

Corporations Act 2001

Section 449E

**Hastie Group Limited
ACN 112 803 040
(Administrators Appointed)**

Remuneration Report

The Administrators' remuneration report, prepared pursuant to Section 449E of the Corporations Act 2001, takes the following format:

1. Tasks undertaken by the Administrators and remuneration claimed for the period 28 May 2012 to 31 December 2012
2. Administrators' anticipated tasks and estimated remuneration for the period 1 January 2013 to the date of the second meeting of creditors
3. Should the Company be placed into liquidation, the Liquidators' anticipated tasks and estimated remuneration for the period from the date of the second meeting of creditors to the finalisation of the liquidation
4. Summary of the Administrators' disbursements for the period 28 May 2012 to 31 December 2012
5. Summary of the Administrators' receipts and payments for the period 28 May 2012 to 31 December 2012

1. Summary of work undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012

Task Area	General Description	Includes
Administration 566.10 hrs \$216,412.92	Correspondence	<ul style="list-style-type: none"> - Prepared letters to various government departments advising of the appointment of Administrators - Prepared notifications to Directors, including request for completion of Report as to Affairs (RATA) and questionnaire - Review of RATA from Director - Notification to the ASIC of non-compliance - Prepared ASX notifications of appointment - Prepared media releases for distribution to the press and for publication on PPB Advisory website
	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Attended to filing - Updated checklists for statutory duties
	Insurance	<ul style="list-style-type: none"> - Identified potential issues requiring attention of insurance specialists - Corresponded with Willis regarding initial and ongoing insurance requirements - Obtained and reviewed insurance policies - Corresponded with pre-appointment brokers - Discussed and corresponded with legal advisors regarding existence of Directors and Officers insurance policy
	Bank account administration	<ul style="list-style-type: none"> - Corresponded with financial institutions to establish new accounts and freeze pre-appointment accounts - Requested bank statements - Prepared bank account reconciliations - Corresponded with bank regarding specific transfers
	ASIC Form 505, 524 and other forms	<ul style="list-style-type: none"> - Prepared and lodged ASIC forms, including statement of receipts and payments - Corresponded with ASIC regarding statutory lodgements
	ATO & other statutory reporting	<ul style="list-style-type: none"> - Notified the Australian Taxation Office and State Revenue Office of the appointment of Administrators - Prepared and lodged business activity statements with the ATO - Considered ongoing financial, statutory and ASX reporting requirements - Prepared application for and obtained ASX financial reporting relief
	Planning / Review	<ul style="list-style-type: none"> - Various internal planning meetings to allocate tasks to staff - Issuing internal weekly updates on progress of overall administration - Various internal review meetings to monitor progress on specific tasks (investigations, s439A report, statutory obligations)
	Processing receipts and payments	<ul style="list-style-type: none"> - Prepared and authorised receipts and payments vouchers - Entered receipts and payments into accounting system
	Books and records / storage	<ul style="list-style-type: none"> - Collection of approximately 340 boxes of books and records - Prepared detailed listing of books and records - Arranged storage and archiving of books and records - Recall of books and records as required for investigations and preparation of s439A report - Forensic imaging of servers
Assets 203.42 hrs \$80,601.04	Sale of ASX listed shell	<ul style="list-style-type: none"> - Engaged legal advisors to consider potential restructuring options - Meetings to discuss legal advisor advice and assess cost benefit of potential restructure
	Pre-appointment tax refunds	<ul style="list-style-type: none"> - Invited agents to submit proposals regarding investigation of pre-appointment tax returns and potential tax refunds - Negotiate agreement with preferred party - Review of pre-appointment tax returns and assessment of potential tax refunds

