.

This means that unless a variation to priority is agreed to, in a deed of company arrangement employees have the right, if there are funds left over after payment of the fees and expenses of the voluntary administrator and deed administrator, to be paid their outstanding entitlements in priority to other unsecured creditors.

Priority employee entitlements are grouped into classes and paid in the following order:

1. outstanding wages and superannuation
2. outstanding leave of absence (including annual leave and sick leave, where applicable, and long service leave), and
3. retrenchment pay.

Each class is paid in full before the next class is paid. If there are insufficient funds to pay a class in full, the available funds are paid on a pro rata basis (and the next class or classes will be paid nothing).

To find out more, see ASIC's information sheet INFO 46 *Liquidation: a guide for employees*.

#### *Where deed proposal seeks to vary priority for employee entitlements*

If a deed proposal seeks to vary the priority for employee entitlements, the voluntary administrator must call a meeting of eligible employees giving at least five business days notice of the meeting. They must give to eligible employees at the same time as the notice of meeting a statement setting out:

- their opinion about whether the proposed variation would result in the same or better outcome for employees than if the company went into liquidation
- their reasons for this opinion, and
- any other information to help them make an informed decision about varying the priority.

Before you make a decision on how to vote at the meeting of eligible employee creditors or the creditors' meeting where the decision is made whether or not to accept the deed of company arrangement proposal, make sure you understand how the deed will affect the priority of payment of your outstanding entitlements.

#### *The General Employee Entitlements and Redundancy Scheme (GEERS)*

GEERS is a basic payment scheme designed to assist employees whose employment has been terminated due to the liquidation or bankruptcy of their employer and who are owed certain employee entitlements. GEERS is administered by the Department of Education, Employment and Workplace Relations.

You are not eligible for GEERS assistance if your former employer is a company in voluntary administration or subject to a deed of company arrangement until and unless the company goes into liquidation.

If the company was subject to a deed of company arrangement in the 12 months before the liquidation and:

- the deed had a different priority for payment of outstanding claims, including employee entitlements to that in a liquidation; and/or
- the deed did not provide for the distribution of all of the company's available funds and assets;

this will affect your ability to make a claim under GEERS.

You may wish to seek independent legal advice on whether the terms of a proposed deed will affect your ability to make a claim under GEERS if the company subsequently goes into liquidation.

For more on liquidation, refer to our related information sheets (listed below).

For more on GEERS, visit [www.workplace.gov.au/geers](http://www.workplace.gov.au/geers) or contact the GEERS Hotline on 1300 135 040 or email [GEERS@deewr.gov.au](mailto:GEERS@deewr.gov.au).

If the deed provides for your ongoing employment, you may wish to seek advice on how this affects payment of your outstanding entitlements.

## Liquidation

If creditors resolve that the company is to be wound up, the priority given to outstanding employee entitlements in a liquidation will apply.

Employees have the right, if there are funds left over after payment of the fees and expenses of the administrator and liquidator, to be paid their outstanding entitlements in priority to other unsecured creditors.

The grouping of outstanding employee entitlements and order of payment in a liquidation is the same as discussed above.

To find out more, see ASIC's information sheet *INFO 46 Liquidation: a guide for employees*.

You may also be entitled to make a claim under GEERS when the company enters into liquidation.

## Establishing your claim under a deed of company arrangement

How claims are dealt with under a deed of company arrangement depends on the deed's terms. Sometimes the deed incorporates the *Corporations Act 2001* provisions for dealing with claims in a liquidation.

Regardless of the deed's terms, if the deed administrator must pay outstanding priority employee entitlements, they may advise you beforehand how much they believe you are owed. Contact the deed administrator promptly if you disagree with their calculation.

You may be required to complete an employee entitlement claim form (this is called a 'proof of debt' in a liquidation). In this case, contact the deed administrator's office to agree and settle the amount.

You may need to provide evidence to justify your claim. It is important that you keep your pay records or other records of the terms of your employment. You may also need these records to help you complete your income tax return and establish any entitlement to GEERS if the company proceeds to liquidation.

When submitting a claim, ask the deed administrator to acknowledge receipt of your claim and advise if any further information is needed.

If the deed administrator rejects your claim after you have taken the above steps, you may wish to seek your own legal advice. This should be done promptly. Depending on the terms of the deed, you may have a limited time in which to take legal action to challenge the decision. If you have a query about the timing of the payment, discuss this with the deed administrator.

For details on proving your claim in a liquidation, see ASIC's information sheet *INFO 46 Liquidation: a guide for employees*.

## Payment Summaries and Separation Certificates

Most employees require a PAYG Payment Summary (group certificate) to complete and lodge their income tax return. A Separation Certificate may also be required before an employee who loses their job can apply for social security.

If a voluntary administrator or deed administrator pays you any employee entitlements, they must provide you with a PAYG Payment Summary recording the entitlements paid and any income tax deducted. Contact the voluntary administrator or deed administrator to find out if they are going to prepare your PAYG Payment Summary for entitlements paid by the company prior to their appointment, and, if so, what period it will cover.

If you can't obtain a PAYG Payment Summary for any period, contact the Australian Taxation Office on 13 28 61 to find out how to meet your obligations.

A voluntary administrator and deed administrator must prepare a Separation Certificate for any employee whose employment is terminated during the voluntary administration or deed of company arrangement. They are not obliged to prepare one for terminations of employment that occurred prior to voluntary administration.

Contact Centrelink on 13 10 21 to find out what you should do if you can't obtain a Separation Certificate.

## Creditors' committee

A creditors' committee may be formed to consult with the voluntary administrator or deed administrator, and receive reports on the conduct of their administration. In a voluntary administration, this committee is called a 'committee of creditors'. While the company is under a deed of company arrangement, it is called a 'committee of inspection'.

Employees may wish to nominate a representative to be on the committee and have a say in matters that may impact on their interests.

## Queries and complaints

You should first raise any queries or complaints with the voluntary administrator/deed administrator. If this fails to resolve your concerns, including any concerns about the administrator's conduct, you can lodge a complaint with ASIC at [www.asic.gov.au/complain](http://www.asic.gov.au/complain), or write to:

ASIC Complaints  
PO Box 9149  
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by a voluntary administrator or deed administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through [infoline@asic.gov.au](mailto:infoline@asic.gov.au), or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

## To find out more

For an explanation of terms used in this information sheet, see ASIC's information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets):

- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*
- INFO 85 *Approving fees: a guide for creditors*

These are also available from the Insolvency Practitioners Association (IPA) website at [www.ipaa.com.au](http://www.ipaa.com.au). The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.