



CJL PARTNERS

24 November 2009
LG/MN/SWIS900/VA14 - M1

CJL Partners Pty Ltd
Business Advisory

Level 17
200 Queen Street
Melbourne 3000
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Fax: 61 3 9670 4435
mail@cjlpartners.com.au
www.cjlpartners.com.au
ABN: 94 858 342 031

TO THE CREDITOR AS ADDRESSED:

Dear Sir/Madam

SWISH MG DISTRIBUTION PTY LTD
(Administrators Appointed)
A.C.N. 124 983 071

I refer to my notice dated 11 November 2009 and advise that at the second meeting of creditors held on Thursday, 19 November 2009, creditors resolved that the meeting be adjourned to Wednesday, 2 December 2009 at the offices of CJL Partners, Level 17, 200 Queen Street, Melbourne, Victoria, 3000 at 12.00pm.

The following documents are enclosed:

1. Notice of Adjourned Meeting.
2. The agenda for the meeting.
3. Appointment of Proxy Form.
4. Proof of Debt for Voting Purposes.
5. A supplementary report to creditors which covers the further investigations, and details of the proposal submitted and my opinion as to whether it is in creditors' interests for:
 - the company to execute the proposed Deed of Company Arrangement;
 - the administration to end; or
 - the company to be wound up

and the reasons for such opinion.

If you wish to be represented at this meeting and either did not attend the meeting on Thursday, 19 November 2009 or wish to appoint another person to attend as your proxy, you must submit a Proxy Form and Proof of Debt for Voting Purposes with me prior to the meeting.

Please note that Proxy and Proof of Debt forms lodged by creditors for the meeting held on Thursday, 19 November 2009 remain valid for the adjourned meeting on Wednesday, 2 December 2009 unless creditors wish to amend their Proxy and Proof of Debt forms.

It is important to note that a corporate creditor can only be represented by proxy or by a representative appointed, and any proxy lodged on behalf of a corporate creditor must be executed

either under Common Seal, using a Power of Attorney or in accordance with the company's constitution.

The minutes and attendance register for the meeting held on Thursday, 19 November 2009 are available for inspection at the offices of CJL Partners, Level 17, 200 Queen Street, Melbourne, Victoria, 3000.

Should you have any queries regarding this matter, please contact either Mr Adrian Warry or Ms Lauren Graham of this office.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Richard J Cauchi', written in a cursive style.

RICHARD J CAUCHI
Joint and Several Administrator

Enclosures

NOTICE OF ADJOURNED MEETING UNDER SECTION 439A**SWISH MG DISTRIBUTION PTY LTD**

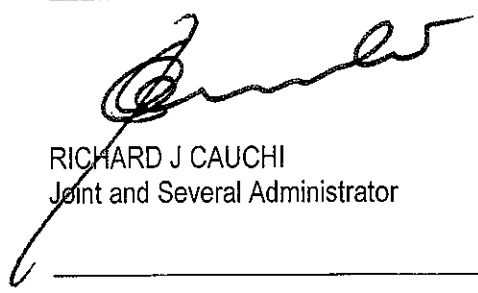
(Administrators Appointed)

Notice is given that the second meeting of creditors of the company held on Thursday, 19 November 2009 has been adjourned to Wednesday, 2 December 2009. The meeting will be held at the offices of CJL Partners, Level 17, 200 Queen Street, Melbourne Victoria, 3000.

AGENDA:

1. A resolution by creditors under the provisions of Section 439C:
 - that the company execute a Deed of Company Arrangement; or
 - that the administration should end; or
 - that the company be wound up.
2. Such other matters as may be dealt with by the meeting including:
 - the appointment of a committee of inspection;
 - remuneration of the Joint and Several Administrators of the company;
 - remuneration of the Joint and Several Administrators of the Deed, or Joint and Several Liquidators, as applicable; and
 - to group all the companies within The Swish Group of Companies should creditors resolve that the company either execute a Deed of Company Arrangement or that the company be wound up;
 - if applicable, the appointment of another person as Deed Administrator of the company other than David J Lofthouse and myself, if another person is nominated;
 - if applicable, the appointment of another person as Liquidator of the company other than David J Lofthouse and myself, if another person is nominated;
 - that the Joint and Several Liquidators (if applicable) be and are hereby authorized, upon the finalisation of the liquidation and subject to obtaining consent from the Australian Securities & Investments Commission, to destroy the books and records of the company.

DATED: 24 November 2009



RICHARD J CAUCHI
Joint and Several Administrator

NOTE: A form of proxy is attached to enable you to appoint another person to act on your behalf at the meeting.

Please note that Proxy and Proof of Debt forms lodged by creditors for the meeting held on Thursday, 19 November 2009 remain valid for the adjourned meeting on Wednesday, 2 December 2009 unless creditors wish to amend their Proxy and Proof of Debt forms.

It is important to note that a corporate creditor can only be represented by proxy or by a representative appointed, and any proxy lodged on behalf of a corporate creditor must be executed either under Common Seal, using a Power of Attorney or in accordance with the company's constitution

A person is not entitled to vote as a creditor at the meeting unless particulars of the debt or claim are provided to the Administrator before the meeting. A proof of debt form for VOTING PURPOSES ONLY is attached for completion.