Task Area	General Description	Includes
	Leasing	<ul style="list-style-type: none"> - Conducted searches of the Personal Property Securities Register ('PPSR') and identified parties holding security interests over assets in the Company's possession - Reviewed asset listings and depreciation schedules to identify assets subject to lease / hire arrangement - Corresponded with owners/lessors regarding various property leased by the Company and to notify of the appointment of Administrators - Prepared and issued notices of Administrators intention not to exercise property rights in respect of leased property - Identified and arranged return of property subject to third party security interests - Prepared multiple applications to Court to extend the period for the Administrators to deal with property under section 443B of the Act from 5 business days to 20 business days and then subsequently to 35 business days
Creditors 1,572.14 hrs \$745,151.51	Creditor enquiries	<ul style="list-style-type: none"> - Liaised with Link Market Services to establish telephone hotline and dedicated email address for creditor enquiries - Prepared 'Questions and Answers' document for distribution to Link Market Services client team - Prepared 'Questions and Answers' documents for creditors to be posted on PPB Advisory website - Regular updating of all 'Questions and Answers' documents - Prepared regular updates to creditors as posted on the PPB Advisory website - Prepared and maintained job fair and opportunity information on PPB Advisory website, including liaising with DEEWR to obtain updates - Received and followed up creditor enquiries via telephone, facsimile and email - Received and followed up over 350 email enquiries referred by Link Market Services - Received and followed up over 500 call enquiries referred by Link Market Services
	Creditor reports	<ul style="list-style-type: none"> - Corresponded with legal advisors to prepare multiple applications to Court in relation to the notice and distribution of the first Report to creditors and the distribution of the s439A Report to creditors - Applied to Court to obtain directions in relation to the notice and distribution of the first Report to creditors - Prepared initial Report to creditors advising of the appointment of Administrators and convening the first meeting of creditors - Engaged legal advisors to review and update DIRRI included in first report - Prepared application to Court to obtain directions in relation to the distribution of the s439A Report to creditors - Held initial planning meetings with s439A report team, including allocation of report areas, initial report content and design of individual sub-report format - Collated financial, operational and investigation information prepared by various parties and drafted s439A report - Liaised with Receivers and Managers and other external administrators regarding progress of receiverships and UK and New Zealand administrations - Prepared remuneration reports for inclusion with s439A report - Engaged legal advisors to review s439A report - Conducted review process of s439A report

Task Area	General Description	Includes
	Meeting of Creditors	<ul style="list-style-type: none"> - Corresponded with legal advisors to prepare multiple applications to Court in relation to the extension of the convening periods for the first and second meetings of creditors - Applied to Court and obtained extension of the convening period for the first meeting of creditors - Prepared meeting notices and advertisements for first and second creditor meetings for PPB Advisory website and all major Australian newspapers, in accordance with the Court orders - Organised seven meeting venues across Australia to host the various meetings - Liaised with Link Market Services to establish interactive proof of debt and proxy forms and facilitate the signing in of creditors at the first meeting of creditors - Prepared 'Questions and Answers' document for first creditor meetings as posted on PPB Advisory website and provided to Link Market Services - Responded to enquiries in relation to the first meetings of creditors - Prepared meeting files, including agenda, certificate of postage, reports to creditors, advertisement of meeting, updated DIRRI, draft minutes of meeting and media releases
		<ul style="list-style-type: none"> - Prepared presentation for the first meetings of creditors - Assisted Link Market Services in processing proofs of debt and proxy forms received on the day of the meetings - Attended and chaired first meetings of creditors - Responded to creditor enquiries immediately following the first meeting of creditors - Prepared update to creditors on outcome of meetings as posted on PPB Advisory website - Prepared and lodged minutes of first meetings with the ASIC - Applied to Court and obtained extension of the convening period for the second meeting of creditors - Arranged venues for second creditors meetings at various venues across Australia
	Banking Syndicate	<ul style="list-style-type: none"> - Prepared, reviewed and distributed report to the Banking Syndicate and their representatives - Attended to various discussions and meetings with the Banking Syndicate and their representatives - Responded to enquiries from the Banking Syndicates and their representatives via telephone, facsimile and email - Negotiating terms of Indemnity Agreement - Instructing legal advisors to review terms of the Indemnity Agreement - Correspondence with the Banking Syndicate's agents and legal advisors regarding Indemnity Agreement
	Shareholder enquiries	<ul style="list-style-type: none"> - Prepared and issued announcements to the Australian Stock Exchange ('ASX') - Responded to shareholder enquiries by telephone, facsimile and email
Employees 9.90 hrs \$4,838.00	Employee enquiries	<ul style="list-style-type: none"> - Received and followed up employee enquiries via telephone, facsimile and email - Prepared and maintained documents providing government assistance information as posted on PPB Advisory website - Liaised with Receivers and Managers regarding employing entity of employees

