INSTRUCTIONS TO OFFICER REGARDING PREPARATION OF

REPORT AS TO AFFAIRS (“RATA”)

If you read these instructions carefully, together with the directions given on the forms themselves, you should not have difficulty in completing the forms.

1. First, the schedules should be completed and the amounts totalled up.

2. Examples of the information required to be provided in the schedules is as follows:-

Schedule A - Interests in land, where there is no mortgage over the land

Schedule B - Listing of debtors including loan debtors

Schedule C - Other assets, including deposits, investments, shares, prepayments, patents, trademarks, goodwill, franchises, copyrights and research and development costs.

Schedule D - Assets subject to specific security interests in favour of a creditor, e.g. land subject to a mortgage or assets under hire purchase or lease when on realisation of that asset, a surplus is likely to result.

Schedule E - Claims of employees for outstanding:

(a) wages (maximum $2,000 for directors, their spouses or relatives), including outstanding employer contributions for superannuation and Superannuation Guarantee Charge (if any)

(b) injury compensation claims

(c) holiday pay or long service leave due by virtue of an industrial instrument (maximum $1,500 for directors, their spouses or relatives)

(d) retrenchment payments (other than to directors, their spouses or relatives) due by virtue of an industrial instrument.

Schedule F - Other preferential creditors - e.g. Order for payment of costs of the expenses of an investigation under division 1 of the Australian Securities and Investments Commission Act 1989 pursuant to section 91.

Schedule G - Claims of partly secured creditors, i.e. where on realisation of the security, a deficiency is likely to result, including assets under hire purchase or lease.

Schedule H - Claims of unsecured creditors - including trade, taxation, insurance, finance and loan creditors, and any claims of directors for wages etc. which exceed the maximum provided in Schedule E.

Schedule I - Contingent Assets, including potential recoveries from legal actions for damages.

Schedule J - Contingent liabilities, including any potential liabilities of the company which have not crystallised as at the date of preparation of the report, including a possible obligation to pay damages at some future date and liabilities under leases of premises.

Inventory – Stock

Stock on hand, including merchandise or goods held for re-sale, raw materials for subsequent conversion into a saleable product and finished goods or completed products. May be grouped by classification of product or item. Any stock subject to Retention of Title claim by the supplier should be noted as such.

Inventory – Work in Progress

Work that is not yet finished, e.g., goods in a partly manufactured state. May be grouped by classification of product or item.

Inventory – Plant & Equipment

Including plant and machinery, motor vehicles furniture and equipment, computers, etc, owned by the company and not subject to finance.

Debenture Holders -

Amount owing to a creditor which is secured by a debenture or floating charge over the assets of the company.

3. Insert the word "nil" in any of the schedules which do not apply to the company.

4. There are no schedules provided for items 1(c) and (d) on the font page. Please supply details, including schedules where necessary.

5. The totals of the amounts in the schedules should be carried forward to the front page.

6. Sign and date the RATA (Form 507) in the spaces indicated.

7. Each person signing the report should also sign the annexure statement.

8. The RATA should be signed where indicated at the end of Schedule J. The front page should be marked with the letter "A". Each page should be numbered and signed, even if it is marked "nil".

9. Particular care should be taken to show in the RATA all corporate assets and liabilities.

10. It will be necessary for me to communicate with creditors, therefore the correct names, full postal addresses and postcodes of all creditors must be given in the RATA.