AGENDA

SWISH MG DISTRIBUTION PTY LTD
(Administrators Appointed)
A.C.N. 124 983 071

ADJOURNED SECOND MEETING OF CREDITORS PURSUANT TO SECTION 439A OF THE CORPORATIONS ACT 2001

Wednesday, 2 December 2009, 12.00pm
At the offices of CJL Partners
Level 17, 200 Queen Street, Melbourne

1. Opening of the meeting and introduction of the Joint and Several Administrators and officers of the company;
2. Tabling of the proxies and attorneys;
3. Tabling of the company's Report as to Affairs; report by the Joint and Several Administrators about the company's affairs; and statement by the Joint and Several Administrators setting out their opinion about the company's future and the creditors' interests;
4. Statements by the Joint and Several Administrators, officers of the company and by creditors and their representatives;
5. Questions;
6. Joint and Several Administrator's summary of matters raised in statements and questions;
7. Proposal of resolution under Section 439C;
8. Proposal of resolution to group the companies within The Swish Group of Companies should creditors resolve that the company either execute a Deed of Company Arrangement or that the company be wound up;
9. Consideration of appointment of a Committee of Inspection and, if required, election of the committee members;
10. Proposal of resolution to approve and fix the remuneration of the Joint and Several Administrators of the company;
11. Proposal of resolution to approve and fix the remuneration of the Joint and Several Administrators of the Deed, or the Joint and Several Liquidators, as applicable;
12. If applicable, appoint of another person as Deed Administrator of the company other than David J Lofthouse and Richard J Cauchi, if another person is nominated;
13. If applicable, appoint of another person as Liquidator of the company other than David J Lofthouse and Richard J Cauchi, if another person is nominated;
14. That the Joint and Several Liquidators (if applicable) be and are hereby authorized, upon the finalisation of the liquidation and subject to obtaining consent from the Australian Securities & Investments Commission, to destroy the books and records of the company;
15. Any other matters;
16. Closure of meeting.

Corporations Act 2001

A.C.N. 124 983 071

APPOINTMENT OF PROXY

*/We(1)

of (address)

a creditor of **SWISH MG DISTRIBUTION PTY LTD (Administrators Appointed)**

appoint (2)

or in his absence

as *my/*our*general/*special proxy to vote at the adjourned second meeting of creditors to be held on Wednesday, 2 December 2009 at 12.00pm or at any adjournment of that meeting.

If special proxy please select one of the following:

YES

NO

1. To vote on all matters arising from the meeting

☐☐

AND / OR ALTERNATIVELY

2. To vote specifically in the following manner:

FOR

AGAINST

ABSTAIN

- a) That the company execute a Deed of Company Arrangement (if applicable);

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- b) That the Voluntary Administration should end;

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- c) That the company be wound up;

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- d) Should creditors resolve to either execute a Deed of Company Arrangement or wind up the company, that the companies within The Swish Group of Companies be grouped.

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- e) That a Committee of Inspection be appointed.

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- f) That be nominated as a member of the Committee of Inspection.

☐☐☐

- g) That the remuneration of the Joint and Several Administrators for the period from
- 26 August 2009**
- to
- 18 November 2009**
- be approved and fixed in accordance with the amounts specified in the Notice to Creditors dated
- 11 November 2009**

☐☐☐

- h) That the remuneration of the Joint and Several Administrators for the period from
- 19 November 2009**
- to the execution of the proposed Deed of Company Arrangement be approved and fixed in accordance with the amounts specified in the Notice to Creditors dated
- 11 November 2009**

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- i) That the remuneration of the Joint and Several Deed Administrators be approved and fixed in accordance with the amounts specified in the Notice to Creditors dated
- 11 November 2009**

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- j) That the remuneration of the Joint and Several Liquidators be approved and fixed in accordance with the amounts specified in the Notice to Creditors dated
- 11 November 2009**

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- k) Appoint another person as Deed Administrator of the company other than David J Lofthouse and Richard J Cauchi, if another person is nominated

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- l) Appoint another person as Liquidator of the company other than David J Lofthouse and Richard J Cauchi, if another person is nominated

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- m) That the Joint and Several Liquidators (if applicable) be and are hereby authorized, upon the finalisation of the liquidation and subject to obtaining consent from the Australian Securities & Investments Commission, to destroy the books and records of the company

☐☐☐

Signature(3)

THE COMMON SEAL of

)

(name of company)

)

was hereunto affixed in accordance with

)

its Articles of Association.

)

Director

Director/Secretary

- (1) If a firm, strike out "I" and set out the full name of the firm. If a company, the proxy must be completed under the company seal or by an attorney of the company or pursuant to the provisions of the company's constitution.
- (2) Insert the name, address and description of the person appointed.
- (3) The signature of the creditor is not to be attested by the person nominated as proxy.

(This certificate is to be completed only if the person giving the proxy is blind or incapable of writing. The signature of the creditor, contributory, debenture holder or member must not be witnessed by the person nominated as proxy)

certify that the above instrument appointing a proxy was completed by me in the presence of and at the request of the person appointing the proxy and read to him or her before he or she signed or marked the instrument.

Place of residence

Facsimile: 9670 4435

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CORPORATIONS ACT 2001

SWISH MG DISTRIBUTION PTY LTD
(Administrators Appointed)
A.C.N. 124 983 071

PROOF OF DEBT FOR PURPOSE OF VOTING AT
MEETING OF CREDITORS

Name of Creditor.....

Amount of Debt Claimed (See note 1).....

Nature of Debt.....

.....

Whether Debt secured or unsecured.....

If secured, give details of security including dates etc.....

.....

.....

Signature of Creditor

.....

OR

THE COMMON SEAL of)
(NAME OF COMPANY))
)
was hereunto affixed in accordance)
with its Articles of Association.)

Director

Director/Secretary

Note 1: A creditor may not vote on any unliquidated or contingent debt or claim, or a debt, the value of which is not established, unless a just estimate of its value has been made.

Note 2: A secured creditor shall be entitled to vote in respect of the total liability.

