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SUPPLEMENTARY REPORT TO CREDITORS

**JACKGREEN (INTERNATIONAL) PTY LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 097 708 104**

Contents

- ✓ Notice of Meeting of Creditors (Form 529); and
- ✓ Administrators' Supplementary Report to Creditors pursuant to Section 439A of the *Corporations Act 2001*.

16 June 2010

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FORM 529

CORPORATIONS ACT 2001

Subregulation 5.6.12(2)

NOTICE OF MEETING OF CREDITORS
JACKGREEN (INTERNATIONAL) PTY LTD
(ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 097 708 104

NOTICE is given that a meeting of the creditors of the company will be held at the offices of PKF Chartered Accountants, Level 10, 1 Margaret Street, Sydney NSW 2000 on Monday 28 June 2010 at 11.00am.

AGENDA

1. To receive the supplementary report of the Administrators;
2. Questions from creditors;
3. For creditors to resolve;
 - a. that the company execute a Deed of Company Arrangement; or
 - b. that the administration should end; or
 - c. that the company be wound up.
4. To approve the remuneration of the Administrators, their partners and staff pursuant to Section 449E(1)(a) of the *Corporations Act 2001* for the period 18 December 2009 to 16 June 2010 calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$480,268.50 plus GST plus disbursements plus GST and that the remuneration for the period 17 June 2010 to 28 June 2010 be fixed by reference to the hourly rates charged by PKF Chartered Accountants & Business Advisers on a time basis up to a maximum of \$50,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Administrators reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased.
5. To approve the remuneration of the Administrators, their partners and staff pursuant to Section 449E(1)(a) of the *Corporations Act 2001* for the period 28 June 2010 to the date of execution of the Deed of Company Arrangement calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$20,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Administrators reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased.
6. In the event that creditors resolve that a Deed of Company Arrangement is to be executed, to approve the remuneration of the Deed Administrators, including in their capacity as Trustees of the Creditors' Trust Deed, their partners and staff calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$150,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Deed Administrators or Trustees reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased.
7. In the event the company is placed into liquidation, to approve the remuneration of the Liquidators, their partners and staff calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$300,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. Should further work be required to be carried out during the course of the Liquidation, the Liquidators will convene a meeting of creditors for approval of further fees.
8. If the company is wound up, to consider appointing a Committee of Inspection.



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9. To approve the destruction of the books and records at the conclusion of the winding up subject to Australian Securities and Investment Commission's approval.

10. 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 midday on the business day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.32 (inclusive) and if a body corporate by a representative appointed pursuant to Section 250D of the Act.

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 clause has been admitted for voting purposes wholly or in part by the Administrators.

DATED this 16th day of June 2010

A handwritten signature in black ink, appearing to read 'John Frederick Lord'.

JOHN FREDERICK LORD
Joint and Several Administrator



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**ADMINISTRATORS' REPORT TO CREDITORS DATED 16 JUNE 2010
PURSUANT TO SECTION 439A OF THE CORPORATIONS ACT 2001**

**JACKGREEN (INTERNATIONAL) PTY LTD
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
ACN 097 708 104 ("JGI")**

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1. Executive Summary

Creditors should note that this supplementary report should be read in conjunction with our report to creditors dated 14 April 2010. We detail below the key events that occurred between our report to creditors dated 14 April 2010 and the second meeting of creditors held on 23 April 2010:

- The DOCA proposal submitted by MyTel Voice & Data Pty Ltd ("MyTel") was formally withdrawn on 21 April 2010;
- On 21 April 2010, we received a draft Deed of Company Arrangement ("DOCA") proposal from GreenBox Group Pty Ltd ("GreenBox"); and
- On 22 April 2010, we held discussions with GreenBox and their legal representatives because at that specific point in time, GreenBox's DOCA proposal potentially offered both priority creditors and unsecured creditors a more favourable return compared to the liquidation scenario.

Consequently at the second meeting of creditors held on 23 April 2010; creditors, on our recommendation resolved to adjourn the meeting for a maximum period of forty-five (45) business days pursuant to Section 439B(2) of the *Corporations Act 2001* ("the Act") to consider GreenBox's draft DOCA proposal received on 21 April 2010.

Since the second meeting of creditors was adjourned on 23 April 2010, we have held extensive discussions and negotiations with GreenBox which has enabled us to prepare this supplementary report to creditors that outlines the terms of GreenBox's DOCA proposal and our recommendations to creditors thereto.

A reconvened meeting to decide the future of JGI will be held on 28 June 2010 at 11:00am at the offices of PKF Chartered Accountants, Level 10, 1 Margaret Street, Sydney NSW 2000.

Pursuant to Section 439A(4)(b) of the *Corporations Act 2001* ("the Act"), we are required to provide a statement to creditors and give reasons for our opinion in relation to the following matters:

- a) whether it would be in the creditors' interests for JGI to execute a Deed of Company Arrangement ("DOCA"); or
- b) whether it would be in the creditors' interests for the administration to end; or
- c) whether it would be in the creditors' interests for JGI to be wound up.

To assist creditors with their decision on whether to vote for GreenBox's DOCA or liquidation, we have detailed in the table below, the key differences between GreenBox's DOCA and liquidation on both a "best case" and "worst case" scenario (creditors should refer to section 9 for a more detailed explanation).



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Scenarios	Liquidation	GreenBox's DOCA Proposal
Best Case	<ul style="list-style-type: none"> Unfair preferences recoveries of \$994,124.00 may be recovered; The Receivers retire on 31 July 2010; and JGL is owed \$4,993,086.00 by JGI which can be offset (in full) under s588V whereby the parent company, JGL, is liable for insolvent trading claims of its subsidiary. JGL cannot prove for dividend purposes in JGI's liquidation for \$4,993,086.00, subject to legal costs. 	<ul style="list-style-type: none"> The Receivers retire on 31 July 2010; and GreenBox pays consideration of \$400,000.00 into the Creditors' Trust for the benefit of unsecured creditors.
Worst Case	<ul style="list-style-type: none"> Unfair preference recoveries of \$650,000.00 may be recovered; Receivers retire on 30 September 2010 and incur fees and expenses of \$400,000.00 in the period 1 August 2010 to 30 September 2010; and JGL is owed \$4,993,086.00 by JGI. In a worst case liquidation scenario, JGL is able to prove for dividend purposes in JGI's liquidation for \$4,993,086.00, subject to legal costs. 	<ul style="list-style-type: none"> The Receivers retire on 30 September 2010; and GreenBox pays no consideration into the Creditors' Trust for the benefit of unsecured creditors.

JGI's remaining book debts to be collected total \$9,498,255.66 as at 3 June 2010. We have attached the Receivers' debtor ageing schedule as at 3 June 2010 as Appendix C. From our preliminary analysis of the debtors' ageing ledger and discussions with key stakeholders, we envisage that the return to creditors from the book debts will range from \$750,000.00 to \$2,000,000.00 as a conservative estimate of recoveries. These book debts are currently being collected by external collection agents on behalf of the Receivers of JGI.

Given that the potential range of recoveries on book debts effects the returns to unsecured creditors in GreenBox's DOCA and liquidation (both in "best case" and "worst case" scenarios), the table below details the possible dividend outcome for unsecured creditors of JGI and may assist them in making an informed decision in relation to whether to vote for GreenBox's DOCA or liquidation.



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Estimated Return to Creditors	GreenBox's DOCA Return: Best Case	GreenBox's DOCA Return: Worst Case	Estimated Liquidation Return: Best Case	Estimated Liquidation Return: Worst Case
Estimated return to creditors (cents in the \$) based on \$750,000 book debts realisation	6.34	2.34	11.16	5.17
Estimated return to creditors (cents in the \$) based on \$2,000,000 book debts realisation	9.62	5.62	16.88	9.62

Recommendations to creditors of JGI

GreenBox's DOCA in a best case scenario may provide greater certainty to creditors in terms of \$400,000.00 being paid into the Creditors' Trust; as opposed to potential unfair preference recoveries in liquidation of between \$650,000.00 ("worst case") and \$994,124.00 ("best case") which are dependent on successful recoveries actions, costs to recover, and funds being available to fund these.

However, from our past experiences and the information available to us, we are reasonably confident that we would be able to achieve recoveries from unfair preferences totalling in the region of \$650,000.00 in a "worst case" scenario in liquidation. Creditors should refer to section 11.3 of our previous report to creditors dated 14 April 2010 which details our reasoning supporting the quantum of potential preference recoveries in the "best case" and "worst case" scenarios in liquidation.

Accordingly, we recommend that creditors at the forthcoming meeting vote to wind up JGI and do not accept the DOCA proposed by GreenBox for the following key reasons:

- The summarised Estimated Outcome Statement ("EOS") detailed above report indicates that liquidation provides a better return to creditors than GreenBox's DOCA when comparing the following:
 - "Best case" liquidation versus "best case" DOCA when book debt recoveries are \$750,000.00 and \$2,000,000.00 respectively; and
 - "Worse case" liquidation versus "worst case" DOCA when book debt recoveries are \$750,000.00 and \$2,000,000.00 respectively;
- In a "worst case" DOCA scenario, GreenBox potentially pay a zero contribution to the Creditors' Trust if the Receivers retire on 30 September 2010; and
- GreenBox's DOCA ("best case" and "worst case") may not lead to a quicker payment to creditors than in liquidation because of the need to provide an indemnity to the Receivers in order to facilitate their hastened retirement.

Indemnity to JGI's Receivers to facilitate an accelerated dividend to unsecured creditors

GreenBox may need to provide an indemnity to the Receivers of JGI which results in them retiring on 31 July 2010 ("best case") or on 30 September 2010 ("worst case"). In theory, this may mean dividend payments to unsecured creditors under GreenBox's DOCA are quicker than in liquidation.



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GreenBox potential indemnity to the Receivers relates to potential liabilities assumed by the Receivers in relation to payments of employee creditors' entitlements of \$1,390,710.00 and Potential Refunds due to customers of \$941,000.00. These liabilities together currently total approximately \$2,330,000.00.

If GreenBox needs to provide the Receivers with an indemnity in order that they retire in a timely manner, which presently is likely, GreenBox have stated that:

"If necessary, monies that would otherwise be made available to the creditors' trust to fund the Receiver liabilities will be set aside by JGI for up to six months to ensure that there are sufficient amounts available to cover the liabilities and otherwise indemnify the receivers for any associated costs and damages incurred"

This effectively means that a dividend payment to unsecured creditors of JGI may not be any quicker with Greenbox's DOCA than in liquidation in either a "best case" or "worst case" DOCA scenario. This is because monies in the Creditors' Trust will have to be set aside, for up to six months, in order to provide an indemnity to the Receivers and cannot be distributed until all the Receivers' liabilities have been accounted for and paid in full.

Additionally, creditors should be aware that JGI would be providing the indemnity to the Receivers on GreenBox's behalf out of JGI's assets should GreenBox's DOCA proposal be accepted.

2. Introduction

2.1 Adjournment of Second Meeting of Creditors

At the second meeting of creditors held on 23 April 2010, creditors resolved to adjourn the meeting for a period of forty-five (45) business days pursuant to Section 439B(2) of the Act.

Accordingly, the future of JGI will be decided at the reconvened creditors' meeting to be held on Monday 28 June 2010 at 11:00am at the offices of PKF Chartered Accountants, Level 10, 1 Margaret Street, Sydney NSW 2000 or at any adjournment of that meeting.

Creditors who wish to attend the meeting are requested to arrive at least 30 minutes prior to the commencement of the meeting to allow for a review of their paperwork and completion of the attendance register. Corporate creditors are advised that a Proxy Form must be completed and signed by a director or an authorised representative. A copy of the proxy form is attached as Appendix "F".

Creditors are advised that all informal proof of debt forms and proxy forms (Form 532) must be forwarded to our office no later than 12.00 midday on 25 June 2010. Proxy forms can be submitted by facsimile on (02) 9240 9821 and should be marked to the attention of Peter Economos of this office. A copy of the informal proof of debt form is attached as Appendix "G".

Creditors are advised that proxy forms used previously at the second meeting of creditors are not valid for the forthcoming reconvened meeting because MyTel withdrew their DOCA proposal on 21 April 2010 and GreenBox submitted their final DOCA proposal on 11 June 2010. Accordingly, a new proxy form will need to be submitted. With respect to informal proof of debt forms, creditors are only required to lodge one claim form.



