

Supplementary Report to Creditors

under Section 439A of the Corporations Act 2001

Forest Enterprises Australia Limited

(Administrators appointed)

(Receivers and Managers appointed)

ACN 009 553 548

FEA Plantations Limited

(Administrators appointed)

(Receivers appointed)

ACN 055 969 429

11 November 2010

Brian Silvia and Peter Krejci
Administrators

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1 INTRODUCTION

This is a Supplementary Report prepared by us, Peter Krejci and Brian Silvia, the Administrators of Forest Enterprises Australia Limited (Administrators appointed) (Receivers and Managers appointed) (“FEA”) and of FEA Plantations Limited (Administrators appointed) (Receivers appointed) (“FEAP”, and together “the Group”). It is supplementary to our Report of 9 September 2010 under Section 439A of the Corporations Act (our “First Report”).

This Report relates to both companies’ affairs and contains our recommendations about their future. It should be read in conjunction with our First Section 439A Report, a copy of which may be obtained from our website:

<http://www.briferrier.com.au/pages/company-information.php?id=28>

As you are aware the Second Meetings of Creditors held on 20 September 2010 were adjourned to allow additional time for the potential proponents of Deeds of Company Arrangement (“DoCA”) to develop and submit them to major stakeholder’s for consideration.

This Report has been prepared for your information in connection with the Adjourned Meetings of the Creditors of FEA and FEAP, which will be held separately at:

Date	Tuesday, 23 November 2010
Time	FEA Plantations - 10.00 am Forest Enterprises Australia - 2.00 pm
Location	The Ballroom Hotel Grand Chancellor 29 Cameron Street Launceston Tasmania 7250

Attached as **Annexures 1 and 2** are Notices Reconvening the Adjourned Second Meetings of Creditors for FEAP and FEA.

Links to meeting webcasts are below.

- FEAP: <http://www.brr.com.au/event/71031>
- FEA: <http://www.brr.com.au/event/71032>

2 EXECUTIVE SUMMARY AND RECOMMENDATIONS

This Report addresses:

- Developments in the conduct of the Voluntary Administrations since our last Report;
- The outcome of further investigation into the companies’ affairs; and

- ▲ Our recommendation regarding the options available to Creditors at the Meetings of Creditors.

2.1 STATUS OF RECONSTRUCTION PROPOSALS

Since the adjournment of the Second Meetings of Creditors on 20 September 2010 we have communicated with four parties seeking to develop comprehensive restructuring proposals for the Group. The negotiations with all parties are confidential in their nature and accordingly we will refer to them as “Proponents”.

The progress of negotiation with each of the four Proponents may be summarised as follows:

- ▲ Proponent 1 – We met with the Banks on 10 September 2010 with this proponent, after submitting a proposal to them on 9 September 2010. Since September there have been numerous meetings and detailed reports provided to the Banks and their advisors seeking to advance the proposal. As far as we are aware there are currently three issues standing as impediments to acceptance of this proposal:
 - The first is a “structuring” issue which we believe although not finalised can be resolved;
 - The second is a “quantitative” issue relative to one of the Groups assets; and
 - Proof of ability to raise equity and sell noncore assets.
- ▲ These issues have not been resolved, although we believe they are capable of being addressed. At this stage this proposal is not in a position where it can be put to Creditors for proper consideration;
- ▲ Proponent 2 – A proposal was sent to the Banks by us on 19 October 2010. The Banks rejected it on 22 October 2010 and declined to meet with its proponent. We have since advised the proponent of the Banks’ position, where they undertook to provide us with a revised proposal. No further proposal has been received although we are aware the proponent is continuing to explore options relative to the Group;
- ▲ Proponent 3 – Has declined to pursue the transaction further; and
- ▲ Proponent 4 – Made a formal offer to the Receivers for the purchase of internally owned land in Schemes 1995 to 1998 on 29 October 2010. No response has yet been received from the Receivers. This proposal does not need to be put to Creditors for consideration as it relates to the acquisition of assets secured in favour of the Banks. This proposal assists in underpinning the viability of Schemes 1995 to 1998 and allows for the harvest of the trees.

The various DoCA Proponents and we have made considerable efforts to develop a viable restructuring plan for Creditors’ consideration at the Adjourned Second Meetings of Creditors, which we refer to as “Reconstruction DoCAs”. However, at the time of preparation of this Report no proposal has yet been accepted by the Banks and accordingly none of the Reconstruction DoCAs can be accepted at the Adjourned Meetings because of timing issues. Therefore we recommend Creditors consider adopting one of the courses of action identified below.

2.2 OPTIONS FOR FEAP CREDITORS

2.2.1 Option 1 – Run-off DoCA

As no Reconstruction DoCA proposal is currently available for consideration at the Adjourned Creditors Meeting (“Run-Off DoCA”), we recommend FEAP Creditors vote to accept a Run-off DoCA.

The option contemplates a continuation of the existing business model for Schemes 1994 to 2002 and would allow revision of Schemes 2003 to 2009, under which growers make contributions to meet all plantation costs. This involves the adoption of elements of what is referred to as “Model C” in this Report.

Whilst this form of DoCA proposal may be thought to favour Grower-Investors, it contemplates part of the net stumpage harvest proceeds being contributed to a Special Deed Fund for the benefit of unsecured creditors, including, landlords for damages claims and the Banks in respect of any security shortfall suffered by them. This proposal contemplates the continuation of a “scaled down” business model paying all operating expenses as incurred.

2.2.2 Option 2 – Holding DOCA

If Creditors do not accept the Run-off DoCA, we recommend they accept an interim arrangement providing for further consideration of a Reconstruction DoCA.

A “Holding DoCA” would maintain the status quo pending further work on restructuring. If a suitable proposal is forthcoming, a further Creditors Meeting would be required in time to consider and adopt a suitable terms when finalised. A Holding DoCA could operate for up to six months.

2.3 OPTIONS FOR FEA CREDITORS

We consider a form of Holding DoCA is appropriate to FEA’s affairs. Implementation of a Holding DoCA for FEA most likely will require a Holding DoCA for FEAP.

While an FEAP Runoff DoCA may represent a loss of opportunity for FEA to ultimately continue in its current form, a form of Holding DoCA may be relevant to its circumstances. An FEA Holding DoCA represents an opportunity to realise value in the future for its unsecured creditors on the basis that the public company structure and its associated tax losses and assets may come to represent value (although that prospect remains speculative).

Furthermore, continuation of the current structure for some time may assist the Banks in dealing with the Groups property assets, which has the potential, albeit remotely, to benefit unsecured creditors if a surplus eventuates.

2.4 SUMMARY OF RECOMMENDATIONS

We recommend FEAP Creditors accept Option 1, being a Run-off DoCA where we believe implementing a final structure has advantages, without precluding a restructure as proposed by Proponents 1 or 2.

However, if ongoing discussions indicate some short-term prospect of acceptance of Proposal 1 or 2 (or another Reconstruction Deed), a Holding DoCA would be appropriate.

If creditors do not accept either proposal, the companies should, in our view, be wound up. We believe that in a liquidation the prospects of any dividend are low unless further investigations reveal antecedent transactions worthwhile pursuing; we suspect at a substantial cost.

2.5 INVESTIGATIONS

We reported at length on our investigations in the First Section 439A Report. Whilst we have undertaken further investigations, only one issue material to the companies' affairs has emerged, which is detailed in Section 5 below.

We remain of the view that, whilst some matters may emerge from further investigation, there is no material transaction that can currently be said to be open to avoidance or any other claim that would yield a significant recovery for Creditors. Creditors stand to benefit most from a successful reconstruction of the companies.

3 MANAGED INVESTMENT SCHEMES

3.1 GROWERS REPORTS

On 27 October 2010 we sent individual Second Grower Reports to Grower-Investors dealing with the viability of their respective Schemes and in the process, convening Growers Meetings which are to be held in mid November 2010. The Reports advised Growers of the following:

- ▶ Harvesting of the 1994 Scheme had commenced where the first distribution will be paid to Growers in the week beginning 15 November 2010;
- ▶ Forest Practice Plans to enable harvesting for Schemes 1995 to 1998 have been completed or substantially completed for both internal and external land where harvesting of some land will commence prior to Christmas. Harvest commencement is dependent on landlord agreement in each instance;
- ▶ Preparation is underway for the lodgement of Forest Practice Plans for the "thinning" harvest for Schemes 1999 to 2001, again subject to landlord agreement in each instance;
- ▶ Schemes 1994 to 2002 are self sustaining on the basis Growers continue to make their obligatory funding. To date approximately 46% of the \$6.4 million invoiced by us has been received. These Schemes remain viable based on claimed offsets in relation to internally owned land. The Schemes independent viability is based on Growers contributing 100% of amounts invoiced to them; and
- ▶ Schemes 2003 to 2009 are economically viable but not self sustaining. They require funding from Growers to maintain them. The funding proposals which we have put to Growers for payment are commercially advantageous to them based on forecast Internal Rates of Return ("IRR") on contributions. Formal Scheme Meetings are to be held for each of these Schemes requesting Growers agreement to vary their respective Constitutions enabling them to convert

to annual contributory Schemes as opposed to deferred management fee Schemes until harvest. These Scheme meetings have been convened for 22 November 2010.

Copies of Reports sent to Growers can be obtained from our website, at the following link:

<http://www.briferrier.com.au/pages/company-information.php?id=28>

3.2 SCHEME FINANCIAL VIABILITY

In our view, all the Schemes are financially viable. However, there is a requirement for some of them to be restructured. Since our appointment, we have prepared the following profitability Models through Woodstock, a computer program which predicts harvest growth rates to produce:

- Model A – this model was derived from the 22 July 2010 Woodstock model provided by the Receivers and prepared by FEA staff;
- Model B – this is a reworking of Model A following a review by our forestry expert Simon Penfold, Pentarch (current timber harvester / purchasers) and former FEA senior management; and
- Model C – this represents a coupe by coupe review from which negative and low yielding coupes have been excluded. This Model significantly reduces the “cash burn” in early years, with only a modest impact on overall profitability. A site analysis needs to be conducted to determine the accuracy of our assessment as opposed to the “desktop” assessment which currently represents Model C.

All of the models assume the plantations can be harvested without either re-planting or de-stumping. A requirement to de-stump may reduce gross proceeds by 10-15%. While the Schemes did not contemplate that the costs of these activities would be borne by Grower-Investors, they may be an unavoidable incident of harvest, the land on which plantations have been established having been reserved for plantation forestry activity.

If reconstruction is possible, the cost of re-planting and/or de-stumping is likely to be borne by third parties; for this reason we have omitted estimates of these costs from the projections.

The tables below summarise on a comparative basis the consolidated net profitability projections for Scheme Models A, B and C and a variation of Model C separately for Schemes 1999 to 2009 and Schemes 1994 to 1998 (inclusive of an inflation adjustment of 2.5% per annum). These schedules have then been reconciled to those provided in our Report of 9 September 2010.

Please note that as to Model C projections which theoretically downgrade grower returns, the level of “retained” properties as included therein is more related to the prospects of securing grower funding to maintain a percentage of them as opposed to seeking to retain all of the subject properties.

Reconstruction Proponent 1, for example, intends to retain significantly more properties under its Business Model as opposed to those included in Model C. Receipt of 60% of grower invoices under Model C would see Schemes 2003 to 2009 (Schemes 1999 to 2002 are already contributory Schemes) as envisaged being maintained.

Financial summary - Consolidated project	22 July Woodstock	Model B	Model C	Model C Responsible Entity fees added back
	(\$)	(\$)	(\$)	(\$)
Gross harvest proceeds	1,265,643,716	1,483,643,150	751,262,620	751,262,620
Harvesting fees	(432,451,011)	(450,525,489)	(228,232,528)	(228,232,528)
Cartage	(455,957,769)	(404,197,362)	(148,324,499)	(148,324,499)
Net stumpage	377,234,936	628,920,300	374,705,592	374,705,592
FEA expense recoveries	373,126	-	-	-
Grower expense recoveries	15,296,826	-	-	-
Plantation insurance	-	(32,352,256)	(9,723,832)	(9,723,832)
External lease fees	(76,742,580)	(80,861,161)	(39,005,318)	(39,005,318)
Maintenance overhead	(20,510,103)	(38,380,136)	(37,496,518)	(37,496,518)
Maintenance expenses	(15,929,901)	(8,787,883)	(2,827,472)	(2,827,472)
Internal lease fees	(130,775,990)	(132,654,159)	(40,498,404)	(40,498,404)
New RE management fees	(42,823,373)	(74,199,035)	(37,229,458)	(37,229,458)
Net income pre administration	106,122,940	261,685,669	207,924,590	207,924,590
Harvesting manager's fees	(40,558,603)	(46,929,738)	(23,774,222)	(23,774,222)
Administration costs, charges & legal fees	(8,012,440)	(3,897,190)	(8,000,000)	(8,000,000)
Add back of new RE management fees	42,823,373	-	-	37,229,458
Net income post administration	100,375,271	210,858,741	176,150,369	213,379,826
Net CPI	51,798,225	82,531,040	48,152,641	58,998,895
Net income post administration with CPI	\$152,173,495	\$293,389,781	\$224,303,009	\$272,378,721

The adopted Model B for Schemes 1994 to 1998 represents a small variation to Model A as originally received by us both of which are comparatively shown overleaf:

Consolidated Projects 1994 to 1998	July 2010 Woodstock	September 2010 Report to Creditors	November 2010 Report to Creditors
Gross harvest proceeds	38,320,849	38,320,849	38,320,849
Harvesting fees	(12,754,244)	(12,252,407)	(12,252,407)
Cartage	(8,030,481)	(6,144,901)	(6,144,901)
Net stumpage	17,536,125	19,923,542	19,923,542
FEA expense recoveries	22,168	10,127	10,127
Grower expense recoveries	986,410	129,588	129,588
Plantation insurance	-	-	-
External lease fees	(623,761)	(623,761)	(623,761)
Maintenance overhead	(410,247)	(410,247)	(410,247)
Maintenance expenses	-	-	-
Internal lease fees	(716,840)	(716,840)	(716,840)
New RE management fees	-	-	-
Net income pre administration	16,793,855	18,312,408	18,312,408
Harvesting manager's fees	(1,493,397)	(1,493,397)	(1,493,397)
Administration costs, charges & legal fees	(523,560)	(523,560)	(1,500,000)
Net income post administration	14,776,898	16,295,451	15,319,011
Net CPI	752,253	896,254	909,493
Net income post administration with CPI	\$15,529,152	\$17,191,705	\$16,228,504

In our Report to Creditors dated 9 September 2010 we provided the following projections to Creditors:

Comparison of Plantation Values						
Scheme	June 2010 Woodstock (\$ million)	July 2010 Woodstock (\$ million)	September 2010 Report to Creditors BRI Ferrier Estimate (\$ million)	Model C BRI Ferrier Estimate (\$ million)	Model C add back RE Fees BRI Ferrier Estimate (\$ million)	
1994	0.9	0.9	0.9	0.6	0.6	
1995	0.9	1.2	1.2	1.0	1.0	
1996	1.7	2.0	2.0	1.8	1.8	
1997	1.5	2.8	3.2	3.0	3.0	
1998	4.2	8.5	9.9	9.8	9.8	
Sub-total 94-98	<u>\$ 9.3</u>	<u>\$ 15.4</u>	<u>\$ 17.2</u>	<u>\$ 16.2</u>	<u>\$ 16.2</u>	
1999	34.2	62.0	96.7	87.6	87.6	
2000	9.3	16.6	24.8	24.5	24.5	
2001	3.0	6.0	9.6	6.3	9.7	
2002	0.4	2.1	2.0	2.8	3.1	
2003	0.4	7.7	13.5	9.5	12.2	
2004	(6.4)	3.7	22.2	9.4	12.6	
2005	(21.8)	(3.0)	39.6	12.6	19.0	
2006	(22.0)	7.0	51.5	18.2	25.5	
2007	(19.0)	8.4	34.5	14.9	22.1	
2008	(29.1)	38.1	100.7	36.2	52.3	
2009	(7.5)	3.6	13.1	2.3	3.7	
Sub-total 99-09	<u>\$ (58.5)</u>	<u>\$ 152.2</u>	<u>\$ 408.4</u>	<u>\$ 224.3</u>	<u>\$ 272.3</u>	
Grand Total	<u>\$ (49.3)</u>	<u>\$ 167.6</u>	<u>\$ 425.6</u>	<u>\$ 240.5</u>	<u>\$ 288.5</u>	

Note: Scheme values for 1994 to 1998 now include inflation, where as an inflationary factor was not previously included.

A reconciliation of the projected profits of \$425.6 million, included in our 9 September 2010 Report, to the current Model C estimate of \$288.5 million is detailed below:

Reconciliation between September 2010 Report to Creditors (\$million) and Model C, November 2010 Report	
Projected net income reported in the September 2010 Report to Creditors, inclusive of CPI	425
Projected net income, November 2010 reflected in Model C	289
Difference	<u>\$136 million</u>
Represented by:	
Additional maintenance overheads	-18
Net income on properties not exceeding 50% holding costs test	-38
Net income on properties identified as impaired	-36
Other Adjustments	-2
Decrease in Net CPI	-42
Total	<u>-\$136 million</u>

The significant differences in Model A and C projections represented above are:

- Additional Maintenance Overheads of \$18M;
- Exclusion of \$38M in income referable to “discarded” properties;
- Income now excluded referable to impaired timber of \$36M;
- Reduction of CPI factor (\$42M) applicable to reduced Scheme income.

Detailed profitability statements projected over the life of each Scheme and underlying assumptions supporting them were provided to Growers in our Second Growers Reports. The process of developing the BRI Ferrier Models B and Model C was undertaken by Simon Penfold our forestry expert, Pentarch and former FEA senior management, where they are based on:

- Long-term pricing estimates per cubic metre;
- An analysis of the technical data included in the 22 July 2010 Woodstock model;
- A review of data available for the purposes of forming an opinion on growth rates;
- Discussions with trucking companies in northern NSW to determine future transport prices for timber (Tasmania is a mature timber market where industry benchmarks exist); and
- Discussions with existing mills in close proximity to the NSW estate to determine their desire and/or ability to purchase timber from the FEA estate. In some instances, mills have expressed interest based on retooling for FEAP type timber.

If the group restructuring proposals put forward by the current Proponents are unsuccessful it is our intention for Creditors to proceed with a “Run-Off DoCA” for FEAP, with Schemes implementing Model C forthwith. Model C reduces the funding requirements (Grower Contributions) whilst maintaining

profitability, and significantly increases the overall rate of return to the Growers. Should a third party investor “take over” the operations of the Schemes, combining them into a single entity, the extent to which Model C is modified will be contained in the terms of “take over”.

The number of “marginal” properties to be excluded will ultimately be determined by return requirements. The benefits of Model C are:

- Grower contributions required under Model B is \$293 million compared to \$130 million in Model C a reduction of \$163 million or 56%; and
- Scheme profitability reduced by \$69 million or 24% without the need for growers to contribute an additional \$163 million.

The reasons for the delay in approaching Growers for funding Scheme costs in relation to the 2003 to 2009 Schemes have been associated with:

- Scheme viability was not determined until early September 2010. This was due to the timing of information provided by the Receivers towards late July 2010 required for us to accurately assess the Schemes. Subsequently the issue of viability has been the subject of conjecture with the Receivers where we needed to satisfactorily resolve those issues internally before being confident in requesting a basis for grower’s contributions.
- An expectation on our behalf that at least one of the Proponents proposals would be finalised, so we would not have been required to raise invoices to Growers; and
- A desire to limit the number of Scheme Meetings to consider the reconstruction of the Schemes being mindful of achieving a restructure proposal likely to be supported by growers.