Note 3: This Proof should be signed by the creditor or a person in the employ of the Creditor duly authorised by that creditor to sign. **If a creditor is a company, it should be signed by a person authorised under the Seal of the company or by an attorney of the company or pursuant to the provisions of the company's Constitution to execute a Proof of Debt on its behalf. The Chairman of the meeting may admit or reject a Proof of Debt for the purpose of voting at the meeting.**

When completed please return by **5.00PM, on TUESDAY, 1 DECEMBER 2009** to:

CJL PARTNERS
Level 17
200 Queen Street
MELBOURNE VIC 3000

Telephone: 9669 1100
Facsimile: 9670 4435

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SECTION 439A

SUPPLEMENTARY REPORT TO CREDITORS OF

THE SWISH GROUP LIMITED (Administrators Appointed) A.C.N 085 545 973
SWISH AMPHEAD PTY LTD (Administrators Appointed) A.C.N 100 613 063
SWISH DIGITAL SIGNAGE PTY LTD (Administrators Appointed) A.C.N 105 281 623
SWISH FILMS PTY LTD (Administrators Appointed) A.C.N 117 009 168
SWISH TV PTY LTD (Administrators Appointed) A.C.N 112 630 010
SWISH TORQUE COMMUNICATIONS PTY LTD (Administrators Appointed) A.C.N 120 613 014
SWISH DIGITAL SPARK PTY LTD (Administrators Appointed) A.C.N 128 461 325
SWISH DIGITAL MEDIA PTY LTD (Administrators Appointed) A.C.N 137 728 511
SWISH MG DISTRIBUTION PTY LTD (Administrators Appointed) A.C.N 124 983 071
SWISH TELECOMMUNICATIONS HOLDINGS PTY LTD (Administrators Appointed) A.C.N 135 599 352

(Collectively the "SWISH GROUP OF COMPANIES")

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9. Adjournment
10. Administrators' Remuneration

1. Supplementary Report

This report is supplementary to my report dated 11 November 2009, and is to be read in addition to that report.

2. Appointment

I confirm that David James Lofthouse and I were appointed Joint and Several Administrators of each of the companies within The Swish Group of Companies on 26 August 2009. This followed on from a resolution of the each company's board of directors in accordance with the provisions of Section 436A(1) of the Corporations Act 2001 ("the Act") that in their opinion, each company was insolvent or likely to become insolvent at some future time.

3. Meetings of Creditors

The first meetings of creditors of the companies were held on 7 September 2009 in accordance with Section 436E of the Act. At those meetings, Committees of Creditors were not formed, except for Swish Telecommunications Holdings Pty Ltd (Administrators Appointed) where a Committee of Creditors was formed.

On 18 September 2009 an application was made in the Supreme Court of Victoria for an extension of the convening periods for holding of the second meetings of creditors of The Swish Group of Companies. Pursuant to the orders made on that date, the convening periods were extended to 17 December 2009. As a result, the second meetings were required to be convened prior to 17 December 2009.

Second meetings of creditors were convened for Thursday, 19 November 2009. At those second meetings of creditors, creditors resolved to adjourn the meetings to Wednesday, 2 December 2009.

Creditors of the Group resolved to adjourn the meetings due to the following reasons:

- Subsequent to issuing our Report to Creditors dated 11 November 2009 and prior to the second meeting held on 19 November 2009, we received legal advice concerning one of the key features of the proposal for the Deed of Company Arrangement ("Deed") being the issue of 100,000,000 shares in The Swish Group Ltd (Administrators Appointed) for the benefit of creditors. To enable the Deed Administrators to gain the benefit of the possible increase in the price of those shares, they would need to be re-listed for trading on the ASX. In order to sell these shares at the conclusion of three (3) month escrow period for the creditors, The Swish Group Limited (Administrators Appointed) would require a Deed of Company Arrangement, which would terminate prior to the creditors of The Swish Group Limited (Administrators Appointed) being paid any dividend.
- Our legal advice is that because The Swish Group Limited (Administrators Appointed) Deed of Company Arrangement required termination prior to its creditors being paid, this may constitute a creditors trust as discussed in the regulatory guidelines issued by the Australian Securities and Investments Commission ("ASIC").

-
- In the circumstances that the proposal constitutes a creditors trust, then we are obligated to provide creditors with certain detailed information about their rights, and the effect the proposal has on those rights.
 - We proceeded with the meeting on 19 November 2009, at which time we advised creditors of the above, and in order to ensure that the proposal and its effects are explained to creditors clearly, fully and with complete transparency, we sought to adjourn the meeting to 2 December 2009.
 - In all instances, the meetings were adjourned.

4. General

The second meeting of creditors of each company in the Swish Group of Companies was adjourned in order to allow us to provide creditors with additional information should the proposals constitute a creditors trust.

The information utilised in preparing this supplementary report has been obtained from the proposer of the Deed, creditors of the Swish Group of Companies and the Swish Group of Companies' records.

Given the nature of this supplementary report, we have not verified all the information obtained nor have we conducted an audit of the Swish Group of Companies' accounts.

As set out in our previous report and notices to creditors dated 28 August 2009 and 11 November 2009, our initial contact with the director(s) of the Swish Group of companies occurred on 24 August 2009 at which time a meeting was held to discuss the options available to the companies in respect to its present financial circumstances.

We also had contact with the directors of two related entities within The Swish Group of Companies, being Swish Films Pty Ltd and Swish MG Distribution Pty Ltd in June 2009 regarding the financial circumstances of those companies. We were appointed Voluntary Administrators of both of these entities on 26 August 2009.

We undertook an assessment, prior to our appointment, which identified no real or potential risks to our independence and as such, we are not aware of any reasons that prevented us from accepting our appointments as Voluntary Administrators.

This report is supplementary to our report dated 11 November 2009 and should be read in conjunction with that report.

5. Proposals

As indicated above and outlined in our report to creditors dated 11 November 2009, a proposal for the Swish Group of companies to enter into a Deeds of Company Arrangement was received from Planet W Pty Ltd (ACN 127 051 521) ("Planet W").

We note at the meetings of creditors held on 19 November 2009, creditors enquired as to the relationship between the Swish Group of Companies and Planet W. From our enquires to date, Planet W is an Australian proprietary company, limited by shares, which we understand is unrelated to the Swish Group of Companies. We have been advised by Cary Stynes that Planet W was founded in 2007 and operates businesses in the area of web search, web site development and related areas. The Company is a broker for web advertisers

and publishes, buying internet feeds from one and selling them to the other. Mr Dean Jones, who we understand is one of the directors of Planet W, is coordinating the proposal put forward by Planet W.

