

Our Ref: 1333664

13 June 2014

The Secretary
Australian Securities and Investments Commission
PO Box 4000
GIPPSLAND MAIL CENTRE VIC 3841

Dear Sir/Madam

Willmott Forests Ltd
ACN 063 263 650 (WFL)

Willmott Finance Pty Ltd
ACN 081 274 811 (WFIN)

Willmott Forest Products Pty Ltd
ACN 103 019 094 (WFP)

**Willmott Forests Investment Management
Pty Ltd**
ACN 098 718 837

Willmott Forest Nominees Pty Ltd
ACN 085 588 772

Willmott Energy Pty Ltd
ACN 130 251 759

Willmott Subscriber Pty Ltd
ACN 134 963 027

Bioenergy Australia Pty Ltd
ACN 096 335 901

Bioforest Ltd
ACN 096 335 876 (BIOFOREST)

Willmott Notes Pty Ltd
ACN 134 963 036

(All Receivers and Managers Appointed) (All In Liquidation)
(The Willmott Group)

An annual general meeting of the Willmott Group and its creditors will not be convened pursuant to Section 508(1)(b)(i) of the Corporations Act 2001 (the **Act**). In lieu of the annual general meeting, we provide this report in accordance with Section 508(1)(b)(ii) of the Act.

This is our third annual report for the Willmott Group and is set out in accordance with Section 508(3) of the Act.

1. Conduct of the liquidation and the Liquidators' acts and dealings

Below is the summary of the key actions completed by the Liquidators over the past 12 months. We provide specific details on these tasks throughout this report.

Section	Summary
1.1	Continued the role of Responsible Entity (RE) for a number of schemes, including distributing funds, being a party to legal action and liaising with growers.
1.2	Realised unencumbered assets held by WFP and WFL. Commenced a sale campaign for the remaining assets.
1.3	Been a party to a number of legal proceedings.
1.4	Ongoing investigations.

The Receivers and Managers (**Receivers**) remain appointed to the Willmott Group.

1.1 RE Related tasks

1.1.1 Distributions

We have undertaken a robust distribution process to ensure the appropriate schemes and growers receive their entitlement.

This has included:

- reconciliation of WFL's books and records
- writing to growers seeking confirmation that the information extracted from WFL's records were true and correct
- building a distribution model to account for the funds and individual grower entitlements
- liaising with financiers regarding competing claims to the proceeds held
- providing growers with competing claims a Direction to Pay form to direct payment of their entitlement
- obtaining taxation advice regarding the treatment of funds held.

We distributed funds held by WFL prior to our appointment to growers who did not have a competing claim. We continue to hold funds on trust where a competing claim exists.

A similar process is well progressed for the distribution of net proceeds from the sale of the Registered and Professional Investor Schemes (**R&PI Schemes**) (refer schedule 1). The R&PI Schemes entitled to net proceeds include:

- Willmott Forests – Professional Investor 2001 Scheme
- Willmott Forests – Professional Investor 2002 Scheme
- Willmott Forests – Professional Investor 2003 Scheme
- Willmott Forests – Professional Investor 2004 Scheme
- Willmott Forests Project – 2004 PDS
- Willmott Forests Project – 2006 PDS
- Willmott Forests Project – 2007 PDS

We will wind up the R&PI Schemes upon:

- all funds being distributed, including competing claims
- winding up accounts being prepared and lodged with the Australian Securities and Investments Commission (**ASIC**).

1.1.2 Contractual and Partnership Schemes (C&P Schemes)

We will shortly embark on a sale campaign for the trees and the land associated with the C&P Schemes (refer schedule 2). This action follows the decision of the High Court of Australia (**High Court**) on 4 December 2013. The decision found that we, as WFL's Liquidators, may disclaim the leases of the growers and that any such disclaimer would terminate the grower's interest in the land.

The key events leading to this decision are detailed below.

