



3. Piper Alderman Class Action

I understand that Piper Alderman is continuing to progress the claims available to Unit Holders in relation to the Fund's demise. Unit holders wishing to be part of the anticipated action should contact William Nolan on (02) 9253 9921 or email wnolan@piperalderman.com.au.

4. Receipts and Payments

I provide below a summary of the Receipts and Payments of the Fund for the period from 1 February to 31 March 2013.

Summary of Receipts and Payments for the Period 1 February 2013 to 31 March 2013	
Opening Cash at Bank	4,513,673.44
Receipts	
Interest Income	17,343.20
Investment Income - Wonderkids Pty Ltd	10,000.00
<i>Loan Recoveries:</i>	
Corymbia Estates Pty Ltd	40,000.00
Rosea Pty Ltd	36,666.66
Spottiswood, Graham (A Bankrupt)	100.00
Valencia Grove Pty Ltd	185,750.00
Total Receipts	262,516.66
	289,859.86
Payments	
Bank Charges	38.90
<i>Distressed Loan funding:</i>	
Boothers Pty Ltd	18,035.60
Checkling Pty Ltd	34,811.10
Corymbia Corporation Pty Ltd	52,717.50
Corymbia Estates Pty Ltd	198.00
East Coast Pty Ltd	7,973.86
Gonfanon Pty Ltd	44,770.56
National Resorts Corporation	22,751.79
Newton, Kristine Lorraine	1,650.00
Spottiswood, Graham (A Bankrupt)	912.23
Toowoomba (Foundry Shopping Centre) Pty Ltd	14,010.20
Tweed Central Pty Ltd	1,109.45
Valencia Grove Pty Ltd	11,694.70
Western Land Corporation	18,131.75
Windsor Turf Pty Ltd	37,213.63
Wirrına Cove - Advances	107,833.05
- Legal Fees	292,440.47



- Sundry	1,554.30	
- Valuation Fees	11,900.00	679,708.19
Insurance		720.93
IT expenses		11,394.36
Legal Fees		24,670.15
Office Rental charge		10,856.02
Wages & associated reimbursements		16,509.04
Total Payments		743,897.59
 Closing Cash at Bank		 4,059,635.71

I note that the 'Distressed Loan Funding' relates to marketing costs, agents' fees, consultants' fees, legal fees and rates and land tax. The incurring of these costs are considered essential in terms of successfully realising the assets subject to the Fund's securities.

5. Estimated Return to Investors

I provide below an estimated return to Investors of between 12 and 16 cents in the dollar as at 15 April 2013 as follows:

	Low \$000's	High \$000's
Cash at Bank	4,059	4,059
Estimated selling prices	34,290	42,390
<i>Less:</i>		
Bank guarantees	(1,100)	(1,100)
Selling costs (3.5% of sale price)	(1,200)	(1,484)
Other loan	(3,300)	(3,300)
Land tax & rates	(8,500)	(8,500)
Other unsecured creditors	(800)	(600)
Receiver's fees	(678)	(678)
Estimated net amount available to investors as at 15 April 2013	22,771	30,787
Total investor units	193,916	193,916
Estimated return in the dollar	0.12	0.16

The above table does not take into account future operating costs, interest on the other loan, future Receivers fees and rates and land tax. It also excludes any legal recoveries against borrowers, valuers or other third parties.



With the majority of the remaining properties now subject to contract/under offer, I have used the contract/offer prices as the low and high estimated selling ranges. This has had the result of 'firming up' the low estimate which has increased from 11 cents to 12 cents in the dollar and reduced the high estimate from 18 cents to 16 cents in the dollar as provided in my last report dated 28 February 2013.

The timing of an interim distribution to investors will be dependent on settlement of the highest value properties at Wirrina Cove, Collingwood Park, the Toowoomba foundry and Cornwallis and Richmond.

The majority of the Wirrina Cove properties/assets are expected to settle by June/July 2013.

If Collingwood Park settles on the contracted date of 31 August 2013 (with no extensions required) and Toowoomba, Cornwallis and Richmond properties are sold, I will be in a position to commence distributions in September 2013.

The distribution to investors will take place after paying secured creditors, land tax, rates, Receivers fees and the unsecured creditors who rank ahead of Investors' interests.

6. Receiver's Remuneration and Expenses

I attach a summary of my current remuneration and outlays outstanding for the period from 1 September 2012 to 31 March 2013. My remuneration incurred during this period totals \$678,432 plus outlays of \$38,177.13 plus GST.

I anticipate that my next application for approval of my remuneration will be heard in May 2013. A copy of my application in this respect will be posted to the websites www.equititrust.com.au and www.equitrustincomefund.com.au and investors will be notified when this application has been lodged.

7. Updating your contact details

If Investors wish to update their postal address or bank details, a request should be submitted in writing to the following address.

Equititrust Income Fund (Receiver Appointed)
C/- BDO
GPO Box 457Brisbane QLD 4001

8. Future Reports

As 34 of 46 properties have been sold and the majority of the remaining properties are subject to contract/under offer, then in order to reduce costs, I intend issuing reports to investors every two to three months rather than monthly.

678 432
38 177.13

716 609.13



9. Queries

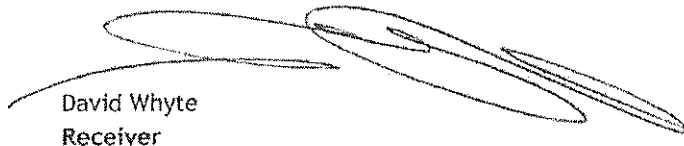
The Bundall office will be closed on 30 April 2013 and therefore any queries should be directed to Andrew Want of this office who can be contacted as follows;

Phone: 07 3237 5999

Email: andrew.want@equititrustincomefund.com.au

Should Investors have any queries in relation to the winding up of the Fund, they should contact my office on (07) 3237 5999 or by email at info@bdo.com.au.

Yours faithfully,



David Whyte
Receiver

Equititrust Income Fund (Receiver Appointed)
1 September 2012 to 31 March 2013

Employee	Position	Rate	Total Units	Total \$	Administration		Assets		Creditors		Employees		Trade-in	
					Units	\$	Units	\$	Units	\$	Units	\$	Units	\$
Whyte, David	Partner	560	535.70	299,992.00	74.30	41,608.00	398.90	223,384.00	19.10	10,896.00	0.00	0.00	43.40	24,304.00
Somerville, John	Senior Manager	425	557.70	237,022.50	54.20	23,035.00	406.10	172,592.50	32.70	13,897.50	0.00	0.00	64.70	27,497.50
Griffin, Maire	Associate	415	0.20	83.00	0.20	83.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Brushe, David	Manager	390	2.50	975.00	2.50	975.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Bulda, Andrew	Supervisor	350	0.50	175.00	0.50	175.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Demeyere, Chris	Senior Accountant I	310	1.30	403.00	0.00	0.00	1.30	403.00	0.00	0.00	0.00	0.00	0.00	0.00
Want, Andrew	Senior Accountant I	310	100.50	31,093.00	100.30	31,093.00	0.20	62.00	0.00	0.00	0.00	0.00	0.00	0.00
Coulston, Jayden	Senior Accountant II	270	30.30	8,181.00	28.00	7,560.00	1.30	351.00	0.00	0.00	0.00	0.00	0.00	0.00
Want, Andrew	Senior Accountant II	270	361.30	97,551.00	348.30	94,041.00	2.80	756.00	4.10	1,107.00	0.00	0.00	6.10	1,647.00
Hosbin, Tom	Senior Accountant II	240	0.30	72.00	0.30	72.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Michalk, Dean	Accountant I	220	2.40	528.00	1.00	220.00	0.00	0.00	1.40	308.00	0.00	0.00	0.00	0.00
Pembroke, Elle	Accountant I	220	1.70	374.00	1.70	374.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Anderson, Nicholas	Accountant II	190	0.50	95.00	0.50	95.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Jones, Annabel	Accountant II	190	7.70	1,463.00	7.70	1,463.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Alexander, Samuel	Consultant II	150	0.90	135.00	0.90	135.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Muller, Leisa	Practice Assistant	125	0.80	100.00	0.80	100.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Richardson, Ashley	Administrative Assistant	75	1.70	127.50	1.70	127.50	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL			1,608.00	678,432.00	622.90	20,156.50	810.60	397,548.50	57.30	26,008.50	1.00	270.00	114.20	53,448.50
			GST	67,833.20										
			TOTAL INCL GST	746,265.20	322.94	490.74		453.90		270.00		468.00		

DISBURSEMENT REPORT
Equititrust Income Fund (Receiver Appointed)
1 September 2012 to 31 March 2013

Item	AVERAGE HOURLY RATE
Airfares	6,145.62
Car Hire	1,076.23
Courier	634.93
Fax	7.00
General	2,567.87
Mileage	1,226.40
Parking	552.63
Photocopy	16,426.80
Postage	4,921.96
Search Fee	885.93
Taxi Fares	261.11
Sub Total	34,706.48
GST	3,470.65
TOTAL	38,177.13

SUPREME COURT OF QUEENSLAND

REGISTRY: BRISBANE
NUMBER: BS 10478 OF 2011

IN THE MATTER OF EQUITITRUST LIMITED (RECEIVERS AND MANAGERS
APPOINTED (IN LIQUIDATION) ACN 061 383 944

Applicant: EQUITITRUST LIMITED (RECEIVERS AND MANAGERS
APPOINTED (IN LIQUIDATION) ACN 061 383 944

AND


Respondents: THE MEMBERS OF THE EQUITITRUST INCOME FUND ARSN 089
079 854 AND THE MEMBERS OF THE EQUITITRUST PRIORITY
CLASS INCOME FUND ARSN 089 079 729

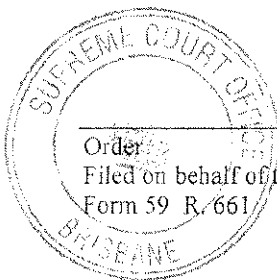
ORDER

Before: Justice JS Douglas
Date: 12 June 2013
Initiating Document: Application filed 16 May 2013

THE ORDER OF THE COURT IS THAT:

1. Pursuant to subparagraph 3(d) of the Order of the Honourable Justice Applegarth made on 21 November 2011 and subparagraphs 5(c) and 6(c) of the Order of the Honourable Justice Applegarth made on 23 November 2011, the remuneration of David Whyte, for the period 1 September 2012 to 30 April 2013 be fixed in the amount of \$842,843.10 (inclusive of GST); and
2. The costs of and incidental to the application filed on 16 May 2013 be costs in the winding up and the receivership of the Equititrust Income Fund, to be paid out of the assets of the Equititrust Income Fund.

Signed: 



Duplicate

GADENS LAWYERS
Level 11, 111 Eagle Street
BRISBANE QLD 4000
Tel No.: 07 3231 1666
Fax No: 07 3229 5850
SZC:JSK:201204781

BNEDOCs Draft Order dated 12 June 2013 (2) (2)

12 April 2012

REPORT TO CREDITORS OF
EQUITITRUST LIMITED
(RECEIVER APPOINTED)
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
("the Company")
A.C.N. 061 383 944
PURSUANT TO SECTION 439A
OF
THE CORPORATIONS ACT 2001

Administrators: Richard Albarran
Blair Pleash
Glen Oldham

Contact for queries: Jovan Singh

Contact phone number: (02) 9263 2600

BRISBANE

Level 19
144 Edward Street
Brisbane QLD 4000
Australia

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

SYDNEY

Ph: (612) 9263 2600
Fx: (612) 9263 2800

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 4721 8155

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 9489 2560
Fx: (618) 9489 2562

PARTNERS

Drew Townsend
David Kenney
Richard Albarran
Gino Malacco
Paul Leroy
Steven Gladman
Brent Kijurina
Blair Pleash
David Ross
Graham Webb
Domenic Calabretta
Bill Petrovski

ASSOCIATES

Sally Saad
David Ingram
Lyle Vallance

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Report to Creditors under Section 439A of the Corporations Act 2001

1.0 GLOSSARY

Abbreviation	Term
Administrators	Richard Albarran, Glen Oidham and Blair Pleash
AFSL	Australian Financial Services License
AIIPAAP	All Prior and After Acquired Property
ASIC	Australian Securities and Investments Commission
ATO	Australian Taxation Office
Balmain	Balmain NB Corporation Limited
BOQ	Bank of Queensland
BOSI	Bank of Scotland International
CBA	Commonwealth Bank of Australia
CFC	Capital Finance Corporation
Company Search	Company Search of ASIC data base
court appointed Receiver	David Whyte of BDO
Deed	Deed of Company Arrangement
DIRRI	Declaration of Independence, Relevant Relationships and Indemnities
ECGA	ECG Administration Pty Ltd (In Liquidation)
EIF	Equititrust Income Fund
EPCIF	Equititrust Priority Class Income Fund
EPF	Equititrust Premium Fund
ERV	Estimated Realisable Value
FY	Financial Year
GFC	Global Financial Crisis
IBS	Investor Briefing Session
Lion	Lion Advantage
LVR	Loan to Value Ratio
MM Holdings	MM Holdings Pty Ltd (Receivers and Managers Appointed)
NAB	National Australia Bank
NSW	New South Wales
NSX	National Stock Exchange
NTA	Net Tangible Assets
POD	Proof of Debt
PPSR	Personal Property Securities Register
QLD	Queensland
RATA	Report as to Affairs
RCPS	Redeemable Convertible Preference Shares
RE	Responsible Entity
the Act	Corporations Act 2001
the Company	Equititrust Limited (Receiver Appointed) (Administrators Appointed) (Receivers and Managers Appointed)
the court	Supreme Court of Queensland
the Directors	Mark McIvor, Ross Honeyman and David Hickie
Trilogy	Trilogy Funds Management Limited
VAGL	Venture Axess Group Limited
Westpac	Westpac Banking Corporations

2.0 SYNOPSIS

I note that this report has been prepared in accordance with the Section 439A of the Corporations Act 2001 and the Insolvency Practitioners Association Guidelines which requires Administrators to address and detail a number of issues that arise during the Administration. The following has been prepared as a summary of the key points in this report.

2.1 Financial Position

The following is the estimated asset and liability position of the Company:

Description	Amount (\$)
Assets	
Cash at Bank	179,464
Sundry Debtors	2,571,633
Other Receivables	628,771
Due from Controlled Entities	1,112,508
Due from Related Entities	2,666,901
Shares & Other Securities	343,977
Other Assets	185,846
Total Assets	7,689,100
Liabilities	
Secured Creditors	17,136,498
Unsecured Creditors	69,064,522
Total Liabilities	86,201,020
Contingent Creditors	Unknown

Investigations conducted and discussed in this report indicate that the estimated return to unsecured creditors of the Company ranges between nil to 7 cents in the dollar. This however is based upon the realisation of the abovementioned assets.

2.2 The Funds

In addition to trading in its own right with respect to various investments the principal business activity of the Company was to act as a Responsible Entity ('RE') and manager/custodian of the following managed investment schemes:

- Equititrust Income Fund ('EIF')
 - Estimated return to unit holders between 34 to 46 cents in the dollar
 - Contact David Whyte of BDO in regards to the current value and status of your investment
- Equititrust Priority Class Income Fund ('EPCIF');
 - Nil expected return to unit holders
 - Contact David Whyte of BDO in regards to the current value and status of your investment
- Equititrust Premium Fund ('EPF').
 - Estimated return to unit holders between nil to 0.1 cents in the dollar
 - Contact Henry McKenna of McGrathNicol in regards to the current value and status of your investment

Whilst reading this report unitholders should note the following key points:

- Your investment is not in the Company but rather funds for which the Company is a responsible entity for

- This report provides a summary of the current position and expected return on your investment in section 7 of this report
- A number of unitholders have raised the possibility of having the Company replaced as the responsible entity of EIF. This is discussed further in section 14 of this report.
- The forthcoming meeting is not being convened to pass a resolution in regards to the replacement of the Company as the responsible entity. Unitholders may complete the form at Annexure F to indicate their preference which will guide the Administrators as to whether any further action is taken with respect to this issue.
- Further to a return from your unit holding in your respective fund, there are also potential claims that you may have against the Company and its directors for which you are contingent creditors. These are discussed further in section 10.3 of this report.

2.3 Investigations & Litigation

As part of the investigations required the Administrators have identified a number of offences with respect to the Corporations Act and also a number of voidable transactions relating to unfair preferences and uncommercial transactions which have been detailed in this report. The Administrators have noted that Public Examinations will however be required to gather further evidence with respect to these prior to commencing any legal action.

2.4 Administrators' Recommendation

The Administrators have recommended that the Company be placed into Liquidation at the forthcoming meeting of creditors.

2.5 Meeting of Creditors

Time: 11.00am
Date: Friday 20 April 2012
Location: Watermark Hotel & Spa Gold Coast, 3032 Surfers Paradise Boulevard, Surfers Paradise, QLD, 4217

Teleconferencing facilities have also been arranged for creditors which are located interstate and details of this are available in this report.

The above is intended as a brief synopsis of the Administrators Report pursuant to Section 439A and creditors should review the report in its entirety.

This space has been left blank intentionally

3.0 INTRODUCTION

Richard Albarran, Glen Oldham and I were appointed Administrators of the Company under Part 5.3A of the Corporations Act 2001 ('the Act') on Wednesday 15 February 2012 by the Directors of the Company.

Further to the above I also note the following appointments in regards to the Company and related entities:

Date	Entity	Appointee	Capacity	Appointor
21/11/2011	Equititrust Income Fund	BDO David Whyte	Receiver	Pursuant to Court Order
16/02/2012	Equititrust Limited	FERRIER HODGSON William Colwell Gregory Moloney	Receivers and Managers	National Australia Bank
21/02/2012	Equititrust Limited in its capacity as manager of the Equititrust Premium Fund	MCGRATHNICOL Jamie Harris John Cronin Joseph Hayes	Receivers and Managers	Bank of Scotland International

The purpose of the appointment of an administrator is to allow for an independent insolvency practitioner to take control of and investigate the affairs of an insolvent company. During that time creditors' claims are put on hold. At the end of that period the administrator is required to provide creditors with information and recommendations to assist creditors to decide upon the company's future.

Pursuant to Section 439A(1) of the Act, an administrator is required to convene a meeting of creditors within the convening period as provided by Section 439A(5) of the Act. Section 439A(6) of the Act provides that the Court may extend the convening period by an application made by the Administrators of the Company.

On 7 March 2012, I made an application to the Supreme Court of Queensland for the extension of the convening period in accordance with Section 439A(6) of the Act. The application was made on the basis that the convening period established by the Act did not allow me sufficient time to conduct adequate investigation into the following issues:

- Investigations into the contingent claims of the Company;
- Investigation to ascertain related party relationships and relevant transactions;
- Complications arising from relevant appointments and interplay of respective appointees duties;
- A review of the Company's insurance – Directors & Officeholders Policy and Liability Policy to determine scope of cover and any applicable exclusions;
- Investigations into the management fee for the 2011 financial year and the validity of a purported waiver of such fees;
- Investigations surrounding allegations raised by the Australian Securities and Investments Commission ('the ASIC') with respect to the following:
 - Breach of Section 601FD(1) of the Act by Mark McIvor with respect to improper use of his position as an officer of Equititrust for personal benefit to the detriment of unit holders
 - Breach of Section 601FD(1) of the Act by Mark McIvor as he did not act honestly in dealings with various borrowers, loans and properties in the EIF
 - Breach of Section 208, 601FD(1) and 1021C of the Act by Mark McIvor in amending the constitution without disclosure to unit holders to the detriment of unit holders
 - Breach of Section 675 of the Act by Mark McIvor in failing to disclose various transactions to unit holders which would have had an impact on the value and interest of the unit holder investments
- Treatment of unit holders as shareholders or creditors and accordingly whether they have a vote with respect to the future of the company; and
- Investigations into a new Responsible Entity including discussions with three potential parties who are interested in becoming a new Responsible Entity of the funds.

The Court granted my application and extended the convening period to Friday 13 April 2012.

The purpose of this report is therefore to provide creditors with sufficient information for them to make an informed decision about the future of the Company, including:

- background information about the Company;
- the results of my investigations;
- the estimated returns to creditors;
- the options available to creditors and my opinion on each of these options.

In the time available to me, I have undertaken the following investigations to prepare this report and formulate my opinion:

- Conducted an investigation into the affairs of the Company utilising the books and records held by the Company;
- Issued demands to deliver books and records of the Company to various parties;
- Attended Company premises to review and take control of Company records;
- Held numerous meetings and discussions with the Company's Directors';
- Held numerous meetings and discussions with staff employed/contracted by ECG Administration Pty Ltd (In Liquidation) which was subject to a Service Agreement with the Company;
- Held numerous meetings and discussions with representatives of the other appointees identified earlier;
- Meeting with King & Wood Mallesons on behalf of NAB, Gadens Lawyers on behalf of BDO, BDO and Ferrier Hodgson to ascertain the scope of the respective external administrators appointments;
- Considered and if appropriate acted on information supplied by third parties, in particular with respect to insurance issues, various breaches of the Corporations Act and allegations against the Company and its current/former Directors;
- Held various meetings and discussions with lawyers with respect to a number of litigious issues;
- Attending to enquiries from unit holders of the funds for which the Company is a Responsible Entity ('RE') via the use of an investor enquiry line and email address;
- Liaised with other potential REs in regards to future management of the funds;
- Reviewed the management accounts and externally prepared financial statements of the Company;
- Reviewed the validity and quantum of secured creditor claims;
- Reviewed records with respect to the funds managed by the Company in order to gain an understanding of these and their respective asset portfolio to determine possibility of a new Responsible Entity;
- Discussions with government authorities regarding various regulatory issues;
- Meeting with ASIC enforcement officers to discuss the Administration, ongoing issues and the future direction of the appointment;
- Assessment of admissibility and quantum of contingent claims of the Company;
- Investigations into related party relationships and relevant transactions;
- Review of the Company's insurance – Directors & Officeholders Policy and Liability Policy to determine scope of cover and any applicable exclusions;
- Circumstances surrounding the recovery of management fee for the 2010/2011 financial year and the validity of a purported waiver of such fees;
- Investigations surrounding allegations raised by ASIC as identified earlier.

I note that whilst I have conducted investigations into the above issues these are not conclusive and will continue following the forthcoming meeting of creditors. This however has not prevented me from being able to provide sufficient, meaningful information in this report or from being able to form an opinion on what is in the creditors' best interests.

At the meeting of creditors to be held on Friday 20 April 2012, creditors will be asked to make a decision by passing a resolution in respect of options available to them. **In this report I have recommended to creditors that the Company go into liquidation and detailed why this option is, in my opinion, in creditors' best interests.**

4.0 ADMINISTRATORS' PRIOR INVOLVEMENT

The Partners of Hall Chadwick have not received any payments as an inducement for the acceptance of this appointment and the Partners of Hall Chadwick have not paid any inducement to secure this appointment.

Hall Chadwick is not a creditor of the Company or its Directors, past and present. The Administrators are not disqualified from acting as Administrators, Liquidators or Deed Administrators of the Company by virtue of the provisions of the Act or any other rules.

I refer creditors to the Declaration of Independence, Relevant Relationships and Indemnities which was attached to my previous report to creditors and tabled at the initial meeting of creditors in accordance with Section 436DA of the Act.

For the purposes of disclosure, I note that we, Richard Albarran, Glen Oldham and I, have been appointed to act as Administrators of ECG Administration Pty Ltd. I also note that Richard Albarran, David Ross and I have been appointed to act as Administrators of Wirrina Resort & Conference Centre Pty Ltd. I advise that this relationship does not pose a threat to our independence due to the following:

- Neither Richard Albarran, Glen Oldham and I have had previous dealing with the Directors other for the purposes to discuss the relevant appointments; and
- Neither Richard Albarran, Glen Oldham, David Ross (appointee of Wirrina Resort & Conference Centre) and I, nor our firm, have provided any professional services to the Company and its associated entities in the previous 24 months.

Section 448C(1)(b) of the Act envisages the possibility that related corporations may share common Administrators without giving rise to a conflict of interest.