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Please refer to the attached Notice of Meeting (Form 529) for full details of the agenda for the forthcoming meeting of creditors. For advice on matters relating to the voluntary administration process, such as completion of proof of debt and proxy forms, voting at meetings of creditors and assessing options available, please contact Patrick Loi of this office. Creditors seeking advice relating to the best alternative or option for their own individual circumstances should consult their own professional advisors.

2.2 Declaration of Independence, Relevant Relationships and Indemnities

We refer creditors to our Declaration of Independence, Relevant Relationships and Indemnities ("DIRRI") which was attached as Appendix "B" in our report to creditors dated 14 April 2010 and tabled at the meeting on 23 April 2010. Since that DIRRI, it has been brought to our attention that PKF is undertaking due diligence for a client who may be a potential investor in GreenBox. The client is not a related entity of Jackgreen Limited ("JGL"), or JGI or of GreenBox. PKF is not, cannot, and will not be acting for GreenBox in that matter or any other matter. The due diligence does not involve any of the directors of JGL or JGI. We can confirm that no further additional disclosures in relation to our position as Administrators are otherwise required since that time. Our updated DIRRI is attached as Appendix "A".

2.3 Disclaimer

In preparing this Report, we have relied on the records and financial accounts of JGI and its Directors together with information and correspondence provided to me by the Receivers of JGI. Whilst we have endeavoured to determine the accuracy or otherwise of the information provided, we are unable to warrant its accuracy, completeness or reliability.

Furthermore, we note that our investigations are limited due to the time constraints imposed by the voluntary administration timetable together with the fact that the Receivers have had control of JGI's business and assets and the majority of its books and records. In addition, neither we nor our employees or agents undertake responsibility arising in any way whatsoever for errors or omissions however caused.

Should creditors have information that may assist our investigations into JGI's affairs, they should forward details to this office as soon as possible.

We advise creditors that the information contained in this report is confidential, and is only provided to the creditors of JGI. You are not to provide information contained in this report to third parties, other than your own professional advisers. If commercially sensitive information is provided to third parties, it may jeopardise the return available to the creditors of JGI.

3. Application to Wind Up Jackgreen (International) Pty Ltd by Integral Energy Australia Limited

As previously stated in our report to creditors dated 14 April 2010, the Supreme Court of New South Wales ("the Court") granted an adjournment of the winding up hearing to 27 April 2010. Following the adjournment of the second creditors meeting on 23 April 2010, the Court further granted an adjournment of the winding up hearing to 31 May 2010 which was subsequently dismissed, by agreement with Integral Energy Australia Limited (the petitioning creditor), with an order for costs against JGI.



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4. Conduct of the Administration

4.1 Actions taken by the Administrators

Since the date of the second creditors meeting, we have had further extensive discussions with GreenBox, their legal representatives, the secured creditor of JGI, Australian Executor Trustees Limited ("AETL") and the Receivers in relation to the terms of GreenBox's DOCA proposal.

We have undertaken the following tasks (this is not an exhaustive list):

- Discussions with GreenBox and their legal representatives about the terms of the DOCA proposal which we have outlined in section 7 of this report;
- Provided information requested by GreenBox that allowed them to carry out their due diligence of JGI;
- Numerous meetings with GreenBox and their legal representatives;
- Meetings with AETL, AETL's legal representatives and the Receivers.
- Liaised with the Receivers to determine their financial position;
- Liaised with various employees' enquires;
- Meetings with State Government regulators;
- Discussions with Australian Energy Market Operator Ltd ("AEMO");
- Attended to all statutory requirements;
- Prepared and dispatched all necessary statutory documents;
- Prepared advertisement for the reconvened meeting of creditors pursuant to Section 439A of the Act;
- Prepared and dispatching this supplementary report to creditors;
- Prepared a report to ASIC pursuant to Section 438D of the Act; and
- Sundry administration tasks as required.

4.2 Receipts and Payments

Attached at Appendix "B" is a summary of the Administrators' receipts and payments for the period 18 December 2009 to 16 June 2010.

5. Employees

The priority employee creditor liabilities can be summarised as follows:



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Employees' entitlements as at 18 December 2009	Amount (\$)
Unpaid wages	6,592
Superannuation	312,750
Annual Leave	251,739
Long Service Leave	14,427
Pay in Lieu of Notice	228,138
Redundancy	577,064
Total employees' entitlements	<u>\$1,390,710</u>

Please note that we made all employees redundant on 18 December 2010.

The superannuation amount of \$312,750.00 includes the superannuation guarantee charge (consisting of nominal interest costs and administration costs) imposed by the ATO for late payment of employees' superannuation payment and outstanding superannuation payments as at 18 December 2009.

It is presently the Receivers' intention to pay priority employees' claims totalling \$1,390,710 and we have written to the Receivers informing them that we do not object to the payment of \$1,390,710 to priority employees' claim from the funds in the control of the Receivers.

The priority employee creditors' claims should be paid by the Receivers prior to the reconvened meeting of creditors and consequently this payment does not depend on whether a DOCA is accepted or JGI is placed into liquidation.

If employees are paid a final dividend for their outstanding priority employee claim from the Receivers prior to the reconvened second meeting of creditors, they will not be entitled to vote at the meeting as their claims will have been extinguished.

If this dividend has not yet been paid by the reconvened creditors meeting and JGI is wound up; priority employee creditors can apply to GEERS for payment of their outstanding employee entitlements, excluding outstanding superannuation.

6. Position of the Company's Customers

Our staff members have been in discussion with a significant number of customers of JGI that prepaid and/or incorrectly paid their electricity bills prior to our appointment as Administrator on 18 December 2009.

All known customers that have submitted informal proof of debts will receive this report. If this is the case, the customer is registered on our insolvency management system as a creditor and should there be a dividend in the future, we will notify all known customers accordingly.

Please note that customers who have already submitted an informal proof of debt form do not need to submit another form.

Creditors are advised that proxy forms used previously at the adjourned second meeting of creditors on 23 April 2010 are not valid for the forthcoming reconvened meeting and new forms will need to be submitted. A new proxy form is attached as Appendix "F".



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6.1 Payments Made by Customers prior to 18 December 2009

In regards to payments made by customers prior to 18 December 2009, I advise the following:

- Customers who have made payments prior to 18 December 2009 and have a credit balance on their JGI electricity account rank as unsecured creditors of JGI; and
- These customers should complete an informal proof of debt form attached as Appendix "G", along with supporting documentation in relation to their claim. The informal proof of debt form should be returned to PKF Chartered Accountants by post at Level 10, 1 Margaret Street, Sydney NSW 2000; or by facsimile on (02) 9240 9821; or by email to jackgreen@pkf.com.au. Again, We advise these customers that proxy forms used for the previously at the second meeting of creditors are not valid for the forthcoming reconvened meeting and new forms will need to be submitted. A new proxy form is attached as Appendix "F".

6.2 Payments Made by Customers after 18 December 2009

Customers who have prepaid their bills and/or incorrectly paid their electricity bills after 18 December 2009 should contact the Receivers on (02) 9236 8333.

7. Receivers and Managers

7.1 Debtors

The Receivers advised that all book debts of JGI were referred to external collection agencies on 21 April 2010.

The remaining book debts to be collected total \$9,498,255.66 as at 3 June 2010. We have attached the Receivers' debtor ageing schedule as at 3 June 2010 as Appendix C. From Appendix C, we comment on our analysis of the book debt as at 3 June 2010 below:

- Book debts under 120 days total \$3,842,990.85 (40.46% of remaining book debts);
- Book debts between 121 to 180 days total \$1,810,450.93 (19.06% of remaining book debts); and
- Book debts over 180 days total \$3,844,813.88 (40.48% of remaining book debts).

From our preliminary analysis of the debtors' ageing ledger and after discussions with key stakeholders, I envisage that the return to creditors from the book debts will range from \$750,000.00 to \$2,000,000.00 as a conservative estimate of recoveries.

Once the Receivers retire, we will be conduct a thorough analysis of whether it is financially beneficial to continue to utilise the external collection agents the Receivers are presently using. If alternate collection agents can collect these book debts more efficiently and at a lower cost, we will not hesitate to utilise their services.

Please note it is not our intention to collect these book debts "in house" as this would be an exercise that is far too expensive and time consuming for our staff to undertake and will subsequently reduce the funds available to creditors.



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7.2 Receivers' Estimated Outcome Statement

We have extracted the Receivers' estimated outcome statement ("Receivers' EOS") as at 8 June 2010 and compared this to an adjusted Receivers' EOS ("Adjusted Receivers' EOS") based on the information available to us and legal advice from our lawyers. We have summarised this in the table below:

Receivers' Financial Position	Receivers' EOS as at 8 June 2010 (\$)	Adjusted Receivers' EOS as at 8 June 2010 (\$)
Assets (Excluding Contingent Assets and Debtors)		
Receivers Cash at Bank	3,358,841	3,358,841
GST Refund for Receivership period until 30/4/10 (not yet received)	117,397	117,397
Origin Energy Payment for Mail Out Circulation (not yet received)	47,624	47,624
AEMO Guarantee to be repaid shortly	300,000	300,000
Total Assets	3,823,862	3,823,862
Liabilities		
Receivers' Refunds due to Customers (Ezi Debit/Aus Post/Bpay/Xpay/ANZ Merchant Exposures/Guarantees)	941,000	941,000
Potential GST Liability	Nil	Nil
QLD Ambulance levies (up to end Dec 2009)	208,000	208,000
QLD Ambulance levies (Jan, Feb, March)	175,509	175,509
Other Trading Liabilities (estimated)	40,900	40,900
AETL's debt (as at 8 June 2010)	881,603	881,603
Priority Employee Claims Payable (pre-appointment claims)	1,390,710	1,390,710
Estimated Receivers' Professional Fees & Disbursements for June 2010	160,000	160,000
Queensland Competition Authority	500,000	100,000
Total Liabilities (Including Contingent Liabilities Due)	4,297,722	3,897,722
Net Cash Surplus/(Deficiency)	(473,860)	(73,860)
Receivers' Contingent Assets and Debtors		
AEMO guarantees (should be received by 31 July 2010)	1,015,184	1,015,184
ANZ Bank guarantee (expires 30 July 2010)	150,000	150,000
ANZ Bank guarantee (expires 30 October 2010)	150,000	150,000
ANZ Bank guarantee (expires 30 July 2011)	200,000	100,000
Debtors	9,498,255	9,498,255
Total Receivers' Contingent Assets and Debtors	11,013,439	10,913,439

We make the following observations in relation to the Receivers' EOS and Adjusted Receivers' EOS, both as at 8 June 2010:



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- Based on the legal advice we have received from our lawyers, in our opinion the Receivers have materially overstated JGI's/the Receivers' potential liability of \$500,000.00 to the Queensland Competition Authority ("QLDCA") for the following reasons:
 - If action is taken by the QLDCA against the Receivers, the maximum fine against an individual is \$100,000.00 pursuant to Section 120X of the *Queensland Electricity Act*; and
 - If action is taken by the QLDCA against JGI, then a fine is not provable in the Administration or Liquidation of JGI pursuant to Section 533B of the Act.

Accordingly, we have advised the Receivers that we consent to the Receivers holding a maximum of \$100,000.00 for the balance of their Receivership, or until the issue is resolved with the QLDCA, whichever is the earlier. However, we are obviously in no position to determine whether a fine would be imposed at all by QLDCA after successful litigation;

- AETL's debt as at 30 April 2010 totals \$881,603.00. We have requested that the Receivers repay a substantial element of this debt (in excess of \$830,000.00) to minimise the interest charge by AETL on the outstanding debt;
- AEMO have requested that we consent to the repayment of \$300,000.00 bank guarantee to the Receivers. Although we are of the opinion that as Administrators we do not have an obligation to consent to AEMO's request; consenting with AEMO's request should expedite the Receivers' retirement from office which will ultimately benefit JGI's unsecured creditors;
- In relation to the remaining guarantees held with AEMO totalling circa \$1,015,184.13; we have been informed by AEMO that these should be repaid to JGI by the end of July 2010;
- We have informed the Receivers' lawyers that these monies should be paid to the Administrators (or subsequently appointed Deed Administrators/Liquidators) for the benefit of unsecured creditors. We see no reason why \$1,015,184.13 should be paid to the Receivers at the end of July 2010 when it is our opinion that they should be in the position to retire at this point in time;
- The ATO has provided a private tax ruling to the Receivers that the potential GST liability of \$1,422,001.00 outlined in our previous report dated 14 April 2010 is the liability of the incapacitated entity (being JGI itself) and therefore the GST liability is an unsecured claim against JGI in its external administration;
- It is presently the Receivers' intention to pay priority employees' claims totalling \$1,390,710.00 and we have written to the Receivers informing them that we do not object to the payment of \$1,390,710.00 in relation to priority employees' claims; and
- The Receivers have advised that they will only retire once:

Payment of dividend to priority employee creditors

- All dividend cheques paid to employees for their entitlement are presented for payment. They have stated that because a cheque can be presented up to six (6) months after being signed and dated; they will not be able to retire until all the cheques have been presented for payment. Consequently they propose remaining in office for a possible additional six (6) months if all cheques have not yet cleared. After



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this six (6) month period has ended; any unpresented cheques will be paid over to ASIC as unclaimed monies.

