

**FOREST ENTERPRISES AUSTRALIA LIMITED
(ADMINISTRATORS APPOINTED)
(RECEIVERS & MANAGERS APPOINTED)**



**First Meeting of Creditors
27 April 2010**



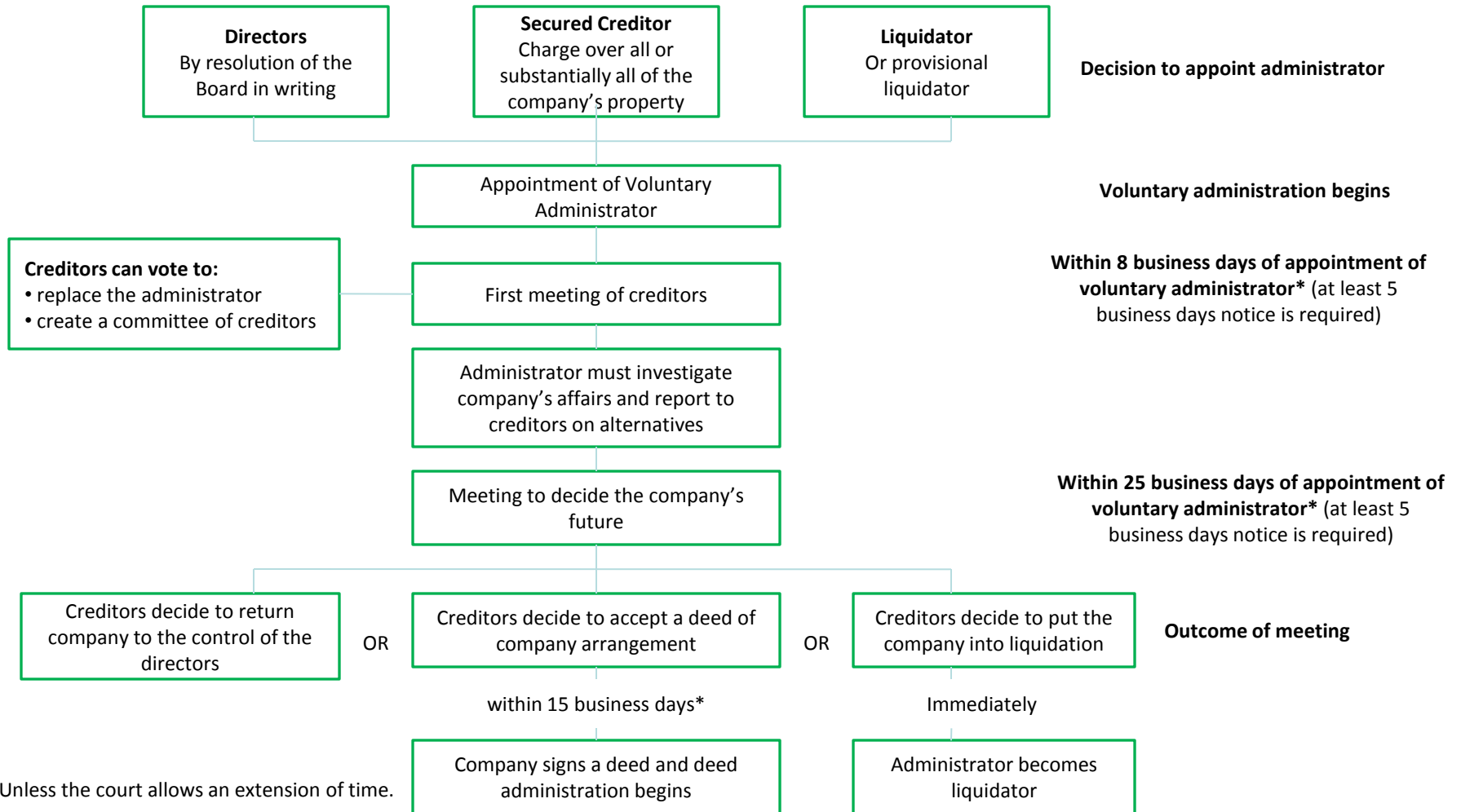
Agenda

- Formalities
- Voluntary Administration: A Guide for Creditors
- Background to Appointment
- Role of Voluntary Administrators
- Company Background
- Administrators Functions to Date
- Group Structure
- Financial Position
- Current Projects
- Resolutions
- Second Creditors Meeting

Formalities

- Chairman – Administrator acts as Chairman – Regulation 5.6.17(1)
- Introductions: Administrators, Directors
- Corporate Regulations
 - Meeting convened pursuant to S436E by Notice dated 16 April 2010
 - Voting: Current Proof is for voting purposes only. Creditors will ultimately be requested to prove debts for dividend purposes
 - Quorum
 - Time and place of Meeting
 - Proofs of Debt and Proxies
 - Purpose of Meeting
 - Table Administrators Statement of Independence

Voluntary Administration: A Guide to Creditors



*Unless the court allows an extension of time.