Further to the above you will be aware that in the DIRRI it was noted that the Directors of the Company had agreed to indemnify me for the payment of professional fees and disbursements in the amount of \$30,000 plus GST each week the Administrators and Deed Administrators were appointed to the Company for payment of their fees and expenses in regards to that appointment should sufficient funds not be recovered during the appointment to cover payment of these fees and expenses.

It is my understanding the directors do not have the capacity to honour this indemnity and accordingly it is unlikely that there will be funds available to the Administrators pursuant to this indemnity.

5.0 BOOKS AND RECORDS

Creditors should be aware that an Administrator is required to conduct an investigation into the position of the Company. In doing so, a review has been conducted of the books & records of the Company in my possession.

Section 286 of the Act provides that a Company must keep written financial records that:

- a) correctly record and explain its transactions and financial position and performance; and
- b) would enable true and fair financial statements to be prepared and audited.

Subsequent to my appointment I have issued demands for the following parties to provide me with the books and records of the Company:

- Mark McIvor, Ross Honeyman and David Hickie ('the Directors');
- KPMG (the Company's auditors);
- Tucker & Cowen Solicitors; and
- Nyst Lawyers.

On 8 March 2012 KPMG responded noting that they will require 28 days to provide the books and records as per the notice. In further correspondence from them on 27 March 2012 they

indicated that their files "will likely consist substantially or entirely of documents or copies of documents that are KPMG's property and are confidential to KPMG." They also advised that they can conduct a review of their files to determine whether they do hold any books of the Company however such a review would cost \$6,405 (excluding GST). I have not requested such a review due to the costs involved and the likelihood that a majority of documents will be claimed as confidential by KPMG. If necessary I will require production of such documents in accordance with an examination process discussed in further detail in Section 12 of this report.

On 8 March 2012 my staff received a response from Mr Tucker of Tucker & Cowen Solicitors that all matters he is working on relate to the EIF and accordingly the court appointed Receiver is knowledgeable on these. Accordingly no documents were provided however Mr Tucker advised that he can attend a meeting to discuss the litigation that his firm had been dealing with. I have not proceeded with a meeting with Mr Tucker as the updates can be provided by the court appointed Receiver.

I note that I am currently awaiting a response from Nyst Lawyers in regards to the request for books and records.

The Directors have advised that all books and records of the Company were stored on the business premises and the Administrators have had access to these during the course of the Administration. Due to the limited timeframe of the Administration my staff has not been able to review all documents available. The books and records identified and reviewed to date comprise of the following:

- Various minutes of meetings of shareholders and directors;
- Externally prepared and finalised audited financial statements for financial years ending 1999 to 2010;
- Company's management accounts (MYOB);
- the Company's bank account statements with National Australia Bank and other banking records;
- Aged payable records and creditors invoices;
- ATO correspondence, BAS records and running balance account;
- Fixed assets register;
- Lease documents;
- Insurance documents;
- Asset schedule;

Given the size and nature of the business operated by the Company, it appears that the Company's books and records are adequate to comply with Section 286 of the Act.

This opinion on the adequacy of the Company's books and records is an initial opinion based on investigations that have been carried out over a limited period of time. In providing this opinion, I note that an audit has not been completed (nor will an audit be completed) of the Company's financial records. Because of the short time period as prescribed by the Act for this report to be completed I have only reviewed the books and records of the Company relevant to the preparation of this report.

6.0 BACKGROUND INFORMATION

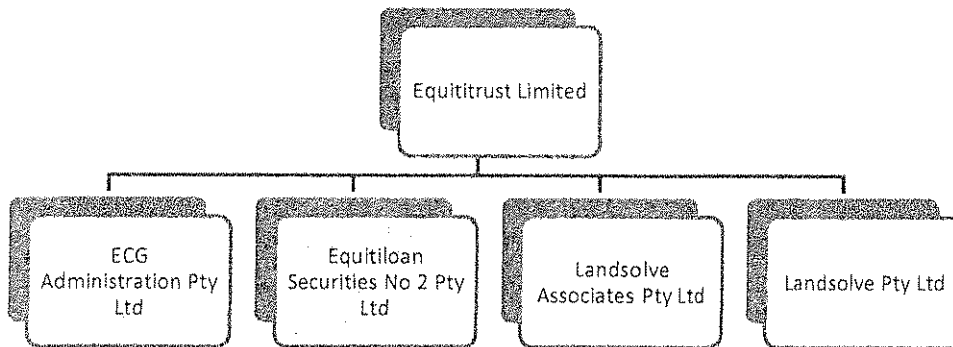
A search of the ASIC data base ("Company search") has shown that the Company was incorporated on 18 August 1993. Prior to the appointment of Administrators in addition to trading in its own right with respect to various investments the principal business activity of the Company was to act as a Responsible Entity ('RE') and manager/custodian of the following managed investment schemes:

- Equititrust Income Fund ('EIF')
- Equititrust Priority Class Income Fund ('EPCIF'); and
- Equititrust Premium Fund ('EPF').

These funds are discussed further in section 7 of this report. A series of events have led to the Company's role as RE of these funds diminishing and this is discussed further in section 8.2 of this report.

The Company conducted its business from premises located at Level 1, 65-67 Thomas Drive, Chevron Island, Surfers Paradise which was also the Company's registered office. I note that Company did not own the premises but leased them from a related entity, MM Holdings Pty Ltd (Receivers and Managers Appointed). I note that William Colwell and Gregory Moloney of Ferrier Hodgson are also appointed Receivers and Managers of this entity.

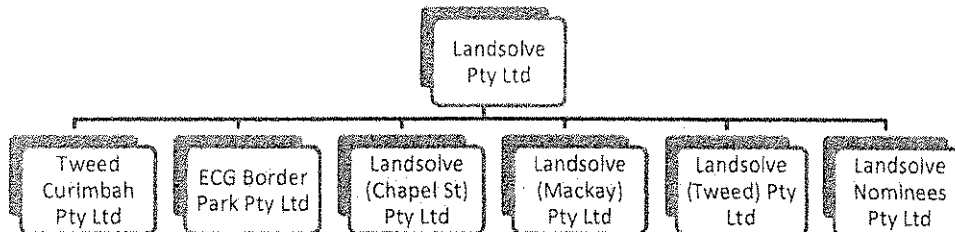
Further to the above, information retrieved from the ASIC database and Company records indicates that the Company is a parent entity for a number of entities as follows:



Whilst investigations into the financial position of these subsidiaries are continuing the following preliminary comments can be made with respect to each:

Company	Comments
ECG Administration Pty Ltd (In Liquidation)	As noted above Richard Albarran, Glen Oldham and I are also appointed Administrators to this company. On Monday 27 February 2012 at a major meeting of creditors this company was wound up and we were appointed Liquidators.
Equitloan Securities No 2 Pty Ltd	Investigations indicate that this is a non-trading entity which holds a small number of units to establish funds (i.e. Equitrust Priority Class Income Fund) and also shares in WIPA Pty Ltd.
Landsolve Associates Pty Ltd	Former staff has advised that this entity holds a real estate licence which may have been removed, operates a general bank account and a trust account and previously operated Wirrina Cove Real Estate.
Landsolve Pty Ltd	This is a holding company for a number of companies created for specific projects as discussed below. It also holds a Heads of Agreement and is a proposed contracting party for a loan entered into by EIF.

Landsolve Pty Ltd is a parent entity for a number of other special purpose vehicle entities as follows:



Company	Comments
Tweed Curimbah Pty Ltd	This is a non-trading entity which is alleged to have defaulted under a Put & Call Option over a property neighbouring a development held as security by EIF.

ECG Border Park Pty Ltd	This is a non-trading entity which was intended to be the contracting party for a transaction entered into pursuant to an EIF loan however this currently is in place with Landsolve Pty Ltd.
Landsolve (Chapel St) Pty Ltd	This is a non-trading entity and holds no assets.
Landsolve (Mackay) Pty Ltd	This is a non-trading entity and holds an option over a property neighbouring a development held as security by EIF.
Landsolve (Tweed) Pty Ltd	This is a non-trading entity however is the development manager of a development in an EIF asset and holds a Power of Attorney from a borrower in an EIF loan, Tweed Central Pty Ltd.
Landsolve Nominees Pty Ltd	This is a non-trading entity and holds no assets.

A review of the financials of those entities that maintained them indicates there is minimal value to the shareholding of these entities.

6.1 Directors and Secretaries

The Company search indicates that the current Directors and Secretaries of the Company are as follows:

Name	Position	Appointment Date
Mark Mclvor	Director	21 November 2011
Ross Honeyman	Director & Secretary	21 November 2011
David Hickie	Director	12 January 2012

During the last two years the directors of the Company were as follows:

Name	Commence	Cease
Mark Mclvor	1-Jul-95	13-Jun-11
Thomas Haney	3-Jul-00	3-Sep-10
Wayne Mclvor	10-Aug-00	14-May-10
David Kennedy	14-May-10	14-Jun-11
David Tucker	3-Sep-10	11-Oct-11
Craig Treasure	12-Oct-10	16-Oct-11
John Goddard	12-Oct-10	17-Oct-11
David Jackson	28-Jul-11	17-Oct-11
Harvey Parker	11-Oct-11	12-Oct-11
Warwick Powell	11-Oct-11	21-Nov-11
Troy Bingham	12-Oct-11	21-Nov-11
Jeffrey McDermid	17-Oct-11	21-Nov-11
Paul Vincent	24-Oct-11	21-Nov-11
Stacey Mclvor	21-Nov-11	16-Dec-11

6.2 Shareholders

A company search indicates 500 ordinary shares issued to Mark Mclvor paid up to an amount of \$4,097,385.

6.3 Registered Charges

The Company search and a search of the Personal Property Securities Register ('PPSR') indicate the existence of registered charges and securities which can be summarised as follows:

Charge holder	Type of Charge [^]	PPSR Registration No.	Date Created	Date Registered
Commonwealth Bank of Australia	AiIPAAP	201112170128171	2/08/2004	3/08/2004
National Australia Bank Limited	AiIPAAP	201112122204591	14/12/2005	22/12/2005
	AiIPAAP	201112160651922	28/11/2003	15/12/2003
	AiIPAAP	201112204029431	*	*
	AiIPAAP	201112204030685	*	*
BOS International (Australia) Ltd	AiIPAAP	201112170104295	2/07/2004	27/07/2004
	AiIPAAP	201112160773089	13/06/2007	15/06/2007
	AiIPAAP	201112160773091	13/06/2007	15/06/2007
	AiIPAAP	201201120666165	*	*

	AllPAAP	201201120680280	*	*
	General Intangible	201201120680365	*	*
Capital Finance Corporation (Australia) No. 1 Pty Ltd	AllPAAP	201112130758358	24/12/1999	24/12/1999
ECG Funds Management Ltd as Custodian for Equititrust Ltd as Responsible Entity for the Equititrust Priority Class Income Fund	AllPAAP	201112290100877	20/12/2010	20/12/2010

* Charge document not locatable on PPSR

^ AllPAAP stands for All Prior and After Acquired Property

7.0 RESPONSIBLE ENTITY

As previously noted the Company acted as RE and manager/custodian of three 3 funds. It was able to act as both an RE and the manager/custodian as a result of it meeting the minimum net tangible asset requirements of a custodian.

7.1 Equititrust Income Fund (Receiver Appointed) ('EIF')

The EIF (ARSN 089 079 854) is a registered managed investment scheme established under Chapter 5C of the Corporations Act which has been open to investment since 1999. Investigations indicate that EIF invested in mortgage loans secured by first mortgages on real property and cash investments. David Whyte of BDO was appointed Receiver of EIF pursuant to Supreme Court orders on 21 and 23 November 2011.

As at the date of our appointment there are 203,634,856 investor units in EIF held by approximately 1620 unit holders. The estimated unit value as at 31 December 2011 as per the BDO report dated 1 February 2012 is as follows:

Description	Amount	
	Low \$000's	High \$000's
Estimates selling prices of assets	93,315	119,065
Selling Costs – marketing and agents fees	(3,266)	(4,167)
Secured Creditors	(12,100)	(12,100)
Land Tax and Rates	(7,200)	(7,200)
Other Unsecured Creditors	(1,600)	(1,600)
Receiver's Fees	(115)	(115)
Net Realisable Value (est.)	69,034	93,883
Investor Units	203,635	203,635
Value/ Unit (est.)	0.34	0.46

The above calculations are based on funds generated from the selling of assets as opposed to the recovery of loans outstanding from borrowers. This is as a result of a majority of the borrowers being in default and having had enforcement action commenced against the underlying securities. Accordingly the amount expected to be recovered is of the underlying securities and not the value of the loans.

The difference in the available assets from the above calculations and the historical book values of the funds is as a result of an impairment adjustment recommended by the fund auditors ('KPMG') to the EIF assets (being the decrease in value of the underlying securities of the loans). Pursuant to the Australian Accounting Standards Board ('AASB') standard 136:

an entity must ensure that its assets are carried at no more than their recoverable amount. An asset is carried at more than its recoverable amount if its carrying amount exceeds the amount to be recovered through use or sale of the asset. If this is the case, the asset is described as impaired and the Standard requires the entity to recognise an impairment loss.

Accordingly KPMG recommended an impairment of \$167,510,994 to the asset balances in the draft annual report for the 2011 financial year which was a significant contributing factor to the reduction of the report net asset value of the fund. A comparison of the financial statements for the fund below indicates the fall in the assets of EIF and also the increase in the expenses incurred during the 2011 financial year.

	Annual Report 30 June 2010 (\$)	Draft Annual Report 30 June 2011 (\$)
Revenue	36,378,860	30,327,145
Expenses	-6,316,234	-174,274,586
Profits From Operations	30,062,626	-143,947,441
Finance Costs	-30,062,626	-13,106,893
Net Profit/(Loss)	0	-157,054,334

	Annual Report 30 June 2010 (\$)	Draft Annual Report 30 June 2011 (\$)
Assets		
Current Assets	107,900,711	106,702,281
Non – Current Assets	173,736,554	0
Total Assets	281,637,265	106,702,281
Liabilities		
Current Liabilities	38,880,967	20,121,659
Non-Current Liabilities	242,756,198	86,580,522
Total Liabilities	281,637,165	106,702,181
Net Assets	100	100

7.2 Equititrust Priority Class Income Fund (Receiver Appointed) ('EPCIF')

The EPCIF (ARSN 089 079 729) is a registered managed investment scheme in accordance with Chapter 5C of the Corporations Act and was established in December 2010 to facilitate the repayment of the NAB debt owed by EIF. This was to be facilitated by the money raised by investors investing in EPCIF which it would have in turn on lent to EIF. In return EPCIF would receive interest on this loan.

In February 2011 ASIC identified a potential conflict in that the Company was the RE for EIF and was also to be the RE of EPCIF, i.e. it was going to be the RE for the borrower as well as the lender. The Company attempted to address this issue however ASIC's concerns were not satisfied and accordingly the EPCIF was not progressed. It currently has 5 unit holders with no tangible assets.

7.3 Equititrust Premium Fund ('EPF')

The EPF is an unregistered managed investment scheme which commenced in May 2003 with the principal activity of investing in mortgage loans secured by mortgages on real property and cash investments. It should be noted that mortgages securing loans in EPF are second ranking and accordingly subject to more risk.

I understand that during the 2011 financial year the principal activity changed to being a winding up of the fund through the orderly realisation of EPF's assets and settlement of its liabilities. Jamie Harris, John Cronin and Joseph Hayes of McGrathNicol were appointed Receivers and Managers of the Company in its capacity as manager of EPF and directly to the fund pursuant to securities held by Bank of Scotland International on 21 February 2012.

As at the date of our appointment there were 56,708,086 investor units in EPF held by approximately 38 unit holders and the estimated value of these units as a result of our investigations is as follows:

Description	Amount	
	Low \$000's	High \$000's
Assets (est.)	7,680	12,635
Selling Costs (marketing and agents fees)	(269)	(442)
Secured Creditors	(6,800)	(6,800)
Unsecured Creditors	(5,337)	(5,337)
Net Realisable Value (est.)	(4,726)	56
Investor Units	56,708	56,708
Value/ Unit (est.)	Nil	0.001

The above calculations are based on funds generated from the selling of assets as opposed to the recovery of loans outstanding from borrowers. This is as a result of a majority of the borrowers being in default and having had enforcement action commenced against the underlying securities. Accordingly the amount expected to be recovered is of the underlying securities and not the value of the loans.

The difference in the available assets from the above calculations and the previous book value is as a result of impairment recommended by the fund auditors ('KPMG'). A comparison of the financial statements for the fund below indicate the fall in the assets of EIF and also the increase in the expenses incurred during the 2011 financial year. A significant contributing factor to the reduction in the net asset position of the fund is the impairment of \$70,637,418 as recommended by KPMG to the asset balances in the draft annual report for EPF for the 2011 financial year.

	Annual Report 30 June 2010 (\$)	Draft Annual Report 30 June 2011 (\$)
Revenue	15,691,212	11,373,132
Expenses	-8,147,337	-73,278,428
Profits From Operations	7,543,875	-61,905,296
Finance Costs	-7,543,875	-5,380,511
Net Profit/(Loss)	0	-67,285,807

	Annual Report 30 June 2010 (\$)	Draft Annual Report 30 June 2011 (\$)
Assets		
Current Assets	32,149,242	405,191
Non – Current Assets	62,582,930	17,098,344
Total Assets	94,732,172	17,503,535
Liabilities		
Current Liabilities	31,234,046	18,081,156
Non-Current Liabilities	0	0
Total Liabilities	31,234,046	18,081,156
Net Assets	63,498,126	-577,621

7.4 Sophisticated Fund

Another fund in the control of the Company is the *Sophisticated Fund* which was established for specific investors who required their funds to be lent directly to borrowers as opposed to being part of a managed investment scheme. Investigations indicate there are currently 5 loans outstanding in this fund as follows:

Borrower	Notes	Outstanding (\$)	Estimated Realisable Value (\$)
OTM Developments Pty Ltd	1	1,328	Nil
Rosea Pty Ltd	2	783,916	783,916
Castlecrag Nominees Pty Ltd	3	22,719	Nil
Elite Property Investment Group Pty Ltd	4	226,965	Nil
Morvale Land Pty Ltd	5	86	Nil
Total	-	1,035,014	783,916

1. Loan has been settled with securities released
2. Recoverability subject to a Deed of Settlement dated 16 May 2011 which involves funds owed to EIF and EPF as well as the Sophisticated Fund. Investigations are also continuing into the entitlement by the external funder towards the loan, Shareholding Pty Ltd.
3. Final payment to settle this loan was paid to Tucker & Cowen Pty Ltd in reduction of outstanding legal fees.
4. The Company holds secondary securities and unlikely to be any equity following the payment of first security holders and accordingly amount un recoverable
5. Loan has been settled with securities released.

8.0 HISTORICAL ANALYSIS

8.1 Financial Analysis

Investigations indicate that the Company maintained an up to date internal accounting system and also prepared external accounts in accordance with the Australian Accounting Standards and the Act. The Annual Financial Report for the year ended 30 June 2010 is available via the website and also includes financials for the year ended 30 June 2009. However externally audited accounts for the year ended 30 June 2011 have not yet been finalised and approved by KPMG.

Accordingly the below analysis is based on the following:

- Finalised Annual Financial Reports for the 30 June 2009 and 30 June 2010 financial years;
- Internally prepared management accounts for the 30 June 2011 financial year and the period 1 July 2011 to 15 February 2012

This office has not undertaken any work to verify the figures contained in the Company's management accounts and as such the Administrators do not make any representations as to the accuracy of those figures.

Profit and Loss				
	30 June 2009	30 June 2010	30 June 2011	15 February 2012
Revenue	29,805,703	21,471,553	15,216,353	2,470,067
Expenses	15,641,322	15,350,880	91,201,446	3,687,330
Profit/(Loss) Before Tax	14,164,381	6,120,673	(75,985,093)	(1,217,263)
Income tax expense	-4,276,807	-1,612,512	-	-
Net Profit	9,887,574	4,508,161	(75,985,093)	(1,217,263)

Balance Sheet				
	30 June 2009	30 June 2010	30 June 2011	15 February 2012
Assets				
Current Assets	22,540,437	13,804,048	5,201,108	3,373,888
Non – Current Assets	73,003,943	78,082,168	3,878,676	4,309,232
Total Assets	95,544,380	91,886,216	9,079,784	7,683,120
Liabilities				
Current Liabilities	26,542,484	18,663,729	5,793,433	5,613,181
Non-Current Liabilities	256,856	44,412	93,370	93,370
Total Liabilities	26,799,340	18,708,141	5,886,803	5,706,551
Net Assets	68,745,040	73,178,075	3,192,981	1,976,569
Current Ratio	0.85	0.74	0.90	0.60

In regards to the above, I note the following:

- The above historical financial information is for the Company in its own right only and does not reflect the financial position of the funds for which the Company is the RE. I note that the Company also prepared consolidated financial reports for the 2009 and 2010 financial years however for the sake of clarity I have presented the historical financial information separately for the Company.
- The Company's current ratio has been below 1 for the last 3 financial years and also as at the date of our appointment. Often, a current ratio of below 1 is an indicator that the Company may not have had sufficient cash flow to pay its debts as and when they fall due.
- It is evident from the above that major changes in the financial position of the company occurred during the 2011 financial year, as follows:
 - Increase in expenses;
 - Decrease in assets.

I note that the above can be primarily attributed to the write-off of investments held by the Company during that financial year. As at June 2010, the Company held \$40m and \$10m subordinated units in EIF and EPF respectively. During the 2011 financial year, KPMG made recommendations to the Company that the assets of the funds be impaired in an amount of \$167,000,000. These impairments resulted in a net loss being recorded for the two funds.

The respective constitutions of the funds provide that in these circumstances, the loss is to be borne in the first instance by the subordinated unit holders. As such, the unit holding of \$50m in the funds was written down, and accordingly this loss was expensed by the Company in the 2010/2011 financial year.

Further to this I note the following assets were also written down and accordingly expensed during the 2010/2011 financial year:

- Investment in the Sophisticated Fund of approximately \$13 million
- Loans to MM Holdings Pty Ltd (Receivers and Managers Appointed) of approximately \$15 million
- Amounts outstanding by ECG Administration Pty Ltd (Administrators Appointed) of approximately \$7 million

These were written down as they were deemed unrealisable however further investigations will continue into the appropriateness of these write downs in the event the Company is placed into liquidation at the forthcoming meeting of creditors.

8.2 Explanation for Difficulties

8.2.1 Directors' Explanation

During the period of Administration my staff held discussions with the Directors of the Company regarding the financial position of the Company. The Directors have identified that the failure of the Company is as a result of the issues experienced by the funds for which the Company acts as the RE. They have noted that the funds have experienced difficulty for the following reasons:

- The Global Financial Crisis ('GFC') saw an unprecedented tightening of credit;
- Banks demanded long established credit lines be repaid;
- The Government guarantee for bank deposits during the GFC contributed to a radical increase in redemption requests which had to be met and accordingly reduced the funds under management;

- The property market has fallen over a number of years resulting in a decrease in value of the securities held in the funds;
- Banks are not providing reasonable funding for property development and accordingly the value of the assets held cannot be increased and rather sits dormant.

The following timeline can be provided of the circumstances to the failure of the Company:

1. Breaches of the Company's Australian Financial Services License

Date	Event
30 June 2011	Impairment of assets in EIF by KPMG resulted in a fall of value of the units in EIF and this loss was first borne by the subordinated investment of the Company. The subordinated investment worth \$40m was effectively eliminated which reduced the Company's Net Tangible Assets to below that required as per Clause 6 of the Company's Australian Financial Services License. Clause 6 of the Company's AFSL notes that the minimum Net Tangible Assets are required to be \$5m.
30 September 2011 14 October 2011	The audited financial report for the Company which included EIF and EPCIF as these were prepared on a consolidated basis were due to be lodged for 2010/2011 financial year by 30 September 2011. This was not possible and accordingly following a request by the Company, ASIC granted an extension to 14 October 2011. These annual reports were not finalised by 14 October 2011 and ASIC didn't grant any further extensions. This was a breach of sections 292, 301 and 319 of the Corporations Act. Also breached section 601HG(1) by not ensuring an audit compliance is completed for the compliance plans of EIF and EPCIF and also section 601HG(7) by not lodging this auditor's report.
11 November 2011 21 November 2011	Clause 16 of the AFSL requires insurance to be maintained with respect to professional indemnity and fraud by officers. Insurance held by the Company was due to expire on 11 November 2011 and the Company was successful in having an extension granted to 21 November 2011. There was no further extension beyond this date resulting in the Company further breaching it's AFSL.