Refunds due to customers

- Refunds for customers that have over paid their accounts, double paid their accounts and have been incorrectly billed by the Receivers after 18 December 2009 will be due a refund ("Potential Refund"). The Potential Refund totals approximately \$941,000.00 and this amount is increasing daily. The Receivers have stated they will not be able to retire until these Potential Refunds are finalised and paid;
- Creditors should note that the Receivers' preference in remitting the Potential Refund is to:
 - (a) Write to all Potential Refund recipients requesting their bank account details if not known;
 - (b) Await receipt of those details;
 - (c) Pay the refunds via electronic funds transfer; and
 - (d) If no bank account details are received, then forward a cheque by post to the Potential Refund recipients.

We have advised the Receivers that this process will take many months to conclude, is costly and inefficient. A more practical and efficient method would be to use the services of companies such as Link Market Services or Compushare, who could quickly and efficiently arrange a cheque print and mail-out. Any cheques that were not presented could be remitted to the NSW Office of State Revenue under the *Unclaimed Money Act 1995*, thereby releasing the Receivers from any liability in that regard. The cheques could be processed through the Receivers' trust account, rather than via JGI receivership bank account, which should permit the Receivers to retire prior to having to address the "unclaimed money" issue.

Receivers remaining in office

In our opinion it is completely unacceptable for the Receivers to remain in office for an extended period of time simply because of the issues detailed above in relation to employee dividend payments and the Potential Refund.

With our lawyers' assistance, we are currently in discussions with the Receivers, their lawyers, and AETL in order to find a solution which will hasten the Receivers' retirement from office. As Administrators of JGI and possibly the subsequently appointed Liquidators or Deed Administrators; we will explore all available options, including legal action, to ensure that the Receivers do not remain in office for a materially extended period of time to the detriment of unsecured creditors of JGI.

It should be noted that the Receivers have stated that they may be able to retire from office quicker if they were to be provided with an indemnity in relation to the employee claims and the Potential Refund. As Administrators of JGI, we are presently unable to provide an indemnity to the Receivers, because apart from \$64,387.46 in the Administrators' bank account, this administration has insufficient assets to enable us to give such an indemnity.

As detailed in section 8.2 of this report, GreenBox who have submitted a DOCA in relation to JGI, may be in a position to offer the Receivers an indemnity to hasten their departure from office. However it should be noted that GreenBox are still in negotiations with the Receivers in relation to a possible indemnity and (as far as we are aware) nothing has been finalised as at the date of this supplementary report (Please refer to Section 9.2 of this Report).



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8. Deed of Company Arrangement

A DOCA is a document which records the terms of a restructuring of a company and allows a company to legally compromise the claims of its creditors.

Pursuant to Section 444D(2) of the Act, secured creditors are not prevented from realising or otherwise dealing with their security, except so far as the DOCA so provides in relation to a secured creditor, who voted in favour of the resolution, or except so far as the Court orders.

As Administrators, we have a duty to review all DOCA proposals received and compare them to the likely return to creditors in liquidation. We will only recommend those DOCAs that provide a more favourable return (in monetary value, timing of distribution, certainty of control of assets and/or other benefits provided to creditors) than liquidation.

8.1 GreenBox's DOCA Proposal for Jackgreen Ltd (Administrators Appointed)

GreenBox has also put forward a DOCA proposal on JGL in a bid to purchase its Australia Securities Exchange ("ASX") listed shell through a recapitalisation of JGL and relist the shell on the ASX. Both of GreenBox's DOCAs in JGI and JGL are mutually independent. Please note that in a report to JGL's creditors dated 15 June 2010, we recommended that creditors of JGL vote in favour of GreenBox's JGL DOCA proposal.

Despite our recommendation, given that the JGL's meeting of creditors has yet to be held; it is not possible to say with any certainty whether GreenBox's JGL DOCA proposal will be approved or whether JGL will be placed into liquidation. It should be noted that this has no impact on the creditors of JGI and their decision on whether to vote for JGI's liquidation or to accept GreenBox's DOCA proposal.

8.2 Essential Terms of the Deed of Company Arrangement

As previously noted, MyTel formally withdrew their DOCA proposal on 21 April 2010 as their DOCA did not provide a more favourable return to creditors than that available in a liquidation scenario.

On 11 June 2010 we received a finalised DOCA proposal from GreenBox which we have enclosed, as Appendix "D".

The broad terms of GreenBox's DOCA proposal are detailed below:

1. The Voluntary Administrators are to administer the DOCA as Deed Administrators;
2. The DOCA will be facilitated by the formation of a Creditors' Trust, however there are a number of documents that are required to be executed as condition precedents prior to the formation of the Creditors' Trust which includes:
 - a) The Receivers retire by 31 July 2010, subject to two extensions of up to one month each if that is necessary in the reasonable opinion of the Deed Administrators to allow the Receivers to retire. However, for each one month extension, there will be a reduction in the consideration provided by GreenBox of the amount equivalent to the fees and expenses incurred by the Deed Administrators and Receivers in that month;
 - b) AETL releases and discharges the AETL Charge within 2 business days of the retirement of the Receivers; and
 - c) The Deed of release, share purchase agreement and Creditors' Trust Deed, each of these documents are described in Appendix "D", are duly executed by all relevant parties.



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3. If necessary, monies that would otherwise be made available to the Creditors' Trust to fund the Receivers' liabilities will be set aside by JGI for up to six months to ensure that there are sufficient amounts available to cover the liabilities and otherwise indemnify the Receivers for any associated costs and damages incurred.
4. The DOCA would provide for establishment of a Creditors' Trust in the Creditors' Trust Deed. Subject to any funds set aside to cover the Receivers' liabilities referred to in item 2 and any associated indemnity, the Creditors' Trust would initially comprise of:
 - (a) GreenBox contribution of \$400,000.00 to be applied to the Creditors' Trust and all cash at bank as at 31 July 2010 or such other point as the DOCA comes into effect under the condition precedent outlined in Item 2;
 - (b) \$50,000.00 will be paid to B&B to release its charges over the JGI shares held by JGL. This amount is in addition to \$400,000.00 Creditors' Trust contribution;
 - (c) The remaining funds in the Administrators' bank account, after disbursements (including legal fees);
 - (d) Any other cash that becomes available from time to time during the term of the Creditors' Trust as assets and contingent assets are collected and/or realised;
 - (e) The recovery proceeds of assets to be realised (as detailed in paragraph 5 below);
5. The assets to be realised consist of book debt recoveries which will remain available for collection, following discharge of the receivership debts and payment of the secured debt owed to AETL. We have estimated that approximately \$750,000.00 to \$2,000,000.00 will be recovered from the remaining book debts, with my reasons detailed in section 7.1 of this report. GreenBox will also retain 25% of gross book debts recovered for costs of recovery (which is the same as the likely costs charged by external collection agencies in a liquidation scenario);
6. After a 25% charge is paid to GreenBox to cover their costs of collections from gross book debt collections; the net book debt recoveries will be accounted for as follows:
 - (a) GreenBox will charge a 30% fee in relation to the net book debt recoveries. As detailed in their DOCA proposal, this is to, *"oversee the collections process and in recognition of the risks associated with the indemnity provisions which may be required to ensure the retirement of the Receiver."*
 - (b) The remaining 70% of net book debt recoveries will for the benefit of JGI's unsecured creditors and paid into to the Creditors' Trust.

We illustrate below the impact of GreenBox's DOCA proposal on unsecured creditors if there were to be book debt recoveries of \$750,000.00. Please note that this excludes Deed Administrators' fees and expenses of \$200,000.00 and GreenBox's DOCA contribution of \$400,000.00.

GreenBox will first receive \$187,500.00, which is 25% of gross book debt realisations (\$750,000.00 in this example) to meet their costs of collection and/or their agents costs of collection. We estimated that this would be the same in liquidation;

- GreenBox will receive a further \$168,750.00 for overseeing the book debt collections. This is 30% of the net book collections (\$562,500.00) being gross book collections of \$750,000.00 less the 25% (\$187,500.00) charged by GreenBox in relation to collection costs; and



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- The Creditors' Trust will receive \$393,750.00, which is 70% of the net book debt recoveries of \$562,500.00.
- 7. It is proposed that the Creditors' Trust would cease to make collections on 31 December 2010 or earlier with the approval of the Creditors' Trust Trustees if collection have slowed to a point where expenditure on same is no longer of benefit to creditors;
- 8. Any dividend paid to the creditors (now beneficiaries of the Creditors' Trust) will be in full and final satisfaction of their claims against JGI and paid in accordance with the provisions set out in the Act.
- 9. The sum of \$700,000.00 shall be applied to the Administrators' and Deed Administrators' (including the Trustees of the Creditors' Trust) remuneration as follows:
 - (a) Unpaid Administrators' remuneration, if approved by creditors at the second meeting of creditors, up to a maximum of \$550,000.00 plus GST;
 - (b) The Deed Administrators' remuneration, if approved by creditors at the second meeting of creditors, up to a maximum of \$25,000.00 plus GST;
 - (c) The Trustees' remuneration in a Creditors' Trust, if approved by creditors at the second meeting of creditors, up to a maximum of \$125,000.00 plus GST.

The Deed Administrators or Trustees can seek further fee approval should unexpected work be carried out during the DOCA period.

We, as Administrators of JGI, have a statutory lien over the surplus assets of JGI and would not release our control of JGI's assets until the Administrators' remuneration and expenses (including legal fees) are satisfied in full. As at 16 June 2010, the Administrators' outstanding remuneration totals \$480,268.50.

As GreenBox's DOCA proposal does not provide for the Administrators' remuneration and expenses to be satisfied in full, the DOCA simply will not be executed unless either GreenBox pays our outstanding remuneration and expenses in full prior to execution, or there is sufficient surplus cash after the retirement of the Receivers to pay our outstanding remuneration and expenses in full prior to execution.

Creditors should be aware that the DOCA needs to be executed within fifteen (15) business days of approval at the second meeting of creditors or any adjourned meeting.

- 10. GreenBox will control JGI's gas and electricity licences and will not sell or licence any JGI assets.
- 11. If GreenBox or JGI is unable to comply with any fundamental provisions of the DOCA including payment of monies due pursuant to the DOCA, and/or the Deed Administrators form the view that JGI is unlikely to be able to comply with the terms of the DOCA, then the Deed Administrators are entitled to convene a meeting of JGI's creditors at which creditors may resolve to:
 - (a) Vary the DOCA; or
 - (b) Terminate the DOCA; or
 - (c) Enforce the terms of the DOCA;



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12. The Deed Administrators can, at any time during the course of the DOCA inspect the records of JGI and enter upon any premises occupied or used by JGI or where such records may be kept;
13. Should the Administrators or Deed Administrators reasonably believe that the condition precedents listed in item 2 will not be satisfied, the Deed Administrators are at the liberty to terminate the DOCA; and
14. Any dividends paid to creditors are to be in full and final satisfaction of their claims against JGI and paid in accordance with the provisions set out the Act.

8.3 Directors Involvement with the Deed of Company Arrangement

On the specific request of a major creditor of JGL, we asked GreenBox whether any of JGL or JGI's Directors are involved with GreenBox's DOCA proposals for JGL and JGI. In a letter dated 27 May 2010, GreenBox stated the following:

"Mr Martin [a director of both JGL and JGI] is not involved in any capacity with GreenBox's proposals in relation to the deed of company arrangement for the Company. From time to time, Mr Martin has provided advice to the directors of GreenBox (in his capacity as a consultant) in relation to the Australian energy market. Mr Martin's role is a matter of public knowledge. Mr Martin is not a shareholder in GreenBox. For the record, GreenBox has been in contact with many of the JGL and JGI creditors, including the former Directors of the Company, in support of its proposals."

