

24 June 2009

TO THE CREDITOR AS ADDRESSED

Dear Sir / Madam,

**Ventracor Limited (Subject to a Deed of Company Arrangement)
ACN 003 180 372
("The Company")**

I refer to the appointment of Peter James Gothard and I as Joint and Several Voluntary Administrators of Ventracor Limited on 19 March 2009, pursuant to Section 436A of the Corporations Act 2001 ("the Act").

I also refer to my most recent report to you on 20 May 2009 and to the second of meeting of creditors held on 29 May 2009 at which creditors resolved *"that pursuant to Section 439C of the Corporations Act 2001, the Company be required to execute a Deed of Company Arrangement ("DOCA") under Part 5.3A of the Corporations Act 2001 in the same form as the proposal statement outlined in the Administrators' report to creditors dated 20 May 2009."*

As outlined in my report and discussed at the meeting, the major component of the DOCA was contingent upon the exchange of a sale agreement between Siqro Inc and Ventracor Limited and its subsidiaries. On 5 June 2009, a Business Sale Deed was exchanged between the parties incorporating the sale of the majority of the assets held by the Ventracor Group to Siqro Inc. Completion of this Business Sale Deed was expected to result in continuity of employment for the majority of employees and a 100 cents in the dollar return for all creditors.

On 15 June 2009, a Deed of Company Arrangement was entered into by Ventracor Limited and its subsidiaries substantially in the same form as the proposal statement outlined in the Administrators' report to creditors dated 20 May 2009 with Peter James Gothard and I becoming the Joint and Several Deed Administrators of the DOCA.

A key condition of the Business Sale Deed was that for any period between exchange and settlement, Siqro Inc would be required to provide bridging finance to Ventracor in order to continue the operations of the group. On exchange, bridging finance to the 12th of June was paid by Siqro, and a further payment to fund the operations to the 19th of June was also made.

A further bridging payment was required to be paid by Siqro on 19 June 2009. Siqro advised on that day that they would not be in a position to make the bridge payment as a result of uncertainty surrounding their capital investors to finance completion of the sale and to raise the funding required to continue the operations in the long term.

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Siqro subsequently withdrew their interest, resulting in termination of the Business Sale Deed.

In order to exhaust all avenues for preserving the business, immediately upon Siqro's withdrawal, I contacted both the Shareholder Group and Horizon Healthcare (parties who had previously expressed an interest but had failed to put forward a viable proposal) providing them with an opportunity to put forward bridge funding to continue the operations as an interim measure with a view to conducting due diligence for the purposes of acquiring the Ventracor Group.

Both the Shareholder Group and Horizon Healthcare were advised that I would have no alternative but to cease operations unless the funds required to sustain the operations were transferred to the Ventracor Ltd bank account during the course of Monday 22 June 2009.

Despite numerous discussions with both parties and assurances that the cash transfer would be made, I was not provided with any funds within the necessary timeframe. This is notwithstanding that the timeframe for providing these funds was in fact extended to Tuesday 23 June 2009.

In the absence of the requested funding being received, I have had no alternative but to cease the operations of Ventracor Limited and commence to effect a wind down as of the evening of Tuesday 23 June 2009. This has included the termination of a number of employees and notifications to regulators, hospitals and centres.

I have also commenced a process to identify any interest in the residual assets of the company whilst maintaining contact with the regulators to explore options which may be available for patients currently implanted with an LVAD.

Due to the developments outlined above, I have convened a meeting of creditors to be held at the offices of Clayton Utz Lawyers, Levels 19-35, No. 1 O'Connell Street SYDNEY NSW 2000, on Friday 3 July 2009 at 10:00 AM. The purpose of this meeting will be to consider whether the DOCA should remain in place or whether the Company is wound up (i.e. placed into Liquidation).

The benefit of retaining the DOCA would be that the ability to realise the corporate shell would be preserved, albeit that the likelihood of completing such a sale and the timing of same will be adversely impacted by the inability to extinguish the claims of all creditors. Any return to employee creditors under a DOCA is likely to be delayed until such time that the residual assets are realised, which may not be for a number of months.



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In the event that the Company proceeds to Liquidation, employee creditors may have standing to submit an application and be compensated for unpaid entitlements under the government General Employee Entitlements Redundancy Scheme ("GEERS"). This process would be commenced following Liquidation, with the timing of any return from GEERS to employee creditors likely to be significantly earlier than any return through a DOCA.

