

STUART ARIFF

INSOLVENCY ADMINISTRATORS

SYDNEY

NEWCASTLE

MELBOURNE

BRISBANE

Our Ref: JSF/CH/695

Corporate Insolvency & Reconstruction
Voluntary Administrations, Receiverships, Liquidation
Management Accounting & Asset Protection

Mr John Wunsch
Director
Product Safety Policy
Australian Competition and Consumer Commission
P O Box 1199
DICKSON ACT 2602

By facsimile: (02) 6243 1073

Dear Mr Wunsch

**RE: JUICE STATION FRANCHISING PTY LIMITED
(ADMINISTRATOR APPOINTED)
A.C.N. 096 549 147**

I refer to your letter dated 12 August 2005 and to our telephone discussion today. I confirm that your letter was referred to my colleague for a response and I was unaware that that had not occurred. I apologise for not having responded to your enquiries by the due date.

I believe the following comments are relevant to the matters you have raised and set these out in point form hereunder:

- With the financial difficulties being experienced by The Juice Station Group, there is potentially a significant financial advantage for individual franchisees to bring to an end the existing franchising arrangements;
- While we are unable to provide any evidence in support of the above, the continuing conduct of various franchisees in relation not only to this but many other matters, during our dealings supports this view;
- We are generally of the opinion that, having regard to the matters set out below, these issues are being raised more in relation to commercial benefit to the franchisees than to any public detriment.
- I understand that Mr Kilani (a franchisee) has advised the Commission that there have been continuing problems with the safety and quality of bottles supplied. However, I note for your information that Mr Kilani has not purchased any bottles from Juice Station Franchising Pty Ltd since 28 June 2005 and, on this

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basis, any continuing problems would not be directly within the knowledge of Mr Kilani;

- I have been advised today by the manufacturer of our bottles that Mr Ahmed Kilani has approached that manufacturer on several occasions for the supply of bottles for the Juice Station product. The dates of this contact can be obtained should you require them. (Our manufacturer has refused as this would be inappropriate);
- Juice Station employs a full-time operations manager, Mr Barnes, who is permanently located in the field and who makes regular visits to virtually all franchisees and who is the point of contact for all operational matters involving those franchisees;
- Mr Barnes confirms that there have been no issues with bottles referred to him within the last fourteen – twenty-one days;
- It appears that these matters may have been raised with you but have not been raised with the appropriate channels to keep the company informed of issues as they arise. This is despite having an operations manager available in the field;
- Our bottle manufacturer uses the same processes, procedures and quality control in the manufacture of Juice Station bottles as the manufacturer uses for the production of all other bottles and there have been no similar complaints in relation to any of the other production by our manufacturer;
- The physical checks which are undertaken by the manufacturer and other control measures are identical to those undertaken in respect of the general manufacturing of plastic bottles;
- Almost all of the franchisees conduct an individual bottle filling manual process and in the unlikely event that any other sub-quality bottles have been supplied, then these would be picked up in the filling process. None have been reported to the operations manager in the last fourteen to twenty-one days;
- The company provides four sizes of bottles (225ml, 275ml, 400ml and 450ml) and it is my understanding that if there have been issues these have been with one size, being the 275ml bottles;

However, while wishing to ensure that every appropriate measure is taken, we are currently talking to the bottle manufacturer to determine what additional measures can be taken and will ask our operations manager to conduct a survey of franchisees to determine if there are any residual issues and how these may be addressed.

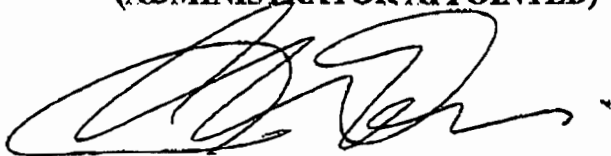
Based on that review and those discussions with the bottle manufacturer, we will implement additional appropriate procedures.

In the meantime, we have stressed to the bottle manufacturer the necessity for the close scrutiny of the manufacturing facility and the bottles which are being produced as a result of orders received.

Should you have any other queries please do not hesitate to contact me.

Yours faithfully

**JUICE STATION FRANCHISING PTY LIMITED
(ADMINISTRATOR APPOINTED)**

A handwritten signature in black ink, appearing to be 'C L Horn', written over a horizontal line.

C L Horn
For and behalf of
Stuart Ariff
Administrator