3.3 RECEIVERS CONCERNS WITH BRI FERRIER MODEL PROJECTIONS

The Receivers have expressed concerns with the projections provided by us to Growers in our Second Growers Reports which they say are supported by an Experts Report. We have considered the Receivers comments and believe them to be largely unfounded. We have responded to the Receivers concerns with the assistance of Simon Penfold, our forestry expert, Pentarch and with the assistance of the former FEA senior management. The areas of difference between our projections and the assessment undertaken on the Receivers behalf have been costed by us at \$310 million. The areas of difference relate to:

- We assume higher Harvest Proceeds of some \$210 million, being a difference of about \$10.41 per cubic metre;
- We believe Cartage/Haulage costs to be \$143 million cheaper or about \$8.45 per cubic metre; and
- The Receivers and their experts assume a lower harvest cost and management fee of \$2.30. This is equal to a reduction in our expense estimate of \$42 million.

In relation to the abovementioned “areas” of difference between our estimates and those formed on behalf of the Receivers we make the following comments:

3.3.1 Harvest Proceeds

We assumed that, over the long term (over 16 years excluding inflation adjustment) the pulp / chip price will be around \$73.66 per cubic metre compared to \$67.36 per cubic metres. We did so where:

- We are currently receiving \$70 per cubic metre for the 1994 Scheme harvest where we are price takers in the market not price makers due to the small size of the estate. Pentarch the harvesters are also financing the harvest “activities”. In addition this rate reflects Pentarch funding the costs of harvest as opposed to a “normal” acquisition price;
- SmartFibre a subsidiary of FEA offered us \$73 per cubic metre before the commencement of the 1994 harvest. However for reasons unknown to us they failed to enter into a purchase agreement;

We assumed that over the long term (over 16 years excluding inflation adjustment) the sawlog price will be around \$84.66 cubic metres compared to \$80.15 cubic metres. We did so where:

- Prices in Northern NSW are reflective of reduced shipping times to Southern Asia due to its closer proximity when compared to Tasmania; and
- Pentarch a current timber purchaser believe our long term pricing is both realistic and accurate for modelling purposes.

3.3.2 Cartage/Haulage Costs

- We have not assumed a \$5 (per tonne carried) flagfall for all transport runs in Northern NSW. These costs are not currently paid in Tasmania and discussions with freight companies indicate they are unlikely to be introduced in future;
- Our model assumes a reduction in transport distances of 76 kilometres each trip through the use of local mills as opposed to transporting timber to Newcastle and Brisbane; and
- A number of mills in the Northern NSW region are currently retooling to deal with estate timber. The FEA estate which accounts for approximately half of all projected plantation harvests in Northern NSW.

In addition to the issues considered in our Models there are a number of “blue sky” opportunities which we have not costed. These include:

- If the Gunns pulp mill in Tasmania becomes operational, there is an industry expectation that the Tasmanian mill door price will increase by about \$8 per tonne, equivalent to an additional \$72 million in net profit for FEAP. This is accepted by the Receivers expert;
- We have not considered any alternative use for the trees other than: chip / pulp, sawlog and peeler logs. We have made no allowance for the possibility of the use of higher grade timber which can attract higher prices;
- We have not allowed for the possible further reduction in average transport distance, which may be up to 50 kilometres, which would result in a saving of \$65 million and accordingly increase net profit by this amount. If more mills retool and/or open in Northern NSW over the next 6 years transport costs could be reduced significantly; and

- ▲ In a number of instances production of woodchip can occur in mills close to or adjacent to railway lines, allowing competition between road and rail in transport costs for woodchip to port, en-route to their ultimate destination.

3.4 LEASES

In connection with the consideration of Reconstruction Proposals we have reviewed both the internal leases (ie FEA Group owned properties) and the external leases (independent landlords) on which FEAP's plantations have been established.

Our review indicates that some coupes are likely to be uneconomic as rent and maintenance costs will exceed the likely value of timber to be harvested. These are excluded under our Model C. It is desirable to terminate the relevant leases. We have deferred such action until we have canvassed Grower-Investors and the DoCA Proponents views.

All external lease rentals have now been paid for Schemes 1994 to 2002 except for two parties with whom we are negotiating. These landlords returned rent cheques tendered. We are confident issues raised by these two landlords will be resolved within the next fortnight.

The position of the internal leases is complicated by Proceedings brought by the Receivers in the Federal Court in Victoria which we refer to later in Section 4 of this Report.

3.5 IMPEDIMENTS TO RECONSTRUCTION

Grower-Investors should appreciate that in considering reconstruction proposals:

- ▲ FEA's own forestry maintenance operations have ceased. This arose as a consequence of the termination of the previous Head Management Agreement between FEA and FEAP by the Receivers shortly after their appointment;
- ▲ FEAP, the Responsible Entity for the forestry MISs is required to hold an Australian Financial Services Licence. ASIC are aware of the Voluntary Administration, and, to date, have not taken or advised an intention to terminate that licence. However, Voluntary Administration alone is but one of several breaches of the terms of the company's Licence, some of which flow from the failure of the FEA Group, whilst others (the nature of which is disputed by the other parties to the transactions) appear to pre-date our appointment;
- ▲ The securities granted by FEA and FEAP to their banking syndicate (described in detail in our First Report) allowed the Banks first priority as to debt repayment and secured control of group companies' rights, (including rights as against the schemes) to them. The Banks, through their Receivers and the Receivers' Solicitors, have variously asserted an entitlement to the benefit of FEAP's share in the proceeds of 2003-2009 Schemes. They have also previously asserted an entitlement of the Banks to Grower funding Contributions. While neither the Banks nor the Receivers have not commenced legal action pressing their assertions (which we dispute for several reasons – supported by legal advice), the existence of them presents an impediment to the introduction of another Responsible Entity and to the free amendment of the Schemes;
- ▲ As noted, the Receivers have communicated to us regarding the accuracy of the Scheme projections contained in our Second Growers Reports. We have responded to those concerns

with particular reference to their Expert Reports as well as our own. We do not believe the Receivers concerns are warranted; and

- ▶ SmartFibre, a 50% owned subsidiary of FEA, has contracts for the supply of timber to Japan. We have been seeking to negotiate the sale to SmartFibre of timber harvested from the FEAP plantations. However, SmartFibre has not engaged with us. We requested both the Receivers and Elders Limited; Board of Directors (FEA's joint venture partner) to intervene to ensure SmartFibre engages with us on a commercial basis reflective of the historically successful partnership which ensured the ongoing viability of the Tasmanian estate and assisted in improving the profitability and value of Smart Fibre to its shareholders.

4 LITIGATION

FEAP is party to an Application in the Federal Court commenced by the Receivers of FEA and FEAP. The Receivers are seeking Directions from the Court that they would be deemed to be acting properly in terminating or surrendering Managed Investment Scheme property leases. A representative of the FEA Grower Group has also been joined to the proceedings so as to represent the interests of Grower-Investors.

The Application has been brought in relation to:

- ▶ "External" leases held in the name of FEA.
- ▶ "Internal" leases for Schemes 2000 to 2009.

The proceedings are not, in a strict sense, litigation in that they will not finally determine rights, but are by way of a request from the Receivers to the Court for clarification of the propriety of actions which they may wish to implement.

The FEA Grower Group was supportive of arguments raised by us in the proceedings where they advanced arguments from a Grower Investor's perspective.

In relation to the Internal Leases to which FEA and Tasmanian Plantations Pty Limited ("TasPlan") (a subsidiary of FEA) are parties, and through which FEAP has granted Growers leases, the Receivers have sought the Court's Directions as to whether FEAP has repudiated or breached the terms of them. If the Court finds that FEAP has repudiated or fundamentally breached those leases, the Receivers wish to be able to terminate them. The proceedings raise issues of fact that have been addressed in affidavits sworn respectively by the Receivers, ourselves and our staff. Current and past FEA staff and directors have also sworn affidavits in relation to the proceedings.

Both matters the subject of the Applications have been argued before Mr Justice Finkelstein in the Federal Court in Melbourne and are reserved.

At the heart of the Application brought by the Receivers' is whether FEAP as Responsible Entity has:

- ▶ Maintained the plantations for both internal and external leases;
- ▶ Paid rent for internal leases;

- ▲ Are insolvent and accordingly not in a position to conduct maintenance and pay rent.

Our submissions to the Court included:

- ▲ Maintenance

- For the 1994 Scheme, this is irrelevant as it is being harvested;
- For the 1995 – 2001 Schemes, the estimated 2011 financial year maintenance costs have been paid into the trust account of our solicitors, DLA Phillips Fox;
- For the 2002 Scheme – we are waiting on funding from growers to enable funds to be placed on Trust, where we expect to be able to make this payment in the near future;
- For the 2003 – 2009 Schemes we are seeking financial support from growers as detailed above.

- ▲ Internal Lease Rent

- The 1994 to 2001 Schemes (not subject to the proceedings) have paid rent either directly or by set-off. These Schemes now have access to funds should the set-off argument not be available.
- Schemes 2002 to 2009 have been paid by assertion of set-off. Funds are not in hand at present to finance a cash payment.

- ▲ External Lease Rentals

- Few of these properties are subject to the Receivers Application for Directions.
- For the 1994 to 2002 Schemes, rent has now been paid to 31 December 2010.
- For the 2003 to 2009 Schemes, rent has not yet been paid, where we are seeking financial support from Growers.
- More than sixty lease default notices have been received from among 330 landlords. We are continuing to negotiate with external landlords and encourage them not to commence forfeiture proceedings pending funding being forthcoming from Growers.

- ▲ Scheme Viability

- The 1994 to 1998 Schemes are likely to be harvested in the ordinary course and funding (by Grower contributions) is adequate to complete the Schemes;
- The 1999 to 2009 Schemes are the subject of reconstruction proposals referred to elsewhere in this Report. The 1999 to 2002 Schemes are likely to be self-funding; the 2003-2009 schemes will be funded depending on Growers' support.

We await the result of the Court hearings, and will report on any Judgment delivered between the date of this Report and the Adjourned Meetings by notice on our website.

Whilst we cannot say how long Justice Finkelstein's decision will remain reserved, we expect it in a matter of weeks rather than months, as the issues raised have been fairly distinct, and the hearing comparatively brief. We will Report on any intervening developments at the forthcoming Growers meetings as well as at the Meetings of Creditors.

A significant concern in relation to the Court Application has been the issue of the Receivers not being prepared to amend their Application in respect of external leases for Scheme years 1996 to 1999 where lease payments have been made (including interest as a result of late payment) and financial year 2011 maintenance costs, which have been deposited into our solicitors Trust account.

The application by the Receivers **does not** seek to terminate the rights of Growers to the trees, however if successful this may be the effect, as, at least some of, the leases provide that non-payment of rent by FEAP allows the landlord to treat property on a coupe (including trees) as abandoned.

5 FURTHER INVESTIGATIONS

5.1 SCOPE

In our First Report, we summarised our investigations into the companies' dealings, and in particular:

- Our assessment of the prospects for the recovery in a liquidation of claims for unfair preferences;
- Likewise, the benefit of uncommercial transactions and the avoidance of charges granted by the companies; and
- For recovery from inappropriate related-party dealings and of insolvent trading.

We reported that any return depended partly on identifying more clearly than we have so far been able to the date at which the companies became insolvent, and, equally if not more importantly, the date at which the directors and Banks recognised that insolvency.

Our assessment has been that the companies were insolvent by the beginning of 2010, and, although they may have been insolvent earlier, the question of when they became insolvent would depend on the attitudes of the Banking Syndicate toward further support.

We have carried out limited further investigations; however, except as noted below, our conclusions on the relative prospects of return from insolvent transactions has not changed.

You may recall that we invited the companies' bankers to make themselves available for interview. Many of the questions that remain to be answered may only be answered by references to the bankers and their files. The bankers did not accept that invitation before the completion of our First Report and they have not advised us of any change of mind since.

5.2 COURSE OF INVESTIGATIONS

Our investigations involved:

- Review of the companies' records, including:

- Accounting records;
- Principal contracts;
- Correspondence, and in particular electronic correspondence;
- MIS records; and
- Published documents concerning fundraising and scheme promotion; and
- Interviewing former company directors and officers; and
- Interviewing and reviewing documents held by third parties, principally the companies' former professional advisors.

5.3 MANAGEMENT AGREEMENT CHANGES

With the benefit of further time for investigation, one further material matter has been identified.

We noted in the First Report that FEAP had depended on FEA's provision of forestry management services on uncommercial terms: in fact, for most of the life of the business, the payment by FEAP to FEA was of a token amount. These amounts were governed by two Head Management Agreements, one adopted in 2001, the other in March 2009. Each covered all of the plantation schemes then on foot.

Whilst the form and text of the Head Management Agreements differ, the "pith and substance" of them does not: under each, FEA undertook to carry out all of FEAP's management duties in respect of the plantation schemes, and did so for nominal payment; they were, in effect, for the benefit of FEAP, and by ensuring the "in kind" funding of FEAP's operations, for the benefit of Grower-Investors. However, they reflect one remarkable and important difference.

The 2001 Agreement does not allow either party to terminate at will. Termination could of course occur by agreement, or by way of acceptance of fundamental breach. However, in either case, FEAP in particular would have been able to look to FEA for substantial compensation, either as the price for its agreement, or as damages for breach of contract. In contrast, the 2009 Agreement allows FEA to terminate the agreement upon, among other grounds, the appointment of Voluntary Administrators to FEAP. This reflected a significant advantage to FEA, and a disadvantage to FEAP. The disadvantage to FEAP may bear on its solvency; a matter which, however, we still consider depends on the attitudes of the companies' bankers.

Had the later Agreement not been adopted, FEAP would, in our view, have been entitled to a substantial off-setting claim against the amounts due to FEA under the "internal lease" arrangements, which constitute its main "in house" liability; this would in turn have reduced the value of FEA's assets.

We have investigated the circumstances of the adoption of the 2009 Agreement by reference to the companies' records (including minutes and management notes) and the solicitors involved in the preparation of the later agreements. We have not yet identified any explanation for the inclusion of the termination clause.

5.4 FURTHER INVESTIGATION

Should the companies proceed into liquidation, we contemplate that there is scope for more detailed and extensive investigation. In particular, the following matters ought to be inquired into by a liquidator armed with more time than has been available in the Voluntary Administration:

- The Banks' understanding of the companies' internal arrangements;
- The companies' dealings with the Banking Syndicate, and in particular when the syndicate members appreciated the companies' financial weakness, so as to obtain an advanced understanding of the timing of the companies' insolvency;
- Questions of insolvent trading, especially on an entity-by-entity basis, where the nature of the liabilities incurred and commitments undertaken by FEAP in 2009 may suggest a liability, if not a ready means of recovery; and
- Further review of payments and other transactions that may be unfair preferences, uncommercial transactions or voidable transactions of a similar nature.

We have not considered it necessary or practical to inquire further into these matters during Voluntary Administration. While powers of Public Examination are available to Voluntary Administrators, we have not thought it prudent to seek to use those powers; we contemplate that Public Examination is something that is likely to be required by a liquidator provided funds sufficient to meet the costs of conducting them can be obtained. In this respect, we mention that it is possible that a commercial litigation funder may have interest in supporting investigations of this kind.

6 RECONSTRUCTION PROPOSALS

6.1 CURRENT POSITION

As noted earlier, the Meetings of Creditors convened on 20 September 2010 were adjourned to allow the further consideration of Reconstruction Proposals. We have been in discussions with four parties, three of whom have made formal proposals to the Banks. None of the proposals have been accepted by the companies' Banking Syndicate, something which, in a practical sense, we consider a necessary element for their success.

Regrettably, the proposals are not in a position where we consider that any of them can be accepted at the forthcoming meetings. Should that position change between the dispatch of this Report and the resumption of the meetings we will advise those of you with whom we communicate electronically, and will post appropriate notices on our website, as well, of course, as addressing the position at the meeting.

6.2 PROPOSAL 1 – FEAP RUN-OFF DOCA

The terms of Run-Off Deed of Company Arrangement ("DoCA") are attached as **Annexure 3**. However, in summary they are:

- Appointment of the current Voluntary Administrators as Deed Administrators;

- Placing all company rights and property under the Deed Administrators' control, subject to the existing securities;
- Vesting control of the Australian Financial Services Licence and the rights and duties of FEAP arising under it in the Administrators, so that they may carry on the Managed Investment Schemes through FEAP so far as commercially practicable, and may separately convene meetings for the reconstruction of individual schemes or groups of schemes;
- A moratorium and stay on the enforcement of any claim by creditors for a provable claim. It would not involve any compromise or commutation of current claims, and would preserve them as claims in whatever form of administration may finally be adopted;
- The prompt identification and adjudication of creditors claims, allowing those with an entitlement to either tax deduction or credit insurance to crystallize the benefits they may obtain by way of loss mitigation, with the ordinary rules of adjudication to apply;
- As a condition subsequent, the establishment (with Investor-Grower agreement) of a common Special Deed Fund within six months of execution, funded by a levy on the Scheme Proceeds equivalent of 2.2% of net stumpage; all claims by external creditors of either company to be provable in the fund. If Grower-Investors do not accept this proposal the Deed Administrators will be able to convene further meetings of creditors to vary the Deed, or to terminate the Deed and become the Liquidators;
- Provide a flexible but accelerated time-frame within which external administration of the companies may be concluded.

It is not possible to project returns from such a DoCA arithmetically; they will depend on the amount for which creditors claims are ultimately proved. It is however possible to say that the preservation of maximum flexibility of action maximises the prospects of return to every party to the Administrations, and conversely offers the possibility of minimising creditor losses.

6.3 PROPOSAL 2 – HOLDING DOCA – FEA (BOTH INSTANCES) AND FEAP

An alternative to a Run-off DoCA is a Holding DoCA, an interim measure that contemplates another, final, reconstruction DoCA. Creditors who are also creditors for Tasmanian Plantations Pty Limited and FEA Carbon Pty Limited will be aware that those companies have adopted Holding DoCAs.

Attached as **Annexure 4** are the terms of proposed Holding DoCAs. The terms proposed are common to both FEA and FEAP.

In summary, the Holding DoCA contemplates:

- Appointment of the current Voluntary Administrators as Deed Administrators;
- Placing all company rights and property under the Deed Administrators' control, subject to the existing securities;
- Vesting control of the Australian Financial Services Licence and the rights and duties of FEAP arising under it in the Administrators, so that they may carry on the Managed Investment

Schemes through FEAP so far as commercially practicable, and may separately convene meetings for the reconstruction of individual schemes or groups of schemes;

- A moratorium and stay on the enforcement of any claim by creditors for a provable claim. It would not involve any compromise or commutation of current claims, and would preserve them as claims in whatever form of administration may finally be adopted;
- A maximum period of six months to implement a restructure of FEAP's or FEA's assets – any additional time requiring approval from the Committee of Inspection, the Court or at a 445F Meeting;
- Express adoption of the priorities due to Employee Creditors of FEA, allowing them recourse to the Deed Fund; and
- Provide a flexible but accelerated time-frame within which external administration of the companies may be concluded.

We have prepared the Run-off and Holding DoCA Proposals based on the Holding Deeds adopted by related entities, FEA Carbon Pty Limited and Tasmanian Plantations Pty Limited to minimise any cross-group inconsistency, with however necessary amendments.

7 RECOMMENDATION

The forthcoming meetings will resume the day before the end of the full term of adjournment authorised by the Corporations Act. Therefore, in a very practical sense, the meetings are faced with hard choices. The Corporations Act requires that creditors must choose between three options, which are:

- Adoption of a Deed of Company Arrangement
- Liquidation
- Return of the companies to their directors.

We recommend that creditors of FEAP accept the Run-off DoCA and creditors of FEA accept a Holding DoCA. If creditors of FEAP reject the Run-off DoCA, they should accept the Holding DoCA.

We will make a formal declaration at the forthcoming Meeting of our final recommendation for Creditors to consider.

7.1 ANALYSIS

Before commenting on the DoCA Proposals, we briefly comment on whether the companies should be returned to their directors or enter liquidation.

7.1.1 Return to Directors

Both FEA and FEAP are clearly insolvent. Were they returned to their directors, we expect that winding up proceedings would follow shortly unless the directors themselves appointed fresh Voluntary Administrators.

