

## Report to Creditors

13 December 2013

Dear Sir/Madam

**Palandri Limited ACN – 087 787 415 (PL)**  
**PWPL ACN – 085 042 879 Ltd (formerly Palandri Wine Production Ltd) (PWPL)**  
**PWL ACN – 084 252 488 Ltd (formerly Palandri Wines Ltd) (PWL)**  
**PIML ACN – 091 709 769 Ltd (formerly Palandri Investment Management Ltd) (PIML)**  
**MRWIPL ACN – 112 505 692 Pty Ltd (formerly Margaret River Wine Investments Pty Ltd) (MRWIPL)**  
**PFL ACN – 090 580 500 Ltd (formerly Palandri Finance Ltd) (PFL)**  
**All in Liquidation, (Collectively “the Group”)**

As you may be aware, John Greig, Neil Cussen and Gary Doran were appointed Joint and Several Administrators (**Administrators**) of companies in the Group on 15, 26 and 27 February 2008 and subsequently appointed Joint and Several Liquidators (**Liquidators**) on 7 October 2008.

The purpose of this report is to provide you with an update on the progress of the liquidations of the Group and to inform you that we have lodged a report with ASIC instead of convening an annual general meeting of the creditors.

The Liquidators' reported in their last report dated 5 June 2013 that:

- The Liquidators considered that they had exhausted all reasonable possibilities of obtaining litigation funding.
- Barring an unexpected 'last minute' change in available funding, the liquidations were effectively complete.
- The Liquidators were discontinuing all action against the auditors.
- The Liquidators intended to proceed to complete the liquidations as soon as possible and would be convening a final meeting of creditors soon.

Since the 5 June 2013 the Liquidators have:

- Received a letter dated 29 July 2013 from the ASIC advising that the Liquidators that it would not commence its own investigation into certain matters reported by the Liquidators.
- The Liquidators discontinued all action against the auditors with all costs settled by 25 October 2013. The net total legal fees accrued since 5 June 2013 together with costs of discontinuance amounted to approximately \$6,000.

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- The Liquidators have been in contact with the Receivers and Managers of PFL acting for the note and debenture holders. The Receivers continue to pursue certain receivables due to PFL. As all of these are contested and/or need time to pay, the recovery process may take some time. Accordingly it is not clear when the Receivership will be completed.  
To preserve the legal status of PFL whilst the Receivers are continuing their work, the Liquidators of PFL have agreed not to retire until after the Receivers retire. In view of the complexity of the Group, the Liquidators' of the companies in the Group also do not intend to formally terminate the Liquidations of any group company that may be party to an action until the Receivership of PFL is complete.
- The Liquidators have received enquiries seeking clarification on a range of matters but particularly the two items mentioned below as "Frequently asked Questions".

## Frequently asked Questions

1. **Q.** I invested in one of the Managed Investment Schemes. What happened to the Schemes and for tax purposes can the Liquidators confirm my investment is worthless?

**A.** PWL was the Responsible Entity for the following six Schemes:

- a) Margaret River Wine Business (MRWB) ARSN 086241198
- b) Margaret River Wine Business Trust (MRWBT) ARSN 119602505
- c) Palandri Agricultural Property Trust (PAPT) ARSN 114192933
- d) Palandri American Wine Business (PAWB) ARSN 098544908
- e) Palandri Winegrape Project 2005/2006 ARSN 114193234
- f) Palandri Global Supply Challenge 2007-2008 ARSN 124150616

On 24 September and 19 December 2008 the Supreme Court of Western Australia ordered that the Liquidators had full power and authority to cause PWL to wind up the Schemes, appointed two partners from of RSM Bird Cameron to supervise the winding up of the Schemes and PWL was to execute deeds of modification to the constitutions of the four of the Schemes to enable the termination of the lease and management agreements (LMA's).

Notice of the termination of the LMA's was sent to members and growers of the Schemes on 19 March 2009 and as such both the lease and the management aspects came to an end and members had no right or entitlement to either the vines or grapes growing on the vineyards.

Settlement of the sale of vineyards occurred in August 2009 and distributions were made to the Group's secured creditors. In October 2009 the winding up of the Schemes was completed. The Liquidators confirm that any investment in any of the above Schemes is worthless.

2. **Q.** As there is no prospect of any return for unsecured creditors or investors, where did the money go from asset realisations?

**A.** There is a legal order as to who gets paid first. In summary, the following was the outcome:

- a) The outcome in all the companies is no different to the rest of the Group.
- b) The proceeds of asset sales (less costs) were distributed to the relevant secured creditors, who did not recover all their debt.
- c) Subject to conditions and eligibility employees have been able to claim unpaid remuneration under a Government Scheme (GEERS).
- d) The Liquidators of the Group will not be paid in full (shortfall of approximately \$150,000)
- e) In all of the Group companies unsecured creditors will not receive any dividend
- f) As mentioned above there is no return to investors in the Schemes.

## Liquidators' Annual General Meeting

Pursuant to section 508(4) of the Corporations Act 2001, the Liquidators have decided not to convene an annual general meeting of the companies in the Group under subparagraph (1)(b)(i); and have:

- a) Prepared this report under subparagraph (1)(b)(ii) and sent notice of it to creditors of the Group's entities; and
- b) Lodged a copy of this report with ASIC.

In addition to this report, we refer creditors to our previous reports, notices and circulars which can be accessed from our website at [www.deloitte.com.au](http://www.deloitte.com.au) by selecting Services → Restructuring Services → Insolvency matters.

If you have any questions or would like to discuss this report further, please contact Tyron Lopes on (08) 9365 8171 or by email [tylopes@deloitte.com.au](mailto:tylopes@deloitte.com.au)

Yours sincerely



**Gary Doran**  
Joint and Several Liquidator