

RSM Bird Cameron Partners

Chartered Accountants

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24 March 2010

TO CREDITORS

Dear Sir/Madam

Cape View Developments WA Pty Ltd (Administrators Appointed)
ACN 109 689 643 (“the Company”)
Formerly Known as “Southern Timber Company Ltd”

As previously advised, Greg Dudley and I were appointed Joint and Several Administrators of the Company on 3 September 2009 pursuant to section 436A of the Corporations Act 2001.

For your information and assistance, I attach the following:-

1. Notice of Meeting to be held at the offices of RSM Bird Cameron Partners, 8 St. Georges Terrace, Perth WA 6000 on 8 April 2010 at 10:30a.m. (WST);
2. Administrators’ Report on the Company’s business, property, affairs and financial circumstances. The Report contains a statement setting out our opinion about each of the following matters and our reasons for those opinions:-
 - a. Whether it would be in the creditors’ interests to adjourn the meeting for up to forty five (45) business days;
 - b. Whether it would be in the creditors’ interests for the Company to execute a Deed of Company Arrangement;
 - c. Whether it would be in the creditors’ interests for the Company to be wound up; or
 - d. Whether it would be in the creditors’ interests for the Administration to end.
3. Informal Proof of Debt Form for voting purposes. Any Informal Proof of Debt Forms submitted for the purposes of the first meeting of creditors and accepted by the Chairperson of that meeting for voting purposes will be valid for this meeting;
4. Instrument of Proxy; and
5. Administrators’ Remuneration Report.

Should you have any questions in relation to this matter, please contact the undersigned or Breck Robertson on telephone (08) 9261 9116.

Yours faithfully



NEIL CRABB

Joint & Several Administrator

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scheme approved under
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Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.

FORM 529

CORPORATIONS ACT 2001

Subregulation 5.6.12(2)

NOTICE OF MEETING OF CREDITORS

CAPE VIEW DEVELOPMENTS WA PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 109 689 643
FORMERLY KNOWN AS "SOUTHERN TIMBER COMPANY LTD"
("the Company")

NOTICE is given that a meeting of the creditors of the Company will be held at the offices of RSM Bird Cameron Partners, 8 St Georges Terrace, Perth WA on Thursday, 8 April 2010 at 10:30am (WST).

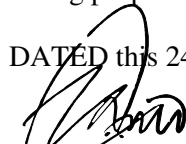
A G E N D A

1. To receive a Report about the Company's business, property, affairs and financial circumstances.
2. For creditors to resolve:
 - 2.1. that the meeting be adjourned for up to forty five (45) business days; or
 - 2.2. that the Administration should end; or
 - 2.3. that the Company be wound up.
3. To fix the remuneration of the Administrators.
4. If the Company is wound up, to fix the remuneration of the Liquidators.
5. If the Company is wound up, to consider the destruction of the books and records at the conclusion of the winding up.
6. If the Company is wound up, to consider appointing a Committee of Inspection.
7. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Administrators by 4:00pm on the day prior to the meeting. A creditor can only be represented by proxy or by an attorney in accordance with Corporations Regulations 5.6.28 to 5.6.32 (inclusive) and, if a body corporate, by a representative appointed pursuant to Section 250D.

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

DATED this 24th day of March 2010



NEIL CRABB
Joint and Several Administrator

RSM! Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
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STATEMENT OF ADMINISTRATORS' OPINION

Corporations Act 2001 - Section 439A(4)

Cape View Developments WA Pty Ltd (Administrators Appointed)
ACN 109 689 643 (“the Company”)
Formerly Known as ‘Southern Timber Company Ltd’

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1. Introduction

- 1.1. On 3 September 2009, Greg Dudley and I were appointed Joint and Several Voluntary Administrators (**Administrators**) of the Company pursuant to Section 436A of the Corporations Act 2001 (**Act**).
- 1.2. The first meeting of creditors was held on 14 September 2009, at which creditors ratified our appointment as the Administrators.
- 1.3. As required by Section 438A of the Act, and to assist creditors in determining the future of the Company, we have conducted preliminary investigations into the Company's business, property, affairs and financial circumstances.
- 1.4. The outcome of our enquiries and opinions in accordance with Section 439A(4) of the Act are contained in this report.

Statement of Independence

- 1.5. In accordance with the Insolvency Practitioners Association of Australia – Code of Professional Practice and Section 436DA of the Act, a Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**) was sent to creditors with notification of our appointment and was tabled at the first meeting of creditors. A copy is attached as Annexure A.
- 1.6. There have been no changes to the DIRRI since 3 September 2009.
- 1.7. Accordingly, we remain satisfied that we are not precluded by Section 448C of the Act from acting independently for the benefit of all creditors.

Second Meeting of Creditors

- 1.8. The second meeting of creditors of the Company will be held on Thursday, 8 April 2010 at 10:30a.m. (WST). Notice of the meeting is attached.
- 1.9. The convening date for the second meeting was extended on three (3) occasions by order of the Court. Creditors were advised of the extensions and the reasons for the extensions by circulars dated 30 September 2009, 7 December 2009 and 29 January 2010.
- 1.10. The purpose of the meeting is for creditors to decide the future of the Company.
- 1.11. At the meeting creditors may resolve that:
 - 1.11.1. The meeting be adjourned for up to 45 business days, pursuant to Section 439B(2) of the Act; or
 - 1.11.2. The Administration should end; or
 - 1.11.3. The Company should be wound up.
- 1.12. For the reasons outlined further in the report, we recommend creditors adjourn this meeting for up to 45 business days to enable acceptable terms of a Deed of Company Arrangement (**DOCA**) and an associated framework to be agreed.

Balance of Report

1.13. The balance of our report is set out under the following major headings.

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Annexures

A	Declaration of Independence, Relevant Relationships and Indemnities
B	List of Unsecured Creditors
C	Dividend Estimate in a Liquidation
D	Administrators' Statement of Receipts and Payments for the period 3 September 2009 to 19 March 2010

2. Executive Summary

Background

- 2.1. On 24 March 2006, the Company entered into a Joint Venture Agreement (**JV Agreement**) to acquire a development site (known as **Stage 3**) within the Cape View Beach Resort at 12 Little Colin Street, Broadwater WA and to develop the land and sell the developed lots (**Project**). The interests of the Joint Venture Participants (**JV Participants**) are detailed in Table 1 below:-

JV Participants	Interest (%)
The Company	85.60
Westbeach Enterprises Pty Ltd as trustee for The McKeown Property Trust	2.40
Begonia Gardens Pty Ltd as trustee for The Gear Property Trust	2.40
Quadrant Investments Pty Ltd as trustee for The Kinnear Property Trust	2.40
Sputnik Pty Ltd as trustee for The Satellite Family Trust	3.27
Venetian Investments Pty Ltd as trustee for The G Trust	2.40
Venetian Investments Pty Ltd as trustee for The H & G Trust	1.53
	<u>100.00</u>

Table 1: Interests of JV Participants

- 2.2. The Project encompassed the subdivision of land into strata title lots and construction of short term tourist accommodation in the form of holiday bungalows and apartments. The Company was required to manage the Project under the terms of the JV Agreement.
- 2.3. To fund the Project, the Company raised finance from St George Bank Ltd (**St George or the Bank**) and private investors through a Debenture Trust Deed it entered into with Primary Securities Ltd (**Primary**). St George is secured by a first ranking mortgage over the Project and a first ranking fixed and floating charge over all of the Company's assets and undertakings. Primary is secured by a second ranking mortgage over the Project and a second ranking fixed and floating charge.
- 2.4. The Company sold the holiday bungalows "off the plan" under contracts of sale which required the buyer to enter into a building contract with Pindan.
- 2.5. Phase 1 of Stage 3 of the Project comprised 20 holiday bungalows (**Phase 1**). Prior to our appointment, thirteen (13) of the planned twenty (20) bungalows have been constructed and sold, with the remaining seven (7) in various stages of incomplete construction. Of the seven (7) incomplete bungalows, three (3) are subject to contracts of sale which are conditional upon completion and occupancy.
- 2.6. There is no formal building contract between the Company and Pindan for the construction of the remaining seven (7) bungalows.
- 2.7. Pindan ceased construction in or around December 2008 upon non-payment of invoices.

