

9 August 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")

CIRCULAR TO CREDITORS

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

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

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

Affiliated through
Zolfo Cooper
and
Kroll Worldwide
UNITED STATES
UNITED KINGDOM

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

We advise that the concurrent second meetings of creditors of the Companies convened pursuant to Section 439A of the Act **will be held on Monday, 16 August 2010 at the Kings Perth Hotel, 517 Hay Street, Perth, Western Australia at 11.00am (WST)** for creditors to determine the future of the Companies.

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

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

(a) Notice of Meeting

Please note that meetings for the Companies will be held on **Monday, 16 August 2010 at the Kings Perth Hotel, 517 Hay Street, Perth WA 6000 at 11.00am (WST).**



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

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

(b) Informal Proof of Debt or Claim Form

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

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

(c) Appointment of Proxy form.

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

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

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

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

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

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

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



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

Please note that we have received approval from the Supreme Court of Western Australia to provide the Administrators' report pursuant to Section 439A(4) of the Act for Rewards Projects Limited (Administrators Appointed) to creditors and other stakeholders via our website. Accordingly, should you wish to obtain a copy of the report, you may download a copy from www.ferrierhodgson.com or a hard copy can be made available upon request.

(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 Sandra Gauci or Lauren McCann of this office.

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

Encl.

FORM 529A

Paragraph 5.6.12(2)

CORPORATIONS ACT 2001

**NOTICE OF 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 concurrent meetings of the creditors of the Companies will be held on Monday, 16 August 2010 at the Kings Perth Hotel 517 Hay Street, Perth Western Australia at 11.00am (WST).

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

AGENDA

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

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

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

DATED this 9th day of August 2010.



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

INFORMAL PROOF OF DEBT FORM FOR CREDITORS

Regulation 5.6.47

**Rewards Group Ltd 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 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 Ltd 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 (1) 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 Appointed

*I/*We¹

of

a creditor of the company/companies indicated above, appoint²

or in his absence

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

- (i) on all matters arising at the meeting; OR
- (ii) on each of the following kinds of resolution in the manner specified:

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

* Strike out if inapplicable

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

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

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

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

I am an unsecured creditor and the total amount owed to me is \$.....

OR

I am a secured creditor and the total amount owed to me is \$.....

DATED this day of August 2010

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

OR The Common Seal of⁴

was hereunto affixed in the
presence of

.....
Director / Secretary

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

CERTIFICATE OF WITNESS⁷

I,.....of.....
.....

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

DATED this day of August 2010

.....
Signature of Witness

.....
Description

.....
Place of Residence

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

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

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

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

**Rewards Land Pty Ltd
ACN 089 949 824
(Administrators Appointed)**

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

Martin Jones

Darren Weaver

Andrew Saker

9 August 2010



FERRIER HODGSON

LEVEL 26, 108 ST GEORGES TERRACE PERTH WA 6000

GPO BOX W2537 PERTH WA 6001

TELEPHONE 08 9214 1400 FACSIMILE 08 9214 1444

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Glossary of terms

Abbreviation	Description
ABN	Australian Business Number
ACN	Australian Company Number
Act	The Corporations Act 2001
ANZ	Australia and New Zealand Banking Group Limited
ARK	The ARK Fund Limited (R&M Appointed) (Administrators Appointed)
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
BPPL	Berry Packers Pty Ltd (R&M Appointed) (Administrators Appointed)
CG	Associate Connection Pty Ltd, Packing Connection Pty Ltd and Berry Connection Pty Ltd
Company / RLPL	Rewards Land Pty Ltd (R&M Appointed) (Administrators Appointed)
DOCA	Deed of Company Arrangement
EY	Ernst and Young Limited
ERV	Estimated Realisable Value
FH	Ferrier Hodgson
GCPL	Greentree Capital Pty Ltd (Administrators Appointed) formerly QPR Capital Finance Pty Ltd
GST	Goods and Services Tax
IPA	Insolvency Practitioners Association of Australia
KPMG	KPMG Limited
MIS	Managed Investment Scheme
NAB	National Australia Bank Limited
OLPL	Ord Packers Pty Ltd (R&M Appointed) (Administrators Appointed)
OPUT	Ord Packers Unit Trust
PAYG	Pay As Go Tax
R&M	Receivers and Managers
Rewards Group / the Group	RGL, RLPL, RMPL, OPPL, BPPL, RPL, GCPL and the Company
RGAG	Rewards Growers Advocacy Group Inc
RGL	Rewards Group Limited (R&M Appointed) (Administrators Appointed)
RMPL	Rewards Management Pty Ltd (R&M 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 Relationships and Indemnities
Annexure 4	The Group Overview and Background
Annexure 5	RGAG Letter of Intention to Propose a DOCA

1. Executive summary

We advise that the Directors of the Company appointed Martin Jones, Andrew Saker and Darren Weaver as Joint and Several Administrators on 16 May 2010, pursuant to section 436A of the Act. Creditors ratified our appointment as Administrators at the first meeting of creditors held on 26 May 2010 for the Company.

A Committee of Creditors was formed for RLPL at the first creditors meeting on 26 May 2010. The Committee of Creditors of RLPL have since met on two (2) occasions from the date of the first meeting of creditors until the date of this report.

On 19 May 2010, Peter Anderson, James Thackray and William Harris were appointed as R&M over RLPL. 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**.

The second meeting of creditors of the Company has been convened for **Monday, 16 August 2010 at the Kings Hotel, 517 Hay Street, PERTH at 11.00 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.

We have carried out investigations into the Company's affairs to assist in formulating our opinion as to what is in the creditors' best interests. At the date of this report, no DOCA proposal has been received, and accordingly no resolution to execute a DOCA will be put to creditors. Should this situation change, creditors will be advised at or prior to the meeting.

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

We advise that the ultimate return to ordinary unsecured creditors could be nil and is likely to be dependent upon the amount recoverable from related party loans. We are of the opinion that the second creditors meeting should be adjourned for a period of no more than forty-five (45) business days for the following reasons:

- To allow the Administrators with further time to continue discussions with RGAG and CG with a view to formulating a restructuring proposal for all or part of the Group and / or the schemes managed by the Group for growers' and creditors' consideration, as applicable; and
- Following resolution of the above, the Administrators will be in a better position to assess and advise of the potential return to creditors under the various options proposed regarding the future of the Group.

In the event that creditors adopt that course, the Administrators will continue to engage with RGAG with a view to a restructure of the Company, compile a supplementary report to creditors (that may better inform creditors, including some quantification as to the likely returns from the alternatives available) and thereafter reconvene the second meeting of creditors (to be held on or before 19 October 2010).

2. Introduction

2.1 Purpose of Administrators' appointment and this report

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's assets and continued to carry on the Group's business.

On 19 May 2010, Peter Anderson, James Thackray and William Harris of McGrathNicol were appointed as R&M over RLPL. Accordingly, control of RLPL's assets and trading activities was 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 10 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 RLPL, creditors elected to form a committee of creditors and the following creditor was elected as the sole member:

Committee of Creditors	Representative
Lancino Nominees	Stewart Dobson

2.3 Second meeting of creditors

On 10 June 2010 the Committees of Creditors (for all entities where a committee was appointed) resolved to support the Administrators intended application to extend the convening period for a period of up to three (3) months. This application was approved by the Supreme Court of Western Australia on 11 June 2010 and extended the date by which the Administrators were required to convene the second creditors meetings to 14 September 2010.

Subsequent to the 11 June 2010 hearing, the R&M of various entities of the Group opposed the three (3) month extension of the convening period. Following our discussions with the R&M, and in line with the timeframe of the RGAG funding agreement, we agreed with the R&M that the extension of the convening period previously approved by the Court be brought back to 9 August 2010. In this regard, the Court approved this agreement and granted orders to this effect on 29 June 2010.

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

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

We are now in a position to convene the second meetings of creditors of the Company and therefore, pursuant to Section 439A of the Act, the second meeting of creditors of the Company has been convened for Monday, 16 August 2010 at the Kings Hotel, 517 Hay Street, PERTH at 11.00 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; or
- That the second meeting of creditors be adjourned for a period not exceeding forty-five (45) business days.