Date	Event
December 2011	We sought directions from the Supreme Court of Victoria (Court) that we, as WFL's Liquidators, could disclaim the leases and realise the C&P Schemes' assets which formed part of the conditional sale agreements entered into.
February 2012	The Court did not grant the orders sought. We appealed this decision.
August 2012	The Court of Appeal unanimously held that we, as WFL's Liquidators, may be entitled to disclaim the leases and that any such disclaimer would terminate the Grower's interest in the land.
September 2012	The Willmott Growers Group (WGG) made an application to the High Court for special leave to appeal this decision.

May 2013	The WGG was granted leave to appeal this decision to the High Court.
August 2013	The matter was heard by the High Court.
December 2013	The High Court upheld the decision of the Court of Appeal.

Majority of the C&P Schemes leases expired on or before 17 June 2013.

We disclaimed the remaining leases pursuant to the High Court's decision. No objections were received.

We have commenced discussions with interested parties for the sale of trees planted for the C&P Schemes and may undertake a formal sale campaign.

We intend to account to growers (subject to any competing claims) for the net proceeds of sale which is allocated to the trees. This is despite the High Court's decision finding that the growers interest in the land is terminated as a consequence of the disclaimer.

We expect this realisation and distribution process to be completed before the end of the calendar year.

1.1.3 Willmott Forests Premium Timberland Fund No 1 (Timberland)

Timberland is a public trading trust which operated as part of the Willmott Group. The assets of Timberland include:

Assets	Status
Land assets	Funds distributed 8 June 2012
Pre-appointment funds not expended on maintenance related costs	Funds to be distributed
Trees planted on land subject to the Receivers' security in the Northern Territory	Sale settled on 7 August 2013 Funds to be distributed

We are undertaking a similar distribution process, to that outlined at section 1.1.1, for the Timberland funds held. We are also seeking taxation clearance from the Australia Taxation Office to crystallise any liability prior to making a final distribution.

We anticipate the distribution process will be completed before the end of the calendar year.

We will wind up the Timberland upon:

- all funds being distributed, including competing claims
- winding up accounts being prepared and lodged with the Australian Securities and Investments Commission (ASIC).

1.2 Liquidation realisations

WFL held unencumbered assets not subject to the Receivers' security. These assets are able to be realised by the Liquidators for the benefit of unsecured creditors.

1.2.1 Land assets

We realised the plantations on which the R&PI Schemes were planted in May 2012.

We have begun the realisation process for the plantations on which the C&P Schemes are planted. This land was subject to the previous sale campaign undertaken by us in 2011. Based on the interest at that time there may be a return to unsecured creditors from the sale of the plantations.

1.2.2 Willmott Forests 1995-1999 Projects (95-99 Projects)

In April 2013 we made an application to the Court seeking directions that:

- the land on which the 95-99 Projects is planted (**the Land**) is not scheme property
- the costs incurred by WFL, whilst RE of the 95-99 Projects, are scheme liabilities and should be met from the assets of the 95-99 Projects (**Lien Claim**)

In December 2013 the Court ordered that the Land is not scheme property. Therefore the Land is an asset that can be realised by WFL for the benefit of its unsecured creditors.

Our Lien Claim is subject to a hearing scheduled for 13 June 2014. If successful, funds recovered from the 95-99 Projects will become an asset of WFL for the benefit of its unsecured creditors.

The current RE (Primary Securities Ltd (**Primary**)) has indicated they intend to continue the 95-99 Projects until the trees reach full maturity (sometime between 2020 and 2024). We are currently mediating this position to ensure realising the Land does not unnecessarily delay the winding up of WFL. We consider there are a number of options available to us as Liquidators if we are unable to resolve this position with Primary.

1.2.3 WFP assets

WFP is a non-trading entity of the Willmott Group. Its sole purpose was to hold the titles of the properties for a former timber processing facility located in Bombala.

Assets	Status
Residential property	Settled on 24 September 2013
Decommissioned sawmill vacant land	Subject to a current sale campaign

Net proceeds from the asset realisations may be available to be distributed to WFP's unsecured creditors.