- 2.8. The balance of the Project presently comprises common property and two undeveloped strata title lots (**Lots 40 and 42** or the **Vacant Strata Lots**). The Company has Development Approval to further subdivide the Vacant Strata Lots and construct holiday apartments upon the subdivided lots.
- 2.9. On 21 August 2009, the Company defaulted on its finance obligations to the Bank and the Bank issued a demand for repayment of \$3,172,962.65. The Company failed to satisfy the demand and, as a consequence, the Bank was entitled to enforce its securities.
- 2.10. However, the Bank agreed to forbear from enforcing its securities during the period of the voluntary administration, and the Administrators and St George entered into a Deed of Forbearance, as the Company's Directors (**Directors**) expressed a desire to formulate a DOCA for consideration by creditors.

DOCA Proposals

- 2.11. As Administrators we have determined that a DOCA is essential in progressing completion of construction of the bungalows and resort facilities, and the orderly realisation of the bungalows, for the benefit of all stakeholders including:-
 - 2.11.1. Secured creditors;
 - 2.11.2. Existing owners of bungalows – Stage 3;
 - 2.11.3. Existing owners of Stages 1 and 2;
 - 2.11.4. Unsecured creditors;
 - 2.11.5. Purchasers of incomplete bungalows in Stage 3; and
 - 2.11.6. The JV Participants (refer Table 1 above).
- 2.12. Failure to conclude a satisfactory DOCA may or would result in:-
 - 2.12.1. The forced sale of the Project. In that event, the bungalows cannot be sold without construction being completed or a building contract being entered into (there is no existing building contract);
 - 2.12.2. The first ranking secured creditor not being repaid in full from the Company's assets;
 - 2.12.3. The unsecured creditors not receiving any dividend; and
 - 2.12.4. Legal claims in respect of property rights and damages arising from various stakeholders being pursued and litigated against various stakeholders leading to additional costs and delays in completion of the Project, including Phase 1.
- 2.13. The Directors were unable to formulate a DOCA acceptable to key creditors of the Company.
- 2.14. However, the Company's major unsecured creditor, Pindan Pty Ltd (**Pindan**), has submitted two alternative DOCA proposals, both of which required the support of the secured creditors.

- 2.15. Both of the Pindan DOCA proposals envisaged completion of Phase 1 of the Company's development project at Cape View Beach Resort in Broadwater WA (completion and sale of the holiday bungalows) to enhance the value of the Project.
- 2.16. Following consideration of the two alternative Pindan DOCA proposals, St George advised us that it would not currently support either of the Pindan DOCA proposals in the terms outlined.
- 2.17. Given the factors outlined above in paragraphs 2.11 and 2.12 above, we are continuing to work with Pindan, St George, Primary and other stakeholders to formulate acceptable DOCA terms and framework.
- 2.18. We have and continue to liaise with individual members of the Committee of Creditors, particularly in respect of seeking to formulate agreeable DOCA terms.

Recommendation

- 2.19. For these reasons, we recommend creditors resolve to adjourn the second meeting for up to forty five (45) business days.

3. Business and Statutory Information

Nature of Company's Business

- 3.1. The Company was incorporated in Western Australian on 23 June 2004 as "Southern Timber Company Limited". The Company subsequently changed its name to Cape View Developments WA Pty Ltd on 23 September 2005.
- 3.2. The Company's sole purpose was the development of the Project.

Officers

- 3.3. The current Directors and Company Secretary are detailed in Table 2 below:

Name	Position	Appointed	Ceased
Peter Kinnear	Director and Company Secretary	23 June 2004	-
George Gear	Director	13 June 2005	-
Mark Rodger McKeown	Director	23 June 2004	-

Table 2: Company Officers at date of appointment

Shareholders

- 3.4. The paid up capital of the Company is \$1,762.55, being 17,625,490 fully paid ordinary shares. The current shareholders are detailed in Table 3 below.

Name	No. Held	Fully Paid
Julie Margaret McKeown Pennycook	5,875,164	Yes
Carol Lesley Gear	5,875,163	Yes
Shelley Kinnear	5,875,163	Yes

Table 3: Shareholders at date of appointment

4. Reasons for Failure

- 4.1. The Directors have attributed the financial failure of the Company to:
- 4.1.1. Delays in obtaining development approvals; and
 - 4.1.2. Adverse market for sale of the holiday bungalows.
- 4.2. Whilst the above issues have had a significant impact upon the Company's financial affairs, it is apparent from our preliminary investigations that other factors in the Company's financial decline include:
- 4.2.1. Over capitalisation of the Project; and
 - 4.2.2. The failure of the Directors to:
 - 4.2.2.1. Fully and properly assess the risks of the Project;

4.2.2.2. Effectively manage the Project; and

4.2.2.3. Contain development costs.

5. Books and Records

5.1. Pursuant to Section 286(1) of the Act, a company is required to maintain sufficient books and records which:

5.1.1. Correctly record and explain its transactions and financial position and performance; and

5.1.2. Enable true and fair financial statements to be prepared and audited.

5.2. Our review of the Company's books and records indicates that adequate books and records have been maintained.

6. Historical Trading Performance

6.1. The Company has not had financial statements prepared by external accountants since the financial year ended 30 June 2005.

6.2. Set out below in Table 4 is a summary of the Company's financial performance as recorded in the management accounts for the years ended 30 June 2007, 2008, 2009 and for the period 1 July 2009 to 3 September 2009:-

	Management Accounts			
	Year Ended 30 June 2007 \$	Year Ended 30 June 2008 \$	Year Ended 30 June 2009 \$	Period 1 July 2009 to 3 Sept 2009 \$
Sales	-	4,113,899	122,408	-
Cost of Goods Sold	-	(1,299,112)	-	-
Gross Profit	-	2,814,787	122,408	-
Gross Profit %	0%	68%	0%	0%
Expenses	(961,509)	(3,406,940)	(755,098)	(35,316)
Other Income	4,980	16,892	3,475	-
Net Profit/(Loss)	(956,529)	(575,261)	(629,215)	(35,316)

Table 4: Summary of Historical Financial Performance

6.3. Sales revenue during the year ended 30 June 2008 was derived from sales of thirteen (13) of the holiday bungalows and an improved lot which was previously utilised as a facilities building for the Cape View Beach Resort.

6.4. The cost of goods sold in the year ended 30 June 2008 represents the proportionate cost of acquisition of the land on which the thirteen (13) holiday bungalows were constructed and the cost of the facilities building.

6.5. After expenses incurred in developing and subdividing the whole of the land, the Company has recorded accumulated losses of \$2,196,321.

6.6. No expenses were incurred by the Company in construction of the (sold) holiday bungalows as the purchasers of those properties were contracted to Pindan for building costs.

7. Directors' Statement as to Affairs

7.1. In accordance with Section 438B(2) of the Act, the Directors are required to provide us with a statement about the Company's business, property, affairs and financial circumstances as at 3 September 2009 (**Directors' Statement**).

7.2. The Directors' Statement was received from the Directors on 11 September 2009.

7.3. The Directors' Statement disclosed that the Company had a surplus of assets of \$1,698,129 at the date of our appointment. The surplus arose because the Directors based their estimated realisable value of the Project upon an "as if complete" valuation undertaken for in October 2008.

7.4. However, based upon a valuation of the Project requested by us in September 2009 (**2009 Valuation**), the market value of the Project both on an "as is" basis and on an "as if complete" basis was assessed to be substantially less than the Directors' estimated realisable value.

7.5. The 2009 Valuation is not disclosed in this report for commercial reasons, as its disclosure may prejudice the sale of the Project by a liquidator or a secured creditor, should either scenario arise.

7.6. When the Directors' Statement of asset values is adjusted to take account of the 2009 Valuation, the Company has a deficiency of assets.

