

**Oceanlinx Limited**

**(Administrators Appointed)**

**(Receivers and Managers Appointed)**

**ACN 077 104 404**

**Report to Creditors pursuant to Section 439A of the  
Corporations Act 2001**

*Report Date: 24 October 2014*

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## Definitions

Administrators	Vaughan Neil Strawbridge and Jason Mark Tracy
Appointment Date	Administrators' date of appointment, 2 April 2014
ALLPAAP	All present and after-acquired property, meaning personal property over which the grantor has an interest at the time the registration is made on the PPSR, and personal property acquired after the registration is made on the PPSR
ASIC	The Australian Securities & Investments Commission
ARENA	Australian Renewable Energy Agency
ASX	Australian Stock Exchange
ATO	Australian Taxation Office
AUD	Australian dollars
Bank / Macquarie Bank / Secured Creditor	Macquarie Bank Limited
C.O.D.	Cash on delivery
CN Holders	Convertible note holders
Committee	Committee of Creditors
Company / Oceanlinx	Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed)
Deloitte	Deloitte Touche Tohmatsu
DIRRI	Declaration of Independence and Relevant Relationships and Indemnities
DOCA	Deed of Company Arrangement
ERV	Estimated Realisable Value
ESOP	Estimated Statement of Position
Former Administrators	David Ross and Brent Kijurina of Hall Chadwick
FY	Financial Year Ended 30 June 20XX
FEG	Fair Entitlements Guarantee
IPA / ARITA	Insolvency Practitioners Association of Australia / Australian Restructuring Insolvency and Turnaround Association
k / \$'000	Thousands of dollars
m	Millions of dollars
Management	Management of the Company
Mgmt	Management accounts prepared in MYOB
MYOB	Mind your own business software
Original Appointment date	Former Administrators' date of appointment, 21 March 2014
PPSR	Personal Property Securities Register
R&D	Research and Development
RATA	Report as to Affairs
Receivers and Managers	Mr Rahul Goyal and Ms Cassandra Mathews of Korda Mentha appointed on 26 March 2014
Relation-Back Day	The date of appointment of the Former Administrators, 21 March 2014
The Act	Corporations Act 2001 ( <i>Cwltth</i> )
The Court	The Federal Court of Australia or any of the state Supreme Courts
The Regulations	Corporations Regulations 2001
WEC	Wave energy converter
WER	Wave Energy Renewable Pty Ltd
YTD Feb14	Financial year to date as at 28 February 2014

## 1 Executive Summary

### 1.1 Appointment

On 21 March 2014, David Ross and Brent Kijurina of Hall Chadwick were appointed Joint and Several Administrators of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed) (the Company) by the directors of the Company, pursuant to Section 436A of the Act.

Jason Tracy and I replaced Messrs Ross and Kijurina as Joint and Several Administrators on 2 April 2014 pursuant to section 436E(4) of the Act.

On 26 March 2014, Mr Rahul Goyal and Ms Cassandra Mathews of Korda Mentha were appointed Receivers and Managers over the Company by Macquarie Bank Limited.

A Committee of Creditors was formed at the first meeting of creditors.

### 1.2 Conduct of Administration

Since our appointment, the assets and undertakings of the Company have been subject to the appointment of Receivers and Managers and the trading of the Company has been under their direction.

However, upon appointment, we took immediate steps to attend to our obligations in accordance with the Act including commencing an assessment into the affairs of the Company.

In order to maximise the value of the Company's assets, we applied to the Federal Court of Australia for an extension of the convening period for a period of up to 180 days. On 23 April 2014 the Court granted orders to extend the convening period to 27 October 2014. This is discussed further in Section 2 of this report.

### 1.3 Investigation

On the basis of our preliminary investigations, it appears that the Company may have been insolvent from as early as December 2013/January 2014. We have identified a possible voidable transaction with a value of approximately \$51k. Details of our investigations are discussed further in Section 7.

### 1.4 Deed of Company Arrangement

We have received a Deed of Company Arrangement (DOCA) proposal from Wave Energy Renewable Pty Ltd.

Key features and our analysis of the DOCA are set out in Sections 8 and 9 of this report.

### 1.5 Outcome for Creditors

The first secured creditor, Macquarie Bank Limited and employee priority creditors will be repaid in full by the Receivers and Managers. This outcome will have no impact on the DOCA proposal set out in this report.

In the event that the Company was placed into liquidation or the CN Holders took steps to enforce their security, it is likely that they would recover between 77 and 100 cents in the dollar on their debt. Based on legal advice we are of the view that the CN Holders 2nd, 3rd and 4th ranking security interests over the Company are valid.

The table below illustrates a range of potential outcomes for creditors. This is discussed further in Sections 8 and 9 of this report.

Estimated returns to creditors Cents in the dollar	DOCA			Liquidation		
	High	Medium	Low	High	Medium	Low
Secured creditor - Macquarie Bank	100	100	100	100	100	100
CN Holders - 2nd, 3rd, 4th Security	N/A	N/A	N/A	100	100	77
Priority creditors	100	100	100	100	100	100
Unsecured creditors	52	37	23	24	9	-

In a liquidation we estimate a return of between nil and 24 cents in the dollar to unsecured creditors. Under a DOCA scenario, we estimate a return of between 23 and 52 cents in the dollar to unsecured creditors.

The major variable under both scenarios is the quantum of funds due to be received from the Receivers and Managers. The quantum of funds to be received is currently unknown however we understand that the amount will be less than \$3.5m. Accordingly we have outlined a range of potential outcomes. We are hopeful that by the second meeting of creditors we will be able to disclose the value of the likely surplus funds. This will provide more certainty around the likely returns to creditors.

The reasons for the DOCA being superior to liquidation are detailed in Section 8 of this report.

Given there is a shortfall to unsecured creditors under both scenarios there will not be any return to shareholders.

## 1.6 Administrators' Opinion

At the forthcoming meeting, creditors will be asked to make a decision regarding the Company's future by passing a resolution in respect of the options available to them. The options available to creditors for the Company are:

- that the Company execute a Deed of Company Arrangement; or
- that the Administration end; or
- that the company be Wound Up.

**We are of the opinion it would be in creditors' best interest to resolve that the Company execute a DOCA as it is likely to provide a higher return to creditors than liquidation.**

Our recommendations are discussed in detail in Section 10 of this report.

## 1.7 Second Meeting of Creditors

The second meeting of creditors has been called for Monday, 3 November 2014 at the offices of the Chartered Accountants Australia and New Zealand, Level 1, 33 Erskine Street, Sydney NSW, at 2:00pm AEDT.

At this meeting, creditors will be asked to make a decision by passing a resolution in respect of the options available to them. These options are:

- 1) That the Company execute a Deed of Company Arrangement; or
- 2) That the Administration end; or
- 3) That the Company be wound up.

## 2 Introduction

### 2.1 Purpose of the appointment and report

The purpose of the appointment of Administrators is to allow for independent insolvency practitioners to take control of and investigate the affairs of the insolvent company. Creditors' claims are put on hold as at the date of the Administrators' appointment and remain so for the duration of the administration.

We are required to provide creditors with sufficient information and recommendations to assist them in making an informed decision on the Company's future. The purpose of this report is to provide that information and recommendations, including:

- Background information about the Company
- The results of our investigations
- The estimated returns to creditors
- Details of the proposed DOCA
- The options available to creditors and our opinion on each of these options.

### 2.2 First Meeting of Creditors

On 2 April 2014, a meeting of creditors of the Company was held in accordance with Section 436E of the Act. By a resolution of creditors, Jason Tracy and I replaced the incumbent Administrators, David Ross and Brent Kijurina of Hall Chadwick.

Also at that meeting, it was advised that the Administrators would undertake an investigation into the affairs of the Company.

It was also resolved that a Committee of Creditors be formed. The following creditors volunteered and were elected as members:

Member	Company
Ali Mohammad Baghaei Nanehkaran (director)	Oceanlinx Limited
Tibor Vertes (director)	Oceanlinx Limited
Caroline Chen (employee)	Oceanlinx Limited
Harley Flett	Polaris Marine Pty Ltd
Tom Wilson	Ocean Energy Construction Pty Ltd
Leigh Appleyard	Acor Consultants Pty Ltd

We have convened one formal meeting of the Committee to date which was held on 11 April 2014 to update the Committee on the administration generally and seek approval regarding the extension of the convening period. The committee passed a resolution approving the Administrators' application to Court to extend the convening period.

As the Receivers and Managers have remained in control of the assets of the Company and the realisation of those assets we have not had cause to call a further committee meeting.

### 2.3 Extension of Convening Period

We applied to Court for an extension of the convening period for a period of up to 180 days. The Application was heard in the Federal Court of Australia on 23 April 2014 and the Court granted Orders to extend the convening period to Monday, 27 October 2014 meaning the second meeting of creditors may be held at any time up to Monday, 3 November 2014.

Notice was forwarded to creditors in accordance with the Court Order on 28 April 2014.

We sought an extension of the convening period for the following reasons:

- to allow the directors of the Company additional time to formulate a proposal for a Deed of Company Arrangement
- to provide sufficient time for the Administrators to assess and report on any such Deed proposal
- to ascertain the likelihood of the Company's insurance claim being successful
- to determine what liabilities remain after the Research and Development tax rebate is paid
- to determine what funding or rebates may be available to the Company to support a Deed proposal or the Company's activities in the future.

A copy of the Court Order is available on our website at [www.deloitte.com/au/oceanlinx](http://www.deloitte.com/au/oceanlinx).

The Receivers and Managers funded the legal costs and expenses in relation to the extension of the convening period.

## 2.4 ASIC exemption

The Administrators applied to ASIC for an exemption from compliance with the financial reporting and audit requirements of Part 2M.3 of the Act for the year ended 30 June 2014 and subsequent financial reporting periods. This application was made for the following reasons:

- the shareholders of the Company were unlikely to have an economic interest in the Company
- the Administration was without funds to meet the costs of compliance.

ASIC granted an instrument of relief exempting Oceanlinx from the financial reporting and audit requirements on 8 October 2014. A copy of this instrument is available on our website at [www.deloitte.com/au/oceanlinx](http://www.deloitte.com/au/oceanlinx).

ASIC also granted a no-action letter in respect of Oceanlinx's obligation to hold an annual general meeting in accordance with Section 250N(2) of the Act for the 2014 calendar year.

## 2.5 Second Meeting of Creditors

Pursuant to Section 439A(3) of the Act a second meeting of creditors has been called for Monday, 3 November 2014 at the offices of the Chartered Accountants Australia and New Zealand, Level 1, 33 Erskine Street, Sydney NSW, at 2:00pm. (See attached Form 529 at Appendix A).

At this meeting creditors will be asked to make a decision by passing a resolution in respect of options that will be available to them.

We have recommended in this report that the Company execute the DOCA proposed by Wave Energy Renewable Pty Ltd as this proposal provided a greater return to unsecured creditors than if the Company was placed into liquidation.

We have detailed the reasons as to why we consider this the best option for creditors in Section 10 of this report.