Task Area	General Description	Includes
Investigation 546.83 hrs \$236,123.24	Conducting investigation	<ul style="list-style-type: none"> - Prepared investigation strategy and briefed staff - Conducted forensic imaging and analysis of computers and servers - Collected and reviewed the Company's books and records, including review of board packs from 2009, 2010, 2011 and 2012 and consolidated accounts for the period from 2008 to 2011 - Engaged ex-CFO to assist in financial analysis and investigations and financial statements from FY09 to April 2012 - Engaged external audit expert to advise on the audit process - Engaged legal advisors to review indicators of potential breaches of director duties - Prepared analysis of historical financial performance, key income and balance sheet items - Conducted insolvent trading review, including review of cashflows, balance sheet and financial forecasts and other indicators of insolvency - Collated evidence of potential breaches of directors duties - Identified and documented reasons for failure - Reviewed and prepared details of Company nature and history - Conducted and summarised statutory searches - Prepared a summary of security interests registered against the Company - Reviewed specific transactions to identify offences - Prepared investigations file - Financial analysis and investigation: <ul style="list-style-type: none"> o Trading performance - FY07 to April 2012 o Financial position - FY07 to April 2012 o Forecast cashflow at April 2012 o Investigation of impairment adjustments made in December 2010 and December 2011 o Assessed potential for claim against auditors o Assessed potential for claim against advisors to prospectus o Reviewed reports by external advisors o Review of reports by auditors to audit committee o Assessment of compliance with section 286 of the Corporations Act 2001
	ASIC Reporting	<ul style="list-style-type: none"> - Applied for and obtained reporting exemption from the ASIC - Responded to ASIC notice to produce documents, issued pursuant to s33 of the ASIC Act 2001, by providing all books and records pertaining to the Hastie Group as requested - Applied for and obtained extension to reporting exemption from the ASIC
Trade On / Wind Down 99.58 hrs \$39,279.69	Close down of sites	<ul style="list-style-type: none"> - Interview of Chief Executive Officer, key managers and company secretary regarding status of 43 companies in the Hastie Group including trading activity, sites, assets, records, employees, third party assets etc - Coordinated attendances at 34 sites - Notification to employees and business units / subsidiaries to cease trading - Liaisons with Receivers on trade on activities, sharing of employee and head office resources
	Accounting for Indemnity Agreement	<ul style="list-style-type: none"> - Prepared and assessed estimated outcome statement - Internal reporting of financial position under indemnity

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Professional fees for work undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012.

Position	Hourly Rate	TOTAL		Administration		Assets		Creditors		Dividend		Employees		Investigation		Trade On	
		Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$	Hours	\$		
<i>Appointees</i>																	
Craig Crosbie	675	53.12	35,854.72	24.30	16,405.10	1.55	1,048.67	12.18	8,219.15	-	-	3.00	2,025.00	6.76	4,561.54	5.33	3,595.26
Ian Carson	675	23.34	15,756.54	23.34	15,756.54	-	-	-	-	-	-	-	-	-	-	-	-
David McEvoy	675	4.00	2,700.00	4.00	2,700.00	-	-	-	-	-	-	-	-	-	-	-	-
<i>Other Staff</i>																	
Partner	675	277.28	187,163.05	18.87	12,737.14	0.69	466.34	208.47	140,714.90	-	-	-	-	44.80	30,238.68	4.45	3,005.99
Director / Principal	585	191.44	111,993.10	22.45	13,130.90	11.47	6,711.23	114.14	66,770.93	-	-	2.50	1,462.50	36.64	21,433.49	4.25	2,484.05
Senior Manager	510	217.81	111,081.70	43.80	22,339.29	13.94	7,109.37	142.29	72,567.24	-	-	-	-	11.35	5,787.26	6.43	3,278.54
Manager	465	781.60	363,373.61	32.35	15,043.65	14.99	6,969.11	698.76	324,851.80	-	-	0.60	279.00	26.14	12,153.59	8.77	4,076.47
Supervisor	445	529.31	235,541.90	93.41	41,567.18	44.85	19,959.33	127.70	56,824.31	-	-	0.50	222.50	240.51	107,028.37	22.34	9,940.20
Senior Analyst 1	395	181.64	71,745.84	52.48	20,727.90	1.13	445.87	54.63	21,577.32	-	-	0.60	237.00	72.74	28,730.46	0.07	27.29
Senior Analyst 2	380	170.45	64,771.33	42.98	16,331.06	71.20	27,054.82	49.67	18,875.05	-	-	-	-	4.94	1,877.65	1.67	632.74
Analyst 1	310	64.06	19,858.10	12.05	3,735.55	10.38	3,216.67	13.86	4,296.31	-	-	0.60	186.00	0.10	31.00	27.07	8,392.57
Analyst 2	250	104.18	26,044.46	14.97	3,742.07	17.47	4,366.31	3.36	838.85	-	-	-	-	67.78	16,946.10	0.60	151.13
Graduate	210	260.29	54,661.71	73.41	15,416.20	14.65	3,077.32	121.56	25,527.50	-	-	1.80	378.00	34.50	7,245.00	14.37	3,017.69
Undergraduate	190	13.92	2,644.51	13.72	2,606.23	-	-	-	-	-	-	-	-	0.20	38.29	-	-
Senior Bookkeeper	190	1.40	266.00	1.40	266.00	-	-	-	-	-	-	-	-	-	-	-	-
Bookkeeper	180	11.75	2,141.00	11.75	2,141.00	-	-	-	-	-	-	-	-	-	-	-	-
Executive Assistant	160	83.07	13,291.27	51.71	8,273.73	1.10	176.00	25.55	4,088.13	-	-	0.30	48.00	0.17	27.64	4.24	677.77
Administration	120	29.31	3,517.55	29.11	3,493.37	-	-	-	-	-	-	-	-	0.20	24.18	-	-
Total		2,997.96	1,322,406.39	566.10	216,412.92	203.42	80,601.04	1,572.14	745,151.51	-	-	9.90	4,838.00	546.83	236,123.24	99.58	39,279.69
GST		132,240.64															
Total (incl GST)		\$1,454,647.03															
<i>Average Hourly Rate</i>		<i>441.10</i>															