7.7. Set out below in Table 5 is a summary of the Directors' Statement and our own estimates of the Company's financial position as at 3 September 2009:

	Directors' Statement			
	Paragraph	Book Value	Estimated Realisable Value	Administrators' Estimate
		\$	\$	\$
Assets				
Debtors	7.9	79,200	79,200	-
Cash at Bank	7.12	137,308	137,308	181,594
Land & Buildings	2.1-2.8	7,775,000	9,132,084	Commercially Sensitive
Total Assets		7,991,508	9,348,592	Not Disclosed
Liabilities				
Secured Creditor – St George	7.16	3,111,202	3,111,202	3,187,018
Secured Creditor – Primary	7.19	1,462,767	1,462,767	1,462,767
Priority Employees Creditors	7.22	6,000	6,000	6,000
Unsecured Creditors	7.23	2,151,704	2,151,483	2,787,359
Contingent Liabilities	7.25	919,011	919,011	1,000,000
Total Liabilities		7,650,684	7,650,463	8,443,144
Estimated Surplus/(Deficiency)		340,824	1,698,129	(Not Disclosed)

Table 5: Directors' Statement and Administrators' Estimated Realisable Values as at 3 September 2009

7.8. We now address each of the asset and liability classifications.

Debtors

7.9. As part of its marketing strategy for the holiday bungalows, the Company offered purchasers the opportunity to have their bungalows furnished by the Company at an agreed price.

7.10. The total book value of debtors comprises the contract price (less deposits - refer paragraph 7.12.2) for delivery of the furnishings to purchasers who took up the Company's offer. However, as the Company is unable to complete the contracts to furnish the bungalows due to its insolvency, these debts will not become due in a liquidation scenario.

7.11. Under the contemplated DOCA scenario, the debtors would become due. We have negotiated an arrangement with Pindan whereby Pindan would complete the furnishings contracts for the Company in consideration of the Company assigning the debtors to Pindan, subject to the agreement of the debtors.

Cash at Bank

7.12. Upon identification and closure of bank accounts of the Company, \$181,594 was recovered, comprising:

7.12.1. \$106,789 being funds deposited by the Company in a trust account to satisfy a condition of environmental approval for the Project (possum translocation);

7.12.2. \$29,970 being deposits paid for furnishing packages by purchasers of bungalows; and

7.12.3. \$44,835 from closure of the Company's operating account.

7.13. If the Company is liquidated, a dispute may arise as to the entitlement to these funds.

7.14. Under a contemplated DOCA, the funds detailed in paragraphs 7.12.1 and 7.12.2 would be paid to Pindan to enable the Project to be completed.

Land & Buildings

7.15. This asset is explained at paragraphs 2.1 to 2.8 above.

Secured Creditors

St George

7.16. St George holds a first ranking fixed and floating charge over all of the Company's assets and undertakings and a registered first mortgage over the Project.

7.17. Set out in Table 6 is a calculation of the debt due by the Company to St George, as at the date of our appointment:

	\$
Commercial Overdraft Facility	50,338
Construction Loan Facility	3,136,680
Total	<u>3,187,018</u>

Table 6: St George Debt as at 3 September 2010

7.18. Interest continues to accrue at default rates of interest.

Primary

7.19. Primary acts as trustee for the private investors who provided loan funds to the Company to acquire the Project land and assist in developing it.

7.20. Primary holds a second ranking fixed and floating charge over all of the Company's assets and undertakings and a second mortgage over the Project.

7.21. The debt due by the Company to Primary is \$1,462,767 at the date of our appointment.

Priority Creditors – Employees

7.22. Represents unpaid salaries due to the Directors, capped at the statutory limit.

Unsecured Creditors

7.23. Set out below as Table 7 is a summary of unsecured creditor claims as detailed in the Directors' Statement and our current estimate of possible claims:-

	Directors' Statement \$	Administrators' Estimate \$
Trade Creditors	2,151,483	2,787,359

Table 7: Summary of Unsecured Creditors at 3 September 2009

7.24. A list of unsecured is attached as Annexure B.

Contingent Liabilities

7.25. The Directors' Statement included an amount of \$919,011 which was an estimate of the costs to complete construction of the remaining seven (7) holiday bungalows by Pindan. As the Company will not be completing construction (or may not be legally liable in any event), we have made no provision for this liability.

7.26. However, Pindan Realty Pty Ltd (**Pindan Realty**) (a related entity to Pindan) has submitted a claim for unliquidated damages of up to \$1 million in relation to a contract for sale of the facilities building (lot 41) by the Company to Pindan Realty. We have therefore included this amount as a contingent liability.

8. Voidable Transactions

- 8.1. In accordance with Regulation 5.3A.02 of the Act, an administrator is required to specify in this report whether there are any transactions that appear, at first instance, to be voidable and thereby may result in the recovery by a liquidator of property and other benefits. Such transactions are not recoverable by an administrator or an administrator of a DOCA and can only be pursued by a liquidator upon the winding up of a company.
- 8.2. An administrator is also required to form a view as to whether and from what point in time the directors allowed a company to trade whilst insolvent.
- 8.3. In determining whether there are possible voidable transactions available for recovery by a future liquidator and/or claims arising from insolvent trading, consideration has been given to the following provisions of the Act:-
 - 8.3.1. Unfair Preferences (Section 588FA) – these are transactions between the company and the creditor resulting in the creditor receiving more than the creditor would receive if the transaction were set aside and the creditor claimed for this amount in a liquidation. Any such voidable transactions must arise during the relation back period, beginning six (6) months prior to the commencement of the Voluntary Administration. For the purposes of the Company, the relation back period commences on 3 March 2009;
 - 8.3.2. Uncommercial Transactions (Section 588FB) – these are transactions entered into that a “reasonable person” in the company’s circumstances would not have entered into taking into account the benefit to the company, the detriment to the company and the benefit to the other parties involved in the transaction. It is not necessary that a creditor be a party to a transaction;
 - 8.3.3. Insolvent Transactions (Section 588FC) – these transactions are unfair preferences or uncommercial transactions (refer above) entered into when the company was insolvent or became insolvent as a result of entering into the transaction. Only unfair preferences, which have occurred within the period commencing six (6) months prior to the commencement of the Voluntary Administration and uncommercial transactions, which have occurred within two (2) years of the commencement of the Voluntary Administration, can be recovered;
 - 8.3.4. Unfair Loans to a Company (Section 588FD) – representing loans made to the company where interest or other charges on the loan were extortionate. These transactions can be recovered regardless of when they were entered into;
 - 8.3.5. Unreasonable Director-Related Transactions (Section 588FDA) – representing a transaction of a company including a payment by the company or a conveyance, transfer or other disposition by the company of property of the company to a director of the company or a close associate of a director of the company and where it may be expected that a reasonable person in the company’s circumstances would not have entered into the transaction. This provision does not require the transaction to be an insolvent transaction and may be voidable pursuant to Section 588FE(6A) if the transaction was entered into during the four (4) years ending on the relation back day;

- 8.3.6. Related Party Transactions (Section 588FE(4)) – representing insolvent transactions (that is unfair preferences or uncommercial transactions) with a related party within four (4) years prior to the commencement of the Voluntary Administration. For this purpose a related party would include a party related to a director or deemed director; and
- 8.3.7. Transactions entered into for the purposes of defeating creditors (Section 588FE(5)) – represented by insolvent transactions (unfair preferences or uncommercial transactions) entered into for the purpose of defeating, delaying or interfering with the rights of creditors which were entered into within a period of ten (10) years prior to the commencement of the Voluntary Administration.

Unfair Preferences

- 8.4. We have conducted a preliminary review of the Company's books and records, including bank statements, cheque books and creditor invoices for the six (6) months prior to 3 September 2009 to identify any payments to creditors which may be recoverable by a future liquidator as an unfair preference.
- 8.5. We have identified three (3) transactions involving payments to various creditors totalling \$32,905 within the relation back period which may be recoverable by a future liquidator.
- 8.6. Should the Company be wound up, further investigations will be necessary to confirm the transactions as voidable and assess prospects of recovery.
- 8.7. Pursuant to Section 588FG of the Act a liquidator cannot recover funds paid to a creditor where it is established the creditor:
 - 8.7.1. Received the payment in good faith; and
 - 8.7.2. Had no reasonable ground for suspecting the Company was insolvent at the time of the payment.

Other Voidable Transactions

- 8.8. Other than the possible unfair preferences identified above, we have found no other transactions which appear to be void against a liquidator.

9. Insolvent Trading Analysis

- 9.1. Before considering whether the Directors allowed the Company to trade while insolvent, it is useful to set out a chronology of relevant events leading to the Company becoming insolvent and our appointment as Administrators.

Chronology

- 9.2. A timeline of relevant events is detailed below:-
 - 9.2.1. 14 November 2005 - Information Memorandum issued for public invitation to subscribe for \$1.6 million debenture stock in the Company to assist it in undertaking the Project. The debenture stock was fully subscribed through Primary.