At the meeting, creditors will be asked to approve our remuneration for the period 2 April 2014 to 17 October 2014 in the sum of \$160,781.50 (excluding GST and disbursements) and from 18



October 2014 to the second meeting of creditors on 3 November 2014 in the sum of \$20,000.00 (excluding GST and disbursements). (Refer Appendix I - Remuneration Reports)

Should creditors resolve to vote in favour of a DOCA, creditors will be asked to approve our remuneration for the period 4 November 2014 to the commencement of the DOCA in the sum of \$15,000.00 (excluding GST and disbursements). (Refer Appendix I - Remuneration Reports)

Creditors will also be asked to approve the remuneration of the Deed Administrators in the sum of \$60,000 (excluding GST and disbursements) or the Liquidators' remuneration in the sum of \$80,000 (excluding GST and disbursements). (Refer Appendix I - Remuneration Reports)

The Former Administrators have requested that we seek approval from creditors for their remuneration for the period of their administration of the Company from 21 March 2014 to 2 April 2014 in the sum of \$93,354.00 (excluding GST). (Refer Appendix H - Hall Chadwick's Remuneration Report )

Full details of our remuneration can be found in Section 12 of this report.

## **2.6 Administrators' independence, relationships and indemnities**

In accordance with section 436DA of the Act, a Declaration of Independence, Relevant Relationships and Indemnities (DIRRI) was provided in the first circular to creditors dated 3 April 2014 and was also tabled at the first meeting of creditors.

A further copy of the DIRRI is attached as Appendix B. There have been no changes in the details recorded in the DIRRI.

## **2.7 Electronic communication**

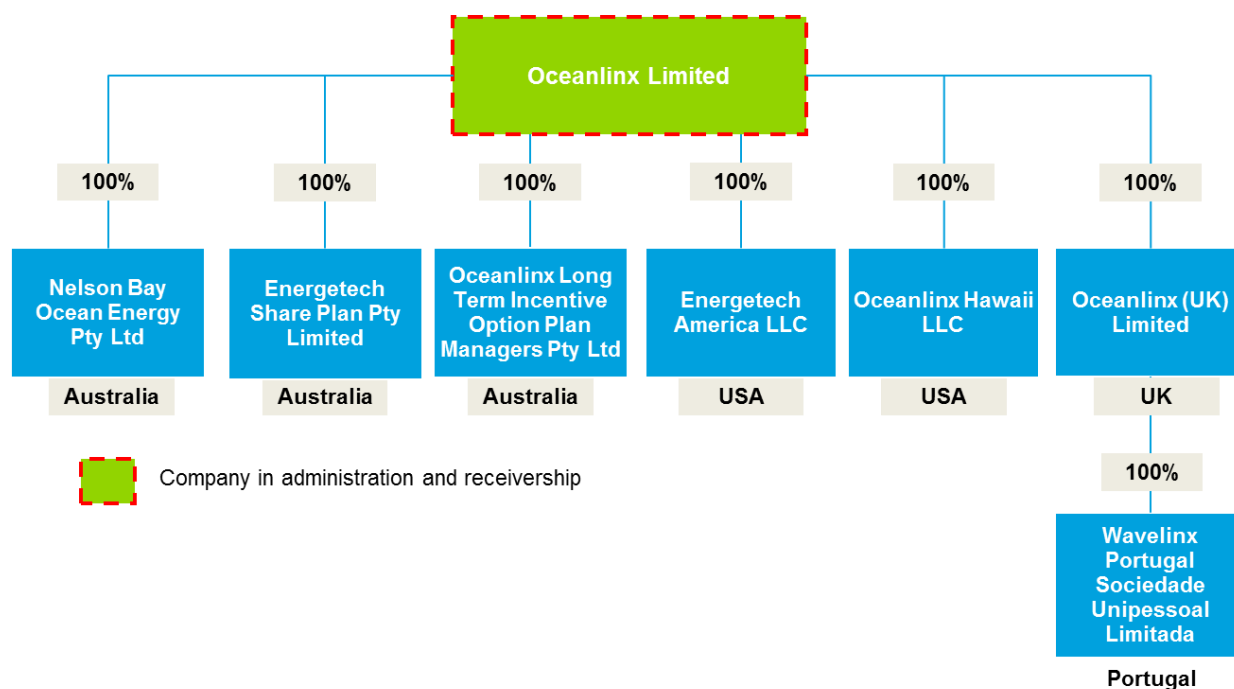
Section 600G of the Act allows for a creditor to receive communications and notifications electronically provided the creditor has consented to receive correspondence in this manner.

Electronic communication is speedy and cost effective and reduces the expenses incurred in an administration.

If you wish to receive future correspondence electronically please send an email to [dpogroske@deloitte.com.au](mailto:dpogroske@deloitte.com.au) detailing the email address to which you would like future communications from us to be sent.

## 3 Background Information

The Company was the parent entity of several wholly-owned subsidiaries. A diagram showing the Company's group structure is as follows:



The subsidiary entities were incorporated as special purpose vehicles to be used for patent registrations and for grant funding applications in foreign jurisdictions. These entities are non-trading and hold minimal assets.

### 3.1 Incorporation and Registered Office

A search of the ASIC database disclosed the Company was incorporated in New South Wales on 16 January 1997. The Company's registered office is shown as Suite 1.02, Level 1 Tower A, 112-118 Talavera Road, Macquarie Park NSW 2113.

### 3.2 Shareholders, Officers and Security Interests

#### 3.2.1 Shareholders

The Company is limited by shares. The ASIC database records the shareholders as:

Shareholder	Class	Number
Refer Appendix C	CP1 Non-redeemable convertible first preference shares	47,142,861
Refer Appendix C	CP2 Non-redeemable convertible second preference shares	17,142,857
Refer Appendix C	Ordinary shares	139,333,202

The complete list of shareholders is detailed on the Company's share register and attached as Appendix C.

## 3.2.2 Officers

The ASIC database indicates that during the 12 month period prior to the Administrators' appointment the Company's directors and officers were:

Name	Position	Appointed	Ceased
Joaquim Manuel Jordao Servulo Rodrigues	Director	29 March 2007	Current
Ali Mohammad Baghaei Nanehkaran	Director	20 May 2009	Current
Tibor Nick Vertes	Director	15 June 2006	Current
Thomas Denniss	Secretary	28 August 2007	Current
Colin Harold Parbery	Secretary	27 November 2009	10 March 2014

## 3.2.3 Security Interests

A search of the Personal Property Securities Register revealed the following perfected Security Interests:

Secured Party	Circulating or non-circulating	Class	PMSI Y/N	Date Perfected
Macquarie Bank Ltd	General	ALLPAAP, General Intangible, patent, Trademark	N	15 August 2012
Ian Chi-Ping Cheng, TTL Nominees Pty Ltd, Makinti Pty Ltd, Ali Mohammad Baghaei Nanehkaran	General	ALLPAAP	N	12 November 2013
Lei Tan, Yibing Tan, Xuemei Li	General	ALLPAAP	N	3 March 2014
Windsor Group Holdings Pty Ltd, Ching-Chun Wu Huang	General	ALLPAAP	N	3 March 2014
Coates Hire Operations Pty Ltd	Non-Circulating	Motor Vehicle, Other Goods	Y	2 August 2013
Fuji Xerox Finance Ltd, Fuji Xerox Australia Pty Ltd	Non-Circulating	Other Goods	Y	3 December 2012
Flexirent Capital Pty Ltd	Non-Circulating	Other Goods	Y	31 May 2013
Arrium Ltd	Unknown	Other Goods	Y	9 July 2013
Acrow Formwork and Scaffolding Pty Ltd	Non-Circulating	Other Goods	Y	11 October 2013
Southern Steel Group of Companies	Non-Circulating	Other Goods	Y	28 November 2013
Aggreko Generator Rentals Pty Ltd	Non-Circulating	Other Goods	Y	4 December 2013

A general security refers to a financing arrangement where a company grants security over all present and future assets of a company.

Circulating assets typically include debtors, cash and inventory, motor vehicles and small items of plant and equipment over which the grantor of the security interests retains control and can deal with secured property in the ordinary course of business.

Non-circulating assets typically include real property, plant and equipment or vehicles and are particular identifiable assets that the grantor of the security interest cannot dispose of without the consent of the secured party.

### **3.2.4 Winding up Applications**

Our review of the ASIC records did not disclose any winding up applications filed against the Company prior to our appointment as Administrators.

## **3.3 History of the Company**

Oceanlinx was established in January 1997. It is as an Australian-based renewable energy company specialising in ocean-based energy technologies. The Company has been developing proprietary technology for extracting energy from ocean waves and converting that energy into electricity.

According to the Company's website, Oceanlinx has installed 750KW of prototype wave energy converters in the open ocean, generating over 40,000 hours of operating experience and approximately 5,000 hours of grid-connected electricity generation over the last 16 years.

A key factor that resulted in the Company being placed into Voluntary Administration and Receivership was the GreenWAVE project incident that took place on 2 March 2014. A background to the project and details of the incident are set out below.

### **3.3.1 GreenWAVE Project**

In early 2012, the Company began to develop its first full-scale wave energy converter (WEC) demonstration unit. It was intended that the GreenWAVE unit would have been capable of powering 1,000 households.

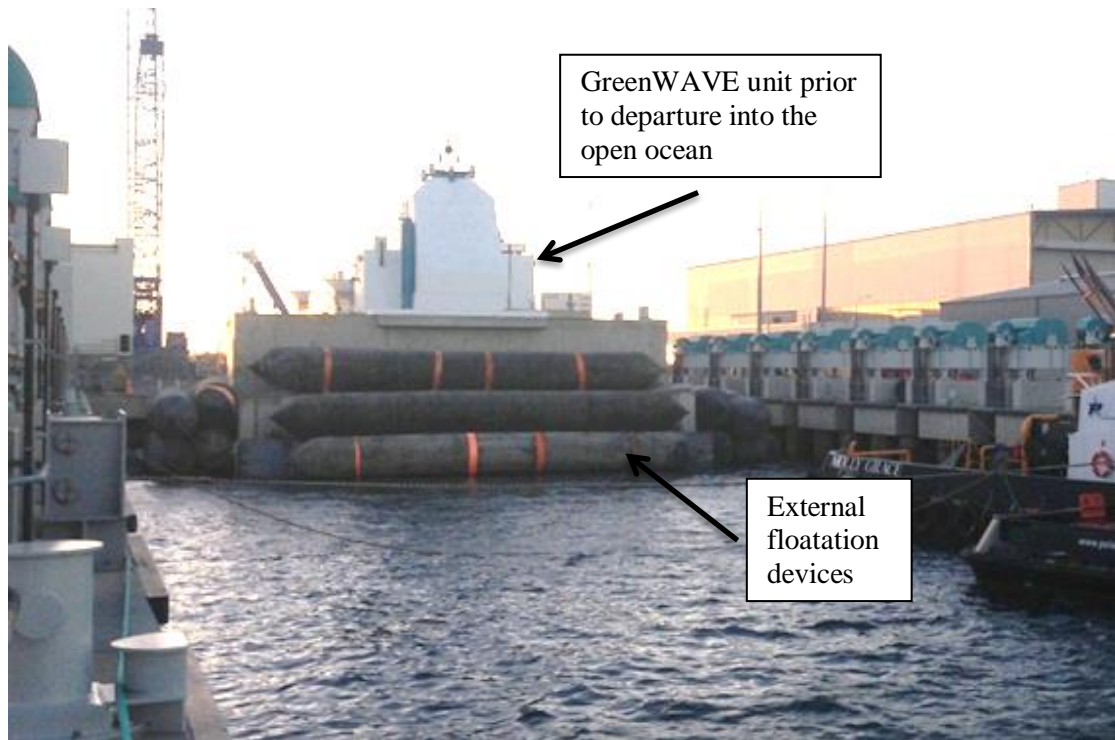
The development took place at Port MacDonnell, in South Australia. The project aimed to demonstrate the technology's reliability in a variety of ocean conditions as well as the commercial potential.

