



KordaMentha

CIRCULAR TO INVESTOR GROWERS

24 April 2009

Dear Sir/Madam

Timbercorp Securities Limited (Administrators Appointed) ACN 092 311 469 (“the Company”)

I advise that Leanne Chesser and I were appointed Administrators of the Company on 23 April 2009 pursuant to Section 436A of the *Corporations Act 2001 (Cth)* (“the Act”).

The Company’s records available to us indicate that you may be a creditor or contingent creditor of the Company.

Trading

We are currently assessing the financial position of the Company with a view to developing a plan for the future of the Company for consideration by creditors.

We intend to implement the following three point plan:

1. Immediate suspension of forestry and horticulture operations whilst funding options are determined;
2. Develop a strategy for each forestry and horticulture product, project by project, then execute; and
3. Attend to statutory reporting, investigation, creditor and shareholder liaison.

Pre-Appointment Claims

As Administrators, we are not in a position to discharge debts incurred by the Company prior to the date of our appointment. These debts rank as unsecured claims against the Company. Payment of these amounts is dependent on the outcome of the administration. In order to assist in determining the financial position of the Company, please forward details of the amount owing to you by the Company as at the date of our appointment at your earliest convenience.

Payments made by the Administrators must be applied against debts incurred by the Administrators and cannot be applied against any pre-appointment debt of the Company to you.

Meetings of Creditors

The First Meeting of Creditors pursuant to Section 436E of the Act for the Company will be held as follows:

Date: 5 May 2009
Registration: 1:30pm
Meeting commences: 2:00pm

**Corporate Recovery Services
Turnaround & Restructuring Services
Real Estate Advisory
Forensics**

info@kordamentha.com
www.kordamentha.com

Liability limited by a scheme
approved under Professional
Standards Legislation

Melbourne

KordaMentha Pty Ltd
ACN 100 169 391
Level 24, 333 Collins Street
Melbourne VIC 3000
GPO Box 2985
Melbourne VIC 3001
Office: 03 8623 3333
Fax: 03 8623 3399

KordaMentha Offices

Adelaide	Perth
Brisbane	Singapore
Gold Coast	Sydney
Melbourne	Townsville
New Zealand	

Cooperation with AlixPartners

Chicago	Munich
Dallas	New York
Detroit	Paris
Düsseldorf	San Francisco
London	Shanghai
Los Angeles	Tokyo
Milan	

Location: Grand Ballroom
Level 1, Sofitel Melbourne on Collins
25 Collins Street
Melbourne, Victoria

Please find enclosed a Form 529A being the “Notice of First Meeting of Creditors of Company under Administration”. The purpose of this meeting is to determine:

- a. whether to appoint a committee of creditors; and
- b. if so, who are to be the committee’s members.

Also enclosed is a Form 532, Appointment of Proxy. If you intend to appoint another person to act on your behalf at the meeting, or you are a corporate entity, you are required to complete and return the enclosed proxy form appointing your representative to KordaMentha, GPO Box 2985, Melbourne, Victoria 3001 or by fax (03) 8623 3399 no later than 4:00pm on 4 May 2009.

If you are representing a company at either meeting, please ensure that the proxy is executed pursuant to Section 127 of the Act or your representative is appointed pursuant to Section 250D of the Act, otherwise you will not be entitled to vote at the meeting.

Creditors are required to lodge proofs of debt no later than 4:00pm on 4 May 2009, failing which they may be excluded from voting at the meeting. A Form 535, Formal Proof of Debt or Claim is attached for this purpose. Proofs of Debt may be sent to KordaMentha, GPO Box 2985, Melbourne, Victoria 3001 or faxed to (03) 8623 3399.

A second meeting of creditors will be held, at which creditors will vote on the future of the Company. Details of those meetings and a Report to Creditors on the Company’s business, property, affairs and financial circumstances will be sent to you in due course.

General information regarding the conduct of meetings of creditors and the completion of proxy forms and proof of debt forms can be found on our website www.kordamentha.com in the Creditor Information section. Further information pertaining to the Voluntary Administrations is available at www.timbercorp.com.au.

Section 600G of the Act permits electronic notification to creditors of certain notices or documents. If you would like to nominate to receive electronic notification, please complete the relevant section on the Proof of Debt form.

Administrators’ Background

Leanne and I are Partners in the firm KordaMentha, which is an independent, tier one professional services firm specialising in corporate recovery, corporate advisory and real estate services. We are Registered Liquidators and Official Liquidators, and our personal profiles as well as detailed information about KordaMentha can be found on our website www.kordamentha.com. If you do not have internet access and would like further background information, please contact our office.