2. Proceedings commenced by ASIC

Date	Event
20 October 2011	ASIC conducted searches of the Company premises in order to obtain books and records to investigate the breaches of the Company's AFSL and the Act
25 October 2011	ASIC made an application to the Supreme Court of Queensland ('the court') to restrict the powers of the Company in its capacity as the RE for EIF and EPCIF. This application was on the basis of the breaches of the Company's AFSL and the Act
27 October 2011	The court made the orders applied for by ASIC
12 December 2011	The orders made on 27 October 2011 modified and extended to 1 February 2012 upon request and consent by the Company
1 February 2012	The orders made on 27 October 2011 and 12 December 2011 further extended to 29 March 2012
28 March 2012	The orders were further extended to 10 May 2012

In summary, the effect of these orders is that the Company cannot:

- modify, or repeal and replace, the constitution of EIF in the absence of a special resolution passed by the members of EIF and without 21 days' notice to ASIC;
- redeem, cancel or modify existing members' interests in EIF, without 21 days' notice to ASIC;
- deal with any property held or controlled by the Company in its capacity as responsible entity of EIF, other than in the ordinary and proper course of business;

- (d) deal with any property held or controlled by the Company in its own capacity, other than in the ordinary and proper course of business;
- (e) enter into any contracts, deeds or agreements in respect of or in relation to any property held or controlled by the Company in its capacity as responsible entity of EIF without 21 days' notice to ASIC;
- (f) renegotiate the terms of loans made or controlled by, or securities and guarantees held or controlled by the Company in its capacity as responsible entity of EIF, other than in the ordinary and proper course of business;
- (g) commencing or discontinuing legal proceedings in respect of loans made by, or securities and guarantees held or controlled by, the Company in its capacity as responsible entity of EIF, other than in the ordinary and proper course of business.

As a result of orders of the court dated 28 March 2012 (d) above does not apply to the Administrators or the Receivers and Managers of the Company and the complete order does not apply to the court appointed Receiver.

3. Applications for the winding up of EIF and EPCIF

Date	Event
12 October 2011	Then directors of the Company resolved that the Company could not continue to act as the RE of EIF and EPCIF and steps should be taken in order for a temporary RE to be appointed or the alternatively the funds be wound up
25 October 2011	ASIC intervened in proceedings commenced by Tucker SF Pty Ltd to have EIF wound up and caused them to be heard with proceedings on 27 October 2011
15 November 2011	The Company made an application in accordance with the resolutions passed on 12 October 2011 that the Company be replaced as RE of EIF and EPCIF or alternatively EIF and EPCIF be wound up
21 November 2011 23 November 2011	The court made orders that EIF and EPCIF be wound up and David Whyte appointed as the person responsible for ensuring the winding up of the funds
19 December 2011	The Company lodged a notice of appeal to the orders made on 21 and 23 November 2011 however this has not progressed further as a result of the appointment of Administrators and Receivers and Managers to the Company
29 February 2012	The court made orders clarifying powers of the court appointed Receiver with respect to the winding up of EIF and EPCIF. These were consented to by the Administrators and Receivers and Managers of the Company as well as by ASIC.

4. Winding up Proceedings

Date	Event
21 September 2011	Ian Lazar initiated winding up proceedings against the Company however these
2 December 2011	proceedings were dismissed with costs orders awarded to the Company

8.2.2 My Explanation

In addition to the above factors however I note that the failure may also be attributed to:

Disharmony between directors

It is apparent from section 6.1 of this report that a number of directors have been appointed to the Company and subsequently resigned and/or were removed. This constant change in directorship of the Company is symptomatic of disharmony at board level and has affected the strategic ability of the board to address the significant issues faced by the Company.

These changes commenced in mid-2010 with the resignation of Wayne McIvor and Thomas Haney. At this time David Kennedy, David Tucker, Craig Treasure and John Goddard were all appointed and remained on the board for approximately a year. Investigations indicated that the board and the shareholder had reservations against the conduct of David Tucker as a result of a potential conflict in being a director of the Company as well as a partner of a law

firm commissioned on a significant number of recovery matters for EIF. As a result of these reservations David Tucker was ultimately removed as a director. These are further discussed in section 11.2 of this report.

Following the removal of David Tucker, Craig Treasure and John Goddard resigned at which time Warwick Powell, Troy Bingham, Jeffrey McDermid and Paul Vincent commenced directorship. Following their appointment their primary focus was on the resolution of the number of issues faced by the Company in its responsible entity role. Accordingly their appointments were for a short period, being approximately a month, up to 21 November 2011 at which time the court ordered for the funds to be wound up.

Poor strategic management of accounts receivable and business

This factor exists in the Company's ability to manage its accounts receivable in its own right as well as loans that were entered into via the funds and which the Company managed as RE of the funds.

As discussed further in section 10.1 of this report there are a number of related party loans which have not been realised and are unlikely to be realised due to the inability of the related parties to meet any demands. A number of these related parties are also subject to external administration and accordingly it is unlikely that recovery of these loans will be possible.

Investigations indicate that most if not all of the loans in EIF and EPF are under default and that interest on a large portion of these has not been paid but rather capitalised. This method of managing these loans has led to the situation that currently exists where the security underlying the loans is inadequate to recover the full balance of the loans. Financial reports of EIF and EPF have indicated that many loans were extended and if this had not happened they would have been in default at an earlier date and arguably impairment to the fund assets would have occurred at an earlier date.

Further the illiquid nature of much of the funds remaining real property investments does at least call into question the wisdom of the original investment into certain loan transactions. These matters however will be further investigated in the event creditors resolve to place the Company into liquidation at the forthcoming meeting.

9.0 TRADING

As previously noted the Company is the responsible entity for EIF, EPCIF and EPF. These are subject to various external appointments including the appointment of the court appointed Receiver over EIF.

Prior to my appointment, the court appointed Receiver negotiated a subsequent services agreement ("service agreement") dated 20 December 2011 between the Company, GCP (HQ) Pty Limited ("service provider"), ECG Administration Pty Ltd (In Liquidation) ('ECGA') and himself as Receiver to facilitate the winding up of EIF and therefore continued trading of the Company.

The negotiated terms of the service agreement were as follows:

- Responsible entity ("the Company") is liable to pay all costs, expenses and fees necessary to operate and maintain the business ("service costs");
- The Receiver is responsible for termination and redundancy entitlements upon termination of the agreement subject to approval;
- the Company is liable to pay a license fee on a fortnightly basis calculated in accordance with the agreement ("License Fee");
- ECGA is responsible for maintaining, paying and discharging all liabilities to be met by it as employer of the Staff and Consultants;
- ECGA is to provide the Receiver, the service provider and the responsible entity with all support services reasonably required to effectively utilise the staff and consultants available for the purpose of the agreement;

- ECGA is to maintain the necessary insurance to insure the service provider against risks in connection with the provision of the services.

Upon my appointment to ECGA on 15 February 2012, I reviewed the terms of the service agreement to determine whether it was feasible to continue trading and therefore maintain the services agreement. This services agreement was continued until 16 March 2012 from which time the court appointed Receiver has relocated to new premises and employed a number of staff directly to continue the winding down of EIF.

My investigations determined that invoices for services provided by ECGA for the period 20 December 2011 to the date of my appointment totalling \$159,146 had not been paid. As such I notified the court appointed Receiver on 23 February 2012 enquiring as to when the debts will be discharged. The court appointed Receiver has indicated that his intention is to claim an offset for the amounts owed to the Company against amounts he believed the Company owes EIF.

It will be seen that the court appointed receiver has been able to assert this position as a result of the complicated structure utilised for the on billing of services provided by ECGA. I am yet to invoice the court appointed receiver for expenses incurred by the Administrators during the administration and am not aware of any issues the court appointed receiver will have in making payment for this invoice. I note that there have not been any receipts and payments for my appointment to date.

10.0 CURRENT FINANCIAL POSITION

Following the appointment, my staff provided to the Directors of the Company a Directors' Questionnaire and a Report As To Affairs ("RATA") for completion in accordance with Section 438B(2) of the Act. At the date of this Report being dispatched to creditors, the Directors of the Company have yet to complete and return either the Directors' Questionnaire or RATA to this office. I have informed ASIC of the directors' non-compliance in this regard.

As a result the following table of the Company's assets and liabilities has been prepared by using the management accounting reports and conducting investigations into the specific items in the management accounts as at 15 February 2012.

Description	Management Accounts (\$)	Estimated Realisable Value (\$)
Assets		
Cash at Bank	119,424	179,464
Sundry Debtors	2,571,633	Unknown
Other Receivables	682,831	628,771
Due from Controlled Entities	1,112,508	Nil
Due from Related Entities	2,666,901	Unknown
Shares & Other Securities	343,977	Nil
Other Assets	185,846	Nil
Total Assets	7,683,120	Unknown
Liabilities		
Secured Creditors	Nil	17,136,498
Unsecured Creditors	5,706,550	69,064,522
Total Liabilities	5,706,550	86,201,020
Contingent Liabilities	Nil	Unknown
Net Assets (Liabilities)	1,976,570	(Unknown)

The Estimated Realisable Value-Liquidation ("ERV") is the price that is expected to be obtained from the sale of an asset by public auction, with a vendor who is compelled to sell with a sense of urgency. This is not the market value of the asset.

10.1 Assets

Receivers and Managers have been appointed to the Company and nominally assets of the company are subject to the control of Receivers and Managers. I note that we will continue to liaise with Ferrier Hodgson in regards to this and provide the following summary of the assets.

10.1.1 Cash at Bank

Investigations into the Company indicate that the Company holds two bank accounts with the National Australia Bank; a Business account for general trading and expenses and an Allocation account used as a trust account on behalf of other entities. Bank statements received upon appointment indicate an amount of \$86,094 and \$93,370 in the Business and Allocation account respectively.

10.1.2 Sundry Debtors

Investigations indicate that the Sundry Debtors account records the yield earned on the Company's investment in EIF and EPF as well as scheme expenses incurred in work completed on the funds. As at 1 July 2010 the opening balance was \$1,026,274 and the following provides a reconciliation of the account to the date of our appointment reflecting a balance as at that date of \$2,272,389.

Description	DR	CR	Balance
Opening balance	-	-	1,022,883
immaterial entries	5,791	4,141	1,024,533
Payment of EIF Yield for 2009/2010 FY	-	2,263,782	(1,239,248)
Charging of EIF Yield for 2010/2011 FY	4,511,722	-	3,272,474
Reversal of EIF Yield for 2010/2011 FY	-	4,511,722	(1,239,248)
Reversal of EIF Management Fee	-	3,015,659	(4,254,907)
Reinstatement of EIF Management Fee	3,015,659	-	(1,239,248)
Scheme expenses for 2010/2011 FY	6,779,834	-	5,540,586
Scheme expenses GST for 2010/2011 FY	151,962	-	5,692,548
Scheme expenses for July & August 2011	736,431	-	6,428,979
Journal Entry (payables also increased)	280,000	-	6,708,979
Adjustment to scheme expenses for 2010/2011 FY	-	743,270	5,965,709
Transfer to Billed Disbursements account	351	3,693,671	2,272,389
Total	15,481,749	14,232,243	

Accordingly it seems that the amount outstanding relates to scheme expenses for the 2010/2011 and 2011/2012 financial year. Negotiations are continuing with the court appointed receiver with respect to payment of this amount as the court appointed receiver has adopted a position that this amount should be set-off against Management Fees charged by the Company during the 2010/2011 financial year.

The constitution for EIF and EPF indicate that management fees may be charged for a distribution period in the event the interest payments to unit holders have been met for that particular interest period. In this regard I note the following:

- Distributions were made to unit holders during the 2010/2011 financial year from July 2010 to February 2011 and interest payments to unit holders were "frozen" from March 2011 onwards
- Accordingly management fees were calculated at the nominated rate in accordance with the EIF constitution of 1.5% of EIF's asset values for the months July 2010 to February 2011

The methodology apparently adopted by the court appointed receiver pursuant to which the management fees should not have been charged is based on the following:

- As a result of the impairment of the EIF assets in the amount of \$167,510,994 EIF would report a net loss for the 2010/2011 financial year
- Accordingly the distributions to investors from July 2010 to February 2011 are really repayments of capital and not interest distributions
- As a result the requirements of the EIF constitution were not maintained and the management fee is not chargeable

I note that at an Investor Briefing Session on 23 September 2011 the then chief executive officer David Kennedy advised investors that the \$2.8m management fee had not and will not be drawn. A reason for this is not noted in the investor briefing summary for that session. I note however that investigations conducted by my office indicate that the management fees had in fact already been drawn prior to this date. I also note that at a board meeting (i.e. a reconstructed board) held on 23 November 2011 the management fee was reinstated.

Investigations in regard to the scheme expenses and management fee position are continuing and I am currently seeking advice from counsel with respect to the chargeability and recoverability of these management fees.

10.1.3 Other Receivables

I note that accounts receivable include the following items and amounts as per the management accounts and investigations:

Item	Notes	Management Accounts (\$)	ERV (\$)
Billed Disbursements	a	35,726	223,984
Sophisticated Fund	b	202,214	Nil
Loan to EPCIF	c	25,789	Nil
Investment in EIF	d	25,563	11,248
Investment in Sophisticated Fund	e	393,539	393,539
Total		682,831	628,771

- (a) Billed disbursements represent payments made by the Company in its capacity as the responsible entity of the various funds, such as payment of lease liabilities, employee entitlements, legal fees etc, which are to be reimbursed by the funds. These expenses are expected to be discharged by the appropriate funds and the Administrators office will continue working on the recovery of same.

A reconciliation of this account indicates that on appointment approximately \$35,726 was owing to the Company by EIF and EPF. From this date amongst various other charges, the invoices relating to the period 20 December 2011 to 15 February 2012 totalling \$159,146 have been included bringing the total owing in regards to this account to \$223,984. As noted in section 11 of this report the court appointed receiver is of the position that this amount will be set-off against the management fees however negotiations in this regard will continue.

- (b) These are costs related to the Sophisticated Fund and as noted above there is no likely return from the Sophisticated Fund other than the investment discussed below. Accordingly the amount noted in the management accounts is unlikely to be realised
- (c) As noted previously there are no assets in EPCIF and accordingly it is unlikely that this loan will be recovered.
- (d) The Company holds 25,563 ordinary units (non-subordinated) in EIF and unit holders are expected to receive an estimated return of 44 cents in the dollar for their investment. Accordingly these units have an estimated value of \$11,248
- (e) The value of the investment in the Sophisticated Fund is expected to be realised via recovery of amounts owing by Rosea Pty Ltd under a settlement agreement dated 16 May 2011 via which recoveries are expected around June 2013

10.1.4 Due from Controlled Entities

I note that this is in relation to an amount owing from ECG Administration Pty Ltd (In Liquidation) and as previously discussed in this report Richard Albarran, Glen Oldham and I are Liquidators of ECG Administration Pty Ltd (In Liquidation). Investigations in that appointment indicate that a return to creditors is unlikely.

10.1.5 Due from Related Entities

The management accounts indicate loans given to MM Holdings Pty Ltd (Receivers and Managers Appointed) in the amount of \$2,666,901 which have operated as an overdraft facility for the Company. Investigations indicate that Westpac and NAB have appointed Receivers and Managers to MM Holdings Pty Ltd (Receivers and Managers Appointed). Accordingly we are continuing to investigate whether any assets will be available following recoveries by these Receivers and Managers for their clients to satisfy this debt owed to the Company.

10.1.6 Shares & Other Securities

As per the management accounts these include shares held in Equitloan Securities No. 2 Pty Ltd in the amount of \$343,875 and other related entities totalling \$102. As previously advised Equitloan Securities No. 2 Pty Ltd is a subsidiary of the Company and is a non-trading dormant entity and accordingly this investment is unlikely to be realised. Investments in other entities are immaterial and unlikely to be realisable

10.1.7 Other Assets

Other assets include Prepayments of \$10,846 which are unlikely to be recovered due to the Company now being placed in Administration and a Suspense account used as a balancing account accordingly it is not expected that this is a realisable asset.

10.2 Liabilities

10.2.1 Secured Creditors

Investigations indicate the following secured creditors and estimated amounts owed to each:

Creditor	Notes	Amount (\$)	Likely to be paid from
Capital Finance Corporation	a	800,000	Company
Commonwealth Bank of Australia	b	1,136,783	EIF
National Australia Bank	c	8,400,000	EIF
Bank of Scotland International	d	6,799,715	EPF
Subtotal		17,136,498	

a. Capital Finance Corporation ("CFC")

The Company search and PPSR search indicates that CFC holds security over the Company's rights, title and interest in the "Connect the World" Project. I note that I have sent correspondence to CFC requesting details of their facility and the debt owed to them; however I am yet to receive a response. I understand this security relates to an amount owed to CFC of approximately \$800,000. I am unaware of the current value of the security. Further investigations into the equity position of the project will be conducted by my office.

b. Commonwealth Bank of Australia ("CBA")

The CBA hold a charge over all of the assets of the Company, in its capacity as the Responsible entity of the EIF. I note that this debt is in relation to various bank guarantees provided by the CBA in respect to a number of properties/securities in EIF.

c. National Australia Bank ("NAB")

The NAB currently holds two separate fixed and floating charges over the assets of the Company in its own right and as the Responsible Entity of the EIF. As mentioned previously in this report, NAB appointed William Colwell and Gregory Moloney of Ferrier Hodgson as Receivers and Managers of the beneficially owned assets of the Company on 16 February 2012.

As per the circular to investors dated 24 February 2012 the Receivers and Managers rely on the case authorities of *Norman, in the matter of Forest Enterprises Australia Limited (Administrators Appointed) (Receivers and Managers Appointed) v FEA Plantations Limited (Administrators Appointed) (Receivers and Managers Appointed) [2010] FCA 1274*, subsequently affirmed in the matter of *RiverCity Motorway Limited (Administrators Appointed) (Receivers and Managers Appointed)* (Federal Court, Brisbane, 14 February 2012) for the proposition that they are not "officers" of the Company for the purposes of Chapter 5C of the Corporations Act and therefore are not responsible for the winding up of EIF, EPCIF or EPF.

As per the Proof of Debt submitted by NAB on 24 February 2012, I understand that the total debt owed to the NAB as at the date of my appointment to be in the order of \$8,400,000. I understand that the debt owed to NAB will be satisfied via the realisation of the assets of the EIF and the court appointed Receiver in his latest circular to investors has indicated an estimated timeframe of 30 June 2012 for this to occur.

d. Bank of Scotland International ("BOSI")

BOSI currently hold three charges over the assets of the Company in its own right and in its capacity as the Responsible Entity of the EPF. As mentioned previously in this report, BOSI have appointed Jamie Harris, John Cronin and Joseph Hayes as Receivers and Managers of the Company in its capacity as manager of EPF.

I note that I have issued correspondence to BOSI requesting details of their debt; however I have not received a response. Notwithstanding this, I understand the debt owed to BOSI to be in the order of \$7m and the debt owed to BOSI will be satisfied via the realisation of the assets of the EPF.

10.2.2 Unsecured Creditors

The Company's MYOB records unsecured creditors totalling \$5,706,550.

Utilising the proofs of debts submitted by creditors I have calculated unsecured creditor claims to be \$69,064,522. A summary of claims of unsecured creditors is set out as follows:

Unsecured Creditor Name	Amount (\$)
Australian Taxation Office	485,135
Cavallo Trading Pty Limited	2,805,934
Crackers Corporation Pty Limited	25,000,000
Graham Hayes	3,700,534
KPMG	137,500
MM Capital (In Liquidation)	205,033
MM Holdings Pty Ltd (Receivers and Managers Appointed)	10,766,519
Nyst Lawyers	15,005
Tucker & Cowen	501,553
Westpac	25,447,309
Total	69,064,522

This figure is subject to variation pending the receipt of final proofs of debt received.

I note that clause 6.1 of EIF's constitution provides that "*the Manager is indemnified out of the Assets for all debts, liabilities, damages, costs, Taxes, charges, expenses and outgoings reasonably and properly incurred by it*".

As such it is my opinion that the Company, through its appointed administrators, is able to call on that indemnity in accordance with the EIF Constitution. As the court appointed Receiver has the responsibility for winding up EIF, I will be forwarding to him the proofs of debt submitted to the Company together with my adjudications in respect of those proofs of debt. To the extent that those creditors are paid directly by the court appointed Receiver, it will reduce the amount for which they are able to prove for against the Company.

I note that the proof of debt submitted by Westpac relates to a Guarantee and Indemnity provided by the Company to secure the obligations of M.M. Holdings Pty Limited (Receivers and Managers Appointed). I note that I have requested further information from Westpac regarding their securities and the amount they anticipate claiming from the Company in relation to the indemnity and guarantee.

Whilst the Bank of Queensland has not submitted a proof of debt against the company, an affidavit of Paul Vincent sworn on 18 November 2011 indicates an amount of \$7m outstanding to BOQ. I understand this may relate to guarantees provided by the Company with respect to debts owed to BOQ by MM Holdings Pty Ltd (Receivers and Managers Appointed).

10.3 Contingent Creditors

Investigations indicate that on 11 November 2011 Piper Alderman on behalf of a number of unit holders wrote to the directors and officers of the Company notifying them of a number of claims and providing them details of such claims. Further correspondence was sent by Piper Alderman on 24 February 2012 identifying further claims against the Company and its directors/officers.

I note that at this stage no litigation has been commenced with respect to these potential causes of action and as such the unit holders of the funds are considered to be contingent creditors with unliquidated claims as a result of having notified the Company and other related parties about a prospective intent to commence proceedings against the Company and the appointed directors/officers of the Company appointed at the time of the alleged breaches.

Corporations Regulation 5.6.23(2) states that a creditor must not vote in respect to an unliquidated or a contingent claim unless a just estimate of its value has been made. As such, for the purpose of the initial meeting of creditors, the unit holders claims and proof of debts were admitted. However, in circumstances such as these where the quantum of any claim is subject to proof and a range of factors and where it is difficult to say from a causation perspective whether a decrease in unit value is due to the alleged wrongs of the Company or its Directors, there was case law to the effect that it was appropriate to admit the relevant creditors for voting purposes for the nominal value of one (1) dollar.

A summary of the key matters as per the correspondence from Piper Alderman dated 11 November 2011 with respect to unit holders claims is as follows.

10.3.1. Breach of fiduciary duties

Pursuant to Section 601FC(1)(c) a responsible entity must act in the best interests of the members and, if there is a conflict between the members interests and its own interests, give priority to the members' interests.

During the years 2005 to 2008 the Company paid to itself an amount of \$67,216,541 in interest warranty fees and in 2009 and 2010 collected returns on the subordinated interest in an amount of \$20,445,144.

The interest warranty fees and returns on the subordinated unit holding of the Company were calculated as the *remaining surplus income of the Scheme* in which income included *all receipts* from borrowers, whether interest repayments or capital. Accordingly these were substantial and excessive following the deduction of various expenses.

Income for the Company was based on the interest warranty fee or the return on its subordinated unit holding. As the unit holders received monthly interest payments and these

were generally fixed, the increase in surplus was an increase in income for the Company. Although it could have led to an increase in the redemption value of the unit holders it did not as their price remained at \$1 per unit.

As an increase in surplus only increases the income for the Company, there becomes an issue as to whether the increased borrowing by the Company was necessary. From 2000 to 2003 the Company retained funds received from unit holders so that it could meet liquidity requirements. From 2004 however it applied investor funds towards loans and accordingly commenced borrowing from banks to meet liquidity requirements. This application of unit holder funds to loans was to improve Fund performance however the unit holders had no direct benefit of this as improved fund performance was beneficial only to the Company in increased in terms of surpluses.