Background to Appointment

- BRI Ferrier approached at approximately 5.30pm on 13 April 2010

- On 14 April 2010 Brian Silvia, Peter Krejci and Mathew Muldoon were appointed Administrators of:
 - FEA Plantations Limited (FEAP)
 - Forest Enterprises Australia Limited (FEA)
 - FEA Carbon Pty Limited (FEAC)
 - Tasmanian Plantation Pty Limited (TP)

- On 14 April 2010 Tim Norman and Sal Algeri of Deloitte were appointed:
 - Receivers & Managers to:
 - Forest Enterprises Australia Limited
 - FEA Carbon Pty Limited
 - Agents for the Mortgagee in Possession for Tasmanian Plantations Pty Limited

Role of Voluntary Administrators

- Take control of the Company's assets
- Investigate and Report to Creditors on Company's affairs
- Second Meeting of Creditors decides Company's future where the following is considered:
 - Liquidation
 - The Administration ends
 - Deed of Company Arrangement

Company Background

- FEA is an ASX Listed holding company for the FEA Group
- Its assets consist of:
 - Land holdings from which the MIS's operate (including Tasmanian Plantations)
 - Growers loan book
 - The Bell Bay saw mill
 - Timber plantations
 - Woodfibre exportation (Smart Fibre)
- Employees 185 staff:
 - 30 Launceston Head Office
 - 30 Lismore forestry operations
 - 120 Bell Bay saw mill
 - 5 sundry employees throughout Australia

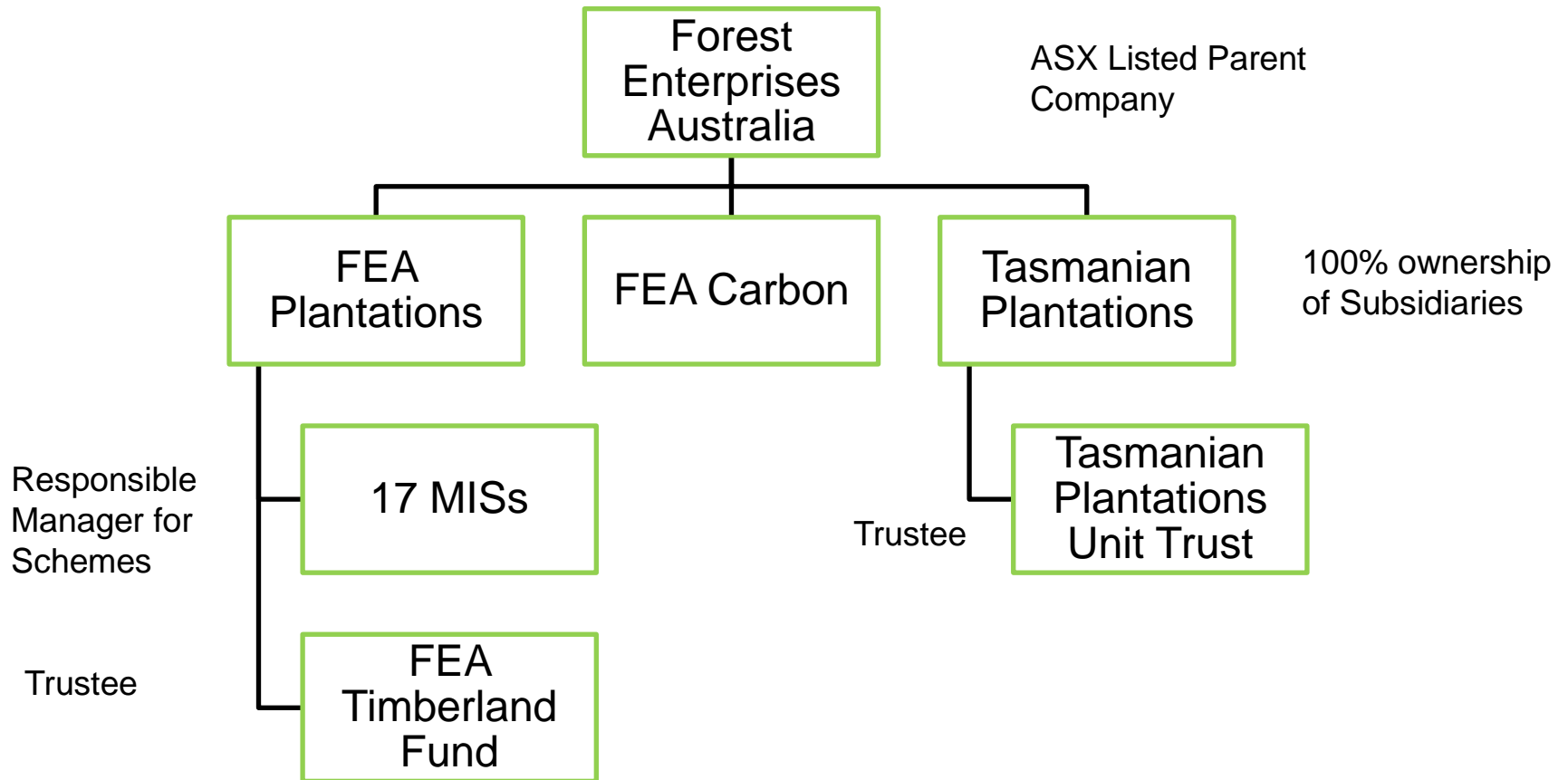
Company Background (cont)

