

20 November 2009

To Creditors as Addressed

Dear Sir/Madam

**Roamfree Ltd (In Liquidation)**  
**ACN: 118 452 190**  
**("the Company")**

I refer to my reports to creditors dated 18 September 2009 and 16 October 2009.

### 1. Sale of Tourism Technology ("TT")

The Liquidators are working with Graeme Hunter, the 10% shareholder of TT, to sell TT by either:

- Sale of 100% of the shares in Tourism Technology (N.S.W.) Pty Ltd, which is the owner of TT; or
- Sale of the businesses and assets of TT.

Prior to committing to an immediate sale, consideration was given to whether the realisable value of TT might potentially be maximised by delaying the sale until more favourable operating and market (economic) conditions existed.

My review concluded there was no material benefit of any delayed sale, with no certainty of future increased profitability either at the company or at the industry level and no certainty of improved future market conditions.

While industry and market conditions may eventually improve in the future, in my opinion there is just insufficient certainty regarding same to justify delaying the sale.

Accordingly, the Liquidators made the decision that it was in creditor's best interests to have the sale affected in an orderly manner, without delay.

#### 1.1 Graeme Hunter – 10% Shareholding

In the Company's agreement to purchase 90% of TT, Graeme Hunter ("GH") held a Put Option which when exercised required the Company to purchase GH's 10% shareholding for \$1.68M.

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In my report dated 18 September 2009, I outlined that GH exercised his Put Option on 15 July 2009 and at the date of my appointment the required payment of \$1.68M had not been made. GH subsequently issued a notice terminating the sale agreement having the practical effect of withdrawing the Put Option.

I sought legal advice on this issue to clarify the position of the Company and determine whether GH would be a creditor of the Company for \$1.68M and owning no shares or whether he retained the shares and was not a creditor for \$1.68M.

My legal advice confirmed that due to the insolvency of the Company, GH was able to terminate the Sale Agreement and retain the right to his 10% shareholding. Accordingly, should the Company wish to sell 100% of TT, the Company would be liable to pay Graeme Hunter \$1.68M.

Accordingly, GH will receive \$1.68M as a first claim against the proceeds of sale of 100% of TT with the balance of the proceeds being realised for the benefit of the Company's creditors.

## 1.2 Indicative sale process

The sale campaign for TT commenced last week with advertisements in the Australian Financial Review ("AFR") and The Australian ("TA"). Advertisements were again published this week in the AFR and TA with further advertisements to be published next week in travel industry publications within Australia and the United Kingdom.

I outline below an indicative time frame for the sale:

**Weeks 1 – 2:** (9 November 2009 – 20 November 2009) advertise in the AFR, TA and travel industry publications. Issue Confidentiality Agreement ("CA") and Information Memorandum ("IM").

**Weeks 3 – 4:** (23 November 2009 – 4 December 2009) continue to issue CA and IM. Interested parties are required to submit a non-binding offer to purchase by **COB Friday 4 December 2009**.

**Weeks 5 – 6:** (7 December 2009 – 18 December 2009) the Liquidators will determine a short list of parties to conduct further Due Diligence ("DD") at the offices of TT during this 2 week period. Short listed parties are requested to submit a final binding offer by **COB Friday 18 December 2009**.

The Liquidators will review all offers and if acceptable will execute a contract with the successful party by 24 December 2009.

It is expected that settlement would be a period of 2 – 4 weeks.



### **1.3 TT Sale Documents**

To prepare for the TT sale, extensive review and consultation with GH and the TT staff has been required to:

- Understand the key drivers of the TT operations;
- Structure the sale program;
- Compile the appropriate DD material; and
- Compile the IM

### **1.4 Interested parties**

To date, 38 parties have expressed interest in TT and have been sent a CA. To date I have received 21 executed CA's back from interested parties and each has been sent an IM.

I will update creditors regarding the outcome of the sale as soon as I have a binding unconditional contract.