As a result Piper Alderman have argued that there has been a breach of fiduciary duties due to –

- Excessive and unjustified interest warranty fees and returns on subordinated units from EIF's assets being paid by the Company to itself;
- The Company borrowed excessively for its own benefit as opposed to the benefit of unit holders; and
- The Company failed to retire credit lines efficiently and out of the surplus remaining

10.3.2 Breach of trust

Pursuant to Section 601FC(2) a responsible entity holds scheme property on trust for scheme members. In this regard there are three key issues leading to an alleged breach of trust.

(i) Loan to Value Ratio ('LVR')

The EIF Constitution required that the total money advanced and secured over Land and any other property shall not exceed 80% of the value of the Land and other property in which Land was defined as freehold estate or interest in real property including buildings, fixtures and fittings and other improvements erected or installed therein.

Accordingly the Company could not take into consideration an estimated value of the completed project on a particular development when determining the loan to value ratio of respective investments. Piper Alderman have indicated that this may not have been the case and that money was lent on the basis of "as if complete" valuations. A significant drop in these valuations has led to the significant impairment of the loans previously discussed.

(ii) Imprudent Investments

Piper Alderman have alleged that the Company's imprudent actions by advancing money on the basis of "as if complete" valuations was further compounded by underlying property developments being unsound or carrying high credit risk, such as the example of loans related to Mr Dudley Quinlivan.

(iii) Re-negotiating Mortgages

Piper Alderman also alleges that it is a breach of trust to re-negotiate mortgages which are already in default due to the increased credit risk involved in doing so. In this regard they note that during the 2008, 2009 and 2010 financial years a number of mortgage loans were extended which otherwise would have been in default. If this was not the case these loans would have been impaired in the respective financial years, providing a more accurate financial position.

Accordingly the Company is alleged to have breached the trust of the unit holders due to the following:

- Invested EIF's assets in projects outside the investment criteria of the EIF constitution

- Entered into imprudent investments with unsound property developments
- Re-negotiated mortgages and extended loans which would otherwise be overdue

10.3.3 Breaches of the Corporations Act

Pursuant to Section 675 a disclosing entity must report information that it becomes aware of which may materially affect the price or value of securities of the entity.

During the 2009 and 2010 financial years the Company recorded loan impairments of only \$2,978,378 which Piper Alderman allege are materially low in comparison of the amount of loan impairments the Company ought to have been aware of and impaired during the 2009 and 2010 financial years.

Accordingly the failure to report the correct and adequate level of impairments has led to a lack of reporting by the Company which is an alleged breach of the Act as noted above.

10.3.4 Negligence

Piper Alderman assert that the directors of the Company at various times have not exercised reasonable skill and diligence in performing their duties which includes ongoing amendments to the constitutions, improper lending and misleading statements to the market and unit holders.

10.3.5 Misleading and deceptive conduct

Piper Alderman allege claims for misleading and deceptive conduct based on Section 12DA of the Australian Securities and Investments Commission Act and/or Section 1041E and 1041H of the Corporations Act.

These arise from claims that were made and/or should have been made by the Company from as early as 2005 in various product disclosure statements released to unit holders and also the Company's financial statements. Examples of these statements include, but are not limited to, the following:

- Statements relating to prudent lending guidelines
- Statements regarding the charging of management fees
- Statements regarding the concentration of credit risk
- Treatment of loans and mortgages in the financial statements

10.3.6 Relief

Piper Alderman have noted that relief sought by unit holders would include:

- The amount of fees and returns to the Company from the respective funds; and
- The loss incurred by the unit holders by the fall in their unit holding. For example, on the basis that the estimated return to unit holders is 34 to 46 cents in the dollar, the loss is 54 to 66 cents in the dollar equating to approximately \$110m to \$134m.

As the Company is in Administration and unlikely to have any assets to meet such a claim I anticipate that this claim will also be made on the insurance policies previously held by the Company. In this regard the onus of defending such a claim will fall upon the insurer, Liberty International Underwriters. As the Company is currently subject to Administration the unit holders cannot commence their contemplated proceedings against the Company without my consent as Administrator or leave of the court in accordance with Section 440D of the Act.

Whilst investigations into these claims and the availability of the insurance policies to meet these are continuing I note that the policies previously held by the Company are claims made policies. Accordingly the insurer will only respond to these claims if the Company had made these claims prior to the insurance lapsing. Investigations indicate that the insurer was informed of the Piper Alderman class action however investigations into the extent of the notification are continuing.

It is my present intention to rule on the alleged claims of the unit holders at the forthcoming meeting of creditors in a similar manner to that which was adopted in the initial meeting of creditors, i.e. the claims are properly characterised as contingent claims of an unliquidated nature and accordingly are inadmissible to proof unless a just estimate of the value is made. A just estimate in the circumstances would be \$1.

In this regard I note the following:

- Piper Alderman, on behalf of the so called unit holders class action have not sought leave to commence proceedings against the Company nor have they sought my consent as Administrator to do so. This course of action as noted above is available to them;
- Any other ruling could have an impact on third party rights such as insurers and the relevant directors, without them having the right to challenge the alleged evidence against them. In my opinion such a denial of natural justice would be inappropriate and amount to an abuse of the proof of debt adjudication process.

It should be noted that the possibility of a claim against the fund auditors, KPMG, has also been brought to the attention of the Administrators. I understand that such a claim would relate to KPMG's audit opinions in the financial accounts and whether they were appropriate given the circumstances of the Company. The Administrators will continue to liaise with Piper Alderman with respect to the above actions to facilitate a positive outcome for unit holders.

10.4 Related Entities

A creditor of the Company may apply to the court to set aside or modify a resolution authorising the execution of a resolution on the future of the Company if it was carried as a consequence of a related entity casting a vote.

In this regard an applicant creditor must demonstrate the resolution passed is contrary to the interests of the creditors as a whole or that it unreasonably prejudiced the interests of the creditors who opposed the resolution passed.

In relation to the claims of related entities, please refer to the following table:

Name of Related Entity	Quantum of Claim (\$)	How debt was incurred	How a related entity
MM Capital Pty Ltd (In Liquidation)	205,033	Related party loan	Common director
MM Holdings Pty Ltd (Receivers and Managers Appointed)	10,766,519	Related party loan	Common director
Total	10,971,652		

11.0 OFFENCES, VOIDABLE TRANSACTIONS AND INSOLVENT TRADING

11.1 Offences

I have conducted investigations into the affairs of the Company and have identified offences that may have been committed by the directors of the Company. I propose to report the results of my findings to ASIC in accordance with Section 438D of the Act. I have noted a number of these potential offences and breaches as follows:

ASIC Search Warrant

The warrant produced by ASIC in conducting its search on 20 December 2011 notes the following allegations (summarised) of inappropriate transactions by the responsible entity's owner (Mark McIvor):

- Breach of Section 601FD(1) by Mark McIvor with respect to improper use of his position as an officer of Equititrust for personal benefit to the detriment of unit holders

- Breach of Section 601FD(1) by Mark McIvor as he did not act honestly in dealings with various borrowers, loans and properties in the EIF
- Breach of Sections 208, 601FD(1) and 1021C by Mark McIvor in amending the constitution without disclosure to unit holders to the detriment of unit holders
- Breach of Section 675 by Mark McIvor in failing to disclose various transactions to unit holders which would have had an impact on the value and interest of the unit holder investments

On 26 March 2012 I wrote to ASIC to request documentation supporting these allegations to which ASIC advised they do not intend on making any comments or providing any further information regarding these suspected contraventions.

11.2 Voidable transactions

The law requires an Administrator to specify whether there are any transactions that appear to the Administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act. This issue is relevant to creditors if they are being asked to choose between a DOCA or a liquidation, because voidable transactions are only able to be challenged if a liquidation occurs.

For general information about what voidable transactions are, please refer to the attached information sheet, marked Annexure A.

From a preliminary review of the Company's books and records in my possession it is my opinion that the Company may have an action against certain parties for transactions that may be voidable such as the following:

- Unfair Preferences
- Uncommercial transactions
- Unfair loans
- Unreasonable payments to directors

11.2.1 Unfair Preferences

A transaction is an unfair preference given by a company to a creditor of the company if, and only if:

- the company and the creditor are parties to the transaction (even if someone else is also a party); and
- the transaction results in the creditor receiving from the company, in respect of an unsecured debt that the company owes to the creditor, more than the creditor would receive from the company in respect of the debt if the transaction were set aside and the creditor were to prove for the debt in a winding up of the company.

In this regard a review of the management accounts for the six months prior to my appointment as Administrator indicates an amount of \$810,000 in payments which are not reconcilable to specific invoices. I note that of this amount \$616,000 relates to payments made to related entities. A summary of these payments is as follows:

Payee	Amount (\$)
Non Related Entities	
CFC	125,000
Nyst Lawyers	40,000
Pogetti Capital	10,000
Strategic Assets	19,000
Total Non-Related Entities	194,000

Related Entities	
Various directors	33,000
Guardian Capital	250,000
MM Holdings Pty Ltd (Receivers and Managers Appointed)	333,000
Total Related Entities	616,000

These may be preferential in nature as the payees may not have received the amounts had they been required to prove in the administration of the Company. A defence to these however may be whether the payees provided an ongoing service in the nature of a running account.

As previously noted MM Holdings Pty Ltd (Receivers and Managers Appointed) is subject to external appointment and accordingly the benefits of pursuing that company for unfair preferences may be limited. Investigations however are continuing into the payments to the other entities and will be facilitated in the event creditors resolve to place the Company into liquidation at the forthcoming meeting.

11.2.2 Uncommercial Transaction

Pursuant to Section 588FB of the Act a transaction of a company is an uncommercial transaction of the company if, and only if, it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction, having regard to:

- (a) the benefits (if any) to the Company of entering into the transaction; and
- (b) the detriment to the company of entering into the transaction; and
- (c) the respective benefits to other parties to the transaction of entering into it; and
- (d) any other relevant matter.

Section 588FC states that a transaction of a company is an insolvent transaction of the company if, and only if, it is an *unfair preference given by the company*, or an *uncommercial transaction of the company*, and:

- (a) any of the following happens at a time when the company is insolvent:
 - i. the transaction is entered into; or
 - ii. an act is done, or an omission is made, for the purpose of giving effect to the transaction; or
- (b) the company becomes insolvent because of, or because of matters including:
 - i. entering into the transaction; or
 - ii. a person doing an act, or making an omission, for the purpose of giving effect to the transaction.

Further to this, Section 588FDA provides that a transaction of a company is an unreasonable director related transaction of the company if, and only if:

- (a) the transaction is:
 - i. a payment made by the company; or
 - ii. a conveyance, transfer or other disposition by the company of property of the company; or
 - iii. the issue of securities by the company; or
 - iv. the incurring by the company of an obligation to make such a payment, disposition or issue; and
- (b) the payment, disposition or issue is, or is to be, made to:
 - i. the director of the company; and
 - ii. a close associate of a director of the company; or
 - iii. a person on behalf of, or for the benefit of, a person mentioned in subparagraph (i) or (ii); and
- (c) it may be expected that a reasonable person in the company's circumstances would not have entered into the transaction, having regard to:
 - i. the benefits (if any) to the company of entering into the transaction; and

- ii. the detriment to the company of entering into the transaction; and
- iii. the respective benefits to other parties to the transaction of entering into it; and
- iv. any other relevant matter."

I have identified a number of circumstances which may have enlivened the provisions with respect to uncommercial transactions and unreasonable director related transactions of the company and have discussed these below.

Waiver of Management Fee

As previously noted in this report at an investor briefing seminar on 23 September 2011 investors were notified of the waiver of the management fee for the 2011 financial year in the amount of \$2.8 million. Whilst investigations are continuing into the background of this, by doing so an entitlement of the Company has been disposed of arguably without provision of adequate consideration.

As such investigations into whether this waiver of the management fee is potentially an uncommercial transaction are continuing as it resulted in the Company potentially having lost the entitlement to an asset of approximately \$2.8 million. Further it is arguable the Company became insolvent for the purposes of Section 588FC as a result of entering into the transaction.

The waiver of the management fee also may enliven Section 181 which states that a director or other officer of a corporation must exercise their powers and discharge their duties:

- (c) in good faith in the best interests of the corporation; and
- (d) for a proper purpose.

The waiver was not in the best interests of the Company as it has resulted in a potential claim against the Company by EIF. The court appointed receiver has indicated that he is likely to submit a proof of debt in the Administration as a result of this waiver. The amount for this proof of debt would be the \$2.2 million outstanding as per the Company's books and records less the \$2.8 million waiver meaning a claim of \$600,000.

Accordingly the Administrators are currently seeking legal advice on the validity of such a claim. Investigations are continuing on who approved such a waiver however the directors at the time of this waiver were David Tucker, Craig Treasure and John Goddard. It should also be noted that David Kennedy was the Chief Executive Officer of the Company at the time.

In this regard clause 4(c) of the EIF constitution provides that the manager is under a duty "to act in the best interests of members and if there is a conflict between the members interests and the managers own interests give priority to the members interests".

Accordingly there is at least some inherent tension between the directors duties to members of the fund and their duties to the Company in its own right.

Tucker & Cowen

As previously noted David Tucker was a director of the Company from 3 September 2010 to 11 October 2011. During this time Mr Tucker was also a partner of a law firm Tucker & Cowen and the Tucker Super Fund was a unit holder of EIF. It has been brought to the attention of the Administrators that during this time the Company instructed Tucker & Cowen on a number of litigation matters and paid fees and expenses to Tucker & Cowen as follows:

Financial Year	ETL (\$)	EIF (\$)	EPF (\$)	Total (\$)
2009	70,342	Nil	Nil	70,342
2010	527,514	104,152	83,501	715,167
2011	565,310	933,448	Nil	1,498,758
2012	84,266	216,530	Nil	300,796
Total	1,247,432	1,254,130	83,501	2,585,063

Accordingly during the financial year in which Mr Tucker was a director of the Company, Tucker & Cowen received fees in an amount of approximately \$1.5m. During this time Mr Tucker also received remuneration for his role as a director of the Company.

Pursuant to Section 182 a director, secretary, other officer or employee of a corporation must not improperly use their position to:

- (a) gain an advantage for themselves or someone else; or
- (b) cause detriment to the corporation.

Pursuant to Section 183 a person who obtains information because they are, or have been, a director or other officer or employee of a corporation must not improperly use the information to:

- (a) gain an advantage for themselves or someone else; or
- (b) cause detriment to the corporation.

Investigations are continuing into whether this factual matrix enlivens the provisions of Section 182 and Section 183 of the Act.

Transactions with MM Holdings

A review of the financial statements of the Company has indicated that from at least 1 July 2004 to 30 June 2008, the Company and MM Holdings Pty Ltd had a risk sharing arrangement whereby MM Holdings indemnified the Company for a 20% share of any lending and interest loss incurred by the Company. The financial statements also indicate that MM Holdings made available its property assets as security to support credit facilities of the Company and its respective funds. In return for the provision of this indemnity and security MM Holdings received a warranty fee of initially 25% and then 15% of income during these financial years.

This risk sharing arrangement was ended on 30 June 2008 from which time MM Holdings provided the Company with an unsecured overdraft facility. This facility allowed the Company to draw or repay principal amounts when required with interest paid monthly. This interest was charged at a variable rate of 10% above MM Holding's borrowing costs and for the 2009 and 2010 financial years this equated to a weighted effective average interest rate of 20% per annum.

The above is summarised in the table below, with the contribution received being the amount paid by MM Holdings pursuant to the indemnity discussed above:

Financial Year	Contribution received (\$)	Warranty Fee (%)	Warranty Fee (%)	Interest (\$)	Interest (%)	Loan Outstanding (\$)
2011 – 2012	-	-	-	166,603	-	4,763,882
2010 – 2011	-	-	-	1,848,078	20	4,899,220
2009 – 2010	-	-	-	3,668,775	20	15,588,404
2008 – 2009	-	-	-	3,767,811	20	23,298,000
2007 – 2008	1,062,632	3,225,784	15	-	-	-
2006 – 2007	1,264,454	5,812,344	25	-	-	-
2005 – 2006	1,275,406	4,490,933	25	-	-	-
2004 – 2005	276,467	3,110,919	25	-	-	-
Total	3,878,959	16,639,980	-	7,436,386	-	-

Accordingly it seems that the Company entered into the above agreement with MM Holdings and paid approximately \$17m to receive benefits totalling approximately \$4m however the level of security provided by MM Holdings via its assets is unknown. In this regard I note that the credit facilities of the Company and its respective funds have always been significantly less than the value of the assets and accordingly the assistance provided by MM Holdings in regards to the security would seem minimal.

Entering into such agreements raises the possibility whether this factual matrix has enlivened the provisions of Section 180 pursuant to which a director or other officer of a corporation must exercise their powers and discharge their duties with the degree of care and diligence that a reasonable person would exercise if they:

- (a) were a director or officer of a corporation in the corporation's circumstances; and
- (b) occupied the office held by, and had the same responsibilities within the corporation as, the director or officer.

Investigations are continuing into whether entering into the agreements with MM Holdings were something a reasonable person would have entered into and also whether they are a breach of Section 181, i.e. were they in the best interests of the Company. In this regard I note Mark McIvor is the director and majority shareholder of MM Holdings.

I note that the investigations of potential voidable transactions conducted to date are not finalised and a Liquidator would have sufficient time to investigate in further detail the likely recovery of potential voidable transactions.

Difficulties with pursuing voidable transactions may include:-

1. Legal and accounting fees could be substantial and the matter may take some time to resolve,
2. The recipient of the potential voidable transaction may have a valid defence,
3. The recipient of the potential voidable transaction may not be in a position to pay back those monies if and when a favourable judgment is received,
4. It can be difficult to sustain a claim against a creditor for the receipt of certain types of voidable transaction as the issue of suspicion of insolvency can be disputed.

Based on the above potential difficulties and past experience an estimated return from any voidable transaction recoveries has not been included in any estimated return to creditors calculation at this time. Given my recommendation that the Company be wound up at the forthcoming meeting, further investigations into the affairs of the Company will be conducted.

11.3 Breaches of Directors Duties

Sections 180 to 184 provide a number of key obligations and duties of directors of a corporation which provide guidance for directors in how to act and perform their roles. A number of these may have been breached by the directors of the Company with respect to various issues which have been discussed above.

In summary these include breaches of Section 181 with respect to the waiver of the management fee and transactions relating to MM Holdings and also Sections 182 and 183 in respect to the potential conflicts of interest relating to David Tucker.

11.4 Insolvent trading

Information about possible insolvent trading is relevant to creditors when making a decision about the future of a company as directors of a company may generally only be sued for insolvent trading if the company is in liquidation. As with the voidable transaction analysis above, creditors have to assess the advantages to them of a Deed of Company Arrangement, which cannot include proceeds from insolvent trading actions, compared to the likely return in a liquidation, which could include the proceeds of any successful insolvent trading action.

As set out in section 15 of this report, it is my opinion that the only option available to creditors is that the Company is placed into liquidation at the forthcoming meeting. In these circumstances, I will continue to investigate the affairs of the Company during the course of the winding up. I will be conducting further investigations into the possibility of insolvent trading if appointed liquidator.

For general information about insolvent trading, please refer to the attached information sheet, marked Annexure A.

There are a number of presumptions afforded to a Liquidator in the assessment and recovery of an insolvent trading claim. Two important presumptions are:

Presumption of Continued Insolvency – Section 588E(3) of the Act provides that if it is proved that a company is insolvent at any time during the twelve months preceding the Administrator's appointment, then the Company is presumed to remain insolvent continuously from that point until the appointment date. This presumption assists a Liquidator who would otherwise be required to prove that the Company was insolvent at each time a new debt was incurred.

Presumption of Insolvency – Section 588E (4) of the Act provides that a company is presumed to be insolvent if it has failed to maintain books and records in accordance with Section 286 of the Act.

However, whilst it is acknowledged that these presumptions exist, a Liquidator would nonetheless conduct an investigation and review other documentation bearing on the Company's solvency. An initial discussion on the Company's solvency is outlined below.

A company is considered to be insolvent at the point when it is unable to pay its debts as and when they fall due for payment. Consideration is given to when the debts are commercially due for payment. Accordingly, the test of insolvency is primarily a cash flow test.

Mandie J in ASIC v Plymin (2003) 46 ACSR 126 referred to a checklist of indicators of insolvency as follows:

1. Continuing losses
2. Liquidity ratios below 1
3. Overdue Commonwealth and State taxes
4. Poor relationship with present Bank, including inability to borrow further funds.
5. No access to alternative finance.
6. Suppliers placing Company on COD, or otherwise demanding special payments before resuming supply.
7. Inability to raise further equity capital.
8. Creditors unpaid outside trading terms.
9. Issuing of post-dated cheques.
10. Dishonoured cheques
11. Special arrangements with selected creditors.
12. Solicitors' letters, summons, judgments or warrants issued against the company.
13. Payments to creditors of rounded sums which are not reconcilable to specific invoices.
14. Inability to produce timely and accurate financial information to display the company's trading performance and financial position, and make reliable forecasts.

Some of these indicia as they apply to the Company are as follows:

Continuing losses

In relation to the performance of the Company I provide the following:

	Jun-09	Jun-10	30-Jun-11	23-Feb-12
Revenue	29,805,703	21,471,553	15,216,353	2,539,931
Expenses	15,641,322	15,350,880	91,201,446	3,755,712
Profit/(Loss) Before Tax	14,164,381	6,120,673	(75,985,093)	(1,215,781)
Income tax expense	(4,276,807)	(1,612,512)	-	-
Net Profit	9,887,574	4,508,161	(75,985,093)	(1,215,781)

From the above, the Company has recorded a trading loss for the 30 June 2011 period and also the period from 1 July 2011 to 23 February 2012, indicating that it may not have been able to pay its debts as and when they fell due during that period.

Liquidity ratios below 1

An analysis of the Company's liquidity ratio for the period prior to my appointment is as follows:

	Jun-09	Jun-10	30-Jun-11	23-Feb-12
Current Assets	22,540,437	13,804,048	5,201,108	3,114,843
Current Liabilities	26,542,484	18,663,729	5,793,433	5,706,550
Current Ratio	0.85	0.74	0.90	0.55

The liquidity ratio is a good indication of a company's solvency and a ratio of 1 is considered to be the minimum acceptable level.

The above table suggests that the Company may have been unable to meet its current obligations with its current assets during the period 30 June 2011 to 23 February 2012. The Company's liquidity ratio declined between June 2011 and February 2012 which reflects the Company's deteriorating financial position.

Overdue Commonwealth and State taxes

I note that a review of the Running Account Balance on the Australian Taxation Office ("ATO") portal shows that the Company had a current debit balance of \$46,037.19 owing to the ATO. I note that for the majority of time prior to November 2011 the Company maintained its tax liabilities to a minimum however, since that date the Company has only made two payments, totalling \$49,115. Notwithstanding this the proof of debt lodged by the ATO indicates an amount outstanding of \$485,134.

I note that documentation received from the ATO indicates lodgements outstanding which may increase or decrease the liability to the ATO. The Company's management accounts indicate a return of approximately \$30,000 may be payable to the Company.

The inability to pay Commonwealth and State taxes is indicative of a company's financial difficulties and may suggest that the Company was unable to pay its debts as and when they fell due from a certain point in time.

Poor relationship with present Bank, including inability to borrow further funds

I refer to my comments earlier in this report regarding the various lenders and their respective insolvency appointments to the Company. I understand the Company had been subject to an investigating accountants assignment commissioned by NAB prior to the appointment of the court appointed receiver which reflects a level of apprehension regarding the Company's financial position and it would have been unlikely that various banks would have provided further accommodation to the Company.

No access to alternative finance

In addition to the above, I understand the Company may have experienced difficulty in obtaining funding from sources other than the Bank.