We note that no DOCA proposal has been received, and accordingly no resolution to execute a DOCA will be put to creditors.

2.4 Non-disclosure of certain information

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

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

We appreciate the need to provide creditors with complete disclosure of all necessary information relating to the 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 publicly 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 an updated DIRRI is attached at **Annexure 3**.

3. Company information

3.1 Statutory information

A search of the ASIC database revealed the following information:

3.1.1 Incorporation date and registered office

The ASIC search discloses the Company's incorporation date as 13 October 1999. RLPL is a proprietary company with one hundred (100) issued ordinary shares held by one shareholder. The Company's registered office is listed as 50 Colin Street, West Perth, Western Australia.

3.1.2 Company officers

As at the date of our appointment, the Directors and officers were as follows:

Name	Role	Appointment Date	Cessation Date
Craig Stephen Anderson	Director	5 December 2002	Current
Andrew Radomiljac	Director	3 April 2000	Current
Craig Ian Burton	Director	13 October 1999	Current
Barry Edwin Loller	Secretary	3 February 2010	Current

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

3.1.3 Shareholders

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

Shareholders	Shares Held	% of Shares Held
RGL	100	100.00
Total Shares on Issue	100	100.00

3.1.4 Registered chargeholders

A search of the corporate database maintained by the ASIC indicates the following charges are registered against RLPL:

Chargeholder	Charge No.	Date Registered	Type of Charge
National Australia Bank Limited	1127013	31 January 2005	Fixed and Floating
Linetime Holdings Pty Ltd	1971805	11 May 2010	Fixed and Floating

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 is registered within six (6) months of the appointment of an Administrator/Liquidator. We note that the Linetime charge was created 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 reviewing the particulars of this

charge in order to determine its validity and our investigations are continuing in this regard. We note that Linetime's charge appears to have been registered within 45 days of creation in accordance with section 263 of the Act.

For completeness, we note that in accordance with the provisions of Section 450A(3) of the Act, we notified the Group's secured creditors of our appointment as Administrators and advised of their right to enforce their security within 13 business days of receiving the notification.

The NAB exercised its rights to appoint a R&M to the company on 19 May 2010 and appointed Peter Anderson, William Harris and James Thackray of McGrathNicol as Joint and Several R&M to the Company.

3.1.5 Winding up applications

There have been no winding-up applications against RLPL according to searches we have conducted.

3.2 Company history

Incorporated on 13 October 1999 in Western Australia, the Company was originally trading as Teak Landholdings Pty Ltd and operated from premises on Level 5, Irwin Street, Perth WA 6000.

On 3 December 1999, Teak Landholdings Pty Ltd was renamed Forest Lands Pty Ltd and subsequently renamed RLPL on 6 December 2002. RLPL commenced trading from the Ground Floor, 50 Colin Street, West Perth WA 6005 on 8 March 2002.

RLPL is the owner of land assets situated in Western Australia and Queensland. RLPL was incorporated as a land holding company established to own and lease land assets to RPL. Under the terms of most of the leases between RLPL and RPL, the rent payable is a portion of the growers' net harvest proceeds.

By way of further background to RLPL and the Group, on 31 March 2010, ARK announced a proposed merger with RGL. A key component of the proposed arrangement, was completion of a recapitalisation of the relevant entities through a convertible bond to raise \$55M. The convertible bond issue would comprise an institutional placement of convertible bonds of \$44M and an entitlement issue to ARK shareholders of \$11M.

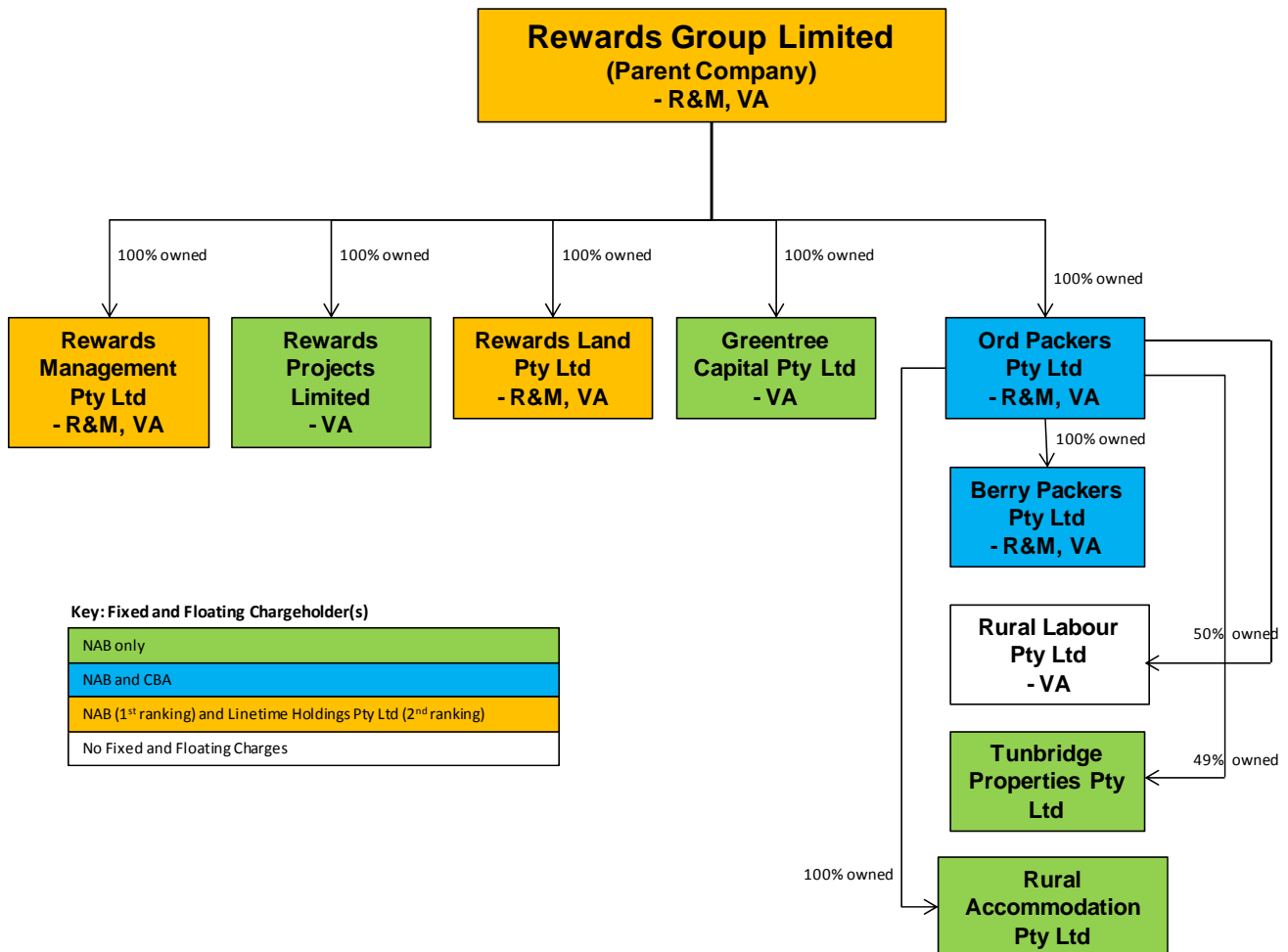
Subject to firm commitments to the convertible bond issue being received from institutional investors, due diligence, completion of an independent expert's report, completion of formal documentation, receipt of all necessary regulatory approvals, ARK shareholder approval at a general meeting, lodgement of a prospectus for the convertible bond rights issue and acceptance of the convertible bonds for public listing, ARK was to have acquired all of the shares in RGL in consideration of ARK issuing shares and options to RGL shareholders.

The proceeds of the recapitalisation were to be used to retire bank debt (approximately \$28M) with the balance applied towards enhancing the working capital position of the merged group.