Prior Involvement/Independence

We advise creditors that we and our staff have had no prior involvement with the Company, its directors or any related party which would preclude us from accepting the appointment. To date, our involvement with the Company has been to prepare for the orderly conduct of the Administration.

Further, we advise that we have had no prior involvement with the Company’s secured creditors, any critical trade supplier or any dominant union in advising such parties in respect to the Company. Enclosed is our Declaration of Independence, Relevant Relationships and Indemnities.

Administrators' Remuneration

In respect to the Administrators' remuneration, we advise that our firm charges professional fees on the basis of time spent by the principal appointees and our staff at rates reflecting their level of experience. Our current rate schedule is attached to this letter. At this stage we estimate fees to total \$50,000 (GST exclusive) to the First Meeting of Creditors. The total costs of the Administration will vary depending on the complexity and demands of the Administration and the work required to be performed by the Administrators and our staff in respect of issues arising from the Administration.

We advise that we have not received any indemnity, guarantee or contribution from a member, director or any other party related to the Company for our fees and expenses.

Attached is an information sheet titled "Insolvency Information for Directors, Employees, Creditors and Shareholders". Further information sheets may be found at www.asic.gov.au/insolvencyinfosheets.

Thank you for your assistance in this matter, should you require any further information please contact the Timbercorp information hotline on 1800 628 188 or via email at investorqueries@timbercorp.com.au.

Yours faithfully

A handwritten signature in black ink, appearing to read 'M. Korda', with a stylized flourish at the end.

MARK KORDA
Administrator

Enc.

Form 529A

Corporations Act 2001

**NOTICE OF FIRST MEETING OF CREDITORS
OF COMPANY UNDER ADMINISTRATION**

**Timbercorp Securities Limited
(Administrators Appointed)
("the Company")**

NOTICE IS HEREBY GIVEN that Mark Anthony Korda and Leanne Kylie Chesser of KordaMentha, Level 24, 333 Collins Street, Melbourne, Victoria, were appointed Administrators of the above Company on 23 April 2009 pursuant to Section 436A of the Corporations Act 2001.

NOTICE IS ALSO GIVEN that the first meeting of creditors of the Company will be held on 5 May 2009 at the Grand Ballroom, Level 1, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne, Victoria. Registration for all creditors and employees will open at 1:30pm with the meeting to commence at 2:00pm.

AGENDA

1. The purpose of the meeting is to determine:
 - (a) whether to appoint a Committee of Creditors; and
 - (b) if so, who are to be the Committee's members.
2. At the meeting, creditors may also, by resolution:
 - (a) remove the Administrators from office; and
 - (b) appoint someone else as Administrator(s) of the Companies.

Creditors wishing to vote at the meeting, who will not be attending in person or are a company, must complete and return a Proxy Form by no later than 4.00pm on the last business day prior to the meeting, by post to KordaMentha, GPO Box 2985, Melbourne, Victoria 3001 or by facsimile on (03) 8623 3399. A form of proxy is attached.

Dated: 24 April 2009



MARK KORDA
Administrator

APPOINTMENT OF PROXY	Form 532 Regulation 5.6.29 Corporations Act 2001
_____ (Administrators Appointed) (“the Company”) ACN _____	

A. Insert Full Name and Contact Details (please print)

Given Name _____	Surname _____
Company Name _____	Telephone Number _____
Address _____	

B. Appointment of a Proxy (please complete)

I/We, a creditor of the Company appoint:

_____ of _____

as my/our proxy, or in his/her absence _____, to vote at the meeting of creditors to be held on 5 May 2009 at the Grand Ballroom, Level 1, Sofitel Melbourne on Collins, 25 Collins Street, Melbourne, Victoria at _____ am/pm or at any adjournment of that meeting.

C. Voting by Your Proxy

Option 1: If appointed as a general proxy, as he/she determines on my/our behalf. ☐

AND/OR

Option 2: If appointed as a special proxy for some or all resolutions, specifically in the manner set out below (**please tick**). ☐

	Resolution (please specify the particular resolution)	For	Against	Abstain
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

D. Signature Section (in accordance with Sections 127 or 250D of the Corporations Act 2001)

Signature of individual or person authorised by corporate resolution to represent corporation

Print Name:

The common seal was affixed hereto in the presence of:

Director

Director/Company Secretary

Dated this _____ day of _____.