Mr Martin stated the following:

"I am not involved with the JGL and JGI DOCA proposals, although I am aware that GreenBox is preparing such proposals as I have been approached by GreenBox in my capacity as a former director of the companies. My only involvement with GreenBox has been as an advisor to the directors and senior management of GreenBox with respect to the operation of energy wholesale and retail markets. GreenBox management did have conceptual discussions with Jackgreen about a possible merger prior to the companies going into administration."

9 Estimated Return to Creditors

We have attached an Estimated Outcome Statement ("EOS") as Appendix "H", which compares the outcomes in a liquidation scenario ("best case" and "worst case") and in GreenBox's DOCA scenario ("best case" and "worst case").

We have extracted the return to creditors from the EOS (in Appendix "H") below. Please note that based on outstanding book debt of \$9,498,255.66 at 3 June 2010, we have conservatively estimated that somewhere between \$750,000.00 and \$2,000,000.00 will be successfully collected. This is based on discussion with key stakeholders involved with JGI and the ageing profile of these book debts (see section 7.1).



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Estimated Return to Creditors	GreenBox's DOCA Return: Best Case	GreenBox's DOCA Return: Worst Case	Estimated Liquidation Return: Best Case	Estimated Liquidation Return: Worst Case
Estimated return to creditors (cents in the \$) based on \$750,000 book debts realisation	6.34	2.34	11.16	5.17
Estimated return to creditors (cents in the \$) based on \$2,000,000 book debts realisation	9.62	5.62	16.88	9.62

9.1 Liquidation

The key differences between the "best case" and the "worst case" liquidation scenarios are as follows:

Best Case

- Unfair preference recoveries of \$994,124.00 may be recovered;
- The Receivers retire on 31 July 2010; and
- JGL is owed \$4,993,086.00 by JGI. In a "best case" liquidation scenario, JGL is unable to prove for dividend purposes in JGI's liquidation. This is because JGL's claim of \$4,993,086.00 is offset under s588V of the Act whereby JGL, as the parent of JGI, is liable for the insolvent trading claim of its subsidiary JGI. The effect of JGL being unable to claim in JGI's liquidation for dividend purposes is that the quantum of unsecured creditors' claims for dividend purposes is materially lower and hence these unsecured creditors receive a greater dividend than would otherwise be the case.

Worst Case

- Unfair preference recoveries of \$650,000.00 may be recovered;
- The Receivers retire on 30 September 2010 and incur fees and expenses of \$400,000.00 in the period 1 August 2010 to 30 September 2010; and
- JGL is owed \$4,993,086.00 by JGI. In a "worst case" liquidation scenario, JGL is able to prove for dividend purposes in JGI's liquidation for \$4,993,086.00. The reason we have admitted JGL for dividend purposes in a "worst case" scenario is because a subsequently appointed Liquidator of JGI would need to successfully make a claim under sections 588V and 588W of the Act against JGL. It should be noted that proving an insolvent trading claim, whilst not impossible, is difficult. In addition this difficulty may be magnified in the context of a holding company (JGL) / subsidiary (JGI) / insolvent liability trading claim and may require funding.

Creditors should refer to section 11.3 of our previous report to creditors dated 14 April 2010 which details our reasoning supporting the quantum of potential preference recoveries in the "best case" and "worst case" scenarios in liquidation

Creditors of JGI should also be aware that in both the "best case" and "worst case" liquidation scenarios there are inherent uncertainties and risks which include, but are not limited to:

- The prospective Liquidators' lack of funding;



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- The risk of litigation which would pertain to any unfair preference recovery actions; and
- The costs of pursuing such litigation (including the costs of preparation of a solvency report).

9.2 Deed of Company Arrangement

The key differences between the "best case" and the "worst liquidation" scenarios are as follows:

Best Case

- The Receivers retire on 31 July 2010 and GreenBox pays consideration of \$400,000.00 into the Creditors' Trust for the benefit of JGI's unsecured creditors.

Worst Case

- The Receivers retire on 30 September 2010 and GreenBox pays zero consideration into the Creditors' Trust for the benefit of JGI's unsecured creditors.

The key components of GreenBox's DOCA proposal impacting on unsecured creditors of JGI are as follows:

Payment to Creditors' Trust

- GreenBox pays \$400,000.00 into the Creditors' Trust in order to gain control of JGI and its electricity and gas licences via a DOCA. This \$400,000.00 will be available to creditors of JGI under a Creditors' Trust Deed subject to first being utilised (if necessary) to pay the Administrators outstanding costs and disbursements;
- Creditors should note that there is no certainty that GreenBox will pay \$400,000.00 into the Creditors' Trust;
- In GreenBox's DOCA "best case" scenario, the Receivers retire on 31 July 2010 and GreenBox pay \$400,000.00 into the Creditors' Trust in order to gain control of JGI via a DOCA;
- In GreenBox's DOCA "worst case" scenario, the Receivers retire on 30 September 2010. The impact of this is that potentially GreenBox contribute zero to the Creditors' Trust, yet still gain control of JGI. This is clearly detailed in GreenBox's DOCA which states:

"the Receivers retire by 31 July 2010, subject to two extensions of up to one month each if that is necessary in the reasonable opinion of the administrators to allow the Receivers to retire. However, for each one month extension, there will be a reduction in the consideration provided by our client of the amount equivalent to the fees and expenses incurred by the voluntary administrators and Receivers in that month".

- Therefore if the Receivers' and Administrators' fees and expenses between 1 August 2010 and 30 September 2010 exceeds \$400,000.00; GreenBox contributes zero to the Creditors' Trust.

Given that the Receivers' estimate fees and expenses of \$160,000.00 for the month of June 2010; there is a possibility that GreenBox contributes zero to the Creditors' Trust, should the Receivers not retire until 30 September 2010. This risk is increased if the Receivers in the



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intervening period proceed to pay the Potential Refund in the costly manner detailed in section 7.2 of this report.

Indemnity to JGI's Receivers to facilitate an accelerated dividend to unsecured creditors

- GreenBox may need to provide an indemnity to the Receivers of JGI which results in them retiring on 31 July 2010 ("best case") or on 30 September 2010 ("worst case"). In theory this may mean dividend payments to unsecured creditors under GreenBox's DOCA are quicker than in a liquidation;
- It should be noted that the Receivers may actually retire before 31 July 2010, or between 1 August 2010 and 30 September 2010. We have used "on 31 July 2010" for the "best case" and "on 30 September 2010" for the "worst case" as these are the drop back dates for key components of GreenBox's DOCA proposal;
- GreenBox's potential indemnity to the Receivers relates to potential liabilities assumed by the Receivers in relation to payments of employee entitlements of \$1,390,710.00 and Potential Refunds due to customers of \$941,000.00. These liabilities together currently total approximately \$2,331,000.00;
- If GreenBox needs to provide the Receivers with an indemnity in order that they retire in a timely manner, which presently is likely, GreenBox have stated that:

"If necessary, monies that would otherwise be made available to the creditors' trust to fund the Receiver liabilities will be set aside by JGI for up to six months to ensure that there are sufficient amounts available to cover the liabilities and otherwise indemnify the receivers for any associated costs and damages incurred"

- This effectively means that a dividend payment to unsecured creditors of JGI in GreenBox's DOCA may not be any quicker than in liquidation in either a "best case" or "worst case" DOCA scenario. This is because monies in the Creditors' Trust will have to be set aside, for up to six months, in order to provide an indemnity to the Receivers and cannot be distributed until all the Receivers' liabilities have been accounted for and paid in full. Additionally, creditors should be aware that JGI is providing the indemnity to the Receivers on GreenBox's behalf out of JGI's assets.

JGL's unsecured claim of \$4,993,086.00 in JGI's DOCA

- In both the "best case" and "worst case" DOCA scenarios, JGL ranks as a creditor for dividend purposes for \$4,993,086.00 in JGI's DOCA. In both DOCA scenarios there can be no insolvent trading claim by JGI against JGL under section 588V of the Act and consequently JGL can claim for \$4,993,086.00 in JGI's DOCA. This means any dividends to JGI unsecured creditors will be heavily diluted by JGL's claim totalling \$4,993,086.00.

Book debt recoveries in a DOCA scenario and a Liquidation scenario

GreenBox's DOCA proposes that 25% of gross book debt recoveries are paid to GreenBox to cover their costs of collections and/or the agents costs of collection. In our opinion this 25% collection fee would be similar in both a "best case" and "worst case" liquidation scenario and is reasonable due to the following facts:



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- The ageing of the debtors detailed in section 7.2 means that the collection of these book debts will be a difficult and expensive task;
- The spread of the debtors will increase the difficulty and costs of collections given that there are over 25,000 debtors with an average debt of between \$300.00 and \$400.00 per customer.

After a 25% charge is paid to GreenBox to cover their costs of collections from gross book debt collections; the net book debt recoveries will be accounted for as follows:

- (a) GreenBox will charge a 30% fee in relation to the net book debt recoveries. As detailed in their DOCA proposal, this is to, *"oversee the collections process and in recognition of the risks associated with the indemnity provisions which may be required to ensure the retirement of the Receiver."*
- (b) The remaining 70% of net book debt recoveries will for the benefit of JGI's unsecured creditors and paid into to the Creditors' Trust.

Other possible disadvantages of GreenBox's DOCA

There are inherent risks associated with GreenBox's DOCA as it proposes to transfer all creditors liabilities to the Creditors' Trust. The inherent risks of a Creditors' Trust are that creditors would lose certain rights, including but not limited to the following:

- The ability to appeal to the Courts against the Trustees' proof of debt adjudication results;
- Obtain progress reports from the Deed Administrators;
- Creditors' ability to call a meeting of creditors to vary or terminate the DOCA if they are no longer satisfied it is workable;
- There is no right of recourse to hold the Deed Administrators or JGI's Directors accountable, as there is under the Corporations Act; and
- Creditors lose the protection of certain other provisions in the Act.

9.3 Recommendations to Creditors

GreenBox's DOCA in a "best case" scenario may provide greater certainty to creditors in terms of \$400,000.00 being paid into a Creditors' Trust, as opposed to potential unfair preference recoveries in liquidation of between \$650,000.00 ("worst case") and \$994,124.00 ("best case") which are dependent on successful recoveries actions and funds being available to fund these.

However we recommend that creditors should vote for liquidation, rather than GreenBox's DOCA, for the following key reasons:

- The summarised EOS detailed above report indicates that liquidation provides a better return to creditors than GreenBox's DOCA when comparing the following:
 - "Best case" liquidation versus "best case" DOCA when book debt recoveries are \$750,000.00 and \$2,000,000.00 respectively; and
 - "Worse case" liquidation versus "worst case" DOCA when book debt recoveries are \$750,000.00 and \$2,000,000.00 respectively;
- In a "worst case" DOCA scenario, GreenBox potentially pay a zero contribution to the Creditors' Trust if the Receivers retire on 30 September 2010; and



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- GreenBox's DOCA ("best case" and "worst case") may not lead to a quicker payment to creditors than in liquidation because of the need to provide an indemnity to the Receivers in order to facilitate their hastened retirement.

10. Key Events Following the Approval of a Deed of Company Arrangement

GreenBox's proposed DOCA include the following key events:

- The DOCA must be executed within fifteen (15) business days after it is approved by creditors at the reconvened second meeting of creditors. Once this is executed the Administrators will become the Deed Administrators;
- The DOCA binds all creditors of JGI as at the date of our appointment as Administrators, being 18 December 2009;
- JGI Shareholder's approval is also required before the DOCA can be effectuated. There will be a share purchase agreement executed by JGI and the DOCA proponent as a condition precedent before the Creditors' Trust Deed comes into effect;
- Following the conditions precedent outlined in GreenBox's DOCA proposal being met, detailed in Section 8.1 of this Report, the Creditors' Trust will be created;
- If any of the conditions precedent outlined in GreenBox's DOCA proposal are not met, JGI will be placed into liquidation;
- The Deed Administrators will become the Trustees of the Creditors' Trust if a DOCA is effectuated;
- GreenBox has proposed that the \$400,000.00 consideration for JGI is paid immediately once the conditions precedent are met and prior to the creation of the Creditors' Trust;
- Once the Creditors' Trust is created the provable creditors of JGI become beneficiaries of the trust and the creditors' rights against JGI under the Act are extinguished; and
- The Creditors' Trust will terminate when the trust funds has been disbursed in full to creditors or otherwise in accordance with Schedule 8A of the Corporation Regulations 2001.