Please refer to section 8 in respect of the proposed merger and specifically the directors reliance on the merger to provide sufficient funding to the Group, which in effect is the basis of the directors defence to any possible (but not yet determined) insolvent trading claim.

3.2.1 Group Structure

As noted above, RGL is the ultimate holding company of RLPL by way of its ownership of one hundred (100) percent of RLPL shares on issue. 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.

For further information, please see section 5.2 on the causes of failure of the Company.

4. Historical financial information

4.1 Preparation of financial statements

RLPL's financial statements were prepared to 30 June 2009. EY and KPMG audited the financial statements for the year ended 30 June 2009. RLPL has also prepared various management accounts and reports on a monthly basis.

At section 8.2.3 of this report, we comment on the adequacy of the Company's books and records.

4.2 Profit and loss statement and preliminary analysis

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

Profit and Loss Summary	30 June 2008 \$	30 June 2009 \$
Profit / (Loss) on Disposal of Assets	256,332	19,257
Other Income	1,194,314	1,049,219
Interest Income	1,341	229
Increase in Fair Value of Properties	4,536,217	4,041,556
Total Income	5,988,204	5,110,261
Expenses	(1,709,558)	(1,370,046)
Net Profit/(Loss)	\$4,278,646	\$3,740,215

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

- Profit on disposal of assets is generated from the sale of land properties owned by RLPL;
- Other Income consists of rental income from land assets and trust distributions;
- RLPL has been operating at a profit since June 2008; and
- Expenses mainly consist of interest, income tax, legal and finance charges.

4.3 Balance sheet and preliminary analysis

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

Balance Sheet	30 June 2008 \$	30 June 2009 \$	30 April 2010 \$
Assets			
Current assets	(24,585,616)	(24,069,573)	(25,110,039)
Non-current assets	27,329,149	31,885,745	33,528,446
Total Assets	2,743,533	7,816,172	8,418,407
Liabilities			
Current liabilities	2,727	(117,230)	(345,631)
Non-current liabilities	(600,444)	(1,812,910)	(1,812,910)
Total Liabilities	(597,717)	(1,930,140)	(2,158,541)
Surplus/(Deficiency)	\$2,145,816	\$5,886,032	\$6,259,866

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

- RLPL's intercompany debt to RMPL is in excess of \$24m over the three year period. The presence of this intercompany debt is the main reason behind RLPL's total current assets being negative over the three year period. We are not aware of any arrangement being in place for repayment of this sum to have been deferred;
- Other than the intercompany debt to RMPL, current assets mainly consists of security bonds, deposits and prepayments;
- The increase in non-current assets from 30 June 2008 was due to further land being acquired by RLPL and an increase in the value of land already held by RLPL. The book value of land increased from \$23.5m as at 30 June 2008 to \$30.2m as at 30 April 2010;
- The current liabilities account consists mainly of creditors relating to land acquisitions and taxes payable;
- Non-current liabilities relate solely to deferred tax liabilities; and
- RLPL's net asset position has been positive and increasing over the three (3) year period.

5. Statement by directors

5.1 Summary

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

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

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

Statement as at 16 May 2010	Report Reference	Directors' Estimate	Administrators' ERV
		\$	\$
Assets:			
Land	5.1.1	29,869,270	Undisclosed
Sundry debtors	5.1.2	11,113	Unascertained
Cash on hand	5.1.3	Nil	Nil
Cash at bank	5.1.3	5,532	5,532
Inventory	5.1.4	Nil	Unascertained
Plant and equipment	5.1.5	Nil	Unascertained
Less: secured creditor		Nil	Unascertained
Office equipment	5.1.5	Nil	Unascertained
Investments	5.1.6	3,308,443	Unascertained
Property deposits	5.1.7	325,354	Unascertained
Total Available Assets		33,519,712	Unascertained
Assets subject to specific charges	5.1.1	29,869,270	Undisclosed
Less: amounts owing under the charges		Nil	Nil
Less: priority creditors		Nil	Nil
- Employee entitlements payable in advance of secured creditors		Nil	Nil
- Secured creditors	5.1.8		
NAB		Undisclosed	Unascertained
Available to Unsecured Creditors		33,519,712	Unascertained
Ordinary unsecured creditor claims	5.1.9	(25,459,038)	(25,459,038)
Estimated Surplus/(Deficiency)		\$8,060,674	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.

We also note that the directors' Statement above does not disclose any debt owed to NAB and hence the directors have allocated the value of total available assets as available to unsecured creditors.

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.

Given the R&M are in control of the land assets we have not engaged a valuer to assess the current market value of the Company's assets.

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

5.1.1 Land

The following table summarises the Company's land assets according to the Statement:

Property Name	Net Book Value \$
Maitland	2,271,190
Dwyer	632,622
Carmody	2,994,517
Tutanning Farm	495,467
Yulakin	2,173,574
Kukerin	1,179
Davidson Rd	564,562
Monti	186,288
Porter	558,114
La Spina	1,024,168
Pagano	835,860
Chiquita	1,100,779
Campbell	153,034
Micale	609,967
Reilly Rd	469,070
Zonta	1,092,729
Dhillon	677,036
Di Mauro	650,074
Camilleri	641,790
Dore	259,876
Maccarone No 2 / Ringrove	584,491
Maccarone No 1	205,266
Emmi	311,779
Sardi	97,518
Dickinson	324,376
Moran	363,331
Campbell	344,509
Fraser	2,375,231
Chappell / Chappell - House	2,178,361
Revaluation Adjustments	5,692,513
Total	\$29,869,270

5.1.2 Sundry debtors

The Statement indicates that RLPL has one (1) debtor being John Salter in the amount of \$11,113. From the Statement it appears that the amount outstanding relates to an outstanding lease payment.

Further to the above, we note that no debts have been collected since our appointment and given the appointment of the R&M over RLPL, any amounts recovered will likely be used to reduce the secured creditor's debt.

5.1.3 Cash on hand and cash at bank

Immediately upon our appointment we issued instructions to RLPL's banker, NAB to freeze all bank accounts and to transfer the standing cash balance to a new account subject to our control. A total of \$5,532 was held in RLPL's bank account at the date of our appointment, which was transferred to the Administrators' new account.

We note that the directors' Statement indicated that there was no cash on hand.

5.1.4 Inventory

The directors' Statement (and consistent with the Company's records) revealed that there was no stock on hand at appointment.

5.1.5 Plant, equipment and office furniture

The directors' Statement (and consistent with the Company's records) revealed that there was no plant, equipment and office furniture on hand at appointment.

5.1.6 Investments

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

Investment	Amount \$
Ord Orchards Land Unit Trust	2,530,100
Pemberton Premium Vineyards Land Unit Trust	704,043
Sandalwood Land Unit Trust 2006	47,600
Teak Land Unit Trust 2006	1,500
Teak Land Unit Trust 2005	25,200
Total	\$3,308,443

The Group sought to raise capital by issuing units in the above mentioned land trusts. Generally, units were only offered to 'wholesale clients' being those investors considered professional investors under the Act and who held a minimum investment in the trust. The proceeds raised would then be used to acquire property for the purpose of cultivating fruit or timber with the harvest proceeds flowing back to the beneficiaries of the trust being the unit holders.

5.1.7 Property deposits

We advise that RLPL entered into an agreement to purchase a property in the southwest of Western Australia for the purposes of planting sandalwood trees in relation to the Rewards Group 2007 Sandalwood scheme, specifically Release 2. Accordingly RLPL paid a deposit in the sum of \$325,354.

We advise that prior to our appointment, RLPL defaulted on the contract to purchase the land mentioned above. In this regard, 200 hectares of sandalwood trees exist which have been funded by growers of the sandalwood 2007 scheme which reside on land not in possession of RPL. We are currently investigating this matter to determine what rights RPL may have (if any) with regard to the sandalwood trees on the land and deposit paid.