- 9.2.2. 1 June 2006 - Settlement for purchase of the Project land for \$2.75 million.
- 9.2.3. 12 June 2006 - St George offers finance facilities of \$5.8 million to assist with purchase and subdivision of the Project land.
- 9.2.4. 12 July 2007 - St George increases finance facilities to \$7.1 million to continue development of the Project.
- 9.2.5. July 2007 to June 2008 - Sales of thirteen (13) holiday bungalows.
- 9.2.6. 19 March 2008 - Company accepts quotation from Pindan of \$5.7 million for construction of twenty (20) bungalows. Individual purchasers of the bungalows are required to enter into building contracts with Pindan. The Company also accepts liability for building costs in excess of contracts between purchasers and Pindan.
- 9.2.7. 9 June 2008 - St George reduces finance facilities to \$2.4 million (a reduction of \$4.7 million) following settlements for sale of thirteen (13) Bungalows.
- 9.2.8. August 2008 - Pindan continuing construction of remaining seven (7) unsold bungalows. No building contracts are in place with the Company.
- 9.2.9. 17 October 2008 - Pindan issues an invoice for excess building costs of \$305,329, payable in fourteen (14) days. Invoice is not paid by the Company.
- 9.2.10. 30 October 2008 - St George increases finance facilities to \$3.2 million (increase of \$723,000) to provide funding for various expenses and costs arising from continuation of the Project but specifically excluded the outstanding Pindan invoice of \$305,329.
- 9.2.11. December 2008 – Pindan ceased construction of bungalows.
- 9.2.12. 17 February 2009 - Pindan issues an invoice for excess building costs of \$106,961, payable in fourteen (14) days. Invoice is not paid by the Company. Total unpaid excess building costs are then \$412,291.
- 9.2.13. 7 April 2009 - St George increases finance facilities to \$3.6 million (increase of \$420,000) to refinance existing facilities and provide additional funds for payment of outstanding Pindan invoices, legal fees and a facility variation fee. Increased facilities are not drawn as a pre-condition is not met (Deed of Priority and Subordination not executed).
- 9.2.14. 31 July 2009 - St George finance term expires.
- 9.2.15. 7 August 2009 - Pindan demands that the Company enters into building contracts in respect of remaining seven (7) bungalows under construction.
- 9.2.16. 21 August 2009 - St George issues demand for repayment of finance facilities.
- 9.2.17. 3 September 2009 - Directors appoint voluntary administrators.

Solvency

- 9.3. A company is insolvent when it is unable to meet its debts as and when they fall due.
- 9.4. The determination of insolvency is a question of fact, at a particular point in time, to be assessed by considering the tests of insolvency known as the “cash flow test” and the “balance sheet test”. Other factors of a commercial and financial nature (commercial reality) will also be considered by the Courts. Common law precedents have determined the “cash flow test” as being the more relevant test.
- 9.5. Pursuant to Section 588G of the Act, a director of a company has a duty to prevent a company from incurring a debt when a company is insolvent or there are reasonable grounds to suspect a company is or would become insolvent.
- 9.6. Pursuant to Section 588M of the Act, a liquidator (and in some circumstances a creditor) may recover from a director, losses suffered by creditors from transactions entered into at a time when a company was insolvent.
- 9.7. Section 588H of the Act provides a number of defences for directors in respect of actions under Section 588G and 588M of the Act. They are:
 - 9.7.1. When the debt was incurred the director had reasonable grounds to expect that the company was solvent and would remain solvent;
 - 9.7.2. When the debt was incurred the director had reasonable grounds to believe, and did believe, that a subordinate was competent, reliable and responsible for providing adequate information about the company’s solvency;
 - 9.7.3. When the debt was incurred the director, because of illness or for some other good reason, did not take part in the management of the company; and
 - 9.7.4. The director took all reasonable steps to stop the company from incurring the debt.
- 9.8. In order to establish a case for insolvent trading against a director, a liquidator must establish that a director or a reasonable person in the director’s position ought to have been aware that the company was insolvent at a particular time. Furthermore, the liquidator ought to investigate the financial position of the director in question, prior to pursuing any claim for insolvent trading to establish whether the potential litigation is commercially viable.
- 9.9. Based upon our investigations to date, the earliest date on which the Company became insolvent was on or about 31 October 2008, being the date the Company failed to pay the Pindan invoice of \$305,329 (refer paragraph 9.2.9 above).
- 9.10. While St George increased its finance facilities to the Company at about this time, the increased funding was not specifically provided for the purpose of paying the Pindan invoice and Pindan was not paid. The Company had no source of funds other than bank finance to pay the Pindan invoice.
- 9.11. However, St George offered further increased funding to the Company on 7 April 2009 specifically to pay the Pindan invoice of \$305,329 and the further invoice of \$106,961 which was payable on or about 3 March 2009 (refer paragraph 9.2.13).

- 9.12. As mentioned at paragraph 9.2.13 above, the increased funding was not drawn (and the Pindan invoices consequently not paid) because a pre-condition of finance approval was not met by the Company.
- 9.13. In all the circumstances, we consider the Company may have become insolvent on or about 31 October 2008 or alternatively 3 March 2010.
- 9.14. Accordingly, any future liquidator may have an insolvent trading claim against the Directors for recovery of the debts of the Company to Pindan totalling either \$412,291 or \$106,961.
- 9.15. Our preliminary investigations indicate that two of the Directors own encumbered residential properties in Perth, however the value of any equity is not known.
- 9.16. Further investigations would be necessary by any future liquidator to determine the merits of the claim, the commercial viability of an insolvent trading action, including any available defences and the personal financial position of the Directors. The liquidator would also need to obtain a source of funding to pursue any such claim of merit as he would effectively be without funds. In our experience, conventional litigation funding is unlikely to be available for claims of this magnitude.

10. Dividend Estimate

- 10.1. In the event of the Company being liquidated, there is no likelihood of any dividend being paid to unsecured creditors. Any dividend for unsecured creditors would be dependent upon and subject to:-
 - 10.1.1. The liquidator recovering the voidable transactions outlined above;
 - 10.1.2. The liquidator successfully pursuing an insolvent trading action against the Directors as outlined above; and
 - 10.1.3. The extent of the liquidator's costs, charges and expenses.
- 10.2. Attached as Annexure C is a table detailing our estimated dividend calculations.
- 10.3. The DOCA terms being contemplated may include a minor payment to creditors not related to the directors, shareholders or to the JV Participants.

11. Proposals for a Deed of Company Arrangement

- 11.1. As mentioned at paragraph 2.13 above, the Directors were unable to formulate a DOCA for consideration by creditors because they could not obtain agreement from the secured creditors and the major unsecured creditors as to funding for completion of Phase 1 of the Project and the priority of distribution to creditors from sales of the holiday bungalows and the Vacant Strata Lots.

Pindan DOCA

- 11.2. Pindan consequently offered to sponsor a DOCA with the following key elements:
 - 11.2.1. Pindan would fund completion of the remaining seven (7) bungalows and common property;

- 11.2.2. St George would be required to continue its forbearance of enforcing its securities on the basis that it is paid net proceeds from sale of the bungalows (after the Administrators' costs);
 - 11.2.3. The DOCA Administrator would conclude sales of the three (3) bungalows currently subject to sales contracts and market and sell the remaining four (4) bungalows;
 - 11.2.4. Pindan would repay any residual debt due by the Company to St George if the net sale proceeds were insufficient to fully repay the debt;
 - 11.2.5. The Vacant Strata Lots would be transferred to Pindan; and
 - 11.2.6. Pindan would provide a mortgage over the Vacant Strata Lots to St George to secure its obligation to repay any residual debt of the Company to St George.
- 11.3. The Pindan DOCA was also conditional upon the agreement of Primary to discharge its mortgage over the Project without receiving any payment.
- 11.4. Both Primary and St George did not agree to the terms of the Pindan DOCA.

