27 April 2010

REPORT TO THE SHAREHOLDERS OF

**SOLVERDI WORLDWIDE LIMITED
(ADMINISTRATOR APPOINTED)
A.C.N: 096 687 839**

As you may be aware, an Administrator was appointed to the abovenamed Company on 18 March 2010 pursuant to Section 436A of the Corporations Act ("the Act"). The appointment was effected by resolution made at a meeting of the directors of the Company. At the first meeting of creditors it was resolved by the creditors of the Company that I replace that Administrator.

I refer to my Notice to Shareholders dated 12 April 2010.

The purpose of this report is to provide shareholders of the Company an update on my investigations to date into the affairs of the Company.

1. HISTORY OF THE COMPANY

1.1 Statutory Information

A search on the company conducted through the Australian Securities and Investments Commission ("ASIC") database indicates that the company was registered on 3 March 2001.

The ASIC database discloses that the directors and officers of the company since its public float are as follows:

Name	Role	Appointment date	Cessation date
John Owen Hoffman	Director	10 February 2009	Continuing
Dennis Meyer Danzik	Director	10 February 2009	Continuing
David Henty Sutton	Director	27 August 2009	Continuing
Wayne Andrew Rogers	Director	29 February 2008	31 December 2009
Ian Mcleay Mutton	Director	18 March 2009	16 December 2009
Christopher Larson	Director	27 August 2009	9 November 2009
Leonard James Humphreys	Director	10 February 2009	18 March 2009
Bevan Dooley	Director	3 May 2001	10 February 2009
Ian Mcleay Mutton	Director	29 February 2008	10 February 2009
Thomas Maschmeyer	Director	29 February 2008	10 February 2009
Sarah Anne Dorothy	Director	22 October 2005	30 June 2008
John Stanley Keniry	Director	14 October 2005	29 February 2008
David Iverach	Director	18 April 2006	29 February 2008
Russell Allan Higgins	Director	18 April 2006	7 November 2007
Leonard James Humphries	Director	11 January 2005	12 March 2007
Richard Ronald Warwick	Director	14 October 2005	22 May 2006
George Arthur Muirhead	Director	3 May 2001	13 January 2006
Hean Kong Siew	Secretary	4 July 2008	15 March 2010

The Company search records that the registered office and place of business of the company at the time of the appointment of the Administrator was the 'Nexus building' level 5 4 Columbia Court Baulkham Hills NSW 2153.

A review of the ASIC database indicates that the company was previously known Australian Biodiesel Group Limited. It changed its name to Solverdi Worldwide Limited on 6 April 2009.

1.2 Historical Operations

The discussion below is based on announcements to the ASX and discussion with relevant and interested parties.

The Company was originally incorporated to operate as a biodiesel production plant design and product manufacture using waste oil product. It also sold recycled used cooking oil.

At the time of the appointment of an Administrator, the company was operating from a serviced office in Baulkham Hills, Sydney NSW. A review of the announcements made by the Company to the market would indicate that all assets that were located in Australia were sold in the proceeding 12 months. Discussion in respect to the most relevant announcements is set out below in this report under the headings "Assets" and "Investigations".

It is unclear when the trading of the business units of the Company ceased. The former company secretary advised that the last formal board meeting prior to the appointment of the Administrator was held in September 2009.

I advise that Mr Danzik and Mr Hoffman have not complied with my requests to assist me with my investigations of the Company. I note that Mr Sutton and Mr Hean who met with my staff advised that they have no knowledge as to the operations of the Company.

1.3 Reasons for the failure of the company

The directors of the company have not provided me any reasons for the Company's failure.

My preliminary opinion as to the reason for the failure of the company is that all the income producing assets have either been sold or removed from the Company's control. In either instance the value for the assets has been removed from the benefit of the Company.

1.4 Books and Records

From my preliminary review for the purposes of taking control of the company and completing this report, it would appear that proper books and records have <u>not</u> been maintained pursuant to Section 286 of the Act.

1.5 Historical Financial Reports

My investigations into the company's affairs have included a review of the historical audited and unaudited financial accounts and management accounts for the company.

The Company issued a half year financial report as at 30 June 2009. Grant Thornton reviewed this financial report.

The Company issued a condensed financial report for Company's financial year ended 31 December 2009. These accounts were not audited or reviewed.

On appointing a Voluntary Administrator to the Company, a director, Mr Hoffman emailed a balance sheet dated 25 February 2010 to the former Administrator. The balance sheet records no assets and $6,291,000 of liabilities.