The proposal submitted, as outlined in my report dated 11 November 2009 is reproduced in full as follows:

1. *That the Swish Group Limited and all of its associated entities company enter into a Deed to enable for the recapitalisation of the Swish Group of Companies.*
2. *That Planet W will remit the sum of \$450,000 to the Joint and Several Deed Administrators. The sum is contingent upon creditor's approval of the terms of the Deed and shareholders approval being obtained at a shareholders meeting to be called to approve the transaction.*
3. *That in addition to the cash sum, Planet W will procure that the company issue to the Joint and Several Deed Administrators, or an entity nominated by them, to hold 100,000,000 fully paid ordinary shares on behalf of the creditors at an issue price of \$0.001 cents (or such other number in the event of a consolidation of the share capital of Company). The issue of shares sum is contingent upon creditor's approval of the terms of the Deed and shareholders approval being obtained at a shareholders meeting to be called to approve the transaction. The shares are to be held in escrow by the Joint and Several Deed Administrators, on behalf of the creditors, for a period of ninety (90) days from the date of the issue of those shares or at an earlier date by agreement. The company will assist the Joint and Several Deed Administrators in finding a purchaser at the conclusion of the escrow period at a price equivalent to a 20% discount of the then current market price, but not less than \$0.001 cents or the equivalent amount in the case of a reconstruction of the share capital of the company.*
4. *That David James Lofthouse and Richard John Cauchi ("Administrators") be the Joint and Several Deed Administrators ("Deed Administrators") of the Deed.*
5. *Upon execution of a Deed, Planet W Pty Ltd with the approval of the existing Board of Directors, will appoint so many new directors to the Board of directors so that it represents a majority of the Directors on the Board of Directors.*
6. *That the Joint and Several Deed Administrators shall not be involved in or in any way responsible for the management of the company, except to the extent necessary to perform their duties under the proposed Deed and to achieve the objectives of the Deed. The day to day control and all statutory obligations of the company will revert to Planet W upon execution of the Deed.*
7. *That the Joint and Several Administrators have terminated all executives and staff of The Swish Group of Companies.*
8. *That CPS Holdings Pty Ltd and/or Cary Stynes and Furneaux Equity Limited, whilst maintaining their voting rights, will not participate in any distribution under the proposed Deed with respect to any priority and/or unsecured claims pursuant to the provisions of the Corporations Act 2001 ("the Act").*
9. *The Deed Administrators are to utilise the Deed Funds to provide for the following:*
 - (i) *Any amounts required by the Joint and Several Administrators / Joint and Several Deed Administrators in order to fully discharge any liabilities, expenses and costs associated and incurred in the conduct of the Voluntary Administration and the Deed;*

-
- (ii) *The remuneration of the Joint and Several Administrators / Joint and Several Deed Administrators of the Deed (as approved by creditors) and any other expenses and costs incurred therein;*
 - (iii) *Outstanding priority (employee) claims in the order of priority as set out pursuant to Section 556 of the Act; and*
 - (iv) *The balance of the remaining Deed Fund is to be distributed to the provable admitted claims of participating unsecured creditors on a pari passu basis (except for non participating creditors).*
10. *The Joint and Several Administrators / Joint and Several Deed Administrators are entitled to be indemnified from the Deed Funds, to defend any proceedings in relation to the Deed, including payment of all fees and disbursements incurred in any legal proceedings and any legal costs or any orders obtained by the Joint and Several Administrators and/or the company with respect to any proceedings.*
11. *The Deed must be executed within fifteen (15) business days after the second meeting of creditors (or at any other adjournment of that meeting in which creditors resolve to accept the terms of the proposed Deed).*
12. *The provisions of Schedule 8A of the Act will not apply to the proposed Deed, other than for:*
- *Clause 2 (which concerns powers of administrators);*
 - *Clause 4 (which concerns priorities); and*
 - *Clause 10 (which concerns lodging of accounts).*
13. *The proposal is to be in full and final settlement of any and all claims of the Swish Group of Companies creditors, with the exception of the claims of related parties and excluded creditors.*

We note that Furneaux Equity Limited (A.C.N. 124 464 366) have advised that they will guarantee the sale price of \$0.001 per share in The Swish Group Limited received by the Deed Administrators at the conclusion of the escrow period, and that such a term will form part of the Proposal for a Deed of Company Arrangement.

Facilitating the Proposal

The proposal, as we understand it, will involve:

1. The transfer to the Deed Administrator of:
 - (a) \$450,000 in cash; and
 - (b) 100,000,000 Shares in the company Swish Group Limited ("Shares").
2. The Arrangement will be effected by:
 - (a) Swish Group Limited executing a Deed of Company Arrangement. That will contain terms requiring the procuration of \$450,000 and the issue of 100,000,000 Shares by 30 March 2010 to the Deed Administrators ("Contribution"). Both elements of the Contribution must be received by the Deed Administrators on the same date. Upon the Contribution being

received by the Deed Administrator, the Deed will be terminated as effectuated. If the Contribution is not received by the dates specified, the Deed will fail.

- (b) The remaining companies of the Swish Group of Companies will enter a collective Deed of Company Arrangement ("Group Deed"). That will provide for Deed Administrators to collect all funds due to the group, convert the 100,000,000 Shares to cash and, along with the \$450,000, distribute those funds to creditors of the Swish Group of Companies, on a pooled basis, in accordance with the priorities set out in Section 556 of *The Corporations Act*.
 - (c) The execution by all companies in the Swish Group of Companies of a Deed of novation and assignment. This will provide for each company in the Swish Group of Companies, including Swish Group Limited to transfer to one of the Group (yet to be nominated by the Deed of Administrators) ("Swish Nominated Entity") all of their assets and liabilities. In effect, this will create one company in the group to hold all of the assets, including the Contribution, and all of the group liabilities. Creditors of any of the companies in the Swish Group of Companies will become creditors of this company.
 - (d) A Guarantee by Furneaux Equity Limited (ACN 124 464 366) ("Furneaux"). This guarantee will be provided to the Deed Administrators and will guarantee a return of at least \$100,000 from the sale of the 100,000,000 Shares received under the proposal in the Swish Group Limited.
3. This proposal, if accepted, will mean that, all creditors of the Swish Group of Companies will agree to transfer their debts to the Swish Nominated Company, and receive payment from it in satisfaction of their entitlements under the Group Deed. However, once the Contribution has been made, and prior to any monies being distributed to creditors, Swish Group Limited will have its Deed terminated, as effectuated. It will no longer be subject to the Deed of Company Arrangement, will be returned to its directors and will be entitled (subject to ASX requirements) to be reinstated to the list of companies whose shares are traded on the Stock Exchange. This will enable the Deed Administrator to obtain a potentially higher price for the Shares \$.0001, thereby increasing the pool available for distribution.
4. However, as Swish Group Limited's Deed of Company Arrangement has been wholly effectuated, and terminated, creditors will not have any residual rights against Swish Group Limited should the Group Deed fail, and the Companies are placed into liquidation. If the Group Deed is affected, Creditors would similarly forgo their rights against all the Companies in the Swish Group of Companies.
5. We do not consider that there is a significant risk in the Group Deed failing after the Swish Group Limited's Deed is effectuated, because:
- (a) The Contribution must already have been provided; and
 - (b) Furneaux has guaranteed at least \$100,000 for the Shares;