Creditors unpaid outside trading terms

A review of the Company's MYOB file suggests creditors of the Company were unpaid outside the regular trading terms. The Company's management accounts indicate that as at the date of my appointment, approximately 75% of the Company's creditors had remained outstanding in excess of 30 days. A review of the POD's received to date shows the earliest overdue invoices date back to 3 November 2011.

Payments to creditors of rounded sums which are not reconcilable to specific invoices

I note that a review of the management accounts for the six months prior to my appointment as Administrator reflects an amount of \$810,000 in rounded payments which may not be reconcilable to specific invoices.

I note that if the Company is wound up at the forthcoming meeting of creditors, further investigations will be conducted to fix the precise date of insolvency and hence the quantum of any potential insolvent trading claims.

11.5 Directors' Personal Financial Position

Additionally, as discussed in the attached information sheet, marked Annexure A in certain circumstances a directors may be personally liable for insolvent trading. I have sought to make reasonable enquiries to establish the director's capacity to pay any judgment obtained.

Due to financial and time constraints, I have not sought to conduct a public examination of the directors. Therefore I am limited to public information and information provided by the directors, or authorised by the directors to be disclosed by third parties.

I advise creditors that I have undertaken the following enquiries:

- I have provided the directors with a questionnaire to complete disclosing their personal financial position.

Despite the request of same, the directors have not returned the completed questionnaires.

- I have undertaken searches of the New South Wales ("NSW") and Queensland ("QLD") Land Titles Search on the directors' name to determine any property owned by the directors.

Please find enclosed as Annexure B a copy of the results of the above searches.

It must be noted that whilst there are only three current directors there are a number that were previously appointed on whom the searches have also been conducted. This is because these former directors may have been a director of the company during a period it traded whilst insolvent and accordingly may also be subject to any potential claims.

At present I am unaware of the equity position in relation to the referred properties however should the Company be placed into Liquidation at the forthcoming meeting of creditors I will investigate the equity position if warranted.

11.6 Return to Creditors from an Insolvent Trading Action

The attached information sheet published by the IPA notes that a director may be personally liable for insolvent trading and an action for insolvent trading would only be brought against the Director by a Liquidator if a benefit would accrue to creditors from doing so.

In this regard directors have several defences available to them which are outlined as follows:

- a) The Director had reasonable grounds to expect and did expect that the Company was solvent and would remain so;
- b) The Director had reasonable grounds to believe and did believe that a competent and reliable person was providing adequate information to the Director and based on that information the Director expected the Company to be solvent and to remain so;
- c) The Director did not take part in the management of the Company at the time due to illness or some other good reason; and
- d) The Director took reasonable steps to prevent the Company from incurring the debt.

Accordingly, creditors should note the following:

- The directors in continuing to trade the Company may have relied on the right of indemnity held from the funds for debts properly incurred in the administration of that fund. A number of the debts currently outstanding may very well be debts characterised as subject to that indemnity.

- The directors may also purport to rely on the fact that the EIF and EPCIF have had a Court appointed Receiver since 21 November 2011 and accordingly have been out of their direct control since that date.
- A number of the Company's related entities are subject to various external appointments, obviously this issue will specifically effect whether or not action is commenced in regards to insolvent trading or any other claims.

Given my recommendation that the Company be wound up at the forthcoming meeting, further investigations into insolvent trading will be undertaken. Creditors will be informed of the outcome of those investigations in due course. However, creditors will note some of the impediments to a successful prosecution of such claim in the circumstances of this Company as noted in this report.

12.0 PUBLIC EXAMINATIONS

A number of potential causes of action arising out of the Company's business properly affairs and financial circumstances have been identified throughout the course of this report. In the event creditors resolve to place the Company into liquidation at their forthcoming meeting I propose to utilise the examination powers of Part 5.9 of the Act to acquire evidence with respect to the Company's examinable affairs.

Pursuant to Section 596A Mandatory Examination states as follows:

"The Court is to summons a person for examination about a corporation's examinable affairs if:

- (a) *An eligible applicant applies for the summons; and*
- (b) *The Court is satisfied that the person is an officer or provisional liquidator of the corporation or was such an officer or provisional liquidator during or after the 2 years ending:*
 - (i) *If the corporation is under administration – on the Section 513C day in relation to the administration; or*
 - (ii) *If the corporation has executed a deed of company arrangement that has not yet terminated – on the Section 513C day in relation to the administration that ended when the deed was executed; or*
 - (iii) *If the corporation is being, or has been, wound up – when the winding up began; or*
 - (iv) *Otherwise – when the application is made.*

In addition, Section 596B Discretionary Examination states as follows: -

"The Court may summons a person for examination about a corporation's examinable affairs if:

- (a) *An eligible applicant applies for the summons; and*
- (b) *The Court is satisfied that the person:*
 - (i) *Has taken part or been concerned in the examinable affairs of the corporation and has been, or may have been, guilty of misconduct in relation to the corporation; or*
 - (ii) *May be able to give information about examinable affairs of the corporation.*

I note that Liquidators are 'eligible applicants' for the purposes of Part 5.9 of the Act and accordingly a mandatory public examination of at least the following directors and other officeholders will be initiated:

- Mark McIvor
- David Kennedy
- David Tucker
- Craig Treasure
- John Goddard

Sufficient evidence must be provided to the court in relation to a relevant party having information with respect to the examinable affairs of the Company before that relevant party can be examined under the discretionary examination provisions.

The timing of public examinations, the proposed examinees, the scope of the relevant examinations and the funding thereof may be an appropriate consideration of a committee of creditors should creditors resolve to appoint one at their forthcoming meeting. Further information with respect to the public examination provisions of the Act will be provided to the creditors at the forthcoming meeting on Friday 20 April 2012.

13.0 ESTIMATED RETURN FROM A WINDING UP

	Note s	Liquidation Scenario (Low) \$ (excl GST)	Liquidation Scenario (High) \$ (excl GST)
Receipts			
Sundry Debtors	1	Nil	2,571,633
Other Receivables	1	393,539	628,771
Due from related entities	1	Nil	2,666,901
Voidable Transactions	2	Unknown	Unknown
Insolvent Trading	2	Unknown	Unknown
Total Receipts (estimated)		393,539	5,867,305
Payments			
- Receivers and Managers Remuneration	3	Nil	Nil
- Receivers and Managers Disbursements	3	Nil	Nil
- Administrators Remuneration	4	400,000	650,000
- Administrators Disbursements	4	40,000	150,000
- Liquidators Remuneration	4	200,000	300,000
- Liquidators Disbursements	4	50,000	50,000
Secured Creditor	5	17,136,498	Nil
Return to Secured Creditors (c/\$)	5	n/a	n/a
Amount for Ordinary unsecured creditors	6	Nil	4,717,305
Ordinary unsecured creditors' claims	6	69,064,522	69,064,522
Return to Ordinary unsecured Creditors (c/\$) (Est.)	6	Nil	6.83

Notes:

1. Realisability of assets is discussed earlier in section 10.1 of this report.
2. Claims with respect to voidable transactions and insolvent trading are discussed earlier in section 11 of this report.
3. The Receivers and Managers of the Company may recover their costs from EIF as they are appointed by NAB who has security over EIF.
4. The basis on the fees of the Administrators and Liquidators is discussed in section 16 of this report.
5. As discussed in section 10.2 the secured creditors have securities in other entities and accordingly should they recover their debt from these other entities they will not participate in any recoveries made from the Administration/Liquidation.
6. Refer to section 10.2 of this report for a discussion of the unsecured creditors of the Company. It should be noted that contingent creditors is not included in this figure however will be added to the unsecured creditors upon satisfaction that their debt has been established and quantified.

14.0 REPLACEMENT OF THE RESPONSIBLE ENTITY

I note that the information provided in this section of the report is introductory only and should be used by relevant parties to seek legal and financial advice and form their own opinions. I confirm that the Administrators are not providing financial advice and unit holders should conduct their own due diligence in respect of the information provided. The Administrators will not be liable for the information provided nor decisions made on reliance of this information.

At the previous meeting of creditors the possibility of a replacement of the Company as responsible entity of EIF was canvassed. I note that Chapter 5C of the Act relating to managed investment schemes and the constitution of the respective funds contemplates this possibility. It should be noted that only a change in the RE for EIF has been considered and not any of the other funds as EPF is unlikely to discharge its secured creditor in full.

14.1 Procedure to replace

In order for the RE to be replaced there would be a number of key steps involved:

1. Unit holders meeting
2. Informing ASIC
3. Court Application
4. Any consequential amendments to the fund's constitution resulting from a change of RE

1. Unit holders meeting

As per the funds' constitutions the Company, as Manager, or the unit holders in certain circumstances, may call a meeting of the Members at any time. In order to convene this meeting at least twenty one ('21') days written notice must be given in writing. The notice must be provided to each member entitled to vote at the meeting, each director of the manager, the auditor and also the auditor of the compliance plan. A notice of meeting sent by post is taken to be given 3 days after it is posted. A notice of meeting sent by fax, or other electronic means is taken to be given on the business day after it is sent.

The notice must set out the date, place and time of the meeting; state the general nature of the meeting's business; if a special or extraordinary resolution is proposed, then set out an intent to propose a special or extraordinary resolution and state the resolution and contain a statement setting out that the member has the right to appoint a proxy, that the proxy does not need to be a member and that if the member appoints 2 proxies, the member may specify the proportion or number of votes the proxy is appointed to exercise.

At this meeting the unit holders must vote on:

- (a) An extraordinary resolution that the current manager should be removed; and
- (b) An extraordinary resolution choosing a person to be the new manager.

The constitutions indicate that a special or extraordinary resolution put to the vote at a meeting of Members must be decided on a poll. Such a resolution would require at least a majority of all unit holders entitled to vote in favour of it for it to be approved.

2. Informing ASIC

As per proceedings commenced by ASIC discussed in Section 8.2 of this report and the latest court orders dated 28 March 2012 ASIC is required to be notified of any change to the constitution of the EIF. This includes the replacement of the Company as RE and accordingly ASIC will have to be made aware of such action.

3. Court Application

A threshold issue I have considered with respect to the possible replacement of the Company as RE is the orders of Applegarth J of the Supreme Court of Queensland dated 21 November

2011 and 23 November 2011 that the company wind up EIF and EPCIF and that the court appointed Receiver be appointed as the person responsible for ensuring the respective funds are wound up in accordance with their respective constitutions.

That is the court has effectively ordered the funds to be wound up and in such circumstances, the reasonable question could be what the role for a replacement responsible entity is.

I have taken legal advice with respect to this issue and have been advised there is no authority which suggests the winding up could not be reversed by a further order of the court.

The legal advice I have received suggests in the absence of binding authority, the jurisdiction of the court would be discretionary and analogous to the considerations when a court orders a stay of an Official Liquidation pursuant to Section 482 of the Act.

Considerations which the court has had regard to in that jurisdiction include:

- The applicant must make out a positive case for the favourable exercise of the courts discretion;
- The applicant must show the nature and extent of the creditors and whether all debts have been discharged;
- The attitude of creditors, contributories and the Liquidator is a general consideration;
- The applicant must show the general trading position and general solvency of the company;
- The applicant must provide a full explanation of any non-compliance by the directors with their statutory duties;
- The applicant must explain the general background and circumstances leading to the winding up order;
- The applicant must show the nature of the company's business and whether the conduct of the company was in any way contrary to the commercial morality and the public interest;

Upon applying these considerations to the circumstances of the Company it would seem the minimum considerations to be satisfied prior to the court exercising its discretion to stay and order reversal of the orders of 21 November 2011 and 23 November 2011 would be as follows:

1. Quarantine former board from any involvement in fund affairs;
2. Repayment of secured debts of NAB and CBA of approximately \$9.6 Million
 - In this regard I note the court appointed receiver in his latest investor update estimates that to occur by 30 June 2012;
3. Replacement responsible entity reputable and substantial;
4. In best interest of investors-
 - In this regard the issue of whether the replacement by the company by a new RE would result in reconversion of subordinated units held by the company in its own right and a decrease in the value of units held by other members is a relevant consideration.
5. Position of contingent claims
 - these contingent claims would be preserved against the old RE and the relevant directors;
6. Whether it is just and equitable to replace the RE.
7. I would anticipate the audit of the funds which was being undertaken by the funds auditor KPMG for the financial year ended 30 June 2011 would need to be completed. The court appointed receiver has indicated this will not be a prerequisite of his role as the funds are in wind down mode.

8. Any replacement of the Company as responsible apply of the funds would require the support of ASIC.

In this regard I note some of these threshold issues have not been satisfied as at the date of this report – e.g. discharge of secured creditors although circumstances may be subject to variation in which case an application for a stay/reversal of the winding up may be a feasible alternative for investors consideration at some point in the future.

14.2 Subordinated Units

As per discussions earlier in this report the Company holds 40million subordinated units in EIF which, as a result of the impairment recommended by KPMG, currently have nil value. I note however that as per the EIF's constitution in the event the Company is removed as RE its subordinated units will convert to an ordinary class of unit, in the event the absence of consent of the Company to retaining subordinated status.

This conversion of the subordinated units is calculated on a formula based on the value of the ordinary and subordinated units at the time of the conversion. In the absence of the Company's consent to waive this conversion, such a conversion could unfavourably affect the position of the remaining ordinary unit holders as it would diminish the share in the available funds for the balance of the ordinary unit holders.

Accordingly we are currently seeking legal advice as to whom the Company must act in the interests of, i.e. itself and its creditors or the unit holders as RE of the funds. I note that it may be that the Receivers and Managers of the Company may also need to consent to any such action in order to remove the clause regarding the conversion.

14.3 Potential new RE's

During the course of the Administration I have met and held discussions with a number of potential REs that may be interested in taking over the role from the Company. I have summarised the proposals received from these below.

Balmain NB Corporation Limited ('Balmain')

- Once Balmain is appointed their asset management and recovery team is to undertake a due diligence process to prepare any asset realisation recommendations
- Fee structure: Management Fee of not less than 2% per annum of the gross asset value, payable monthly in arrears (including costs of calling members meeting to appoint an independent RE)

See Annexure C for the Balmain proposal in full.

Trilogy Funds Management Limited ('Trilogy')

- Initially Trilogy to act as temporary RE
- Once installed as temporary RE Trilogy is to conduct a due diligence process including:
 - An asset review to develop a realisation plan,
 - Develop a plan to continue winding up the fund (based on asset realisation plan),
 - Develop a plan to deal with the subordinated units (noting this may require directions from the court),
- Intention to call a meeting of unit holders within three months;
- Intention to establish an Investor Committee
- Fee structure: Management Fees at 1.25% per annum of the value of assets

See Annexure D for the Trilogy proposal in full.

Venture Axess Group Limited

- Lion Advantage (to be wholly owned by VAGL) ('Lion') will become RE of the funds;

- Unit Holders will be offered Redeemable Convertible Preference Shares ('RCPS') in VAGL. Effectively investors are to exchange units in EIF for RCPS in VAGL. See full proposal for a detailed explanation on RCPS.
- VAGL is expected to be re-quoted on the National Stock Exchange ("NSX") by mid April 2012. If investors exchange their units for the RCPS it is expected that the shares can be traded on the NSX (*no guarantee of liquidity*);
- Lion currently holds appropriate licenses and insurance cover and engaged Perpetual Nominees Limited as an independent Custodian to hold the assets of the fund;
- Section 4 of the full proposal includes details on the strategy for asset realisation. Effectively the strategy is based on an assessment of the (distressed) asset and determining if it is best realised on a short, medium or long term basis.
- VAGL will also pursue debt recovery to the fullest extent possible;
- Section 5 of the full proposal includes details on the strategy for treatment of the subordinated units. Effectively the strategy is based on redemption of subordinated units only occurring once the value of ordinary units reaches \$1;
- Fee structure: Management fee at 1.50% per annum of gross assets; and
- Expected return will be between 3 and 5 years

See Annexure E for the VAGL proposal in full.

Points to note in relation to the respective proposals received are as follows:

- Both the Balmain and Trilogy proposals presuppose a continued wind down of the funds with a view to an ultimate return of investor funds. The VAGL proposal envisages the investors' funds forming part of a new managed investment scheme with unit holders interests to be converted to a hybrid form of "tradeable" security termed Redeemable Convertible Preference Shares;
- Balmain and Trilogy have considerable experience and expertise in dealing with the winding up of distressed managed investment schemes;
- David Hickie, a current director of the Company (although recently appointed on 12 January 2012) is also a director of VAGL;
- It is my understanding that VAGL is to utilise the Australian Financial Services Licence belonging to VentureAxess Fund Managers Limited however it has not to date amended this license from wholesale to retail and VAGL has not to date been listed on the NSX. Accordingly VAGL is not currently in a position to effectuate its proposal;
- Given the uncertainty surrounding key aspects of the VAGL proposal, in particular the ultimate likely return to unit holders, VAGL would need to provide persuasive evidence to convince the Administrators that their proposal is in investors best interests and indeed to secure the support of ASIC to their proposal;
- In those circumstances it may well be that any comparison in respect of the wind down of the funds to be made by unit holders may involve an assessment of the relative cost of the alternatives remaining available.

As noted earlier, certain threshold issues have not been satisfied wherein it is appropriate for a meeting of unit holders to be convened to consider replacement of the Company as RE. Further I am conscious that the process will involve a degree of expense involving as it does a meeting of investors and an application to court seeking consequential orders.

On this basis I have enclosed as Annexure F a survey form for unit holders to complete as to whether they require further work to be completed to transition the Company as RE. The results of this survey will inform the Administrators decision as to whether further work is appropriate to be completed with respect to this aspect of the administration. In the event unitholders are unable to attend the meeting of creditors dated 20 April 2012 the survey form can be forwarded separately to my office.

15.0 ADMINISTRATORS' RECOMMENDATION

The following options are available to creditors to decide pursuant to Section 439C of the Act, being that:

- the Company execute the proposed Deed;
- the administration should end; or
- the Company be wound up.

My opinion on each option and the reasons for my opinion are set out in the following:

a) The Company execute the proposed Deed

I note that a Deed has not been proposed and accordingly this option is not available for creditors and I am unable to express an opinion as to whether execution of a deed is in creditors best interests.

b) The administration should end

I refer to the Company's schedule of assets and liabilities detailed earlier in this report and note that the Company is insolvent. As Administrator, I do not see any reason to recommend to creditors that the Administration should end and the Company be handed back to the Director.

Accordingly, it is my opinion that it is not in the creditors' interests for the Administration to end.

c) The Company should be wound up

In the circumstances where the Directors have not put forward a proposal for the Company to execute a Deed of Company Arrangement and there is no benefit to creditors from returning the Company to the control of the Directors, it is my opinion that it is in the interests of creditors for the Company to be wound up.

The Liquidators will continue to investigate the affairs of the Company during the course of the winding up. This option will enable the following

- Facilitate collection of assets of the Company identified in this report;
- Facilitate replacement of the Company as RE of the EIF and EPF funds should members so resolve;
- Facilitate public examinations of the director and relevant parties into the examinable affairs of the Company;
- Facilitate verification and quantification of unit holders contingent claims in respect of:
 - Alleged breach of fiduciary duties;
 - Alleged breach of trust;
 - Alleged breach of the Corporations Act;
 - Alleged negligence; and
 - Alleged misleading and deceptive conduct.
- Facilitate investigations into the availability of actions (and if appropriate) recoveries in respect of voidable transactions, breach of directors duties and insolvent trading; and
- Finalisation of the Company's affairs in accordance with the Corporations Act.

For this reason, it is my opinion that it is in the creditors' interests for the Company to be wound up.

16.0 REMUNERATION AND DISBURSEMENTS

Pursuant to Section 449E of the Act the Administrator is entitled to such remuneration as is determined by agreement between the Administrator and the committee of creditors (if any), or by resolution of the Company's creditors, or if there is no such agreement or resolution – by the Court. Where the remuneration is determined by agreement with the committee of creditors or by resolution of the Company's creditors, the Court may, on the application of ASIC, the Administrator or of an officer, member or creditor of the Company review the remuneration and confirm, increase or reduce it.

An Administrator, when seeking approval for remuneration, should provide sufficient information to enable creditors to properly consider the reasonableness of the remuneration sought. If creditors do not believe that they have received sufficient information in this report to allow them to approve the Administrator's fees at the forthcoming meeting of creditors then I request that you immediately contact this office to determine whether further information can be provided.

In accordance with Section 449E(7) of the Act before remuneration is fixed by the creditors the Joint and Several Administrators must prepare a report setting out:

- (i) such matters as will enable the members of the committee of creditors or the creditors to make an informed assessment as to whether the proposed remuneration is reasonable; and
- (ii) a summary description of the major tasks performed, or likely to be performed, by the liquidator; and
- (iii) the costs associated with each of those major tasks; and
- (iv) give a copy of the report to each member of the committee of creditors or creditors at the same time as they are notified of the relevant meeting.

I attach for your reference, marked Annexure G the creditors information sheet titled "Approving Remuneration in External Administrations" issued by the Insolvency Practitioners Association.

Creditors are referred to:

- a) My initial advice to creditors regarding remuneration calculation methods, sent out with my report to creditors dated 17 February 2012. In my initial advice I noted that I proposed that my remuneration be calculated on a time basis.

I also attach, marked Annexure H a schedule of hourly rates which also includes a guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration.

- b) The tables set out at Annexure I. These tables set out a general description of work carried out for the period of the :
 - i. Voluntary Administration to 20 April 2012
 - ii. The winding up from 20 April 2012 to completion.
- c) The spreadsheet set out at Annexure J that sets out the calculation of remuneration by appointee, employee and position.

It is apparent from the abovementioned annexures that the Administrators' work in progress from appointment to the date of the meeting totals \$650,000 plus GST. The Administrators are prepared to seek a reduced approval at this time in accordance with the resolution set out below. In the event of recoveries the Administrators will seek approval of the full balance of the fees incurred at a later date. Creditors will appreciate recoveries (if any) will be subject to a significant delay.

This amount for which approval has been sought has been determined by reducing the Administrators' work in progress with respect to tasks such as:

- Photocopying records utilised for investigations so that originals may be collected by the respective Receiver and/or Receivers and Managers;
- Investigations into various issues for the report to creditors including review of historical information relating to the Company;
- Investigations into related entities and potential recoveries from same;
- Extension of the convening period and associated documents that were required to be prepared;
- Attendance at initial meeting of creditors, in particular attending to queries in regards to same.

In summary, at the forthcoming meeting the Administrators will seek creditor approval that:

Administrators' Remuneration:

"the remuneration of the Administrators from the commencement of the Administration to 20 April 2012 be approved up to a maximum amount of \$400,000 plus GST, calculated in accordance with the Hall Chadwick hourly rates as detailed in the Report to Creditors dated 17 February 2012 ("the base rate") and as varied from time to time with such annual increases (if any) to be no greater than 10% of the base rate, and that the Administrators be authorised to draw the remuneration on a monthly basis or as required."

Liquidators' Remuneration:

"the remuneration of the Liquidators from commencement to the completion of the liquidation be approved up to a maximum amount of \$200,000 plus GST, beyond which creditors further approval will be sought, calculated in accordance with the Hall Chadwick hourly rates as detailed in the Report to Creditors dated 17 February 2012 ("the base rate") and as varied from time to time with such annual increases (if any) to be no greater than 10% of the base rate, and that the Liquidators be authorised to draw the remuneration on a monthly basis or as required."

In addition to the Administrators and Liquidators remuneration discussed above and for which I will seek creditors approval, disbursements made by my office on behalf of the Company will be charged at the rates disclosed in the attached summary of disbursement rates, marked Annexure K.

Creditors will note included in the disbursements is approximately \$100,000 in legal costs to the Administrators legal advisors. This cost is being carried by my firm and was incurred to seek clarity on a number of the complex issues encountered in the course of the administration for the benefit of creditors.

16.1 Indemnity from fund assets

Subsequent to the initial meeting of the creditors the Administrators have had further legal advice that work completed by the Administrators with respect to the Company's role as responsible entity may be subject to the Company's indemnity under the constitution.