1.3 Legal Actions

1.3.1 Class Actions

The two class actions identified in our previous report are still ongoing. These matters involve WFL, Bioforest and WFIN. A trial date has been scheduled for February 2015.

Our involvement is limited to defending the action to the extent we are funded by the pre-appointment insurers. As a party to the proceedings we will be unable to retire until the matters are resolved.

Should the class actions be successful, growers may be treated as unsecured creditors of WFL, Bioforest and/or WFIN to the extent their claim is not indemnified by the insurers.

1.3.2 Joinder Actions

A number of growers financed their investment. The financiers include the Receivers of WFL and WFIN, the Commonwealth Bank of Australia Limited and MIS Funding No 1 Pty Ltd. In some instances the financiers have commenced proceedings to recover these loans.

As Liquidators of WFL and WFIN we are occasionally joined as a party to these proceedings. We take a passive role in these actions to preserve the funds available to unsecured creditors.

1.4 Investigations

We are continuing our investigations into the Willmott Group's business model and financial accounts. Our initial concerns were outlined at sections 6 and 11 of our report to creditors dated 14 March 2011.

We consider that public examinations may be required to assist our investigations and confirm whether any further actions are to be taken. This is unlikely to be resolved for another 12 months. Recoveries from our investigations will be for the benefit of unsecured creditors.

1.5 Distribution to Unsecured Creditors

A distribution to unsecured creditors is dependent on surplus funds being retained following the:

- realisation of the remaining land assets (refer section 1.2)
- class action (refer section 1.3.1) is resolved
- conclusion of any investigations and the recovery of any funds (refer section 1.4).

1.6 Receipts and Payments

Pursuant to Section 539 of the Act, details of all receipts and payments since becoming Liquidators have been lodged with ASIC for each of the companies in the Willmott Group.

For convenience please find attached a summary of our receipts and payments up until 22 March 2014 for each entity of the Willmott Group.

2. Actions to be carried out

The following tasks are required to be completed prior to the finalisation of the liquidation:

- the realisation of the remaining assets (refer section 1.2)
- the conclusion of any legal proceedings (refer section 1.3)
- our investigations into the affairs of the Willmott Group (refer section 1.4)
- the retirement of the Receivers.

3. Estimated time to completion of the liquidation

We expect that we will be unable to retire as Liquidators for at least a further one to two years.

Yours faithfully


Craig Crosbie and Ian Carson
Liquidators

Enc.

Date of appointment:	22 March 2011
Contact name:	Tina Tran
Telephone number:	+61 3 9269 4000
Email:	willmott@ppbadvisory.com

Schedule 1

Registered and Professional Investor Schemes

- 1 Willmott Forests – Professional Investor 2001 Scheme
- 2 Willmott Forests – Professional Investor 2002 Scheme
- 3 Willmott Forests – Professional Investor 2003 Scheme
- 4 Willmott Forests – Professional Investor 2004 Scheme
- 5 Willmott Forests – Professional Investor 2006 Scheme
- 6 2005 BioForest Wholesale Project No 2
- 7 Willmott Forests Project – 1999 Prospectus
- 8 Willmott Forests Project – 2000 Prospectus
- 9 Willmott Forests Project – 2001 Prospectus
- 10 Willmott Forests Project – 2002 Prospectus
- 11 Willmott Forests Project – 2003 Prospectus
- 12 Willmott Forests Project – 2004 PDS
- 13 Willmott Forests Project – 2006 PDS
- 14 Willmott Forests Project – 2007 PDS
- 15 Willmott Forests 1989-1991 Project – 1989 Prospectus
- 16 Willmott Forests 1989-1991 Project – 1990 Information Memorandum
- 17 Willmott Forests 1989-1991 Project – 1990 Prospectus
- 18 Willmott Forests 1989-1991 Project – 1991 Prospectus
- 19 BioForest Dual Income Project 2006 PDS
- 20 BioForest Sustainable Timber and Biofuel Project 2007 PDS
- 21 Willmott Forests Premium Forestry Blend Project 2009 PDS
- 22 Willmott Forests Premium Forestry Blend Project 2010 PDS