Pindan Alternative DOCA

- 11.5. Upon learning of the decisions of Primary and St George, we continued to liaise with key stakeholders to develop DOCA terms which may be acceptable to Primary and St George.
- 11.6. As a result of our further efforts, Pindan offered an alternative DOCA with the following key terms:
- 11.6.1. All issued shares of the Company would be transferred to Pindan (or its nominees);
 - 11.6.2. The Directors would retire and be replaced by nominees of Pindan, thereby giving control of the Company and the Project to Pindan;
 - 11.6.3. The JV Participants in the Project would transfer their share of the Project to the Company for no consideration;
 - 11.6.4. Pindan would fund completion of the bungalows by the Company and then proceed to sell the 7 bungalows, and in need, repay St George any residential debt remaining after sale of the bungalows; and
 - 11.6.5. Primary would discharge its mortgage over the Project on terms acceptable to Pindan.
- 11.7. The Pindan Alternative DOCA again required St George to forbear from enforcing its securities until being fully repaid by the Company from sale of the bungalows and, in need, cash provided to the Company by Pindan.
- 11.8. The terms of the Pindan Alternative DOCA have not been agreed by Pindan, St George and Primary at this time.
- 11.9. However, we are using our best endeavours to refine the DOCA terms and develop an associated framework which may be acceptable to all parties.

12. Administrators' Opinion

12.1. Section 439A of the Act requires us to provide our opinion as whether it would be in the creditors' interests for:-

12.1.1. The Company to execute a Deed of Company Arrangement; or

12.1.2. The Administration to end; or

12.1.3. The Company be wound up.

12.2. We are required to form an opinion and make a recommendation to creditors as to which course of action would be in the best interests of creditors and outline the reason for that opinion.

12.3. Pursuant to Section 439B(2) of the Act, creditors may also resolve to adjourn the meeting for up to forty five (45) business days.

12.4. Our comments on each of the options are as follows.

Should the Company Execute a Deed of Company Arrangement

12.5. As discussed above, no current DOCA terms have been agreed.

12.6. Without a detailed DOCA proposal to consider at this time, we are unable to recommend this course of action at this time.

12.7. However, as noted above at paragraphs 2.11 to 2.18, we remain firmly of the view that a contemplated DOCA, yet to be concluded and agreed, is in the best interests of all stakeholders, including all creditors.

Should the Administration End

12.8. Should creditors resolve that the Administration end, control of the Company would revert to the Directors without any resolution of creditor claims. Indeed, should creditors resolve to end the Administration, the Deed of Forbearance between the Administrators and St George would come to an end and St George would most likely enforce its securities.

12.9. As Administrators, we are not empowered to make a distribution to any creditor, subject to secured claims, of any existing debt as at the date of our appointment. The Company has a substantial net asset deficiency and in the absence of any arrangements with creditors, the Company is unable to pay all its debts as and when they fall due.

12.10. Accordingly, in our opinion, it would not be in the creditors' interests for the Administration of the Company to end.

Should the Company be Wound Up

12.11. Should creditors resolve to wind up the Company, the Project (being the Company's only substantial asset) would be forcibly sold, most probably on an incomplete "as is" basis. Based upon the 2009 Valuation obtained by us, the realisable value of the Project is insufficient to fully repay the secured creditors.

12.12. All other creditors would not receive any dividend in a liquidation scenario.

12.13. However, in the DOCA being contemplated, the Project would be completed and sold in an orderly manner and all creditors (except related parties) would receive a dividend to some extent.

12.14. Accordingly, we do not consider it is in the creditors' interests for the Company to be wound up until all efforts to develop a DOCA and associated framework are finally exhausted.

Should the Meeting be Adjourned

12.15. From our discussions with Pindan, St George and Primary, we consider that an acceptable DOCA and associated framework may be able to be formulated around the Pindan Alternative DOCA.

12.16. Accordingly, we consider it is the creditors' interests to adjourn the meeting for up to forty five (45) business days to enable us to continue to facilitate an acceptable DOCA.

13. Administrators' Statement of Receipts and Payments

13.1. Attached as Annexure D is a Statement of the Administrators' Receipts and Payments for the period 3 September 2009 to 19 March 2010.

14. Report to Australian Securities & Investments Commission

14.1. Section 438D of the Act requires an administrator to issue a report to the Australian Securities and Investment Commission (**the ASIC**) as soon as practicable where the administrator is of the opinion that:-

14.2. A past or present officer or employee, or a member, of the company may have been guilty of an offence in relation to the company; or

14.3. A person who has taken part in the formation, promotion, administration, management or winding up of the company:-

14.3.1. May have misapplied or attained, or may have become liable or accountable for, money or property (in Australia or elsewhere) of the company; or

14.3.2. May have been guilty of negligence, default, breach of duty or breach of trust in relation to the company.

14.4. We have not found any evidence of offences, misappropriation of property or breaches of duty which should be reported to the ASIC.

15. Liquidation – Committee of Inspection

15.1. In the event that creditors resolve to wind up the Company, creditors shall have the opportunity to appoint a Committee of Inspection. The purpose of a Committee of Inspection is to assist the Liquidator in the efficient conduct of the winding up.

15.2. At the forthcoming second meeting of creditors, creditors may propose a resolution forming a Committee of Inspection and the members of that Committee. A Committee of Inspection can comprise both creditors and shareholders and should ideally comprise of no less than three (3) members.

15.3. A person will be eligible to be appointed a member of a Committee of Inspection if, and only if, in the case of an appointment by creditors the person is:-

15.3.1. A creditor of the company; or

15.3.2. The attorney of a creditor of the company by virtue of a general Power of Attorney given by the creditor; or

15.3.3. A person authorised in writing by a creditor of the Company to be a member of the Committee of Inspection.

15.4. We invite creditors to contact Breck Robertson of our office by no later than 5.00pm (WST) on 7 April 2010 should you wish to be a member of a Committee of Inspection.

16. Destruction of Books and Records

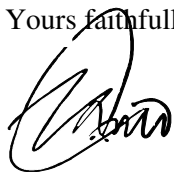
16.1. Should creditors resolve that the Company be wound up at the forthcoming meeting, creditors will be asked to consider and, if thought appropriate, resolve that:-

“Subject to obtaining the approval of the Australian Securities and Investments Commission pursuant to section 542(4) of the Corporations Act, the books and records of the Company and of the Liquidators, be destroyed by the Liquidators three months after the dissolution of the Company.”

Should you have any queries regarding the content of this report or the Company's affairs, please do not hesitate to contact the undersigned or Breck Robertson of this office.

Dated this 24th day of March 2010

Yours faithfully



NEIL CRABB
Joint and Several Administrator

CORPORATIONS ACT 2001

Section 436DA

Declaration of Independence, Relevant Relationships and Indemnities

**CAPE VIEW DEVELOPMENTS WA PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 109 689 643
("the Company")**

Independence

We, Neil Raymond Cribb and Gregory Bruce Dudley, of RSM Bird Cameron Partners have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of Cape View Developments WA Pty Ltd. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

Relevant Relationships

Neither of us, nor our firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property.

Prior Engagements with the Insolvent

Neither of us, nor our firm, has undertaken any prior engagements for Cape View Developments WA Pty Ltd or its directors.


Our first meeting with the directors was on Friday 28 August 2009. We have subsequently attended meetings with the directors, the first and second ranking secured creditors and the largest unsecured creditor.

Indemnities

In addition to any indemnities that we may be entitled to under statute, we have been provided with a limited indemnity from the directors of \$50,000 only.

Dated: 3 September 2009


.....
NEIL RAYMOND CRIBB
Joint and Several Administrator


.....
GREGORY BRUCE DUDLEY
Joint and Several Administrator

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

Cape View Developments WA Pty Ltd (Administrators Appointed)
ACN 109 689 643

Unsecured Creditors Listing

No. Name	Directors' Statement	Administrators' Estimated Value
Unsecured	<u>\$</u>	<u>\$</u>
1 Australian Development Consultants	120,025	138,466
2 Ascot Design	8,064	6,600
3 ASIC	277	277
4 APH Contractors		9,307
5 Busselton Water	104	105
6 George Gear	23,980	23,980
7 Garton Smith & Co		99
8 M & M Electrical Engineering	4,822	4,822
9 Pindan Pty Ltd	1,740,327	1,800,000
10 Primary Managers Pty Ltd	56,991	56,990
11 Provident Real Estate	39,774	54,232
12 Stargem WA Pty Ltd	927	927
13 Strategic Investments WA Pty Ltd	133,500	384,355
14 Synergy	77	77
15 Strategic Property Holdings WA Pty Ltd		168,230
16 Total Horticultural Services	4,011	4,011
17 Water Corporation	2,263	2,797
18 Wilson & Atkinson	16,341	17,536
19 Mark McKeown		114,548
Total Unsecured Creditors	<u>2,151,483</u>	<u>2,787,359</u>