5.1.8 Secured creditors

Chargeholder	Charge No.	Date Registered	Type of Charge
National Australia Bank Limited	1127013	31 January 2005	Fixed and Floating
Linetime Holdings Pty Ltd	1971805	11 May 2010	Fixed and Floating

We note that the NAB exercised its right to enforce its security by appointing a R&M to the Company on 19 May 2010.

We undertook a review of the above charges and determined them to be prima facie valid, apart from further investigations required into Linetime's 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 created 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 reviewing the particulars of this charge in order to determine its validity and our investigations are continuing in this regard. We note that Linetime's charge appears to have been registered within 45 days of creation in accordance with section 263 of the Act.

5.1.9 Ordinary unsecured creditors

The Statement discloses the ordinary unsecured creditors as follows:

Unsecured Creditor	Value
	\$
ATO	1,610
R&L Zonta	2,200
RMPL	25,455,228
Total Unsecured Creditors	\$25,459,038

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.

The Statement discloses the following monies are owed by the Company to RMPL:

Related Entity	Amounts
	\$
RMPL	25,455,228
Total	\$25,455,228

We note that the related party amount in relation to RMPL as stated above, was also included in the ordinary unsecured claims as stated by the directors in the Statement.

Our preliminary view which is supported by the Company's accounting records indicates that RLPL owes \$25,455,228 in related party loans to RMPL.

The likely return on the related entity loans is subject to the financial capabilities of the entities within the Group and a liquidator's investigation into the realisations of those particular assets.

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

As noted above a search of the corporate database maintained by the ASIC indicated that a charge held with NAB is registered against RLPL. The debt of RLPL to NAB was not disclosed by the directors in the directors' Statement.

5.2 Explanation for current financial position

The directors' explanation for the Company's current financial position is as follows:

- With the Groups' Parent Company entering into Administration the effects were detrimental to RLPL.

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 associated with the horticultural and agricultural industry;
- Failure to enforce payment terms with related party Companies.
- Recent reduced investor confidence in MIS is resulting in a deteriorating Industry;
- Lack of willing external funders; and
- Lack of adequate working capital.

6. Trading by Administrators

6.1 Overview

The Administrators assumed control of RLPL's land assets up until the date (19 June 2010) of the appointment of the R&M. Since 19 June 2010, the R&M has been responsible for RLPL's operations. We further note that during this period of control, no trading activity was carried out by the Administrators' which specifically related to RLPL's land assets, although RPL continued to maintain possession of RLPL's properties it leases.

6.2 Summary of receipts and payments

There have been no receipts / payments with regard to RLPL during the course of the Administrators' appointment. However, I do note that RPL has continued to remit property lease payments to RLPL since the Administrators' appointment. These payments were directed to the R&M of RLPL.

7. Sale of business and assets

The Administrators have 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 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 September / 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 31 August 2010. RGAG's funding arrangement provides RGAG with exclusivity to information pertaining to the Group until 31 August 2010 (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. RGAG are not currently in a position to provide the Administrators with a restructuring proposal which can be put forward to creditors and growers. In this regard, RGAG require further time to complete their due diligence and formulate their proposal.

Based on the above, it is our opinion that the second meeting of creditors for RLPL be adjourned for up to forty-five (45) business days to allow RGAG with further time to complete their due diligence process with the view of formulating a restructuring / DOCA proposal for all or part of the Group and / or the schemes managed by the Group (excluding the brushwood, berries and vineyard schemes).

In addition to the above we note that the R&M are in control of RLPL and ultimately any restructure of RLPL or its land assets will require the secured creditor's consent.

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 latest hearing his Honour reserved his decision and at the time of writing this report no decision had been delivered. We will communicate the outcome to creditors as soon as known.

8. Statutory investigations

8.1 Nature and scope of review

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

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

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

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

An administrator is not obliged to carry out investigations to the same extent as a liquidator. A liquidator may require many months of investigation and conduct public examinations before forming a concluded view on recovery action. We investigated matters to the extent possible in the time available, and have noted with specific reference below where we believe further investigation is desirable.

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

- The directors' Statement and a detailed questionnaire concerning the Company's affairs prepared by the directors;
- Communications with the secured creditor regarding the nature and amount of the debt owed. The secured creditor confirmed the information supplied by the Company;
- Discussions with the directors, their advisors and employees of the Company;
- A search of the ASIC records relating to the Company and any related entities;
- Searches obtained from the Department of Planning and Infrastructure and Landgate; and
- An examination of the Company's books and records including its financial statements and management accounts (to the extent that such were made available to us).

8.2 The Company's solvency

8.2.1 Overview

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

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

- Balance sheet test; and
- Cash flow or commercial test.

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

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

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

- The degree of illiquidity. A temporary lack of liquidity is not conclusive;
- Regard should be had to:
 - Cash resources; and
 - Monies available through asset realisations, borrowings against the security of assets or equity/capital raising;
 - All a company's assets might not be relevant when considering solvency. For example, where a company proposes selling assets which are essential to its business operations, the proceeds of those assets should not be taken into account;
 - The voluntary and temporary forbearance by creditors not to enforce payment terms; and
 - It is not appropriate to base an assessment of whether a company can meet its liabilities as and when they fall due on the prospect that a company might trade profitably in the future.

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

8.2.2 Preliminary determination

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

Review of the Company's bank facilities for the period 1 July 2009 to 16 May 2010.

The Company maintained one (1) bank account with the NAB and it was not an overdraft facility. Our preliminary investigations indicate that funds were received into RLPL's bank account from the sale of land assets held by RLPL and then transferred into RGL's operating account. The account was not used as an overdraft account but rather as an account to hold funds from the sale of land assets.

We note that there were some small outflows such as fees incurred on the sale of land.

NAB's charge covers the Group, however, RMPL had a facility with the NAB whereby NAB advanced funds to RMPL which were then loaned to RLPL for the purpose of acquiring land. Loan advances from RMPL to RLPL appear to only be due and payable when called upon by RMPL given that no formal loan agreement exists between RLPL and RMPL.

Aged payables review

As RLPL's only significant payable relates to an intercompany debt owing to RMPL this category is not considered relevant to solvency analysis. From our preliminary investigations, there does not appear to be any documentation drawn up with respect to the intercompany advances. Therefore while the directors may argue that the advances are only due and payable when called upon by RMPL, we are not aware of any arrangement having been made for payment of the sums on a deferred basis.

Working Capital

The working capital position determines whether or not a Company can, prima facie, pay its immediate debts with its immediate assets. A positive working capital is demonstrated when current assets exceed current liabilities.

Balance Sheet as at	30 June 2008	30 June 2009	16 May 2010
	(\$)	(\$)	(\$)
Current assets (excl. intercompany debt)	(817,118)	734,466	(871,223)
Current liabilities	2,727	(1,812,910)	(1,812,910)
Working Capital / (deficiency)	(814,391)	(1,078,444)	(2,684,133)

The Company operated with a working capital deficit for the financial years ending 30 June 2008 and 30 June 2009 and with a further deteriorating deficiency up until our appointment on 16 May 2010.

In view of the above, we consider the Company was insolvent from a working capital perspective as early as 30 June 2008. As noted earlier however, in determining insolvency the balance sheet test is not considered to be as relevant as the cashflow test which we discuss further below.

Cashflow Test

As noted, the question of solvency turns upon when the directors had reasonable grounds to suspect that the company would not be able to meet its debts as and when they fell due.

RLPL had a minimal amount of cash, approximately \$5K in the bank as at the date of our appointment, however, the only significant payable was the intercompany debt outstanding to RMPL. Whilst this does indicate that RLPL was insolvent as at the date of appointment and may form the basis for an insolvent trading claim pursuant to Section 588G of the Act, the Company's Directors and RGL as the holding company may have defences available to them as discussed further in Section 8.4 of this report.

Our preliminary investigations have indicated that internal cashflows for RLPL were not maintained by the Group.