Any liquidation following a return to the directors would work at a disadvantage, in that the date for the assessment of most creditors' claims and the assessment of Insolvent Transactions would be postponed by at least 7 months. This would reduce the likelihood of a return to creditors from avoidance proceedings from low to nil.

For these reasons we recommend that creditors do not return the companies to the control of their directors.

7.1.2 Liquidation

If creditors do not accept any DoCA Proposal, they should vote for the liquidation of the company. However, for the reasons given below, there is little advantage to liquidation now. We project that in liquidation the only dividends likely to be payable in either company will be to employees, and those will be funded either by the General Employee Entitlements and Redundancy Scheme or from an accounting for the net proceeds of floating charge assets. It is unlikely that anything more than a nominal dividend will be payable to unsecured creditors of either company in a liquidation, and both experience and our investigations suggest that any dividend that could be paid would be delayed for some years.

Unless creditors resolve to appoint another Liquidator, we would, upon passage of a resolution to wind up, become the Liquidators of the companies.

Conversely, liquidation would:

- Permanently change the position of the companies as regards their taxation status (liquidation is a Capital Gains Event);
- Limit the ability of a reconstructed FEA Group to utilise accrued tax losses (albeit that ability would depend on the form of reconstruction adopted);
- Impede reconstruction, as any formal reconstruction would require the use either of a new voluntary administration or a scheme of arrangement, at additional cost;
- Be likely to result in liquidation expense being incurred that may ultimately be unproductive; and
- Is likely to expedite, and may indeed trigger, the termination of FEAP's Australian Financial Services Licence, depriving it of the ability to undertake the Managed Investment Schemes.

On this basis we recommend that creditors do not resolve to wind up the companies.

7.1.3 Deed Proposals

As noted in Section 6 we consider that it is in the creditors' interest for both companies to enter into a Run-off DoCA at the time of writing this Report. Our opinion may change between the date of this Report and the Meetings; if so, we will advise you by posting a notice on our website and by announcement at the meetings.

The reasons for recommending a DoCA are:

- It retains the flexibility that would allow another Reconstruction Proposal to be placed before Growers and Creditors at meetings held under Section 445F of the Corporations Act;
- It allows many stakeholders (Grower-Investors and suppliers in particular) to retain an on-going, commercially valuable relationship with the companies;
- It sets the date by which the time-periods for recovery action for unfair preferences, uncommercial transactions and similar claims accrue; any later date will reduce potential recoveries, although, as we advised in our First Report and repeated earlier in this report, we do not consider that material recovery is likely from the pursuit of such claims;
- It preserves, so far as possible, the status quo in respect of the taxation treatment of company and Scheme assets;
- It allows for a better return for creditors of both FEA and FEAP than would result from an immediate winding up;
- It facilitates a commercial resolution to financial and legal difficulties of both FEA and FEAP without unnecessary impediment; and
- Should it fail, it allow the companies to smoothly enter into liquidation with the least adverse effects on stakeholders, thereby minimising overall losses;

7.1.3.1 Run-off DoCA Proposal

A Run-off DoCA is our first preference and our recommendation for FEAP. It allows negotiations with the proponents of reconstruction plans and the Banks to continue, without the implications of the companies being wound up.

7.1.3.2 Holding DoCA Proposal

We recommend FEA enter into a Holding DoCA to allow flexibility of action in respect of asset realisation. A Holding DoCA is an alternative to a Run-off DoCA for FEAP, but one which we consider less attractive for creditors than a Run-off DoCA given the current circumstances.

8 RECEIPTS AND PAYMENTS

8.1.1 FEAP and MISs

Attached as **Annexure 5** is a Summary Account of the Administrators' Receipts and Payments for FEAP to 31 October 2010.

8.1.2 FEA

We have not received any funds in respect of FEA since our appointment as a consequence of the appointment of Receivers and Managers to that company.

9 REMUNERATION

9.1.1 FEAP

Enclosed with this report as **Annexure 6** is our Remuneration Report dated 10 November 2010.

As explained in that Report, we will be seeking approval of remuneration for October 2010 and from the first week of November 2010 at the Committee of Creditors meeting to be held on 18 November 2010. The Committee may not have the opportunity to consider remuneration as the meeting on 18 November has a long agenda. If the Committee does not approve the remuneration for October 2010, we will need to bring those issues to the meetings of creditors on 23 November 2010.

Since our appointment on 14 April 2010 to 31 October 2010 we have incurred and recovered the following remuneration approved by the Committee of which \$1,759,498 (excluding yet to be approved October 2010 remuneration) remains owing to us at 31 October 2010:

Period	Remuneration Incurred (excl GST)	Remuneration Approved (excl GST)	Remuneration Paid (excl GST)	Remuneration Unpaid (excl GST)
14 April to 3 June 2010	1,258,697.75	1,258,697.75	\$920,613	338,084.87
4 June to 30 June 2010	409,243.00	409,243.00	\$105,954	303,289.36
1 July to 31 July 2010	478,928.50	478,928.50	\$288,078	190,851.00
1 August to 31 August 2010	716,107.50	716,107.50	\$322,676	393,431.56
1 September to 30 September 2010	774,630.50	774,630.50	\$240,790	533,840.73
1 October 2010 to 31 October 2010*	519,224.50	-	-	-
Total	\$4,156,832	\$3,637,607	\$1,878,110	\$1,759,498

* The Administrators will be seeking the Committee's approval for remuneration incurred for the period 1 October to 31 October 2010 at the 7th meeting of Committee of Creditors.

In addition to our remuneration disbursements incurred by us predominantly relate to legal fees, contractors employed (such as our independent forestry expert and a former FEA staff member who has been assisting in modelling of projected cash flows), mailing and printing charges and travel costs. \$492,170 remains owing at 31 October 2010 details of this is displayed below:

Period	Disbursements Incurred (excl GST)	Disbursements Paid (excl GST)	Disbursements Unpaid (excl GST)
14 April to 3 June 2010	321,662	68,889	\$252,773
4 June to 30 June 2010	96,209	37,356	\$58,853
1 July to 31 July 2010	8,001	2,053	\$5,948
1 August to 31 August 2010	74,036	650	\$73,386
1 September to 30 September 2010	68,336	5,513	\$62,823
1 October 2010 to 31 October 2010	43,910	5,522	\$38,388
Total	\$612,153	\$119,983	\$492,170

Our remuneration and disbursements have been allocated across the Schemes on a monthly basis dependent upon the work undertaken by us each month.

9.1.2 FEA

Enclosed with this report as **Annexure 7** is our Remuneration Report dated 10 November 2010. As explained in that Report, we are seeking approval of remuneration for October 2010 and from the first week of November 2010 at the Committee of Creditors meeting to be held on 18 November 2010. No remuneration or disbursements have been drawn by us to date.

Depending on creditors' choice at the meetings, we may yet need to seek further Voluntary Administration approval, or approval of remuneration in respect of a Deed of Company Arrangement or Liquidation. If so, we propose that our remuneration should be calculated on the same basis as it has been hitherto, namely the "Time-Cost" basis, and that the rates charged should likewise continue.

Should Creditors accept a proposal for a Deed of Company Arrangement, or should they resolve that the companies enter liquidation, they should elect Committees of Inspection which should, in turn, have or be given the power to determine post-Voluntary Administration remuneration.

10 CONCLUSION TO REPORT

This concludes our Report on the affairs of FEA and FEAP.

Creditors have before them two proposals that will readily facilitate the reconstruction of the FEA businesses. Each depends on a form of DoCA we ultimately recommend to you.

A successful proposal must obtain the support of both majorities in number and value of the creditors voting at the meeting. This requires me, as chairman of the meeting, to manage the meeting so that all proponents and participants have an adequate opportunity to propound and consider the comparative claims of the proposals.

I contemplate that discussion of the proposals will proceed in the order they have been listed in this report, and that no vote be taken until each proposal has been canvassed. I will conduct a "straw poll", that is non-binding, indicative vote to gauge the views of the meeting and will then put before the meeting for formal vote the proposal that appears to have the widest support both of number and value. Should that proposal obtain support, it will be unnecessary to consider the remaining proposals.

Should the first proposal be rejected, I will allow the others to be considered by formal motions.

So as to allow creditors the opportunity to choose between all proposals, I propose to refrain from exercising my "casting" vote on any initial consideration of a motion. If a motion obtains a majority of either value or number but not both, I will suspend deliberation of the motion pending consideration of the remaining proposals. This will allow me, if necessary, to resolve any deadlock after all motions have been considered.

This procedure is unusual and is dictated by the presence of mutually exclusive proposals. In my view it reflects a balance between efficiency, on the one hand, and transparency and regularity on the other. Creditors may wish to express a view on this proposal; if so, I invite you to do so in writing by close of business 19 November 2010.

11 PARTICIPATION AT THE MEETINGS

To participate as a Creditor, you should:

- If you have not already done so, provide me with a Proof of Debt detailing your claim to be a Creditor. Proofs of Debt are enclosed as **Annexure 8 and 9** for FEAP and FEA respectively.
- If you have previously provided a proof of debt and wish to supplement it, you may do so. I propose to allow Growers who have previously participated in these Meetings to do so on the strength of their existing assertions of right, but to allow them to prove only for nominal value unless they provide further evidence of the value of their loss. Accordingly, if you are a Grower who participated in the earlier Meetings of Creditors you need not file a further proof of debt. Likewise if you are a Creditor for another reason (for example as a supplier) and have previously proved, I do not require you to prove again, however you are free to do so.
 - If you have not previously proved or asserted a claim that has been allowed and wish to participate in this meeting you must file a Proof of Debt and a completed Proxy, or attend in person in Launceston. You should send your Proof and proxy to me by no later than 5pm on Thursday 18 November 2010. It is easiest if you send your documents by email to: Fea@briferriernsw.com.au
 - If you are unable to send the proxy by email, it can be sent to us by facsimile transmission to: 02 8263 2399 or
 - Send your proxy to me care of GPO Box 7079 Sydney NSW 2001.
- If you are a company, or are a natural person who is unable to attend the meeting in person, you may attend by Proxy. Proxy forms are enclosed as **Annexure 10 and 11** for FEAP and FEA respectively.
- Creditors who filed Proxies for the first session of the Second Meeting using the form provided by us do not need to file a further Proxy, although they are welcome to do so. The new form of Proxy attached to this report allows a clear direction to be given in respect of the proposed DoCA. So far as the older proxy does not contain a clear direction, it appoints your proxy-holder as a general proxy, to vote in your best interest as the proxy-holder sees fit.
- New Proxies should be provided in the form enclosed, and reach my office by 5.00pm on Thursday 18 November 2010.
- If you are a natural person who wishes to attend in person, you are welcome to attend at registration, which will commence at 10.00 am (FEAP) and 2.00 pm (FEA). Formal notices of the business at the Meetings accompany this Report.

We ask that if you wish to attend in person, you allow time to sign in, as we aim to commence the meetings punctually at 10 am and 2.00 pm. Please plan to arrive at least 30 minutes before these times.

If you are a creditor of both FEAP and FEA (ie growers) you should lodge separate proxies and proofs of debt in respect of claims which you may have against both companies.

We are arranging to web-cast the meeting, so that you may wish to monitor events remotely by internet connection. Unfortunately, we are unable to establish inter-active connections, so monitoring the meeting remotely will not amount to participation in it.

The links are:

- FEA Plantations Limited – 10.00 am <http://www.brr.com.au/event/71031>
- Forest Enterprises Australia Limited – 2.00 pm <http://www.brr.com.au/event/71032>

Regrettably, we are unable to make telephone conference or inter-active video facilities available for these meetings.

12 CONTACT DETAILS

Please direct any questions you may have concerning this Report to my FEA Caller Team, which comprises:

- Mr Peter Kefalas
- Mr James Terkalas
- Mr Wilson Zeng
- Mr Ronnie Staub
- Ms Alva Zeng

who may be contacted on 02 8263 2300.

Yours faithfully
FOREST ENTERPRISES AUSTRALIA LIMITED
FEA PLANTATIONS LIMITED



Brian Silvia
Administrator

Annexure 1



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Notices of Meeting - FEAP

NOTICE OF RESUMED ADJOURNED SECOND MEETING OF CREDITORS

FEA PLANTATIONS LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS APPOINTED)
ACN 055 969 429

NOTICE is given that a Meeting of the Creditors of the Company will be held at the Grand Chancellor Hotel, 29 Cameron Street, Launceston, Tasmania, 7250 on Tuesday, 23 November 2010 at 10:00 am.

The Meeting will also be broadcasting live on the internet from the following website:

- <http://www.brr.com.au/event/71031>

A G E N D A

1. To receive and discuss the Administrators' 439A Report to Creditors dated 9 September 2010 and the Administrators' Supplementary 439A Report to Creditors dated 11 November 2010.
2. To approve the Administrators' remuneration calculated on a time-cost basis in accordance with the BRI Ferrier (NSW) scale of fees, and:
 - a. Based on that scale, the Administrators' remuneration for the period 1 October 2010 to 31 October 2010 be fixed at the amount of \$519,224.50 (plus GST) and that the Administrators be authorized to draw that amount;
 - b. Based on that scale, the Administrators' remuneration for the period 1 November 2010 to 8 November 2010 be fixed at the amount of \$152,705.00 (plus GST) and that the Administrators be authorized to draw that amount;
 - c. Based on that scale, the Administrators' remuneration for the period 9 November 2010 to 23 November 2010 be fixed at an amount up to \$436,670.00 (plus GST) (estimated) and that the Administrators be authorized to draw that amount.
3. For Creditors to resolve:
 - a. That the Company execute a Deed of Company Arrangement; or
 - b. That the Administration should end; or
 - c. That the Company be wound up;
4. To approve the calculation of any Deed Administrators' or Liquidators' remuneration on a Time-Cost basis in accordance with the BRI Ferrier (NSW) scale of fees.
5. To consider formation of, and if thought fit, to elect a Committee of Inspection.
6. Any other business that may be lawfully brought forward.

We attach a proxy form that should be used by Creditors in the following circumstances:

- a. Creditors who are unable to attend the meeting but wish to appoint someone to vote on their behalf.

b. Representatives of Creditors that are companies.

In this case the Creditor company should:

- i. Execute the proxy under its common seal; or
- ii. Have the proxy signed by 2 directors or by a director and the secretary; or
- iii. Have the sole director sign the proxy if applicable; or
- iv. Have the proxy signed by someone authorised under seal, or by the directors, or sole director, as applicable to sign, and if required by the Chairman of the meeting, provide evidence that the person signing the proxy form is empowered to sign.

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 with the Administrators.

Creditors' proxies must be delivered to this office by 5.00 pm on Thursday, 18 November 2010. Please forward your proxies to this office in the post, via email to fea@brifernernsw.com.au or by facsimile on (02) 8263 2399.

Dated this 11th day of November 2010



BRIAN SILVIA
Administrator

C/- BRI Ferrier
Level 13, 1 Castlereagh Street
SYDNEY NSW 2000

Annexure 2



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Notices of Meeting - FEA

NOTICE OF RESUMED ADJOURNED SECOND MEETING OF CREDITORS

FOREST ENTERPRISES AUSTRALIA LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
ACN 009 553 548

NOTICE is given that a Meeting of the Creditors of the Company will be held at the Grand Chancellor Hotel, 29 Cameron Street, Launceston, Tasmania, 7250 on Tuesday, 23 November 2010 at 2:00 pm.

The Meeting will also be broadcasting live on the internet from the following website:

- <http://www.brr.com.au/event/71032>

A G E N D A

1. To receive and discuss the Administrators' 439A Report to Creditors dated 9 September 2010 and the Administrators' Supplementary 439A Report to Creditors dated 11 November 2010.
2. To approve the Administrators' remuneration calculated on a time-cost basis in accordance with the BRI Ferrier (NSW) scale of fees, and:
 - a. Based on that scale, the Administrators' remuneration for the period 1 October 2010 to 31 October 2010 be fixed at the amount of \$6,612.50 (plus GST) and that the Administrators be authorized to draw that amount;
 - b. Based on that scale, the Administrators' remuneration for the period 1 November 2010 to 8 November 2010 be fixed at the amount of \$2,415.50 (plus GST) and that the Administrators be authorized to draw that amount;
 - c. Based on that scale, the Administrators' remuneration for the period 9 November 2010 to 23 November 2010 be fixed at an amount up to \$41,220.00 (plus GST) (estimated) and that the Administrators be authorized to draw that amount.
3. For Creditors to resolve:
 - a. That the Company execute a Deed of Company Arrangement; or
 - b. That the Administration should end; or
 - c. That the Company be wound up;
4. To approve the calculation of any Deed Administrators' or Liquidators' remuneration on a Time-Cost basis in accordance with the BRI Ferrier (NSW) scale of fees.
5. To consider formation of, and if thought fit, to elect a Committee of Inspection.
6. Any other business that may be lawfully brought forward.

We attach a proxy form that should be used by Creditors in the following circumstances:

- a. Creditors who are unable to attend the meeting but wish to appoint someone to vote on their behalf.
- b. Representatives of Creditors that are companies.

In this case the Creditor company should:

- i. Execute the proxy under its common seal; or
- ii. Have the proxy signed by 2 directors or by a director and the secretary; or
- iii. Have the sole director sign the proxy if applicable; or
- iv. Have the proxy signed by someone authorised under seal, or by the directors, or sole director, as applicable to sign, and if required by the Chairman of the meeting, provide evidence that the person signing the proxy form is empowered to sign.

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 with the Administrators.

Creditors' proxies must be delivered to this office by 5.00 pm on Thursday, 18 November 2010. Please forward your proxies to this office in the post, via email to fea@briferrernsw.com.au or by facsimile on (02) 8263 2399.

Dated this 11th day of November 2010



BRIAN SILVIA
Administrator

C/- BRI Ferrier
Level 13, 1 Castlereagh Street
SYDNEY NSW 2000

Annexure 3



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Terms of Run-Off DOCA

FEA PLANTATIONS LIMITED

PROPOSAL FOR RUN-OFF DEED OF COMPANY ARRANGEMENT

1 PARTIES

The parties to the deed will be:

1.1 FEAP

1.2 Brian Silvia and Peter Krejci, both as Voluntary Administrators and as Deed Administrators.

The following parties are bound to the Deed:

1.4 The Grower-Investors;

1.5 Other creditors; and

1.5 The company's officers and members.

2 PURPOSE AND OBJECTS

The purpose of the Deed is to provide for the business, property and affairs of the Company to be administered in a way that, while preserving the companies' status quo so as to allow further negotiation as to the reconstruction and/or realization of assets, will allow an orderly winding down of its operations if no suitable reconstruction proposal eventuates, without effecting a compromise of creditors' claims, to enable a better return to creditors than would be achieved from immediate liquidation. To do so, it allows the creation of a Special Deed Fund outside the existing security comprising 2% of the Net Stumpage of each Scheme.

The Deed may be varied in the future in accordance with the Corporations Act, but it may be the means by which the company's affairs are finally administered.

3 MORATORIUM

While the Deed is operative, Creditors other than the Secured Creditor, and including Grower-Investors, other than the Secured Creditors are restrained from proceeding with an action in relation to Claims.

The Deed does not release, compromise or commute any Creditor claim.

4 ROLE OF DEED ADMINISTRATORS

The Deed Administrators will have control of the Company's business, property and affairs; may carry on that business and manage that property and those affairs and may terminate or dispose of all or part of that business.

Additionally, they may exercise any power of the Company and may carry on the company's activities as Responsible Entity of Managed investments Schemes and shall be entitled to the use of the Australian Financial Services Licence.

5 DEED ADMINISTRATORS ACT AS THE COMPANIES AGENTS AND ATTORNEYS

The Deed Administrators will be taken to be acting as Agents of the Company and shall be its Attorneys.

6 POWERS OF OTHER OFFICERS SUSPENDED

While the Deed is operative, only the Deed Administrators and, within the scope of their appointment, the Receivers, may do anything as an officer of the company. The Deed Administrators may consent in writing to the performance of other officers' actions.