- Subsidiary of FEA, FEA Plantations is responsible manager for 17 MISs and trustee of FEA Timberland Fund
- FEA Plantations leased all property from either FEA Group controlled entities (circa 600 properties) or external parties (circa 300 properties)
- Management of FEA Plantations was sub-contracted to FEA. Receivers & Managers of FEA have terminated management agreement
- FEA appointed Custodian to Managed Investment Schemes in July 2009
- In August 2009 FEA offers FEA Plantations funds as required up to \$5.5M per month

Administrators Functions to Date

- Meetings / Discussions with:
 - Secured Creditors and Receivers
 - Directors and FEA Group management and staff
- Communicating and Reporting with:
 - Receivers & Managers and Secured Creditors
 - Unsecured Creditors
 - Investors / Growers and their financial advisers
 - Australian Securities & Investment Commission
- Court Proceedings / Legal Advice
 - Extension of Decision Period for adoption of existing agreements / leases initially extended to 30 April 2010
 - Grower / investor voting rights
 - Other contentious claims
- Preliminary Investigations
 - Review of viability of individual MIS's
 - Review of financiers security

Group Structure



Financial Position

BALANCE SHEET as at 28 February 2010

FEA Group of Companies	FEA Group - Consolidation	FEA	FEA Plantations	FEA Carbon	Tasmania Plantations Unit Trust	FEA Timberlands Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets						
Cash and cash equivalents	-	-	1,226	-	59	302
Receivables	30,285	28,268	1,735	-	307	-
Other financial assets	5,460	235,698	2,223	16	-	-
Inventories	9,082	9,082	-	-	-	-
Standing timber	2,615	1,268	-	-	1,348	-
Other	6,300	3,370	5,570	-	263	-
	53,743	277,686	10,754	16	1,977	302
Non-current assets held for sale	31,216	31,193	-	-	23	-
Total current assets	84,959	308,879	10,754	16	2,000	302
Non-current assets						
Receivables	7,015	7,015	-	-	-	-
Investments using the equity method	3,761	3,761	-	-	-	-
Other financial assets	19,925	12,976	15,940	-	-	-
Standing timber	21,631	11,348	-	-	10,283	-
Property, plant and equipment	104,961	93,630	4	36	11,276	15
Investment property	301,079	21,094	-	768	267,763	11,454
Deferred tax assets	33,075	27,710	5,365	-	1	-
Other intangibles	1,006	1,006	-	-	-	-
Total non-current assets	492,453	178,540	21,308	804	289,323	11,469
Total assets	577,412	487,420	32,062	820	291,322	11,770
Current liabilities						
Bank overdraft	1,089	2,675	-	-	-	-
Trade and other payables	24,024	22,929	721	-	225	204
Current portion of long term borrowings	214,700	214,700	-	-	-	-
Other current financial liabilities	1,260	1,260	-	-	229,739	2,031
Other current liabilities	11,292	11,287	3,036	-	5	-
Total current liabilities	252,364	252,851	3,757	-	229,969	2,235
Non-current liabilities						
Long term borrowings	1,503	3	-	-	1,500	-
Other non-current financial liabilities	6,985	6,985	-	-	-	-
Deferred tax liabilities	36,039	9,615	-	146	26,107	170
Other non-current liabilities	949	949	-	-	-	-
Total non-current liabilities	45,477	17,553	-	146	27,607	170
Total liabilities	297,841	270,404	3,757	146	257,576	2,405
Net assets	279,571	217,015	28,305	674	33,747	9,365
Equity						
Share capital	216,689	216,689	60	-	-	8,435
Reserves	3,787	2,411	-	-	1,376	-
Retained earnings	58,069	(2,084)	28,244	673	32,370	930
Outside equity interest	1,026	-	-	-	-	-
Total Equity	279,571	217,015	28,304	673	33,746	9,365



