

Report to Creditors

Plancor Pty Ltd (In Liquidation) (Controllers Appointed)

A.C.N. 101 609 296

Formerly Trading as the Freedom Adelaide Meridien Hotel (“the Company”)

We refer to our appointment as joint and several liquidators of the above company on 17 April 2009 and hereby provide our report on the conduct of the liquidation during the 12 month period from appointment to 17 April 2010 pursuant to Section 508(3) of the *Corporations Act 2001* (“Act”).

1. Executive Summary

The key comments/conclusions contained in this report are as follows:

- As Liquidator of the Company we did not control, nor were we involved in the trading of the Company’s business or the realisation of its assets;
- On 23 March 2010 a sale of the Company’s assets occurred;
- There will be no monies available for priority or unsecured creditors from the sale of the Company’s assets;
- At 16 April 2010 we had just \$3,668.73 cash at bank;
- We have facilitated the lodgement of claims for the terminated employees in the Commonwealth Government’s General Employee Entitlements & Redundancy Scheme (“GEERS”);
- The Director, Joel Alexander Steinberg, was made bankrupt on 28 April 2010;
- We have completed our initial investigations into the failure of the Company;
- The extent of creditor claims at 16 April 2010 are estimated to be \$4,721,625; and
- It currently appears unlikely that we will be able to pay a dividend to priority or ordinary unsecured Company creditors.

2. Relevant Background

2.1. Controller Appointment

Creditors will recall that immediately following our appointment, the Company's principal secured creditor took steps to enforce its securities and appointed George Divitkos and Russell Heyward-Smith of BDO Adelaide as Controllers.

The Controllers have been solely responsible for all decisions regarding the Company's assets and their realisation. As Liquidator of the Company we did not control, nor were we involved in, the realisation of any Company assets.

2.2. Sale of Business

We can report that on 23 March 2010, the Controllers settled the sale of the Company's assets.

The exact terms of the sale are covered by a confidentiality agreement that we have not seen, however we can advise from the Controllers statement of receipts and payments to 16 April 2010 filed with the Australian Securities & Investments Commission ("ASIC") that:

- The Controllers appear to have received \$564,865.19 from the purchaser for the sale of the Company's assets and stock;
- We are aware that 14 of the Company's 21 staff were taken over by the purchaser of the business who assumed a liability for their accrued employee entitlements; and
- The costs incurred by the Controllers in trading the business and realising the Company's assets exceeded the value of those assets.

As a result, there will be no monies available for priority or unsecured creditors from the sale of the Company's assets.

3. Receipts & Payments

Attached at Annexure "A" is a summary of receipts and payments since our appointment as Liquidators to 16 April 2010. At 16 April 2010 we had just \$3,668.73 cash at bank.

We make the following comments in relation to the summary of receipts and payments:-

3.1. Accounts Receivable

We have collected Accounts Receivable (i.e. debtors) owing to the Company. The amounts collected represent the surplus owing to the Company after the debt owed to a Debtor Financing company was paid in full.

We do not anticipate any further collections.

3.2. NAB Settlement

The Company's principal secured creditor released the Company's Accounts Receivable from its debenture charge security in order to assist the Company *sell* its debtors to a Debtor Financing company.

The secured creditor maintained their claim to the Accounts Receivables and after taking legal advice a settlement was agreed, whereby we would release the Controller from claims to the Accounts Receivable they had collected and we would share a portion of the Accounts Receivable we had collected with the Controller.

3.3. Indemnity Funding

When the secured creditor went into possession of the Company's assets (*by way of a Controllership*) it was necessary for the Liquidators to continue employing the Company's staff.

An agreement was reached with the Controllers that our time and costs associated with duties directly related to continue to employ the Company's staff would be reimbursed.

4. Relevant Events after 17 April 2010

4.1. GEERS Claims

We have facilitated the lodgement of claims for the terminated employees in the GEERS Scheme.

We are expecting payments to emanate from that scheme in the very near future.

