

19 June 2013

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)

Pursuant to Section 508(1)(b)(i) of the Corporations Act 2001 (the **Act**), an annual general meeting of the Willmott Group and its creditors will not be convened. 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 second 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

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

Over the past 12 months we have:

- continued WFL's role as Responsible Entity / Manager / Trustee (**RE**) over a number of the managed investment schemes where the scheme assets have been unable to be realised (refer section 1.1)
- progressed the orderly realisation of residual assets held by WFL and WFP outside of the Receivers' appointment (refer section 1.2)
- further investigated voidable transactions for the benefit of unsecured creditors (refer section 1.4)
- undertaken our statutory duties

This report provides an update on these activities subsequent to our previous annual report dated 18 June 2012.

1.1 RE role

WFL was RE of eight registered and twenty-nine unregistered managed investment schemes (**Willmott Schemes**).

The Willmott Schemes can be grouped as:

- the Registered and Professional Investor Schemes where the assets (i.e. trees) were realised in May 2012 (**Registered and Professional Schemes**)
- the Contractual and Partnership Schemes where the assets are held on freehold land leased to growers/investors (**C&P Schemes**)
- the Willmott Forests 1995-1999 Projects where WFL was replaced by Primary Securities Ltd (**Primary Securities**) as RE (**Willmott Forests 1995-1999 Projects**)
- those being managed by the Receivers

1.1.1 Registered and Professional Schemes

Proceeds from the Registered and Professional Scheme assets are held on trust by WFL for growers/investors. Tabled below are the schemes involved. Growers/investors will be notified shortly of the outcome of their investment.

Scheme	Return expected to growers/investors	Status
Willmott Forests – Professional Investor 2001 Scheme	Yes	Terminated
Willmott Forests – Professional Investor 2002 Scheme	Yes	Terminated
Willmott Forests – Professional Investor 2003 Scheme	Yes	Terminated
Willmott Forests – Professional Investor 2004 Scheme	Yes	Terminated
Willmott Forests – Professional Investor 2006 Scheme	No	Terminated
2005 BioForest Wholesale Project No 2	No	To be Terminated
Willmott Forests Project – 1999 Prospectus	No	Winding up
Willmott Forests Project – 2000 Prospectus	No	Winding up
Willmott Forests Project – 2001 Prospectus	No	Winding up
Willmott Forests Project – 2002 Prospectus	No	Winding up
Willmott Forests Project – 2003 Prospectus	No	Winding up
Willmott Forests Project – 2004 PDS	Yes	Winding up
Willmott Forests Project – 2006 PDS	Yes	Winding up
Willmott Forests Project – 2007 PDS	Yes	Winding up
Willmott Forests 1989-1991 Project – 1989 Prospectus	No	Winding up
Willmott Forests 1989-1991 Project – 1990 Information Memorandum	No	Winding up
Willmott Forests 1989-1991 Project – 1990 Prospectus	No	Winding up
Willmott Forests 1989-1991 Project – 1991 Prospectus	No	Winding up
BioForest Dual Income Project 2006 PDS	No	Winding up
BioForest Sustainable Timber and Biofuel Project 2007 PDS	No	Winding up
Willmott Forests Premium Forestry Blend Project 2009 PDS	No	Winding up
Willmott Forests Premium Forestry Blend Project 2010 PDS	No	Winding up
Willmott Forests Premium Timberland Fund No 1	No	Winding up

Distribution of funds held has been delayed due to:

- The Willmott Action Group (**WAG**) appealing the Supreme Court of Victoria's (**Supreme Court**) order that we were justified in entering into the sale contracts. A hearing date had not been set at the time the WAG was placed into external administration (on 17 August 2012). A Deed of Settlement was entered into (on 18 October 2012) between WAG and WFL which dismissed a number of legal proceedings including the sale appeal.
- On 26 November 2012 the Supreme Court made an order approving the costs deductible from the scheme proceeds.

- Completing a reconciliation of the net sale proceeds received, approved deductible costs, WFL's plantations, schemes and grower/investor registers.

We are in the process of providing correspondence to growers/investors where no return is expected.

We have been put on notice of competing claims to any funds held by WFL on behalf of growers/investors who financed their investment and still have a loan outstanding. These claims will need to be dealt with prior to any funds being released to these particular growers/investors. We will liaise with these growers/investors shortly.

1.1.2 Contractual and Partnership Schemes

These schemes were excluded from the sale discussed at 1.1.1. The Supreme Court ruled that the Liquidators were not justified in terminating the leases and project documents which governed the C&P Schemes. The Liquidators appealed this decision.

The Court of Appeal of Victoria (**Court of Appeal**) upheld our appeal (on 29 August 2012). The Court of Appeal determined that a disclaimer by the Liquidators of the growers/investors' leases would have the effect of terminating the growers/investors' proprietary interest in the underlying land. This decision allows the remaining WFL land to be sold unencumbered from the C&P Schemes. Sale proceeds attributed to the trees would be returned to the growers/investors.

On 28 September 2012 the Willmott Growers Group (**WGG**) made an application to the High Court of Australia (**High Court**) to seek leave to appeal the Court of Appeal's decision to the High Court. On 10 May 2013 the High Court granted leave to the WGG. The hearing of the disclaimer appeal has been listed for 9 August 2013.

We continue to consider alternative options available for the growers/investors of the C&P Schemes in an attempt to maximise their return.

1.1.3 Willmott Forests 1995-1999 Projects

Primary Securities became the replacement RE of these schemes in December 2011. WFL owns the land that these schemes are situated on. The land is an asset recoverable for the benefit of ordinary unsecured creditors.