As noted in the section entitled 'Books and Records', I question the veracity of the financial information that is available to me by the company and relevant parties. I note that in respect of the MYOB management accounts, the information contained in the summaries does not appear to be current. My concerns are heightened by the fact that an unaudited balance sheet provided by Mr Hoffman differs substantially from the condensed financial report for period ended 31 December 2009 which was lodged on 25 February 2010 with the ASX by the Company.

As a comparative analysis, the audited and unaudited financial accounts and management accounts for the year ended 31 December 2008 and 31 December 2009 and the periods ended 30 June 2009 and 25 February 2010, respectively, are summarised below. I note that for the purposes of this report, I have assumed that the balance sheet provided by Mr Hoffman is consolidated.

	25/02/2010 $'000	31/12/2009 $'000	30/06/2009 $'000	31/12/2008 $'000
Profit and Loss				
Gross Profit	Unknown	12,028	-	2,201
Less: Expenditure	Unknown	(13,446)	(4,610)	(4,197)
Add: Other Income	Unknown	-		-
Operating Profit/(Loss)	Unknown	(1,418)	(4,610)	(1,996)
Balance Sheet				
Current Assets	Nil	8,783	5,131	2,572
Non-current Assets	Nil	15,913	14,525	7,300
Total Assets	Nil	26,062	19,656	9,872
Current Liabilities	6,291	4,323	1,865	990
Non-Current Liabilities	Nil	28	Nil	178
Total Liabilities	6,291	4,351	1,865	1,168
Net Assets/(Deficit)	(6,291)	21,711	17,791	8,704

I have met with the auditors who have assisted with my enquiries in respect to the financial accounts.

As discussed above the US based directors, Mr Hoffman and Mr Danzik have failed to assist me with my investigations into the affairs of the Company. The Australian domiciled Director, Mr Sutton has advised that he is a non executive director and that he has no knowledge of the day to day operations of the company and can provide little or no detail in respect to the current position and status of the company.

Further discussion in respect to the discrepancies in the accounts is shown below in the 'Assets and "Investigation" sections of this report.

1.6 Other

Directorships

A personal name search of the director Mr Dennis Danzik, conducted on the ASIC database does not disclose any other directorships in Australia. A Company search conducted on an United States of America ("USA") information database indicates that Mr Danzik is a director of a subsidiary of this Company, Aristos International Inc. It appears that he may also be a director of a number of other USA based companies.

A personal name search of the director Mr John Hoffman, conducted on the ASIC database does not disclose any other directorships in Australia. A company search conducted on a United States of America information database indicates that Mr Hoffman is a director of a subsidiary of this Company, Aristos International Inc. It appears that he may also be a director of a number of other US based companies.

A personal search of the director Mr David Sutton on the ASIC database discloses following:

Company	Position
Roadships Logistics Limited (In Liquidation)	Director
Dayton Way Financial Pty Limited	Director
Australian Methane Gas Fund Limited	Director
He Nuclear Limited	Director
Heilongjiang Resources Limited	Director
Dragon State Resources Limited	Secretary
Himalaya Petroleum Limited	Director & Secretary
Imperial Corporation Limited	Director
Imperial Technologies Pty Limited	Director
Karela Giselle Pty Limited	Director
Licella Pty Limited	Director
North American Oil Gas Energy Pty Limited	Director
Nuclear Fuel Australia Limited	Director
Olympic Energy Management Pty Limited	Director & Secretary
Opal Hitech Limited	Director
Optex Exchange Pty Limited	Director & Secretary
Optionsxpress Australia Pty Limited	Director & Secretary
Plantcorp Limited	Director
Quest Marine Resources Limited	Director
Sinovus Mining Limited	Director
Sweetpea Petroleum Pty Limited	Director & Secretary
Quest Securities (Australia) Limited	Director
Silver Star Resources Limited	Director

A personal name search of Mr Hean, who resigned as company secretary on 15 March 2010 disclosed the following:

Company	Position
Ascend Group Limited	Secretary
Auxilium Corporation Pty Limited	Director and Secretary
He Nuclear Limited	Secretary

Litigation Proceedings

My investigations have indicated that there are applications on foot against the Company by creditors seeking payment of outstanding debts. The proceedings against the Company are automatically stayed following my appointment.

A summary of the actions against the Company, of which I am aware, that existed at the date of my appointment are as follows:

SRJ Walker Wayland Pty Limited -v- Solverdi Worldwide Limited
Proccedings No. 2129 of 2010 issued out of the Supreme Court of Queensland

A Statutory demand in amount of $31,074.41 was served on the Company. Pursuant to a judgment of the Magistrates Court of Queensland and an unsatisfied statutory demand the winding up application was made on 7 April 2010. This application has been adjourned to 5 May 2010.