7 DEED ADMINISTRATORS MAY INVESTIGATE AFFAIRS

The Deed Administrators may investigate the Company's affairs and may report the results of their investigations to ASIC and Deed Creditors. The Deed Administrators can seek examinations under the *Corporations Act*.

8 DEED ADMINISTRATORS' RIGHT TO THE COMPANY'S AND SCHEMES' BOOKS

The Deed Administrators shall, subject to the rights of the Receivers, be entitled to possession of all books of the Company, including those of the Schemes.

9 DEALING WITH ASSETS AND CARRYING ON BUSINESS

The Deed Administrators will seek to sell the assets for the best price available having regard to all market circumstances. They will manage and carry on so much of the company's business as, in their opinion, may be beneficial to creditors.

The Deed Administrators may carry out the Managed Investment Schemes of which the company is Responsible Entity. The Deed Administrators will convene meetings of Grower-Investors to facilitate the establishment of the Deed Fund.

10 POSSIBLE AMENDMENTS

Everyone bound by the Deed acknowledges that the Deed may be varied.

11 CREDITOR CLAIMS

The Deed will contain a mechanism for making claims and establishing proofs of debt similar to those that apply in winding up, modified to make the process as efficient and cheap as possible, and dealing, in particular with proof by Lessors, Suppliers, Grower-Investors and by the Secured Creditors for their shortfall.

All parties will be required to mitigate their losses.

12 LESSORS AND PROPERTY OWNERS

The Deed Administrators will not become liable to the Lessors or owners of property used or occupied by them or the company, but nothing in the Deed will affect in any way the rights of the Lessors in relation to their leased property during the Deed Period except so far as the Court grants relief or orders or the Deed provides in relation to a Lessor who voted in favour of the Deed.

13 SPECIFIC REALISATIONS FOR THE COMPANY

The Deed Administrators will hold the assets of the Company as the General Deed Fund, including the proceeds of any tax or stamp duty refunds, and apply it in payment of claims in accordance with the priorities applicable in a winding up in insolvency, including applicable statutory and general law liens.

The Deed Administrators will hold Scheme Property separately for the company as Responsible Entity for the benefit of Grower Investors and shall apply it in accordance with the Schemes and the Deed Administrators shall be entitled to incur expenses charges and liabilities in connection with carrying on the schemes and shall be exonerated out of Scheme Property.

The Special Deed Fund shall be held separately by the Deed Administrators to be applied for all purposes as if company assets but will not be subject to the security and the banks shall have no claim upon it and the Administrators shall first have recourse to the General Deed Fund in respect of their costs and expenses.

In applying section 553C of the Act, the companies shall be deemed to have had notice of insolvency at all times.

14 POWERS OF ADMINISTRATORS

The Deed Administrators will have, Deed Administrators, all powers possessed by the company or its directors; by a Deed Administrator under the Act, and of a trustee of a fixed trust.

15 TERMINATION OF DEED

The Deed will terminate when the first of the following occurs:

- 15.1 A Court orders its termination;
- 15.2 The Creditors resolving to terminate it;
- 15.3 If the Deed Administrators form the opinion that it should terminate, by their determination;
- 15.4 If the Deed Administrators certify that the deed is fully effectuated, by that certification which shall also release to company from all claims against it.

The Deed Administrators may apply to the Court for the winding up of the Schemes.

16 ADMINISTRATORS' REMUNERATION, COSTS AND INDEMNITY

The Voluntary Administrators and Deed Administrators will be remunerated for their work and reimbursed their costs and expenses.

The amount of remuneration shall be determined by meetings of Creditors, by meetings of the Committee of Creditors, or by meetings of a Committee of Inspection.

The Voluntary Administrators and Deed Administrators will be indemnified by the Company.

17 COMMITTEE OF INSPECTION

There will be a committee of inspection comprising the members of the Committee of Creditors and any other person the committee may co-opt or the creditors may elect.

18 MEETINGS OF CREDITORS AND GROWER-INVESTORS

The Deed Administrators may convene meetings of the Creditors and Grower-Investors at any time. They may give notice by any means likely to come to the attention of creditors.

The Deed Administrators will convene meetings of the Grower-Investors within 90 days to consider the creation of the Special Deed Fund, which shall comprise a right to receive an amount equivalent to 2.2% of the Net Stumpage.

19 REPORTING

The Deed Administrators may prepare any report, but will only be bound to report as required by the *Corporations Act*.

20 RELATION-BACK DAY

If this deed is terminated and the company is wound up, the Section 513C day will be the date on which the administration of the Company began.

21 CONDITION SUBSEQUENT

It will be a condition subsequent that the Special Deed Fund be established within 120 days of execution.

Annexure 4



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Terms of Holding DOCA

FEA PLANTATIONS LIMITED

FOREST ENTERPRISE AUSTRALIA LIMITED

PROPOSAL FOR HOLDING DEED OF COMPANY ARRANGEMENT

1 PARTIES

The parties to the deed will be:

- 1.1 The Company (FEAP or FEA as appropriate);
- 1.2 Brian Silvia and Peter Krejci, both as Voluntary Administrators and as Deed Administrators.

The following parties are bound to the Deed:

- 1.4 The Grower-Investors;
- 1.5 Other creditors ; and
- 1.5 The company's officers and members.

2 PURPOSE AND OBJECTS

The purpose of the Deed is to provide for the business, property and affairs of the Company to be administered in a way that preserves the companies' status quo so as to allow further negotiation as to the reconstruction and/or realization of assets, without effecting a compromise of creditors' claims, to enable a better return to creditors than would be achieved from immediate liquidation.

It is contemplated that the Deed will be varied in the future in accordance with the Corporations Act.

3 MORATORIUM

While the Deed is operative, Creditors other than the Secured Creditor, and including Grower-Investors, other than the Secured Creditors are restrained from proceeding with an action in relation to Claims.

The Deed does not release, compromise or commute any Creditor claim.

4 ROLE OF DEED ADMINISTRATORS

The Deed Administrators will have control of the Company's business, property and affairs; may carry on that business and manage that property and those affairs and may terminate or dispose of all or part of that business.

Additionally, they may exercise any power of the Company [*FEAP only*: and may carry on the company's activities as Responsible Entity of Managed investments Schemes and shall be entitled to the use of the Australian Financial Services Licence].

5 DEED ADMINISTRATORS ACT AS THE COMPANIES AGENTS AND ATTORNEYS

The Deed Administrators will be taken to be acting as Agents of the Company and shall be its Attorneys.

6 POWERS OF OTHER OFFICERS SUSPENDED

While the Deed is operative, only the Deed Administrators and, within the scope of their appointment, the Receivers, may do anything as an officer of the company. The Deed Administrators may consent in writing to the performance of other officers' actions.

7 DEED ADMINISTRATORS MAY INVESTIGATE AFFAIRS

The Deed Administrators may investigate the Company's affairs and may report the results of their investigations to ASIC and Deed Creditors. The Deed Administrators can seek examinations under the *Corporations Act*.

8 DEED ADMINISTRATORS' RIGHT TO THE COMPANY'S BOOKS

The Deed Administrators shall, subject to the rights of the Receivers, be entitled to possession of all books of the Company. *[FEAP only: and of the Schemes.]*

9 DEALING WITH ASSETS AND CARRYING ON BUSINESS

The Deed Administrators will seek to sell the assets for the best price available having regard to all market circumstances. They will manage and carry on so much of the company's business as, in their opinion, may be beneficial to creditors. *[FEAP only: The Deed Administrators may carry out the Managed Investment Schemes of which the company is Responsible Entity.]*

10 POSSIBLE AMENDMENTS

Everyone bound by the Deed acknowledges that the Deed may be varied.

11 CREDITOR CLAIMS

The Deed will contain a mechanism for making claims and establishing proofs of debt similar to those that apply in winding up, modified to make the process as efficient and cheap as possible, and dealing, in particular with proof by Lessors, Suppliers, Grower-Investors and by the Secured Creditors for their shortfall.

All parties will be required to mitigate their losses.

12 LESSORS AND PROPERTY OWNERS

The Deed Administrators will not become liable to the Lessors or owners of property used or occupied by them or the company, but nothing in the Deed will affect in any way the rights of the Lessors in relation to their leased property during the Deed Period except so far as the Court grants relief or orders or the Deed provides in relation to a Lessor who voted in favour of the Deed.

13 SPECIFIC REALISATIONS FOR THE COMPANY

The Deed Administrators will hold the assets of the Company as the General Deed Fund, including the proceeds of any tax or stamp duty refunds, and apply it in payment of claims in accordance with the priorities applicable in a winding up in insolvency, including applicable statutory and general law liens.

[FEAP only: The Deed Administrators will hold Scheme Property separately for the company as Responsible Entity for the benefit of Grower Investors and shall apply it in accordance with the Schemes

and the Deed Administrators shall be entitled to incur expenses charges and liabilities in connection with carrying on the schemes and shall be exonerated out of Scheme Property].

In applying section 553C of the Act, the companies shall be deemed to have had notice of insolvency at all times.

14 POWERS OF ADMINISTRATORS

The Deed Administrators will have, Deed Administrators, all powers possessed by the company or its directors; by a Deed Administrator under the Act, and of a trustee of a fixed trust.

15 TERMINATION OF DEED

The Deed will terminate when the first of the following occurs:

- 15.1 A Court orders its termination;
- 15.2 The Creditors resolving to terminate it;
- 15.3 If the Deed Administrators form the opinion that it should terminate, by their determination.

16 ADMINISTRATORS' REMUNERATION, COSTS AND INDEMNITY

The Voluntary Administrators and Deed Administrators will be remunerated for their work and reimbursed their costs and expenses.

The amount of remuneration shall be determined by meetings of Creditors, by meetings of the Committee of Creditors, or by meetings of a Committee of Inspection.

The Voluntary Administrators and Deed Administrators will be indemnified by the Company.

17 COMMITTEE OF INSPECTION

There will be a committee of inspection comprising the members of the Committee of Creditors and any other person the committee may co-opt or the creditors may elect.

18 MEETINGS OF CREDITORS AND GROWER-INVESTORS

The Deed Administrators may convene meetings of the Creditors at any time. They may give notice by any means likely to come to the attention of creditors.

19 REPORTING

The Deed Administrators may prepare any report, but will only be bound to report as required by the *Corporations Act*.

20 RELATION-BACK DAY

If this deed is terminated and the company is wound up, the Section 513C day will be the date on which the administration of the Company began.

Annexure 5



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Summary of Administrators
Receipts and Payments

FEA Plantations Limited (Administrators Appointed) (Receivers Appointed)
In its Capacity as Responsible Entity
Administrators Summary Account of Receipts and Payments
14 April 2010 to 31 October 2010

	Total	General Fund	1994	1995	1996	1997	1998	1999	2000	2001	2002
RECEIPTS											
Cash at Bank on Voluntary Administrators Appointment	2,383,257.02	-	577,480.45	103,411.30	1,632.65	0.09	22,827.30	1,208,597.82	469,307.41	-	-
Post Voluntary Administrators Growers Managed Investment Scheme Receipts	1,618,793.26	-	-	9,805.71	29,637.76	56,324.99	146,969.19	1,147,315.93	110,945.95	74,035.40	43,758.33
Pre Voluntary Administrators Insurance Claim Recoveries	407,675.35	-	-	28,474.52	-	-	107,183.76	272,017.07	-	-	-
Pre Appointment Debtor Recoveries	9,579.55	-	-	-	2,217.69	1,635.90	-	-	2,349.93	-	3,376.03
Bank Interest Received	10,242.35	-	758.63	236.17	6.07	5.78	104.14	8,376.28	750.67	3.08	1.53
Grower MIS Receipts - Unallocated	46,638.38	-	-	686.53	-	5,022.76	20,673.42	17,055.49	1,750.21	576.45	873.52
Recovery of Solicitors Trust Funds	82,380.35	82,380.35	-	-	-	-	-	-	-	-	-
General Fund Receipts from Managed Investment Schemes on Account of:											
- Remuneration	667,852.75	667,852.75	-	-	-	-	-	-	-	-	-
- Remuneration Refunded from Managed Investment Schemes (Overpayment)	47,690.83	-	-	-	-	-	-	-	47,690.83	-	-
- Disbursements	104,005.45	104,005.45	-	-	-	-	-	-	-	-	-
- Rent Recoveries to General Fund from Managed Investment Schemes	13,209.00	13,209.00	-	-	-	-	-	-	-	-	-
- Recovery of Legal Fees from Managed Investment Schemes	71,857.06	71,857.06	-	-	-	-	-	-	-	-	-
- Recovery of Management Fees Pre 14/04/10	186,635.38	186,635.38	-	-	-	-	-	-	-	-	-
- Recovery of Pre Appointment Debtors (by way of offset against funds held)	348,110.24	348,110.24	-	-	-	-	-	-	-	-	-
- Refunded Disbursements from Managed Investment Schemes	24,621.72	24,621.72	-	-	-	-	-	-	-	-	-
Disbursement Refunds received by Managed Investment Schemes	24,621.72	-	8,207.24	-	-	-	-	8,207.24	8,207.24	-	-
Harvest Proceeds	139,718.52	-	139,718.52	-	-	-	-	-	-	-	-
Total Receipts (including GST where applicable)	6,186,888.93	1,498,671.95	726,164.84	142,614.23	33,494.17	62,989.52	297,757.81	2,663,919.76	638,652.31	77,990.96	44,633.38
PAYMENTS											
General Fund Payments on Account of:											
- Remuneration											
General Fund	437,182.50	437,182.50	-	-	-	-	-	-	-	-	-
Voluntary Administrators Lien	205,687.92	205,687.92	-	-	-	-	-	-	-	-	-
Managed Investment Scheme Fund	667,852.75	667,852.75	-	-	-	-	-	-	-	-	-
- Disbursements											
General Fund	14,822.71	14,822.71	-	-	-	-	-	-	-	-	-
Managed Investment Scheme Fund	95,382.63	95,382.63	-	-	-	-	-	-	-	-	-
- Recharged to Managed Investment Schemes	8,131.90	8,131.90	-	-	-	-	-	-	-	-	-
- Payment of Internal Rent due from Managed Investment Schemes	13,209.00	13,209.00	-	-	-	-	-	-	-	-	-
- Repayment of Misallocated Disbursements	24,621.72	24,621.72	-	-	-	-	-	-	-	-	-
- Other Statutory Charges	340.00	340.00	-	-	-	-	-	-	-	-	-
- Bank Charges	96.31	96.31	-	-	-	-	-	-	-	-	-
- Hire of Meeting Room	17,602.84	17,602.84	-	-	-	-	-	-	-	-	-
- Insurance	7,757.42	7,757.42	-	-	-	-	-	-	-	-	-
- Insurance no GST	242.58	242.58	-	-	-	-	-	-	-	-	-
Payments direct from Managed Investment Scheme on Account of											
- Remuneration	755,197.53	-	89,770.24	-	-	-	-	554,080.77	111,346.52	-	-
- Disbursements	41,597.41	-	24,829.20	-	-	-	-	10,953.76	5,814.46	-	-
- Bank Charges	2,166.98	-	214.46	123.14	220.01	193.67	222.03	613.35	183.93	227.16	169.23
- Hire of Meeting Room	1,222.96	-	152.87	152.87	152.87	152.87	152.87	152.87	152.87	152.87	-
- Insurance	19,119.43	-	241.71	276.41	348.83	480.99	1,135.03	12,336.35	2,338.97	1,507.19	453.95
- Insurance no GST	1,240.88	-	11.67	13.98	18.82	27.64	71.32	819.26	151.71	96.17	30.31
- Forestry Maintenance Fee	156,149.00	-	-	3,091.00	3,355.00	6,050.00	15,565.00	75,618.00	33,264.00	19,206.00	-
- Forestry Managers Fee	86,850.25	-	9,939.62	9,939.62	9,939.62	9,939.62	9,939.62	9,939.62	9,939.62	9,939.55	7,333.36
- External Professional Fees - Forestry Assessment, Accounting & other	20,309.48	-	1,822.10	1,822.10	1,822.10	1,987.10	2,317.10	5,739.75	2,317.10	2,482.13	-
- Rent Paid	409,761.28	-	-	-	-	25,585.24	129,404.70	233,191.50	16,362.52	4,012.09	1,205.23
- Legal Fees paid direct from Managed Investment Schemes	66,644.17	-	7,606.97	7,606.97	7,606.97	-	7,606.97	21,002.36	7,606.97	7,606.97	-
- Stationery & Printing	8,730.51	-	102.00	114.88	127.64	216.99	548.85	6,267.16	319.10	1,033.89	-
- Custodian Fees	11,000.00	-	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,375.00	1,100.00	825.00	825.00
- Statutory and Other charges	250.92	-	-	250.92	-	-	-	-	-	-	-
Payments from Managed Investment Schemes to General Fund on Account of:											
- Remuneration	667,852.74	-	320,884.25	68,200.00	-	-	-	139,384.25	139,384.25	-	-
- Remuneration Refunded from Managed Investment Schemes	47,690.83	-	-	-	-	-	-	-	47,690.83	-	-
- Disbursements	101,777.36	-	31,794.31	-	2,096.05	1,513.40	-	31,794.31	31,794.31	2,784.98	-
- Refunded Disbursements from Managed Investment Schemes	24,621.73	-	8,207.24	-	-	-	-	8,207.24	8,207.24	-	-
- Internal Rent	-	-	-	-	-	3,227.00	9,520.00	-	-	10,367.00	-
- Legal Fee & other expenses	58,461.68	-	25,170.89	13,395.39	-	-	6,500.00	-	13,395.39	-	-
- Management Fees Owning on Appointment to FEAP	186,635.38	-	32,428.97	6,966.03	-	-	2,428.17	100,026.56	44,785.65	-	-
- Payment of Pre Appointment Debtors to General Fund	348,110.24	-	404.30	11,255.66	983.26	-	32,620.20	255,642.32	47,204.50	-	-
Total Payments (including GST where applicable)	4,531,435.04	1,492,930.28	554,955.80	124,583.97	28,046.17	50,749.52	219,406.86	1,467,144.42	523,359.94	60,241.00	10,017.08
Cash on Hand	1,655,453.89	5,741.67	171,209.04	18,030.26	5,448.00	12,240.00	78,350.95	1,196,775.34	115,292.37	17,749.96	34,616.30

Annexure 6



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Remuneration Report – FEAP



**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Remuneration Report

11 November 2010

Brian Silvia and Peter Krejci

Address: Level 13, 1 Castlereagh Street, Sydney
Postal: GPO Box 7079, Sydney NSW 2001
Phone: 02 8263 2300
Facsimile: 02 8263 2399
Email: fea@briferriernsw.com.au
Web: www.briferrier.com.au

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1. REMUNERATION REPORT

In compliance with the Insolvency Practitioners Association of Australia (“IPA”) Code of Professional Practice and the requirements of the Act, we set out below our Remuneration Report for the period 1 October 2010 to 31 October 2010, 1 November 2010 to 8 November 2010 and 9 November 2010 to 23 November 2010.

This report has been completed for:

Company	FEA Plantations Limited (“FEAP”)
Date of Appointment	14 April 2010
Date of Remuneration Report	11 November 2010
Firm	BRI Ferrier
Administration Type	Voluntary Administration

Remuneration sought for the period 1 October 2010 to 23 November 2010 is \$1,108,599.50 plus GST, comprised of time accrued from 1 October 2010 to 31 October 2010 totalling \$519,224.50 plus GST, time accrued from 1 November 2010 to 8 November 2010 totalling \$152,705.00 plus GST, and estimated time to be accrued from 9 November 2010 and 23 November 2010 totalling \$436,670.00 plus GST.

Please note in the event that the Committee of Creditors approves the remuneration incurred for the period 1 October 2010 to 31 October 2010 at the Committee of Creditors meeting on 18 November 2010, no further approval will be sought from the creditors at the Resumed Second Meeting of Creditors for the same period.

