

DECLARATION OF INDEPENDENCE, RELEVANT RELATIONSHIPS AND INDEMNITIES

HASTIE GROUP OF COMPANIES PER ATTACHED SCHEDULE (ALL ADMINISTRATORS APPOINTED)

This document requires the Practitioner/s appointed to an insolvent entity to make declarations as to:

- A. their independence generally
- B. relationships, including
 - i. the circumstances of the appointment;
 - ii. any relationships with the Insolvent and others within the previous 24 months;
 - iii. any prior professional services for the Insolvent (no time limit);
 - iv. that there are no other relationships to declare; and
 - v. any indemnities given, or up-front payments made, to the Practitioner

This declaration is made in respect of us, our partners, PPB Advisory and the related entities covered by the extended definition of *Firm* in the "IPA Code of Professional Practice for Insolvency Practitioners".

A. Independence

We, David L McEvoy, Ian M Carson and Craig D Crosbie of PPB Advisory, Level 21, 181 William Street, Melbourne, Victoria 3000 have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint & Several Administrators of the Hastie Group of Companies in accordance with the law and applicable professional standards.

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.

B. Declaration of Relationships

i. Circumstances of appointment

We had preliminary meetings with the Hastie Group of Companies, their Directors and their advisers during the fortnight prior to our appointment for the purposes of assisting the Hastie Group of Companies with the planning of a possible appointment of us as administrators (**Administrators**).

These discussions do not affect our independence as the advice was given to the Hastie Group of Companies and not to the Director(s) personally.

Further, the advice was restricted to the limitations imposed by Principle 2 of the Code of Professional Practice in relation to pre-appointment advice. Also, the advice provided is unlikely to be subject to review during the administration and would not impact on compliance with our statutory and fiduciary duties. It is for these reasons the advice does not, in our opinion, give rise to a conflict of interest or duty.

We received \$65,000 (Incl GST) for this advice.

ii. Relevant Relationships (excluding Professional Services to the Insolvent)

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
Australia and New Zealand Banking Group Limited National Australia Bank Limited Commonwealth Bank of Australia Limited Hong Kong and Shanghai Banking Corporation Limited BOS International (Australia) Limited Westpac Banking Corporation Limited ('the Security Holders ')	The Security Holders hold the benefit of " <i>all present and after-acquired property - no exceptions</i> " security interests and cross guarantees which have been granted to a security trustee over the Hastie Group of Companies' property. We have professional relationships with the majority of major banks and lenders in Australia and with a number of staff within the Security Holders' organisations, particularly in the credit area. We have previously undertaken formal and informal assignments on behalf of the Security Holders for a number of years.	There are no matters of which we are aware which give rise to a conflict in this appointment. In particular, our previous relationships with the Security Holders were not in relation to the Hastie Group of Companies and/or the Directors' affairs or related parties of the Hastie Group of Companies and/or the Directors.

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

iii. Prior Professional services to the Insolvent

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

Nature of Professional Service	Reasons why not an Impediment or Conflict
Planning work Engagement On 10 May 2012, we were engaged by the Hastie Group of Companies to assist with the planning of a possible appointment of Administrators. We were paid a total fee of \$65,000 (Incl GST) for the service provided.	The work undertaken per the Engagement allowed us to develop an understanding of the Hastie Group of Companies, its activities and assist us in preparing for the possible appointment of us as administrators (Administrators). This work did not involve any advice regarding the solvency or otherwise of the Hastie Group of Companies or the decision to appoint Administrators.

It should be noted that Phil Carter, a partner of PPB Advisory, was appointed Joint & Several Administrator of the Spectrum Group of Companies (not related to the Hastie Group of Companies) on 2 May 2010. In addition to Mr Carter, other partners of PPB Advisory, namely, Chris Hill, Grant Sparks, Simon Theobald, Stephen Longley and Daniel Bryant, were appointed with Mr Carter as the Joint and Several Administrator of those companies in the Spectrum Group of Companies located in, in the case of Mr Hill, NSW, in the case of Mr Sparks, Queensland, in the case of Mr Theobald, WA, in the case of Mr Longley, Victoria and, in the case of Mr Bryant, SA and the NT. The business and assets

of the Spectrum Group were sold to Spectrum Fire & Security Pty Ltd, a member of the Hastie Group of Companies, on 3 May 2010.

iv. No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Hastie Group of Companies, an associate of the Hastie Group of Companies, a former insolvency practitioner appointed to the Hastie Group of Companies or the Hastie Group of Companies' property that should be disclosed.