10.1 Key Creditors' Trust Information

GreenBox has proposed that a Creditors' Trust will be used to accelerate JGI's exit from external administration. This will involve the creation of a trust entity which allows JGI's obligations to some or all of the creditors bound by the DOCA to be compromised and transferred to the trust. JGI's creditors will then become beneficiaries of the Creditors' Trust. The DOCA will terminate immediately upon the conditions precedent set out in GreenBox's DOCA proposal being met. At this point the Creditors' Trust is created and JGI will cease to be externally administered.

The Trustees of the Creditors' Trust become solely responsible to the former creditors (now beneficiaries) of JGI in relation to:

- Ensuring that JGI and/or other third parties perform their payment and other obligations to the Trustees;



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- Determining how much each of the former creditors is entitled to receive from the Creditors' Trust; and
- In due course, making any distribution to those former creditors of JGI.

The creation of a Creditors' Trust allows JGI to exit its formal insolvency regime, and its pre-administration debts are legally compromised. By taking this action, JGI may remedy its former default event and recommence trading on the National Energy Market ("NEM").

In accordance with ASIC guidelines; we make the following comments in relation to the proposed Creditors' Trust:

- Upon the termination of the DOCA and creation of a Creditors' Trust the legislative framework changes. At this point in time, JGI, creditors, and Trustees have a contractual and fiduciary relationship evidenced by the trust deed and the State-based trust legislation;
- By becoming beneficiaries of the Creditors' Trust, rather than creditors of JGI, creditors lose certain rights, including but not limited to their ability to appeal the adjudication on proofs of debts; approve remuneration of the Trustees; obtain progress reports from the Deed Administrators; their ability to call a meeting of creditors to vary or terminate the DOCA if they are no longer satisfied it is workable; and there is no right of recourse to hold either the Deed Administrators or the directors of JGI accountable;
- The trust fund paid by GreenBox and from the remaining net assets will be held in the Creditors' Trust. The value of the funds available to beneficiaries (creditors) is estimated to be approximately \$393,753 to \$1,229,075 which may change depending on the amount of realisation from the remaining book debts, the return of guarantees held with ANZ Bank and AEMO, and the surplus from the Receivership, if any. The estimated outcome statement attached as Appendix "H" details the estimated funds available in GreenBox's DOCA proposal;
- The funds held in the Creditors' Trust by the Trustees will be paid to the beneficiaries (creditors) of the trust in accordance with (but not pursuant to) Section 556 of the Act. The claims will be adjudicated by either the Deed Administrators or the Trustees who will require access to JGI's books and records;
- We have estimated that by accepting the DOCA proposal, the unsecured creditors (beneficiaries of the Creditors' Trust) can expect to receive a distribution of between 2.34 cents ("worst case") and 6.34 ("best case") cents in the dollar based on book debt recoveries of \$750,000.00 or between 5.62 cents ("worst case") and 9.62 ("best case") cents in the dollar based on book debt recoveries of \$2,000,000.00;
- In a liquidation scenario, there would be no Creditors' Trust. We have estimated that the unsecured creditors are likely to receive a distribution of between 5.17 cents ("worst case") and 11.62 ("best case") cents in the dollar based on book debt recoveries of \$750,000.00 or between 9.62 cents ("worst case") and 16.88 ("best case") cents in the dollar based on book debt recoveries of \$2,000,000.00;
- The creation of a Creditors' Trust can have tax implications for its beneficiaries. In some circumstances the creation of the Creditors' Trust can convert non-taxable dividends to taxable income. As such creditors should seek their own advice in relation to this; and
- No tax implications are expected for JGI by the creation of the Creditors' Trust.



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10.2 Essential Information Regarding the Deed Administrators/Trustees

We have detailed below essential information for creditors regarding the Deed Administrators/Trustees, their administration of the DOCA/Creditors' Trust and remuneration:

- It is proposed that we, Atle Crowe-Maxwell and John Frederick Lord, will act as the Deed Administrators, and will remain in control of JGI, and its assets until the termination of the DOCA. The same Deed Administrators will then become the Trustees of the Creditors' Trust to distribute the available property to the beneficiaries;
- We, Atle Crowe-Maxwell and John Frederick Lord, are both registered official liquidators;
- We, Atle Crowe-Maxwell and John Frederick Lord, do not have any potential conflict of interest in carrying out the role as Trustees;
- The Trustees will ensure that adequate civil liability insurance and professional indemnity insurance is in place to cover them as Trustees of the Creditors' Trust;
- The Administrators will remain personally liable for expenses incurred by the Administrators that are duly authorised by the Administrators up until the execution of the DOCA. The Deed Administrators will not be personally liable for costs incurred whilst JGI is subject to the DOCA. The Administrators and Deed Administrators fees and costs will be drawn from the assets of JGI and the contribution made by the DOCA proponent, and the Deed Administrators shall be entitled to a lien over JGI's assets to secure payment of their professional fees and costs;
- The remuneration of the Deed Administrators, their partners and staff is to be calculated by reference to the PKF Chartered Accountants & Business Advisers hourly charge out rates on a time basis up to a maximum of \$25,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Deed Administrators reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased;
- In the event that creditors resolve that a Creditors' Trust is to be created the remuneration of the Trustees is to be approved by the beneficiaries or, alternatively, by the Court. The remuneration of the Trustees, their partners and staff is to be calculated by reference to the PKF Chartered Accountants & Business Advisers hourly charge out rates on a time basis up to a maximum of \$125,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Trustees fees will be drawn from the available property of the Creditors' Trust and the Trustees will be entitled to be reimbursed for all expenses and other expenses incurred by them in the administration of the Creditors' Trust;
- The Deed Administrators and Trustees shall be indemnified by JGI and the Creditors' Trust against any liability arising from the administration of the DOCA, except in circumstances where the liability may be caused by negligence, default, breach of duty, or breach of trust on their part;
- The powers of the Deed Administrators are governed by the *Corporations Act 2001*; and
- The powers of the Trustee under the proposed Creditors' Trust Deed are to be governed by the relevant *Trustee Act* in the state of New South Wales.



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11 Options Available to Creditors

At the forthcoming meeting, creditors will have the following options:-

1. Resolve that JGI execute a Deed of Company Arrangement; or
2. Resolve that JGI be wound up; or
3. Resolve that the administration end.

I note that as the above options are mutually exclusive. Only one of the options may be resolved at the forthcoming meeting of creditors.

11.1 Deed of Company Arrangement

No Directors of JGI have submitted a proposal for JGI to execute a DOCA.

The Administrators have received a proposal from GreenBox to execute a DOCA which we have outlined in this Report. In Sections 7 and 8, we provide a detailed analysis of GreenBox's proposal DOCA in terms of its advantages, its disadvantages and the effects on creditors. In our opinion the potential benefits of GreenBox's DOCA proposal do not outweigh the risks, and nor do they outweigh the potential benefits for the creditors of a liquidation of JGI.

Consequently, we do not recommend that it would be in the creditors' interests for JGI to execute a DOCA.

11.2 Liquidation

Creditors should refer to Appendix "H" for an illustration of the likely return under a liquidation scenario. Whilst it is possible that some realisations from preference recoveries could be made, it is important to note that there may be minimal funds available to the Liquidators and therefore preference recovery actions could be contingent upon funding being received from a third party funder, or alternatively a creditor.

Should any creditors wish to fund preference recovery actions please contact Mr Patrick Loi of our office immediately on (02) 9251 4100.

At the forthcoming meeting (or adjournment) creditors are able to resolve to place JGI into liquidation.

Although in a winding up there are certain actions which may be brought by the Liquidators, recoveries pursuant to these actions are not guaranteed and would require investigation by the Liquidators as to the potential success of such actions and the costs of bringing the actions.

In considering the actions which may be brought by the Liquidators, the costs of the liquidation would be substantially increased should the Liquidators be required to undertake the investigations required to determine potential recoveries and further undertaking the necessary action to recover the debts under the various sub-sections of Section 588 of the Act.

However, the proposed DOCA would not provide a more favourable return (in monetary terms, certainty of control of assets and/or other benefits provided to creditors) compared with liquidation. There is no benefit to creditors from returning JGI to the control of its Directors.

Accordingly, it is our opinion that it is in the best interests of creditors that JGI be wound up.



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11.3 Administration End

At the forthcoming meeting (or adjournment), creditors are able to resolve that the Voluntary Administration end. Such a resolution would result in JGI being released from Administration and control of JGI reverting back to its Directors. Creditors would then be free to pursue any debt recovery actions. As indicated in this report, we do not recommend this course of action as JGI is clearly insolvent and will remain so. Accordingly, we believe that if creditors did resolve for the administration to end a creditor would have to incur the costs of applying to the Court to wind up JGI.

As JGI is insolvent, we believe that a formal insolvency appointment is essential. This is an issue to be resolved by creditors at the forthcoming meeting.

Consequently, we do not believe that it is in the best interests of the creditors that the administration should end and that JGI be returned to the control of its Directors.

12. Opinion of the Administrators

For the reasons set out in this report we advise creditors as follows:

- **We do not consider it would be in creditors' best interests to execute a DOCA;**
- **We do not consider it would be in the creditors' best interests for the administration to end as JGI is insolvent; and**
- **We consider it would be in the creditors' best interests for JGI to be wound up.**

13. Remuneration

Creditors should refer to our remuneration report attached as Appendix "E" and to the Notice of Meeting of Creditors (Form 529) for details of the resolutions regarding our remuneration as Administrators and the proposed resolutions for the remuneration as Liquidators (if appointed).

Creditors are advised that there a number of methods available to insolvency practitioners in calculating their professional remuneration. These alternatives include percentages of realisations or distributions, fixed fee amounts, time costs, or some combination. The IPA recommends that remuneration based on the time spent at the level appropriate to the work performed is the most appropriate method of calculating professional remuneration.

It is proposed that the remuneration of the Administrators, Deed Administrators, Trust Deed Administrators or Liquidators be calculated on an hourly basis at the hourly fees charged by PKF Chartered Accountants & Business Advisers for such work, as previously provided to creditors.

Creditors should refer to Section 4.1 of the Report for a summary of the activities undertaken during the period 14 April 2010 to 16 June 2010.



Chartered Accountants
& Business Advisers

Should you have any queries regarding this report creditors should contact Mr Patrick Loi on (02) 9240 9715 or Mr Colin Prentice on (02) 8221 2267 of our office.

Dated this 16th day of June 2010.



JOHN FREDERICK LORD
Joint and Several Administrator

Encl

Jackgreen (International) Pty Ltd
(Administrators Appointed)
ACN 097 708 104

Index of Appendices

Appendix Details

- | | |
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| A | Declaration of Independence, Relevant Relationships and Indemnities |
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| C | Receivers' Aged Debtors Ledger |
| D | Deed of Company Arrangement of GreenBox Group Pty Ltd |
| E | Remuneration Report |
| F | Appointment of Proxy (Form 532) |
| G | Informal Proof of Debt Form |
| H | Estimated Outcome Statement |

Appendix A

JACKGREEN (INTERNATIONAL) PTY LTD (ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED) ("the Company")

Updated Declaration of Independence, Relevant Relationships & Indemnities

Independence

John Frederick Lord and Atle Crowe-Maxwell, of PKF Chartered Accountants & Business Advisers have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several Administrators of the Company. 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 John Frederick Lord and Atle Crowe-Maxwell, nor our firm, have, or have had within the preceding 24 months, any material relevant 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. It is noted that trivial personal banking relationships with financial institutions are not included within the definition of relevant relationships.

Prior Engagements with the Insolvent

Atle Crowe-Maxwell, between 6 August 2007 and 10 August 2009 undertook the following engagement in relation to the Company prior to the acceptance of this appointment:

Name	Nature of engagement	Reasons why not an Impediment or Conflict
Atle Crowe-Maxwell	Debtor review of the Company on behalf of Causeway Financial, the secured creditor of the Company.	Review of the Company's debtors ledger has no material impact on the Administrators' independence.

The professional fees received for these very limited scope reviews were as follows:

Dates	Amounts (\$)
20 March 2008	3,000.00
28 July 2008	3,000.00
29 July 2008	3,000.00
31 May 2008	5,000.00
31 July 2008	5,000.00
Totals	\$19,000.00

Post Appointment Engagement on Greenbox Group Pty Ltd

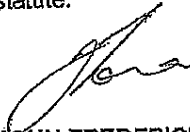
A PKF Corporate Finance Partner, Mr Vince Fayad, is undertaking due diligence for a client who may be a potential investor in Greenbox Group Pty Ltd ("Greenbox"). Please note that Greenbox has put forward DOCA proposals for the Company and Jackgreen Limited ("JGL").