Gardner Smith Pty Limited -v- Solverdi Worldwide Limited
Proceedings No. 50213 of 2008 issued out of Supreme Court of New South Wales.

A Notice of Motion filed by Gardner Smith was listed on 17 March 2010 claiming damages in the amount $4,517,276.38.

2. ASSETS AND LIABILITIES

Pursuant to section 438B(2) of the Corporations Act the directors of a company in Administration are required to provide the Administrator with a statement of the Company within five (5) business days of the Administration's appointment. This usually takes the form of a Report as to Affairs. The directors of the company have not provided me with a statement of the company in accordance with their obligations under the Act. However, I have received a copy of a balance sheet as at 25 February 2010 which was provided by Mr Hoffman to the previous Administrator.

Detailed below is a schedule of the assets and liabilities of the company compiled by me based on my investigations into the affairs of the company and the Balance Sheet provided by the director.

	Directors Balance Sheet $	Estimated Realisable Value $
Assets		
Cash at bank	Nil	Unknown
Unencumbered plant & equipment, furniture & fittings	Nil	Nil
Aristos- 100% Shareholding	Nil	Unknown
Total Assets	**Nil**	**Nil**
Liabilities		
Priority Creditors:		
Employee Entitlements	920,238	Unknown
Total Priority Creditors	920,238	Unknown

Amount available to unsecured creditors	**Nil**	**Nil**
Unsecured creditors	1,536,618	6,501,450
Total Unsecured Creditors	**1,536,618**	**6,501,450**
ESTIMATED DEFICIENCY	**(2,456,856)**	**Unknown**
Return cents in the dollar	**Nil**	**Nil**

2.1 Assets

Cash at bank

I have written to all major banks in Australia requesting that they review their records to determine if the Company held accounts with them. I have also written to Wells Fargo, Bank of America and Nevada State Bank requesting the same.

I have identified the Company operated three bank accounts with Westpac Banking Corporation. The company also holds bank accounts in the USA with Bank of America, Nevada State and Wells Fargo. I understand that the Westpac accounts were basically imprest accounts and all significant funds were held off shore.

At this time I have received some information from Westpac that indicates that the accounts were overdrawn. I have been advised by the Bank of America that they will not release information to me.

My discussion with the Banks and investigations in respect to these bank accounts are continuing.

Plant and Equipment

My valuers have provided a sight unseen valuation of the plant and equipment that was located at Baulkham Hills and the storage facility. I have attributed a nil auction value to these items after costs of sale which consists predominately of computer hardware and some furniture and filing cabinets.

100% Shareholding- Aristos International Inc

On 2 September 2009, an announcement was made on the ASX that 100% of Aristos International Inc ("Aristos") stock was acquired by the Company for 5 million ordinary shares in the Company at $0.13 per share. In accordance with these announcements and company searches conducted on a North American information database, the Company is the major shareholder of Aristos.

I have written to Aristos requesting further information to ascertain the company's current financial and operational position. To date, I have yet to receive a response.

2.2 Liabilities

Employee Entitlements

Pursuant to Section 556 of the Corporations Act, employee entitlements enjoy a priority over amounts owing to unsecured creditors. Effectively employees must be paid in full before any monies can be distributed to other classes of creditor. The balance sheet records an employee entitlement liability for wages as $920,238. I have no further details in respect to the liability. Given that I have not had any enquiries from former employees, I suspect that this amount may not be supported by independent investigation.

Unsecured Creditors

I note that the creditors listing provided by a director to the former administrator discloses unsecured creditors in the amount of $1,536,618.

Based on the information currently available to me, I am aware of claims against the company that can be summarised as follows;

	Amount $
Trade Creditors	765,983
Gardener Smith	5,534,467
Bond- Church Group	20,000
Shortfall on leases (estimate)	50,000
Australian Taxation Office ("ATO")	131,000
	6,501,450

The claim from Gardener Smith relates to litigation commenced in 2008 against the Company as discussed earlier.