However, there is a possibility that some catastrophic event might occur which means that the Group Deed cannot be effectuated.

6. In that event that the Group Deed is not effectuated, it is likely that the remaining companies in the group would proceed into liquidation. A liquidator would not be appointed, however, to Swish Group Limited. That would not occur to Swish Group Limited as its' Deed has been completed and

effectuated and the company returned to directors. Creditors of Swish Group Limited would not, therefore, have rights against the Swish Group Limited, or for example, its' Directors, in the event that the Group Deed fails.

7. Creditors of all companies in the Swish Group of Companies, and in particular those of the Swish Group Limited, must carefully consider the proposal and their rights, including:
- (a) what they give up irrevocably;
 - (b) what rights they would have in a liquidation if the Deed fails; or
 - (c) any dividend they would receive in liquidation.

For the reasons set out in our earlier report, we consider that the proposal represents the best return for priority Creditors.

8. However, because of the matters raised in 6 above, the proposal is probably, what ASIC describes as a creditors trust.

6. Creditors Trusts Explanation

A creditor's trust in a Deed is a mechanism used to enable a company to exit from External Administration and is commonly used to enable public listed companies to exit from a Deed and allow their securities to be quoted on the ASX.

A Creditors trust is a form of arrangement where the assets and liabilities of the company are transferred to another entity, often a trust. The obligations of the company to the Creditors bound by the Deed are compromised and transferred to the trust and the creditors become beneficiaries of the trust.

The company and/or a third party promise to make one or more payments to the trustee of the trust in satisfaction of the creditors claims against the company. In return, creditor's rights against the company are extinguished.

The trustee of the trust becomes solely responsible to the former creditors (now beneficiaries) for:

- a) Ensuring the company and/or third party meets their payment obligations to the trustee;
- b) Determining how much each beneficiary is entitled to receive from the trust;
- c) Making any distribution(s) to the beneficiaries.

Upon execution of the Trust Deed, the Deed of Company Administration is usually effectuated (and terminates) after the creditors claims are transferred into the Trust. As a result the company ceases to be externally administered and the directors and/or third party gains control of the company.

The Australian Securities and Investment Commission has in the past indicated that whilst it does not favour Creditors trusts, they are not illegal. The ASIC regulatory guide can be found here:
[http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/creditors_trusts_guide.pdf/\\$file/creditors_trusts_guide.pdf](http://www.asic.gov.au/asic/pdf/lib.nsf/LookupByFileName/creditors_trusts_guide.pdf/$file/creditors_trusts_guide.pdf)

ASIC has indicated that we must disclose the following matters:

I. Reasons proposal involves a Creditors Trust

The Deed involves the pooling of creditors claims into the Swish nominated company and the termination of The Swish Group Ltd Deed in order to enable The Swish Group Ltd to be re-routed on the ASX. This will enable the Deed Administrators to sell the Shares held in escrow for distribution to creditors, and provide a pool of funds for distribution to creditors which may exceed the sum of \$550,000.

We consider that it is in the best interest of creditors as a whole that the assets and liabilities of the Swish Group of Companies be pooled in order to allow The Swish Group Limited to be released from External Administration and proceed to be re-quoted on the ASX. This would enable a resolution to be obtained from shareholders for the shares in escrow to be provided to the Deed Administrators of the Swish nominated Company for sale at the end of the escrow period. At which time, the Deed Administrators will be able to make a distribution to creditors in accordance with the Corporations Act, 2001.

In order to The Swish Group Ltd to be re-listed on ASX, Planet W will be required to ensure that the following has occurred:

- Annual report and financial statements for the year ended 30 June 2009.
- Ensure all outstanding ASX and ASIC fees have been paid.

II. Key Events/ Timetable

An indicative timetable for the implementation of Planet W's Recapitalisation Proposal and Deed is as follows:

Date	Description
2 December 2009	Reconvened 2 nd meetings of Creditors to approve Deed.
14 December 2009	Deeds of Company Arrangement and Deeds of Novation and Assignment executed
23 December 2009	If any of the creditors in the Swish Group of Companies resolved not to pool the liabilities under a Deed, the Administrators make an application to the Court for same
3 December 2009 - 11 January 2010	Preparation of notice of meeting and completion of audit on the Companies for 30 June 2009 financial year.
25 January 2010	ASIC/ASX approval of meeting documents
29 January 2010	Print and issue notice of meeting
26 February 2010	Shareholders meeting

Date	Description
8 March 2010	Shares issued by Planet W Pty Ltd to Swish nominated company (Subject to Deed of Company Arrangement). The Shares are held in escrow for ninety (90) day from their issue or at an earlier date by agreement and payment of the \$450,000 cash sum
9 March 2010	The Swish Group Ltd Deed wholly effectuated and Deed Administrators retire. Creditor's rights are extinguished
12 March 2010	Re-listed on ASX
10 June 2010	Escrow period expires and able to sell shares
August 2010	Distribution to creditors from the pooled Deed in Swish nominated company

Please note that the dates specified above are an indicated timetable and are subject to change.