Net Assets / Profitability

The net asset position of RLPL is summarised in the below table;

Balance Sheet	30 June 2008	30 June 2009	16 May 2010
	(\$)	(\$)	(\$)
Total assets	2,743,533	7,816,171	8,418,407
Total liabilities	(597,717)	(1,930,140)	(2,158,541)
Net Assets	2,145,816	5,886,032	6,259,866
Net Asset Ratio	4.59	4.05	3.90
Net Profit / (Loss)	4,278,646	3,740,215	Unascertained

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

- Net assets have remained positive throughout the period and have increased each year; and

- The increase in RLPL's net asset position is mainly due to an increase in the book value of land; and
- RLPL's main source of revenue is rental income from land leased to RPL.

Payment of statutory commitments including Superannuation Guarantee Charge

The records of the Company disclose that the following statutory payments were due for payment at the date of our appointment:

Superannuation and PAYG

Payment of statutory commitments for superannuation and PAYG is not applicable to RLPL as it did not employ any employees.

GST

At the date of our appointment, the Company's records indicate that \$1,610 was owed to the ATO.

Writs, Demands and Summons

From our preliminary analysis, there were no formal writs, demands or summons recorded as being issued against the Company.

Preliminary View of Insolvency

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

Analysis	Likely Date of Insolvent
Review of the company's bank facilities	N/A
Aged Payable Review	Further investigation required
Finance Commitment Review	N/A
Profitability	N/A
Working Capital	June 2008
Net Assets	16 May 2010
Statutory Commitments	No Examples
Writs, Demands and Summons	No Examples

Based on the above analysis, it is our preliminary view that the Company was arguably insolvent as early as June 2008, however possibly insolvent as late as 16 May 2010 being the time that Administrators were appointed to RMPL given RLPL's apparent reliance on funding from RMPL. However, further investigations would be required to be conducted by a Liquidator to more definitively determine this date and the quantum of any possible claim for insolvent trading.

As noted in our introduction, our conclusion as to the date of insolvency is preliminary in nature. A liquidator would need to conduct further investigations, and possibly conduct public examinations of relevant parties, to ultimately determine whether or not the Company, became insolvent at that time or earlier.

8.2.3 Presumption of insolvency – inadequate books and records

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

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

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

As noted above, we have been unable to ascertain various account balances as our access to the Company's books and records has been impeded due to the appointment of the R&M's. However, it is our preliminary view that the Company maintained adequate books and records in accordance with Section 286. Accordingly, the presumption of insolvency under Section 588E would not be available.

8.3 Potential liquidator recoveries - voidable transactions

8.3.1 Unfair preferences

Our preliminary investigations into the Company's affairs reveal that it is unlikely that RLPL made any payments which may be voidable as unfair preferences.

For sake of completeness, factors which indicate a payment may be an unfair preference are:

- Payments in response to winding up applications, statutory demands and other pressure from the creditor;
- Repayment plans with the creditor; and
- Significant 'round' payments were made to the creditor.

A payment is protected if the creditor from whom the liquidator seeks to recover:

- Became a party to the transaction in good faith; and
- At the time when they became a party:
 - They had no reasonable grounds for suspecting that the Company was insolvent at that time, or would become insolvent; and
 - A reasonable person in that person's circumstances would have had no such grounds for so suspecting; and
- Provided valuable consideration under the transaction or has changed their position in reliance on the transaction.

A creditor seeking protection must prove all three elements.

Further, where a creditor received a series of payments as part of a so called 'running account' and their overall indebtedness increases over the same period, the creditor is taken not to have received an unfair preference. This is called 'the running account defence'.

A liquidator would likely seek legal advice on the strength of a claim including the applicability of these defences. It is likely any recovery action commenced by a liquidator would be defended. Therefore, costs are a major consideration.

For the purposes of this report, we estimate potential recoveries from unfair preferences to be Nil.

8.3.2 Uncommercial transactions

Our preliminary investigations do not disclose any transactions of an uncommercial nature which may lead to recoveries by a liquidator in the event that the Company is wound up. We do note however that a liquidator would be required to conduct further investigations in respect of transaction of this nature before determining whether it may result in recoveries for the benefit of creditors.

8.3.3 Unfair loans

Based on our investigations to date, the Company does not appear to be a party to any unfair loans. However, if a liquidator was 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.

8.3.4 Unreasonable director-related transactions

Based on our preliminary investigations, it appears that the Company did not enter into any unreasonable director related transactions.

8.3.5 Obstruction of creditors' rights

Section 588FE of the Act provides for the voiding of transactions designed to defeat, delay or interfere with creditors rights.

Our preliminary investigations have not identified transactions entered into by the Company intended to obstruct creditors' rights and which would give rise to recoveries for the benefit of creditors.

8.3.6 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 created 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.

8.4 Potential liquidator recoveries - insolvent trading

8.4.1 Director liability

Based on our analysis at Section 7.2.2 of this report, we indicated it was possible that the Company was insolvent from as early as June 2008 or as late as 16 May 2010. In the event that an insolvent trading claim was brought against the directors of the Company, the directors in their defence could argue:

- A reasonable expectation that the Company was or would remain solvent due to the support of RMPL to meet its payment obligations and that a recapitalisation of the Group was being planned; and
- When it appeared that the recapitalisation efforts were unlikely to go ahead, the directors took actions (sought advice on 6 May 2010) which lead to the appointment of the Administrators on 16 May 2010.

Again, a liquidator would likely seek legal advice on these issues and conduct more investigations possibly including a public examination.

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 in Section 8.8 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).

Presently, it is my view that while an insolvent trading action may not be commercially viable on its own for the Company, it may be advanced in unison with other insolvent trading claims within the Group, and potentially against the Group's Directors' and Officer's Insurer.

8.4.2 Holding company liability

RGL was the holding company of RLPL since 31 January 2003. Furthermore, in my 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.

We stated at Section 8.2.2 that the Company was possibly insolvent as early as 30 June 2008. Accordingly, it is arguable that RGL could be held liable under Section 588W for the debts incurred by the Company from 1 July 2008.

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. That being said, RGL is not a party to such a loan account (compared to RMPL).

As RGL is also under external administration, it may not be commercially viable to pursue such recovery unless the Group's directors' and officers' liability policy was to respond to same.

8.5 Other potential liquidator recoveries

8.5.1 Compensation for breach of director duties

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

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

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

Our investigations with respect to whether there have been any breaches of directors' duties are continuing, however we note the issues we have identified above.

8.5.2 Arrangements to avoid employee entitlements

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

8.6 Possible offences

We are vigilant to identify and report possible offences to relevant authorities and in certain instances, contraventions of the Act may avail civil penalty provisions for the benefit of creditors.

8.7 Summary of potential liquidator recoveries

Set out below is a summary of the potential recoveries by a liquidator in the event the Company is wound up based upon our preliminary investigations:

Potential Recovery Item	High (\$)	Low (\$)
Unfair preferences	Nil	Nil
Uncommercial transactions	Nil	Nil
Unfair loans	Nil	Nil
Unreasonable director related transactions	Nil	Nil
Transactions undertaken to obstruct creditors' rights	Nil	Nil
Compensation from director for insolvent trading	TBD	Nil
Compensation from holding company for insolvent trading	TBD	Nil
Breaches of directors duties	Nil	Nil
Avoidance of employee entitlements	Nil	Nil
Debts incurred by Company as trustee	Nil	Nil
Total	TBD	Nil

8.8 Directors' ability to pay a liquidator's claims

The merits of any potential insolvent trading action by a Liquidator 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.

For completeness, we are considering whether a directors' and officers' insurance policy may respond to any claims brought by a liquidator.

8.9 Report to ASIC

Section 438D of the Act requires us to lodge a report with the ASIC should we become aware of:

- Any offences committed by a past or present officer of any of the company's over which we are appointed;
- Evidence that monies or property has been misapplied or retained; and
- Evidence that a party is guilty of negligence, default, breach of duty or breach of trust in relation to any of the company's over which I am appointed.

Based on our preliminary investigations conducted to date, we advise that we are not intending to prepare a preliminary report to the ASIC in respect to the Company at this time. Creditors should also be aware that any report lodged pursuant to Section 438D (or an investigative report lodged by a liquidator pursuant to Section 533 of the Act) is not available to the public.