The scope and nature of any indemnity available to the Administrators is complicated by the appointment and indemnity available to the court appointed receiver under the orders dated 21 and 23 November 2011.

As such the Administrators will be approaching the court to seek clarity on the scope of any indemnity available to the Administrators in this regard.

17.0 MEETING

Creditors are invited to attend the meeting of creditors to be held on **Friday 20 April 2012** at **11:00am**. Enclosed please find the following:

- Notice of Meeting (Form 529)

The second meeting of creditors has been convened to be held on **Friday 20 April 2012** at **11.00am** at Watermark Hotel & Spa Gold Coast, 3032 Surfers Paradise Boulevard, Surfers Paradise, QLD, 4217.

I advise that there will be teleconferencing facilities available at the following locations, for those creditors located interstate:

Sydney:

Hall Chadwick
Level 29
31 Market Street
Sydney NSW 2000

Local time of the Meeting: 11:00 AM

Melbourne:

Hall Chadwick
Level 14
45 William Street
Melbourne VIC 3000

Local time of the Meeting: 11:00 AM

Perth

Hall Chadwick
243 Hay St
Subiaco WA 6008

Local time of the Meeting: 9:00 AM

Brisbane:

Hall Chadwick
Level 19
144 Edward Street
Brisbane QLD 4000

Local time of the Meeting: 11:00 AM

It is not compulsory for you to attend this meeting. You can nominate someone else or the chairman to attend and vote on your behalf. The chairman will vote on your proxy as directed by you. Your non-attendance will **not** affect the validity of your claim against the Company. A specific voting proxy on the meeting's resolutions is **attached** to the proxy form and may be completed if you are not able to attend.

- Proxy Form (Form 532)

The proxy form submitted (if any) for the previous meeting cannot be used for this meeting.

A new proxy form must be completed. Please note that corporate creditors must submit a proxy if they intend to vote at the meeting. Proxies may be lodged up to the time of commencement of the meeting.

- Formal Proof of Debt Form

Please only submit this form if you have not already done so, or if your claim has altered.

18.0 DISCLAIMER

The information contained in this report is based upon investigations into the affairs of the Company and advice from relevant parties. In these circumstances creditors must appreciate the limitations in the information provided. The *Corporations Act 2001* timetable necessitates the completion of this report in a relatively short period of time.

The statement of financial position recorded earlier in this report and the estimated outcome is an estimate only based on information available at the date of this report. Many factors affect the estimated outcome to creditors. The data used in this report may change as further information becomes available and after all matters in the administration are finalised. If there is any additional material information received in the Administration then it will be presented to creditors as soon as practicable.

Creditors are encouraged to either attend and actively participate at the meeting or supply information to the Administrators about the Company's financial affairs. Without such assistance from creditors, you cannot expect to maximise your return from the Administration and Liquidation.

Creditors will be aware that the Administrator must act as Chairman of the forthcoming meeting of creditors. Further, it may be necessary for the Chairman to use a casting vote in respect of a motion to wind up the Company or for the Company to enter into a Deed of Company Arrangement.

It is my intention, as Administrator, to use any casting vote in accordance with the recommendations contained within this report. This intention is based on the information available at the date of this report and the reasons set out in this report. This position is subject to the Administrators not receiving any further information before or during the meeting that would result in the recommendation being changed.

I trust that this report adequately discloses information relevant to the Company's position and therefore allows creditors to make an informed decision as to the Company's future. I welcome further advice or comments from creditors on the report and the affairs of the Company in general.

Should you have any further queries, please do not hesitate to contact Jovan Singh of this office.

Yours faithfully,



**BLAIR PLEASH
ADMINISTRATOR**

Annexure “I”

Remuneration Report

**Equititrust Limited
(Receivers Appointed) (Administrators Appointed)
(Receivers and Managers Appointed)
ACN: 061 383 944**

Company: Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed)	Period From: 15 February 2012	To: 20 April 2012
Practitioners: Richard Albarran, Blair Pleash, Glen Oldham	Firm: Hall Chadwick	
Administration Type: Voluntary Administration		

The work that my staff and I have been required to complete and the work which will encompass the fee that I will request the creditors fix at the forthcoming meeting includes:

Task Area	General Description	Includes
Administration 347 Hours \$108,000 (including estimate)	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Internal notifications of appointment including opening files. - Updating control forms and tasking lists. - Filing documentation. - File reviews. - Updating 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 - Various discussions and finalisation with PRM in relation to insurance related issues. - Reviewing insurance policies, in particular the Directors and Officeholders Policy and Liability Policy to determine scope of cover and any applicable exclusions. - Correspondence with previous brokers. - Consider information provided by third parties with respect to insurance issues.
	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 transactions. - Notify banks of appointment. - Preparing and posting cash book entries and complete bank reconciliations.
	ASIC, Forms and lodgements	<ul style="list-style-type: none"> - Preparing and lodging ASIC forms including 505, 5011, 524, etc. - Correspondence with ASIC regarding statutory forms. - Investigations surrounding allegations raised by ASIC. - Meeting with ASIC enforcement officers to discuss the Administration, ongoing issues and the future direction of the appointment.
	ATO and other statutory reporting	<ul style="list-style-type: none"> - Preparation of documentation informing Directors of their statutory obligations once the Administrators are appointed. - Preparation and lodgement of statutory documents

Remuneration Report

Equititrust Limited
(Receivers Appointed) (Administrators Appointed)
(Receivers and Managers Appointed)
ACN: 061 383 944

		<ul style="list-style-type: none"> - notifying of appointment of Administrators. - Registration for GST and preparation and lodgement of Business Activity Statements. - Preparation of advertisements notifying appointment and meetings of creditors.
	Finalisation	<ul style="list-style-type: none"> - Completing checklists - Finalising WIP for admin period - Prepare documents for transition of assignment from administration. - Prepare entries for change of bank account and cash book.
	Planning / Review	<ul style="list-style-type: none"> - Discussions regarding status of administration - Discussions with the directors in relation to the Administration of the Company. - Telephone conferences with inter-state staff in relation to Administration strategy. - Internal review of job progression.
	Books and records / Storage	<ul style="list-style-type: none"> - Dealing with records in storage - Sending job files to storage - Reviewing records located on site, listing and photocopying records. - Liaising with other appointees with respect to hard and soft copies of records and appropriate action.
<p style="text-align: center;">Assets</p> <p style="text-align: center;">295 Hours</p> <p style="text-align: center;">\$106,000 (including estimate)</p>	Replacement of the Company as Responsible Entity	<ul style="list-style-type: none"> - Reviewed records with respect to the funds managed by the Company in order to obtain an understanding of the funds and their respective asset portfolio to determine possibility of a new Responsible Entity. - Liaised with various other potential Responsible Entities in regard to continued management of the funds. - Liaise with potential Responsible Entities with respect to offers received and information required. - Liaise with Court appointed Receiver with respect to any proposal for the Company to continue as the Responsible entity. - Considered implications of the change of the Responsible Entity. - Reviewed the constitution with respect to the change of the Responsible Entity. - Internal meetings to discuss/review offers received. - Reported to investors in regards to offers received.
	Sale of Real Property	<ul style="list-style-type: none"> - Review valuations for properties of the funds managed by the Company. - Liaised with staff of related entity with respect to current and potential future sales. - Internal file notes for each property to obtain an understanding of the current position and future action. - Liaised with Court appointed Receiver and privately appointed Receiver and Manager with respect to the execution of various sale contracts.
	Assets subject to specific charges	<ul style="list-style-type: none"> - Liaised with various secured creditors and their representatives (both legal and insolvency representatives) to obtain an understanding of their position and the scope in which they are acting.
	Debtors	<ul style="list-style-type: none"> - Review list of accounts receivable.

Remuneration Report

Equititrust Limited
 (Receivers Appointed) (Administrators Appointed)
 (Receivers and Managers Appointed)
 ACN: 061 383 944

		<ul style="list-style-type: none"> - Liaise with staff regarding details surrounding accounts receivable list and collectability of some. - Investigations into collectability of Management Fee. - Reconciling ledger of amount due from the funds by way of management fee/scheme expense reimbursements, liaising with Receiver regarding same. - Investigations regarding the value of investments in related entities and file notes regarding same. - Internal file notes regarding collectability of accounts receivable.
	Other Assets	<ul style="list-style-type: none"> - Tasks associated with realising other assets - Hold discussions with the officers of the Company in relation to assets of the Company. - Review of the information provided by third parties in relation to assets of the Company. - Review of the Company's financials and books and records to identify the assets of the Company. - Assessing investment position of the Company in various subsidiaries.
	Leasing	<ul style="list-style-type: none"> - Liaise with employees of related entity, responsible for lease agreements.
<p style="text-align: center;">Creditors</p> <p style="text-align: center;">612 Hours</p> <p style="text-align: center;">\$215,000 (including estimate)</p>	Creditor Enquiries	<ul style="list-style-type: none"> - Attend to creditor enquiries by telephone. - Review and prepare correspondence to creditors and their representatives via facsimile, email and post. - Attended various enquiries from the creditors/investors in relation to the Administration process and their claim. - Post regular updates on the Company's website. - Liaise with creditors with respect to the extension of the convening period and comply with subsequent orders.
	Secured creditor reporting	<ul style="list-style-type: none"> - Various correspondence and discussions with the secured creditors and their representatives. - Reviewed the validity and quantum of secured creditor claims. - Responding to secured creditors' queries.
	Creditor reports	<ul style="list-style-type: none"> - Obtaining list of creditors and importing to the system. - Notification to the creditors and employees of the Administration. - Preparation of the initial report to creditors with attachments. - Preparation of the report to creditors regarding the extension of the convening period. - Preparation of Section 439A report to creditors with attachments.
	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 - Receiving creditors' claims throughout the Administration period and updating the records. - Correspondence inviting creditors to lodge proofs of debt.

Remuneration Report

Equititrust Limited
 (Receivers Appointed) (Administrators Appointed)
 (Receivers and Managers Appointed)
 ACN: 061 383 944

		<ul style="list-style-type: none"> - Reviewing supporting documents for creditors claim. - Review of claims from creditors and recorded in the system. - Assessment of admissibility and quantum of contingent claims of the Company.
	Meeting of Creditors	<ul style="list-style-type: none"> - 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. - Preparation and lodgement of minutes of meetings with ASIC. - Responding to stakeholder queries and questions immediately following meeting. - Advertisement of the initial meeting of creditors. - Preparation of documentation for attendance at meeting of creditors. - Attending creditors' queries before and after meeting of creditors. - Collating and recording of proxies for meeting of creditors. - Collating and recording of proofs of debt for meeting of creditors. - Attending the initial meeting of creditors. - Preparation and lodgement of minutes of initial creditors meeting. - Forwarding of minutes of meeting of creditors to Committee of Creditors. - Arranging telephone conference for meeting of Committee of Creditors. - Organising and booking the meeting rooms.
	Investor enquiries	<ul style="list-style-type: none"> - Attended to numerous enquiries from unit holders of the funds for which the Company is the Responsible entity, via the use of an investor enquiry line and email address. - Maintaining creditor/investor enquiry register - Initial day one letters - Attending to investor queries and advising of the Administration process. - Review and prepare correspondence to investors and their representatives via facsimile, email and post. - Attended various enquiries from the investors in relation to the Administration process and their respective claims. - Post regular updates on the Company's website. - Liaise with investors with respect to the extension of the convening period and comply with subsequent orders. - Seek legal advice with respect to the most appropriate treatment of the investors.
Trade On	Trade On Management	<ul style="list-style-type: none"> - Liaising with management and staff subject to Service Agreement with ECG. - Attendance on site

Remuneration Report

Equititrust Limited
 (Receivers Appointed) (Administrators Appointed)
 (Receivers and Managers Appointed)
 ACN: 061 383 944

<p>19.0 Hours</p> <p>\$6,000 (including estimate)</p>	<p>Processing receipts & payments</p>	<ul style="list-style-type: none"> - Obtaining details of various lease and services agreements of the Company and the respective funds. - Entering receipt and payments into accounting system. - Reviewing company's cash flows and financial statements. - Meetings to discuss trading position.
<p>Investigation</p> <p>536 Hours</p> <p>\$185,000 (including estimate)</p>	<p>Conducting Investigations</p>	<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. - Review of specific transactions and liaising with directors regarding certain transactions. - Preparation of investigation file. - Lodgement of investigation with the ASIC. - Issued various demands for the books and records of the Company to the Company's Directors, auditor and solicitor. - Various telephone conversations with the Company's internal accountant in relation to the Company books and records. - Conducting investigations into the Company's business, property, affairs and financial circumstances for the purposes of the Section 439A report. - Performing company searches for various companies in the Group. - Performing investigations in the group structure, intercompany transactions and the value of the Company's investment. - Investigation in relation to past and current officers of the Company. - Obtain and list books and records of the Company. - Investigations into the ownership of the assets of the Company. - Conducting investigations in relation to reasons for failure of the Company. - Preparing and sending correspondences to Directors regarding personal financial positions. - Review of cashbook and various trial balances and accounts. - Performing investigations in relation to voidable transactions. - Investigation in relation to insolvent trading of the Company and calculating insolvent trading claims. - Performing land title search in relation to the Directors name. - Performing calculation of estimated return to creditors in Liquidation scenarios. - Held various discussions with representatives of the other appointees. - Review records of the Company relevant to the assets of the funds for which the Company is the Responsible Entity and prepare internal file notes

Remuneration Report

Equititrust Limited
 (Receivers Appointed) (Administrators Appointed)
 (Receivers and Managers Appointed)
 ACN: 061 383 944

		<ul style="list-style-type: none"> - of same. - Various discussions with ECG staff with respect to value of assets and current status, internal file notes of same. - Discussions with Government authorities regarding various regulatory issues. - Investigations into related party relationships and relevant transactions. - Investigations surrounding allegations raised by ASIC.
	Litigation Recoveries	<ul style="list-style-type: none"> - Internal meetings to discuss status of litigation. - Liaise with ECG staff regarding various potential litigation action and current status of each matter. - Liaising with solicitors regarding recovery actions. - Internal meetings to discuss appropriate action with respect to potential litigation matters.
	ASIC reporting	<ul style="list-style-type: none"> - Drafting, executing and sending statutory investigation report to ASIC in accordance with Section 438D of the Act.
Litigation 69 Hours \$30,000		<ul style="list-style-type: none"> - Preparing statutory investigation reports. - Liaising with ASIC with respect to various allegations. - Seeking legal advice from solicitors with respect to various potential litigious matters. - Dealing with replacement of Responsible Entity issues. - Dealing with ASIC proceedings. - Dealing with unit holders in relation to potential litigation claims. - Preparing and dealing with indemnities relating to litigation. - Issues relating to the application for the extension of the convening period and compliance with the respective orders.
Total Hours		1,677.50 Hours
Total Remuneration (excluding GST)		\$650,000
GST at 10%		\$65,000
Total Remuneration (including GST)		\$715,000

Remuneration Report

Equititrust Limited
 (Receivers Appointed) (Administrators Appointed)
 (Receivers and Managers Appointed)
 ACN: 061 383 944

Company: Equititrust Limited (Receivers Appointed) (Administrators Appointed) (Receivers and Managers Appointed)	Period From: 20 April 2012	To: Completion of Liquidation
Practitioners: Richard Albarran, Blair Pleash and Glen Oldham	Firm: Hall Chadwick	
Administration Type: Liquidation		

The work that my staff and I will be required to complete if appointed Liquidator and the work which will encompass the fee that I will request the creditors fix for the Liquidation at the forthcoming meeting includes:

Task Area	General Description	Includes
Administration \$30,000	Correspondence	<ul style="list-style-type: none"> - Discussions with Directors about general matters (file notes). - Liaising with directors and investors throughout the Liquidation.
	Document maintenance/file review/checklist	<ul style="list-style-type: none"> - Internal notifications of appointment including opening files. - Internal review of job progression. - Updating control forms and tasking lists. - Filing documentation. - Consider any compliance issues.
	Insurance	<ul style="list-style-type: none"> - Notify insurance broker of Liquidators appointment. - Maintain insurance for the assets of the Company and security of the Company's premises.
	Bank account administration	<ul style="list-style-type: none"> - Close Administrators bank account. - Open Liquidators bank account. - Post cash book entries and complete bank reconciliations. - Close Liquidator's bank account (upon completion of liquidation).
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> - Preparation and lodgement of Administrators final receipts and payments. - Preparation and lodgement of Liquidators receipts and payments. - Lodgement of section 508 AGM report (if applicable). - Apply to ASIC for Deregistration of the Company, upon completion of liquidation. - Prepare final Receipts and Payments.
	ATO and other statutory reporting	<ul style="list-style-type: none"> - Preparation of documentation informing Directors of statutory requirements once Liquidators are appointed. - Preparation and lodgement of statutory documents notifying of appointment as Liquidators. - Preparation and lodgement of Business Activity Statements for the

Remuneration Report

Equititrust Limited
 (Receivers Appointed) (Administrators Appointed)
 (Receivers and Managers Appointed)
 ACN: 061 383 944

		<ul style="list-style-type: none"> Administration period. Registration for GST and preparation and lodgement of Business Activity Statements for the Liquidation period. Correspondence to Australian Taxation Office and Office of State Revenue regarding appointment.
	Finalisation	<ul style="list-style-type: none"> Prepare and lodge finalisation documents with ASIC.
	Books and records/storage	<ul style="list-style-type: none"> Filing and storage of records. Apply to ASIC for permission to destroy books and records.
Assets \$50,000	Assets subject to specific charges	<ul style="list-style-type: none"> Dealing with assets subject to specific charges
	Possible replacement of the Company as Responsible entity	<ul style="list-style-type: none"> Continue to monitor the sale of the assets of the respective funds. Continue to liaise with interested parties with respect to the transfer of the responsible entity, or otherwise. Liaise with Court appointed Receiver with respect to the replacement of the responsible entity, or otherwise.
	Debtors/Accounts Receivable	<ul style="list-style-type: none"> Recording collection of the debtors and updating the debtor schedule. Pursuing amounts listed as accounts receivable in the Company's records.
	Other Assets	<ul style="list-style-type: none"> Monitoring the sale of the assets of the respective funds. Ensure the sale of the assets of the respective funds is conducted in accordance with the Company's constitution. Update the creditors/investors in respect of the change of responsible entity.
Creditors \$50,000	Creditor Enquiries	<ul style="list-style-type: none"> Receive and follow up creditor enquiries by telephone. Prepare and review correspondence to creditors and their representatives. Sending report to creditors via mail, also via email and fax (if available). Correspondence to Australian Taxation Office regarding appointment.
	Creditor reports	<ul style="list-style-type: none"> Preparation of report to creditors regarding outcome of the meeting. Sending report to creditors via mail, also via email and fax (if available). Preparation and mailing final report to members and creditors. Preparation for attendance at final meeting. Attend final meeting of members and creditors. Drafting report to creditors regarding appointment of Liquidator. Prepare section 508 AGM report to

Remuneration Report

Equititrust Limited
 (Receivers Appointed) (Administrators Appointed)
 (Receivers and Managers Appointed)
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	Dealing with proofs of debt	<p>ASIC</p> <ul style="list-style-type: none"> - Receiving creditors' claims throughout the Administration/Liquidation period and updating the records. - Notification to ATO and OSR regarding appointment, various telephone conversations in relation to the claim and attended POD. - Correspondence inviting creditors to lodge proofs of debt. - Reviewing supporting documents for creditors claim. - Review of claims from creditors and recorded in the system.
	Meeting of Creditors	<ul style="list-style-type: none"> - Dealing with creditors/investors before and after the creditors meeting. - Preparation and lodgement of minutes of major meeting of creditors. - Attend meeting of creditors (including committee). - Prepare Minutes of Meeting of Creditors throughout Liquidation. - Convene Annual and Final Meetings. - Advertise Annual and Final Meetings. - Preparation of report to creditors regarding outcome of the meeting. - Sending report to creditors/investors via mail, also via email and fax (if available). - Preparation and mailing final report to members and creditors. - Preparation for attendance at final meeting. - Attend final meeting of members and creditors. - Drafting report to creditors/investors regarding appointment of Liquidator. - Prepare section 508 AGM report to ASIC.
	Investor enquiries	<ul style="list-style-type: none"> - Notify investors of the appointment. - Receive and follow up investor enquiries by telephone. - Prepare and review correspondence to investors and their representatives. - Sending report to investors via mail, also via email and fax (if available). - Receiving investors' claims throughout the Administration/Liquidation period and updating the records.
Investigation \$50,000	Conducting Investigation	<ul style="list-style-type: none"> - Investigations into the Company's business, property, affairs and financial circumstances. - Preparation of Section 533 report for ASIC. - Lodgement of form EX01 with ASIC. - Obtain and list books and records of

Remuneration Report

Equititrust Limited
 (Receivers Appointed) (Administrators Appointed)
 (Receivers and Managers Appointed)
 ACN: 061 383 944

		<ul style="list-style-type: none"> - the Company. - Performing further investigation in insolvent trading and preference payments claims. - Investigations into intercompany transactions and group structure. - Discussions with company accountants. - Discussions with financial controller. - Investigations into voidable transactions and insolvent trading.
	ASIC reporting	<ul style="list-style-type: none"> - Drafting, executing and sending statutory investigation report to ASIC in accordance with Section 438D of the Act.
	Examinations	<ul style="list-style-type: none"> - Investigations into public examinations of relevant parties. - Collate evidence in relation to public examinations of relevant parties.
	Litigation/Recoveries	<ul style="list-style-type: none"> - Seek legal advice in relation to recovery of voidable transactions. - Seeking legal advice in relation to recovery of voidable transactions.
Litigation \$20,000		<ul style="list-style-type: none"> - Preparing statutory investigation reports. - Liaising with ASIC with respect to various allegations. - Seeking legal advice from solicitors with respect to various potential litigious matters. - Dealing with replacement of Responsible Entity issues. - Dealing with ASIC proceedings. - Dealing with unit holders in relation to potential litigation claims. - Preparing and dealing with indemnities relating to litigations.
Total Remuneration (excluding GST)		\$200,000
GST at 10%		\$20,000
Total Remuneration (including GST)		\$220,000

I advise that this fee does not take into account any work that is required to be performed by the Liquidator in taking action to recover Voidable Transactions or Insolvent Trading. I have discussed previously in this report the potential difficulties in pursuing these transactions. In most cases, to obtain a successful recovery litigation will be required and the fees involved will be difficult to determine until appropriate investigations have been completed. For this reason the fee resolution sought to be fixed at the forthcoming meeting does not include any amount for the recovery of Voidable Transactions or Insolvent Trading. Should the Liquidator pursue the recovery of Voidable Transactions or Insolvent Trading then additional fees to cover this work will be requested to be fixed by creditors at a later date.

The fee also does not also take into account any work required by the Liquidator or their staff to reject a creditors proof of debt should the Liquidators be of the opinion that there are appropriate grounds to reject a proof of debt. Should a creditor challenge the decision concerning a proof of debt then the Liquidator will be required to defend the grounds for the decision and the fees involved in such proceedings are unable to be determined at this time. Should the Liquidator be

Remuneration Report

Equititrust Limited
(Receivers Appointed) (Administrators Appointed)
(Receivers and Managers Appointed)
ACN: 061 383 944

required to conduct any work to reject a creditor's proof of debt then additional fees to cover this work will be requested to be fixed by creditors at a later date.

Should the Liquidator be involved in any litigation regarding the Company or the Liquidation any fees involved in such litigation are not included in the above fee request. Should the Liquidator be involved in any litigation then additional fees to cover this work will be requested to be fixed by creditors at a later date.

The fee does not include any work in respect to conducting examinations pursuant to Division 1 of Part 5.9 of the Act. Should the Liquidator determine that examinations pursuant to this division are necessary then additional fees to cover this work will be requested to be fixed by the committee of inspection or creditors at a later date.