The project was partially funded through equity contributions and the issue of convertible note debt supported by a successful \$3.97m grant from ARENA and a secured cash flow facility provided by Macquarie Bank. Due to issues with obtaining funding from the initial convertible note instrument, the Company sought to raise further finance by issuing additional convertible notes in November 2013 and February 2014. The Company granted these convertible note holders a general security (ALLPAAP) over Oceanlinx.

Construction of the GreenWAVE project began in August 2013 at the TechPort Adelaide common user facility, 350km west of Port MacDonnell. The unit was completed in early February 2014. In March 2014, the Company undertook to install the unit off the coast of South Australia. Once installed the unit would have been connected to the South Australian energy grid. The \$7.2m project represented the culmination of 16 years of research and development and was set to be one of the Company's first commercial revenue earners.

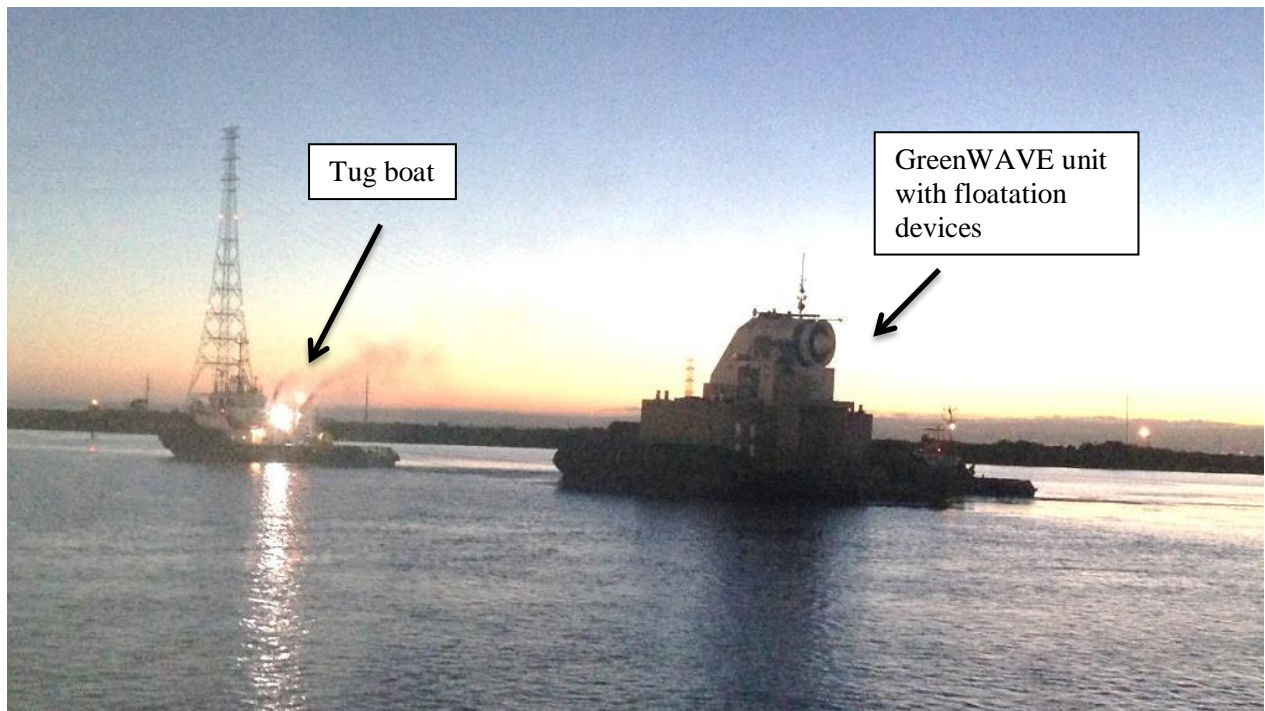
The Company's engineering team as well as third party naval architects were engaged to design and evaluate the transportation of the full unit from the TechPort facilities to Port MacDonnell. The ultimate transportation design selected was to use the most economical and effective flotation aids by way of 37 airbags which together provided approximately 2,000 tonnes of external buoyancy to the unit, coupled with approximately 2,000 tonnes of internal buoyancy through utilisation of its three chambers within the oscillating water column structure.

Final testing of the buoyancy aids and stability of the unit were carried out in the ship-lift basin in the weeks prior to the departure. Pictured below is the unit in the basin with the floatation aids:



### 3.3.2 GreenWAVE towing incident

To transport the GreenWAVE to Port MacDonnell, the Company engaged the services of marine tug operators. The unit left the port at approximately 5:00am on 1 March 2014 (pictured below) with the consent of the tug masters and insurance surveyors.





During the first 24 hours of sea voyage, the Company received four reports by the tug masters stating the condition of the unit to be 'all is good/well'. At approximately 8.30am on 2 March 2014, the Company received advice from the tug masters of a problem with the towing of the unit which required the tugs to turn the unit around and tow it to shallower waters.

The unit is now stranded 1,500 metres off the shore at Carrickalinga, off the southeast coast of South Australia. The Receivers and Managers are dealing with the Company's marine insurer, Liberty Insurance Underwriters, in respect of the insurance claim.

As a result of the towing incident, key construction milestones were missed. Consequently forecast funding for the GreenWAVE project did not materialise, which in turn, put pressure on the Company's cash flow. As a result, the Company was placed into Voluntary Administration and subsequently, Receivership.

### **3.3.3 Sources of funding**

The Company secured a grant from the Australian Federal Government branch of ARENA for \$3.97m towards the cost and deployment of the GreenWAVE unit at Port MacDonnell in South Australia.

The Company also secured funding totalling \$7 million to assist in the balance of the project cost and working capital. This amount is made up as follows:

- \$4 million secured loan facility from Macquarie Bank Limited. The terms of the facility requires payment upon receipt of R&D rebates from the ATO. The outstanding balance on this facility on appointment was approximately \$2.6m.
- A redeemable convertible note facility of \$3 million which was established on 30 June 2012. The Company's records show that only \$370k was made available to Oceanlinx.

Due to funding requirements the Company issued a further series of convertible notes in November 2013 and February 2014. A total of \$1.4m was raised through this process. This provided the Company with additional cash flow to fund the GreenWAVE project construction. These funds were secured by Oceanlinx granting the CN Holders with second, third and fourth ranking ALLPAAP security interests over the Company.

## **4 Historical financial performance**

### **4.1 Financial Statements**

Financial statements were last prepared to 30 June 2013 and were audited by Ernst & Young.

The Company also prepared draft management accounts up to 28 February 2014. MYOB records were available up to the date of the Former Administrators' appointment on 21 March 2014.

## 4.2 Profit & Loss

The profit and loss statements for the financial years FY11 to YTD Feb14 are summarised as follows:

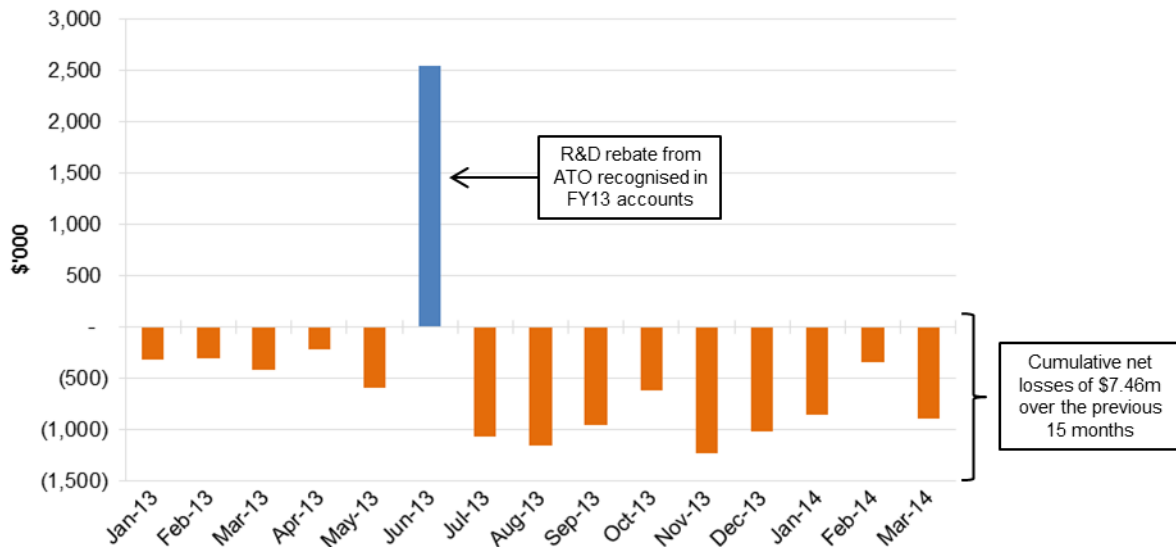
Profit and Loss Statement AUD \$'000	Notes	FY11 Audited	FY12 Audited	FY13 Audited	YTD Feb14 Mgmt
<b>INCOME</b>					
Interest revenue		141	89	33	10
Government grant income	1	20	-	1,137	1,020
Other income	2	2,416	949	3,823	-
<b>Total Income</b>		<b>2,577</b>	<b>1,038</b>	<b>4,992</b>	<b>1,030</b>
<b>EXPENSES</b>					
Employee expense		(1,978)	(1,365)	(1,566)	(898)
Consulting expense		(310)	(108)	(111)	(178)
Travel and subsistence expense		(166)	(73)	(172)	(87)
Development expense	3	(821)	(244)	(2,988)	(6,624)
Rental expense		(77)	(265)	(173)	(27)
Professional fees expense		(219)	(143)	(153)	(96)
Finance costs		(2)	(2)	(286)	(232)
Change in fair value of financial liabilities		167	330	48	-
Other expenses		(439)	(244)	(455)	101
<b>Total Expenses</b>		<b>(3,845)</b>	<b>(2,114)</b>	<b>(5,855)</b>	<b>(8,041)</b>
<b>Profit / (loss) before tax</b>	4	<b>(1,268)</b>	<b>(1,076)</b>	<b>(863)</b>	<b>(7,011)</b>

We provide the following preliminary analysis and commentary on the Company's profit and loss statements:

1. Government grant income is funds received from ARENA. Funds received in YTD Feb14 totalled \$1.02m
2. Other income is principally R&D rebates refunded by the ATO.
3. 45% of the development expenses were claimed in R&D rebates from the ATO. In YTD Feb14 the rebate totalled \$3.27m, however it was not recognised as income in the profit and loss statement and is not recognised as an asset in the YTD Feb14 accounts. The development expense increased significantly from FY12 to YTD14 due to the costs of building and implementing the GreenWAVE prototype. The success of the prototype is likely to have created an income stream and significantly increased the value of the Company
4. The Company incurred a loss before tax in YTD Feb14 in excess of \$7.0m.