A summary of the allocation of our remuneration charges during the three periods is as follows:

Category	1 October 2010 to 31 October 2010		1 November 2010 to 8 November 2010		9 November 2010 to 23 November 2010		Total	
	Time (Hrs)	Amount (excl GST)	Time (Hrs)	Amount (excl GST)	Time (Hrs)	Amount (excl GST)	Time (Hrs)	Amount (excl GST)
Administration	20.10	2,597.50	4.80	750.00	6.00	1,980.00	30.90	5,327.50
Creditors	6.40	1879.00	27.50	11,528.25	36.00	11,175.00	69.90	24,582.25
MIS Schemes	1,315.90	514,748.00	361.70	140,426.75	1,196.00	423,515.00	2,873.60	1,078,689.75
Total	1,342.40	519,224.50	394.00	152,705.00	1,238.00	436,670.00	2,974.40	1,108,599.50

Attached to this Remuneration Report is a copy of the Remuneration Matrix for the period 1 October 2010 to 31 October 2010, 1 November 2010 to 8 November 2010 and 9 November 2010 to 23 November 2010.

Remuneration has been previously approved by the Committee of Creditors as follows:

Period	Remuneration Approved (excl GST)	Remuneration Paid (excl GST)	Remuneration Owing (excl GST)
14 April to 3 June 2010	1,258,697.75	920,612.88	338,084.87
4 June to 30 June 2010	409,243.00	105,953.64	303,289.36

Period	Remuneration Approved (excl GST)	Remuneration Paid (excl GST)	Remuneration Owing (excl GST)
1 July to 31 July 2010	478,928.50	288,077.50	190,851.00
1 August to 31 August 2010	716,107.50	322,675.94	393,431.56
1 September 2010 to 30 September 2010	774,630.50	240,789.77	533,840.73
Total	\$3,637,607.25	\$1,878,109.73	\$1,759,497.52

2. DESCRIPTION OF WORK

We have allocated our work between the following categories:

- Administration
- Creditors
- Managed Investment Schemes – which has been further categorised as:
 - Growers Reports and Contribution
 - Harvesting
 - Leases and Legal Proceedings
 - MIS Analysis and Administration
 - Reconstruction

These categories are devised to enable creditors to understand the type and purpose of work being undertaken by us throughout the Administration.

It should be noted that, whilst all care is taken to correctly allocate the time spent, there will be occasions on which the allocation is somewhat arbitrary. For example, meeting with potential interested parties or preparation of cashflow may appear to be general tasks, however their purpose is to realise the Managed Investment Scheme assets and therefore are allocated to the MIS Analysis and Reconstruction category.

3. ADMINISTRATORS' REMUNERATION

Pursuant to Section 449E(7) of the Act, we are required to submit to Creditors a summary description of the major tasks performed, or likely to be performed, by the Administrators and the costs associated with each of those tasks.

3.1 Remuneration for the period 1 October 2010 to 31 October 2010

We provide the details of work undertaken and remuneration incurred for the period 1 October 2010 to 31 October 2010 as follows:

Task Area	Description	Work Performed
Creditors 20.10 hours \$2,597.50	Creditor Enquiries	<ul style="list-style-type: none"> • Receive and respond to creditor enquiries via telephone, email, mail and facsimile • Review and prepare correspondence to creditors and their representatives via facsimile, email and post

Task Area	Description	Work Performed
		<ul style="list-style-type: none"> Correspondence with Committee of Creditors members Correspondence with Receivers and their legal adviser
	Creditor reports	<ul style="list-style-type: none"> Drafting report to Committee of Creditors ("COC") Convene COC meeting
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting proxy and proof of debt forms via email, facsimile, and post. Adjudicating proxy and proof of debt forms for meeting purpose and maintain creditors register
	Meeting of Creditors	<ul style="list-style-type: none"> Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting, draft minutes of meeting, and PowerPoint presentation Responding to stakeholder queries and questions immediately following meeting
Administration 6.40 hours \$1,879.00	Correspondence	<ul style="list-style-type: none"> General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> File management File reviews File checklists
	Insurance	<ul style="list-style-type: none"> Identification of potential risks requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms Preparation for meeting with ASIC Meetings with ASIC to discuss Administration in detail
	ATO and other statutory reporting	<ul style="list-style-type: none"> Lodgement of various documents
	Planning / Review	<ul style="list-style-type: none"> Internal meetings regarding status of administration and general voluntary administration strategy and direction
Managed Investment Schemes ("MIS") 1,315.90 hours \$514,748.00	Growers Report and Invoice	<ul style="list-style-type: none"> Draft separate Second Report to Growers for each MIS in relation to scheme reconstruction, legal matters, harvesting process and assets realisation Prepare various annexures for Growers Reports Preparation for Growers Meeting on 20 and 21 November 2010 Liaison with Banks in relation to merchant facility Recording and accounting for funds received from growers of each scheme by cheque payment, EFT and credit card payments Dealing with growers' remittance advice and credit card details Dealing with growers' enquiries in relation to

Task Area	Description	Work Performed
		growers report via telephone, email and letters <ul style="list-style-type: none"> • Contact growers in relation to outstanding invoices
	Harvesting	<ul style="list-style-type: none"> • Manage harvest of Tasmanian Forests Trust No.2 (1994) • Onsite meeting with subcontractors and forestry consultants in relation to harvesting process • Obtain legal advice in relation to various harvesting issues associating harvesting of Tasmania Forest Trust No 2 (1994) • Obtaining Forest Practice Plan (“FPP”) • Communication with Receivers in relation to FPP • Liaison with Pentarch in relation to harvesting progress and review reports • Commence advertising campaign for Scheme harvesting and maintenance
	Lease and legal proceedings	<ul style="list-style-type: none"> • Analysis of rent expenses on a property by property basis to support financial modelling of MIS reconstruction proposals • Liaise with external land owners in relation to their actions to terminate leases • Communication with Receivers over default notice, termination notices • Analysis of requirement and amount of reinstatement costs • Attending to and respond to land owners’ enquiry via email, facsimile, telephone or letters. • Continuous update of leased property control schedule • Correspondence with legal representatives of external land owners regarding defective and effective notices of default, including seeking the records of Hannigans where solicitor formerly acted for the company in respect of scheme plantations. • Meetings with legal advisors in relation to court proceedings • Meetings with Growers Groups in relation to status of proceedings • Internal planning and review meetings in relation to litigation
	Scheme administration and reconstruction	<ul style="list-style-type: none"> • Draft reports to Committee of Creditors • Convene Committee of Creditors meeting and attendance at the meeting • Prepare financial analysis for reconstruction • Prepare updated cashflow projection • Consult legal advisors in relation to various scheme issues including stamp duty and capital gains tax • Meeting and correspondence with Receivers and

Task Area	Description	Work Performed
		their legal advisers <ul style="list-style-type: none"> Respond to enquiries from ASIC and other government departments in relation to status and operation of schemes Dealing with and responding to enquiries from growers, their financial advisers and legal advisers via telephone, email and letters Banking attendances, including recording receipts and payments on account of the MIS schemes; reconciliation and management of banking and custody arrangements Prepare Statement of Receipts and Payments for each scheme Meeting with various stakeholders to develop separate restructuring strategies for 1994 to 1998 schemes, 1999 to 2002 schemes and 2003 to 2009 schemes Further development of financial model assumptions and cashflows Prepare funding and liability schedules Review correspondence from receivers in relation to sale of property Review valuation of plantations and land Various tasks in relation to due diligence of interested parties Review information provided by potential interested parties Review forestry experts reports in relation to reconstruction proposal Meetings with Secured Creditors and their legal advisors to consider reconstruction proposals
TOTAL: 1,342.40 hours \$519,224.50		

3.2 Remuneration for the period 1 November 2010 to 8 November 2010

We provide the estimated tasks and remuneration for the period 1 November 2010 to 8 November 2010 as follows:

Task Area	Description	Work Performed
Creditors 4.80 hours \$750.00	Creditor Enquiries	<ul style="list-style-type: none"> Receive and respond to creditor enquiries via telephone, email, mail and facsimile Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with Committee of Creditors members Correspondence with Receivers and their legal

Task Area	Description	Work Performed
		adviser
	Creditor reports	<ul style="list-style-type: none"> Drafting Supplementary 439A Report to Creditors and prepare annexures Drafting Remuneration Reports Drafting report to Committee of Creditors Convene meeting of Committee of Creditors Convene Resumed Second Meeting of Creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting proxy and proof of debt forms via email, facsimile, and post. Adjudicating proxy and proof of debt forms for meeting purpose and maintain creditors register
	Meeting of Creditors	<ul style="list-style-type: none"> Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting, draft minutes of meeting, and PowerPoint presentation Responding to stakeholder queries and questions immediately following meeting
Administration 27.50 hours \$11,528.25	Correspondence	<ul style="list-style-type: none"> General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> File management File reviews File checklists
	Insurance	<ul style="list-style-type: none"> Identification of potential issues requiring attention of insurance specialists Correspondence with insurer regarding initial and ongoing insurance requirements Meeting with insurance broker to determine adequacy of cover
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	<ul style="list-style-type: none"> Lodgement of various documents
	Planning / Review	<ul style="list-style-type: none"> Internal meetings regarding status of administration and general voluntary administration strategy and direction
Managed Investment Schemes ("MIS") 361.70 hours \$140,426.75	Meeting Preparation and Report to Creditors	<ul style="list-style-type: none"> Draft Supplementary 439A Report to Creditors in relation to scheme reconstruction, harvesting process and assets realisation Prepare annexures for Supplementary Report Prepare Statement of Receipts and Payments for each scheme Prepare proof of debt and proxy forms for growers Prepare Growers Frequently Asked Questions and Answers
	Growers Report and Invoices	<ul style="list-style-type: none"> Recording and accounting for funds received from growers of each scheme by cheque, EFT and credit card Dealing with growers' remittance advice and credit card details

Task Area	Description	Work Performed
	Harvesting	<ul style="list-style-type: none"> • Preparation for Growers Meetings • Dealing with growers' enquiries in relation to the Second Report to Growers via telephone, email and letters • Prepare invoices for MIS 2003 to 2009 • Manage harvest of Tasmanian Forests Trust No.2 (1994) • Onsite meeting with subcontractors and forestry consultants in relation to harvesting process • Obtain legal advice in relation to various harvesting issues associating harvesting of Tasmania Forest Trust No 2 (1994) • Communication with Receivers in relation to FPP • Liaison with Pentarch and Smart Fibre in relation to harvesting progress and review reports • Communication with forestry experts and review weekly harvesting reports • Review costs of harvesting and analyse return to growers • Commence advertising campaign for Scheme harvesting and maintenance • Reply to respondent to advertisements • Obtaining Forest Practice Plan ("FPP")
	Leases and Court Proceedings	<ul style="list-style-type: none"> • Communication with Receivers over default notice and termination notices • Analysis of requirement and amount of reinstatement costs • Attending to and respond to land owners' enquiry via email, facsimile, telephone or letters. • Continuous update of leased property control schedule • Correspondence with legal representatives of external land owners • Meetings with legal advisors in relation to court proceedings • Meetings with Growers Groups in relation to status of proceedings • Internal planning and review meetings in relation to litigation
	Scheme Administration and Reconstruction	<ul style="list-style-type: none"> • Draft reports to Committee of Creditors • Convene Committee of Creditors meeting and attendance at the meeting • Draft Supplementary Report in relation to scheme reconstruction • Prepare financial analysis for reconstruction • Obtain legal advice in relation to various scheme issues including stamp duty and capital gains tax • Respond to enquiries from ASIC and other government departments in relation to status and operation of schemes

Task Area	Description	Work Performed
		<ul style="list-style-type: none"> Dealing with and responding to enquiries from growers, their financial advisers and legal advisers via telephone, email and letters Banking attendances, including recording receipts and payments on account of the MIS schemes; reconciliation and management of banking and custody arrangements Prepare Statement of Receipts and Payments for each scheme Meeting with various stakeholders to develop separate restructuring strategies for 1994 to 1998 schemes, 1999 to 2002 schemes and 2003 to 2009 schemes Review new Woodstock data Further development of financial model assumptions and cashflows Review new financial projection based on Woodstock data Review assumption in relation to reconstitution of the MISs Review proposals from interested parties Organise insurance for forestry plantations Review forestry experts reports in relation to reconstruction proposal Meetings with Secured Creditors and their legal advisors to consider reconstruction proposals Prepare detailed response to Receivers' concerns in relation to financial forecasts provided to growers Meetings with proponents of Deed of Company Arrangement in relation to their proposals
TOTAL: 394.00 hours \$152,705.00		

3.3 Estimated Remuneration for the period 9 November 2010 to 23 November 2010

We provide the estimated tasks and remuneration for the period 9 November 2010 to 23 November 2010 as follows:

Task Area	Description	Work Performed
Creditors 6.00 hours \$1,980.00	Creditor Enquiries	<ul style="list-style-type: none"> Receive and respond to creditor enquiries via telephone and email Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	<ul style="list-style-type: none"> Finalising Supplementary 439A Report to

Task Area	Description	Work Performed
		Creditors and annexures <ul style="list-style-type: none"> Finalising report to Committee of Creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing POD's when not related to a dividend Corresponding with OSR and ATO regarding POD's when not related to a dividend
	Meeting of Creditors	<ul style="list-style-type: none"> Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Receive and register proxies and POD's for meeting purpose Prepare PowerPoint presentation for the Second Meeting of Creditors Set up web casting facility and meeting venue for the Resumed Second Meeting of Creditors Convene and attend Committee of Creditors meeting Convene and attend Resumed Second Meeting of Creditors
	Receivers correspondence	<ul style="list-style-type: none"> Prepare correspondence to Receivers and their legal advisers Respond to Receivers' queries
	Shareholder enquires	<ul style="list-style-type: none"> Dealing with Shareholders enquiries
Administration 36.00 hours \$11,175.00	Correspondence	<ul style="list-style-type: none"> General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> File management File reviews Updating checklists
	Bank Account Administration	<ul style="list-style-type: none"> Process payment for client disbursements through BRI office account
	Planning / Review	<ul style="list-style-type: none"> Meetings regarding status of administration and general voluntary administration strategy
Managed Investment Scheme ("MIS") Restructuring 1,196.00 hours \$423,515.00	Meeting Preparation	<ul style="list-style-type: none"> Consideration of growers voting rights at the Resumed Second Meeting of Creditors Receive growers' POD and proxy forms via email, facsimile and post Register growers' POD and proxy forms which may potentially exceeds 3000 copies Prepare PowerPoint presentation for the Resumed Second Meeting of Creditors Respond to growers' enquiries in relation to completing PODs and proxy forms and meeting attendance Maintain growers attendance schedule for the Resumed Second Meeting of Creditors Attendance at meeting and signing in growers Prepare voting slip for growers
	Growers Meetings and Invoices	<ul style="list-style-type: none"> Prepare for and convene Growers Meetings Meetings with Growers' legal advisor and representatives

Task Area	Description	Work Performed
		<ul style="list-style-type: none"> • Issue invoice to growers of MIS 2003 to 2009 • Dealing with growers' enquiries in relation to growers meetings and invoices via telephone, email and letters • Recording and accounting for funds received from growers of each scheme by cheque payment, EFT and credit card payments • Dealing with growers' remittance advice and credit card details • Liaison with Bank and external Custodian to set up bank account and merchant facility for growers contribution from MIS 2003 to 2009 • Contact growers in relation to outstanding invoices • Set up accounting system for growers' contribution for MIS 2003 to 2009
	Harvesting	<ul style="list-style-type: none"> • Continue harvesting process for Tasmanian Forests Trust No 2 (1994) • Onsite meeting with subcontractors and consultants in relation to harvesting process • Liaising with subcontractors and purchaser in relation to harvesting process and exportation of forestry products for Tasmania Forest Trust No 2 (1994) • Respond to various inquiries from Receivers • Seek legal advice in relation to various issues associating harvesting • Reply to respondent to advertisements
	Leases and Legal Proceedings	<ul style="list-style-type: none"> • Attending to and respond to land owners' enquiry via email, facsimile, telephone or letters. • Maintain land owner register and continuous update • Correspondence with legal representatives of external land owners regarding defective and effective notices of default • Liaise with external land owners in relation to actions required to rectify default • Arrange payment to external land owners to rectify default and secure ownership of woodlots
	Scheme Administration and Reconstruction	<ul style="list-style-type: none"> • Internal meetings and meetings with MIS and forestry experts in relation to three reconstruction proposal • Further development of DOCA proposal • Correspondence and meeting with Secured Creditors, Receivers and their legal advisors in relation to reconstruction proposals • Meeting proponents involved in each proposal • Dealing with and respond to growers' enquiries via email or telephone • Modelling of proposals

Task Area	Description	Work Performed
		<ul style="list-style-type: none"> Dealing with Receivers letters
TOTAL: 1,238.00 hours \$436,670.00		

We will report to creditors in due course if further remuneration approval is required.

4. LIQUIDATORS' REMUNERATION

We do not intend to seek creditor approval of the Liquidators' (if appointed) future remuneration at the forthcoming meeting. Approval would be sought at a later point from a committee of inspection (if formed), creditors generally or failing that, court.

Pursuant to the Code of Professional Practice and the requirements of the Act, we are required to submit to Creditors a summary description of the major tasks likely to be performed by the Liquidators during the winding up of the Company, the costs associated with each of those tasks and the basis on which remuneration would be calculated.

Should creditors resolve that the Company be wound up, we would continue to calculate remuneration on a time basis, in accordance with the hourly rates previously provided to creditors and as adjusted by BRI Ferrier from time to time. The hourly rates as set by BRI Ferrier are generally below industry averages for such assignments.

It is difficult to estimate the duration and costs of administering the Liquidation of the Company at this time. In addition to the substantial time costs involved performing FEAP's duties as Responsible Entity for the schemes, the Liquidation would likely involve substantial investigations and litigation as we sought to extract value for the benefit of creditors. Depending on the scope of scheme work required and extent of recoveries being pursued, we estimate that the Liquidators' professional time costs could be between \$1 million to \$1.5 million.

We provide below an estimate of the tasks contemplated from the date the Company is placed into Liquidation to completion.