Name	Nature of engagement	Reasons why not an Impediment or Conflict
Mr Vince Fayad A PKF Corporate Finance Partner	Due diligence for a client on a potential investment in Greenbox	The client is not a related entity of the Company, JGL or of Greenbox. PKF cannot, and will not be acting for Greenbox in relation to that matter or any other matter. The due diligence does not involve any of the directors of the Company or JGL.

There are no other prior professional relationships or engagements that should be disclosed.

Indemnities

John Frederick Lord and Atle Crowe-Maxwell have not been indemnified in relation to this administration, other than any indemnities that John Frederick Lord and Atle Crowe-Maxwell may be entitled to under statute.



JOHN FREDERICK LORD

Date: 16 June 2010

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.

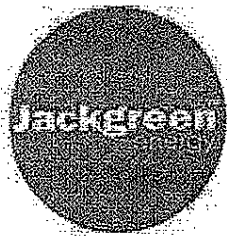
Appendix B

**Jackgreen (International) Pty Ltd (Receivers and Managers)
(Administrators Appointed)**

**Administrators' Summary Of Receipts And Payments
To 16 June 2010**

RECEIPTS	Total (AUD)
Cash in Hand	221.90
Cash at Bank	1,316,469.20
Bank Interest	992.49
Closing position of hedge fund	142,644.04
Refund of due diligence deposit	100,000.00
	<hr/>
	1,560,327.63
	<hr/>
PAYMENTS	
Security	280.00
Bank Charges	35.00
Hire of Meeting Room	1,040.00
Legal Fees	64,112.50
Legal Disbursements	548.34
Petitioners Costs	1,500.00
Postage	10,288.95
Statutory Advertising	5,098.28
Search Fees	17.27
Funds trf to the Receivers and Managers	1,331,432.63
Funds rec'd on behalf - Easy Being Green	68,111.63
Funds rec'd on behalf - Jackgreen Ltd	4,253.84
Destruction of Books and Records	432.00
GST Receivable	8,331.73
Withholding tax no ABN	458.00
	<hr/>
	1,495,940.17
Balances in Hand	64,387.46
	<hr/>
	1,560,327.63
	<hr/>

Appendix C



Jackgreen Aging Balance

0-30:	\$0.00
31-60:	\$32,963.32
61-90:	\$413,828.58
91-120:	\$1,922,467.34
121-150:	\$2,760,707.17
151-180:	\$379,981.40
180+:	\$3,961,401.42
<hr/>	
TOTAL:	\$9,471,349.23

Appendix D

Arnold Bloch Leibler

Lawyers and Advisers

11 June 2010

By Fax and E-mail
Private & Confidential

PKF
Chartered Accountants and Business Advisers
Level 10
1 Margaret Street
Sydney NSW 2000

Your Ref
Our RefADS
File No.021542214

Contact
Andrew Silberberg
Direct 61 2 9226 7254
Facsimile 61 2 9226 7120
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Level 24
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61 2 9226 7100
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61 2 9226 7120



Attention: Messrs Atle Crowe-Maxwell and John
Frederick Lord

Dear Sirs

Jackgreen (International) Pty Ltd (Administrators Appointed) (Receivers and Managers Appointed) ACN 097 708 104 (JGI)

As you know, we act for GreenBox Group Pty Limited (**GreenBox**). We refer to our previous letter to you dated 13 May 2010, in which a DOCA proposal was formally provided. As requested, we set out below a revised version of our client's DOCA proposal, which takes into account the various developments in relation to JGI that have occurred over the last month.

Our client believes that its DOCA proposal provides the opportunity of an immediate distribution to the unsecured creditors on retirement of the Receiver at the end of July and therefore a more certain outcome for creditors in circumstances where significant assets (like unfair preference claims and the debt book) are contingent and hard to quantify. Noting this improved certainty in delivering a positive outcome for creditors, our client also believes its DOCA is superior than a liquidation scenario in terms of absolute return across a range of scenarios.

Unfortunately, over the last month it has emerged that there is an increasing risk that certain retail electricity and gas licenses will be cancelled. This has impacted on our client's proposed consideration.

However, our client has also taken into account your observations about the improved cash position of the receivers (**Receivers**), who are appointed by Australian Executor Trustees Limited (**AETL**) (in its capacity as custodian of the Causeway Australasian Private Debt Opportunities Fund), the secured creditor of JGI. The security arises under AETL's fixed and floating charge over JGI dated 6 November 2007 (**AETL Charge**). Our client believes it is fair that any monies not required by the Receivers go directly to creditors via a creditors' trust.

MELBOURNE

SYDNEY

Partners
Mark M Leibler AC
Henry D Langer
Joseph Borensztein
Leon Zwi
Philip Chester
Ross A Paterson
Stephen L Sharp
Kenneth A Gray
Kevin F Frawley
Michael N Dodge
Jane C Sheridan
Steven Klein
Leonie R Thompson
Zaven Mardrossian
Jonathan M Wenig
Paul Sokolowski
Paul Rubenstein
Peter M Seidel
Alex King
John Mitchell
Nicole Gordon
Ben Mahoney
Sam Dollard
Lily Tell
Henry Stena
Andrew Silberberg
Lisa Merryweather
Jonathan Milner

Senior Litigation
Counsel
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Special Counsel
Dariusz Czuchewski
Simone Eisfeld

Senior Associates
Kirsten Myers
Katie Morrison
John Mongolian
Melanie Alderton
Sue Kee
Jorja Clelland
Caroline Goulden
Matthew Lees
Genevieve Sexton
Lucy Kirwan
Jeremy Leibler
Amelia Kelly
Benjamin Marshall
Kristina Verney
Seaton Theobald

Consultants
Allan Fels AO
Steven M Skala AO

PKF

Arnold Bloch Leibler
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Date: 13 May 2010

Further, our client concedes that in reducing its consideration, it should also reduce any share of subsequent collections which it receives as remuneration for successful collections activities.

This letter constitutes our client's current position on JGI. In this regard the prior correspondence on JGI referred to above should be regarded as having no effect.

1 GreenBox's aims

- 1.1 GreenBox is a 'cleantech' energy retail business, with plans to enhance and transform JGI's business by providing its energy efficiency and management services, combined with JGI's energy retail offering, to customers. Our client, which operates in the same industry as JGI and has been interested in acquiring it for some time, is the only DOCA proponent in relation to JGI (of two so far) with a proposal that offers real value to creditors. This is because JGI's assets are valuable only to industry players such as GreenBox, which are able to utilise them as part of an energy retail business model.
- 1.2 As you know, our client is also proposing a DOCA in relation to Jackgreen Limited (Administrators Appointed) (JGL), the parent of JGI. The two DOCAs are not interdependent. However, as we explained in our letter regarding JGL of 9 June 2010, our client's aim in propounding a DOCA in relation to JGL is to obtain JGL's listed shell, which it then plans to re-list and recapitalise. It is anticipated that the funds raised will be used by JGL, in part, to acquire GreenBox, which (based on a recent independent valuation) currently has an enterprise value of approximately \$56 million.
- 1.3 Our client is competing with a number of other DOCA proponents at JGL level. This is because JGL's listed shell is suitable for use by entities in a number of industries. This in turn explains why the GreenBox DOCAs are not interdependent. Our client, unlike the other JGL DOCA proponents, can utilise JGI's assets even if it is not successful in obtaining the listed shell of the parent.
- 1.4 However, it is our client's strongly preferred outcome to implement its plans for both companies in the way described in both this letter and our letter of 9 June. We note that this plan is supported by B&B Prime Securities Pty Limited (B&B), who is the secured creditor at JGL level.

2 Proposed DOCA terms

- 2.1 Our client proposes to achieve its aim in relation to JGI by utilising a DOCA and associated transaction documents. We summarise first the terms of the DOCA.

Parties

- 2.2 It is proposed that the DOCA will be entered into by JGI, JGL, the voluntary administrators, the deed administrators (likely to be the

PKF

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Date: 13 May 2010

voluntary administrators), the trustee of the creditors' trust (likely to be the deed administrators) and GreenBox.

2.3 In addition to the standard terms and conditions generally contained in a DOCA, the DOCA will not come into force until the following main conditions precedent are satisfied:

- (a) the Receivers retire by 31 July 2010, subject to two extensions of up to one month each if that is necessary in the reasonable opinion of the administrators to allow the Receivers to retire. However, for each one month extension, there will be a reduction in the consideration provided by our client of the amount equivalent to the fees and expenses incurred by the voluntary administrators and Receivers in that month;
- (b) AETL releases and discharges the AETL Charge within 2 business days of the retirement of the Receivers; and
- (c) the Deed of Release (DoR), Share Purchase Agreement and (SPA) Creditors Trust Deed (CTD), each of which transaction document is described further below, are duly executed by all relevant parties.

Total consideration

2.4 The total consideration offered by our client is \$450,000, which is to be applied as follows:

- (a) \$400,000 (**GreenBox Contribution**) will be made available to the creditors under the waterfall to be established in the CTD. You should note that the GreenBox Contribution is on top of the \$350,000 contribution that GreenBox has proposed it will make to the creditors' trust under the JGL DOCA (ie \$750,000 in total); and
- (b) \$50,000 will be paid to B&B to release its charges (Nos 1225863 and 1481846) (**B&B A Charge** and **B&B B Charge**, respectively, and together the **B&B Charges**) over the JGI shares held by JGL. As you know, this is in addition to the \$350,000 on offer to B&B under the JGL DOCA arrangements for release of the B&B Charges in relation to other secured property of JGL, making the total offer to B&B under both DOCAs \$400,000.

In sum, our client has now put \$1,150,000 (not including GST) on the table in order to take JGL and JGI out of administration (and receivership in the case of JGI).

AETL/Receivers

2.5 The coming into force of our client's DOCA is conditional upon the conditions precedent regarding AETL and the Receivers outlined at paragraph 2.3, above. The timeline encapsulated by the condition is

PKF

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Date: 13 May 2010

consistent with feedback from the Receivers, who have indicated a current intention to retire by the end of July 2010.

- 2.6 As you know, notwithstanding the indicative timeline for retirement proposed by the Receivers, the Receivers may also require certain indemnities in order to retire in accordance with that timeline. Immediately following approval of our client's DOCA, GreenBox will finalise negotiations with the Receivers regarding those indemnities.
- 2.7 Based on what is currently known, these indemnities would relate to personal liabilities assumed by the Receivers in relation to payment of the employee dividend and customer refunds. The total amount in question is currently around \$2.2 million.
- 2.8 If necessary, monies that would otherwise be made available to the creditors' trust to fund the Receiver liabilities will be set aside by JGI for up to six months to ensure that there are sufficient amounts available to cover the liabilities and otherwise indemnify the receivers for any associated costs and damages incurred.

Creditors' Trust Deed and GreenBox Contribution

- 2.9 The DOCA would provide for establishment of a creditors' trust in the CTD. Subject to any funds set aside to cover the Receiver liabilities referred to in paragraph 2.5 above and any associated indemnity, the creditors' trust would initially comprise:
- (a) in addition to its payment of \$50,000 to B&B, GreenBox will, as noted, contribute the GreenBox Contribution (\$400,000) to the creditors' trust and all cash at bank as at 31 July 2010 or such other point as the DOCA comes into effect under the condition precedent at paragraph 2.3, above;
 - (b) any other cash that becomes available from time to time during the term of the creditors' trust as assets and contingent assets are collected and/or realised; and
 - (c) any recovered receivables, subject to payment to GreenBox of a 30% fee on recoveries to oversee the collections process and in recognition of the risks associated with the indemnity provisions which may be required to ensure the retirement of the Receiver. This will align our client's interests with those of the creditors, a benefit that is not available in a liquidation scenario because the liquidator is paid a fixed fee regardless of recoveries.
- 2.10 GreenBox has experience at administering debt recovery in the energy industry and would be responsible for recovery of receivables. To assist it in its monitoring role, JGI will provide the creditors' trustee with weekly reports on the recovery of receivables until such time as the creditors' trust ceases to make distributions.
- 2.11 It is proposed that the creditors' trust would cease to make distributions on 31 December 2010 or earlier with the approval of the creditors'

PKF

Arnold Bloch Leibler
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Date: 13 May 2010

trustee if collections have slowed to a point where expenditure on same is no longer of benefit to the creditors.

