

4 July 2013

**TO INVESTORS & CREDITORS**

**ELDERSLIE FINANCE CORPORATION LIMITED (RECEIVERS AND MANAGERS APPOINTED) (IN LIQUIDATION) ACN 008 678 233 (“ELDERSLIE”)**

Phil Carter and Greg Hall of PriceWaterhouseCoopers ('PwC') were appointed receivers and managers of Elderslie on 2 July 2008. I was subsequently appointed liquidator on 22 September 2008 pursuant to an Order made in the Supreme Court of New South Wales.

I refer investors and creditors to my previous report dated 15 July 2011 setting out my investigations in this matter.

I previously requested if investors would be interested in funding my further investigations and potential litigation against the directors. Only a handful of investors offered to fund my investigations and I was consequently required to look to alternative options.

I confirm that I entered into a confidential settlement agreement with the directors of Elderslie in relation to the various claims against them for breach of their fiduciary duties. Whilst I am unable to disclose the details of the settlement due to the confidential nature of the agreement, I can confirm that the agreement was reviewed and approved by my legal advisors as well as the committee of inspection on behalf of all investors and creditors.

Unfortunately, despite the settlement agreement, there will be no funds available for a dividend to unsecured investors and creditors. The legal costs incurred in reaching this settlement were approximately \$530,000 and a significant amount of the settlement was paid to the secured creditor. I received approximately \$320,000 in respect of fees from the settlement, however note that I have written off fees of approximately \$200,000.

The Australian Securities and Investments Commission (ASIC) have not concluded their investigations to date. Any queries in relation to their actions should be directed to ASIC on 1300 300 630.

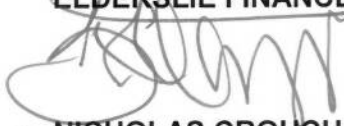
There are no further recoveries available to me as liquidator and I consequently intend to resign as liquidator in the near future.

Many investors have made enquiries in respect of the possible tax losses that they may be able to claim. Unfortunately I am unable to offer financial or legal advice in relation to this and refer you to your accountant or legal advisor.

There are approximately 4,000 investors and creditors in this liquidation and the matter is unfunded. Should you have any queries, please assist my office by communicating in writing or via email at [admin@crouch.com.au](mailto:admin@crouch.com.au).

Yours faithfully

**ELDERSLIE FINANCE CORPORATION LIMITED**

  
**NICHOLAS CROUCH**  
**LIQUIDATOR**