Task Area	Description	Work Performed
Assets	Debtors	<ul style="list-style-type: none"> Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	<ul style="list-style-type: none"> Liaising with Receivers in relation to realising other assets Tasks associated with realising other assets, including plantation timber
Creditors	Creditor Enquiries	<ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	<ul style="list-style-type: none"> Preparing investigation, meeting and two reports to creditors

Task Area	Description	Work Performed
	Dealing with proofs of debt	<ul style="list-style-type: none"> • Receipting and filing POD's • Corresponding with OSR and ATO regarding POD's
	Meeting of Creditors	<ul style="list-style-type: none"> • Convene and hold creditors meetings as required during the Liquidation. • Convene annual creditors' meeting and prepare meeting notices, proxies and advertisements • Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting • Holding annual meetings of creditors • Preparation and lodgement of minutes of meeting with ASIC • Respond to stakeholder queries and questions immediately following meetings
Investigation	Conducting investigation	<ul style="list-style-type: none"> • Collection of company books and records • Reviewing company's books and records • Review and preparation of company nature and history • Conducting and summarising statutory searches • Preparation of comparative financial statements • Further detailed investigation in relation to potential litigation recoveries • Review of specific transactions and liaising with directors regarding certain transactions • Preparation of investigation file • Detailed review of the securities and potential deficiencies therein. • Detailed review of the directors & officer conduct. • Detailed review of the Product disclosure statements and other documentation involving the schemes.
	Examinations (if required)	<ul style="list-style-type: none"> • Preparing brief to solicitor • Liaising with solicitor(s) regarding examinations • Attendance at examination • Reviewing examination transcripts • Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / Recoveries (if required)	<ul style="list-style-type: none"> • Attendance on proceedings taken by the Receivers. • Internal meetings to discuss status of litigation • Preparing brief to solicitors

Task Area	Description	Work Performed
		<ul style="list-style-type: none"> • Liaising with solicitors regarding recovery actions • Attending to negotiations • Attending to settlement matters • Litigation in relation to voidable transactions (if any) • Consider challenging the securities. • Consider litigation against the officers.
	ASIC reporting (if required)	<ul style="list-style-type: none"> • Preparing statutory investigation reports including s533 report • Preparing affidavits seeking non lodgements assistance • Liaising with ASIC
Dividend	Processing proofs of debt (if required)	<ul style="list-style-type: none"> • Preparation of correspondence to potential creditors inviting lodgement of POD • Receipt of PODs • Maintain POD register • Adjudicating PODs • Request further information from claimants regarding POD • Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures (if required)	<ul style="list-style-type: none"> • Preparation of correspondence to creditors advising of intention to declare dividend • Advertisement of intention to declare dividend • Obtain clearance from ATO to allow distribution of Company's assets • Preparation of dividend calculation • Preparation of correspondence to creditors announcing declaration of dividend • Advertise announcement of dividend • Preparation of distribution • Preparation of dividend file • Preparation of payment vouchers to pay dividend • Preparation of correspondence to creditors enclosing payment of dividend
Administration	Correspondence	<ul style="list-style-type: none"> • General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> • Filing of documents • File review • Updating checklists
	Insurance	<ul style="list-style-type: none"> • Identification of potential issues requiring attention of insurance specialists • Correspondence with Finn Foster regarding initial and ongoing insurance requirements • Reviewing insurance policies • Correspondence with previous brokers
	Bank account	<ul style="list-style-type: none"> • Preparing correspondence opening and

Task Area	Description	Work Performed
	administration	closing accounts <ul style="list-style-type: none"> Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Correspondence with the ATO
	Finalisation	<ul style="list-style-type: none"> Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	<ul style="list-style-type: none"> Discussions regarding status of administration
	Books and records / storage	<ul style="list-style-type: none"> Dealing with books and records
Managed Investment Scheme ("MIS")	Winding up of 16 MISs	<ul style="list-style-type: none"> Liaising with Receivers in relation to realisation of scheme assets Various tasks of harvesting and organising sale of woodlots Managing scheme funds and organise distribution to investors (if any) Investigation into scheme affairs Various tasks associated with realisation of scheme assets Negotiation with Receivers regarding realisation of scheme assets Litigation regarding potential violability of bank securities Litigation regarding preserving value of leases for the benefit of growers

We will report to creditors in due course if further remuneration approval is required.

5. DISBURSEMENTS

As Administrators, we are not required to gain creditors' approval for disbursements. However, it is the duty of the Administrators to account for disbursements to creditors, who then have the right to question the incurring of the disbursements.

To date all disbursements have been funded by BRI Ferrier (NSW) Pty Limited. A total of \$911,633.38 plus GST has been incurred, of which only \$119,983.42 plus GST was reimbursed from FEAP.

Detailed below is a summary of the disbursements incurred for the period 14 April 2010 to 11 November 2010:

Item	Total Disbursements (excl GST)
ABR Searches	2,984.95
Consulting Fee	119,625.06
Contractors Costs	3,916.82
Courier	491.47
Custodian Fees	3,000.00
Document Storage	76.07
Facsimile	12.00
Hire Meeting Room	11,267.58
Insurance	32,492.25
IT Support	2,190.00
Legal fees	482,951.32
Miscellaneous	7,418.16
Photocopying	6,547.50
Postage and Printing	131,286.03
Stationery	159.92
Statutory Advertisement	4,681.61
Telephone	103,752.52
Travel expense	6,220.13
Total Disbursements	\$919,073.38

6. STATEMENT OF REMUNERATION CLAIM

By Resolution, we will be seeking approval from the creditors for the following resolutions:

1. Administrators' Remuneration for the period 1 October 2010 to 31 October 2010

"That the remuneration of the Joint and Several Voluntary Administrators from the period 1 October 2010 to 31 October 2010 be fixed and approved in accordance with the rates of charge issued from time to time by BRI FERRIER to a limit of \$519,224.50 plus GST and that the Administrators be authorised to draw that amount".

2. Administrators' Remuneration for the period 1 November 2010 to 8 November 2010

"That the remuneration of the Joint and Several Voluntary Administrators from the period 1 November 2010 to 8 November 2010 be fixed and approved in accordance with the rates of charge issued from time to time by BRI FERRIER to a limit of \$152,705.00 plus GST and that the Administrators be authorised to draw that amount".

3. Estimated Administrators' Remuneration for the period 9 November 2010 to 23 November 2010

"That the remuneration of the Joint and Several Voluntary Administrators from the period 9 November 2010 to 23 November 2010 be fixed and approved in accordance with the rates of charge issued from time to time by BRI FERRIER to a limit of \$436,670.00 plus GST and that the Administrators be authorised to draw that amount".

7. QUERIES / INFORMATION SHEETS

The above information is provided to assist creditors with the appropriateness of the remuneration claims that are being made.

Should creditors wish to attain another copy of the hourly rates schedule of BRI Ferrier, they can be downloaded from our website.

Creditors should contact the Administrators' office to seek any further information concerning the remuneration claim if they so need.

The IPA has produced a document entitled: "Creditors Information Sheet: Approving Remuneration in External Administrations" which can be downloaded from the IPA Website www.ipaa.com.au or can be obtained from this office.

8. REMUNERATION MATRIX
FOR THE PERIOD 1 OCTOBER 2010 TO 31 OCTOBER 2010
1 NOVEMBER 2010 TO 8 NOVEMBER 2010
AND 9 NOVEMBER 2010 TO 23 NOVEMBER 2010

FEA Plantations Limited
(Administrators Appointed) (Receivers Appointed)
Summary of Administrators' Remuneration
1 October 2010 to 31 October 2010

Title	Name	Rate	General Fund						Scheme Fund												Grand Total		
			Administration		Creditors		General Fund Total		Growers Report and Invoices		Harvesting		Leases and Legal Proceedings		MIS Reconstruction		MIS Analysis and Administration		Scheme Fund Total		Grand Total		
			Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	
Appointee	Brian Silvia	595.00	-	-	-	-	-	-	19.50	11,602.50	3.50	2,082.50	7.30	4,343.50	8.00	4,760.00	37.10	22,074.50	75.40	44,863.00	75.40	44,863.00	
	Peter Krejci	560.00	-	-	-	-	-	-	-	-	-	-	1.30	728.00	16.80	9,408.00	1.00	560.00	19.10	10,696.00	19.10	10,696.00	
			-	-	-	-	-	-	19.50	11,602.50	3.50	2,082.50	8.60	5,071.50	24.80	14,168.00	38.10	22,634.50	94.50	55,559.00	94.50	55,559.00	
Principal	Ian Ferrier	595.00	-	-	-	-	-	-	-	-	-	-	-	-	3.50	2,082.50	17.00	10,115.00	20.50	12,197.50	20.50	12,197.50	
			-	-	-	-	-	-	-	-	-	-	-	-	3.50	2,082.50	17.00	10,115.00	20.50	12,197.50	20.50	12,197.50	
Director	David Diamond	500.00	-	-	-	-	-	-	-	-	131.00	65,500.00	-	-	-	-	-	-	131.00	65,500.00	131.00	65,500.00	
	Philip Armstrong	500.00	-	-	-	-	-	-	17.50	8,750.00	5.00	2,500.00	-	-	99.10	49,550.00	-	-	121.60	60,800.00	121.60	60,800.00	
	Paul Burges	500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.90	450.00	0.90	450.00	0.90	450.00	
			-	-	-	-	-	-	17.50	8,750.00	136.00	68,000.00	-	-	99.10	49,550.00	0.90	450.00	253.50	126,750.00	253.50	126,750.00	
Associate Director	Simon Raftery	450.00	-	-	-	-	-	-	188.00	84,600.00	-	-	9.00	4,050.00	7.00	3,150.00	8.00	3,600.00	212.00	95,400.00	212.00	95,400.00	
	Peter Sheppard	450.00	-	-	-	-	-	-	18.90	8,505.00	-	-	6.90	3,105.00	1.50	675.00	35.20	15,840.00	62.50	28,125.00	62.50	28,125.00	
	Tony Pope	450.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9.50	4,275.00	9.50	4,275.00	9.50	4,275.00	
			-	-	-	-	-	-	206.90	93,105.00	-	-	15.90	7,155.00	8.50	3,825.00	52.70	23,715.00	284.00	127,800.00	284.00	127,800.00	
Senior Manager	John Keenan	415.00	-	-	-	-	-	-	5.00	2,075.00	-	-	41.00	17,015.00	26.80	11,122.00	30.10	12,491.50	102.90	42,703.50	102.90	42,703.50	
			-	-	-	-	-	-	5.00	2,075.00	-	-	41.00	17,015.00	26.80	11,122.00	30.10	12,491.50	102.90	42,703.50	102.90	42,703.50	
Supervisor	Ronnie Staub	310.00	0.50	155.00	2.90	899.00	3.40	1,054.00	78.50	24,335.00	-	-	-	-	-	-	34.70	10,757.00	113.20	35,092.00	116.60	36,146.00	
	Wilson Zeng	310.00	-	-	-	-	-	-	34.50	10,695.00	0.80	248.00	-	-	-	-	55.10	17,081.00	90.40	28,024.00	90.40	28,024.00	
	James Terkalas	310.00	-	-	-	-	-	-	3.10	961.00	-	-	-	-	-	-	39.70	12,307.00	42.80	13,268.00	42.80	13,268.00	
	Nacho Rojo	310.00	-	-	-	-	-	-	3.10	961.00	-	-	-	-	-	-	-	-	3.10	961.00	3.10	961.00	
			-	-	-	-	-	-	0.50	155.00	2.90	899.00	3.40	1,054.00	119.20	36,952.00	0.80	248.00	-	-	129.50	40,145.00	252.90
Senior Accountant	David Cocker	280.00	-	-	-	-	-	-	0.20	56.00	-	-	57.50	16,100.00	-	-	0.60	168.00	58.30	16,324.00	58.30	16,324.00	
	Sonya Sethi	280.00	-	-	-	-	-	-	-	-	-	-	27.40	7,672.00	-	-	-	-	27.40	7,672.00	27.40	7,672.00	
	Peter Kefalas	280.00	-	-	3.50	980.00	3.50	980.00	1.00	280.00	-	-	-	-	-	-	49.80	13,944.00	50.80	14,224.00	54.30	15,204.00	
	Alan Tang	280.00	-	-	-	-	-	-	3.00	840.00	-	-	-	-	-	-	-	-	3.00	840.00	3.00	840.00	
			-	-	3.50	980.00	3.50	980.00	4.20	1,176.00	-	-	84.90	23,772.00	-	-	50.40	14,112.00	139.50	39,060.00	143.00	40,040.00	
Accountant	Alva Zeng	225.00	-	-	-	-	-	-	24.40	5,490.00	-	-	0.40	90.00	-	-	54.50	12,262.50	79.30	17,842.50	79.30	17,842.50	
	Victoria Radchik	225.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.60	810.00	3.60	810.00	3.60	810.00	
			-	-	-	-	-	-	24.40	5,490.00	-	-	0.40	90.00	-	-	58.10	13,072.50	82.90	18,652.50	82.90	18,652.50	
Junior Accountant	Matthew Jacobs	170.00	-	-	-	-	-	-	41.50	7,055.00	-	-	-	-	-	-	15.00	2,550.00	56.50	9,605.00	56.50	9,605.00	
	Ying Chen	170.00	0.20	34.00	-	-	0.20	34.00	-	-	-	-	-	-	-	-	20.80	3,536.00	20.80	3,536.00	21.00	3,570.00	
			0.20	34.00	-	-	0.20	34.00	41.50	7,055.00	-	-	-	-	-	-	35.80	6,086.00	77.30	13,141.00	77.50	13,175.00	
Senior Administration	Angela Keogh	140.00	7.10	994.00	-	-	7.10	994.00	5.10	714.00	-	-	-	-	-	-	4.50	630.00	9.60	1,344.00	16.70	2,338.00	
			7.10	994.00	-	-	7.10	994.00	5.10	714.00	-	-	-	-	-	-	4.50	630.00	9.60	1,344.00	16.70	2,338.00	
Junior Administration	Jessica Dunlop	115.00	6.50	747.50	-	-	6.50	747.50	-	-	-	-	-	-	-	-	-	-	-	-	6.50	747.50	
	Samuel Zaferis	115.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.70	195.50	1.70	195.50	1.70	195.50	
	Natasha Nonkovski	115.00	5.00	575.00	-	-	5.00	575.00	-	-	-	-	-	-	-	-	-	-	-	-	5.00	575.00	
	Patricia Scales	115.00	0.80	92.00	-	-	0.80	92.00	-	-	-	-	-	-	-	-	-	-	-	-	0.80	92.00	
			12.30	1,414.50	-	-	12.30	1,414.50	-	-	-	-	-	-	-	-	1.70	195.50	1.70	195.50	14.00	1,610.00	
Grand Total			20.10	2,597.50	6.40	1,879.00	26.50	4,476.50	443.30	166,919.50	140.30	70,330.50	150.80	53,103.50	162.70	80,747.50	418.80	143,647.00	1,315.90	514,748.00	1,342.40	519,224.50	

Note:
It should be noted that, whilst all care is taken to correctly allocate the time spent, there will be occasions on which the allocation is somewhat arbitrary.
A judgement call is made by the staff member as to the most appropriate allocation of that time.

FEA Plantations Limited
(Administrators Appointed) (Receivers Appointed)
Summary of Administrators' Remuneration
1 November 2010 to 8 November 2010

Title	Name	Rate	General Fund						Scheme Fund										Grand Total					
			Administration		Creditors		General Fund Total		Growers Report and Invoices		Harvesting		Leases and Legal Proceedings		Meeting Preparation and Creditors Report		MIS Reconstruction		MIS Analysis and Administration		Scheme Fund Total			
			Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$		
Appointee	Brian Silvia	595.00	-	-	3.25	1,933.75	3.25	1,933.75	2.00	1,190.00	2.50	1,487.50	-	-	3.25	1,933.75	-	-	7.70	4,581.50	15.45	9,192.75	18.70	11,226.50
	Peter Krejci	560.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10.50	5,880.00	-	-	10.50	5,880.00	10.50	5,880.00
			-	-	3.25	1,933.75	3.25	1,933.75	2.00	1,190.00	2.50	1,487.50	-	-	3.25	1,933.75	10.50	5,880.00	7.70	4,581.50	25.95	15,072.75	29.20	17,006.50
Director	David Diamond	500.00	-	-	0.75	375.00	0.75	375.00	-	-	32.50	16,250.00	-	-	0.75	375.00	-	-	3.50	1,750.00	36.75	18,375.00	37.50	18,750.00
	Phillip Armstrong	500.00	-	-	3.25	1,625.00	3.25	1,625.00	-	-	-	-	-	-	3.25	1,625.00	41.50	20,750.00	2.10	1,050.00	46.85	23,425.00	50.10	25,050.00
	Tony Pope	500.00	-	-	-	-	-	-	-	-	-	-	3.00	1,500.00	-	-	1.50	750.00	1.00	500.00	5.50	2,750.00	5.50	2,750.00
	Paul Burges	500.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.40	200.00	-	-	0.40	200.00	0.40	200.00
				-	-	4.00	2,000.00	4.00	2,000.00	-	-	32.50	16,250.00	3.00	1,500.00	4.00	2,000.00	43.40	21,700.00	6.60	3,300.00	89.50	44,750.00	93.50
Associate Director	Simon Raftery	450.00	-	-	0.85	382.50	0.85	382.50	-	-	-	-	-	-	0.85	382.50	28.00	12,600.00	27.40	12,330.00	56.25	25,312.50	57.10	25,695.00
	Peter Sheppard	450.00	-	-	8.60	3,870.00	8.60	3,870.00	-	-	-	-	2.00	900.00	8.60	3,870.00	2.50	1,125.00	0.90	405.00	14.00	6,300.00	22.60	10,170.00
			-	-	9.45	4,252.50	9.45	4,252.50	-	-	-	-	2.00	900.00	9.45	4,252.50	30.50	13,725.00	28.30	12,735.00	70.25	31,612.50	79.70	35,865.00
Senior Manager	John Keenan	415.00	-	-	-	-	-	-	-	-	-	8.00	3,320.00	-	-	6.50	2,697.50	3.40	1,411.00	17.90	7,428.50	17.90	7,428.50	
			-	-	-	-	-	-	-	-	-	8.00	3,320.00	-	-	6.50	2,697.50	3.40	1,411.00	17.90	7,428.50	17.90	7,428.50	
Supervisor	Ronnie Staub	310.00	-	-	5.85	1,813.50	5.85	1,813.50	14.50	4,495.00	-	-	0.80	248.00	5.85	1,813.50	-	-	5.50	1,705.00	26.65	8,261.50	32.50	10,075.00
	Wilson Zeng	310.00	-	-	3.30	1,023.00	3.30	1,023.00	9.10	2,821.00	-	-	-	-	3.30	1,023.00	-	-	11.40	3,534.00	23.80	7,378.00	27.10	8,401.00
	James Terkalas	310.00	-	-	1.45	449.50	1.45	449.50	-	-	-	-	-	-	1.45	449.50	-	-	11.20	3,472.00	12.65	3,921.50	14.10	4,371.00
			-	-	10.60	3,286.00	10.60	3,286.00	23.60	7,316.00	-	-	0.80	248.00	10.60	3,286.00	-	-	28.10	8,711.00	63.10	19,561.00	73.70	22,847.00
Senior Accountant	David Cocker	280.00	-	-	-	-	-	-	-	-	-	16.00	4,480.00	-	-	-	-	1.10	308.00	17.10	4,788.00	17.10	4,788.00	
	Sonya Sethi	280.00	-	-	0.20	56.00	0.20	56.00	-	-	-	-	-	-	0.20	56.00	-	-	2.80	784.00	3.00	840.00	3.20	896.00
	Peter Kefalas	280.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	22.00	6,160.00	22.00	6,160.00	22.00	6,160.00	
			-	-	0.20	56.00	0.20	56.00	-	-	-	-	16.00	4,480.00	0.20	56.00	-	-	25.90	7,252.00	42.10	11,788.00	42.30	11,844.00
Accountant	Alva Zeng	225.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.50	6,412.50	28.50	6,412.50	28.50	6,412.50	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	28.50	6,412.50	28.50	6,412.50	28.50	6,412.50	
Junior Accountant	Matthew Jacobs	170.00	2.00	340.00	-	-	2.00	340.00	14.00	2,380.00	-	-	-	-	-	-	-	-	-	-	14.00	2,380.00	16.00	2,720.00
	Ying Chen	170.00	1.60	272.00	-	-	1.60	272.00	1.00	170.00	-	-	-	-	-	-	-	-	2.60	442.00	3.60	612.00	5.20	884.00
			3.60	612.00	-	-	3.60	612.00	15.00	2,550.00	-	-	-	-	-	-	-	-	2.60	442.00	17.60	2,992.00	21.20	3,604.00
Senior Administration	Lilly Bedi	140.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.10	154.00	1.10	154.00	1.10	154.00	
			-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1.10	154.00	1.10	154.00	1.10	154.00
Junior Administration	Jessica Dunlop	115.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5.70	655.50	5.70	655.50	5.70	655.50	
	Natasha Nonikovski	115.00	0.40	46.00	-	-	0.40	46.00	-	-	-	-	-	-	-	-	-	-	-	-	-	0.40	46.00	
	Patricia Scales	115.00	0.80	92.00	-	-	0.80	92.00	-	-	-	-	-	-	-	-	-	-	-	-	-	0.80	92.00	
			1.20	138.00	-	-	1.20	138.00	-	-	-	-	-	-	-	-	-	-	5.70	655.50	5.70	655.50	6.90	793.50
Grand Total			4.80	750.00	27.50	11,528.25	32.30	12,278.25	40.60	11,056.00	35.00	17,737.50	29.80	10,448.00	27.50	11,528.25	90.90	44,002.50	137.90	45,654.50	361.70	140,426.75	394.00	152,705.00

Note:
It should be noted that, whilst all care is taken to correctly allocate the time spent, there will be occasions on which the allocation is somewhat arbitrary. A judgement call is made by the staff member as to the most appropriate allocation of that time.