A summary of the Company's recent monthly performance shows the continued net losses totalling \$7.46m from January 2013 to March 2014:

## Net profit (loss) monthly



A company's continued trading losses is a strong indicator of a company's insolvency. However, this should be considered in the context that Oceanlinx was in the business of research and development. Historically the Company's losses have been funded predominantly by shareholders. This is discussed in more detail in Section 7 of the report.



## 4.3 Balance Sheet

The balance sheet for FY11 to YTD Feb14 is summarised as follows:

Balance Sheet AUD \$'000	Notes	FY11 Audited	FY12 Audited	FY13 Audited	YTD Feb14 Mgmt
<b>Current assets</b>					
Cash and cash equivalents		2,173	1,253	1,106	942
Trade and other receivables	1	801	1,011	3,847	26
Other assets		209	48	82	24
<b>Total current assets</b>		<b>3,182</b>	<b>2,311</b>	<b>5,035</b>	<b>993</b>
<b>Non-current assets</b>					
Plant and equipment		105	62	84	67
Other assets		104	2	52	-
<b>Total non-current assets</b>		<b>209</b>	<b>63</b>	<b>135</b>	<b>67</b>
<b>Total assets</b>	2	<b>3,391</b>	<b>2,375</b>	<b>5,171</b>	<b>1,060</b>
<b>Current liabilities</b>					
Trade and other payables		314	380	1,776	3,238
Borrowings		651	293	2,218	2,484
Other financial liabilities		141	126	33	(16)
Provisions		182	106	146	199
<b>Total current liabilities</b>	3	<b>1,288</b>	<b>905</b>	<b>4,172</b>	<b>5,905</b>
<b>Non-current liabilities</b>					
Convertible Notes	4	-	-	370	1,770
Provisions		32	23	11	-
<b>Total non-current liabilities</b>		<b>32</b>	<b>23</b>	<b>381</b>	<b>1,770</b>
<b>Total liabilities</b>	5	<b>1,320</b>	<b>928</b>	<b>4,554</b>	<b>7,675</b>
<b>Equity</b>					
Issued capital		80,803	80,945	81,201	81,254
Reserves		6,151	6,460	6,237	6,127
Accumulated losses		(84,882)	(85,958)	(86,821)	(93,995)
<b>Total equity</b>		<b>2,071</b>	<b>1,447</b>	<b>617</b>	<b>(6,615)</b>
<b>Net assets</b>	5	<b>2,071</b>	<b>1,447</b>	<b>617</b>	<b>(6,615)</b>

We provide the following preliminary analysis and commentary on the Company's balance sheet:

1. Trade and other receivables in FY11 to FY13 relate principally to amounts due from the ATO for R&D tax rebates. We understand that the R&D rebate for YTD Feb14 was not accrued in the Company's management accounts
2. As a result, total assets appear significantly lower than previous years
3. The Company's current liabilities increased significantly in FY13 and YTD Feb14 due to the costs associated with the GreenWAVE project development and implementation. Trade and other payables and borrowings from Macquarie were the two key short-term liabilities
4. Convertible Notes were issued in FY13 and YTD Feb14 in the amount of \$370k and \$1.4m respectively. These funds provided additional working capital for ongoing operations
5. As at YTD Feb14, total liabilities were \$7.7m. This resulted in a net asset deficiency of \$6.6m.

## 4.4 Working Capital Deficiency

Working capital is a financial measure which represents operating liquidity available to a company. Net working capital is calculated as current assets minus current liabilities. A

company should have positive working capital, however working capital that is too high may indicate that the company is not reinvesting its cash in the most efficient way. Detailed below is a comparison of the working capital deficiency between FY11 and FY13.

The current ratio, also set out in the table below, is a measure that is used to determine a company's ability to pay its short-term debt obligations. The higher the value of the ratio, the more able a company is to meet its short-term debts. The current ratio shows working capital in a ratio format, i.e. instead of current assets minus current liabilities the current ratio is calculated as current assets divided by current liabilities. Like working capital, the current ratio examines a company's ability to pay its short-term debt obligations.

A current ratio of less than one indicates that a company's short-term assets are insufficient to cover the company's short term liabilities.

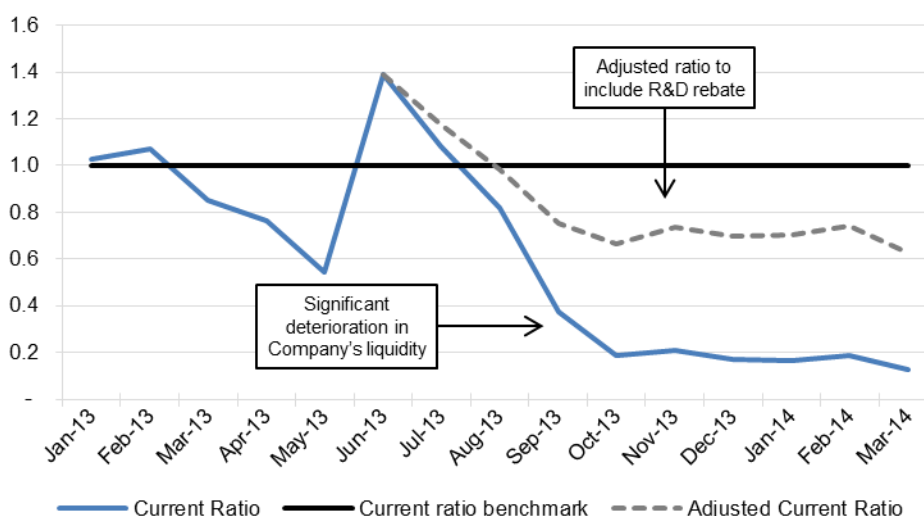
Balance Sheet	FY11	FY12	FY13	YTD Feb14
AUD \$'000	Audited	Audited	Audited	Mgmt
Total Current Assets	3,182	2,311	5,035	993
Total Current Liabilities	1,288	905	4,172	5,905
<b>Net Working Capital</b>	<b>1,894</b>	<b>1,407</b>	<b>863</b>	<b>(4,912)</b>
<b>Current Ratio</b>	<b>2.47</b>	<b>2.55</b>	<b>1.21</b>	<b>0.17</b>

Negative working capital can be an indicator of cash flow difficulties. Our investigations into the Company's solvency are set out in in Section 7 of this report.

For the period FY11 to FY13 the Company's liquidity ratio (or current ratio) did not fall below one indicating that the Company did not experience cash flow issues, although this would need to be looked at on a monthly basis. Ultimately the Company was able to raise funding to meet its R&D activities. However, in YTD Feb14 the increased costs to develop and implement the GreenWAVE project resulted in an increase in trading (current) liabilities. This caused the Company's current ratio to fall below one. Historically the Company had sufficient funding and a consistent cash surplus to meet its current liabilities. Signs of stress were evident from late 2013 as illustrated in the following chart.

A chart of the Company's monthly liquidity ratio is set out below:

### Current Ratio



We calculated a restated current ratio for the YTD Feb14 period by adjusting the accounts for R&D rebate that were accruing but not being recognised in the Company's management accounts. This was calculated using a formula by taking 45% of the development expense in

the profit and loss statement. The chart above shows that the Company's current ratio would appear to be significantly improved (albeit still below one from September 2013 to March 2014) by applying this adjustment.

## 4.5 Movement of Funds

Set out below is the sources and applications of funds for FY11 to FY13.

Cash Flow Statement AUD \$'000	FY11 Audited	FY12 Audited	FY13 Audited
<b>Cash flows from operating activities</b>			
Grants and other income received	2,438	-	1,250
Payments to suppliers and employees	(4,380)	(2,449)	(4,616)
Other Over Payment	-	-	334
Interest paid	-	-	(286)
Income tax (paid) / refund	(11)	740	949
<b>Net cash used in operating activities</b>	<b>(1,952)</b>	<b>(1,709)</b>	<b>(2,368)</b>
<b>Cash flows from investing activities</b>			
Interest received	145	89	33
Payments for plant and equipment	(26)	(2)	(65)
Proceeds from sale of plant and equipment	2	-	-
Security deposit and bond refund/(paid)	83	253	-
<b>Net cash provided by investing activities</b>	<b>204</b>	<b>341</b>	<b>(32)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from issue of securities	1	450	-
Net Proceeds from issue of Convertible Note	-	-	370
Borrowing	-	-	1,880
<b>Net cash provided by financing activities</b>	<b>1</b>	<b>450</b>	<b>2,250</b>
<b>Net Increase/(decrease) in cash</b>	<b>(1,747)</b>	<b>(918)</b>	<b>(150)</b>
Effects of exchange rate changes on cash	(16)	(2)	3
Cash at the beginning of the financial year	3,936	2,173	1,253
<b>Cash at the end of the financial year</b>	<b>2,173</b>	<b>1,253</b>	<b>1,106</b>

Cash flow from operating activities was funded predominantly from grants and financing activities. The financing activities relate to the raising of debt in the form of interest-bearing borrowings and convertible notes.

## 5 Directors' Report as to Affairs (RATA)

### 5.1 Summary

Under section 438B of the Act, the directors are required to provide a RATA for the Company as at the date of our appointment within five business days of receipt of the request from the Administrators or such longer period as the Administrators allow.

We received a RATA from one of the directors on 16 April 2014.

The RATA, together with the respective accompanying schedules may be inspected by contacting Dean Pogroske on (02) 9322 3571 at the Administrators' office at Deloitte.

The RATA represents a snapshot of the asset and liability position of the Company on a going concern and forced asset realisation basis, **as prepared by the directors** of a company. We provide a comparison of these values to the estimated realisable amounts for the benefit of creditors.

The book values shown in the RATA do not reflect actual returns to creditors.

The RATA is summarised below.

Report as to Affairs	Note	Book Value \$AUD	Directors' ERV \$AUD
<b>Assets</b>			
Interest In Land	5.1	-	-
Sundry Debtors	5.1.2	464,665	14,060
Cash at Bank	5.1.3	767,516	767,516
Stock	-	-	-
Plant & Equipment	5.1.4	66,906	5,000
Other Assets	5.1.5	3,305,262	3,305,262
<b>Sub Total</b>		<b>4,604,349</b>	<b>4,091,838</b>
Assets Subject to Security Interests		(160,000)	(160,000)
Less: Amounts owing Security Interests		-	-
<b>Total</b>		<b>4,444,349</b>	<b>3,931,838</b>
<b>Liabilities</b>			
Less: Priority Creditors		-	-
Employee entitlements	5.1.6	(134,574)	(134,574)
Less: Secured Creditors	5.1.7	(4,370,001)	(4,370,001)
Partly Secured Creditors		-	-
<b>Total</b>		<b>(4,504,575)</b>	<b>(4,504,575)</b>
Available to unsecured creditors		(60,226)	(572,737)
Unsecured creditors	5.1.8	(2,441,344)	(2,441,344)
		(2,501,570)	(3,014,081)
Contingent Assets	5.1.9	-	-
Contingent Liabilities	5.1.10	-	-
<b>Surplus/(Shortfall)</b>		<b>(2,501,570)</b>	<b>(3,014,081)</b>

## 5.1.1 Interest in Land

The Company does not own any land.