9. 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.

Given that no DOCA proposal has been put forward, this option falls away.

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.

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

9.2 Winding up of the Company

In the absence of a DOCA proposal, the only remaining options for creditors are to resolve to wind up the Company or to adjourn the second creditors meeting for a period not exceeding forty-five (45) business days. As discussed in Section 7 of this report, the Administrators have been holding discussions with RGAG and CG regarding the potential restructure of the Group and / or schemes managed by the Group. As discussed, in Section 7 of this report, an adjournment of the second creditors meeting would allow RGAG with further time finalise their due diligence and to liaise with the Administrators in an attempt to facilitate a restructuring arrangement / DOCA proposal.

Given the nature, size and costs involved in realising the value of the asset and potential recoveries in a liquidation scenario, it is difficult to determine with any degree of certainty the likely level of return to unsecured creditors that would arise from liquidation. However, we are of the opinion that the returns to the creditor body as a whole would be superior in a restructuring scenario compared to a liquidation scenario.

The costs of winding up the Company's affairs are estimated at \$50,000 (excl GST), though these costs would be considerably higher in the event that the potential claims referred to above at Section 8 of this report are pursued.

10. Administrators' opinion

As stated in section 9.1 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 to adjourn the second creditors meeting for a period not exceeding forty-five (45) business days.

Based on the above, it is our opinion that creditors should resolve that the second meeting of creditors be adjourned for RLPL for up to forty-five (45) business days for the following reasons:

- To allow the Administrators with further time to continue discussions with RGAG and CG with a view to formulating a restructuring proposal for all or part of the Group and / or the schemes managed by the Group for growers' and creditors' consideration, as applicable; and
- Following resolution of the above, the Administrators will be in a better position to assess and advise of the potential return to creditors under the various options proposed regarding the future of the Group.

11. 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.

12. Further queries

We will advise creditors in writing, if practicable, of any additional matter that comes to my 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 Geoff Webb of this office.

DATED this 9th day of August 2010.



Martin Jones
Joint and Several Administrator

Annexure 1

Administrators' Remuneration Report

CORPORATIONS ACT 2001

Section 449E

**REWARDS LAND PTY LTD
(Receivers and Managers Appointed)(Administrators Appointed)
(the Company)
ACN 089 949 824**

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 16 May 2010 to 31 July 2010.
- A3 Administrators anticipated tasks and estimated remuneration for the period 1 August to 15 August 2010.
- A4 Where Liquidators are appointed, a schedule of the Liquidators' anticipated tasks and remuneration estimate from 16 August 2010 to the conclusion of the liquidation.
- A5 Resolutions to be put to creditors at the meeting convened for 16 August 2010.

Part B

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

PART A

A1 SCHEDULE OF HOURLY RATES & GENERAL GUIDE TO STAFF EXPERIENCE

Title	Rate (\$) As at 1 Aug 2010	Previous Rate (\$)	Experience
Partner/Principal/Appointee	540	540	The Partner/Appointee is a registered liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.ferrierhodgson.com
Director	475	460	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Senior Manager	400	390	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager	335	325	Generally, 5-7 years chartered accounting or insolvency management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	295	285	Generally, 4-6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior 1	265	255	Generally, 2-4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA, program. Good knowledge of basic insolvency legislation and issues.
Senior 2	235	230	Generally, 2-3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate 1	190	185	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate 2	160	155	0 – 1 year's experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing more complex administrative tasks.
Senior Secretary	155	150	Appropriate skills including machine usage.
Clerk/Junior	135	130	Generally non qualified administrative assistant. Classification depends on experience, salary and complexity of work to be completed.

Notes:

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

A2 Tasks undertaken by the Administrators' and remuneration claimed for the period 16 May 2010 to 31 July 2010

Administrators' fees based on the tasks detailed below and covering the period 16 May 2010 to 31 July 2010 are **\$13,501.00** (excluding GST)

Task Area	General Description	Includes
Assets 17.10 hours \$3,497.00	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Corresponded with interested parties ▪ Prepared and maintained interested parties schedule ▪ Referred interested parties onto Receivers and Managers, as appropriate
	Leasing	<ul style="list-style-type: none"> ▪ Reviewed lease contracts ▪ Prepared lease disclaimers ▪ Prepared schedule of leases, tenants and landlords ▪ Corresponded with Receivers and Managers regarding leases
	Land and buildings	<ul style="list-style-type: none"> ▪ Secured and preserved assets ▪ Obtained copies of certificates of title for all RLPL properties ▪ Prepared schedule of land owned by RLPL ▪ Prepared reconciliation of land assets against certificates of title ▪ Reviewed correspondence received from Queensland Government regarding RLPL land
	Other asset-related tasks	<ul style="list-style-type: none"> ▪ Reviewed intercompany loan debtors and prepared Informal Proofs of Debt for first creditors meeting ▪ Reviewed issues relating to deposits paid by RLPL for land acquisitions prior to appointment of Administrators
Creditors 17.80 hours \$4,786.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Reviewed and prepared correspondence to creditors and their representatives via facsimile, email and post ▪ Corresponded with creditors regarding status of the administration
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Prepared initial circular to creditors advising of appointment ▪ Planning and internal meetings to discuss the preparation of the Administrators' section 439A report
	Dealing with proofs of debt ('POD's')	<ul style="list-style-type: none"> ▪ Collated creditor listings from information provided by RMPL staff ▪ 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 proofs of debt ▪ Considering issues relating to quorum for first creditors meeting
	Meeting of Creditors	<ul style="list-style-type: none"> ▪ Prepared first meeting documents such as notices, proxies and advertisements ▪ Forwarded notice of meeting to all known creditors ▪ 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 and maintained register of proxies ▪ Reviewed, adjudicated validity of proxy forms and contacted creditors with invalid proxies ▪ Attended and chaired first creditors meeting ▪ Prepared minutes of first creditors meeting and lodged with ASIC
	Secured creditors	<ul style="list-style-type: none"> ▪ Prepared notification of Administrators appointment to chargeholders ▪ Reviewed charge documents and consider terms of repayment under loan facility ▪ Meetings and discussions with the Receivers and Managers regarding the status of the administration
	Committee of Creditors	<ul style="list-style-type: none"> ▪ Prepared initial circular to Committee of Creditors and created contact listing ▪ Corresponded with committee members to determine availability to attend committee meeting

		<ul style="list-style-type: none"> ▪ Prepared for and attended Committee of Creditors meeting ▪ Prepared and reviewed minutes of committee meeting
Administration	Correspondence	<ul style="list-style-type: none"> ▪ Prepared general correspondence to numerous parties in regard to the appointment ▪ Prepared notification letters to various government departments
14.40 hours \$3,372.00	Document maintenance/ file review/ checklist	<ul style="list-style-type: none"> ▪ Filed documents ▪ Updated checklists ▪ Collected and reviewed Directors RATAs
	Bank account administration	<ul style="list-style-type: none"> ▪ Prepared correspondence to open and close accounts ▪ Prepared bank reconciliations at month end
	ASIC Forms	<ul style="list-style-type: none"> ▪ Prepared and lodged ASIC forms in relation to the Administrators' appointment
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Notified the ATO of Administrators' appointment ▪ Notified State Revenue Office of Administrators' appointment ▪ Reviewed correspondence regarding Land Tax and notified Receivers and Managers of same
	Planning / Review	<ul style="list-style-type: none"> ▪ Review of background materials relating to RLPL and internal discussions regarding same ▪ Considered issues relating to the appointment of Receivers and Managers and the Administrators statutory lien ▪ Reviewed progress of pre-appointment litigation and prepared file note regarding same
Trade On	Trade On Management	
2.40 hours \$601.50		<ul style="list-style-type: none"> ▪ Reviewed financial information ▪ Prepared and reviewed statement of position ▪ Reviewed funding proposals
Investigation	Conducting investigation	
4.80 hours \$1,244.50		<ul style="list-style-type: none"> ▪ Meetings with staff of RMPL regarding information requirements ▪ Obtained, reviewed and prepared summary of charge documents ▪ Obtained and reviewed financial statements