Cape View Developments WA Pty Ltd (Administrators Appointed)
ACN 109 689 643
Formerly known as "Southern Timber Company Limited"

Dividend Analysis

	LIQUIDATION	
	Estimated Dividend in Liquidation (High)	Estimated Dividend in Liquidation (Low)
	\$	\$
<u>Assets</u>		
Cash at Bank ¹	169,969	169,969
Bungalows		Commercially Sensitive
Vacant Land		Commercially Sensitive
Claims by Secured Creditors		
- St George	(3,187,018)	(3,187,018)
- Primary	(1,462,767)	(1,462,767)
Net Assets	Unknown	Unknown
Potential Recoveries to a Future Liquidator		
Unfair Preferences	32,905	Nil
Insolvent Trading Claims	412,921	Nil
Estimated Funds Available for Distribution Before Costs	445,826	Nil
<u>Distribution per s556(1) of Corporations Act 2001</u>		
Costs, Charges & Expenses of Administrators		
- Legal Fees to 12 March 2010	(89,982)	(89,982)
- Disbursements to 12 March 2010	(1,174)	(1,174)
- Remuneration to 12 March 2010	(213,856)	(213,856)
- Fees for the period 13 March 2010 to 8 April 2010	(30,000)	(30,000)
- Disbursements for the period 13 March 2010 to 8 April 2010	(2,000)	(2,000)
	(337,012)	(337,012)
<u>Distribution per s556(1) of Corporations Act 2001</u>		
Future Remuneration & Disbursements of Liquidators		
- Legal Fees From 9 April 2010	(70,000)	(45,000)
- Disbursements From 9 April 2010	(5,000)	(5,000)
- Remuneration From 9 April 2010	(85,000)	(65,000)
	(160,000)	(115,000)
Total Estimated Costs	(497,012)	(452,012)
Estimated Surplus Funds for Distribution to Unsecured Creditors	Nil	Nil

¹: Includes cash held in trust of \$106,789

Cape View Developments WA Pty Ltd
(Administrators Appointed)
ACN 109 689 643
Formerly Known as "Southern Timber Company Limited"

Administrators' Summary of Receipts And Payments
For the Period 3 September 2009 to 19 March 2010

RECEIPTS	\$
Cash at Bank - Closure of Company's Trust Account (Possum Translocation)	106,789
Cash at Bank - Closure of Company's Account (Furnishings Deposits)	29,970
Cash at Bank - Closure of Company's Operating Account	44,835
Other Assets	281
Bank Interest	788
Australian Taxation Office - BAS Refund	1,117
	<u>183,780</u>
PAYMENTS	
Bank Charges	254
Commission Paid	275
Insurance of Assets	1,200
Legal Fees	202
Other Property Expenses	1,300
Valuation Costs	7,182
Advertising	425
Administrators' Costs - Courier	68
Administrators' Costs - Postage	85
Administrators' Costs - Search Fees	645
Administrators' Costs - Fax	36
Administrators' Costs - Travel	353
Administrators' Costs - Photocopying	475
Stamp Duty	88
Australian Taxation Office - GST Paid	1224
	<u>13,811</u>
Cash at Bank	<u><u>169,969</u></u>

Email: breck.robertson@rsmi.com.au

ADMINISTRATORS' REMUNERATION REPORT

Cape View Developments WA Pty Ltd (Administrators Appointed) ACN 109 689 643 ("the Company") Formerly known as "Southern Timber Company Limited"

1. Statement of Remuneration Claim

- 1.1. This Remuneration Report is prepared in accordance with the Insolvency Practitioners Association of Australia Code of Professional Practice, for the purpose of providing creditors with meaningful disclosure on the work undertaken to allow creditors to make an informed decision on approving the Administrators' current and future remuneration resolutions.

Current Remuneration Claim

- 1.2. At the forthcoming meeting of creditors, the Administrators will be seeking creditors' approval for the remuneration of the Administrators, their partners and their staff for the period 3 September 2009 to 12 March 2010 in the amount of \$213,855.50 (plus GST).
- 1.3. Creditors will be asked to consider and, if deemed appropriate, resolve:-
- "That the remuneration of the Administrators, their partners and their staff is hereby fixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time for the period 3 September 2009 to 12 March 2010 in the sum of \$213,855.50 plus GST, and such remuneration be approved and paid".*
- 1.4. A description of the work completed and a calculation of the remuneration claim for the period 3 September 2009 to 12 March 2010 are attached as Annexure A and Annexure B respectively.
- 1.5. Detailed timesheets and supporting documentation are available for inspection at a mutually convenient time.

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scheme approved under
Professional Standards
Legislation

Major Offices in:
Perth, Sydney, Melbourne,
Adelaide and Canberra
ABN 36 965 185 036

RSM Bird Cameron Partners is an
independent member firm of RSM
International, an affiliation of independent
accounting and consulting firms.

Estimated Future Remuneration of the Administrators

1.6. Should creditors resolve to adjourn the second (decision) meeting, as recommended, we will seek approval of our additional remuneration for the period from 13 March 2010 at that reconvened meeting, together with remuneration of any applicable DOCA period.

1.7. Should creditors resolve at the forthcoming meeting that the Company be wound up, the Administrators will also seek creditors' approval for the further remuneration of the Administrators, their partners and their staff for the period 13 March 2010 to 8 April 2010 subject to a limit of \$30,000 (plus GST). In this circumstance creditors will be asked to consider, and if appropriate, resolve:

“That the remuneration of the Administrators, their partners and their staff from 13 March 2010 to 8 April 2010 is hereby affixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time subject to an overall limit of \$30,000 plus GST, and that the Administrators be authorised to make payment on account of such accruing remuneration”.

1.8. A description of work expected to be undertaken and a calculation of the remuneration claim from 13 March 2010 to 8 April 2010 is attached as Annexure C.

Future Remuneration of Liquidators

1.9. Should creditors resolve to wind up the Company at the forthcoming meeting, creditors will be asked to consider, and if deemed appropriate, resolve:

“That the future remuneration of the Liquidators, their partners and their staff from 9 April 2010 be hereby fixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time subject to an overall limit for the time being of \$85,000 plus GST, beyond which the Liquidators may seek further approval, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration”.

1.10. A description of work which may be undertaken by future liquidators and a calculation of their estimated remuneration claim for the time being, is attached as Annexure D.

2. Remuneration Methods

2.1. There are four basic methods that can be used to calculate the remuneration charged by an Insolvency Practitioner. They are:

Time based / hourly rates

2.2. This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

Fixed Fee

- 2.3. The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a Practitioner will finalise an administration for a fixed fee.

Percentage

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

Contingency

- 2.5. The practitioner's fee is structured to be contingent on a particular outcome being achieved.

Method chosen

- 2.6. Given the nature of this administration we propose that our remuneration be calculated on a time basis in accordance with RSM Bird Cameron Partners' scale of fees and hourly rates for staff of various levels of skill and experience.
- 2.7. This is because calculation of remuneration based on a time basis takes into account all tasks performed by the Practitioners and their staff. This includes tasks which may not be represented if remuneration was calculated using another method. The method therefore results in greater transparency and a more accurate reflection of the time necessarily incurred by the Practitioners and their staff.

3. Explanation of Hourly Rates

- 3.1. The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Classification	Rate (\$) (Excl. GST)	Experience
Partner/Appointee	500.00	The Partner/Appointee is a registered Liquidator and member of the ICAA and IPAA bringing specialist skills to the administration or insolvency task. For specific experience and other details of the appointee/s, please visit our website at www.rsmi.com.au
Principal	440.00	Generally, minimum of 12 years experience at least 2 years of which is to be at Manager level. University degree; member of the ICAA and IPAA with deep knowledge and lengthy experience in relevant insolvency legislation and issues.
Manager I	390.00	Generally, more than 7 years experience with at least 2 years as a Manager. University degree; member of the ICAA and IPAA; very strong knowledge of relevant insolvency legislation and issues.
Manager II	250.00	Generally, 5 – 7 years chartered accounting or insolvency

		management experience. University degree; member of the ICAA and IPAA; sound knowledge of relevant insolvency legislation and issues.
Supervisor	220.00	Generally, 4 – 6 years chartered accounting or insolvency management experience. University degree; member of the ICAA; completing IPAA Insolvency Education Program. Good knowledge of relevant insolvency legislation and issues.
Senior I	195.00	Generally, 2 – 4 years chartered accounting or insolvency management experience. University degree; completing the ICAA's CA program. Good knowledge of basic insolvency legislation and issues.
Senior II	165.00	Generally, 2 – 3 years chartered accounting or insolvency management experience. University degree, ICAA's CA program commenced.
Intermediate I	145.00	0 to 2 years experience. Has completed or substantially completed a degree in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Intermediate II	125.00	0 – 1 year experience. Undertaking a degree part-time in finance/accounting. Under supervision, takes direction from senior staff in completing administrative tasks.
Personal Assistant	170.00	Appropriate skills including machine usage.
Secretary	135.00	Appropriate skills including machine usage.
Junior	100.00	Completed schooling and plans to undertake further studies. Required to assist in administration and day to day field work under the supervision of more senior staff.