CERTIFICATE OF WITNESS

Please Note: This certificate is to be completed only where the person giving the proxy is blind or incapable of writing. The signature of the creditor is not to be attested 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 before he attached his signature or mark to the instrument.

Signature of witness: _____

Form 535

Corporations Act 2001

_____ (Administrators Appointed)
 ACN _____

FORMAL PROOF OF DEBT OR CLAIM (GENERAL FORM)

To: The Administrators of _____
 (Insert relevant Company name)

1. This is to state that the company was on 23 April 2009, and still is, justly and truly indebted:

TO: _____
 (name of creditor)

OF: _____
 (address of creditor)

FOR: _____
 (amount owed to creditor)

AND..... cents (GST inclusive) GST Amount.....

Particulars of the debt are:

<u>Date</u>	<u>Consideration</u>	<u>Amount (\$)</u>	<u>Remarks</u>
(insert date when debt arose)	(state how the debt arose & <u>attach supporting invoices & statements of account</u>)	(GST inclusive)	(include details of voucher substantiating payment)

2. To my knowledge or belief the creditor has not, nor has any person by the creditor's order, had or received any satisfaction or security for the sum or any part of it except for the following: (insert particulars of all securities held. If the securities are on the property of the company, assess the value of those securities. If any bills or other negotiable securities are held, show them in a schedule in the following form).

<u>Date</u>	<u>Drawer</u>	<u>Acceptor</u>	<u>Amount (\$...c)</u>	<u>Due Date</u>
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*3. I am employed by the creditor and authorised in writing by the creditor to make this statement. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

*3. I am the creditor's agent authorised in writing to make this statement in writing. I know that the debt was incurred for the consideration stated and that the debt, to the best of my knowledge and belief, remains unpaid and unsatisfied.

Dated: _____

Signature.....

Name

Address

* Delete if not applicable.

Phone:

☐ I nominate to receive electronic notification of notices or documents in accordance with Section 600G of the Corporations Act at the following email address or fax number:

Email address:

Fax number:

Corporations Act 2001**DECLARATION OF INDEPENDENCE,
RELEVANT RELATIONSHIPS AND INDEMNITIES****TIMBERCORP LIMITED (ADMINISTRATORS APPOINTED)
ACN 055 185 067 AND 40 OF ITS SUBSIDIARIES
(ALL ADMINISTRATORS APPOINTED)
(collectively the “Timbercorp Companies”)****Independence**

We have undertaken a proper assessment of the risks to our independence prior to accepting the appointments as voluntary administrators of the Timbercorp Companies. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would preclude us from accepting these appointments.

Relevant Relationships

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why not an Impediment or Conflict
Major trading banks who have a charge on the whole of or substantially the whole of one or more of the Timbercorp Companies	KordaMentha undertakes work from time to time on behalf of various major trading banks.	The firm is on a panel of practitioners maintained by these creditors. We are not precluded by operation of the law or the Code of Professional Practice for Insolvency Practitioners from accepting the appointment to the Timbercorp Companies. This relationship has not impeded our independence.
Australian Taxation Office (“ATO”)	KordaMentha undertakes work from time to time on behalf of the ATO.	The firm is on a panel of practitioners maintained by the ATO. We are not precluded by operation of the law or the Code of Professional Practice for Insolvency Practitioners from accepting the appointment to the Timbercorp Companies. This relationship has not impeded our independence.

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

Prior Engagements with the Insolvent

We, or a member of our firm, have undertaken the following engagements for the Timbercorp Companies prior to the acceptance of this appointment:

Name	Nature of engagement	Reasons why not an Impediment or Conflict
Timbercorp Limited	Pre-appointment advice about the insolvency process and options available to Timbercorp Limited prior to accepting the appointment to act as voluntary administrators.	This limited advice was provided to Timbercorp Limited and this has not impeded our independence.

There are no other prior professional relationships or engagements that **should** be disclosed. We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute.

Dated: 24 April 2009



MARK ANTHONY KORDA
Administrator

**KordaMentha Standard Rates
Victoria
FY 2009**

Classification	\$ per hour*
Principal Appointee / Partner / Executive Director	595
Director	495
Associate Director 1	425
Associate Director 2	375
Manager	325
Senior Executive Analyst	275
Executive Analyst	250
Senior Business Analyst	225
Business Analyst	200
Administration	125

*Exclusive of GST



ASIC

Australian Securities & Investments Commission

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Insolvency Practitioners Association (IPA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 *Insolvency: a glossary of terms*
- 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*
- INFO 85 *Approving fees: a guide for creditors*

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the 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.

Important note: The information sheets contain 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. These documents 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.