If there are limited or no funds and a GEERS distribution is expected

The fee does not include work involved in the preparation of information for the calculation and payment of funds advanced by GEERS for the benefit of employees. As it appears there will not be sufficient realisations in the Liquidation from the assets of the company to pay any entitlements to the employees of the company GEERS may be willing to advance funds for the payment of employee entitlements. In these circumstances I retain the right to negotiate an appropriate fee with the DEWR for carrying out this work over and above the fee fixed by the committee of inspection or creditors in accordance with Section 499(3) of the Act.

Annexure “J”

Equitrust Limited (Receiver Appointed) (Administrators Appointed) (Creditors and Managers Appointed)
Remuneration Report: Calculation of Remuneration
For the Period 15 February 2012 - 31 March 2012

Employee	Position	S/hour (excl GST)	Total hours	Total \$	Assets Hours	Assets (\$)	Creditor Hours	Creditors (\$)	Investigation Hours	Investigation (\$)	Administration Hours	Administration (\$)	Urbigation Hours	Litigation (\$)	Trade On Hours	Trade On (\$)
Richard Albaran	Appointee	590.00	56.30	33,217.00	8.10	4,779.00	37.20	21,948.00	7.00	4,130.00	-	-	3.10	1,829.00	0.30	591.00
Brian Meath	Appointee	590.00	118.40	69,856.00	8.90	5,251.00	29.00	17,110.00	8.50	5,015.00	55.00	32,450.00	16.70	9,853.00	0.30	177.00
Glen Oldham	Appointee	515.00	40.70	20,960.50	8.10	4,171.50	11.30	5,819.50	14.50	7,467.50	2.20	1,133.00	4.60	2,369.00	-	-
Timothy Cook	Associate	550.00	192.20	105,710.00	43.50	23,980.00	77.60	42,690.00	68.40	37,620.00	2.20	1,210.00	0.40	220.00	-	-
David Ingram	Associate	550.00	1.00	550.00	-	-	0.40	220.00	-	-	0.60	330.00	-	-	-	-
Kathleen Vouris	Associate	515.00	1.80	927.00	0.60	330.00	0.70	385.00	-	-	0.50	275.00	-	-	-	-
Robin Barret	Professional Standards Manager	515.00	0.30	154.50	-	-	-	-	-	-	0.30	154.50	-	-	-	-
Anne-Marie Barley	Senior Manager	515.00	4.20	2,163.00	0.40	206.00	3.70	1,905.50	-	-	0.10	51.50	-	-	-	-
Cameron Shaw	Senior Manager	515.00	1.70	875.50	-	-	1.70	875.50	-	-	-	-	-	-	-	-
Sam Francipane	Internal Consultant	490.00	8.80	4,312.00	5.10	2,409.00	3.80	1,902.00	-	-	-	-	-	-	-	-
David Kenney	Accounting Partner	490.00	1.00	490.00	-	-	-	-	-	-	-	-	-	-	-	-
Jovan Singh	Manager	460.00	210.60	96,876.00	25.00	11,500.00	51.60	23,336.00	91.80	42,228.00	8.30	3,818.00	18.90	8,594.00	5.00	2,900.00
Marcus Petrovic	Manager	460.00	1.00	460.00	0.40	184.00	-	-	-	-	1.00	460.00	-	-	-	-
Kate Savage	Manager	460.00	0.40	184.00	-	-	0.40	184.00	-	-	-	-	-	-	-	-
Shahin Hussain	Supervisor	395.00	1.30	513.50	1.20	474.00	0.10	30.50	-	-	-	-	-	-	-	-
Gary O'Brien	Supervisor	395.00	0.20	79.00	-	-	0.20	79.00	-	-	-	-	-	-	-	-
Ben Robertson	Supervisor	395.00	1.00	395.00	-	-	0.50	197.50	0.50	197.50	-	-	-	-	-	-
Vincent Miranda	Senior 1	345.00	14.10	4,854.50	1.70	586.50	-	-	8.70	3,001.50	1.60	552.00	-	-	2.10	724.50
Larissa Ann Sura	Senior 1	345.00	3.80	1,311.00	-	-	3.80	1,311.00	-	-	-	-	-	-	-	-
Rory Gillespie	Senior 2	305.00	101.50	30,957.50	27.80	8,479.00	16.00	4,880.00	38.80	8,784.00	25.00	7,625.00	3.90	1,189.50	-	-
Evelyn Sanchez	Senior 2	305.00	73.60	22,448.00	6.00	1,890.00	44.80	13,654.00	4.90	1,484.50	15.90	4,840.50	0.20	61.00	1.80	549.00
Joshua Sley	Senior 2	305.00	18.90	5,754.50	1.00	305.00	2.90	884.50	12.00	3,660.00	3.00	915.00	-	-	-	-
Hayley Sinclair	Senior 2	305.00	10.20	3,111.00	-	-	10.00	3,050.00	-	-	0.20	61.00	-	-	-	-
Jordan Wilsden-Hey	Senior 2	305.00	23.10	7,045.50	6.10	1,860.50	-	-	17.00	5,185.00	-	-	-	-	-	-
Justin Smith	Senior 2	305.00	6.10	1,860.50	-	-	5.50	1,677.50	0.60	183.00	0.60	183.00	-	-	-	-
John Bayssari	Intermediate 1	275.00	3.20	880.00	-	-	10.70	2,942.50	1.60	440.00	1.60	440.00	-	-	-	-
Craig Donaldson	Intermediate 1	275.00	10.70	2,942.50	-	-	0.40	110.00	-	-	-	-	-	-	-	-
Xavier Field	Intermediate 1	275.00	0.40	110.00	-	-	0.40	110.00	-	-	-	-	-	-	-	-
Alex Frazer	Intermediate 1	275.00	19.40	5,335.00	13.50	5,087.50	-	-	5.90	247.50	0.90	247.50	-	-	-	-
Martin Lowcock	Intermediate 1	275.00	1.00	275.00	-	-	1.00	275.00	96.30	24,075.00	27.80	6,950.00	-	-	-	-
Elizabeth Andrew	Intermediate 1	250.00	124.50	31,125.00	-	-	0.40	100.00	-	-	-	-	-	-	-	-
Adeline Er	Intermediate 2	250.00	8.40	2,100.00	8.40	2,100.00	-	-	-	-	-	-	-	-	-	-
Adam Fong	Intermediate 2	250.00	28.40	7,100.00	21.10	5,275.00	-	-	7.10	1,775.00	0.20	50.00	-	-	-	-
Kate Magee	Intermediate 2	250.00	7.50	1,875.00	-	-	7.40	1,850.00	12.90	3,225.00	0.10	25.00	-	-	-	-
Alvin Nguyen	Intermediate 2	250.00	102.90	25,725.00	-	-	-	-	19.30	4,825.00	90.00	22,500.00	-	-	-	-
Cassandra Poulton	Intermediate 2	250.00	156.80	39,200.00	50.00	12,500.00	69.80	17,450.00	8.60	2,150.00	8.60	2,150.00	8.40	2,100.00	0.70	175.00
Raymond Jiang	Intermediate 2	250.00	9.60	2,400.00	-	-	2.10	525.00	2.10	525.00	2.70	675.00	-	-	4.80	1,200.00
Biljana Vuckovic	Intermediate 2	250.00	6.80	1,700.00	-	-	5.70	1,425.00	1.10	275.00	1.10	275.00	-	-	-	-
Brianne Watson	Intermediate 2	250.00	0.70	175.00	-	-	0.10	25.00	0.10	25.00	0.10	25.00	-	-	-	-
Niza Khan	Junior	150.00	104.50	15,675.00	1.40	210.00	90.70	13,605.00	0.80	120.00	11.50	1,725.00	-	-	-	-
Shaneer Altam	Junior	150.00	24.90	3,735.00	13.80	2,970.00	-	-	0.80	120.00	3.70	555.00	0.60	90.00	-	-
Kelly Thomas	Junior	150.00	0.80	120.00	-	-	-	-	-	-	0.80	120.00	-	-	-	-
Roshan Sidhu	Junior	150.00	128.50	19,275.00	1.10	165.00	40.20	6,030.00	54.20	8,130.00	16.30	2,415.00	5.50	825.00	1.40	210.00
Jose Taitte	Junior	150.00	6.50	975.00	-	-	1.90	285.00	5.00	750.00	1.50	225.00	0.30	75.00	-	-
Penoy Roberts	Administration Assistant	150.00	14.60	2,190.00	-	-	-	-	-	-	0.50	67.50	-	-	-	-
Lisa Anpin	Administration Assistant	135.00	0.30	67.50	-	-	7.00	945.00	4.30	580.50	0.70	94.50	-	-	-	-
Kate Maloney	Administration Assistant	135.00	12.00	1,620.00	-	-	-	-	-	-	0.10	15.00	-	-	-	-
Jessica Shirer	Administration Assistant	135.00	0.10	13.50	-	-	-	-	1.80	243.00	3.70	203.50	-	-	-	-
Catalina Vargas	Administration Assistant	135.00	3.00	405.00	-	-	-	-	-	-	-	-	-	-	-	-
Michelle Ewers	Administration Assistant	95.00	3.70	350.50	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL			1,677.50	581,273.50	264.30	94,743.00	546.50	192,151.00	478.30	165,091.50	308.60	96,116.00	62.80	27,305.50	17.00	5,866.50
GST (10%)				58,127.35												
TOTAL (INCL GST)				639,400.85												
Average \$/hour				381.16		358.47		351.60		345.16		311.46		434.80		345.09

Annexure “K”

**DISBURSEMENT RATES EFFECTIVE
1 JANUARY 2008
(including GST)**

	Amount (\$)
Postage & Handling (Note 1)	
Regular	1.00
Medium	2.00
Large	4.00
Express – Small	5.00
Express – Large	10.00
Photocopy (Note 1) – per page	0.99
Facsimile (Note 1) – per page	
Local	1.10
International	3.30
File Maintenance Fee (Note 1) – One Off	275.00
Meeting Room Hire (Note 1) – per hour or part thereof	110.00
Other Disbursements (Note 2) – including but not limited to legal fees, insurance, valuation fees, search fees, travel, parking and accommodation.	At Cost

- Note 1: internally provided services are charged at the rates advised in the above table.
- Note 2: all externally provided professional and non professional services are recovered at cost.

4 February 2013

Report to the Investors
of
Equititrust Limited
(Receiver Appointed)
(In Liquidation)
(Receivers and Managers Appointed)
A.C.N. 061 383 944
("the Company")

I refer to my previous reports and write to and provide an update on the Liquidation of the Company.

Investigations and Litigation

- Creditors will note from my previous reports that my investigations indicated a number of potential claims;
- I am currently negotiating with Piper Alderman with respect to adopting a co-operative and combined approach to pursuing claims on behalf of the Company and/or the unit holders;
- Public Examinations are to be conducted on a number of individuals in July 2013, comprising primarily of current/past directors of the Company, its associated entities and its auditor;
- It is anticipated that the Public Examinations will assist in formulating and/or developing any potential claims.

Litigation Funding Deed

- To date the liquidation is currently unfunded;
- I am in negotiations with a litigation funder with respect to a draft Litigation Funding Deed. Once a Deed is in an acceptable form, it will be put to the Creditors or the Committee of Inspection or the Court for approval.

Amendment of Tax Returns of Unit Holders

- The possibility of amending unit holders individual tax returns has been explored by the Liquidators;
- The Hall Chadwick Tax Division has reviewed the position and provided their advice in this regard. See attached a copy of the advice as Annexure A;
- In summary, as per the constitution, at the end of each distribution period, the manager of the fund (the Company) could choose to exercise its discretion to treat income as a return on capital. Any such decision could only be made after consultation with the auditor and any decision is final.
- As the above conditions were not met, there is no scope to amend the financials and treat income as a return on capital.
- Should unit holders have any specific queries in relation to their tax position, please contact James Meli of the Hall Chadwick Tax division on (02) 9263 2600 or alternatively you may wish to seek your own advice.

SYDNEY

Level 29
St Martin's Tower
31 Market Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

NEWCASTLE

Ph: (612) 4969 5521
Fx: (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 4721 8155

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 9489 2560
Fx: (618) 9489 2562

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
Fx: (617) 5526 8599

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Remuneration and Disbursements

- Please see attached as Annexure B a copy of the remuneration incurred by my office for the month of December 2012. I will continue to provide monthly updates in relation to the remuneration incurred by my office.

Should you have any queries regarding the winding up of the Company please do not hesitate to contact either myself or Rory Gillespie of this office.

Yours faithfully,


BLAIR PLEASH
LIQUIDATOR

ANNEXURE A

4 December 2012

The Unit Holders
Equititrust Income Fund
[INSERT ADDRESS]
[INSERT ADDRESS]

By email – [INSERT ADDRESS]

Dear Unit Holder,

**EQUITITRUST LIMITED AS TRUSTEE FOR THE EQUITITRUST INCOME FUND
EVALUATION OF ABILITY TO RECLASSIFY INCOME AS RETURN OF CAPITAL**

We have reviewed the Deed Poll governing the establishment and operation of the Equititrust Income Fund ARSN 089 079 854 ("Fund") as amended from time to time ("Deed").

In the absence of a request on behalf of a unit holder to redeem some or all of their units in the Fund in accordance with clause 11 of the Deed, there is little in the Deed as to the specific power to, or procedure for, a return of capital by the trustee.

We note however that clause 8.2 of the Deed states:

"8.2 Decision of the Manager Final

The decision of the Manager in consultation with the Auditor as to whether any amount to be distributed to Members is Income or capital shall be final."

The term, 'Income' is defined in clause 1.1 as:

"all receipts from Authorised Investments which are paid into the Scheme Account."

In turn, clause 1.1 states that 'Distributable Income':

"means subject to clause 8.5 [which deals with the Manager's expenses] any amount determined by the Manager from time to time to be distributed to Members, including:

- (a) the net income of the Scheme;
- (b) other income of the Scheme; and
- (c) any amount of capital of the Scheme."

The term, 'capital' is not defined and therefore, takes its ordinary meaning.

In our view, if 'Income' covers all receipts from Authorised Investments (after expenses of the Fund), then the term, 'capital' must refer to the capital invested by unit holders rather than capital receipts of the Fund, although this is an interpretation of the Deed rather than something defined in the Deed. Further, any income of the Fund that was re-classified as capital for Trust law purposes would still constitute net income of the Fund for tax law purposes.

Further, clause 8.8 of the Deed states:

"8.8 Members presently entitled to Distributable Income

In accordance with clause 8.5, at the end of each Distribution Period the Members will be presently entitled (within the meaning of the Tax Act) to all Distributable Income derived during the relevant Distribution Period."

Implicit in the above, coupled with the very broad powers of the Manager as outlined in clause 4 of the Deed:

1. the Manager could return capital in its absolute discretion, although only after consultation with the Auditor;

2. the Manager's decision, after consultation with the Auditor, as to the split (if any) between income and capital in relation to a particular distribution was final.

From the information provided, the Manager did not exercise his discretion to treat any amount in any particular income year as consisting of, or including, a return of capital.

Based on the above, as there has not been a decision by the Manager in accordance with clause 8.2 to return capital, and no consultation with the Auditor to do so, there is no scope to go back and re-cast the accounts to treat the income returned as a return of capital.

If you have any questions please do not hesitate to contact our office.

Regards,
HALL CHADWICK

Gino Malacco

ANNEXURE B

Equititrust Limited (In Liquidation) (Receivers and Managers Appointed)
 Remuneration Report: Calculation of Remuneration
 For the Period 1 December 2012 - 31 December 2012

Position	\$/hour (excl's GST)	Total hours	Total \$
Appointee	590.00	19.20	11,328.00
Associate	550.00	19.50	10,725.00
Accounting Partner	490.00	9.00	4,410.00
Accounting Associate	460.00	20.37	9,371.00
Manager	460.00	22.30	10,258.00
Audit Manager	370.00	29.80	11,026.00
Accounting Manager	370.53	2.33	863.33
Tax Supervisor	329.17	10.80	3,555.00
Senior 1	345.00	39.10	13,489.50
Senior 2	305.00	2.30	701.50
Intermediate 1	275.00	0.40	110.00
Intermediate 2	250.00	32.70	8,175.00
Junior	150.00	17.00	2,550.00
Administration Assistant	135.00	14.40	1,944.00
Accounting Intermediate	105.00	2.00	210.00
Accounting Junior	95.00	79.85	7,585.75
Administration Assistant	55.00	1.60	88.00
TOTAL		322.65	96,390.08
GST (10%)			9,639.01
TOTAL (INCL. GST)			106,029.09

28 February 2013

Report to the Investors
of
Equititrust Limited
(Receiver Appointed)
(In Liquidation)
(Receivers and Managers Appointed)
A.C.N. 061 383 944
("the Company")

I refer to my previous reports and write to and provide an update on the Liquidation of the Company.

Investigations and Litigation

- Public Examinations are to be conducted on a number of individuals in July 2013, comprising primarily of current/past directors of the Company, its associated entities and its auditor;
- I am currently liaising with the Australian Securities and Investments Commission in relation to obtaining records held on their files which may assist with my public examinations and adopting an appropriate line of questioning for the examinees;
- The Hall Chadwick Audit Team has conducted a preliminary review into the audit conducted by KPMG based on the Company's records. This review will be finalised following the production of records by KPMG in accordance with the notice to produce served upon them by my solicitors. It is anticipated that the review will also assist in formulating a line of questioning for the public examinations;
- It is anticipated that the Public Examinations will assist in formulating and/or developing any potential claims.

Remuneration and Disbursements

- Please see attached as Annexure A, a copy of the remuneration incurred by my office for the month of January 2013. I will continue to provide monthly updates in relation to the remuneration incurred by my office.

Should you have any queries regarding the winding up of the Company please do not hesitate to contact either myself or Rory Gillespie of this office.

Yours faithfully,


BLAIR PLEASH
LIQUIDATOR

SYDNEY

Level 29
St Martin's Tower
31 Market Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

NEWCASTLE

Ph: (612) 4969 5521
Fx: (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 4721 8155

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 6557 6200
Fx: (618) 9218 8950

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

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Ph: (617) 5538 2322
Fx: (617) 5526 8599

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ANNEXURE A

Equititrust Limited (In Liquidation) (Receivers and Managers Appointed)
 Remuneration Report: Calculation of Remuneration
 For the Period 1 January 2013 - 31 January 2013

Position	\$/hour (excl's GST)	Total hours	Total \$
Appointee	590.00	12.60	7,434.00
Associate	550.00	34.00	18,700.00
Accounting Partner	490.00	14.50	7,105.00
Accounting Associate	460.00	16.27	7,485.00
Manager	460.00	15.50	7,130.00
Audit Manager	370.00	44.75	16,557.50
Senior 1	345.00	40.65	14,024.25
Senior 2	305.00	3.60	1,098.00
Banking Administrator	280.00	0.10	28.00
Intermediate 1	275.00	1.80	495.00
Intermediate 2	250.00	67.10	16,775.00
Junior	150.00	40.54	6,081.00
Administration Assistant	135.00	0.40	54.00
Accounting Intermediate 1	115.00	104.95	12,069.25
Accounting Intermediate 2	105.00	0.50	52.50
Accounting Junior	95.00	256.65	24,381.75
Administration Assistant	55.00	1.30	71.50
TOTAL		655.21	139,541.75
GST (10%)			13,954.18
TOTAL (INCL. GST)			153,495.93

25 March 2013

Report to the Investors
of
Equititrust Limited
(Receiver Appointed)
(In Liquidation)
(Receivers and Managers Appointed)
A.C.N. 061 383 944
("the Company")

I refer to my previous reports and write to and provide an update on the Liquidation of the Company.

Investigations and Litigation

- Public Examinations are scheduled to be conducted on a number of individuals in July 2013, comprising primarily of current/past directors of the Company, its associated entities and its auditor;
- I have engaged the services of Thomsons Lawyers ("Thomsons") in order to liaise with the Australian Securities and Investments Commission in relation to obtaining records held on their files which may assist with my public examinations and adopting an appropriate line of questioning for the examinees;
- I have also been liaising with Thomsons in relation to the summons issued to KPMG and in particular accommodating the amendments requested by their legal representatives;
- It is anticipated that the Public Examinations will assist in formulating and/or developing any potential claims.

Litigation Funding Deed

- Further to the comments in my report dated 4 February 2013, I have progressed my negotiations with the litigation funder and Piper Alderman in an effort to facilitate a combined and cooperative approach towards any actions on behalf of the Company and the Unit Holders;
- Once a Deed is in an acceptable form, it will be put to the Creditors or the Committee of Inspection or the Court for approval.

Remuneration and Disbursements

- Please see attached as Annexure A, a copy of the remuneration incurred by my office for the month of February 2013. I will continue to provide monthly updates in relation to the remuneration incurred by my office.

Should you have any queries regarding the winding up of the Company please do not hesitate to contact either myself or Rory Gillespie of this office.

Yours faithfully,


BLAIR PLEASH
LIQUIDATOR

SYDNEY

Level 29
St Martin's Tower
31 Market Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

NEWCASTLE

Ph: (612) 4969 5521
Fx: (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
Fx: (612) 4721 8155

MELBOURNE

Ph: (613) 8678 1600
Fx: (613) 8678 1699

PERTH

Ph: (618) 9489 2560
Fx: (618) 9489 2562

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

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Ph: (617) 5526 2322
Fx: (617) 5526 8599

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ANNEXURE A

Equititrust Limited (In Liquidation) (Receivers and Managers Appointed)
 Remuneration Report: Calculation of Remuneration
 For the Period 1 February 2013 - 28 February 2013

Position	Total hours	\$/hour	Total \$
Blair Pleash (Appointee)	7.10	590.00	4,189.00
Richard Albarran (Appointee)	1.60	590.00	944.00
Partner	0.10	590.00	59.00
Senior Associate	13.40	575.00	7,705.00
Accounting Associate	24.70	515.00	12,720.50
Senior Manager	12.20	515.00	6,283.00
Accounting Partner	4.90	490.00	2,401.00
Audit Associate	5.50	390.00	2,145.00
Accounting Manager	3.32	369.63	1,227.17
Tax Supervisor	22.40	339.91	7,613.98
Senior 1	36.70	345.00	12,661.50
Senior 2	4.40	305.00	1,342.00
Banking Administrator	0.10	280.00	28.00
Intermediate 1	14.50	275.00	3,987.50
Intermediate 2	1.50	250.00	375.00
Junior	12.70	150.00	1,905.00
Accounting Intermediate	13.90	115.00	1,598.50
Accounting Intermediate	7.00	105.00	735.00
Accounting Junior	2.50	95.00	237.50
Administration Assistant	2.70	55.00	148.50
TOTAL	191.22		68,306.16
GST (10%)			6,830.62
TOTAL (INCL. GST)			75,136.77

23 April 2013

Report to the Investors
of
Equititrust Limited
(Receiver Appointed)
(In Liquidation)
(Receivers and Managers Appointed)
A.C.N. 061 383 944
("the Company")

I refer to my previous reports and provide an update on the Liquidation of the Company.

Investigations and Litigation

- Public Examinations are scheduled to be conducted on a number of individuals in July 2013, comprising primarily of current/past directors of the Company, its associated entities and its auditor;
- Thomsons Lawyers ("Thomsons") have continued to liaise with the Australian Securities and Investments Commission ("ASIC") in relation to obtaining records held on their files which may assist with my public examinations and adopting an appropriate line of questioning for the examinees. I held a teleconference on 10 April 2013 with representatives of Thomsons and ASIC to discuss the provision of certain records and transcripts which I understand will be forthcoming;
- I have also been liaising with Thomsons in relation to the summons issued to KPMG and in particular accommodating the amendments requested by their legal representatives;
- It is anticipated that the Public Examinations will assist in formulating and/or developing any potential claims.

Litigation Funding Deed

- Further to the comments in my report dated 25 March 2013, I have progressed my negotiations with the litigation funder and Piper Alderman in an effort to facilitate a combined and cooperative approach towards any actions on behalf of the Company and the Unit Holders;
- I have also had discussions with alternative funders to ascertain an understanding on whether there are other options available with respect to litigation funding;
- Once a Deed is in an acceptable form, it will be put to the Creditors or the Committee of Inspection or the Court for approval.