2. Summary of anticipated work to be undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Voluntary Administration process for the period 1 January 2013 to the date of the second meeting of creditors

Task Area	General Description	Includes
Administration 17.50 hrs \$7,000.00	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Attendance to filing - Updating checklists for statutory duties
	Insurance	<ul style="list-style-type: none"> - Corresponding with Willis regarding ongoing insurance requirements
	Bank account administration	<ul style="list-style-type: none"> - Requesting bank statements - Preparing bank account reconciliations - Corresponding with bank regarding specific transfers
	ATO & other statutory reporting	<ul style="list-style-type: none"> - Preparing and lodging business activity statements with the ATO - Considering ongoing financial and statutory reporting
	Processing receipts and payments	<ul style="list-style-type: none"> - Preparing and authorising receipt and payment vouchers - Entering receipts and payments into accounting system
Creditors 109.00 hrs \$43,600.00	Creditor enquiries	<ul style="list-style-type: none"> - Liaising with Link Market Services regarding creditor enquiries received through the telephone hotline and dedicated creditor email address relating to the second meeting of creditors - Preparing and updating 'Questions and Answers' document for distribution to Link Market Services client team - Providing regular updates to creditors to be published on the PPB Advisory website - Receiving and following up creditor enquiries via telephone, facsimile and email - Assisting creditors via telephone to complete proof of debt and proxy forms for the second meeting of creditors
	Dealing with proofs of debt	<ul style="list-style-type: none"> - Receipting and filing proof of debt forms relating to the second meeting of creditors
	Creditor reports	<ul style="list-style-type: none"> - Finalising the s439A report to creditors
	Meeting of Creditors	<ul style="list-style-type: none"> - Internal planning meetings in preparation for the second meeting of creditors - Responding to enquiries in relation to the second meeting of creditors - Preparing meeting file, including agenda, certificate of postage, reports to creditors, advertisement of meeting and draft minutes of meeting - Preparing presentation for the second meeting of creditors - Attending and chairing the second meeting of creditors
	Banking Syndicate reporting	<ul style="list-style-type: none"> - Preparing reports to the Banking Syndicate and their representatives - Attending to enquiries from the Banking Syndicate and their representatives
	Shareholder enquiries	<ul style="list-style-type: none"> - Preparing and issuing announcements to the Australian Securities Exchange - Receiving and following up shareholder enquiries via telephone, facsimile and email
Investigation 2.50 hrs \$1,000.00	Conducting investigation	<ul style="list-style-type: none"> - Completing preliminary investigations and finalising investigations file
Trade On / Wind Down 5.00 hrs \$2,000.00	Accounting for Indemnity Agreement	<ul style="list-style-type: none"> - Internal reporting of financial position under the terms of the Indemnity - Updating estimated outcome statement

3. Summary of anticipated work to be undertaken by Ian Carson, David McEvoy, Craig Crosbie, their partners and staff during the Liquidation process for the period from the date of the second meeting of creditors to the completion of the liquidation