The implication of the above is that if the proposal is accepted, Creditors of the Swish Group will agree to transfer their debts to the Swish Nominated Company, and receive payment from it. However, once the Contribution has been made, and prior to any monies being distributed to creditors, Swish Group Limited will have its Deed terminated, as effectuated. It will no longer be subject to the Deed, and will be entitled (subject to the ASX) to be reinstated to the list of Companies whose Shares are traded on the Stock Exchange. This will enable the Deed Administrator to obtain a potentially higher price for the Shares.

However, as Swish Group Limited Deed is wholly effectuated, creditors will not have any rights against the Swish Group Limited should the Group Deed fail, and the Companies are placed into liquidation. We note however that if the Group Deed is satisfactorily effectuated, Creditors would similarly forgo their rights against all the Companies in the Swish Group of Companies, including the Swish Group Limited.

III. Return to Creditors

We refer to Section 16 of our report to creditors dated 11 November 2009 that outlines the estimated return to creditors under the proposal and in a Liquidation scenario.

As stated previously in this report, we do not perceive any risks to creditors regarding receipt of the Contributions, as one component is a cash contribution and the other, the share component, Furneaux has guaranteed the minimum share price, and both must be received prior to the Swish Group Limited's Deed of Company Arrangement being effectuated.

IV. Deed Administrators particulars

Should creditors resolve to accept the terms of the Deed, creditors are entitled to seek to appoint an alternative Deed Administrator to David J. Lofthouse and myself, if another person is nominated. If no other nomination is received at the meeting, creditors will be taken to have appointed David J. Lofthouse and myself as the Joint and Several Deed Administrators.

Details of our relevant experience can be obtained via our website www.cjlpartners.com.au.

V. Indemnities

We have not been indemnified for the conduct of the Voluntary Administrations, other than by way of the indemnity we may be entitled to under the Act.

We note that our fees, up to the amounts resolved by creditors, and disbursement for the conduct of the Voluntary Administration and pooled Deed will be taken from the Deed contributions under the Act.

VI. Claims

The Deed Administrators will adjudicate all participating creditors claims for dividend purposes. Distributions to creditors will be in accordance with Section 556 of the Act.

VII. GEERS

In the event that the Swish Group of companies are placed into Liquidation, the General Employee Entitlements and Redundancy Scheme ("GEERS") was introduced by the Federal Government for the purpose of providing employees of incapacitated entities with the ability to claim their entitlements where it is likely that insufficient monies will be realised in the liquidation to provide for payment of same. An employee may be eligible under GEERS to receive payment of their employee entitlements for unpaid wages, annual leave, long service leave, payment in lieu of notice and redundancy pay, where applicable, up to a maximum wage capped at \$108,300.

In the event the pooled Deed is executed, employees will be unable to make a claim on GEERS and will be eligible for a dividend under the Deed, subject to receipt and adjudication on employee claims.

As stated in our previous report however we understand that employees who are not an Australian resident will be ineligible to receive GEERS assistance.

VIII. Compliance Opinion

As at the date of this report we have not made specific enquiry as to the ability of Planet W or Furneaux to comply with their obligations under the proposal. We note however that should they fail to comply The Swish Group Limited's Deed of Company Arrangement cannot be wholly effectuated until the Contribution has been received by the Deed Administrators.

Should Planet W fail to comply with its obligations, the Deed Administrators have the power to convene meetings of creditors as and when required to put a resolution to creditors to vary or terminate the Swish Deed and the Group Deed.

IX. Solvency Statement

Should creditors resolved to execute the Deeds and Deed of Assignment and Novation, creditors will have assigned their rights to the Swish nominated company. Once Planet W has complied with the terms of the Swish Group Deed, it will be wholly effectuated and the company will no longer have any outstanding liabilities to creditors.

Upon realisation of the shares and distribution to creditors, the Group Deed will be wholly effectuated and the remaining companies within the Swish Group of companies will no longer have any outstanding liabilities to creditors.

X. Others

The Deed proposal involves the preservation of the corporate shell of The Swish Group. As stated in our previous report, a lot of interest was received for the preservation of the corporate shell. As such, we consider that the proposal put to creditors represents the estimated value of the shell at the time expressions of interest were sought.

The terms of the proposal includes proposed equity raising and reorganisation of The Swish Group share structure. These changes in the share structure will be put to shareholders for their approval at the forthcoming shareholders meeting and the proposer will incur any associated costs. These proposed changes will have no affect on the estimated return to creditors.

7. Additional Information for Creditors

The information below is in addition to our Section 439A Report to Creditors dated 11 November 2009, however should be read in conjunction with my earlier report.

I. Report as to Affairs

We refer to section 10 of our report to creditors dated 11 November 2009 and advise that the information contained remains unchanged except for the total claims of unsecured creditors as follows:

<u>Company</u>	<u>Unsecured Claims</u>
The Swish Group Limited (Administrators Appointed)	\$2,300,237.09
Swish Amphead Pty Ltd (Administrators Appointed)	\$1,191,618.98
Swish Films Pty Ltd (Administrators Appointed)	\$ 627,415.96
Swish Digital Spark Pty Ltd (Administrators Appointed)	\$2,872,628.77
Swish Digital Media Pty Ltd (Administrators Appointed)	\$ 64,596.14
Swish MG Distribution Pty Ltd (Administrators Appointed)	\$ 734,880.33
Swish Telecommunications Holdings Pty Ltd (Administrators Appointed)	\$ 772,034.50

We note that the unsecured creditors of Swish Digital Spark Pty Ltd (Administrators Appointed) have increased by \$2,814,690.20. This relates to a damages claim lodged by Administration & Marketing Solutions Pty Ltd against the company for failure to comply with the terms of a contract between the parties. We have written to the lawyers acting for Administration & Marketing Solutions Pty Ltd requesting that they substantiate their clients claim. As at the date of this report we are yet to receive a response.

As indicated in our previous report, the eventual amount due to unsecured creditors may vary pending the receipt of any additional claims and the formal adjudication of all claims lodged within the Administrations.