Schedule 2

Contractual Schemes

- 1 1983 (No Project)
- 2 1984 (No Project)
- 3 1985 (No Project)
- 4 1986 (No Project)
- 5 1987 (No Project)
- 6 1989 (No Project)
- 7 1990 (No Project) Interest Only Offer
- 8 1991 (No Project)
- 9 1995 (No Project) (Custom)
- 10 Sharp/Reed Plantation Project -1998 Information Memorandum

Partnership Schemes

- 11 McKenzie & Partners - Forestry Partnership No.1 (1993)
- 12 Grimsey & Associates Pty Ltd - Forestry Partnership No. 1 (1994)
- 13 Grimsey & Associates Pty Ltd - Forestry Partnership No. 2 (1994)
- 14 Grimsey & Associates Pty Ltd - Forestry Partnership No. 3 (1994)
- 15 McKenzie & Partners - Forestry Partnership No. 2 (1994)

Willmott Forests Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months	1,720,697.85	
Total payments for previous 12 months	<u>(4,734,615.59)</u>	
Net receipts (payments) for previous 12 months	<u>(3,013,917.74)</u>	
Total receipts to date for liquidation period	30,882,712.37	
Total payments to date for liquidation period	<u>(22,059,969.14)</u>	
Net receipts (payments) for liquidation period	<u>8,822,743.23</u>	

Bioforest Limited
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months	705,602.97	
Total payments for previous 12 months	<u>(699,827.45)</u>	
Net receipts (payments) for previous 12 months	<u>5,775.52</u>	
Total receipts to date for liquidation period	864,107.48	
Total payments to date for liquidation period	<u>(848,197.39)</u>	
Net receipts (payments) for liquidation period	<u>15,910.09</u>	

Willmott Forest Products Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months	240,988.28	
Total payments for previous 12 months	<u>(104,450.14)</u>	
Net receipts (payments) for previous 12 months	<u>136,538.14</u>	
Total receipts to date for liquidation period	240,988.28	
Total payments to date for liquidation period	<u>(104,450.14)</u>	
Net receipts (payments) for liquidation period	<u>136,538.14</u>	

Willmott Finance Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months		-
Total payments for previous 12 months		-
Net receipts (payments) for previous 12 months		-
Total receipts to date for liquidation period		-
Total payments to date for liquidation period		-
Net receipts (payments) for liquidation period		-

Willmott Forests Investment Management Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months		-
Total payments for previous 12 months		-
Net receipts (payments) for previous 12 months		-
Total receipts to date for liquidation period		-
Total payments to date for liquidation period		-
Net receipts (payments) for liquidation period		-

Willmott Forests Nominees Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months		-
Total payments for previous 12 months		-
Net receipts (payments) for previous 12 months		-
Total receipts to date for liquidation period		-
Total payments to date for liquidation period		-
Net receipts (payments) for liquidation period		-

Willmott Energy Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months		-
Total payments for previous 12 months		-
Net receipts (payments) for previous 12 months		-
		-
Total receipts to date for liquidation period		-
Total payments to date for liquidation period		-
Net receipts (payments) for liquidation period		-

Willmott Subscriber Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months		-
Total payments for previous 12 months		-
Net receipts (payments) for previous 12 months		-
		-
Total receipts to date for liquidation period		-
Total payments to date for liquidation period		-
Net receipts (payments) for liquidation period		-

Bioenergy Australia Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months		-
Total payments for previous 12 months		-
Net receipts (payments) for previous 12 months		-
		-
Total receipts to date for liquidation period		-
Total payments to date for liquidation period		-
Net receipts (payments) for liquidation period		-

Willmott Notes Pty Ltd
(Receivers and Managers Appointed) (In Liquidation)

Receipts and Payments Summary to 22/03/2014

Receipts and Payments Summary		\$
Total receipts for previous 12 months		-
Total payments for previous 12 months		-
Net receipts (payments) for previous 12 months		-
		-
Total receipts to date for liquidation period		-
Total payments to date for liquidation period		-
Net receipts (payments) for liquidation period		-