FEA Plantations Limited
(Receivers & Managers Appointed) (Administrators Appointed)
Summary of Administrators' Remuneration
9 November 2010 to 23 November 2010

Title	Name	Rate	General Fund						Scheme Fund										Grand Total			
			Administration		Meeting Preparation and Creditors Report		General Fund Total		Meeting Preparation and Creditors Report		Growers Meetings and Invoices		Harvesting		Leases and Legal Proceedings		MIS Analysis and Reconstruction				Scheme Fund Total	
			Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$	Hour	\$
Appointee	Brian Silvia	595.00	2.00	1,190.00	3.00	1,785.00	5.00	2,975.00	25.00	14,875.00	25.00	14,875.00	3.00	1,785.00	5.00	2,975.00	10.00	5,950.00	68.00	40,460.00	73.00	43,435.00
	Peter Krejci	560.00	-	-	2.00	1,120.00	2.00	1,120.00	15.00	8,400.00	5.00	2,800.00	-	-	2.00	1,120.00	-	-	22.00	12,320.00	24.00	13,440.00
			2.00	1,190.00	5.00	2,905.00	7.00	4,095.00	40.00	23,275.00	30.00	17,675.00	3.00	1,785.00	7.00	4,095.00	10.00	5,950.00	90.00	52,780.00	97.00	56,875.00
Principal	Ian Ferrier	595.00	-	-	-	-	-	-	1.00	595.00	5.00	2,975.00	-	-	-	-	30.00	17,850.00	36.00	21,420.00	36.00	21,420.00
			-	-	-	-	-	-	1.00	595.00	5.00	2,975.00	-	-	-	-	30.00	17,850.00	36.00	21,420.00	36.00	21,420.00
Director	David Diamond	500.00	-	-	-	-	-	-	-	-	20.00	10,000.00	40.00	20,000.00	-	-	20.00	10,000.00	80.00	40,000.00	80.00	40,000.00
	Philip Armstrong	500.00	-	-	1.00	500.00	1.00	500.00	15.00	7,500.00	25.00	12,500.00	-	-	-	-	35.00	17,500.00	75.00	37,500.00	76.00	38,000.00
	Paul Burges	500.00	-	-	-	-	-	-	15.00	7,500.00	-	-	-	-	-	2.00	1,000.00	17.00	8,500.00	17.00	8,500.00	
			-	-	1.00	500.00	1.00	500.00	30.00	15,000.00	45.00	22,500.00	40.00	20,000.00	-	-	57.00	28,500.00	172.00	86,000.00	173.00	86,500.00
Associate Director	Simon Raftery	450.00	-	-	1.50	675.00	1.50	675.00	30.00	13,500.00	35.00	15,750.00	5.00	2,250.00	-	-	20.00	9,000.00	90.00	40,500.00	91.50	41,175.00
	Peter Sheppard	450.00	-	-	-	-	-	-	20.00	9,000.00	-	-	-	-	10.00	4,500.00	10.00	4,500.00	40.00	18,000.00	40.00	18,000.00
	Tony Pope	450.00	-	-	-	-	-	-	2.00	900.00	-	-	-	-	10.00	4,500.00	10.00	4,500.00	22.00	9,900.00	22.00	9,900.00
		-	-	1.50	675.00	1.50	675.00	52.00	23,400.00	35.00	15,750.00	5.00	2,250.00	20.00	9,000.00	40.00	18,000.00	152.00	68,400.00	153.50	69,075.00	
Senior Manager	John Kennan	415.00	-	-	-	-	-	-	8.00	3,320.00	-	-	-	-	35.00	14,525.00	10.00	4,150.00	53.00	21,995.00	53.00	21,995.00
			-	-	-	-	-	-	8.00	3,320.00	-	-	-	-	35.00	14,525.00	10.00	4,150.00	53.00	21,995.00	53.00	21,995.00
Manager	James Koutsoukos	390.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Supervisor	Wilson Zeng	310.00	-	-	4.00	1,240.00	4.00	1,240.00	60.00	18,600.00	2.00	620.00	-	-	-	-	30.00	9,300.00	92.00	28,520.00	96.00	29,760.00
	Ronnie Staub	310.00	-	-	4.00	1,240.00	4.00	1,240.00	55.00	17,050.00	2.00	620.00	-	-	-	-	20.00	6,200.00	77.00	23,870.00	81.00	25,110.00
	James Terkalas	310.00	-	-	1.00	310.00	1.00	310.00	40.00	12,400.00	-	-	-	-	-	-	-	-	40.00	12,400.00	41.00	12,710.00
	Nacho Rojo	310.00	-	-	1.00	310.00	1.00	310.00	9.00	2,790.00	-	-	-	-	-	-	-	-	9.00	2,790.00	10.00	3,100.00
	Gian Mutukisna	310.00	-	-	1.00	310.00	1.00	310.00	10.00	3,100.00	-	-	-	-	-	-	-	-	10.00	3,100.00	11.00	3,410.00
	Michael Francipane	310.00	-	-	-	-	-	-	10.00	3,100.00	-	-	-	-	-	-	-	-	10.00	3,100.00	10.00	3,100.00
			-	-	11.00	3,410.00	11.00	3,410.00	184.00	57,040.00	4.00	1,240.00	-	-	-	-	50.00	15,500.00	238.00	73,780.00	249.00	77,190.00
Senior Accountant	David Cocker	280.00	-	-	1.00	280.00	1.00	280.00	20.00	5,600.00	-	-	-	-	40.00	11,200.00	-	-	60.00	16,800.00	61.00	17,080.00
	Peter Kefalas	280.00	-	-	3.00	840.00	3.00	840.00	50.00	14,000.00	-	-	-	-	-	-	-	-	50.00	14,000.00	53.00	14,840.00
	Sonya Sethi	280.00	-	-	0.50	140.00	0.50	140.00	30.00	8,400.00	-	-	-	-	25.00	7,000.00	11.00	3,080.00	66.00	18,480.00	66.50	18,620.00
	Andrew Jo	280.00	-	-	0.50	140.00	0.50	140.00	5.00	1,400.00	-	-	-	-	-	-	-	-	5.00	1,400.00	5.50	1,540.00
	Alan Tang	280.00	-	-	1.00	280.00	1.00	280.00	5.00	1,400.00	-	-	-	-	-	-	-	-	5.00	1,400.00	6.00	1,680.00
				-	-	6.00	1,680.00	6.00	1,680.00	110.00	30,800.00	-	-	-	-	65.00	18,200.00	11.00	3,080.00	186.00	52,080.00	192.00
Accountant	Alva Zeng	225.00	-	-	1.00	225.00	1.00	225.00	50.00	11,250.00	20.00	4,500.00	-	-	-	-	20.00	4,500.00	90.00	20,250.00	91.00	20,475.00
	Anubhav Kapoor	225.00	-	-	-	-	-	-	5.00	1,125.00	-	-	-	-	-	-	-	-	5.00	1,125.00	5.00	1,125.00
	Ray Manayakara	225.00	3.00	675.00	4.00	900.00	7.00	1,575.00	15.00	3,375.00	-	-	-	-	-	-	-	15.00	3,375.00	22.00	4,950.00	
	Robert Garofano	225.00	-	-	0.50	112.50	0.50	112.50	15.00	3,375.00	-	-	-	-	-	-	-	-	15.00	3,375.00	15.50	3,487.50
			3.00	675.00	5.50	1,237.50	8.50	1,912.50	85.00	19,125.00	20.00	4,500.00	-	-	-	-	20.00	4,500.00	125.00	28,125.00	133.50	30,037.50
Junior Accountant	Matthew Jacobs	170.00	-	-	0.50	85.00	0.50	85.00	15.00	2,550.00	-	-	-	-	-	-	10.00	1,700.00	25.00	4,250.00	25.50	4,335.00
			-	-	0.50	85.00	0.50	85.00	15.00	2,550.00	-	-	-	-	-	-	10.00	1,700.00	25.00	4,250.00	25.50	4,335.00
Senior Administration	Lily Bedi	140.00	-	-	2.00	280.00	2.00	280.00	30.00	4,200.00	-	-	-	-	-	-	10.00	1,400.00	40.00	5,600.00	42.00	5,880.00
			-	-	2.00	280.00	2.00	280.00	30.00	4,200.00	-	-	-	-	-	-	10.00	1,400.00	40.00	5,600.00	42.00	5,880.00
Junior Administration	Ying Chen	115.00	1.00	115.00	-	-	1.00	115.00	-	-	-	-	-	-	-	-	25.00	2,875.00	25.00	2,875.00	26.00	2,990.00
	Jessica Mula	115.00	-	-	1.00	115.00	1.00	115.00	16.00	1,840.00	-	-	-	-	-	-	5.00	575.00	21.00	2,415.00	22.00	2,530.00
	Jessica Dunlop	115.00	-	-	1.00	115.00	1.00	115.00	16.00	1,840.00	-	-	-	-	-	-	5.00	575.00	21.00	2,415.00	22.00	2,530.00
	Natasha Nonkovski	115.00	-	-	0.50	57.50	0.50	57.50	2.00	230.00	-	-	-	-	-	-	-	-	2.00	230.00	2.50	287.50
	Patricia Scales	115.00	-	-	0.50	57.50	0.50	57.50	-	-	-	-	-	-	-	-	-	-	-	-	0.50	57.50
	Other Junior Staff	115.00	-	-	0.50	57.50	0.50	57.50	10.00	1,150.00	-	-	-	-	-	-	-	-	10.00	1,150.00	10.50	1,207.50
			1.00	115.00	3.50	402.50	4.50	517.50	44.00	5,060.00	-	-	-	-	-	-	35.00	4,025.00	79.00	9,085.00	83.50	9,602.50
Grand Total			6.00	1,980.00	36.00	11,175.00	42.00	13,155.00	599.00	184,365.00	139.00	64,640.00	48.00	24,035.00	127.00	45,820.00	283.00	104,655.00	1,196.00	423,515.00	1,238.00	436,670.00

Note:

It should be noted that, whilst all care is taken to correctly allocate the time spent, there will be occasions on which the allocation is somewhat arbitrary. A judgement call is made by the staff member as to the most appropriate allocation of that time.

Annexure 7



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Remuneration Report - FEA



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers & Managers Appointed)**

Remuneration Report

11 November 2010

Brian Silvia and Peter Krejci

Address: Level 13, 1 Castlereagh Street, Sydney
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1. REMUNERATION REPORT

In compliance with the Insolvency Practitioners Association of Australia (“IPA”) Code of Professional Practice and the requirements of the Act, we set out below our Remuneration Report for the period 1 October 2010 to 31 October 2010, 1 November 2010 to 8 November 2010 and 9 November 2010 to 23 November 2010.

This report has been completed for:

Company	Forest Enterprises Australia Limited (“FEA”)
Date of Appointment	14 April 2010
Date of Remuneration Report	11 November 2010
Firm	BRI Ferrier
Administration Type	Voluntary Administration

Remuneration sought for the period 1 October 2010 to 23 November 2010 is \$50,248.00 plus GST, comprised of time accrued from 1 October 2010 to 31 October 2010 totalling \$6,612.50 plus GST, time accrued from 1 November 2010 to 8 November 2010 totalling \$2,415.50 and estimated time to be accrued from 9 November 2010 to 23 November 2010 totalling \$41,220.00 plus GST.

Please note in the event that the Committee of Creditors approves the remuneration incurred for the period 1 October 2010 to 31 October 2010 at the meeting to be held on 18 November 2010, no further approval will be sought from the creditors at the Resumed Second Meeting of Creditors for the same period.

A summary of the allocation of our remuneration charges during the three periods is as follows:

Category	1 October 2010 to 31 October 2010		1 November 2010 to 8 November 2010		9 November 2010 to 23 November 2010		Total	
	Time (Hrs)	Amount (excl GST)	Time (Hrs)	Amount (excl GST)	Time (Hrs)	Amount (excl GST)	Time (Hrs)	Amount (excl GST)
	Creditors	12.90	4,212.50	6.90	1,888.50	95.00	32,135.00	114.80
Administration	3.30	1,275.00	1.70	527.00	26.00	9,085.00	31.00	10,887.00
Investigation	2.50	1,125.00	-	-	-	-	2.50	1,125.00
Total	18.70	\$6,612.50	8.60	\$2,415.50	121.00	\$41,220.00	148.30	\$50,248.00

Attached to this Remuneration Report is a copy of the Remuneration Matrix for the period 1 October 2010 to 31 October 2010, 1 November 2010 to 8 November 2010 and 9 November 2010 to 23 November 2010.

Remuneration that was approved at previous meetings of Committee of Creditors is set out as follows:

Period	Remuneration Approved (excl GST)	Remuneration Paid (excl GST)	Remuneration Owing (excl GST)
14 April to 30 June 2010	105,790.50	-	105,790.50
1 July to 31 July 2010	4,744.00	-	4,744.00

Period	Remuneration Approved (excl GST)	Remuneration Paid (excl GST)	Remuneration Owing (excl GST)
1 August to 31 August 2010	4,355.00	-	4,355.00
1 September to 30 September 2010	66,755.00	-	66,755.00
Total	\$181,644.50	-	\$181,644.50

2. DESCRIPTION OF WORK

We have allocated our work between the following categories:

- Administration
- Assets
- Creditors
- Dividend (Not Applicable)
- Employees
- Investigation

These categories are devised to enable creditors to understand the type and purpose of work being undertaken by us throughout the Administration.

It should be noted that, whilst all care is taken to correctly allocate the time spent, there will be occasions on which the allocation is somewhat arbitrary.

3. ADMINISTRATORS' REMUNERATION

Pursuant to Section 449E(7) of the Act, we are required to submit to Creditors a summary description of the major tasks performed, or likely to be performed, by the Administrators and the costs associated with each of those tasks.

3.1 Remuneration for the period 1 October 2010 to 31 October 2010

We provide details of work undertaken and remuneration incurred for the period 1 October 2010 to 31 October 2010 as follows:

Task Area	Description	Work Performed
Creditors 12.90 hours \$4,212.50	Creditor Enquiries	<ul style="list-style-type: none"> • Correspondence with Receivers and their legal adviser • Review and prepare correspondence to creditors and their representatives via facsimile, email and post • Correspondence with Committee of Creditors members ("COC")
	Creditor reports	<ul style="list-style-type: none"> • Prepare report to COC • Distribution of COC report via email and post • Drafting Supplementary 439a Report to Creditors

Task Area	Description	Work Performed
	Meeting of Creditors	<ul style="list-style-type: none"> Convene COC meeting Attendance at COC meeting
Investigation 2.50 hours \$1,125.00	Conducting investigation	<ul style="list-style-type: none"> Reviewing company's books and records
Administration 3.30 hours \$1,275.00	Correspondence	<ul style="list-style-type: none"> General correspondence
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms Preparation for meeting with ASIC Various meeting with ASIC to discuss Administration in detail
	Planning / Review	<ul style="list-style-type: none"> Various internal meetings regarding status of administration and general voluntary administration strategy and direction
	Document maintenance/file review	<ul style="list-style-type: none"> File management File reviews
TOTAL		
18.70 hours		
\$6,612.50		

3.2 Remuneration for the period 1 November 2010 to 8 November 2010

We provide the estimated tasks and remuneration for the period 1 November 2010 to 8 November 2010 as follows:

Task Area	Description	Work Performed
Creditors 6.90 Hours \$1,888.50	Creditor Enquiries	<ul style="list-style-type: none"> Correspondence with Receivers and their legal adviser Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with Committee of Creditors ("COC") members
	Creditor reports	<ul style="list-style-type: none"> Drafting report to COC Drafting Supplementary report under s439A of the Corporations Act 2010 Drafting Remuneration Report
	Meeting of Creditors	<ul style="list-style-type: none"> Prepare notices, proxies and advertisement for the Supplementary Report to Creditors
Administration 1.70 Hours \$527.00	Correspondence	<ul style="list-style-type: none"> General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> File management File reviews Updating checklists
TOTAL:		
8.60 Hours		
\$2,415.50		

3.3 Remuneration for the period 9 November 2010 to 23 November 2010

We provide the estimated tasks and remuneration for the period 9 November 2010 to 23 November 2010 as follows:

Task Area	Description	Work Performed
Creditors 95.00 Hours \$32,135.00	Creditor Enquiries	<ul style="list-style-type: none"> Correspondence with Receivers and their legal adviser Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with Committee of Creditors (“COC”) members
	Creditor reports	<ul style="list-style-type: none"> Finalising Supplementary Report to Creditors Prepare annexures for Supplementary s439A Report, including Notice of Meeting, Summary Receipts and Payments, Remuneration Reports, Proxy Form and Proof of Debt Form. Distribution of Supplementary Report to Creditors via email and post Distribution of COC Report to COC members via email and post
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting proxy and proof of debt forms via email, facsimile, and post. Adjudicating proxy and proof of debt forms for meeting purpose and maintain creditors register
	Meeting of Creditors	<ul style="list-style-type: none"> Prepare for and convene COC meeting Prepare for and convene Resumed Second Meeting of Creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting, draft minutes of meeting, and PowerPoint presentation Forward notice of meeting to all known creditors Responding to stakeholder queries and questions immediately following meeting
	Receivers correspondence	<ul style="list-style-type: none"> Prepare correspondence to Receivers and their legal advisers Respond to Receivers’ queries
Administration 26.00 Hours \$9,085.00	Correspondence	<ul style="list-style-type: none"> General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> File management File reviews Updating checklists
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Reply to ASIC’s inquiries Preparing and lodging ASIC forms
	Bank Account Administration	<ul style="list-style-type: none"> Process payment for client disbursements through BRI FERRIER office account
	Planning / Review	<ul style="list-style-type: none"> Meetings regarding status of administration and general voluntary administration strategy

Task Area	Description	Work Performed
TOTAL:		
121.00 Hours		
\$41,220.00		

4. LIQUIDATORS' REMUNERATION

We do not intend to seek creditor approval of the Liquidators' (if appointed) future remuneration at the forthcoming meeting. Approval would be sought at a later point by a committee of inspection (if formed), creditors generally or failing that, court.

Pursuant to the Code of Professional Practice and the requirements of the Act, we are required to submit to Creditors a summary description of the major tasks likely to be performed by the Liquidators during the winding up of the Company, the costs associated with each of those tasks and the basis on which remuneration would be calculated.

Should creditors resolve that the Company be wound up, we would continue to calculate remuneration on a time basis, in accordance with the hourly rates previously provided to creditors and as adjusted by BRI Ferrier from time to time. The hourly rates as set by BRI Ferrier are generally below industry averages for such assignments.

It is difficult to estimate the duration and costs of administering the Liquidation of the Company at this time. As discussed in the report, the Liquidation would likely involve substantial investigations and litigation as we sought to extract value for the benefit of creditors. Depending on the outcome of the investigations and extent of recoveries being pursued, we estimate that the Liquidators' professional time costs could be between \$500,000 to \$1 million.

We provide below an estimate of the tasks contemplated from the date the Company is placed into Liquidation to completion.