Discussions with Primary Securities to realise the land came to a stalemate. On 29 April 2013 we made an application to the court to seek directions that:

- the land is not scheme property
- the costs incurred by WFL, whilst RE of these schemes, are scheme liabilities and should be met by Primary Securities from scheme property

The trial date has been set down for 11-12 September 2013.

1.2 Liquidation realisations

WFL held unencumbered assets which are outside the control of the Receivers. The Liquidators continue to realise the following assets for the benefit of unsecured creditors.

1.2.1 Land Assets

The settlement referred to at section 1.1.1 included freehold land owned by WFL. These funds have been used to meet the cost of the liquidation and fund the various legal actions and investigations referred to throughout this report.

1.2.2 Residual Assets

The residual land assets to be realised include:

- land which the C&P Schemes and Willmott Forests 1995-1999 Projects are situated on – subject to legal proceedings discussed at section 1.1.2 and 1.1.3
- a residential home in Bombala – marketing has commenced
- land upon which a sawmill venture was established in Bombala – an environmental assessment is necessary before realisation options can be considered

1.3 Class Action

On 23 December 2011 proceedings were initiated against WFL and Bioforest (as well as their directors and the companies which financed the loans) by growers/investors claiming that defective Product Disclosure Statements (**PDS**) were relied upon in the:

- Bioforest Sustainable Timber and Biofuel Project 2007
- Willmott Forests Project (2007) Product Disclosure Statement
- Willmott Forests Premium Forestry Blend 2009 Project

WFL and Bioforest's pre-appointment insurers are funding the Liquidators to defend this claim.

These proceedings are currently subject to discovery. A trial date has been set down for 2 June 2014 with an estimate of a 6 week trial.

Some growers/investors have commenced a class action in respect of the Willmott Forests Premium Forestry Blend 2010 Project. The growers/investors have applied for leave to proceed against WFL and WFIN and have also issued against the directors of both entities. The Receivers will conduct the defence for WFIN and they have consented to leave being granted. The application against WFL is set down for 3 July 2013. We have sought indemnity from the pre-appointment insurers.

Should the claims succeed, growers/investors would become unsecured creditors of WFL, Bioforest and/or WFIN to the extent their claim is not indemnified by the insurers.

1.4 Investigations

Our Section 439A report to creditors of 14 March 2011 identified two potential voidable transactions against creditors of WFL. Following further investigations we have concluded that it is not commercial to continue to pursue these claims.

We have commenced further investigations into the concerns we identified in relation to the Willmott Group's business model and financial accounts. Public examinations may be required to complete these investigations.

We lodged a supplementary Section 533 report with the Australian Securities and Investment Commission (**ASIC**) at its request. Should additional information be sourced as part of our ongoing investigation then a further supplementary report may be prepared.

1.5 Distribution to Unsecured Creditors

Insufficient funds are held to enable a return to unsecured creditors.

There is little likelihood of sufficient funds becoming available in the future. However, any distribution will be contingent upon the successful recovery from our further investigations (section 1.4) and funds generated from the sale of remaining assets (section 1.2.2).

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 the 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 2013 for each entity of the Willmott Group.

2. ACTIONS TO BE CARRIED OUT

Realisation of the Willmott Group's assets has been hindered by various stakeholders making a claim to assets (eg land) and as a result our ability to complete our investigations. In some instances this has led to court proceedings being initiated to resolve.

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

- realisation of the balance of WFL's assets (section 1.2.2);
- investigations into WFL (section 1.4);
- ongoing attendance to numerous legal proceedings; and
- the retirement of the Receivers and Managers to each of the entities in the Willmott Group.

3. ESTIMATED TIME TO COMPLETION OF THE LIQUIDATION

We are unable to estimate a completion time for the liquidation of the Willmott Group. It is unlikely we will be in a position to retire within the next 12 months.

If you have any questions regarding this Report, please contact Ms Peta Gartner of our staff.

Yours faithfully



Craig D Crosbie & Ian M Carson
Joint and Several Liquidators
Encl.

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

Receipts and Payments Summary to 22/03/2013

Receipts and Payments Summary		\$
Total receipts for previous 12 months:	24,257,429.16	
Total payments for previous 12 months:	(14,841,957.57)	
Net receipts (payments) for previous 12 months:	<u>9,415,471.59</u>	
Total receipts to date for liquidation period:		29,162,014.52
Total payments to date for liquidation period:	(17,325,353.55)	
Net receipts (payments) to date for liquidation period:	<u>11,836,660.97</u>	

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

Receipts and Payments Summary to 22/03/2013

Receipts and Payments Summary		\$
Total receipts for previous 12 months:		158,504.51
Total payments for previous 12 months:		(148,369.94)
Net receipts (payments) for previous 12 months:		<u>10,134.57</u>
Total receipts to date for liquidation period:		158,504.51
Total payments to date for liquidation period:		(148,369.94)
Net receipts (payments) to date for liquidation period:		<u>10,134.57</u>

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

Receipts and Payments Summary to 22/03/2013

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) to date for liquidation period:	-

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

Receipts and Payments Summary to 22/03/2013

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) to date for liquidation period:	-

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

Receipts and Payments Summary to 22/03/2013

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) to date for liquidation period:	-

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

Receipts and Payments Summary to 22/03/2013

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) to date for liquidation period:	-

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

Receipts and Payments Summary to 22/03/2013

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) to date for liquidation period:		-

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

Receipts and Payments Summary to 22/03/2013

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) to date for liquidation period:		-

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

Receipts and Payments Summary to 22/03/2013

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) to date for liquidation period:		-

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

Receipts and Payments Summary to 22/03/2013

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) to date for liquidation period:		-