II. Insolvent Transactions

As mentioned in our report dated 11 November 2009, we are required to report under the Corporations Act 2001, any transactions which appear voidable, i.e. where property or other benefits may be recoverable by a Liquidator under Part 5.7B of the Corporations Act 2001. These provisions will not apply if the Group enters into a Deed.

We have identified payments received from approximately five (5) creditors in the vicinity of \$390,000 within the relation back period which in our view have the characteristics of an unfair preference pursuant to the provisions of the Corporations Act 2001.

We reiterate our earlier advice that the likelihood of a recovery and the statutory defences available to creditors in respect to claims that may be made by a Liquidator would also need to be considered if the Group were to be placed into liquidation.

Should the Group be placed into liquidation, a final determination of whether any right of action exists and likely recoverability would require a complete detailed review of the company's records. The costs associated with such a review, together with the costs associated with any recovery proceedings would be required to be indemnified by creditors in this regard in the circumstances where there are no funds available to the Liquidator.

III. Insolvent Trading

As per our earlier report dated 11 November 2009, based on the information to hand, we confirm our belief that the Group may have traded whilst insolvent from as early as July 2006. We have formed this view on the basis of the following:

- The majority of the companies have experienced trading losses.
- Some of the companies appear to have entered into a payment agreement with the ATO.
- Creditors were chasing payment for debts which were outside trading terms.
- The Swish Group of Companies have failed to meet their statutory obligations, in particular, superannuation guarantee charge remains unpaid since approximately July 2006. An instalment arrangement appears to have been commenced by the group with the ATO in August 2008.

We confirm our earlier advice that we are unable to provide an accurate assessment of the likely amount that would be recovered in the case where the Group was placed into liquidation, due to the uncertainties as to the level of any claim that is likely, the defences that would be available to the directors and the actual capacity of the directors to meet any successful claim.

As at the date of this report, we have received duly sworn declarations from some of the directors of the Swish Group of companies. Those declarations indicate that it would not be commercially viable to commence an insolvent trading action against those directors.

Should the Group be placed into liquidation, a detailed investigation would be undertaken in this regard should there be sufficient funds with which to do so.

8. Recommendation and Potential Return

As previously advised, creditors may resolve that:

- (i) The Swish Group of companies enters into a Deed in accordance the recapitalisation proposal received from Planet W.

Creditors may resolve that each of the companies in the Group enter into a Deed in accordance with the recapitalisation and DCA proposal as outlined under Section 4 of this supplementary report.

- (ii) The companies in the Group are placed into liquidation.

If creditors resolve that the Group be placed into liquidation, we shall proceed to wind up the Group's affairs, including the sale of its assets, together with conducting further investigations aimed at establishing whether rights of action exist and, if relevant, distributing amounts to creditors.

- (iii) The Voluntary Administrations of the Group should end.

If creditors resolve that the voluntary administrations should end, control of the Swish Group of companies will be passed back to its directors. It will also mean that the moratorium inherent in the legislation preventing creditors legally pursuing the company will be lifted.

We detail below our recommendation with respect to the proposals received for the Group to enter into a Deed as opposed to creditors resolving that the companies be wound up.

We refer to Section 16 of our report dated 11 November 2009 and note that the potential dividend to creditors under the Liquidation scenario remains unchanged as at the date of this report. We note however that dividend to priority creditors under the Deed scenario will be in the vicinity of 0.46 cents in the dollar (subject to the adjudication of formal claims) as a result of the additional disbursements incurred by us as outlined in Section 10 of this report.

Recapitalisation of The Swish Group Ltd companies and Deed Proposal for the Group

Under the recapitalisation and Deed proposal received from Planet W, it is our view that based on the funds to be made available under the proposed Deed of Company Arrangements we anticipate that priority creditors (subject to final adjudication on participating creditors' claims) will receive in the vicinity of half their claim from the initial cash contribution as outlined in section 16.1 of our report to creditors dated 11 November 2009.

With the prospect that the sale of the shares in escrow may be sufficient to pay the balance of the remaining priority claims in full and potentially allow for a return to ordinary unsecured creditors. We note that creditors may have a greater prospect of receiving a dividend from the sale of the shares held in escrow on their provable claims (subject to final adjudication on participating creditors' claims) compared to the Swish Group of Companies be wound up and their assets pooled.

We make these comments based on the following:

- Under the terms of the proposed Deed, the prospect of a return to ordinary unsecured creditors, even though uncertain, is significantly greater given the prospect that the shares in escrow may have a market value at the time of sale which is greater than their issue price.
- Under the terms of the proposal submitted, the Deed contributions will be available to assist in the payment of all costs associated with the Voluntary Administration / Deed process together with known priority creditors claims.
- Under the terms of the proposal submitted, the potential for a return to ordinary unsecured creditors from the sale of the shares held in escrow at the end of escrow period appears to be greater than any likely return that will be received by ordinary unsecured creditors in a winding up (subject to proving claims).
- We note that should creditors resolve to accept the terms of the Deed proposal submitted, CPS Holdings, Cary Stynes and Furneaux Equity Limited will not participate (for distribution purposes) with respect to their unsecured claims.

Liquidation

Based on the information to hand and our preliminary investigations to date, we are not of the opinion that creditors should resolve that the Swish Group of Companies be wound up, as uncertainties remain as to whether sufficient realizations will be achieved in order to meet the claims of both priority and unsecured creditors.

We make these comments based on the following:

- In a liquidation, the above noted Deed contributions would not be available to meet either creditor claims nor the Joint and Several Administrators' / Joint and Several Liquidators' remuneration and costs.
- The outcome of any possible recovery with regard to preferences, other voidable transactions and insolvent trading claims (if any) remain uncertain due to the defences available to both creditors and directors of the Group under the provisions of the Corporations Act 2001.
- We note that should creditors resolve to place the companies into liquidation, CPS Holdings, Cary Stynes and Furneaux Equity Limited will maintain all their rights to claim in the Liquidation.
- Based on the information to hand, should creditors resolve that the Swish Group of Companies be wound up and pooled, it appears unlikely that any class of creditor will receive a distribution on their provable claims.
- Those employees who are not Australian residents will not be entitled to receive a payment under the General Employee Entitlements Redundancy Scheme ("GEERS").