Task Area	Description	Work Performed
Assets	Plant and Equipment	<ul style="list-style-type: none"> Liaising with valuers and interested parties Reviewing asset listings
	Debtors	<ul style="list-style-type: none"> Correspondence with debtors Reviewing and assessing debtors ledgers Liaising with debt collectors and solicitors
	Other Assets	<ul style="list-style-type: none"> Tasks associated with realising other assets, including plantation timber
Creditors	Creditor Enquiries	<ul style="list-style-type: none"> Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	<ul style="list-style-type: none"> Preparing investigation, meeting and reports to creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> Receipting and filing POD's Corresponding with OSR and ATO regarding POD's

Task Area	Description	Work Performed
	Meeting of Creditors	<ul style="list-style-type: none"> • Convene and hold creditors meetings as required during the Liquidation. • Preparation of meeting notices, proxies and advertisements • Forward notice of meeting to all known creditors • Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting • Holding two meetings of creditors • Preparation and lodgement of minutes of meeting with ASIC • Respond to stakeholder queries and questions immediately following meetings
Employees	Employees enquiry	<ul style="list-style-type: none"> • Receive and follow up employee enquiries via telephone • Review and prepare correspondence to employees and their representatives via facsimile, email and post
	GEERS	<ul style="list-style-type: none"> • Correspondence with GEERS • Preparing notification spreadsheet • Preparing GEERS quotations • Preparing GEERS distributions
	Calculation of entitlements	<ul style="list-style-type: none"> • Calculating employee entitlements • Reviewing employee files and company's books and records • Reconciling superannuation accounts • Reviewing awards
Employee	Workers compensation claims	<ul style="list-style-type: none"> • Review insurance policies • Receipt of claim • Liaising with claimant • Liaising with insurers regarding claims • Identification of potential issues requiring attention of insurance specialists • Correspondence with Finn Foster regarding initial and ongoing workers compensation insurance requirements • Correspondence with previous brokers
Investigation	Conducting investigation	<ul style="list-style-type: none"> • Collection of company books and records • Reviewing company's books and records • Review and preparation of company nature and history • Conducting and summarising statutory searches • Preparation of comparative financial statements • Preparation of deficiency statement • Review of specific transactions and liaising

Task Area	Description	Work Performed
		<ul style="list-style-type: none"> with directors regarding certain transactions Preparation of investigation file Detailed review of the securities and potential deficiencies therein. Detailed review of the directors & officer conduct. Detailed review of the Product disclosure statements and other documentation involving the schemes.
	Examinations (if required)	<ul style="list-style-type: none"> Preparing brief to solicitor Liaising with solicitor(s) regarding examinations Attendance at examination Reviewing examination transcripts Liaising with solicitor(s) regarding outcome of examinations and further actions available
	Litigation / Recoveries (if required)	<ul style="list-style-type: none"> Attendance on proceedings taken by the Receivers. Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters Consider challenging the securities. Consider litigation against the officers.
	ASIC reporting (if required)	<ul style="list-style-type: none"> Preparing statutory investigation reports Preparing affidavits seeking non lodgements assistance Liaising with ASIC
Dividend	Processing proofs of debt (if required)	<ul style="list-style-type: none"> Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of PODs Maintain POD register Adjudicating PODs Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures (if required)	<ul style="list-style-type: none"> Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of Company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend

Task Area	Description	Work Performed
		<ul style="list-style-type: none"> Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
Administration	Correspondence	<ul style="list-style-type: none"> General correspondence
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> Filing of documents File review Updating checklists
	Insurance	<ul style="list-style-type: none"> Identification of potential issues requiring attention of insurance specialists Correspondence with Finn Foster regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	<ul style="list-style-type: none"> Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> Preparing and lodging ASIC forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> Notification of appointment Correspondence with the ATO
	Finalisation	<ul style="list-style-type: none"> Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	<ul style="list-style-type: none"> Discussions regarding status of administration
	Books and records / storage	<ul style="list-style-type: none"> Dealing with books and records

We will report to creditors in due course if a further remuneration approval is required.

5. DISBURSEMENTS

As Administrators, we are not required to gain creditors' approval for disbursements. However, it is the duty of the Administrators to account for disbursements to creditors, who then have the right to question the incurring of the disbursements.

To date all disbursements have been funded by BRI Ferrier (NSW) Pty Limited.

Item	Total Disbursements (excl GST)
Photocopying	7.75
Postage and Printing	4,037.43
Advertising	1,322.73
Travel expense	1,012.54
Total Disbursements	\$6,380.45

6. STATEMENT OF REMUNERATION CLAIM

By Resolution, we will be seeking approval from the creditors for the following resolutions:

1. Administrators' Remuneration for the period 1 October 2010 to 31 October 2010

"That the remuneration of the Joint and Several Voluntary Administrators from the period 1 October 2010 to 31 October 2010 be fixed and approved in accordance with the rates of charge issued from time to time by BRI FERRIER to a limit of \$6,612.50 plus GST and that the Administrators be authorised to draw that amount".

2. Administrators' Remuneration for the period 1 November 2010 to 8 November 2010

"That the remuneration of the Joint and Several Voluntary Administrators from the period 1 November 2010 to 8 November 2010 be fixed and approved in accordance with the rates of charge issued from time to time by BRI FERRIER to a limit of \$2,415.50 plus GST and that the Administrators be authorised to draw that amount".

3. Estimated Administrators' Remuneration for the period 9 November 2010 to 23 November 2010

"That the remuneration of the Joint and Several Voluntary Administrators from the period 9 November 2010 to 23 November 2010 be fixed and approved in accordance with the rates of charge issued from time to time by BRI FERRIER to a limit of \$41,220.00 plus GST and that the Administrators be authorised to draw that amount".

7. QUERIES / INFORMATION SHEETS

The above information is provided to assist creditors with the appropriateness of the remuneration claims that are being made.

Should creditors wish to attain another copy of the hourly rates schedule of BRI Ferrier, they can be downloaded from our website.

Creditors should contact the Administrators' office to seek any further information concerning the remuneration claim if they so need.

The IPA has produced a document entitled: "Creditors Information Sheet: Approving Remuneration in External Administrations" which can be downloaded from the IPA Website www.ipaa.com.au or can be obtained from this office.

8. REMUNERATION MATRIX
FOR THE PERIOD 1 OCTOBER 2010 TO 31 OCTOBER 2010,
1 NOVEMBER 2010 TO 8 NOVEMBER 2010
AND 9 NOVEMBER 2010 TO 23 NOVEMBER 2010

Forest Enterprises Australia Limited
(Administrators Appointed) (Receivers & Managers Appointed)
Summary of Administrators' Remuneration
for the period 1 October 2010 to 31 October 2010

Title	Name	Rate	Administration		Creditors		Investigation		Grand Total	
			Hours	Amount \$	Hours	Amount \$	Hours	Amount \$	Hours	Amount \$
Appointee	Brian Silvia	595.00	1.20	714.00					1.20	714.00
			1.20	714.00	-	-	-	-	1.20	714.00
Associate Director	Simon Raftery	450.00			2.80	1,260.00			2.80	1,260.00
	Peter Sheppard	450.00					2.50	1,125.00	2.50	1,125.00
			-	-	2.80	1,260.00	2.50	1,125.00	5.30	2,385.00
Supervisor	Wilson Zeng	310.00	0.30	93.00	2.20	682.00			2.50	775.00
	Ronnie Staub	310.00	1.00	310.00	5.80	1,798.00			6.80	2,108.00
			1.30	403.00	8.00	2,480.00	-	-	9.30	2,883.00
Accountant	Alva Zeng	225.00			2.10	472.50			2.10	472.50
	Victoria Radchik	225.00	0.60	135.00					0.60	135.00
			0.60	135.00	2.10	472.50	-	-	2.70	607.50
Junior Administration	Jessica Dunlop	115.00	0.20	23.00					0.20	23.00
			0.20	23.00	-	-	-	-	0.20	23.00
Grand Total			3.30	1,275.00	12.90	4,212.50	2.50	1,125.00	18.70	6,612.50

Note:

It should be noted that, whilst all care is taken to correctly allocate the time spent, there will be occasions on which the allocation is somewhat arbitrary. A judgement call is made by the staff member as to the most appropriate allocation of that time.

Forest Enterprises Australia Limited
(Administrators Appointed) (Receivers & Managers Appointed)
Summary of Administrators' Remuneration
for the period 1 November 2010 to 8 November 2010

Title	Name	Rate	Administration		Creditors		Grand Total	
			Hours	Amount \$	Hours	Amount \$	Hours	Amount \$
Supervisor	Wilson Zeng	310.00	0.20	62.00	0.30	93.00	0.50	155.00
	Ronnie Staub	310.00	1.50	465.00	1.00	310.00	2.50	775.00
			1.70	527.00	1.30	403.00	3.00	930.00
Senior Accountant	Sonya Sethi	280.00	-	-	4.10	1,148.00	4.10	1,148.00
			-	-	4.10	1,148.00	4.10	1,148.00
Accountant	Alva Zeng	225.00	-	-	1.50	337.50	1.50	337.50
Grand Total			1.70	527.00	6.90	1,888.50	8.60	2,415.50

Note:

It should be noted that, whilst all care is taken to correctly allocate the time spent, there will be occasions on which the allocation is somewhat arbitrary. A judgement call is made by the staff member as to the most appropriate allocation of that time.

Forest Enterprises Australia Limited
(Administrators Appointed) (Receivers & Managers Appointed)
Summary of Administrators' Remuneration
for the period 9 November 2010 to 23 November 2010

Title	Name	Rate	Administration		Creditors		Grand Total	
			Hours	Amount \$	Hours	Amount \$	Hours	Amount \$
Appointee	Brian Silvia	595.00	3.00	1,785.00	8.00	4,760.00	11.00	6,545.00
	Peter Krejci	560.00	2.00	1,120.00	6.00	3,360.00	8.00	4,480.00
			5.00	2,905.00	14.00	8,120.00	19.00	11,025.00
Associate Director	Simon Raftery	450.00	10.00	4,500.00	12.00	5,400.00	22.00	9,900.00
	Peter Sheppard	450.00	-	-	9.00	4,050.00	9.00	4,050.00
			10.00	4,500.00	21.00	9,450.00	31.00	13,950.00
Supervisor	Wilson Zeng	310.00	-	-	3.00	930.00	3.00	930.00
	Ronnie Staub	310.00	1.00	310.00	9.00	2,790.00	10.00	3,100.00
	James Terkalas	310.00	-	-	5.00	1,550.00	5.00	1,550.00
	Nacho Rojo	310.00	-	-	2.00	620.00	2.00	620.00
			1.00	310.00	19.00	5,890.00	20.00	6,200.00
Senior Accountant	Sonya Sethi	280.00	-	-	8.00	2,240.00	8.00	2,240.00
	Alan Tang	280.00	-	-	8.00	2,240.00	8.00	2,240.00
			-	-	16.00	4,480.00	16.00	4,480.00
Accountant	Alva Zeng	225.00	2.00	450.00	10.00	2,250.00	12.00	2,700.00
	Ray Nanayakkara	225.00	-	-	1.00	225.00	1.00	225.00
	Anubhav Kapoor	225.00	-	-	1.00	225.00	1.00	225.00
			2.00	450.00	12.00	2,700.00	14.00	3,150.00
Junior Administration	Jessica Dunlop	115.00	5.00	575.00	10.00	1,150.00	15.00	1,725.00
	Jessica Mula	115.00	2.00	230.00	3.00	345.00	5.00	575.00
	Patricia Scales	115.00	1.00	115.00	-	-	1.00	115.00
			8.00	920.00	13.00	1,495.00	21.00	2,415.00
Grand Total			26.00	9,085.00	95.00	32,135.00	121.00	41,220.00

Note:

It should be noted that, whilst all care is taken to correctly allocate the time spent, there will be occasions on which the allocation is somewhat arbitrary. A judgement call is made by the staff member as to the most appropriate allocation of that time.

Annexure 8



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Proof of Debt Form - FEAP

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

FEA PLANTATIONS LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS APPOINTED)
ACN 055 969 429

To the Administrators of FEA Plantations Limited

1. This is to state that the company was, on 14 April 2010 and still is, justly and truly indebted to⁽¹⁾
.....
.....(Grower number if applicable)
.....dollars and.....cents.

Particulars of the debt are:

Date	Consideration ⁽²⁾	Amount \$	GST incl \$	Remarks ⁽³⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:⁽⁴⁾
- 3.^{(5)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.^{(5)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day

Signature of Signatory.....

NAME IN BLOCK LETTERS(Please indicated if you are a creditor, grower or landlord.)

Occupation

Address.....

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (2) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (3) Under "Remarks" include details of vouchers substantiating payment.
- (4) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
	\$	¢		

-
- (5) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
-

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:

"This is the annexure of (insert number of pages) pages marked (insert an identifying mark) referred to in the (insert description of form) signed by me/us and dated (insert date of signing); and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

Annexure 9



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Proof of Debt Form - FEA

FORM 535
CORPORATIONS ACT 2001

Subregulation 5.6.49(2)

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

FOREST ENTERPRISES AUSTRALIA LIMITED
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
ACN 009 553 548

To the Administrators of Forest Enterprises Australia Limited

1. This is to state that the company was, on 14 April 2010 and still is, justly and truly indebted to⁽¹⁾
.....
..... (Growers number if applicable.....) for
.....dollars and.....cents.

Particulars of the debt are:

Date	Consideration ⁽²⁾	Amount \$	GST incl \$	Remarks ⁽³⁾

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any manner of satisfaction or security for the sum or any part of it except for the following:⁽⁴⁾
- 3.^{(5)*} I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.
- 3.^{(5)*} I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred and for the consideration stated and that the debt, to the best of my knowledge and belief, still remains unpaid and unsatisfied.

DATED this day

Signature of Signatory.....

NAME IN BLOCK LETTERS(Please indicated if you are a creditor, grower or landlord.)

Occupation

Address.....

See Directions overleaf for the completion of this form

OFFICE USE ONLY

POD No:		ADMIT - Ordinary	\$
Date Received:	/ /	ADMIT - Preferential	\$
Entered into IPS/Computer:		Reject	\$
Amount per RATA	\$	H/Over for Consideration	\$
PREP BY/AUTHORISED		TOTAL PROOF	\$
DATE AUTHORISED	/ /		

Directions

- * Strike out whichever is inapplicable.
- (1) Insert full name and address (including ABN) of the creditor and, if applicable, the creditor's partners. If prepared by an employee or agent of the creditor, also insert a description of the occupation of the creditor.
- (2) Under "Consideration" state how the debt arose, for example "goods sold and delivered to the company between the dates of", "moneys advanced in respect of the Bill of Exchange".
- (3) Under "Remarks" include details of vouchers substantiating payment.
- (4) Insert particulars of all securities held. Where the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, specify them in a schedule in the following form:

Date	Drawer	Acceptor	Amount	Date Due
	\$	c		

-
- (5) If proof is made by the creditor personally, strike the two (2) paragraphs numbered 3.
-

Annexures

- A. If space provided for a particular purpose in a form is insufficient to contain all the required information in relation to a particular item, the information must be set out in an annexure.
- B. An annexure to a form must:
 - (a) have an identifying mark;
 - (b) and be endorsed with the words:

"This is the annexure of (insert number of pages) pages marked (insert an identifying mark) referred to in the (insert description of form) signed by me/us and dated (insert date of signing); and
 - (c) be signed by each person signing the form to which the document is annexed.
- C. The pages in an annexure must be numbered consecutively.
- D. If a form has a document annexed the following particulars of the annexure must be written on the form:
 - (a) the identifying mark; and
 - (b) the number of pages.
- E. A reference to an annexure includes a document that is with a form.

Annexure 10



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Proxy - FEAP

Please indicate if you are a creditor, grower or landlord and send to BRI Ferrier:
 Email: fea@briferriernsw.com.au; Fax: 02 8263 2399; Post: GPO Box 7079 Sydney NSW 2001

FORM 532

Regulation 5.6.29

Corporations Act 2001
 APPOINTMENT OF PROXY

FEA PLANTATIONS LIMITED
 (ADMINISTRATORS APPOINTED) (RECEIVERS APPOINTED)
 ACN 055 969 429

*I/*We (1).....(Grower number if applicable) of
 a creditor of FEA Plantations Limited, appoint
 (2)..... or in his or her absenceas
 *my/our general/special proxy to vote at the Resumed Adjourned Second Meeting of Creditors of the
 Company to be held at the Grand Chancellor Hotel, 29 Cameron Street, Launceston, Tasmania, 7250, on
 Tuesday, 23 November 2010 at 10:00 am, and at any adjournment of that meeting.

To vote as follows: (3)

(Not required if a general proxy)

RESOLUTION		FOR	AGAINST	ABSTAIN
1	That the Administrators' Remuneration for the period 1 October 2010 to 31 October 2010 be approved			
2	That the Administrators' Remuneration for the period 1 November 2010 to 8 November 2010 be approved			
3	That the Administrators' Remuneration for the period 9 November 2010 to 23 November 2010 be approved			
4	That the Company execute a Deed of Company Arrangement (if propounded)			
5	That the Administration should end			
6	That the Company be wound up			
7	If creditors resolve that the Company be wound up, that Brian Silvia and Peter Krejci be the Liquidators			
8	If creditors resolve that the Company be wound up, that a Committee of Inspection be appointed			

A specific proxy will generally operate as a general proxy in respect of any other resolution put to the meeting of creditors. **If you do not want your specific proxy to operate in this way, please tick this box.**

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

HOW TO COMPLETE THIS FORM

1. Insert the creditor's name, address and grower number (if applicable).
2. Insert the name of the person appointed as proxy. If left blank, the proxy will be treated as in favour of the Chairman.
3. To vote tick the box next to the desired option.

DATED (4) Signature
 (If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier, GPO Box 7079, SYDNEY NSW 2001 by **Thursday, 16 September 2010 at 5 pm.**

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

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 thisday of 2010

Signature of Witness.....

Description

Place of Residence

Annexure 11



**Forest Enterprises Australia Limited
(Administrators Appointed)
(Receivers and Managers Appointed)**

**FEA Plantations Limited
(Administrators Appointed)
(Receivers Appointed)**

Proxy - FEA

Please indicate if you are a creditor, grower or landlord and send to BRI Ferrier:
 Email: fea@briferriernsw.com.au; Fax: 02 8263 2399; Post: GPO Box 7079 Sydney NSW 2001

FORM 532

Regulation 5.6.29

Corporations Act 2001
 APPOINTMENT OF PROXY

FOREST ENTERPRISES AUSTRALIA LIMITED
 (ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
 ACN 009 553 548

*I/*We (1)..... (Grower number if applicable)
 of a creditor of Forest Enterprises Australia Limited, appoint
 (2)..... or in his or her absenceas
 *my/our general/special proxy to vote at the Resumed Adjourned Second Meeting of Creditors of the
 Company to be held at the Grand Chancellor Hotel, 29 Cameron Street, Launceston, Tasmania, 7250, on
 Tuesday, 23 November 2010 at 2:00pm, and at any adjournment of that meeting.

To vote as follows: (3)

(Not required if a general proxy)

RESOLUTION		FOR	AGAINST	ABSTAIN
1	That the Administrators' Remuneration for the period 1 October 2010 to 31 October 2010 be approved			
2	That the Administrators' Remuneration for the period 1 November 2010 to 8 November 2010 be approved			
3	That the Administrators' Remuneration for the period 9 November 2010 to 23 November 2010 be approved			
4	That the Company execute a Deed of Company Arrangement (if propounded)			
5	That the Administration should end			
6	That the Company be wound up			
7	If creditors resolve that the Company be wound up, that Brian Silvia and Peter Krejci be the Liquidators			
8	If creditors resolve that the Company be wound up, that a Committee of Inspection be appointed			

A specific proxy will generally operate as a general proxy in respect of any other resolution put to the meeting of creditors. **If you do not want your specific proxy to operate in this way, please tick this box.**

The person so appointed as *my/*our *general/*special proxy is herewith authorised to accept nomination as a member of the Committee of Inspection, should he or she be so nominated or appointed.

HOW TO COMPLETE THIS FORM

1. Insert the creditor's name, address and grower number (if applicable).
2. Insert the name of the person appointed as proxy. If left blank, the proxy will be treated as in favour of the Chairman.
3. To vote tick the box next to the desired option.

DATED (4) Signature

(If Company - Sign under Seal)

Proxies should be returned to the offices of BRI Ferrier, GPO Box 7079, SYDNEY NSW 2001 by **Thursday, 16 September 2010 at 5 pm.**

CERTIFICATE OF WITNESS (5) -(to be completed only where person giving proxy is blind or incapable of writing)

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 thisday of 2010

Signature of Witness.....

Description

Place of Residence