As outlined in our report to creditors of 20 May 2009, on the basis that there will be no sale of the Ventracor business, it is not expected that there will be any return to unsecured trade creditors. This is due to the expected significant shortfall on priority employee entitlement claims.

Attached to this report is the following:

1. Notice of Meeting;
2. Proxy Form; and
3. Informal Proof of Debt.

Proxies to be used at the meeting should be submitted to the Administrators office (either via fax to 02 9286 9888 or via e-mail to ben.hynes@fh.com.au) by 4:00pm on Thursday, 2 July 2009)

In the event that you have lodged an Informal Proof of Debt with the Administrator for the first or second meetings of creditors, you are not required to submit a separate Proof unless you are intending to amend your claim against the Company.

Yours faithfully
Ventracor Limited

A handwritten signature in black ink, appearing to read 'Steve J Sherman', followed by a period.

Steve J Sherman
Joint Deed Administrator

Corporations Act (2001)

**NOTICE OF MEETING OF CREDITORS TO VARY OR TERMINATE DEED OF
COMPANY ARRANGEMENT**

**Ventracor Limited (Subject to Deed of Company Arrangement) ("the Company")
ACN 003 180 372**

1. Notice is given that a meeting of the creditors of the Company will be held at the offices of Clayton Utz Lawyers, Levels 19-35, No. 1 O'Connell Street SYDNEY NSW 2000, on Friday 3 July 2009 at 10:00 AM.
2. The purpose of the meeting is to consider and vote on the following resolutions:
 - a. That the Deed of Company Arrangement executed on 15 June 2009 be retained; or
 - b. That the Company be wound up and the appointment of the Liquidator be determined.

Dated this 26th day of June 2009



Steve Sherman
Joint Deed Administrator

**FORM 532
CORPORATIONS ACT 2001**

Regulation 5.6.29

**VENTRACOR LIMITED
(SUBJECT TO A DEED OF COMPANY ARRANGEMENT)
ACN 003 180 372**

APPOINTMENT OF PROXY CREDITORS MEETING

I/We¹

of

a creditor of Ventracor Limited² appoint

or in his absence

as *my/our *general/special proxy to vote at the meeting of creditors to be held on Friday 3 July 2009 at 10:00 AM, or at any adjournment of that meeting³, to vote on each of the following kinds of resolution:

	For	Against	Abstain
a. That the Deed of Company Arrangement executed on 15 June 2009 be retained; or	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
b. That the Company be wound up and the appointment of the Liquidator be determined.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DATED this day of

.....

Signature of Individual⁵ or person⁶
authorised by corporate resolution
to represent the corporation.

OR

The Common Seal⁴ of
was hereunto affixed in the presence of:

.....
Director

.....
Secretary

* Strike out if inapplicable

¹ If a firm, strike out "I" and set out the full name of the firm.

² Insert the name, address and description of the person appointed.

³ If a special proxy, add the words "to vote for" or the words "to vote against" and specify the particular resolution.

⁴ The method of affixing the Common Seal is prescribed in Section 127(2) of the Corporations Act 2001 and, usually, the creditor corporation's constitution.

⁵ The signature of the member is not to be attested by the person nominated as proxy.

⁶ A corporation may only be represented by proxy or by an attorney appointed pursuant to Corporations Regulations 5.6.28 and 5.6.31A respectively or, by a representative appointed under Section 250D of the Corporations Act 2001. Copy of authority/power of attorney to be annexed.

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

**VENTRACOR LIMITED
(SUBJECT TO A DEED OF COMPANY ARRANGEMENT)
ACN 003 180 372**

Name of creditor:

Amount of debt claimed: (see note)

Consideration for debt:

Whether debt secured or unsecured:

If secured, give details of security including dates, etc:

Balance, if any, after deducting value of security (see note):

.....
Creditor (or person authorised by creditor)

NOTE:

Under the Corporations Regulations, a creditor is not entitled to vote at a meeting unless (Regulation 5.6.23):

- a. his claim has been admitted, wholly or in part, by the Administrator; or
- b. he has lodged with the Administrator particulars of the debt or claim, or if required, a formal proof of debt.

For the purposes of Part 5.3A, a secured creditor may vote (Regulation 5.6.24):

- a. for the whole of his debt without regard to the estimated value of his security.

Proxies must be made available to the Administrator