Australian Securities and Investments Commission

ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT

SECTION 93AA

The commitments in this Undertaking are offered to the Australian Securities and Investments Commission ("ASIC") by:

Australian Project Farming Pty Ltd ACN 073 924 660
147 Myers Street
GEELONG VIC 3220

and

Casmore Rural Finance Pty Ltd ACN 073 924 624
147 Myers Street
GEELONG VIC 3220

and

Kathaminga Holdings Pty Ltd ACN 073 944 993
147 Myers Street
GEELONG VIC 3220

and

Constantinos Vrantsis
21 Worthing Avenue
EAST BURWOOD VIC 3151

(Collectively known as "the Parties")
1. **BACKGROUND**

1.1 Australian Project Farming Pty Ltd ACN 073 924 660 ("APF") and Casmore Rural Finance Pty Ltd ACN 073 924 624 ("Casmore") were registered as exempt proprietary companies on 9 May 1996. Kathaminga Holdings Pty Ltd ACN 073 944 993 ("Kathaminga") was registered as an exempt proprietary company on 10 May 1996.

1.2 Constantinos Vratsis ("Vratsis") is the sole director of APF, Casmore and Kathaminga. Vratsis has been a director of APF, Casmore and Kathaminga since 9 May 1996, 13 June 1997 and 10 May 1996 respectively.

1.3 ASIC is of the view that the Parties have contravened Part 7.12 of the Corporations Law in connection with their promotion of tea tree farming investment scheme during the period 1 January 1996 to 30 June 1998.

1.4 During 1997 and early 1998 APF, Casmore and Kathaminga promoted and accepted applications for a tea tree farming investment scheme ("the investment scheme") which was structured so that each investor:

(a) entered into a sub-lease agreement with Kathaminga for two years with several options up to 15 years over a portion of the property near Lismore, New South Wales called Tatham Downs and described in Certificate of Title Identifier 199/755728 ("the land");

(b) entered into a management agreement with APF for the provision of all services relating to the management and operation of the business including the growth of seedlings, planting, tending and general management but excluding harvesting, distillation and marketing of the tea tree crop;

(c) either paid cash for the business or borrowed all the funds required for the business from Casmore.
1.5 There are presently 59 investors in the investment scheme holding a total of 87.5 parcels of 0.5 hectares of land and 46 parcels of 0.25 hectares of land.

1.6 The investigation conducted by ASIC revealed that APF, Casmore, and Kathaminga jointly offered or issued invitations to subscribe for interests in the investment scheme without:

(i) an approved trust deed and trustee as required under section 1067 of the Corporations Law;

(ii) a registered prospectus as required under section 1018 of the Corporations Law;

(iii) a dealers licence as required under section 780 of the Corporations Law.

1.7 On 16 September 1998 the solicitor for APF, Casmore and Kathaminga stated that they had been advised by their clients that:

(a) the investment scheme was fully subscribed;

(b) the property is now substantially planted with tea tree and being managed in accordance with the investment scheme; and

(c) their clients' only present involvement with the investment scheme was in completing the establishment of the tea tree crop and in attending to the ongoing maintenance in the interests of the investors.
2. **UNDERTAKINGS**

2.1 APF, Casmore, Kathaminga and Vrantsis hereby undertake jointly and severally that upon the execution of this Undertaking to ASIC that they, their servants or agents will not promote, offer, accept, trade; assign or otherwise deal in units in the investment scheme.

2.2 Vrantsis hereby undertakes that upon the execution of this Undertaking to ASIC that any company of which he is a director, whether or not it was incorporated before the date of this undertaking, will not promote, offer, accept, trade, assign or otherwise deal in units in the investment scheme.

2.3 APF hereby undertakes that upon the execution of this Undertaking to ASIC it, its servants or agents will not promote, offer, accept, trade or assign management agreements relating to, or in connection with the land.

2.4 Casmore hereby undertakes that upon the execution of this Undertaking to ASIC it, its servants or agents will not promote, offer, accept, trade or assign loan agreements relating to, or in connection with the land.

2.5 Kathaminga hereby undertakes that upon the execution of this Undertaking to ASIC it, its servants or agents will not promote, offer, accept, trade or assign sub-lease agreements relating to, or in connection with the land.

2.6 APF, Casmore, Kathaminga agree to appoint Vrantsis as their agent and representative with whom ASIC can consult in relation to the issues of compliance with this Undertaking and who hereby accepts responsibility for monitoring their compliance obligations set out in clauses 2.1 to 2.5. Until notified otherwise by ASIC, Ms Ailsa Wilson, an officer in the employ of the Victoria Regional Office of ASIC will be ASIC’s representative in relation to the issues of compliance set out in this Undertaking.
3. ACKNOWLEDGEMENTS

3.1 APF, Casmore, Kathaminga and Vrantsis acknowledge that ASIC will make this Undertaking available for public inspection.

3.2 APF, Casmore, Kathaminga and Vrantsis acknowledge that this Undertaking in no way derogates from the rights and remedies available to any other person, and the rights and powers of ASIC relating to or arising from any conduct described in this Undertaking.

3.3 APF, Casmore, Kathaminga and Vrantsis acknowledge that this Undertaking has no operative force until accepted by ASIC.

The Common Seal of Australian Project Farming Pty Ltd ACN 073 924 660 was affixed to this Undertaking in the presence of:

Director/Secretary:  
Name in Print:
The Common Seal of Casmore Rural Finance Pty Ltd ACN 073 924 624 was affixed to this Undertaking in the presence of:

Director/Secretary: [Signature]
Name in Print: CONSTANTINOS VRANTSIOS

The Common Seal of Kathaminga Holdings Pty Ltd ACN 073 944 993 was affixed to this Undertaking in the presence of:

Director/Secretary: [Signature]
Name in Print: CONSTANTINOS VRAINTS

Signed by Constantinos Vrantsis in the presence of:

Signature: [Signature]
Name in Print: CONSTANTINOS VRAINTS

This 27 day of OCTOBER 1998

ACCEPTED BY THE AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION PURSUANT TO S93AA AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT BY ITS DULY AUTHORISED DELEGATE:

[Signature]
Jamie Orchard
Director, Enforcement