

21 February 2020

Australian Securities Exchange
20 Bridge St
Sydney NSW 2000

Chair's address

As you are aware, the Board's focus over the last few months has been to bring the Company to a position where we can commence a members' solvent winding up process with the aim of providing some return to shareholders. Further, many shareholders have made it clear their desire for a crystallisation of the likely capital loss on their investment in order to potentially claim tax losses. Shareholders should seek appropriate tax advice in this regard.

ASIC has advised us that a final deregistration of the Company will not be possible until it has concluded its investigation, the timing of which we are not privy to. However, we have taken all steps reasonably possible to finalise the remaining outstanding issues so that an orderly liquidation can occur with minimal depletion of capital. In this regard, we note the amendment to resolution 3 announced to ASX on 14 February 2020, which caps the proposed liquidators' fees at \$200,000 (excluding GST).

The other steps taken to mitigate depletion of capital have included responding to customer complaints, compliance with ASIC requirements and more recently responding to an audit by the office of state revenue in relation to historic payroll tax liabilities. At this time, there are still three outstanding customer complaints but in each case we are waiting for third parties to respond. We are also waiting for a final response from the OSR but believe we have answered all of its questions.

On the other side of the ledger, we have been diligent in chasing potential contingent assets such as reimbursement claims from the Company's insurers for legal costs and disbursements

the Company has incurred in connection with professional indemnity insurance claims, Royal Commission costs and ASIC's investigation.

As you are aware, the Spectrum business has been a particular challenge, but I am pleased to advise that ASIC has now cancelled Spectrum's AFSL licence which was an outstanding matter mentioned at the AGM.

So in reality, we are in a type of holding pattern and the Board believes that as such, it is in the Company's and shareholders' best interest to place the Company into solvent voluntary members liquidation. In particular we believe this to be the most appropriate option to preserve capital and this action has already been taken in relation to all of the Company's subsidiaries.

I would like to thank all our contractors and advisers for their hard work in getting us to this moment. I also wish to thank Doug Halley and Jamie Green, my fellow directors, for their tremendous contribution.

Ladies and gentlemen, we now move to the formal business of the Meeting.

ENDS

For more information:

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