A2 (cont) Tasks undertaken by the Administrators' and remuneration claimed (excluding GST) for the period 16 May 2010 to 31 July 2010

Employee	Position	Rate		Total		Assets		Creditors		Administration		Trade On		Investigations	
		\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	
Chu, K	Supervisor	285.00	7.00	1,995.00	2.20	627.00	2.70	769.50	0.30	85.50	0.90	256.50	0.90	256.50	
Coleman, S	Senior 1	255.00	2.30	586.50	-	-	-	-	2.30	586.50	-	-	-	-	
Field, M	Senior Manager	390.00	6.70	2,613.00	1.30	507.00	1.60	624.00	2.50	975.00	-	-	1.30	507.00	
Gunnis, J	Senior 2	230.00	10.10	2,323.00	2.80	644.00	6.60	1,518.00	0.20	46.00	0.50	115.00	-	-	
Holmes, S	Senior 2	230.00	0.10	23.00	-	-	-	-	0.10	23.00	-	-	-	-	
Jones, M	Partner	540.00	1.00	540.00	-	-	1.00	540.00	-	-	-	-	-	-	
Keir, D	Senior 2	230.00	8.40	1,932.00	0.20	46.00	5.60	1,288.00	2.60	598.00	-	-	-	-	
Linfoot, C	Intermediate 2	155.00	11.20	1,736.00	10.20	1,581.00	-	-	1.00	155.00	-	-	-	-	
Luck, G	Intermediate 1	185.00	0.90	166.50	-	-	-	-	0.90	166.50	-	-	-	-	
Radisich, D	Clerk	130.00	0.90	117.00	-	-	-	-	0.90	117.00	-	-	-	-	
Roberts, C	Intermediate 1	185.00	2.90	536.50	-	-	-	-	0.30	55.50	-	-	2.60	481.00	
Ross, M	Clerk	130.00	0.20	-	-	-	-	-	0.20	-	-	-	-	-	
Smith, A	Senior Manager	390.00	0.20	78.00	-	-	-	-	0.20	78.00	-	-	-	-	
Vetten, P	Intermediate 2	155.00	2.50	387.50	-	-	0.30	46.50	2.20	341.00	-	-	-	-	
Webb, G	Senior 2	230.00	1.90	437.00	0.40	92.00	-	-	0.50	115.00	1.00	230.00	-	-	
Westwood, J	Secretary	150.00	0.20	30.00	-	-	-	-	0.20	30.00	-	-	-	-	
Total		Nil	56.50	13,501.00	17.10	3,497.00	17.80	4,786.00	14.40	3,372.00	2.40	601.50	4.80	1,244.50	

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

Based on the following anticipated tasks of the Administrators we estimate fees for the above period to be \$20,000 (excluding GST)

Task Area	General Description	Includes
Assets \$2,000.00	Leasing	<ul style="list-style-type: none"> ▪ Corresponding with lessors regarding ongoing lease arrangements ▪ Reviewing property listings and leasing schedules ▪ Preparing correspondence to lessors regarding various lease issues ▪ Liaising with owners/lessors ▪ Reviewing lease documents
Creditors \$8,000.00	Creditor Enquiries	<ul style="list-style-type: none"> ▪ Receiving and following up creditor and investor enquiries via telephone and email ▪ Reviewing and preparing correspondence to creditors and their representatives via facsimile, email and post ▪ Corresponding with creditors regarding status of the administration ▪ Assisting creditors with their preparation for the second creditors meeting
	Secured creditor reporting	<ul style="list-style-type: none"> ▪ Discussing possible restructuring options
	Dealing with proofs of debt	<ul style="list-style-type: none"> ▪ Receipting and filing POD's
	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. ▪ Receiving and following up on investor and creditor queries in relation to the creditors meeting ▪ Setting up a web casting facility for the creditors meeting and corresponded with various parties in relation to the setup of this facility ▪ 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
		<ul style="list-style-type: none"> ▪ Preparing presentation for the creditors meeting ▪ Attending and chairing creditors meeting ▪ Responding to stakeholder queries and questions immediately following the meeting
Administration \$6,000.00	Correspondence	<ul style="list-style-type: none"> ▪ General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> ▪ Filing of documents
	Bank account administration	<ul style="list-style-type: none"> ▪ Bank account reconciliations ▪ Corresponding with bank regarding specific transfers ▪ Maintaining accounts
	ASIC forms	<ul style="list-style-type: none"> ▪ Corresponding with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ Preparing BAS
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussing status of administration ▪ Liaising with R&M on various issues
Investigation \$4,000.00	Conducting investigation	<ul style="list-style-type: none"> ▪ Investigating matters specifically identified by creditors

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

Employee	Position	Charge Rate (\$)	Hours	Total	Assets		Creditors		Investigation		Administration	
				\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Martin Jones	Partner	540	1.00	540.00	-	-	-	-	-	-	1.00	540.00
Malcolm Field	Senior Manager	400	3.00	1,200.00	0.80	320.00	0.80	320.00	0.80	320.00	0.60	240.00
Kieran Chu	Supervisor	295	23.00	6,785.00	2.00	590.00	9.00	2,655.00	6.00	1,770.00	6.00	1,770.00
Geoff Webb	Senior 2	235	45.00	10,575.00	-	-	20.00	4,700.00	20.00	4,700.00	-	-
Jacqui Westwood	Secretary	155	2.00	310.00	-	-	-	-	-	-	2.00	310.00
Dorothy Radisich	Filing	135	4.37	590.00	-	-	-	-	-	-	4.37	590.00
Total			17.51	\$20,000.00	2.80	\$910.00	29.80	\$7,675.00	26.80	\$6,790.00	13.97	\$3,450.00

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

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

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

Task Area	General Description	Includes
Assets \$10,000.00	Sale of business as a going concern	<ul style="list-style-type: none"> ▪ Corresponded with interested parties ▪ Prepared and maintained interested parties schedule ▪ Referred interested parties onto Receivers and Managers, as appropriate
Creditors \$10,000.00	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 ▪ Attendance of creditors meeting
	Creditor reports/circulars	<ul style="list-style-type: none"> ▪ Preparing circular to creditors following resolution of liquidation ▪ General reporting 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"> ▪ 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. ▪ Receiving and following up on investor and 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 ▪ Attending and chairing final meeting of creditors
Investigation \$10,000.00	Conducting investigation	<ul style="list-style-type: none"> ▪ Investigating matters specifically identified by creditors ▪ Finalising matters outlined in section 439A report
	ASIC reporting	<ul style="list-style-type: none"> ▪ Preparing and lodge Section 533 report ▪ Preparing and lodging supplementary reports with the ASIC if required
Administration \$20,000.00	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
	Bank account administration	<ul style="list-style-type: none"> ▪ Bank account reconciliations ▪ Corresponding with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> ▪ Preparing and lodging ASIC forms including 524 and 911 etc ▪ Corresponding with ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> ▪ BAS and taxation reporting
	Planning / Review	<ul style="list-style-type: none"> ▪ Discussions regarding status of administration
	Books and records / storage	<ul style="list-style-type: none"> ▪ Dealing with records in storage ▪ Sending job files to storage

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

Employee	Position	Charge Rate (\$)	Total		Assets		Creditors		Investigation		Administration	
			Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$
Martin Jones	Partner	540	1.50	810.00	-	-	-	-	-	-	1.50	810.00
Malcolm Field	Senior Manager	400	13.50	5,400.00	2.50	1,000.00	6.00	2,400.00	3.00	1,200.00	2.00	800.00
Kieran Chu	Supervisor	295	55.00	16,225.00	11.00	3,245.00	22.00	6,490.00	12.00	3,540.00	10.00	2,950.00
Geoff Webb	Senior 2	235	70.00	16,450.00	2.50	587.50	55.00	12,925.00	2.50	587.50	10.00	2,350.00
Jamie Gunnis	Senior 2	235	22.00	5,170.00	-	-	16.00	3,760.00	-	-	6.00	1,410.00
Adam Puddy	Intermediate 1	190	21.50	4,085.00	6.00	1,140.00	4.00	760.00	8.00	1,520.00	3.50	665.00
Alex Godfrey	Intermediate 2	160	8.00	1,280.00	-	-	-	-	5.00	800.00	3.00	480.00
Jacqui Westwood	Secretary	155	2.00	310.00	-	-	-	-	-	-	2.00	310.00
Dorothy Radisich	Filing	135	2.00	270.00	-	-	-	-	-	-	2.00	270.00
Total			195.50	\$ 50,000.00	22.00	\$ 5,972.50	103.00	\$ 26,335.00	30.50	\$ 7,647.50	40.00	\$ 10,045.00

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

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

At the second meeting of creditors of the Company convened for 16 August 2010, creditors will be asked to consider a number of resolutions in relation to the Administrators' remuneration for the Company.