Remuneration and Disbursements

- A meeting of the Committee of Inspection ("COI") was held on Tuesday, 16 April 2013 and then adjourned to Thursday, 18 April 2013. At this meeting the committee approved my outstanding remuneration for December 2012 in the amount of \$96,969.58 (plus GST) and for January 2013 in the amount of \$139,541.75 (plus GST);

SYDNEY

Level 29
S1 Martin's Tower
31 Market Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx: (612) 9263 2800

NEWCASTLE

Ph: (612) 4969 5521
Fx: (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
Fx: (612) 9687 2900

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Ph: (612) 4721 8144
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Fx: (613) 8678 1699

PERTH

Ph: (618) 6557 6200
Fx: (618) 9218 8950

BRISBANE

Ph: (617) 3211 1250
Fx: (617) 3211 1249

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Ph: (617) 5538 2322
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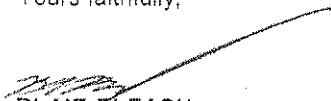
Please find enclosed the following annexures:

- Annexure A – February 2013 remuneration in the amount of \$68,306.67 plus GST; and
- Annexure B – March 2013 remuneration in the amount of \$73,013.00 plus GST.

These remuneration reports have been broken down by activity as requested by the COI. Future remuneration reports will be sent out in this format.

Should you have any queries regarding the winding up of the Company please do not hesitate to contact either myself or Rory Gillespie of this office.

Yours faithfully,


BLAIR PLEASH
LIQUIDATOR

ANNEXURE A

Equititrust Limited (Receiver Appointed) (In Liquidation) (Receivers and Managers Appointed)
Remuneration Report: Calculation of Remuneration
For the Period 1 February 2013 to 28 February 2013

Employee	Position	Shov	Total Hours	Total \$	Assets Hours	Assets (\$)	Creditor Hours	Creditors (\$)	Investigation Hours	Investigation (\$)	Administration Hours	Administration (\$)	Litigation Hours	Litigation (\$)	Taxation Advice Hours	Taxation Advice (\$)	Audit Advice Hours	Audit Advice (\$)
Richard Albarran	Appointee/Partner	590.00	1.60	84.00	0.30	177.00	0.80	472.00	-	-	-	-	0.50	285.00	-	-	-	-
Sheron Gibman	Partner	590.00	0.10	25.00	-	-	0.10	59.00	-	-	-	-	-	-	-	-	-	-
Blair Phelan	Appointee/Partner	590.00	7.10	4,185.00	-	-	0.40	236.00	-	-	1.40	826.00	5.30	3,127.00	-	-	-	-
Timothy Cook	Senior Associate	515.02	13.40	7,705.00	-	-	1.40	305.00	11.60	6,785.00	-	-	0.20	115.00	-	-	-	-
Lyle Vallance	Associate	515.02	24.70	12,721.00	-	-	-	-	6.30	3,244.50	-	-	3.30	1,802.50	24.70	12,721.00	-	-
Jozan Smith	Senior Manager	490.00	3.90	1,911.00	1.10	586.50	1.30	669.50	-	-	-	-	-	-	3.80	1,911.00	-	-
Drew Foxworth	Accounting Partner	490.00	1.00	490.00	-	-	-	-	-	-	-	-	-	-	1.00	490.00	-	-
Lupina Mallico	Accounting Partner	490.00	3.90	2,445.00	-	-	-	-	-	-	-	-	-	-	5.60	2,445.00	-	-
Sanjeev Kumar	Account Associate	380.00	5.50	2,145.00	-	-	-	-	-	-	-	-	-	-	3.32	1,227.17	-	-
James Auld	Accounting Manager	363.53	3.32	1,227.17	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rory Gillespie	Senior 1	345.00	36.70	12,601.50	2.00	690.00	5.00	1,725.00	16.20	5,589.00	5.20	1,794.00	8.30	2,863.50	22.40	7,614.00	-	-
Darren Hwang	Accounting Supervisor	339.91	22.40	7,614.00	-	-	-	-	-	-	-	-	4.40	1,342.00	-	-	-	-
Justina Stry	Senior 2	305.00	4.40	1,342.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Colin MacBryne	Banking Administrator	280.00	0.10	28.00	-	-	-	-	0.10	28.00	-	-	-	-	-	-	-	-
Raymond Tjeng	Intermediate 1	275.00	0.20	55.00	-	-	-	-	0.20	55.00	-	-	-	-	-	-	-	-
Sheron Chard	Intermediate 1	275.00	0.40	110.00	-	-	-	-	0.40	110.00	-	-	-	-	-	-	-	-
Neiloby Rippeie	Intermediate 1	275.00	3.50	962.50	-	-	-	-	-	-	3.50	962.50	-	-	-	-	-	-
Cassandra Proffon	Intermediate 1	269.81	10.60	2,860.00	-	-	5.80	1,622.50	-	-	-	-	3.20	825.00	-	-	-	-
Naz Khan	Intermediate 2	250.00	1.50	375.00	-	-	1.50	375.00	-	-	-	-	-	-	-	-	-	-
Roshan Sefu	Junior	150.00	12.70	1,805.00	0.30	45.00	3.40	510.00	8.30	1,275.00	0.40	60.00	0.10	15.00	-	-	-	-
Teri Grogan	Accounting Intermediate	115.00	13.90	735.00	-	-	-	-	-	-	-	-	-	-	13.90	1,598.50	-	-
Tim MacStern	Accounting Junior	95.00	7.60	735.00	-	-	-	-	-	-	-	-	-	-	7.00	735.00	-	-
George Kjurba	Administration Assistant	55.00	2.50	237.50	-	-	-	-	-	-	-	-	-	-	2.50	237.50	-	-
Michelle Evers	Administration Assistant	55.00	2.70	146.50	-	-	-	-	-	-	2.70	146.50	-	-	-	-	-	-
TOTAL			191.42	68,306.67	3.70	1,478.60	19.80	6,474.00	44.90	17,471.00	13.30	3,819.00	25.50	10,265.40	84.22	31,679.17		
GST (10%)				6,830.67														
TOTAL (INCL GST)				75,137.34														
Average \$/hour				392.53		399.59		328.97		389.11		287.14		407.25		340.51		

ANNEXURE B

Equinix Limited (Receiver Appointed) (in Liquidation) (Receivers and Managers Appointed)
Remuneration Report: Calculation of Remuneration
For the Period 1 March 2013 to 31 March 2013

Employee	Position	\$/hour	Total Hours	Total Assets Hours	Assets (\$)	Creditor Hours	Creditor (\$)	Investigation Hours	Investigation (\$)	Administration Hours	Administration (\$)	Litigation Hours	Litigation (\$)	Taxation Advice Hours	Taxation Advice (\$)	Audit Advice Hours	Audit Advice (\$)
Richard Alabran	Appointed/Partner	550.00	4.80	2,837.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Blair Pirrah	Senior Associate	550.00	7.30	4,007.00	-	-	1,093.00	-	-	0.20	118.00	2.90	1,711.00	-	-	-	-
Timothy Cook	Senior Associate	575.00	30.10	17,307.50	0.10	57.50	472.00	24.60	14,145.00	2.70	1,593.00	3.80	2,243.00	-	-	-	-
Glen Oldham	Associate	550.00	0.40	220.00	-	-	747.50	-	-	-	172.50	3.80	2,185.00	-	-	-	-
Lyle Wallace	Associate	545.85	7.70	4,201.00	-	-	-	-	-	0.40	220.00	-	-	-	-	-	-
Robin Barnett	Senior Manager	515.00	0.30	154.50	-	-	-	-	-	-	-	-	-	-	4,203.00	-	-
Jovett Singh	Senior Manager	515.00	15.80	8,137.00	4.20	2,165.00	1,091.50	4.40	2,280.00	0.20	105.00	4.90	2,523.50	-	-	-	-
Drew Townsend	Accounting Partner	490.00	1.30	637.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Lugino Malacca	Accounting Partner	490.00	1.30	637.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Samdeep Kumar	Audit Associate	390.00	29.80	11,786.00	-	-	-	-	-	-	-	-	-	-	598.00	-	-
James Reil	Accounting Manager	370.00	1.80	666.00	-	-	-	-	-	-	-	-	-	-	637.50	-	-
Daniel Huang	Accounting Supervisor	345.00	1.90	655.50	-	-	-	-	-	-	-	-	-	-	-	-	-
Rory Gillespie	Senior 1	345.00	46.40	16,098.00	6.20	2,139.00	6,003.00	7.48	2,553.00	-	-	1.60	4,902.00	-	610.50	29.20	11,398.00
Evelyn Sanchez	Senior 2	305.00	3.80	1,159.00	0.50	152.50	152.50	-	-	-	-	1.20	395.00	-	-	-	-
Joshua Slay	Senior 2	265.00	0.20	53.00	-	-	-	-	-	0.80	244.00	0.20	51.00	-	-	-	-
Cathryn Byrne	Banking Administrator	265.00	0.40	106.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Cassandra Peallon	Intermediate 1	275.00	1.60	440.00	-	-	-	-	-	0.40	112.00	-	-	-	-	-	-
Nicholas Revere	Intermediate 1	275.00	0.70	192.50	-	-	-	-	-	-	-	-	-	-	-	-	-
Charmaine Doyle	Intermediate 2	250.00	4.70	1,175.00	-	-	-	-	-	0.10	27.50	1.10	302.50	-	-	-	-
Adam Simson	Intermediate 2	250.00	8.00	2,000.00	-	-	1,050.00	-	-	0.70	175.00	-	-	-	-	-	-
Kristine Samson	Intermediate 2	250.00	0.20	50.00	1.30	325.00	400.00	1.80	400.00	-	-	0.50	125.00	-	-	-	-
Cynthia Cheung	Junior	160.00	0.20	32.00	-	-	-	-	-	-	-	-	-	-	-	-	-
Roshan Sidhu	Junior	150.00	1.10	165.00	-	-	-	-	-	3.50	525.00	-	-	-	-	-	-
Lysa Anepk	Administration Assistant	135.00	4.30	581.50	-	-	75.00	3.80	510.00	0.20	27.00	-	-	-	-	-	-
Sarah Gaffrelli	Administration Assistant	135.00	1.80	243.00	-	-	-	-	-	0.60	81.00	-	-	-	-	-	-
Tim Mascherlo	Accounting Junior	105.00	0.30	31.50	-	-	-	-	-	0.30	31.50	0.20	21.00	-	-	-	-
George Klunifra	Accounting Junior	95.00	0.20	19.00	-	-	-	-	-	1.80	171.00	-	-	-	-	-	-
Shahe Pheon	Accounting Junior	95.00	0.20	19.00	-	-	-	-	-	0.30	28.50	-	-	-	-	-	-
Michelle Evers	Administration Assistant	95.00	1.50	142.50	-	-	-	-	-	-	-	-	-	-	21.00	-	-
TOTAL			176.55	73,913.00	12.30	4,837.00	11,094.50	41.80	19,914.00	18.70	587.40	30.20	13,548.00	14.45	6,537.50	29.20	11,398.00
GST (10%)				7,301.30			361.75		476.39		311.48		488.61		452.42		350.00
TOTAL (INCL GST)				80,314.30		393.25	361.75	476.39	488.61		311.48		488.61		452.42		350.00
Average /hour				454.91		393.25	361.75	476.39	488.61		311.48		488.61		452.42		350.00

28 May 2013

Report to the Investors

of

Equititrust Limited
(Receiver Appointed)
(In Liquidation)
(Receivers and Managers Appointed)
A.C.N. 061 383 944
("the Company")

SYDNEY

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 St Martin's Tower
 31 Market Street
 Sydney NSW 2000
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GPO Box 3555
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Ph: (612) 9263 2600
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I refer to my previous reports and provide an update on the Liquidation of the Company.

Investigations and Litigation

- Public Examinations are scheduled to be conducted on a number of individuals from 23-26 July 2013, comprising primarily of current/past directors of the Company, its associated entities and its auditor. Further Public Examinations are to be conducted but have been adjourned to a later date;
- Thomsons Lawyers ("Thomsons") have continued to liaise with the Australian Securities and Investments Commission ("ASIC") in relation to obtaining records held on their files which may assist with my public examinations and adopting an appropriate line of questioning for the examinees. I am currently liaising with ASIC in order to facilitate the collection of records for review;
- The Company's former auditor has made an application to set aside the examination summons which will be heard on Wednesday, 29 May 2013;
- It is anticipated that the Public Examinations will assist in formulating and/or developing any potential claims.

NEWCASTLE

Ph: (612) 4969 5521
 Fx: (612) 4969 6059

PARRAMATTA

Ph: (612) 9687 2100
 Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 5144
 Fx: (612) 4721 8155

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Litigation Funding Deed

- Further to the comments in my report dated 25 March 2013, I have progressed my negotiations with the litigation funder and Piper Alderman in an effort to facilitate a combined and cooperative approach towards any actions on behalf of the Company and the Unit Holders;
- I have also had discussions with alternative funders to ascertain an understanding on whether there are other options available with respect to litigation funding;
- Once a Deed is in an acceptable form, it will be put to the Creditors or the Committee of Inspection or the Court for approval.

Asset Realisations

- Investigations into the historical tax position of the Company indicated that the Company may be entitled to a refund for overpaid income tax instalments for the 2010 financial year;
- I note that this refund is in relation to the Company's tax return and does not concern any of the funds for which the Company is the Responsible Entity;
- As such, with the assistance of the Hall Chadwick Business Services team, the income tax return was lodged in December 2012;
- Following various discussions between my office, Thomsons and the Australian Taxation Office, the refund was received on 14 March 2013 in the amount of \$2,240,337;
- Further details with respect to the Income Tax Refund will be provided in a comprehensive update to all creditors in due course.

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Liquidators Remuneration

- A meeting of the Committee of Inspection ("COI") was held on 21 December 2012 to consider the Liquidators remuneration from the date of the appointment to 30 November 2012;
- Following the unsuccessful resolution, an application was made on 2 May 2013 to the Supreme Court of New South Wales for the approval of the Liquidators remuneration for this period;
- As at the date of this report I am awaiting the outcome of this application;
- A meeting of the COI was held on 18 April 2013 to consider the Liquidators remuneration for the period 1 December 2012 until 31 March 2013;
- At the meeting, the remuneration of the Liquidators for the period 1 December 2012 to 31 January 2013 was approved and a process agreed upon by the Liquidators and the COI in order to consider the approval of the Liquidators remuneration going forward.

Please find enclosed as Annexure A, remuneration incurred for the month of April 2013 in the amount of \$69,419.50 plus GST.

Should you have any queries regarding the winding up of the Company please do not hesitate to contact either myself or Rory Gillespie of this office.

Yours faithfully,



BLAIR PLEASH
LIQUIDATOR

ANNEXURE A

Equititrust Limited (Receiver Appointed) (In Liquidation) (Receivers and Managers Appointed)
Remuneration Report: Calculation of Remuneration
For the Period 1 April 2013 to 30 April 2013

Employee	Position	Hour	Total Hours	Total \$	Assets Hours	Assets (\$)	Creditor Hours	Creditor (\$)	Investigation Hours	Investigation (\$)	Administration Hours	Administration (\$)	Litigation Hours	Litigation (\$)	Audit Advice Hours	Audit Advice (\$)
Richard Albaran	Appointee/Partner	500.00	13.80	8,142.00	0.80	472.00	4.50	2,555.00	-	-	-	-	8.50	5,015.00	-	-
Blair Pleath	Appointee/Partner	590.00	17.10	10,089.00	-	-	7.20	4,248.00	-	-	4.70	2,773.00	5.20	3,058.00	-	-
Timothy Cook	Senior Associate	575.00	11.50	5,672.50	-	-	5.60	3,220.00	4.10	2,357.50	0.30	172.50	1.50	862.50	-	-
Robin Barrett	Senior Manager	415.00	0.50	393.00	-	-	-	-	-	-	0.50	309.00	-	-	-	-
Jovan Singh	Senior Manager	515.00	19.40	9,991.00	2.10	1,081.50	7.50	3,862.50	3.70	1,905.50	-	-	6.10	3,141.50	-	-
Sandeep Kumar	Audit Associate	390.00	18.20	7,098.00	-	-	-	-	-	-	-	-	-	-	-	-
Rory Gillespie	Senior 1	345.00	24.40	8,418.00	0.50	207.00	8.20	2,823.00	3.50	1,207.50	2.70	931.50	9.40	3,243.00	18.20	7,098.00
Evelyn Sanchez	Senior 2	305.00	28.90	8,814.50	1.80	549.00	20.20	6,161.00	4.80	1,494.50	1.00	305.00	1.00	305.00	-	-
Raymond Jiang	Intermediate 1	275.00	0.80	270.00	-	-	0.60	165.00	-	-	0.20	55.00	-	-	-	-
Sheenal Chand	Intermediate 1	275.00	0.10	27.50	-	-	0.10	27.50	-	-	-	-	-	-	-	-
Charmaine Doyle	Intermediate 2	250.00	14.60	3,650.00	-	-	12.20	3,050.00	0.30	75.00	1.40	350.00	0.70	175.00	-	-
Adam Simson	Intermediate 2	250.00	21.50	5,375.00	2.20	550.00	12.60	3,150.00	1.10	275.00	2.10	525.00	3.50	875.00	-	-
Cynthia Crewing	Junior	150.00	1.30	195.00	-	-	-	-	0.70	105.00	0.30	45.00	0.30	45.00	-	-
Syza Aulpan	Administration Assistant	135.00	0.80	108.00	-	-	-	-	-	-	0.60	108.00	-	-	-	-
Sarah Cotterill	Administration Assistant	135.00	1.10	148.50	-	-	-	-	-	-	1.10	148.50	-	-	-	-
Shane Piskin	Accounting Junior	95.00	1.00	95.00	-	-	-	-	-	-	-	-	-	-	1.00	95.00
Michelle Evers	Administration Assistant	55.00	2.30	126.50	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL			177.40	69,419.50	7.50	2,859.50	78.70	29,368.00	18.30	7,420.00	17.50	5,849.00	36.20	16,730.00	19.20	7,193.00
GST (10%)				6,941.95												
TOTAL (INCL GST)				76,361.45												
Average \$/hour				430.45		381.27		373.16		405.46		334.23		462.15		374.64

12 June 2013

Report to the Investors

of

Equititrust Limited
 (Receiver Appointed)
 (In Liquidation)
 (Receivers and Managers Appointed)
 A.C.N. 061 383 944
 ("the Company")

BRISBANE

Level 19
 144 Edward Street
 Brisbane QLD 4000
 Australia

Ph: (617) 3211 1250
 Fx: (617) 3211 1249

GOLD COAST

Ph: (617) 5538 2322
 Fx: (617) 5526 8599

SYDNEY

Ph: (612) 9263 2600
 Fx: (612) 9263 2800

PARRAMATTA

Ph: (612) 9687 2100
 Fx: (612) 9687 2900

PENRITH

Ph: (612) 4721 8144
 Fx: (612) 4721 8155

MELBOURNE

Ph: (613) 8678 1600
 Fx: (613) 8678 1699

PERTH

Ph: (618) 9489 2560
 Fx: (618) 9489 2562

I refer to my previous reports and provide an update on the Liquidation of the Company.

Investigations and Litigation

- Public Examinations are scheduled to be conducted on a number of individuals (at dates to be fixed), comprising primarily of current/past directors of the Company, its associated entities and its auditor. Further Public Examinations are to be conducted but have been adjourned to a later date;
- I have now received a copy of the records held by the Australian Securities and Investments Commission ("ASIC"). I expect these records will assist in formulation of a line of questioning for the Public Examinations;
- Thomsons Lawyers, under the instruction of the Liquidators, have continued to deal with the application to set aside the examination summons filed on behalf of the Company's former auditor. It now seems as though we have reached agreement and are awaiting the production of the records.

Litigation Funding Deed

- I have also had discussions with alternative funders to ascertain an understanding on whether there are other options available with respect to litigation funding;
- Following discussions with alternate funders, it appears as though the proposed agreement between Piper Alderman and their funder is the more appropriate option available to the Liquidators and therefore my negotiations will continue in this regard;
- Once a Deed is in an acceptable form, it will be put to the Creditors or the Committee of Inspection or the Court for approval.

Liquidators Remuneration

- I refer to the comments in my previous report in relation to my remuneration application and advise that I am still awaiting the outcome of this application;

Please find enclosed a schedule of remuneration incurred for the month of May 2013 in the amount of \$47,715 plus GST.

Should you have any queries regarding the winding up of the Company please do not hesitate to contact either myself or Rory Gillespie of this office.

Yours faithfully,


BLAIR PLEASH
 LIQUIDATOR

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Equitrust Limited (Receiver Appointed) (In Liquidation) (Recipients and Managers Appointed)
Remuneration Report: Calculation of Remuneration
For the Period 1 May 2013 to 31 May 2013

Employee	Position	\$/hour	Total hours	Total \$	Assets Hours	Assets (\$)	Creditor Hours	Creditors (\$)	Investigation Hours	Investigation (\$)	Administration Hours	Administration (\$)	Litigation Hours	Litigation (\$)	Audit Advice Hours	Audit Advice (\$)
Richard Albarran	Appointee/Partner	590.00	7.10	4,189.00	2.20	1,298.00	1.50	885.00	-	-	3.40	-	3.40	2,006.00	-	-
Blair Pleash	Appointee/Partner	590.00	10.10	5,959.00	-	-	0.90	531.00	-	-	4.00	2,360.00	5.20	3,068.00	-	-
Timothy Cook	Senior Associate	575.00	3.50	2,012.50	0.30	172.50	0.90	517.50	1.30	747.50	0.80	460.00	0.30	115.00	-	-
Jovan Singh	Senior Manager	515.00	16.60	8,549.00	1.00	515.00	3.00	1,545.00	9.00	4,635.00	1.00	515.00	2.60	1,339.00	-	-
Sandeep Kumar	Audit Associate	390.00	5.90	2,301.00	-	-	-	-	1.00	390.00	-	-	-	-	-	-
Rory Gillespie	Senior 1	345.00	54.10	18,664.50	2.10	724.50	28.90	9,970.50	7.60	2,622.00	4.80	1,656.00	10.70	3,691.50	4.90	1,911.00
Evelyn Sanchez	Senior 2	305.00	5.10	1,555.50	0.60	183.00	2.30	701.50	-	-	1.00	305.00	1.20	366.00	-	-
John Bayssan	Senior 2	305.00	0.10	30.50	-	-	-	-	-	-	0.10	30.50	-	-	-	-
Raymond Jiang	Intermediate 1	275.00	0.90	247.50	-	-	-	-	0.20	55.00	0.40	110.00	-	-	-	-
Sheenal Chand	Intermediate 1	250.00	6.85	1,712.50	0.20	50.00	2.90	625.00	-	-	0.20	50.00	0.20	50.00	-	-
Charmaine Doye	Intermediate 2	280.00	8.20	2,296.00	1.50	375.00	3.80	950.00	0.20	50.00	2.75	687.50	2.60	700.00	-	-
Adam Simpson	Intermediate 2	190.00	2.70	513.00	-	-	-	-	-	-	-	-	2.70	405.00	-	-
Cynthia Cheung	Junior	190.00	0.70	133.00	-	-	-	-	-	-	-	-	-	-	-	-
Jessa Taita	Junior	150.00	0.70	105.00	-	-	-	-	-	-	0.70	105.00	-	-	-	-
Lysa Atton	Administration Assistant	135.00	0.50	67.50	-	-	-	-	-	-	0.50	67.50	-	-	-	-
Shane Pihlan	Accounting Junior	85.00	0.10	8.50	-	-	-	-	-	-	-	-	-	-	0.10	8.50
Michelle Evers	Administration Assistant	55.00	2.90	159.50	-	-	-	-	-	-	2.90	159.50	-	-	-	-
TOTAL			124.15	47,715.00	7.90	3,318.00	43.80	15,725.50	19.30	8,499.50	19.15	6,511.00	29.00	11,740.50	5.00	1,926.50
GST (10%)				4,771.50												
TOTAL (INCL GST)				52,486.50												
Average \$/Hour				422.77		420.00		359.03		448.39		540.00		404.84		384.10