Financial Position

INCOME STATEMENT

for the period ended 28 February 2010

FEA Group of Companies	FEA Group - Consolidation	FEA	FEA Plantations	FEA Carbon	Tasmania Plantations Unit Trust	FEA Timberlands Fund
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue - Goods	48,788	48,788	-	-	-	-
Revenue - Services	28,401	24,621	23,732	3	6,766	575
Other income	6,356	7,576	32	-	(171)	(1)
	83,545	80,985	23,764	3	6,595	574
Less:						
Share of profits of associates and jointly controlled entities accounted for using the equity method	162	162	-	-	-	-
Forestry cost of goods sold (Log Trading)	(15,949)	(15,781)	-	-	(169)	-
Saw & chip milling cost of goods sold (Mill)	(34,281)	(34,281)	-	-	-	-
Forestry services expenses	(7,745)	(4,933)	(10,074)	-	(4)	-
Plantation expenses	(14,388)	(14,137)	-	(1)	(250)	-
Forestry investment expenses	(5,713)	(4,410)	(1,272)	-	(8)	(5)
Overhead expenses	(10,142)	(9,140)	(19,940)	-	(566)	-
Finance costs	(14,303)	(14,216)	(27)	-	(59)	(92)
Impairment of non-current assets	(37,795)	(10,795)	-	-	(27,000)	-
Profit / (loss) before income tax expense / (benefit)	(56,609)	(26,546)	(7,550)	1	(21,460)	476
Income tax (expense) / benefit	4,646	4,646	-	-	-	-
Net profit / (loss) for the period	(\$ 51,963)	(\$ 21,900)	(\$ 7,550)	\$ 1	(\$ 21,460)	\$ 476



Current Projects

Fund Name	Funds Raised (\$ 'M)	Hectares	Summary of Managed Investment Scheme Properties		
			Internal %	External %	Total Number
Tasmanian Forests Trust No 1	0.1	44	0%	0%	Completed
Tasmanian Forests Trust No 1	0.5	166	100%	0%	2
Tasmanian Forests Trust No 3	0.7	188	100%	0%	4
Tasmanian Forests Trust No 4	0.8	201	100%	0%	5
Tasmanian Forests Trust No 5	1.3	369	42%	58%	10
Tasmanian Forests Trust No 6	4.1	948	42%	58%	20
Tasmanian Forests Trust No 7	50.8	10,831	90%	10%	224
Tasmanian Forests Project 2000	9.2	1,993	99%	1%	33
Australian Forests Projects 2001	7.0	1,308	96%	4%	32
Australian Forests Projects 2002	1.8	406	96%	4%	23
Forest Enterprises Project 2003	11.1	2,053	61%	39%	70
FEA Plantations 2004	26.2	4,374	66%	34%	57
FEA Plantations 2005	54.2	9,026	67%	33%	96
FEA Plantations 2006	67.3	10,686	78%	22%	104
FEA Plantations 2007	57.9	9,196	72%	28%	76
FEA Plantations 2008	108.2	18,011	31%	69%	174
FEA Plantations 2009	15.8	2,250	41%	59%	Unknown
TOTAL	417.0	72,050			930

Resolutions

- Consider appointment of alternate Voluntary Administrator
- To appoint a Committee of Creditors

Second Meeting of Creditors

- Administrators next Report will detail:
 - Our investigation results
 - Administrators Recommendation as to the Company's future.

- The Second Meeting of Creditors to be held on or before 18 May 2010. It is likely we will consider applying to the Court for an extension of the convening period to allow us further time to consider a reconstruction of the Group. Further discussions will be considered at Committee of Creditors Meetings.

- Updates may from time to time be placed on our website:
www.briferrier.com.au

Questions