## 5.1.2 Sundry Debtors

The RATA includes the following sundry debtors:

Debtor	Book Value \$AUD	Directors ERV
ARENA	450,604.60	Nil
Sydney Opera House	14,060.20	14,060.20
<b>Total</b>	<b>464,664.80</b>	<b>14,060.20</b>

The Company was due to receive \$450,604.60 from ARENA in respect of a grant funding agreement dated 1 July 2012. This funding was based on the completion of agreed project milestones. The Receivers and Managers attempted to collect this grant from ARENA, however, they were unsuccessful. Subsequently, ARENA terminated the funding agreement in July 2014.

The \$14,060.20 debt owed to the Company by Sydney Opera House was collected by the Receivers and Managers.

## 5.1.3 Cash at Bank

The RATA discloses cash at bank of \$767,516. We understand that actual cash at bank at the date of the appointment of the Former Administrators was \$605,965. Following their appointment the following cash movements took place:

- \$600,000 was transferred into the Former Administrators' bank account
- \$5,965 remained in the Company's pre-appointment bank account until 12 May 2014 when it was transferred to the Receivers and Managers' bank account
- The Former Administrators have transferred a total of \$477,999 to the Receivers and Managers (\$300,000 on 1 April 2014 and \$177,999 on 7 April 2014).

Pursuant to section 443D of the Act, the Former Administrators took an equitable lien over \$122,001 with respect to their outstanding professional fees and disbursement. The Former Administrators are still holding these funds.

## 5.1.4 Plant & Equipment

The RATA discloses the following plant and equipment that is owned by the Company:

- Leasehold improvements of \$46,002
- Computer equipment of \$3,007
- Equipment and parts of \$10,952
- Vehicles of \$3,602
- Software of \$2,368
- Furniture and fixtures of \$975.

We expect that these assets would have a minimal realisable value.

## 5.1.5 Other Assets

The RATA discloses the following assets:

- R&D refund of \$3,305,262 for YTD Feb14
- Intellectual property with an unquantified value.

The actual R&D tax incentive rebate was \$3.27m, of which \$3.1m has been paid by the ATO to the Receivers and Managers. The Receivers and Managers continue to pursue the \$170k balance.

## 5.1.6 Employee Entitlements

The RATA discloses employee claims totalling \$134,573. This amount is broken down as follows:

Type of Entitlement	\$AUD
Wages	Nil
Unpaid Superannuation	10,383
Holiday Pay (Annual Leave)	36,564
Long Service Leave	41,817
Payment in lieu of Notice	45,809
<b>Total</b>	<b>134,574</b>

We have completed our review of the entitlements of all employees, including those that have been terminated during the Administration period and provide a summary as follows:

Entitlement as at 21 March 14	Crystallised Liability \$AUD
Wages	Nil
Superannuation to Appointment	10,383
Annual Leave	33,468
Long Service Leave	38,277
Payment in Lieu of Notice	41,930
Superannuation on Entitlements	10,515
<b>Total Claims</b>	<b>134,574</b>
Less: Unsecured Claim – Director’s excluded claim	(1,441)
<b>Total Priority Claims</b>	<b>133,133</b>

The claims of the employees represent a priority claim pursuant to section 556 of the Act and subject to the normal adjudication process that may result in changes to the above amounts. Director and Officers of a company and certain family members have their entitlements capped under section 556 to \$2,000 for unpaid wages and superannuation and \$1,500 for leave entitlements.

We have been advised by the Receivers and Managers that they have paid out the majority of employee entitlements.

### 5.1.7 Secured Creditor

The RATA discloses secured creditors totalling \$4,370,001. This is made up of Macquarie Bank Limited and the CN Holders.

Macquarie Bank Limited holds a general security interest over all of the Company’s assets and undertakings. They have been recorded as a secured creditor for \$2,600,000. The actual outstanding debt at the date of appointment was \$2,620,515. Interest has continued to accrue on this debt. We have been advised by the Receivers and Managers that they anticipate paying the secured creditor in full shortly.

The secured CN Holders’ debt at appointment totalled \$1,400,001. Interest has continued to accrue on this debt.

### 5.1.8 Unsecured Creditors

The RATA discloses unsecured creditors of \$2,441,344. Based on our review of the Company’s accounting records, we estimate total unsecured creditor claims from the 97 known creditors are \$3,044,141, excluding the contingent liabilities referred to in Section 5.1.10 below.

### 5.1.9 Contingent Assets

The RATA does not disclose any contingent assets.

## 5.1.10 Contingent Liability

The RATA does not disclose any contingent liabilities. Whilst no contingent liabilities have been disclosed in the RATA, from our investigations we believe there are potentially two substantial contingent creditor claims:

- South Australia Maritime – in relation to the salvage of the GreenWAVE unit at Carrickalinga. This contingent liability has been estimated at \$3.0m
- New South Wales Maritime – in relation to the clean-up of the turbine at Port Kembla. This contingent liability has been estimated at \$500k.

## 5.2 Explanations for difficulties

### 5.2.1 Directors' explanation

The directors advised that the reason for the Company's financial difficulties was as a direct result of the towing incident involving the GreenWAVE unit. The towing incident impacted Oceanlinx's ability to progress the project and ultimately resulted in the cessation of funding from convertible note holders as well as from ARENA. The lack of funding prevented the Company from paying its suppliers and creditors as they fell due.

### 5.2.2 Administrator's opinion

Based on a review of the Company's operations, books and records, correspondence and discussions with the directors, we agree with the directors' assessment that the GreenWAVE incident ultimately caused the Company to fail. However, we note that the Company did show signs of financial distress in the months prior to the incident in March 2014. Our investigations of the Company's financial failure appear in Section 7 of this report.

## 6 Actions of the Administrators

Prior to our appointment, Receivers and Managers were appointed on 26 March 2014 and the operations of the Company are managed by them.

We have worked closely with the Receivers and Managers since the date of our appointment and attended to the statutory obligations imposed on Administrators in accordance with the Act.

The Administrators' actions to date include:

### Compliance and administrative duties

- Advertising the Administrators' appointment on the ASIC Insolvency Notices website
- Notifying statutory authorities of the appointment
- Meetings with the Company's directors and management at the Company's office
- Liaising with the Company's CFO regarding the directors' RATA and questionnaires
- Liaising with the Former Administrators
- Attending the Company's office to meet staff and review records
- Liaising with the Receivers and management to obtain access to the Company's books and records
- Convening and holding a meeting of the Committee of Creditors
- Conducting investigations into the affairs of the Company
- Convening the second meeting of creditors
- Preparing this report.



## **ASIC**

- Preparation and lodgement of relevant notices with the ASIC
- Lodging minutes of Committee of Creditors meeting
- Communicating with ASIC regarding the extension of the convening period
- Requesting an exemption under Part 2M.3 of the Act.

## **Creditors**

- Attending to telephone discussions, correspondence and queries from creditors
- Dealing with the Committee queries and preparation for the Committee meeting
- Preliminary report to creditors
- Receiving and validating creditors' proofs of debt
- Calculation of employees' priority entitlements.

## **Insurance**

- Notification of insurance brokers of the Administrators' appointment
- Liaising with the Receivers and Managers and insurance brokers to ensure that appropriate insurance cover had been arranged
- Arranging to have the Administrators covered by the Receivers and Managers' policy.

## **Assets**

- Various meetings with the directors and management regarding the assets; intellectual property of the Company, in particular the GreenWAVE prototype
- PPSR searches
- Advertise and call for expressions of interest from parties interested in acquiring assets of the Company
- Prepare and distribute information flyer to interested parties
- Deal with enquiries from interested parties
- Inspection of GreenWAVE unit and meeting with South Australian Maritime

## **Investigation, legal and strategic matters**

- Preliminary investigations into possible insolvent trading actions
- Review of the Companies' books and records to identify potential preference payments
- Prepare affidavit and Court attendance in relation to the extension of the convening period
- Issued various notices to creditors regarding the extension of the convening period
- Meetings, discussions and consideration of various DOCA proposals received.

## **Tax**

- Completing and lodging statutory ATO forms.

Further detail regarding specific tasks is outlined in the attached Remuneration Report (Refer Annexure I).

### **6.1 Expressions of Interest campaign**

The only Company assets the Receivers and Managers have not dealt with are the intellectual property assets. The Receivers and Managers were confident that they could repay Macquarie Bank and priority creditors in full without realising this class of asset. These assets are comprised of one registered patent and six pending patents in 11 countries.

We were unable to instruct an expert valuer to value the intellectual property as we are without funds. We obtained quotes for an independent expert valuation, and the costs ranged from \$40k to \$100k. In order to obtain an indication as to whether there was any interest and value in these assets we conducted an Expressions of Interest campaign. We did this in order to be in a



better position to assess any DOCA proposal that included the Company's intellectual property. We published an advertisement in the Australian Financial Review on 7 October 2014 seeking urgent expressions of interest in the Company's assets.

We also wrote to the Company's main competitors in Australia and overseas in the ocean wave energy sector seeking expressions of interest.

We received seven expressions of interest following the publication of the advertisement in the Australian Financial Review. These parties were provided with a flyer containing details of the Company's intellectual property and financial statements. We requested interested parties to submit offers by 21 October 2014. We received one formal offer for the intellectual property. As discussions are continuing the amount of the offer will not be disclosed at this time.

## 6.2 Actions of the Receivers and Managers

Following their appointment on 26 March 2014, the Receivers and Managers took control of the business, assets and ongoing trading of the Company.

The Receivers and Managers continued to operate the business and employ sufficient staff to enable them to prepare the FY14 financial statements and submit the application to the ATO for the R&D rebate. We have not received an account of their trading at this time.

The Receivers and Managers advised that they have performed the following tasks since their appointment:

- Attended to all statutory tasks required by Receivers and Managers of a company
- Liaised with the Former Administrators and obtained \$477,999 of funds held by them
- Arranged the completion of the Company's FY14 financial statements and necessary documents required by Ausindustry to claim the R&D tax incentive rebate
- Engaged the accounting services of KPMG to assist with the R&D verification and to lodge the relevant tax return
- Worked with insurance advisors to progress the Company's insurance claim in respect of the GreenWAVE prototype
- Commenced negotiations with the Company's insurer (Liberty International Underwriters) to recover the amount owed to the Company due to the accident which damaged the GreenWAVE prototype
- On 7 October 2014 the Receivers and Managers received \$3.1m from the ATO for the R&D rebate
- The Receivers and Managers continue to pursue the Company's insurance claim in respect of the GreenWAVE prototype in South Australia.