C. Indemnities and up-front payments

Following our appointment as Administrators of the Hastie Group of Companies and before the date of this revised Declaration of Independence, Relevant Relationships and Indemnities (**DIRRI**), the Administrators were provided with an indemnity and other safeguards to meet the debts, liabilities, remuneration and expenses incurred during the administration of the Hastie Group of Companies. This indemnity has also been expanded to assist with meeting the debts, liabilities, remuneration and expenses incurred during the liquidation of the related companies, Hastie International Pty Limited (in liquidation) (**HIN**) and Hastie Saudi Arabia Pty Ltd (in liquidation) (**HSA**), both which had their administrations ended and which were ordered to be wound up by the Federal Court of Australia on 16 August 2012.

The terms of the indemnity are contained in a Deed of Direction and Indemnity dated 5 July 2012, as amended by way of a First Deed of Variation dated 15 January 2013. Set out below is a summary of the relevant terms of the current indemnity arrangement.

Names of Parties	<p>ANZ Fiduciary Services Pty Limited in its capacity as security trustee of the Hastie Group Security Trust and appointed by:</p> <ul style="list-style-type: none"> • Australia and New Zealand Banking Group Limited; • National Australia Bank Limited; • Commonwealth Bank of Australia Limited; • HSBC Bank Australia; • The Hong Kong and Shanghai Banking Corporation Limited, Sydney Branch; • Ulster Bank Ireland Limited; • Ulster Bank Limited; • BOS International (Australia) Limited; • Bank of Scotland plc; and • Westpac Banking Corporation Limited (together, the Banking Syndicate). <p>Joseph David Hayes, Peter McKenzie Anderson, Jason Preston and Matthew Wayne Caddy in their capacity as receivers and managers of Hastie Holdings Pty Ltd (Administrators Appointed)(Receivers and Managers Appointed) (Receivers).</p> <p>David Laurence McEvoy, Ian Menzies Carson and Craig David Crosbie in our capacities as administrators of the Hastie Group of Companies and liquidators of HIN and HSA, as applicable.</p>
Relationship with Company/Director	<p>The Banking Syndicate is the major secured creditor of the Hastie Group of Companies and the Receivers were appointed by the Banking Syndicate as receivers and managers of Hastie Holdings Pty Limited (Administrators Appointed)(Receivers and Managers Appointed) as well as 10 other companies in the Hastie Group of Companies.</p>