Recommendation

Whilst the proposal provides for an amount of at least \$550,000 to be made available within a reasonable timeframe, this amount is only available subject to The Swish Group Ltd re-listing on the Australian Stock Exchange ("ASX"). We cannot provide any certainty to creditors as to what requirements the ASX may impose on The Swish Group Ltd to have its shares re-quoted on the ASX.

Given the complexities which have surrounded the external administrations of the Group, together with the uncertainty surrounding the potential recoveries with regard to preferences, other voidable transactions and insolvent trading claims (if any), it is our recommendation that creditors resolve to execute the Deeds of Company Arrangement and Deed of Novation and Assignment on the basis that it appears that the prospect of any return to creditors is greater than that would eventuate should creditors resolved that the Group be wound up.

Although we are uncertain whether a return will eventuate to unsecured creditors under the Deed, the prospect of a return would be significantly greater than in a Liquidation scenario.

9. Adjournment

Creditors should note that the Act provides that a meeting convened under Section 439A may be adjourned by a resolution of creditors, but only for a period of up to forty-five (45) business days from the date of the second meetings.

Please note that at this point in time, we do not believe that an adjournment of the meetings is warranted.

10. Administrators' Remuneration

We advise that we will seek resolutions from creditors for our remuneration at the same amounts as outlined in our report to creditors dated 11 November 2009.

Details of the disbursements incurred up to the 24 November 2009 by the Joint and Several Administrators of each company within the Swish Group of Companies are as follows:

The Swish Group Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Courier Charges	471.81
b. Room Hire Costs	158.34
c. Travel Costs	12.89
d. Computer Share Fee	250.00
e. Legal Searches	338.10
f. Advertising	644.66
g. Facsimile Costs	140.00
h. Photocopying Costs	4,535.13
i. Postage	1,340.19
j. Vic Roads Searches	8.00
k. Scanning Costs	46.00
l. Legal Fees	22,310.88
m. Removal's Fees	837.00

n. Agents Fees	350.00
o. Document Storage	18.59
p. Telephone Costs	100.00
Total	31,561.59

Swish Amphead Pty Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Room Hire Costs	158.33
b. Legal Fees	294.00
c. Advertising	644.66
d. Facsimile Costs	17.00
e. Photocopying Costs	1,663.37
f. Postage	752.55
g. Vic Roads Searches	8.00
h. Scanning Costs	23.50
i. Removal's Fees	810.00
j. Agents Fees	350.00
k. Documents Storage	18.59
l. Travel Costs	12.87
Total	4,752.87

Swish Digital Signage Pty Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Advertising	657.82
b. Facsimile Costs	21.00
c. Photocopying Costs	1,165.63
d. Postage	97.50
e. Vic Roads Searches	8.00
f. Scanning Costs	18.50
g. Documents Storage	18.59
h. Travel Costs	12.87
Total	1,999.91

Swish Films Pty Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Advertising	644.66
b. Facsimile Costs	19.00
c. Photocopying Costs	1,155.63
d. Postage	233.30
e. Vic Roads Searches	8.00
f. Scanning Costs	14.00
g. Documents Storage	18.59
h. Travel Costs	12.87
Total	2,106.05

Swish TV Pty Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Advertising	644.66
b. Facsimile Costs	29.00
c. Photocopying Costs	1,005.13
d. Postage	50.50
e. Vic Roads Searches	8.00
f. Scanning Costs	12.50
g. Documents Storage	18.59
h. Travel Costs	12.87
Total	1,781.25

Swish Torque Communications Pty Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Advertising	657.82
b. Facsimile Costs	18.00
c. Photocopying Costs	920.13
d. Postage	204.60
e. Vic Roads Searches	8.00
f. Scanning Costs	13.00

g. Legal Fees	200.00
h. Documents Storage	18.59
i. Travel Costs	12.87
Total	2,053.01

Swish Digital Spark Pty Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Advertising	657.82
b. Facsimile Costs	22.00
c. Photocopying Costs	1,096.13
d. Postage	42.70
e. Vic Roads Searches	8.00
f. Scanning Costs	15.50
g. Documents Storage	18.59
h. Travel Costs	12.87
Total	1,873.61

Swish Digital Media Pty Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Advertising	657.82
b. Facsimile Costs	19.00
c. Photocopying Costs	1,174.13
d. Postage	88.50
e. Vic Roads Searches	8.00
f. Scanning Costs	12.50
g. Courier	4.79
h. Documents Storage	18.59
i. Travel Costs	12.87
Total	1,996.20

Swish MG Distribution Pty Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Advertising	657.82
b. Facsimile Costs	25.00
c. Photocopying Costs	1,090.13
d. Postage	118.20
e. Vic Roads Searches	8.00
f. Scanning Costs	12.50
g. Documents Storage	18.59
h. Travel Costs	12.87
Total	1,943.11

Swish Telecommunications Holdings Pty Ltd (Administrators Appointed)

	Amount (excluding GST) \$
a. Room Hire Costs	368.33
b. Advertising	670.97
c. Facsimile Costs	24.00
d. Photocopying Costs	1,439.79
e. Postage	527.00
f. Vic Roads Searches	8.00
g. Scanning Costs	13.00
h. Legal Fees	2,087.58
i. Removal's Fees	837.00
j. Agents Fees	350.00
k. Documents Storage	18.59
l. Travel Costs	12.87
Total	6,357.13

The above noted amounts represent the direct costs incurred by CJL Partners with respect to the administrations.

These amounts are entitled to be paid in priority to all other costs of the Voluntary Administrations. Please note that GST is in addition to the above amounts.



CJL PARTNERS

Creditors should note that these estimates are based on the information to hand. Subsequent events may affect the amounts suggested.

Dated: 24 November 2009

A handwritten signature in black ink, appearing to read 'Richard J. Cauchi', written over a horizontal line.

RICHARD J CAUCHI
Joint and Several Administrator

