

Australian Securities and Investments Commission

ENFORCEABLE UNDERTAKING

AUSTRALIAN SECURITIES AND INVESTMENTS COMMISSION ACT

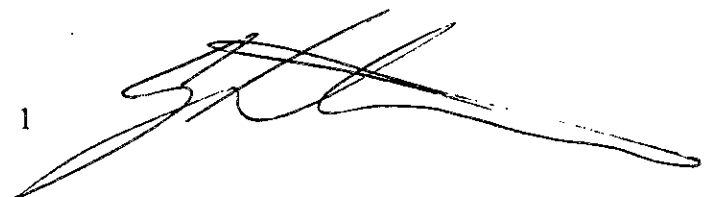
SECTION 93AA

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

**Ernest Alfred Brown ("Brown")
12 Coast Street
THIRROUL NSW 2515**

1. Background

- 1.1 Kenna & Brown Pty Limited ACN 001 878 002 ("**K & B**") was originally incorporated as Comserve No. 993 Pty Limited on 15 April 1980 before changing to its current name on 13 June 1980.
- 1.2 At all times K & B was the trustee company for the Kenna and Brown Trust which carried on the business of building in the Illawarra, Wollongong and Campbelltown regions of New South Wales.
- 1.3 On 29 June 1995 K & B was placed into liquidation and Daniel Ivan Cvitanovic of Ferrier Hodgson, Chartered Accountants, was appointed the liquidator of the company.
- 1.4 Brown was a director of K & B from the date of incorporation until the date of liquidation.
- 1.5 On 2 June 1999 Bergin J in the Supreme Court of New South Wales made declarations including that:
 - (a) K & B failed to keep accounting records that correctly recorded and explained transactions entered into and/or its financial position in contravention of section 289 of the Corporations Law (the "**Law**"), and
 - (b) Brown failed to prevent K & B from incurring \$1,286,923 in debts in contravention of section 588G of the Law.
- 1.6 On 31 July 1997 ASIC staff members made a determination pursuant to section 13 of the ASIC Act to conduct an investigation into the conduct of the directors and other persons involved in the management of K & B.



1.7 As a result of its investigation ASIC has concerns that, in addition to the contraventions identified in clause 1.5 above, Brown may have contravened subsection 232(4) of the Law by failing to exercise the degree of care and diligence that a reasonable person in a like position in a company would have exercised, in that:

- (i) Brown took no reasonable steps to inform himself of the financial circumstances of K & B;
- (ii) Brown signed documents concerning K & B without reading them fully, or at all, and
- (iii) Brown took no reasonable steps to satisfy himself that the person charged with the duty of preparing K & B's books and records was a competent and reliable person and was in a position to discharge that duty.

1.8 Brown acknowledges the concerns of ASIC set out in clause 1.7 above and as an alternative to ASIC seeking an order under section 1317EA of the Law prohibiting him from managing a corporation, he gives the undertakings referred to in section 2.

2. UNDERTAKINGS

Pursuant to section 93AA of the ASIC Act, Brown undertakes that from the date on which this Enforceable Undertaking is accepted:

- (a) he will not manage a corporation (as defined in s91A(2) of the Law) for a period of five (5) years;
- (b) he will not apply to ASIC to be a director of any corporation for a period of five (5) years;
- (c) he will not apply to ASIC to be a company secretary of any corporation for a period of five (5) years, and
- (d) prior to commencing the management of a corporation or making any application to ASIC to be a director or secretary of a corporation, he will provide certification to ASIC that he has satisfactorily completed a corporate management training course which has been pre-approved by ASIC as being a suitable course.

3. ACKNOWLEDGMENTS

3.1 Brown acknowledges that he has obtained legal advice in relation to the content and effect of this Enforceable Undertaking.



3.2 Brown acknowledges that ASIC:-

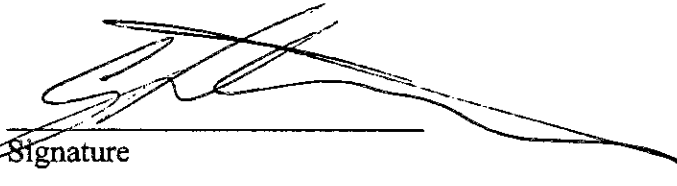
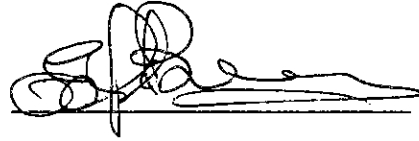
- (a) may issue a media release on execution of this Enforceable Undertaking referring to its terms and the concerns of ASIC which led to its execution;
- (b) may from time to time publicly refer to this Enforceable Undertaking; and
- (c) will make this Enforceable Undertaking available for public inspection.

3.3 Brown acknowledges that this Enforceable Undertaking in no way derogates from the rights and remedies available to ASIC or any other person or entity arising from any conduct described in this Enforceable Undertaking.

3.4 Brown acknowledges that ASIC's acceptance of an Enforceable Undertaking does not affect ASIC's power to investigate a contravention arising from future conduct, or pursue a criminal prosecution or its power to lay charges or seek a pecuniary civil order in respect thereof.

3.5 Brown acknowledges that this Enforceable Undertaking has no operative force until accepted by ASIC.

Signed by Ernest Alfred Brown)
in the presence of:)

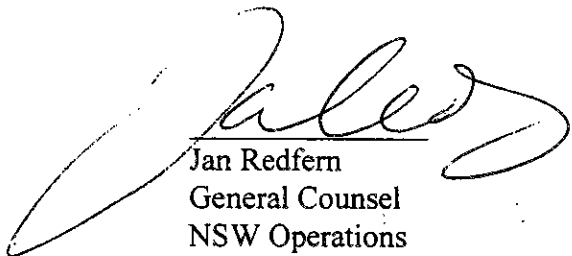


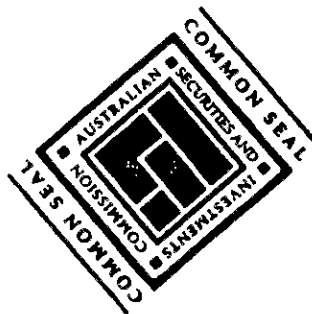
Signature

GRAHAM LANCASTER
Name (printed)

61 ROBSONS ROAD
Address KEIRAVILLE

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


Jan Redfern
General Counsel
NSW Operations



This *1st* day of March 2000.