Task Area	General Description	Includes
Administration 500.00 hrs \$200,000.00	Document maintenance / file review / checklist	<ul style="list-style-type: none"> - Attendance to filing - Updating checklists for statutory duties
	Insurance	<ul style="list-style-type: none"> - Corresponding with Willis regarding insurance policies - Arranging the finalisation of insurance policies
	Bank account administration	<ul style="list-style-type: none"> - Preparing correspondence to close bank accounts - Requesting bank statements - Preparing bank account reconciliations - Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	<ul style="list-style-type: none"> - Preparing and lodging forms with the ASIC - Correspondence with the ASIC regarding statutory forms
	ATO & other statutory reporting	<ul style="list-style-type: none"> - Lodging business activity statements with the ATO - Considering ongoing financial and statutory reporting requirements
	Finalisation	<ul style="list-style-type: none"> - Notifying ATO of finalisation - Cancelling ABN / GST / PAYG registration - Completing finalisation checklists
	Planning / review	<ul style="list-style-type: none"> - Various internal planning meetings - Attending to media enquiries
	Processing receipts and payments	<ul style="list-style-type: none"> - Preparing and authorising receipt and payment vouchers - Entering receipt and payments into accounting system
	Books and records / storage	<ul style="list-style-type: none"> - Dealing with records in storage - Sending job files to storage
Creditors 500.00 hrs \$200,000.00	Creditor enquiries	<ul style="list-style-type: none"> - Preparing regular updates to creditors to be published on the PPB Advisory website - Receiving and following up creditor enquiries via telephone, facsimile and email - Reviewing and preparing correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	<ul style="list-style-type: none"> - Preparing general reports to creditors - Preparing reports to the members of the Committee of Inspection (COI) should one be appointed
	Dealing with informal proofs of debt	<ul style="list-style-type: none"> - Receipting and filing proofs of debt when not related to a dividend
	Banking Syndicate	<ul style="list-style-type: none"> - Preparing reports to the Banking Syndicate and their representatives - Responding to enquiries from the Banking Syndicate and their representatives - Attending meetings with the Banking Syndicate and their representatives
	Meetings of creditors	<ul style="list-style-type: none"> - Preparing notices relating to general meetings of creditors - Responding to creditor enquiries related to general meetings of creditors - Preparing meeting file, including agenda, attendance register, list of creditors, reports to creditors and draft minutes of meeting - Attending and chairing creditors meetings - If a Col is appointed: <ul style="list-style-type: none"> o Preparing notices relating to meetings of the Col o Preparing meeting file, including agenda, attendance register, list of Col members, reports to the Col and draft minutes of meeting o Attending and chairing Col meetings - Preparing and lodging minutes of meetings with the Australian Securities and Investments Commission (ASIC)
	Shareholder enquiries	<ul style="list-style-type: none"> - Preparing and issuing announcements to the Australian Securities Exchange (ASX) - Receive and follow up shareholder enquiries via telephone, facsimile and email
Investigation 125.00 hrs \$50,000.00	Conducting investigation	<ul style="list-style-type: none"> - Investigations regarding insolvent trading and voidable transactions - Reviewing financial statements and trading history - Obtaining and reviewing Company's books and records - Preparing investigations file

Task Area	General Description	Includes
	ASIC reporting	<ul style="list-style-type: none"> - Lodgement of s533 investigation report with the Australian Securities and Investments Commission (ASIC) - Preparing and lodging supplementary s533 report with the ASIC (if required) - Liaising with the ASIC
Trade On / Wind Down 125.00 hrs \$50,000.00	Accounting for Indemnity Agreement	<ul style="list-style-type: none"> - Internal reporting of financial position under the terms of the Indemnity - Updating and finalising estimated outcome statement

4. Summary of the Administrators' disbursements for the period 28 May 2012 to 31 December 2012

Disbursements incurred by the Administrators during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012.

Disbursement Category	\$
A	-
B1	6,991.38
B2	51,758.34
Total	58,749.72
GST	5,874.97
Total (incl GST)	64,624.70

5. Summary of the Administrators' receipts and payments for the period 28 May 2012 to 31 December 2012

Administrators' receipts and payments during the Voluntary Administration process for the period 28 May 2012 to 31 December 2012.

	\$
RECEIPTS	
Advance from Banking Syndicate	142,967.00
Cash at Bank	125,061.57
Debtor Monies Collected	22,176.06
GST Received	6,993.00
Insurance Refund	20,762.43
Interest Income	216.46
Other Income	6,131.05
Trust Monies	25,464.22
Venue Hire and Incidentals	389.10
Total Receipts	350,160.89
PAYMENTS	
Administrators' Costs	(31,169.70)
Advertising	(6,491.62)
ASX Annual Listing Fee	(24,799.43)
Bank Charges	(26.25)
Insurance	(251.50)
Legal Fees	(121,521.31)
Media Consulting Expense	(5,455.29)
Rent Expense	(2,891.30)
Security Locks / Guards	(3,513.95)
Sundry Expenses	(481.99)
Third Party Monies	(18,290.43)
Third Party Service Providers	(10,169.79)
Venue Hire and Incidentals	(989.97)
Total Payments	(226,052.53)
Net Receipts / (Payments)	124,108.36