Notes:

1. *Remuneration is calculated on a time basis in accordance with the above rates.*
2. *The Firm maintains its time records in a computerised system.*
3. *Staff are classified in accordance with academic qualifications and insolvency experience.*

4. Disbursements

4.1. Disbursements are divided into three types: A, B1, B2.

A Disbursements are all externally provided professional services and are recovered at cost. An example of an A disbursement is legal fees.

B1 Disbursements are externally provided non-professional costs such as travel, accommodation and search fees. B1 disbursements are recovered at cost

B2 Disbursements are internally provided non-professional costs such as photocopying and document storage. B2 disbursements are charged at cost except for photocopying, printing and telephone calls which are charged at a rate which is intended to recoup both variable and fixed costs.

4.2. Particulars of disbursements, both current and estimated future, are set out in the attached Annexures, as follows:

4.2.1. Annexure B - Disbursements for the period 3 September 2009 to 12 March 2010;

4.2.2. Annexure C - Estimated disbursements for the period 13 March 2010 to 8 April 2010; and

4.2.3. Annexure D - Estimated disbursements for the period from 9 April 2010.

5. Information Sheet

5.1. For further information creditors are directed to review the Australian Securities and Investment Commission's information sheet "Approving fees: a guide for creditors" attached as Annexure E.

Should you have any queries please do not hesitate to contact Mr Breck Robertson of my office or the undersigned.

Dated this 24th day of March 2010

Yours faithfully



NEIL CRABB
Joint & Several Administrator

Cape View Developments WA Pty Ltd (Administrators Appointed)
 ACN: 109 689 643
 Formerly known as "Southern Timber Company Limited"

Remuneration Report

Part 1: Description of Work Completed

Period From 3 September 2009 to 12 March 2010

Task Area	General Description	Includes
Assets [\$97,992.50]	Debtors	Reviewing and assessing debtors ledgers regarding furnishing packages Correspondence with debtors
	Sale of Land and Buildings	Liaising with valuers and interested parties Securing and preserving land and buildings Negotiations including numerous meetings and discussions with key stakeholders (including the Bank, Primary, Pindan, the Directors and JV Participants) primarily in relation to DOCA proposals dealing with the Project. Liaising with secured charge holders
Creditors [\$61,686.50]	Creditor Reports	Preparing 439A report, investigation, meeting and general reports Preparing reports to general body of creditors
	Creditor Enquiries	Receive and follow up creditor enquiries via telephone / email Review and prepare correspondence to creditors via letter/fax/email
	Secured Creditor Reports	Liaising with the Bank in respect to Deed of Forbearance Preparing reports to secured creditors Liaising with secured creditors including meetings with and communications via telephone / emails / letters primarily regarding DOCA proposals dealing with the Project Responding to secured creditor queries primarily regarding DOCA proposals to deal with the Project
	Meetings of Creditors	Preparation of notices, proxies and advertisements for the first meeting of creditors Preparation for first meeting of creditors including agenda, attendance register, list of creditors, advertisement, draft minutes Stakeholders queries re meeting outcomes
	Proofs of Debts - Receipt	Receipting and filing POD's
Trade On [\$1,493.00]	Processing Receipts	Preparation of receipt forms for input into internal computer system Liaising with accounts receivable regarding receipts
	Processing Payments	Preparation of payment forms for input into internal computer system Liaising with accounts payable regarding payments
Investigation [\$25,355.00]	Conducting Investigation	Collection / copying relevant company books and records Searches (property, charges, ASIC) Review of company records / financial statements Review of cashbook for voidable transactions Preparation of investigation file
	Litigation / Recoveries	Determination of potential actions including voidable transactions and insolvent trading claims
Dividend [\$469.00]	Dividend Procedures	Calculation of dividend estimates
Administration [\$26,859.50]	Checklists / File Review	Initial and bi monthly reviews File review Checklist completion
	Appointment Documents	Directors minutes
	Statement of Affairs	Liaising with Directors regarding preparation Processing into internal computer system
	Directors / Officers	Correspondence and numerous meetings and discussions with the Directors primarily in respect to DOCA proposals to deal with the Project Directors questionnaire
	ASIC Forms	Preparing and lodgement of ASIC forms including 524,505, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment and registration Preparation and lodgement of BAS returns
	Bank Account Administration	Opening bank accounts Bank account reconciliations Bank correspondence
	Insurance	Notification to Willis and prior broker Arranging necessary insurance Review of existing policies and determination of any underinsurance
	Books and Records / Storage	Collection of books and records from Company's office Prepare records listing
Remuneration	Work papers re WIP reports / Billings Schedule of Fee approvals Preparation of billing reports	

Cape View Developments WA Pty Ltd (Administrators Appointed)

ACN: 109 689 643

Formerly known as "Southern Timber Company Limited"

Remuneration Report

Part 2: Calculation of Remuneration

Period From 3 September 2009 to 12 March 2010

Employee	Position	Average \$ / hour (ex GST)	Total actual hours	Total (\$)	Task Area						
					Assets (\$)	Creditors (\$)	Trade on (\$)	Investigation (\$)	Dividends (\$)	Administration (\$)	
Rami Brass - Tax	Partner - Tax	580.00	2.4	1,392.00	1,392.00						
Mark Conlan	Partner	500.00	0.1	50.00		50.00					
Neil Cribb	Partner	500.00	135.1	67,550.00	37,750.00	20,900.00	50.00	1,750.00			7,100.00
Greg Dudley	Partner	500.00	2.2	1,100.00	600.00	400.00		100.00			
Mike Edmondson	Senior Manager	390.00	250.9	97,851.00	52,317.00	28,236.00		9,399.00			7,899.00
David Collins	Manager	210.00	3.4	714.00	714.00						
Geoffrey Lasscock	Supervisor	210.00	4.8	1,008.00	693.00	231.00		84.00			
Benjamin Ward	Senior I	195.00	0.9	175.50							175.50
Breck Robertson	Senior I	198.45	149.4	29,649.00	3,432.00	9,075.00	214.50	12,714.50	430.00		3,783.00
Shara Billing	Senior I	195.00	0.1	19.50							19.50
Nikhil Gohil	Senior II	165.00	1.7	280.50				132.00			148.50
Prishha Balakrishnan	Intermediate I	145.06	44.6	6,469.50	420.50	1,276.00	43.50	814.50			3,915.00
Johnathon Busing	Intermediate II	130.00	21.2	2,756.00	65.00	247.00	689.00	169.00	39.00		1,547.00
Mei Huang	Intermediate II	130.00	0.2	26.00			26.00				
Sarah Kopcheff	Intermediate II	145.00	0.6	87.00		43.50		43.50			
Corey Turner	Junior	100.00	3.5	350.00	240.00	80.00					30.00
Sue Treacy	Personal Assistant	125.00	0.2	25.00		25.00					
Terri Hoy	Personal Assistant	170.00	9.6	1,632.00	153.00	153.00	442.00				884.00
Hayley Forshaw	Secretary	136.03	20.0	2,720.50	216.00	970.00	28.00	148.50			1,358.00
TOTAL (excluding GST)		328.55	650.9	213,855.50	97,992.50	61,686.50	1,493.00	25,355.00	469.00		26,859.50

GST 21,385.55

TOTAL (including GST) 235,241.05

Disbursements

Type	\$
A	89,982.44
B1	707.6
B2	466.45
TOTAL	91,156.49
GST	9,115.65
TOTAL (Including GST)	100,272.14