The following claims were unsubstantiated at the time of the first creditors meeting on 26 March 2010. The Chairman of the meeting did not accept these claims at the meeting. No further substantiation has been provided and at this stage I would not accept these claims as creditors;

John Hoffman	289,736
Dennis Danzik	350,000
Christopher Larson	137,500
Bruce Sands	33,000
Larry Novak	143,000
Anthony Calim	17,000
S & C Construction	189,600
Wayne Rogers	5,985

3. INVESTIGATIONS

Tender Offer announcement

On 17 February 2010 the Company announced to the ASX that it received a Tender Offer and Voting Agreement for the assets of the Company from LincolnHill Capital Partners "(LCP"). It would appear from the announcement that LCP is domiciled in the USA. However, my Google and database searches have not revealed a company of this name. Furthermore, I have not been contacted by a representative of LCP. It would appear that this Company does not exist. My investigations into this issue are continuing.

Berkeley Vale Plant

My investigation has disclosed that the Company was the owner of a biodiesel plant located at Berkley Vale, NSW. The property on which the plant is built was formerly leased to the Company. A member of my staff attended the property and met with the owner occupier. Also present were my valuers, Grays Asset Services. The owner of the property reviewed the site with my representatives.

The owner advised that he has purchased the biodiesel plant for scrap on 29 January 2010 for consideration of $135,000. I understand that funds were remitted to the Company account with the Bank of America. The owner of the property has provided documentation confirming the same.

I instructed Grays Asset Services to review the sale. Their report concludes that based on the Occupational Health and Safety risks, costs associated with decommissioning the plant and conducting the sale campaign, the consideration paid by the purchaser was reasonable as it exceeded any likely net return to the Administrator. I now consider this issue finalised. Obviously the disbursement of the funds by the Company is an ongoing issue.

Nevada Plants

I am aware that at 30 June 2009 there were two plants located near land owned by White Mountain Group in Nevada, United States and another plant located in Arizona, United States. I understand at 30 June 2009 the plants in Nevada where roughly 30% and 20% complete. My investigations into these assets are continuing.

Joint venture- Ridgeline Energy Services Inc

On 18 January 2010 an announcement was made to the ASX that Ridgeline Energy Services Inc had signed a joint venture technology agreement with this Company. The announcement advises that under the agreement, the two companies will each have 50% in the joint venture and will develop wastewater treatment processes for the natural gas and petroleum industry.

I have written to Ridgeline requesting further information to ascertain the company's financial and operational position. To date, I have yet to receive a response.

Cyprus- Government supply contract announcement

On 25 November 2009 the Company announced on the ASX that it had executed a fifteen year renewable contract with IBI Inc ("IBI") for the supply of biofuels from the Turkish Republic of Northern Cyprus.

I have written to IBI requesting details of the status of this contract. On 27 April 2010 I received a response from IBI. My investigations in respect to this issue are continuing.

Share Purchase Plan

On 18 December 2010 the Company announced on the ASX the terms of an offer to eligible shareholders of the Company to subscribe for fully paid new ordinary shares in the capital of the Company at $0.098 per share under a share purchase plan ("SPP"). On 21 January 2010 an announcement was made on the ASX to extend the SPP offer to 26 February 2010.

On 24 February 2010 a further announcement was made on the ASX to extend the SPP offer to 26 March 2010.

I have written to both Link Market Services Limited ("Link") and Martin Place Securities ("MPS") requesting further details of their involvement and to the current status of the SPP.

MPS advised that they were to act as the point of collection for application forms and funds to pass onto Link. However subsequently did not receive any completed application forms or funds.

Link advised that they acted for the Company on the instruction of the director Mr Danzik to allocate shares to successful applicants progressively and to transfer the associated funds to the Company's nominated bank account. Link have provided documentation that indicates that they received 91 applications to participate in the SPP and subsequently allotted 3,465,244 of stapled securities to a value of $339,593. These funds less registry fees of $33,000 were paid into a bank account located in the USA. I note that the last payment made to the Company was transacted on 17 March 2010, a day before the Directors placed the Company into voluntary administration. My investigations in respect to this issue are continuing.

4. REPORT TO AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION

It is a requirement pursuant to Section 438D of the Act that an Administrator report to ASIC on his investigations into the affairs of the company under his control if he identifies an offence under the Act. That report forms the basis for ASIC to determine whether that authority wishes to initiate any action for possible breaches of the Act by a director. I will submit this report as required by Section 438D of the Act.

5. FURTHER INFORMATION

Updates with respect to shareholders will be provided on the ASX website (www.asx.com.au) from time to time.

A copy of the ASIC Information Sheet "Insolvency – a guide for shareholders" can be downloaded from www.asic.gov.au.

Should you have any further queries please contact Olivia Lou of this office.

Yours faithfully

GEOFFREY REIDY
Administrator