*"That the Administrators remuneration, as set out in the Administrators' remuneration report for the period 16 May 2010 to 31 July 2010 in the sum of **\$13,501.00** exclusive of GST be approved and that the Administrators be authorised to draw their fees when funds come to hand."*

*"That a provision for the Administrators' estimated remuneration for the period 1 August 2010 to 15 August 2010 in the amount of **\$20,000.00** exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors and that the Administrators be authorised to draw their fees when funds come to hand."*

If the Company is placed into Liquidation:

*"That a provision for the Liquidators' future remuneration for the period 16 August 2010 until the conclusion of the liquidation in the amount of **\$50,000.00** exclusive of GST be approved but subject to upward or downward adjustment by resolution of creditors and that the Liquidators be authorised to draw their fees when funds come to hand."*

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. This type of disbursement is charged at cost except for photocopying and printing which are charged at a rate which is intended to recoup both variable and fixed costs.

The relevant rates at which disbursements are charged are set out below:

Disbursements			Charges (Excluding GST)
Postage			At cost
Telephone			At cost
Document	Production	&	35 cents per page
Facsimile			\$1 per page
Company Search			At cost
Advertising			At cost
Storage			At cost
Couriers			At cost

Disbursements incurred by the Administrators for the period 16 May 2010 to 31 July 2010 are set out below for the Company. As at the date of this report, no disbursements have yet been drawn.

Cost Code	Charge (\$)
Search	2,195.90
Telephone	1.31
Photocopying	16.80
Printing	91.70
Total	\$2,305.71

Creditor approval for the payment of disbursements is not required, however, the Administrators must account to creditors. Creditors have the right to question the incurring of disbursements and can challenge disbursements in court.

B2 Summary of receipts and payments for the period 16 May 2010 to 31 July 2010

Nil receipts and payments were incurred by the Company during the period 16 May 2010 to 31 July 2010.

B3 Other creditors information on remuneration

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 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.

Dated this 9th day of August 2010



Martin Jones
Joint and Several Administrator of
Rewards Land 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 Relationships and Indemnities

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

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

Independence

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

Relevant Relationships

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

Briefly stated, the entities' roles are as follows:

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

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

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

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

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

Prior Engagements with the Insolvent

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

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

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

Indemnities

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

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

Dated this 9th day of August 2010.



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



ANDREW SAKER



DARREN WEAVER

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

Annexure 4

The Group Overview and Background

9 August 2010

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

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

BACKGROUND INFORMATION REGARDING THE GROUP

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

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

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 and
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 UNITED KINGDOM

1. Administrators' Function

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

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

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

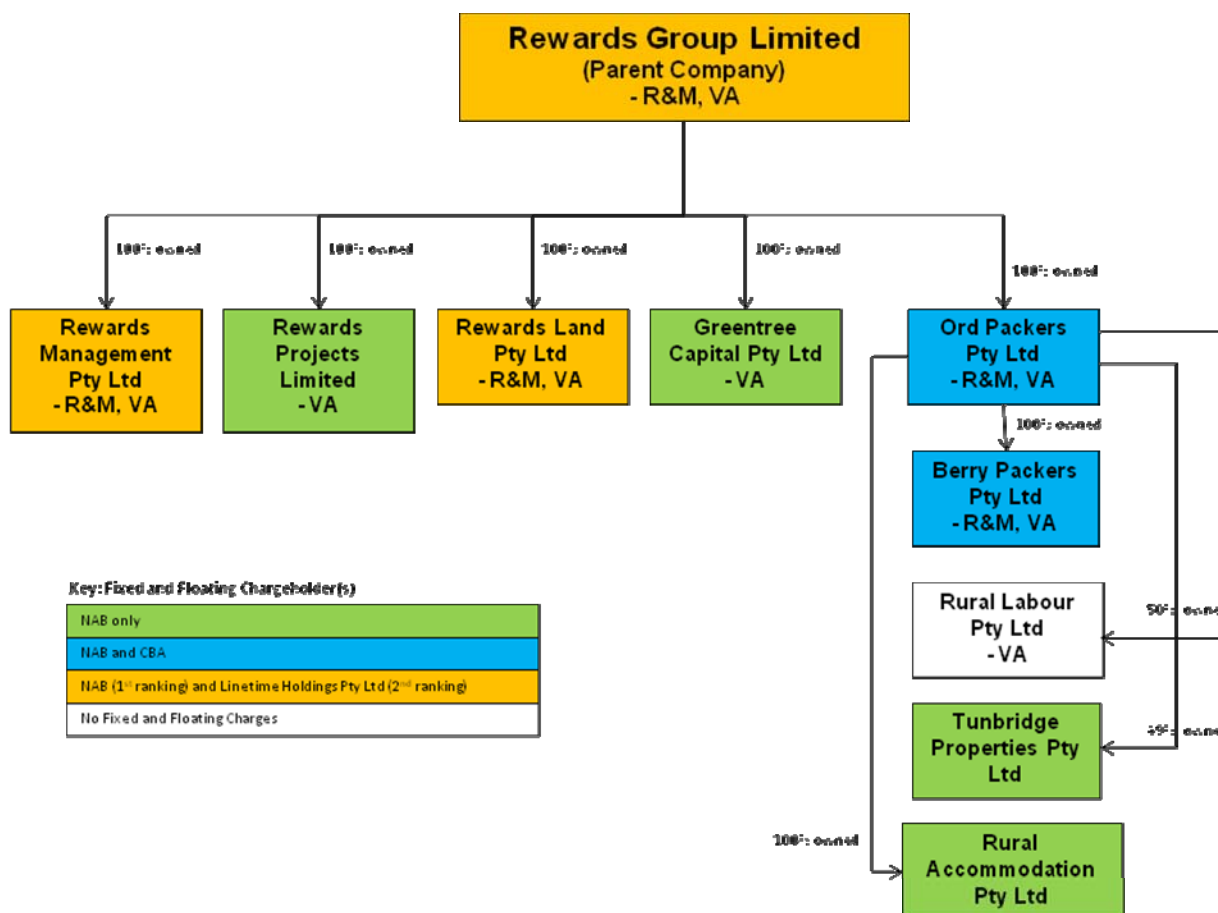
Our role as Joint and Several Administrators of the Group is to control the Group's businesses, properties and affairs to the extent that same are not within the R&M's control, with a view to facilitating the execution of a Deed of Company Arrangement (DOCA) to reorganise the Group's affairs in the event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

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

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

2. Diagram of the Group Structure

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





3. Role of each Company within the Group

RGL

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

RPL

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

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

RMPL

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

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

RLPL

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

GCPL

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

OPPL

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



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

BPPL

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

Rural Labour

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

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

4. Group Weaknesses

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

5. Group Strengths

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



6. Future of the Group

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

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

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

Annexure 5

RGAG Letter of Intention to Propose a DOCA

6 August 2010

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

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

Dear Sir,

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

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

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

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

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

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

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

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

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

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

Yours faithfully

Rewards Growers Advocacy Group Inc



Michael Bugelly

President

THE SCHEDULE

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

* Receivers and Managers also appointed