- 2.12 Payments under the creditors' trust would be made via a creditors' trust waterfall. The creditors' trust will afford priority in the same manner as priority is afforded under the Corporations Act in respect of the distribution of assets on a liquidation of a company. Based on current calculations, and subject to the indemnity arrangements reached with the Receivers, unsecured creditors can currently expect to receive an immediate payment of 5c in the dollar at about the end of July and up to a further 10c in the dollar, depending on progress in collecting receivables. Detailed analysis of these estimated outcomes is provided in the attached spreadsheet prepared by our client.
- 2.13 In order to provide comfort to the creditor trustee that recovered receivables will find their way to the creditors' trust, GreenBox will pay such recoverables, less any authorised deduction, into a JGI account to which GreenBox and the creditors' trustee are joint signatories. The account will be subject to a standing order that will, in effect, transfer proceeds automatically to the creditors' trust. The creditors' trustee will oversee and monitor this process, for which it will be entitled to fees and expenses under the creditors' trust.

JGI Assets

- 2.14 As mentioned in our 9 June letter on JGL, if our client does purchase JGI under the DOCA outlined in this letter, it will not sell or licence any JGI asset. To do so would compromise the ability of our client to carry on the JGI business. Thus, assuming the DOCA proposed in this letter is successful, there is no prospect of a meaningful asset transfer as between JGI and JGL.
- 2.15 Once the AETL Charge is discharged, JGI will be free to deal with its assets as it pleases. The proceeds realised from the sale of any such assets will not be contributed to the creditors' trust unless JGI so decides.
- 2.16 As you are aware, there is now real risk that key electricity and gas retail licences will be cancelled, which has impacted upon the consideration offered by our client under this revised DOCA proposal.

B&B Deeds of Release

- 2.17 As we have discussed with you, our client has reached an in principle agreement with B&B regarding discharge and release of the B&B Charges under two DoRs, one for each of JGI and JGL. In short, B&B has agreed to do this for two payments totalling \$400,000 as follows:
- (a) \$50,000 for partial release and discharge of the B&B Charges in relation to the JGI shares held by JGL. This arrangement is to facilitate the DOCA proposal contained in this letter; and

PKF

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Date: 13 May 2010

- (b) \$350,000 for release and discharge of the B&B B Charge in relation to other JGL property. This arrangement is to facilitate the DOCA proposal outlined in our 9 June letter.

Negotiation of the DoRs is nearing completion and we expect they will be executed early next week.

- 2.18 As you are aware, B&B, JGL and JGI are subject to a Deed of Subordination dated on or about July 2007 (**Subordination Deed**) as regards the intercompany loan owed by JGI to JGL. Once the B&B Charges are released and discharged, B&B will no longer have security over the intercompany loan repayments as between JGL and JGI. B&B have informed us that they will seek to have the intercompany loan assigned from JGL to B&B so that B&B can participate directly in the JGI creditors' trust as an unsecured creditor.
- 2.19 Our understanding of the operation of the Subordination Deed is that even if the proposed assignment from JGL to B&B did not occur, under the Deed of Subordination JGL would still be required to pay B&B any proceeds it received under the creditors' trust pursuant to the intercompany loan.

3 Share Purchase Agreement

- 3.1 Ultimately, the aim of our client, conditional upon the release of the JGI shares from the B&B Charges, is to purchase the shares in JGI held by JGL for nominal consideration. This transaction will be documented in an SPA annexed to the DOCA and would occur on completion of the DOCA.

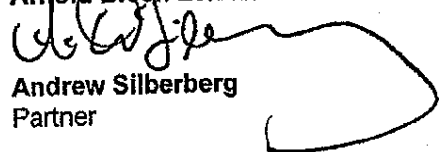
4 Process

- 4.1 In order that the DOCA and associated transaction documents come into force at the same time, the CTD, SPA and DoRs will each have a condition precedent and be interdependent to the effect that none will come into force until the DOCA itself comes into force. We propose that completion under all the transaction documents, including the DOCA, occur momentarily after the DOCA and transaction documents come into force.

We believe that the proposal above offers JGI's creditors a superior return to the available alternatives, including liquidation and look forward to it receiving your support at the second creditors' meeting.

Yours faithfully

Arnold Bloch Leibler


Andrew Silberberg
Partner

Att.

Appendix E

Jackgreen (International) Pty Ltd
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)
ACN 097 708 104 ("the Company")

For the period 18 December 2009 to 16 June 2010

Remuneration Report

Description of Work Performed

Task Area	General Description	Includes
Assets Hours: 88.8 \$35,069.00	Sale of Business as a Going Concern and the Electricity and Gas licences	Calling for expressions of interest for right to acquire the Company through a DOCA Preparation of an Information Memorandum for interested parties: <ul style="list-style-type: none"> right to acquire the Company through a DOCA share purchase and subsequently obtaining control of its electricity and gas licence; and purchasing the Electricity and Gas retail licences directly from the Company except for NSW and QLD Liaising with various interested parties regarding their DOCA proposal Internal meetings to discuss/analyse/review various DOCA proposals received Held meetings with various DOCA proponents and their legal representatives Review of the Greenbox Group Pty Ltd ("Greenbox") DOCA proposal Meetings with Greenbox and various legal representatives and third parties regarding the proposed DOCA Internal reviews and meetings discussing the proposed DOCA Revision of Greenbox's draft DOCA proposal
	Plant and Equipment	Reviewing asset listings Identifying recoverable value
	Assets subject to specific charges	All tasks associated with realising a charged asset until the appointment of the Receivers
	Debtors	Reviewing and assessing debtors ledgers Liaising with solicitors regarding the character of the debtors whether they are fixed or floating charge assets Determining mechanics of billed and unbilled debtors
	Other Assets	Tasks associated with realising other assets Meetings and correspondence with energy regulators and government organisations (AEMO, IPART and NSW Energy and Infrastructure) Investigation into potential realisation from the sale of licences Tasks associated with proposed sale of licences Preparing an information memorandum
	Leasing	Reviewing leasing documents Liaising with owners/lessors Tasks associated with disclaiming leases Correspondence with identified lease agreements
	Creditor Enquiries	Receive and follow up creditor (and customer) enquiries via telephone Tasks associated with determining pre appointment and post appointment creditors (customers)

Task Area	General Description	Includes
Creditors Hours: 799.8 \$251,100.50		Maintaining creditor enquiry register for customer claims arising from prepayment of electricity bills Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors
	Dealing with Receivers and Managers	Compiling information for secured creditor Responding to secured creditor's queries Various meetings with the Receivers Discussions with the Receivers when handover is to take place Discussions with Receivers on the realisations collected Discussions with Receivers in relation to the GST advance Obtain taxation advice regarding the incorporated entities liabilities for existing debtors
	Creditor reports	Preparing 439A, investigation, meeting and general reports to creditors
	Dealing with proofs of debt	Receipting and filing PODs when not related to a dividend Maintaining schedule of creditors' POD details
	Meeting 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 Applied to the Supreme Court of NSW to extend the convening period Preparation of various affidavits
	Shareholder enquires	Responding to any shareholders issues
Trade On Hours: 46.7 \$22,622.50	Trade On Management	Liaising with management and staff Attendance on site Liaising with superannuation funds regarding contributions, termination of employees employment
	Processing receipts and payments	Entering receipt and payments into accounting system
	Budgeting & financial reporting	Reviewing Company's budgets and financial statements Preparing budgets Preparing weekly financial reports Finalising trading profit or loss Meetings to discuss trading position
Employees Hours: 30.6 \$7,292.50	Employees enquiry	Receive and follow up employee enquiries via telephone Maintain employee enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Calculation of entitlements	Calculating employee entitlements Reviewing employee files and Company's books and records Reconciling superannuation accounts Reviewing awards Liaising with solicitors regarding entitlements
	Employee dividend	Correspondence with employees regarding dividend Calculating dividend rate Correspondence with Receivers regarding employee entitlements and dividend
	Conducting investigation	Collection of Company's books and records Reviewing the Company's books and records Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of deficiency statement Review of specific transactions and liaising with directors

Task Area	General Description	Includes
Investigation Hours: 250.4 \$98,370.00		regarding certain transactions Liaising with directors regarding certain transactions Investigation into insolvent trading claims Preparation of investigation file
	Litigation / Recoveries	Internal meetings to discuss status of litigation Preparing brief to solicitors Liaising with solicitors regarding recovery actions
	ASIC reporting	Preparing statutory investigation reports Preparing affidavits seeking non lodgement assistance Liaising with ASIC
Dividend Hours: 1.0 \$216.00	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of PODs Maintain POD register
Administration Hours: 187.6 \$65,598.00	Document maintenance/file review/checklist	Filing of documents File reviews Updating checklists
	Insurance	Identification of potential issues requiring attention of insurance specialists Correspondence with Willis regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers
	Bank account administration	Preparing correspondence and opening and 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	Notification of appointment Preparing BAS returns Completing payment summaries Correspondence with AEMO regarding licences suspension
	Planning / Review	Discussions regarding status of administration
	Books and records / storage	Dealing with records in storage Sending job files to storage

Disbursements

Disbursements are divided into the following types:

- externally provided professional services and are recovered at cost and an example of such disbursements are legal fees;
- externally provided non-professional costs such as travel, accommodation and search fees, which are recovered at cost;
- internally provided non-professional costs such as photocopying and document storage, which 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.

Full details of disbursements on this appointment are provided within the summary of receipts and payments.

General Supporting Information

Future Fees

Future remuneration is sought in respect of the Deed Administration or Liquidation and an estimate of the work to be performed by major task areas is as follows:

Task Area	Deed Administrators (\$)	Liquidators (\$)
Assets	20,000.00	40,000.00
Creditors	10,000.00	70,000.00
Employees	5,000.00	10,000.00
Trade On	0.00	0.00
Investigation	0.00	60,000.00
Dividend	100,000.00	100,000.00
Administration	15,000.00	20,000.00
Total	150,000.00	300,000.00

Statement of remuneration claim

Detailed below are the resolutions sought from creditors in relation to our remuneration. Please note that no prior fees have been previously approved:

1. To approve the remuneration of the Administrators, their partners and staff pursuant to Section 449E(1)(a) of the *Corporations Act 2001* for the period 18 December 2009 to 16 June 2010 calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$480,268.50 plus GST plus disbursements plus GST and that the remuneration for the period 17 June 2010 to 28 June 2010 be fixed by reference to the hourly rates charged by PKF Chartered Accountants & Business Advisers on a time basis up to a maximum of \$50,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Administrators reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased;
2. To approve the remuneration of the Administrators, their partners and staff pursuant to Section 449E(1)(a) of the *Corporations Act 2001* for the period 28 June 2010 to the date of execution of the Deed of Company Arrangement calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$20,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Administrators reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased;
3. In the event that creditors resolve that a Deed of Company Arrangement is to be executed, to approve the remuneration of the Deed Administrators, including in their capacity as Trustees of the Creditors Trust Deed, their partners and staff calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$150,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Deed Administrators or Trustees reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased;
4. In the event the Company is placed into liquidation, to approve the remuneration of the Liquidators, their partners and staff calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$300,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. Should further work be required to be carried out during the course of the Liquidation, the Liquidators will convene a meeting of creditors for approval of further fees.

It is envisaged that further approval of remuneration may be sought at some time in the future.

Creditors are advised that they have the right to obtain further information regarding remuneration and can request same, by advising this office in writing. Creditors are advised that a remuneration information sheet is available at:-

[http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/Approving_fees_guide_for_creditors.pdf/\\$file/Approving_fees_guide_for_creditors.pdf](http://www.asic.gov.au/asic/pdflib.nsf/LookupByFileName/Approving_fees_guide_for_creditors.pdf/$file/Approving_fees_guide_for_creditors.pdf)

Initial Advice to Creditors

Remuneration Methods

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

1. Time based / hourly rates

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

2. Fixed Fee

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

3. Percentage

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

4. Contingency

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

Method chosen

Given the nature of this administration we propose that our remuneration be calculated on time based hourly rates. Given the nature of this administration we propose that our remuneration be calculated on Time based / hourly rates. This is because:

- This method reflects our practice of assigning staff at the appropriate level to conduct the necessary work. Individuals are required to record the nature of the work performed at intervals of six minutes. This method ensures creditors are only charged for work that is performed and provides complete transparency.
- Fixed fee and Percentage method are inappropriate as we are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration. In addition we are required to perform a number of tasks which do not relate to the realisation of assets, e.g., statutory obligations, responding to creditor queries, and reporting to ASIC.

It is proposed that the remuneration of the Administrators, the Deed Administrators or the Liquidators are calculated on an hourly basis at the hourly fees charged by PKF Chartered Accountants & Business Advisers.