The Receivers and Managers have advised that they have paid an interim distribution to the first secured creditor, Macquarie Bank Limited. The majority of employee priority creditors have also been paid by the Receivers and Managers. We have been advised that the Receivers and Managers are close to settling the Company's insurance claim. Shortly thereafter, we believe they will be in a position to pay Macquarie Bank Limited and the remaining priority creditors in full, settle any outstanding receivership costs and then distribute any surplus funds the Administrators.

We are hopeful that by the second meeting of creditors we will be able to disclose the value of the likely surplus funds. This will provide more certainty around the likely returns to creditors.

## 6.3 Administrators' Trading Performance and Receipts and Payments

### 6.3.1 Administrators' Receipts and Payments

#### Former Administrators' receipts and payments

The table enclosed as Appendix D provides a summary of the receipts and payments from the Former Administrators.

#### Current Administrators' receipts and payments

There have been no receipts and payments to date by the current Administrators.

## 7 Investigations

### 7.1 Introduction

Section 438A(a) of the Act provides that as soon as practicable after an administration begins the Administrators must investigate the company's business, property, affairs and financial circumstances.

Pursuant to Regulation 5.3A.02 the Administrators are also required to investigate and report on any possible recovery actions that may be available to a Liquidator should creditors resolve that the company be wound up.

An explanation of the possible offences by a director and insolvent and voidable transactions that a Liquidator could pursue is attached at Appendix E. This information sheet has been prepared by the Australian Restructuring Insolvency and Turnaround Association (ARITA) and is intended to reduce the amount of generic information included as part of the body of this report. Creditors who are not familiar with the nature of offences and liquidator actions should refer to the appendix for explanations. If further explanation is required of the material contained in Appendix E or of our investigations, creditors should contact us.

**On the basis of our preliminary investigations, it appears that the Company may have been insolvent from as early as December 2013/January 2014.**

### 7.2 Overview of Investigation

In the time available to us, we have undertaken the following investigations to prepare this report and formulate our opinions:

- ASIC company searches
- Personal Property Securities Register searches
- Review of books and records of the Company
- Discussions and questionnaires completed by the directors
- Discussions with management and staff
- Discussions with creditors
- Review of the financial accounts of the Company
- Review of the Company's bank statements.

We have undertaken a preliminary investigation of the affairs of the Company in relation to suspected contraventions of Section 180 - 184 of the Act regarding the general duties of directors and officers.

Whilst we have no reason to doubt any information contained in this report, we reserve the right to alter our conclusions should the underlying data prove to be inaccurate or materially change from the date of this report.

## 7.3 Offences by the Directors

### 7.3.1 Overview

The Administrators are required to complete and lodge a report pursuant to section 438D of the Act with ASIC where it appears to the Administrators that a past or present officer of the company may have been guilty of an offence in relation to the company and in other limited circumstances. Any report lodged pursuant to Section 438D (or an investigative report lodged by a liquidator pursuant to Section 533 of the Act) is not available to the public.

We have undertaken a preliminary investigation of the affairs of the Company in relation to suspected contraventions of Section 180 - 184 of the Act regarding the general duties of directors and officers.

From our investigations to date we have identified certain transactions which may be considered a preference payment made to a director of the Company. These payments are set out in detail in section 7.4.1 below.

Whilst we will continue to investigate any potential breaches of director's duties, at the time of writing this report it is unlikely that there will be actions against the directors for breach of statutory duties, other than the recovery of the preference payment.

### 7.3.2 Books and records

Pursuant to Section 286 of the Act, a company must keep written financial records that correctly record and explain its transactions, financial position and performance and would enable true and fair financial statements to be prepared and presented in accordance with the accounting standards.

Failure by the Company to maintain books and records in accordance with section 286 of the Act provides a rebuttable presumption of insolvency of the company; however, this only applies in respect of a liquidator's application for compensation for insolvent trading and other actions for recoveries pursuant to part 5.7B of the Act from related entities.

In our opinion, it appears as though the books and records have been maintained in accordance with Section 286 of the Act.

## 7.4 Voidable transactions

The Act requires an administrator to specify whether there are any transactions that appear to the administrator to be voidable transactions in respect of which money, property or other benefits may be recoverable by a liquidator under Part 5.7B of the Act.

This issue is relevant to creditors if they are being asked to choose between a DOCA and liquidation, because voidable transactions are only able to be challenged if liquidation occurs.

Voidable transactions include:

- Unfair preferences (Section 588FA)
- Uncommercial transactions (Section 588FB)
- Unfair loans to a company (Section 588FD)

- Arrangements to avoid employee entitlements (Section 596AB)
- Unreasonable director-related transactions (Section 588FDA)
- Transactions with the purpose of defeating creditors (Section 588FE(5))
- Voidable security interests (Section 588FJ).

It is important to note that such transactions are only voidable if they are considered insolvent transactions of the Company. In order for a liquidator to recover any amount it would first be necessary to establish that the Company was in fact insolvent at the time of the transaction.

Generally such actions are expensive and are likely to require Court applications. As such, should there be inadequate funds available, or the liquidators consider it uncommercial or not in the creditors' best interests, such recovery actions may not be commenced by the liquidators.

In these circumstances, creditors wishing to fund any such actions may do so. Should any funds be recovered from these actions, the creditors providing the funding may be entitled to receive their contribution in priority to other creditors.

Litigation insurance may also be available to fund these actions. However, such funding is generally only available where legal advice indicates that there is a strong potential for success.

#### 7.4.1 Unfair Preferences Payments (Section 588FA)

We have examined the books and records of the Company. We have identified approximately \$150k in payments that may be considered unfair preferences. These transactions occurred within six months prior to the date of the Administration. We also believe that the Company was likely to be insolvent at the time the payments were made.

The payments we have identified are made up of entitlements paid to a director and an employee of the Company shortly before the appointment of Administrators. Details of these payments are summarised below:

Type of payment	Date of payments	Net Amount (\$)
Annual leave payment	12 March 2014	52,034.24
Termination and commission payment	12 March 2014	\$102,443.49

##### 7.4.1.1 Annual leave payment

An employee of the Company received what appears to be incentive payment to remain with Oceanlinx following the GreenWAVE incident. The payment was made on 12 March 2014 and was in the sum of \$52,034.24. The payment represented three months of the employee's accrued annual leave entitlements. The gross amount of this transaction was \$93,144.25 but the PAYG element of the payment was not paid by the Company.

Pursuant to section 556(1)(g) of the Act, the priority claim of this employee in respect of payments for leave of absence is capped at \$1,500. The balance of the employee's annual leave entitlement would have ranked as an unsecured claim. Therefore, we believe that the employee may have received a preferential benefit ahead of unsecured creditors in the amount of \$50,534.24.

## **7.4.1.2 Termination and commission payment**

An employee of the Company received their notice of termination of employment on 7 March 2014. The employee received a gross redundancy payment of \$80,000 and was also eligible to receive a gross payment of \$70,000 for outstanding commission. This commission payment was with respect to funds raised through convertible notes and received by the Company between November 2013 to February 2014. The payment was made to the employee on 12 March 2014 in the amount of \$102,443.49 (net of PAYG). The PAYG element of the payment was not made by the Company.

We have reviewed the relevant employee's contract of employment and notice of termination. Whilst the payment meets some of the criteria of an unfair preference, we are of the opinion that it is unlikely to be a transaction that would be challenged by a liquidator. The employee was not an officer or director of the Company. Therefore the entitlement under the contract of employment would have ranked as a priority claim ahead of unsecured creditors. The Receivers and Managers have indicated that they will shortly pay all priority claims in respect of employee entitlements in full. In the event that this payment had not been made to the employee, it is highly likely that the Receivers and Managers would have made the payment to her from circulating asset realisations. Accordingly, the employee has not received preferential treatment as she has not gained any advantage over the Company's other employee creditors.

Therefore, we have not attributed any value to this transaction when assessing voidable transactions in the liquidation scenario.

## **7.4.2 Other voidable transactions**

We have conducted investigations and have not identified any voidable transactions that fall within the following categories:

- Unfair Loans (Section 588FD)
- Uncommercial Transactions (Section 588FE)
- Arrangements to Avoid Employee Entitlements (Section 596AB)
- Transactions with the Purpose of Defeating Creditors (Section 588FE(5)).

## **7.4.3 Unreasonable Director-Related Transactions (Section 588FDA)**

Our investigations to date have not identified any unreasonable director-related transactions other than the payment made to an employee on 12 March 2014 detailed in Section 7.4.1 above which may also be deemed unreasonable in the circumstances. In the event that a liquidator was appointed he may utilise the unreasonable director-related transaction provisions in relation to the payment made on 12 March 2014. Unlike an unfair preference payment, pursuant to Section 588FDA a liquidator is not required to prove insolvency of the Company at the time the payment is made.

## **7.4.4 Arrangements to Avoid Employee Entitlements (Section 596AB)**

We have not to date identified any transactions of this nature.

## **7.4.5 Transactions with the Purpose of Defeating Creditors (Section 588FE(5))**

We have conducted a review of the transactions of the Company for the six months prior to the Relation-Back Day to identify any transactions that may have been entered into with the purpose of defeating creditors. We have not identified any transactions of this nature.

## 7.4.6 Recoveries by a Liquidator

In order to prove a creditor received an unfair preference payment, a liquidator must demonstrate that the company was insolvent at the time the creditor received the payment/benefit. The creditor has a defence to a claim by a liquidator that a transaction is an unfair preference if, at the time the benefit was received the creditor had no reasonable grounds for suspecting that the company was insolvent or would become insolvent through entering into the transaction and valuable consideration was given.

Aside from the potential preference payment outlined above, we have not identified any transactions to date undertaken for the purposes of defeating creditors that would be recoverable by a liquidator.

From our investigations to date we have formed the view that the Company was highly likely to have been insolvent on 12 March 2014, being the date the potential unfair preference was paid to the director.

## 7.5 Insolvent Trading (section 588G)

Directors have a positive duty to prevent a company from trading whilst it is insolvent (section 588G of the Act). If a director is found to have contravened section 588G of the Act he or she may be ordered to pay an amount of compensation to the company equal to the amount of loss or damage suffered by creditors as a result of the contravention.

Information about possible insolvent trading is relevant to creditors when making a decision about the future of the company as directors of the company may generally only be pursued for insolvent trading if the company is in liquidation.

As with the voidable transaction analysis above, creditors have to assess the advantages to them of a DOCA, which cannot include proceeds from insolvent trading actions, compared to the likely return in a liquidation, which could include the proceeds of any successful insolvent trading action.

### 7.5.1 Indicators of insolvency

Our investigations are preliminary and are based on the available Company records as well as discussions with the directors and the Receiver and Managers. As detailed above, the Company incurred substantial trading losses between FY11 to YTD Feb14. Continued trading losses are an indicator of insolvency. However, the Company's medium to long-term business model anticipated and allowed for trading losses during its research and development phase.

The Company was not forecast to generate a profit until FY15/16. In order to achieve profitability the Company needed to complete the GreenWAVE project by connecting it to the South Australian electricity grid and then commercialise the technology on a larger scale.