4.2. Director Bankruptcy

We can advise that Mr Joel Alexander Steinberg was made bankrupt on 28 April 2010.

Mr Steinberg requested leave to appeal the bankruptcy however he withdrew that application and the court confirmed his bankruptcy on 31 May 2010.

4.3. Investigations

We have completed our initial investigations into the failure of the Company and have lodged with ASIC our report pursuant to Section 533(1) of the Act.

We are considering applying to ASIC under their Assetless Administration fund to cover the cost of more detailed investigations and breach reporting that we consider may be appropriate in order to lodge a report pursuant to Section 533(2) of the Act.

We are considering the extent of other legal recoveries that may be brought in this liquidation but have yet to form a concluded view if there are any commercially recoverable claims. With the Director's Bankruptcy, the most likely claims that may have been brought (e.g. insolvent trading claims and recovery of overdrawn loan account) are now claims that we must make in his bankrupt estate that is not certain to produce any dividend return.

5. Estimate of Time to Complete Winding up

Until we have finalised our consideration of potential legal recoveries, lodged a report with ASIC pursuant to Section 533(2) of the Act and have reported to us the prospects of a dividend emanating from the Director's bankrupt estate, we will hold this liquidation open.

We expect these issues will become known over the next 12 months and thereafter a decision can be made concerning the estimated time to complete the winding up.

6. Prospects of a Dividend to Creditors

6.1. *Creditor Claims*

The extent of creditor claims at 16 April 2010 are as follows:

Creditors	Estimated Amount
<i>Priority Creditors</i>	
Wages Paid	6,000
Superannuation	100,000
Annual Leave	27,372
Long Service Leave	18,800
<i>Secured Creditors</i>	
3 separate creditors with claims of at least	3,279,746
<i>Unsecured Creditors</i>	
ATO - estimated	489,706
Trade Suppliers & Refunds - estimated	800,000
Total Creditors #	\$ 4,721,625

excluding unpaid costs of liquidation

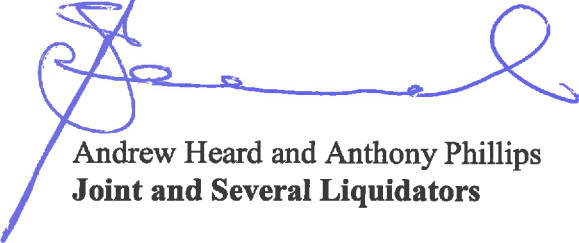
Source: Report as to Affairs, Creditor Correspondence, Proofs of Debt

6.2. *Dividend*

In the absence of successful legal recoveries and/or a significant distribution from the Director's bankrupt estate, we advise that it appears unlikely that we will be able to pay a dividend to priority or ordinary unsecured Company creditors.

Should you have any queries in relation to this report, please contact the writer.

Dated this 15th day of July 2010



Andrew Heard and Anthony Phillips
Joint and Several Liquidators

Contact: Andrew Heard
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Annexure A

Plancor Pty Ltd (In Liquidation) (Controllers Appointed)
Receipts and Payments Summary By Account
All Bank, Cash and Cash Investment Accounts to 16 April 2010

	Amount (GST Inclusive)
RECEIPTS	
Accounts Receivable	58,007.86
NAB Settlement	(12,878.35)
Indemnity Funding	2,150.50
Total receipts	47,280.01
PAYMENTS	
Appointee Costs: Advertisements	(343.42)
Appointee Costs: Archive Boxes	(530.52)
Appointee Costs: Courier	(39.68)
Appointee Costs: Freedom of Information Request	(87.89)
Appointee Costs: Meeting Room Hire	(165.00)
Appointee Costs: Photocopying	(2,609.20)
Appointee Costs: Postage	(255.92)
Appointee Costs: Search Fees	(225.72)
Appointee Costs: Stationary	(151.80)
Appointee Costs: Telephone & Fax	(135.63)
Appointee Fees	(28,791.40)
Bank Charges	(30.25)
Legal Fees	(10,244.85)
Total Payments	(43,611.28)
Net Receipts \$	3,668.73