Explanation of Hourly Rates

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

Title	Description	\$ per hour
Partner	Registered Liquidator- Partner bringing specialist skills to administration or insolvency task.	595
Principal	Minimum of twelve years insolvency experience, at least five years at manager level, qualified accountant and capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in own right.	520
Manager 1	More than 7 years' insolvency experience, more than 3 years as a manager, qualified accountant. Answerable to the appointee but otherwise responsible for all aspects of administration. Experienced at all levels and considered very competent. Control staff and their training.	465
Manager 2	6-7 years, qualified accountant, with well-developed technical and commercial skills. Should be constantly alert to opportunities to meet clients' needs and to improve the clients' future operation either by revenue enhancement or by reducing costs and improving efficiency. Controls 2-4 staff.	420
Assistant Manager	4-6 years, CA program (CA) complete. Will have had conduct of minor administrations and experience in control of 1-3 staff. Assists planning and control of medium to larger jobs.	375
Senior 1	2-4 years, CA (or equivalent) would normally be commenced during this period. Required to control of small to medium sized jobs as well as performing some of the more difficult work on larger jobs.	320
Senior 2	1-2 years, CA (or equivalent) would normally be commenced during his period. Required to control the fieldwork on small jobs and responsible for assisting complete fieldwork on medium to large jobs.	295
Intermediate 1	0-2 years, Graduate with little or no professional experience. Required to assist in day-to-day fieldwork under supervision of more senior staff.	250
Intermediate 2	0-1 years, Trainee undertaking a degree with an accountancy major. Required to assist in day-to-day fieldwork under supervision of more senior staff.	215
Intermediate 3 / Secretary	Appropriate skills including machine usage	190
Computer Operator	Appropriate skills including machine usage	170
Cadet	HSC, Plans to undertake at least part-time degree/diploma. Required to assist in administration and day-to-day fieldwork under supervision of more senior staff.	145


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.

APPROVING FEES: A GUIDE FOR CREDITORS

- 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,

APPROVING FEES: A GUIDE FOR CREDITORS

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.

APPROVING FEES: A GUIDE FOR CREDITORS**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.

APPROVING FEES: A GUIDE FOR CREDITORS

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.

Appendix F

FORM 532

Regulation 5.6.29

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY
CREDITORS MEETING

JACKGREEN (INTERNATIONAL) PTY LTD (ADMINISTRATORS APPOINTED)
(RECEIVERS AND MANAGERS APPOINTED)
ACN 097 708 104
("the Company")

*I/*We (1).....
of
a creditor of Jackgreen (International) Pty Ltd (Administrators Appointed) (Receivers and Managers)
appoint (2)
.....
or in his or her absence
as *my/our *general/special proxy to vote at the meeting of creditors to be held at the offices of PKF
Chartered Accountants & Business Advisers Level 10, 1 Margaret Street, Sydney NSW 2000 on 28
June 2010 at 11:00am or at any adjournment of that meeting.(3)

SPECIAL PROXY

		For	Against	Abstain
1	That the Company execute a Deed of Company Arrangement.			
2	That the Administration should end.			
3	That the Company be wound up.			
4	To approve the remuneration of the Administrators, their partners and staff pursuant to Section 449E(1)(a) of the <i>Corporations Act 2001</i> for the period 18 December 2009 to 16 June 2010 calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$480,268.50 plus GST plus disbursements plus GST and that the remuneration for the period 17 June 2010 to 28 June 2010 be fixed by reference to the hourly rates charged by PKF Chartered Accountants & Business Advisers on a time basis up to a maximum of \$50,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Administrators reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased.			
5	To approve the remuneration of the Administrators, their partners and staff pursuant to Section 449E(1)(a) of the <i>Corporations Act 2001</i> for the period 28 June 2010 to the date of execution of the Deed of Company Arrangement calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$20,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Administrators reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased.			

6	In the event that creditors resolve that a Deed of Company Arrangement is to be executed, to approve the remuneration of the Deed Administrators, including in their capacity as Trustees of the Creditors' Trust Deed, their partners and staff calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up a maximum of \$150,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. The Deed Administrators or Trustees reserve the right to convene a further meeting of creditors should the level of remuneration need to be increased.			
7	In the event the Company is placed into liquidation, to approve the remuneration of the Liquidators, their partners and staff calculated by reference to the PKF Corporate Recovery Guide to Hourly Rates as at 1 July 2009 or as revised from time to time on a time basis up to a maximum of \$300,000.00 plus GST plus disbursements plus GST. Such remuneration may be drawn as funds become available. Should further work be required to be carried out during the course of the Liquidation, the Liquidators will convene a meeting of creditors for approval of further fees.			
8	If the Company is wound up appoint a Committee of Inspection.			
9	To approve the destruction of the books and records at the conclusion of the winding up subject to Australian Securities and Investment Commission's approval.			

DATED this day of 2010.

Signature

CERTIFICATE OF WITNESS

This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy.

I, of
certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Dated:

Signature of Witness:

Description:

Place of Residence:

* Strike out if inapplicable

- (1) If a firm, strike out "I" and set out the full name of the firm.
- (2) Insert the name, address and description of the person appointed.
- (3) If a special proxy add the words "to vote for" or the words "to vote against" and specify the particular resolution.

Appendix G

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

JACKGREEN (INTERNATIONAL) PTY LTD (ADMINISTRATORS APPOINTED)
 (RECEIVERS AND MANAGERS APPOINTED)
 ACN 097 708 104

Name of creditor:

Address of creditor:

ABN:

Telephone number:

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

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

.....

Is the debt secured? YES/NO

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

.....

Other information:

.....

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

Notes:

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

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

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

Proxies must be made available to the Joint and Several Administrators.

Appendix H

**JACKGREEN (INTERNATIONAL) PTY LTD (RECEIVERS AND MANAGERS APPOINTED) (VOLUNTARY ADMINISTRATORS APPOINTED)
ESTIMATED OUTCOME STATEMENT AS AT 16 JUNE 2010**

Assets Available to the Receivers (excluding debtors)	
Total Cash at Bank as at 8 June 2010	
Total assets to be received shortly (GST refund, Origin Mail Out and ASMO guarantee of \$300,000.00)	
Total contingent assets (AEMO and ANZ bank guarantees)	
Total Assets Available to the Receivers (excluding debtors)	
Receivers' Liabilities	
Receivers' Liabilities (including trading, contingent and employee claims of \$1,350,710.00)	
Provision for \$100K retained for QLD Competition Authority	
Receivers' fees and expenses for June 2010 (estimate)	
Total Receivers' Liabilities	
Estimated available funds for unsecured creditors under Administration from surplus of Receivership (A)	
Expenses	
Receivers' fees for July (estimated)	
Receivers' disbursements for July (estimated)	
Receivers' fees August to September (estimated)	
Receivers' disbursements for August to September (estimated)	
Administrators' fees	
Administrators' legal fees	
JGL current account	
Liquidators' fees	
DOCA contribution to Creditors' Trust	
Dead Administrators/Trustees for Creditors' Trust fees	
Dead Administrators/Trustees for Creditors' Trust legal fees and disbursements	
Total costs (including estimated Receivers' Costs) (B)	
Funds available for unsecured creditors	
Surplus funds / (deficiencies) available for unsecured creditors from Receivers after expenses (C) = (A) - (B)	
Weighted likely claims to be recovered (estimates)	
Collection costs of 25% paid to an agent in liquidation or to GreenBox for collection in DOCA	
Total book debts available after costs (available for unsecured creditors)	
Unfair preference claims (D)	
70% of debtors collected after costs available for unsecured creditors under GreenBox's DOCA (E)	
Debtors collected after costs available for unsecured creditors under Liquidation (F)	
Total funds available for unsecured creditors (G) = (C) + (D) + (E) + (F)	
Trade and customer creditors	
JGL's claim (subject to BBA change over JGL's claim)	
BBA consideration (\$50,000.00 for JGL DOCA proposal and \$350,000.00 for JGL DOCA proposal)	
A TO private ruling re GST (liability of the incorporated entity being JGL)	
Add back unfair preference claim	
Total known unsecured creditors (H)	
Estimated dividend to unsecured creditors (cents in the \$) = (G)/(H)	

Refs to Report	GreenBox's DOCA proposal: Best Case Scenario	GreenBox's DOCA proposal: Worst Case Scenario	Liquidation: Best Case Scenario	Liquidation: Worst Case Scenario
7.2	\$ 3,358,842	\$ 3,358,842	\$ 3,358,842	\$ 3,358,842
7.2	465,021	465,021	465,021	465,021
7.2	1,415,184	1,415,184	1,415,184	1,415,184
	5,239,047	5,239,047	5,239,047	5,239,047
7.2	(3,637,722)	(3,637,722)	(3,637,722)	(3,637,722)
7.2	(100,000)	(100,000)	(100,000)	(100,000)
	(3,897,722)	(3,897,722)	(3,897,722)	(3,897,722)
	1,341,325	1,341,325	1,341,325	1,341,325
7.2	(100,000)	(100,000)	(100,000)	(100,000)
7.2	(50,000)	(50,000)	(50,000)	(50,000)
9.2	Nil	Nil	Nil	Nil
9.2	(550,000)	(550,000)	(550,000)	(550,000)
13	(30,000)	(30,000)	(30,000)	(30,000)
4.2	64,000	64,000	64,000	64,000
13	N/A	N/A	N/A	N/A
13	N/A	N/A	N/A	N/A
8.2	400,000	400,000	400,000	400,000
8.2	(150,000)	(150,000)	(150,000)	(150,000)
8.2	(50,000)	(50,000)	(50,000)	(50,000)
8.2	(465,000)	(465,000)	(465,000)	(465,000)
	76,325	76,325	76,325	76,325
7.1 & 9.2	750,000	750,000	750,000	750,000
	(187,500)	(187,500)	(187,500)	(187,500)
	562,500	562,500	562,500	562,500
1 & 7.2 & 9.2	N/A	N/A	984,124	984,124
	393,750	393,750	N/A	N/A
	N/A	N/A	582,500	582,500
	1,256,250	1,256,250	1,256,250	1,256,250
9.1 & 9.2	13,975,147	13,975,147	13,975,147	13,975,147
9.2	4,993,000	4,993,000	4,993,000	4,993,000
7.2	(400,000)	(400,000)	Nil	Nil
	1,439,209	1,439,209	1,439,209	1,439,209
	N/A	N/A	984,124	984,124
	20,007,355	20,007,355	20,007,355	20,007,355
	6.34	2.34	11.16	5.17

GreenBox's DOCA proposal: Best Case Scenario	GreenBox's DOCA proposal: Worst Case Scenario	Liquidation: Best Case Scenario	Liquidation: Worst Case Scenario
\$ 3,358,842	\$ 3,358,842	\$ 3,358,842	\$ 3,358,842
465,021	465,021	465,021	465,021
1,415,184	1,415,184	1,415,184	1,415,184
5,239,047	5,239,047	5,239,047	5,239,047
(3,637,722)	(3,637,722)	(3,637,722)	(3,637,722)
(100,000)	(100,000)	(100,000)	(100,000)
(3,897,722)	(3,897,722)	(3,897,722)	(3,897,722)
1,341,325	1,341,325	1,341,325	1,341,325
(100,000)	(100,000)	(100,000)	(100,000)
(50,000)	(50,000)	(50,000)	(50,000)
Nil	Nil	Nil	Nil
(550,000)	(550,000)	(550,000)	(550,000)
(30,000)	(30,000)	(30,000)	(30,000)
64,000	64,000	64,000	64,000
N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A
400,000	400,000	400,000	400,000
(150,000)	(150,000)	(150,000)	(150,000)
(50,000)	(50,000)	(50,000)	(50,000)
(465,000)	(465,000)	(465,000)	(465,000)
76,325	76,325	76,325	76,325
2,000,000	2,000,000	2,000,000	2,000,000
(500,000)	(500,000)	(500,000)	(500,000)
1,500,000	1,500,000	1,500,000	1,500,000
N/A	N/A	984,124	984,124
1,050,000	1,050,000	N/A	N/A
1,925,325	1,925,325	1,925,325	1,925,325
13,975,147	13,975,147	13,975,147	13,975,147
4,993,000	4,993,000	4,993,000	4,993,000
(400,000)	(400,000)	Nil	Nil
1,439,209	1,439,209	1,439,209	1,439,209
N/A	N/A	984,124	984,124
20,007,355	20,007,355	20,007,355	20,007,355
9.62	5.62	18.88	9.62