

16 September 2009

CIRCULAR TO INVESTORS & CREDITORS

Dear Sir/Madam,

**TUMUT RIVER ORCHARD MANAGEMENT LIMITED (IN LIQUIDATION)
ACN 003 501 611 ("TROM")**

**MERILBAH INVESTMENTS PTY LTD (IN LIQUIDATION)
ACN 002 979 893 ("MERILBAH")**

I was appointed Liquidator of TROM pursuant to an Order for reinstatement made by the Supreme Court of New South Wales on 7 July 2008. Shabnam Amirbeaggi and I were appointed Joint Liquidators of a related company Merilbah pursuant to an earlier Order of the same Court on 7 February 2008.

Since my appointment, I have undertaken a series of public examinations of a former director of TROM in an attempt to investigate and determine the rightful owner of right title and interest in loan books, presently alleged to be owned by HP Mercantile Pty Ltd ("HPM").

The loans arise from various horticultural investment projects which were promoted by TROM. These loans were assigned up to 4 times to a number of companies during 1996-2004.

HPM claims to be the rightful owner of the loan books and is systematically attempting to enforce recovery from investors.

In the Supreme Court of NSW matter number 1629 of 2009 HPM has disclosed its intention to commence litigation against 700 various investors for the recovery of debts that arose from investments in the failed investment scheme.

The details of these investors are posted on my website. I have attempted to send this correspondence to all known investors that HPM have indicated they wish to engage in litigation.

If you receive this correspondence you should check my web page to determine if you are one of the 700 investors HPM has chosen to effect litigation at this time.

As a consequence of my intervention these proceedings cannot commence until 16 December 2009.

Recently, I wrote to some 200 investors to determine if they would fund my further investigations. Approximately 40% indicated they would support this process.



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The projects I am principally concerned with are:

- the Tumut River Orchard projects of 1991 and 1992;
- the Coonabarabran Orchard project of 1993;
- the Queensland Orchard project of 1994;
- the Treetop project of 1996;
- the Treetop Plum project of 1996;
- the Treetop Apples project of 1997; and
- the Harcourt Vines project of 1997.

The purpose of this circular is to apprise investors as to the outcome of my investigations to date, and seek interest by way of funding for further investigation and thereafter litigation against HPM to challenge the ownership of right title and interest in the loan books.

If the assignments were not valid, ownership of the loan book may revert to me as liquidator.

TREETOP APPLES PROJECT

It is alleged that the investor receivables (or loan book) relating to the Treetop Apples Project were assigned by TROM to Treetop Projects Pty Ltd ("**Treetop**") in or about July 1998.

At the public examination held on 23 December 2008, evidence was given (under privilege) that:

1. a number of relevant documents relating to the alleged first assignment from TROM to Treetop were backdated and were fabricated documents; and
2. the witness concerned had previously given false evidence in a number of reported and unreported cases which had been decided in favour of HPM.

The evidence gathered seems to suggest that there was no legal (or statutory) assignment of the assets, or at the very least questions the validity of those assignments. Notwithstanding the oral evidence obtained under examination, further investigation of the facts and circumstances is necessary prior to embarking upon litigation with HPM. I believe that with further investigation the circumstances surrounding the purported assignments may be determined sufficient to initiate a claim. If successful in such a claim, HPM will be prevented from prosecuting claims against investors. I foreshadow however that HPM will vigorously defend any claim brought against the validity of the assignments.

TREETOP AND TREETOP PLUMS PROJECTS

In relation to the Treetop Plums Project, it was revealed at a further public examination held on 3 April 2009, that:

1. documentation relied upon by HPM in establishing that the first assignment of the receivables from TROM to Symsung Pty Ltd were falsified.
2. the witness concerned had similarly given false evidence in court in a number of cases which had been decided in favour of HPM.

The evidence given yet again seems to question the validity of the assignment alleged to have taken place.

Again I believe HPM will vigorously argue their purported ownership to the loan book.

QUEENSLAND AND COONABARABRAN ORCHARD PROJECTS

Evidence was similarly provided by the witness concerned that documentation relied upon by HPM to establish that the first assignment from TROM to Core Finance Pty Ltd was affected in writing was similarly backdated and falsified. Again the same witness concerned admitted to providing false evidence in court in a number of cases which had been decided in favour of HPM. This again questions the validity of the alleged assignment.

FUNDING SOUGHT

I plan to undertake further public examination of HPM directors and associates over the following months.

I invite funding from all former investors and creditors to assist my proposed public examination and investigation generally.

If I discover sufficient evidence to challenge the ownership of the loan books and I am successful in that challenge against HPM, I will make an application to Court for an order that any investor or creditor who funded my investigation adequately will be rewarded with the ownership of the debt claimed to be payable to HPM, TROM or Merilbah. Therefore the funder should be relieved of the obligation to pay anything to HPM or me as liquidator. I confirm that orders of the Court of this kind are discretionary but are consistent with the public policy of Section 564 of the Corporations Act.

I now invite funding at a rate of \$550.00 per allotment or \$1,100.00 for Tumut River Orchard Projects of 1991 & 1992. Amounts must be payable within 14 days, to the following account:

Account Name: Merilbah Investments Pty Ltd (In Liquidation)
BSB: 012-003
Account Number: 8353 95397

If you wish to discuss the matter generally, I invite you to speak with Tarnya Tkachenko of my office on 02 8262 9333.

Yours faithfully,

**TUMUT RIVER ORCHARD MANAGEMENT LIMITED
MERILBAH INVESTMENTS PTY LTD**



**NICHOLAS CROUCH
OFFICIAL LIQUIDATOR**