ANNEXURE B

Cape View Developments WA Pty Ltd (Administrators Appointed)
ACN: 109 689 643
Formerly known as “Southern Timber Company Limited”

Estimated Future Remuneration of Administrators – For the Period 13 March 2010 to 8 April 2010

Task Area	General Description	Includes
Assets Estimated No. of hours:30 Estimated Costs:\$14,000	Sale of Land and Buildings	Ongoing negotiation with key stakeholders in developing a DOCA proposal and associated framework.
	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post
Creditors Estimated No. of hours: 35 Estimated Cost: \$12,000	Creditor reports	Preparing 439A report to creditors
	Meeting of Creditors	Holding meeting of creditors Liaising with creditors regarding meeting details 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. Respond to stakeholder queries and questions.
	Secured Creditors Reports	Reporting to secured creditors in respect to DOCA negotiations Liaising with the secured creditors in respect to DOCA terms.
	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
Administration Estimated No. of hours: 18 Estimated Cost: \$4,000	Bank account administration	Bank account reconciliations Correspondence with bank
	ASIC Form 524 and other forms	Preparing and lodging ASIC form 524 Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Completing payment summaries
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

Estimated Future Disbursements - For the Period 13 March 2010 to 8 April 2010

Full details of estimated disbursements are as follows:

- A** Legal Fees \$0;
- B1** Advertising and searches \$1,000; and
- B2** Faxes, postage, stationery and printing \$1,000

The above listed tasks and associated costs are estimates only. These estimates are based on our limited understanding of the Company’s affairs. Actual tasks undertaken and associated costs will be dependent on the matters encountered.

Cape View Developments WA Pty Ltd (Administrators Appointed)
ACN: 109 689 643
Formerly known as “Southern Timber Company Limited”

Estimated Remuneration of a Future Liquidator – For the Period from 9 April 2010

Task Area	General Description	Includes
Assets Estimated No. of hours: 70 Estimated Costs: \$25,500	Sale of Land and Buildings	Liaise with real estate agent regarding sale of the land Deal with interested parties Organise valuation of land Liaise with first ranking mortgagee
Creditors Estimated No. of hours: 50 Estimated Cost: \$16,000	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of inspection members
	Creditor reports	Preparing general reports to creditors
	Meeting of Creditors	In respect of committee of inspection and general body of creditors Preparation meeting notices, proxies and advertisements Forward notice of meeting to all known creditors Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting. Preparation and lodgement minutes of meetings with ASIC Respond to stakeholder queries and questions immediately following meeting
Trade On Estimated No. of hours: 8 Estimated Cost: \$1,000	Processing receipts and payments	Entering receipt and payments into accounting system
Investigation Number of hours: 95 Estimated Cost: \$36,000	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions Attending to negotiations Attending to settlement matters
Administration Estimated No. of hours: 30 Estimated Cost: \$6,500	Document maintenance/file review/checklist	First month, then 6 monthly administration review Filing of documents File reviews Updating checklists
	Bank account administration	Preparing correspondence closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS' Completing payment summaries

Task Area	General Description	Includes
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage

Estimated Future Disbursements - For the period from 9 April 2010

Details of estimated disbursements are as follows:

- A** Legal Fees \$45,000 to \$70,000;
- B1** Advertising and searches \$2,500; and
- B2** Faxes, postage, stationery and printing \$2,500.

The above listed tasks and associated costs are estimates only. These estimates are based on our limited understanding of the Company's affairs. Actual tasks undertaken and associated costs will be dependent on the matters encountered in the Liquidation.



ASIC

Australian Securities & Investments Commission

INFORMATION SHEET 85

Approving fees: a guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable *fees*, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors* and INFO 74 *Voluntary administration: a guide for creditors*.

Out-of-pocket costs that are commonly reimbursed include:

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

- legal fees
- valuer's, real estate agent's and auctioneer's fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company's computer records, and
- storage costs for the company's books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company's available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

Table 1: Who may approve fees

	Creditors' committee	Creditors	Court
Administrator in a voluntary administration	✓ ¹	✓	✓
Administrator of a deed of company arrangement	✓ ¹	✓	✓
Creditors' voluntary liquidator	✓ ¹	✓ ⁵	✗ ³
Court-appointed liquidator	✓ ¹	✓ ^{4, 5}	✓ ²

¹ If there is one.

² If there is no approval by the committee or the creditors.

³ Unless an application is made for a fee review.

⁴ If there is no creditors' committee or the committee fails to approve the fees.

⁵ If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the Corporations Regulations 2001.

Creditors' committee approval

If there is a creditors' committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent the interests of all the creditors, not just their own individual interests.

There is not a creditors' committee in every external administration. A creditors' committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors' committees and how they are formed, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors*, INFO 74 *Voluntary administration: a guide for creditors* and INFO 41 *Insolvency: a glossary of terms*.

Creditors' approval

Creditors approve fees by passing a resolution at a creditors' meeting. Unless creditors call for a poll, the resolution is passed if a simple majority of creditors present and voting, in person or by proxy,

indicate that they agree to the resolution. Unlike where acting as committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in *number* and *value* of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a *general* proxy or a *special* proxy. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the external administrator and their staff
- a quoted *fixed fee*, based on an upfront estimate, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

Report on proposed fees

When seeking approval of fees, the external administrator must send committee members/creditors a report with the notice of meeting setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

You may find the following information from the external administrator useful in deciding if the fees claimed are reasonable:

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
 - the period over which the work was, or is likely to be performed
 - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
 - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.

Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at www.asic.gov.au/complain, or write to:

ASIC Complaints
PO Box 9149
TRARALGON VIC 3844

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

To find out more

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

- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*

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

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

CAPE VIEW DEVELOPMENTS WA PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 109 689 643
FORMERLY KNOWN AS "SOUTHERN TIMBER COMPANY LTD"

Name of creditor:

Address of creditor:

.....

ABN:

Telephone number:

Amount of debt claimed: \$.....(including GST \$

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....
.....
.....

Is the debt secured? YES/NO

If secured, give details of security including dates, etc:

.....
.....
.....

Other information:

.....
.....

.....
Signature of Creditor
(or person authorised by creditor)

Notes:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his or her claim has been admitted, wholly or in part, by the Administrator; or
- b. he or she has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Administrator.

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

CAPE VIEW DEVELOPMENTS WA PTY LTD
(ADMINISTRATORS APPOINTED)
ACN 109 689 643
FORMERLY KNOWN AS “SOUTHERN TIMBER COMPANY LTD”

*I/*We (1)
of.....
a creditor of Cape View Developments WA Pty Ltd, appoint (2)
.....
or in his or her absenceas *my/our

* general proxy to vote at the meeting of creditors to be held on Thursday, 8 April 2010 at 10:30am at the offices of RSM Bird Cameron Partners, 8 St Georges Terrace, Perth WA or at any adjournment of that meeting.

* special proxy to vote at the meeting of creditors to be held on Thursday, 8 April 2010 at 10:30am at the offices of RSM Bird Cameron Partners, 8 St Georges Terrace, Perth WA or at any adjournment of that meeting in the manner detailed below on the proposed resolutions 1 to 8.

Resolution	For	Against	Abstain
1. That the meeting be adjourned for up to forty five (45) business days			
2. That the Company be wound up.			
3. That the Administration should end.			
4. That the remuneration of the Administrators, their partners and their staff is hereby fixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time for the period 3 September 2009 to 12 March 2010 in the sum of \$213,855.50 plus GST, and such remuneration be approved and paid.			
Where the creditors resolve at the forthcoming meeting that the Company be wound up: 5. That the remuneration of the Administrators, their partners and their staff from 13 March 2010 to 8 April 2010 is hereby affixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time subject to an overall limit of \$30,000 plus GST, and that the Administrators be authorised to make payment on account of such accruing remuneration.			
Where the creditors resolve at the forthcoming meeting that the Company be wound up: 6. “That the future remuneration of the Liquidators, their partners and their staff from 9 April 2010 be hereby fixed on a time basis in accordance with the hourly rates set by RSM Bird Cameron Partners from time to time subject to an overall limit for the time being of \$85,000 plus GST, beyond which the Liquidators may seek further approval, and that the Liquidators be authorised to make periodic payments on account of such accruing remuneration”.			