### **1.5 Valuation**

I have engaged Moore Stephens Chartered Accountants to value Roamfree's interest in TT. I expect to receive the valuation by 4 December 2009.

## **2. Finalisation of the Roamfree businesses sale**

The sale of BookEasy Australia Pty Ltd has now been finalised with all debtors collected and liabilities paid. The Liquidators received a further cheque of \$4,768.23 representing surplus monies from the collection of debtors and payment of liabilities.

The previous CFO of the Company is continuing to finalise the debtor collection and payment of liabilities for Roamfree Pacific Pty Ltd. I will continue to monitor these collections and payments and should any monies remain after the payment of liabilities, I will ensure it is repaid to the Company in reduction of the loan outstanding.

## **3. Other Assets**

### **3.1 BAS Refund**

A pre-appointment GST refund of approximately \$9,860 is expected to be collected from the Australian Taxation Office ("ATO").

I am currently working with the previous CFO of the Company to prepare the final BAS and lodge it with the ATO in order to collect this refund.



### 3.2 Term Deposit

The Company continues to hold a term deposit of \$32,460 which supports a bank guarantee to the landlord of the Gold Coast office. The Company's lease has been terminated effective as of 24 October 2009, however the landlord is claiming make good costs from the lease.

At this stage I estimate the recovery of \$11,218 calculated as follows:

	\$
Balance of term deposit	32,460
Less	
Rent for 50% of the office space for the period 1 October 2009 to 24 October 2009	(4,353)
Electricity Charges for the period 31 August 2009 to 1 October 2009	(1,522)
Electricity for the period 2 October 2009 to 24 October 2009	(867)
Estimated pre-appointment electricity costs	(4,500)
Lease make good costs (refer comment below)	(10,000)
<b>Estimated recoverable funds</b>	<b>11,218</b>

The landlord has advised of estimated make good costs of \$20,000. I consider this substantially overstates the true position, particularly as half of the premises has been re-let on an as is basis.

I currently wait the landlord's quotes regarding make good costs.

### 3.3 Insurance Claim

At the date of my appointment, the Company had an outstanding insurance claim in respect of costs incurred to replace stolen computers.

To affect the Roamfree Pacific, Roamfree Advanced, BookEasy and Roamfree.com sale the Liquidators were required to provide clear title to the assets and accordingly were required to pay the outstanding invoice totalling \$9,192.30 (excluding GST). To offset this however, the Liquidators received \$7,982.03 (excluding GST) from the Company's insurers.

### 3.4 Insurance Refund

At the date of my appointment the Company held a number of insurance policies for itself and its subsidiaries. The premiums for these insurance policies were funded by Macquarie Premium Funding ("Macquarie").

At the conclusion of the Roamfree businesses sale I requested my insurance brokers co-ordinate the cancellation of these policies and collection of any refunds applicable. However, In accordance with the terms of the premium funding agreement, Macquarie have security over any refunds until their debt is repaid.



My brokers are liaising with the underwriters to obtain credits resulting from the following premium adjustments:

- Sale of Travel Online - credit adjustment for the period 28 July 2009 to 25 May 2010;
- Sale of Roamfree Pacific, Roamfree Advanced, BookEasy and Roamfree.com – credit adjustment for the period 24 September 2009 to 25 May 2010; and
- TT obtaining independent insurance cover from 24 September 2009 – credit adjustment for the period 24 September 2009 to 25 May 2010.

Once credits are calculated my brokers will liaise with Macquarie to determine if the credits exceed their debt. Should this be the case the surplus will be collected by the Liquidator.

#### 4. Dividend

A dividend will be payable to unsecured creditors. I am unable to determine the amount of this dividend until after the sale of TT has been completed.

#### 5. Further Queries

Should creditors have any queries, please do not hesitate to contact **Nicholas Clarke** or **Rhett Grasso** of this office.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Tim Michael', written over a white background.

**Tim Michael**  
**Liquidator**