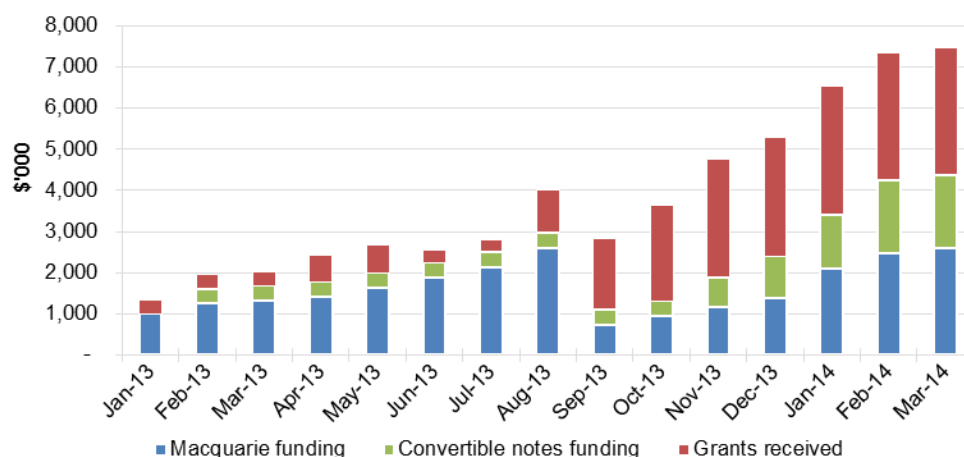
Given the Company was historically loss-making Oceanlinx relied upon equity to fund its research and development costs. By FY13, this equity funding had been largely utilised therefore the Company needed to obtain alternative sources of funds.

The Company entered into arrangements which provided the Company with incremental cash receipts based on successful milestones being achieved in developing the GreenWAVE project.



The table below shows the cumulative funding received over the previous 15 months prior to Appointment Date:

## Grants received, Macquarie loan balance and convertible notes issued



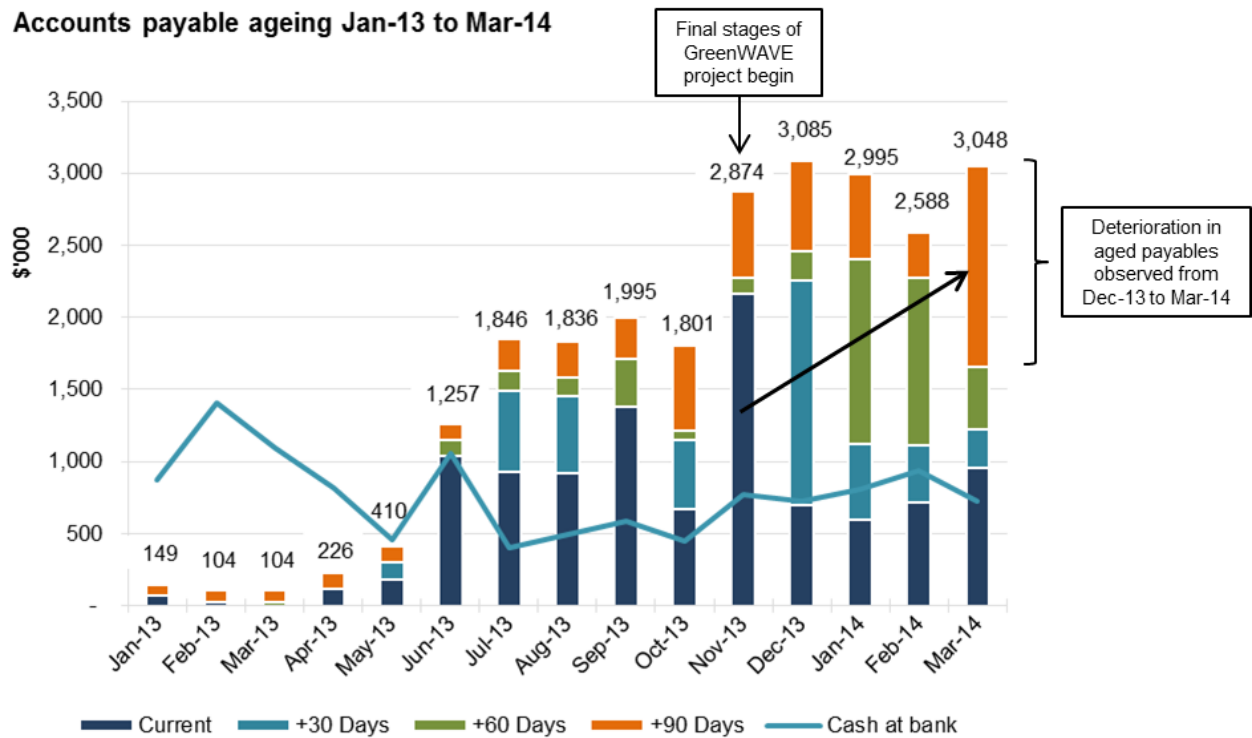
As the GreenWAVE project was being developed, additional funds were raised by the Company through various means to cover the increased operational costs. Key funding sources were:

- **Macquarie Bank Limited:** facility for up to \$4m which provided the Company with funding in relation to R&D expenses that was eligible to be refunded by the ATO through the Australian Government's R&D rebate. On Appointment the outstanding balance of this facility was \$2.6m. The Company granted Macquarie Bank Limited a first-ranking ALLPAAP security to secure the facility.
- **Convertible Notes issue:** the Company received \$370k of funding from an investor in February 2013 in respect of convertible notes issued by Oceanlinx. This facility was unsecured. The Company also issued additional convertible notes to other investors that provided funds to the Company in November 2013 and February 2014. The Company granted these CN Holders with a second, third and fourth ranking ALLPAAP security interests behind Macquarie.
- **ARENA Grants:** ARENA provided the Company with grant funding to develop its renewable energy projects. This funding was available when certain milestones were achieved by the Company under this agreement, which provided for \$3.97m of grants over the life of the project.

One indicia of insolvency is a company's creditor ageing over time which may reveal signs of illiquidity. Stretching of payment terms to a company's creditors is a sign of stress possibly due to an inability to pay its debts as and when they fall due.

Analysis of the ageing profile of the Company's accounts payable shows an increase and then deterioration in the ageing of account payable from late 2013 to March 2014.

**Accounts payable ageing Jan-13 to Mar-14**



A sample of creditors' claims indicate the majority of creditors' invoices showed payment terms of 30 days or less. We are not aware of any special arrangements with creditors to defer payments for any length of time. Therefore, based on the ageing profile of the accounts payable ledger, the majority of creditors were outside of payment terms from December 2013 up to the date of appointment.

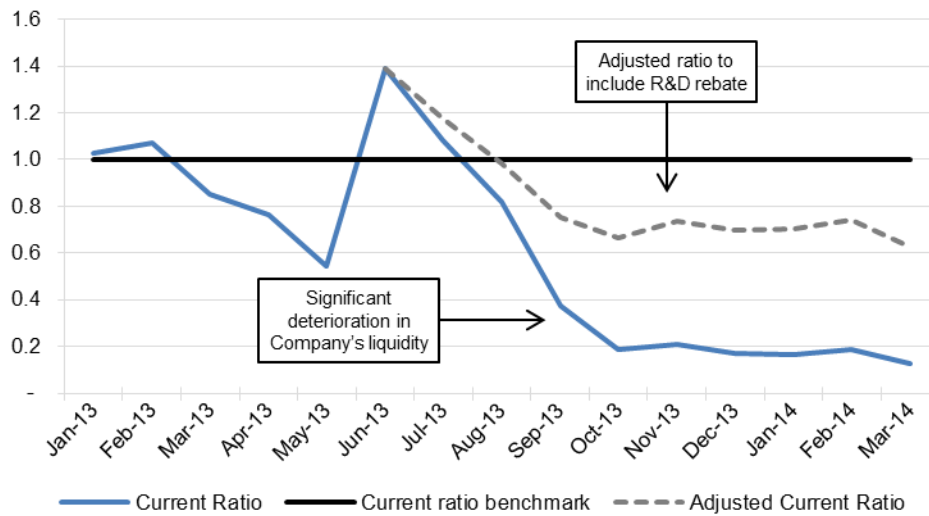
As discussed in Section 4.4 of this report, the current ratio demonstrates a company's ability to pay its short-term debt obligations. The following chart demonstrates the apparent illiquidity that the Company faced in the months leading up to the appointment of the Former Administrators. These liquidity issues were in existence prior to the GreenWAVE incident in March 2014.

We also calculated an adjusted current ratio using Management's accounts for YTD Feb14 to include the R&D tax rebate which would have accrued on a monthly basis.



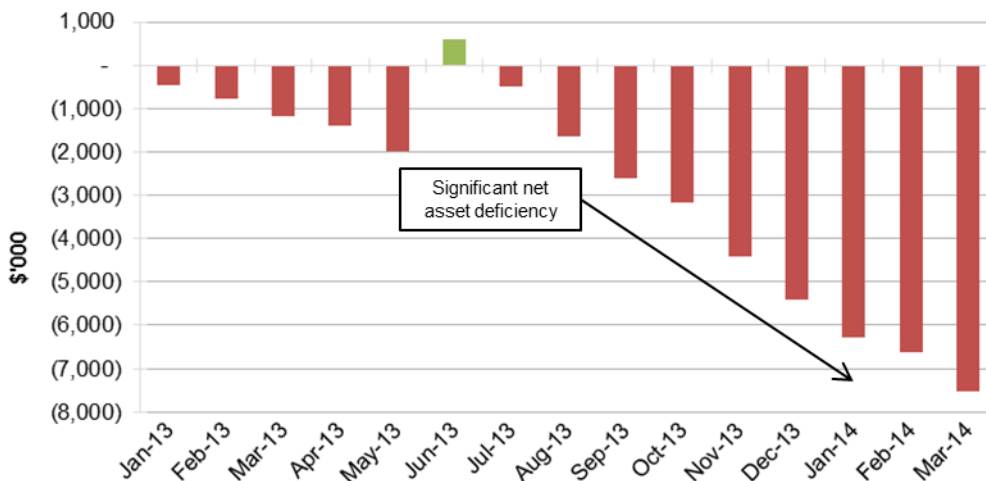
The chart below shows that the Company's current ratio would appear to be significantly improved (albeit still below one from Sept-13 to Mar-14) by applying this adjustment.

## Current Ratio



A further test of a company's solvency is known as the balance sheet test. This test assesses a company's net asset surplus or deficiency as an indicator of overall insolvency. The Company showed a continued and significantly worsening net asset deficiency from as early as January 2013. This was only partially improved by a tax refund claimed in June 2013. The Company's net asset deficiency reached \$7.5m as at March 2014. This excludes the Company's R&D rebate, which was approximately \$3.2m as at March 2014. Therefore, after adjusting for the R&D rebate the actual net asset position at the date of appointment was a deficiency of approximately \$4.3m of assets over liabilities.