Indemnity or upfront payment	<p>The Indemnity was initially provided by way of both a limited indemnity from the Receivers (Receivers' Indemnity), together with a direction from the Banking Syndicate (Syndicate Direction) permitting the Administrators to retain certain amounts which, in the usual course and following satisfaction of any priority claims, would be paid to the Banking Syndicate in reduction of amounts owing to it and in relation to which the Banking Syndicate has agreed to forgo its entitlement to receive such amounts.</p>
Amount	<p>The Syndicate Direction is limited to \$2,000,000 in so far as it relates to the retention by the Administrators of recoveries from non-circulating assets (which were subject to the Banking Syndicate's security) (Non-Circulating Asset Direction). However, the Syndicate Direction is unlimited in respect of recoveries from circulating assets (which were subject to the Banking Syndicate's security) (Circulating Asset Direction).</p> <p>When it was first provided, the Receivers' Indemnity was limited to \$2,000,000 and to reduce to the extent of recoveries from the Circulating Asset Direction. The parties have subsequently agreed that the Receivers' Indemnity no longer applies given that the recoveries generated by the Administrators to date from circulating assets of the Hastie Group of Companies in respect of which the Banking Syndicate has a security interest and which are payable to the Banking Syndicate (having first accounted for amounts payable to priority creditors of a company in the Hastie Group of Companies from those recoveries) have now exceeded the \$2,000,000 limit amount.</p>
What the indemnity or upfront payment covers	<p>Subject to certain restrictions and an obligation to account (and as noted below in this DIRRI):</p> <p>(a) The Receivers' Indemnity (when it applied) and the recoveries retained pursuant to the Circulating Asset Direction may be applied to any debts, liabilities, remuneration, expenses and other claims incurred by the Administrators (in our capacity as administrators of the Hastie Group of Companies or liquidators of HIN and HSA, as applicable).</p> <p>(b) The recoveries retained pursuant to the Non-Circulating Asset Direction may only be utilised by the Administrators to meet debts, liabilities, remuneration, expenses and other claims incurred by the Administrators (in our capacity as administrators of the Hastie Group of Companies or liquidators of HIN and HSA, as applicable). in respect of certain limited categories of work undertaken by the Administrators which we believe may, or is likely to result in recoveries or realisations for the Banking Syndicate, or prevent beneficiaries from demanding payment under certain bonds, guarantees or letters of credit where the Hastie Group of Companies' liability for such instruments comprises secured amounts owing to the Banking Syndicate.</p>

<p>Where are the funds held (if received upfront)</p>	<p>Following receipt, funds retained pursuant to the Syndicate Direction will be kept in ANZ bank accounts maintained by the Administrators in accordance with the <i>Corporations Act 2001</i> (Cth) (Act).</p> <p>The Receivers' Indemnity was not received upfront.</p>
<p>Any restrictions on the use of the funds</p>	<p>The terms of the Deed of Direction and Indemnity do contemplate some limitations upon the ability of the Administrators to have recourse to the Syndicate Direction. For example, the Syndicate Direction does not apply in respect of debts, liabilities, remuneration, expenses and other claims:</p> <ul style="list-style-type: none"> (a) for which the Administrators would not be indemnified for under the terms of the Act or which have not been properly incurred in the liquidations of HIN and HSA; (b) arising from the Administrators continuing to trade any business of a Company on an ongoing basis, where that continued trading was done without the consent of the Receivers; (c) incurred by the Administrators in connection with progressing or continuing a particular piece of litigation, being specifically, the matter of <i>Hastie Group Limited and Rotary Limited v Ulster Bank Limited</i>, Supreme Court of NSW proceeding number 2012/00129263 (Proceeding) (other than the costs incurred in reviewing and, if thought proper, dismissing the Proceeding); and (d) incurred in connection with the administration of HIN or other matters in the Middle East (other than to the extent that such amounts relate to work undertaken at the Receivers' reasonable request or work completed by the Administrators to satisfy their obligations in respect to that entity arising under the Act or which can be classified as Syndicate Work). <p>Further, the Syndicate Direction does not apply if the Administrators fail to comply with their obligations under the Deed of Direction and Indemnity, or to the extent that the property of a company in the Hastie Group of Companies is sufficient to enable the claims incurred by the Administrators in respect of that company to be paid pursuant to the Administrators' indemnity set out in section 443D of the Act or by recourse to property held by HIN or HSA.</p> <p>Within 5 business days from the date upon which the last of the Hastie Group of Companies ceases to be in administration, the Administrators must provide the Receivers with a written account of any funds applied against the Receivers' Indemnity and Syndicate Direction, and account to the Security Trustee for any monies which</p>

	have been retained pursuant to the Syndicate Direction but have not been applied against any claims incurred by the Administrators.
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The above does not include statutory indemnities. We have not received any other indemnities or upfront payments that should be disclosed.

Dated 10th day of January 2013



(signed, David L McEvoy)



(signed, Ian M Carson)



(signed, Craig D Crosbie)

NOTE:

1. *If circumstances change, or new information is identified, we are required under the IPA Code of Professional Practice to update this Declaration and provide a copy to creditors with our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.*
2. *Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.*