

CORPORATE RESTRUCTURINGGPO Box 2646
Sydney NSW 2001

13 November 2007

Circular to Parents

Dear Sir/ Madam

**Eukarima School Limited (Provisional Liquidator Appointed)
trading as Bowral Rudolf Steiner School ("the School")
ACN 002 555 973**

I refer to my appointment as Provisional Liquidator of the company on 7 November 2007 and the subsequent letter from the School to parents on 8 November 2007.

Subsequent to my appointment, I have sought to obtain an overview of the School in a genuine effort to determine the prospects of firstly continuing to operate to complete the current school year and, secondly continuing the operations in 2008.

I have held meetings with, amongst others:

1. The Education Manager, Ms Julie Watson;
2. The teaching staff;
3. Representatives from the Association of Independent Schools (AIS);
4. A representative from the Independent Education Union.

From my meetings with the Education Manager and the teachers, it became clear that a majority of the full-time teachers either were on or would shortly be absent on sick leave apparently arising from the considerable uncertainty that has clouded the School's future.

The issue appears to have caused disruption to the School's operations and is placing a further burden on the School's financial position as relief teachers are hired to fill the void created by teachers being on sick leave. The position has been exacerbated by concerns expressed by School staff over Occupational Health and Safety issues.

Over the weekend I arranged for my staff to prepare a draft cash flow extending to 25 January 2008, which is the commencement of the 2008 school year. The draft cash flow demonstrates the company's dire cash position. Before taking account of the expenses of the Provisional Liquidation, such as insurance, security, legal, valuation fees and redundancy payments, the company will have eroded its cash reserves by 21 December 2007, at which time it is due to commence making annual leave payments to staff covering the summer school holiday period.

The School is currently operating without a Business Manager and has done so for some time. The current Education Manager has flagged her intention to depart at the end of this School year.

In addition, at my request, a representative of the Independent Education Union (“the Teachers’ Union”) conducted a poll of all teachers which confirmed that none of the current teaching staff intended to continue at the School in 2008.

Under the circumstances, I see no purpose in continuing to operate the School this year. Therefore, I regret to advise that the School will close for the 2007 year this Friday, 16 November 2007.

I will nevertheless continue to consider whether there is any prospect of the School recommencing operation in Term 1, 2008.

I would request that during this difficult time, all teachers be allowed to complete the school term free from any disturbance by parents. In this regard should you have any further enquiries, please do not hesitate to contact a member of my staff who will be available during normal school hours.

Yours faithfully



John R Gibbons
Provisional Liquidator
Eukarima School Limited (Provisional Liquidator Appointed)