## Total Net Assets



### 7.5.2 Auditors' opinion

The notes to the FY13 financial statements prepared by Ernst & Young highlight the going concern issue of the Company as follows:

*"...Management will continue to monitor its cash flows as it progresses to commercialise its GreenWAVE unit and adjust its cash flow as appropriate to ensure it has sufficient cashflow to continue as a going concern."*

*The Company continues to seek additional new capital and has engaged Driftwood Capital to assist in raising \$20 million plus which will be used to support any further and necessary demonstration projects and help to secure a pipeline of future projects, nationally and internationally.*

*As a result of the above matters the company has sufficient funds in the medium term to service its requirements and complete its commercialisation of its suite of products.”*

Ultimately, the issue of insolvency would need to be determined on the basis of available evidence presented to a Court.

### 7.5.3 Other indicators of insolvency

Other indicators of the Company’s insolvency include:

<b>Indicators of Insolvency</b>	<b>Commentary</b>
Continuing losses	As detailed above, the Company incurred losses from 2011 to YTD Feb14.
Liquidity ratios below 1	Refer Sections 4.4 and 7.5 above.
Inability to borrow further funds / no access to further funds and / or inability to raise further equity capital	The next key milestone that would have enabled the Company to access additional funding from ARENA and the CN Holders was the connecting of the GreenWAVE unit to the South Australian energy grid.  We understand that the Company was only a few days away from achieving this milestone. However, following the GreenWAVE incident the Company no longer had access to these likely additional funds.
Suppliers placing the Company on C.O.D. or otherwise demanding special payments before resuming supply / creditors unpaid outside trading terms	We are not aware of any suppliers entering into such arrangements with the Company.
Issuing of post-dated cheques / dishonoured cheques	We are not aware of any post-dated cheques or dishonoured cheques.
Special payments with selected creditors/payments to creditors of rounded sums which are not reconcilable to specific invoices	Our investigations did not reveal special payments.
Solicitors’ letters, summons, judgement or warrants issued against the Company	We are not aware of any such claims against the Company.
Inability to produce timely and accurate financial information to display the Company’s trading performance and financial position and make reliable forecasts	We are satisfied that the Company prepared timely and accurate financial information including monthly management accounts.

A liquidator would investigate further the possibility of taking action against the Company's directors for breaches of their duties to prevent insolvent trading. If it is established that a director has breached his or her duties to prevent the Company from incurring debts whilst it was insolvent, a liquidator could recover from those directors an amount equal to the loss that has been suffered by the creditors whose debts remain unpaid.

If a liquidator chooses to pursue an insolvent trading action, creditors are prevented from taking their own action against the director(s) for compensation. If a liquidator does not choose to take any action in this regard, a creditor may commence proceedings on its own behalf but only with the consent of the liquidator or the Court.

**On the basis of our preliminary investigations, it appears that the Company may have been insolvent from as early as December 2013/January 2014.**

Our investigations have been thorough but not exhaustive and should be considered preliminary in nature.

## 7.6 Defences available to the Directors

Section 588H of the Act provides directors with grounds for defending claims brought against them pursuant to Section 588G. The Act states that directors have reasonable defences for claims of insolvent trading if it can be proved that, at the time when the debt was incurred, the person had reasonable grounds to expect, and did expect, that the company was solvent at that time and would remain solvent even if it incurred that debt and any other debts that it incurred at that time.

The directors of the Company were expecting to achieve the next milestone of the GreenWAVE project in early March 2014. Successful connection of the GreenWAVE device to the South Australian energy grid in March 2014 would have resulted in likely access to additional funding which would have been available to pay creditors.

The directors had reasonable grounds to assume that the following funding would be received following successful completion of the next GreenWAVE milestone in early March 2014:

- \$750k grant from ARENA under its funding agreement
- A further \$1m of funding from CN Holders
- Further funding from the Macquarie loan facility.

Additionally, the directors could claim as a defence their reasonable reliance on information about the Company's solvency from its Chief Financial Officer. An abridged financial position of the Company as at 28 February 2014 was prepared for the board of directors prior to a board meeting held on 5 March 2014. The financial position would appear to show a short term cash flow forecast that enabled the Company to pay its short term liabilities from anticipated cash receipts from ARENA, Macquarie and CN Holders.

Following the incident on 2 March 2014, the directors engaged divers and emergency support experts to assess the damage and recoverability of the project. Upon receiving advice from experts that the salvage would be very costly, the directors proceeded to contact their insurer and commenced the process to make a claim under the Company's insurance policy. The directors may have reasonably expected that the insurance claim would have been sufficient to cover both the salvage operation and provide sufficient funds to repay outstanding trade creditors of the Company.

Accordingly, it is our view that the directors would have reasonable defences against any insolvent trading action brought against them by a liquidator.

Should any creditor wish to fund an insolvent trading action, we will consider the validity and merit of such action on the basis that it will return a better result to all creditors.

## 7.6.1 Directors' Personal Financial Positions

The financial position of directors and their ability to compensate for any damages awarded against them in the event proceedings were taken by a liquidator is relevant to the consideration of the commerciality of further action.

We believe that the employee that may have received the unfair preference of approximately \$51k would have sufficient financial resources to repay this amount in the event that a liquidator were to successfully pursue this action.

## 8 Deed of Company Arrangement (DOCA)

### 8.1 Introduction

We have received a DOCA proposal from Wave Energy Renewable Pty Ltd.

We note that CN Holders Makinti Pty Ltd and Windsor Group Holdings Pty Limited each hold 50% of the shares in Wave Energy Renewable Pty Ltd. A copy of the DOCA term sheet is enclosed as Appendix F.

### 8.2 Key features of the proposed DOCA

The key features of the DOCA are as follows:

- The Deed Administrators will be Vaughan Strawbridge and Jason Tracy
- A Deed Fund will be established which comprises of:
  - a cash contribution of \$400,000 payable on completion of the transfer of the Company's assets to Wave Energy Renewable Pty Ltd (WER)
  - any surplus funds from the Receivers and Managers (this includes any surplus funds from the R&D rebate and the insurance claim)
  - proceeds from the sale of any other assets (excluding IP)
- The contribution has been deposited into WER's solicitors' trust account. Upon execution of the DOCA and the necessary documents to give effect to the conditions set out in Item 10 below, WER will instruct its solicitors to immediately release the WER Contribution to the Deed Administrators
- The following CN Holders will be non-participating creditors and will be excluded from any distributions from the Deed Fund:
  - Makinti Pty Limited
  - TTL Nominees Pty Limited
  - Windsor Group Holdings Pty Limited
  - Ching-Chun Wu Huang
  - Ian Chi-Ping Cheng
  - Tan Lei
  - Xuemei Li
  - Yibin Tan

Together these non-participating creditors are owed approximately \$1.54m and will not participate in the Deed Fund

- The Deed Fund will be distributed to participating creditors in accordance with priorities and limitations set out in the Corporations Act
- For the purpose of determining the priority of participating creditors' claims payable under the Deed Fund, the provisions of Subdivision D of Division 6 of Part 5.6 of the Corporations Act 2001 apply except that:
  - "relevant authority" will include the Deed Administrators
  - references to the "liquidator" will be references to the "Deed Administrators"
  - references to "winding up" will be references to the "DOCA"
  - "property of the company" in section 555 of the Act will be a reference to the "Deed Fund"
  - such other modifications as are necessary to give effect to the terms of the DOCA
- In consideration of the CN Holders not claiming in the Deed Fund, the Company will transfer all intellectual property, patents and other assets to WER. This includes transfer of all shares held by the Company in the UK subsidiary, Oceanlinx (UK) Limited, to a nominee of WER. Oceanlinx (UK) Limited has a 100% subsidiary, Wavelinx Portugal Sociedade Unipessoal Limitada domiciled in Portugal
- Control of the Company will remain with the Deed Administrators until the DOCA is effectuated
- Macquarie Bank Limited will not be bound by the DOCA
- The rights and powers of the Receivers and Managers will not be affected by the DOCA
- The DOCA does not change or impact the security held by any secured creditor over any of the assets of the Company, however, following the settlement of the Deed Fund, the secured creditors of the Company will not hold any security over the Deed Fund
- For the currency of the DOCA, all creditors of the Company as at 21 March 2014 will grant a moratorium in favour of the Company with respect to their debts and claims
- Creditors may expect to be paid from the Deed Fund within 3 months of the Deed Administrators receiving all funds into the Deed Fund from the Receivers and Managers
- Upon receipt of their entitlements under the DOCA, all creditors' claims will be extinguished
- Creditors must accept their entitlement under the DOCA in full satisfaction of their claim and completely discharge all debts and claims against the Company
- All Participating Creditors must lodge a proof of debt or claim with the Deed Administrators within 14 days of the commencement date, being the date that the DOCA is executed and the Deed Administrators will adjudicate on these proofs of debts in the same manner as they would if the company was in liquidation
- Participating creditors' claims must have arisen before 21 March 2014 (date of the appointment of Former Administrators) if they are to be admissible under the DOCA
- The DOCA will terminate on the earlier of any of the following:
  - The distribution of the Deed Fund to participating creditors
  - Termination by court order or creditors' resolution; or
  - The date as the Deed Administrators deems necessary to fully effectuate the deed.
- Approval for the remuneration of the Voluntary Administrators and the Deed Administrators of the Company will be sought at the meeting on 3 November 2014
- The Deed Administrators' will have all powers necessary to administer the DOCA.

## 8.2.1 Administrators' comments regarding the proposed DOCA

As detailed in Section 9.2 of this report, the estimated return to creditors under the DOCA is estimated to be within a range of **23 to 52 cents in the dollar**. Under a liquidation scenario,

**creditors may expect to receive 24 cents in the dollar under an optimistic (high) scenario while a pessimistic (low) scenario provides a nil return.**

Accordingly, the DOCA appears to provide a better return to creditors than the liquidation scenario. However, there is potential upside in the liquidation scenario being any amount realised for the Company's intellectual property.

There was minimal interest in our Expressions of Interest campaign for the Company's intellectual property. Despite seven expressions of interest, only one offer was received. Due to ongoing discussions we have not disclosed the amount of the offer, however, if accepted in its current form it would not improve the recovery to unsecured creditors to the level provided under the DOCA.

The DOCA provides more certainty for a higher return to creditors. The quantum of the cash surplus from the Receivers and Managers is still unknown and will ultimately have a significant impact on the overall outcome for unsecured creditors.

We have been advised that the Receivers and Managers are close to settling the Company's insurance claim. They are likely to receive the settlement amount 14 days after execution of a deed of settlement. Shortly thereafter they should be in a position pay the outstanding balances of the priority creditors, the first ranking secured creditor and any unpaid receivership costs. Following this the Receivers and Managers should be in a position to transfer the surplus funds and retire from office.

We are hopeful that by the second meeting of creditors we will be able to provide more certainty around the cash surplus from the Receivers and Managers.

### 8.3 Conclusion

The proposed DOCA provides a higher return to creditors than a liquidation scenario. The superior return under a DOCA is due to:

- a cash contribution of \$400k from the DOCA proponent; and
- the secured CN Holders waiving their right to claim \$1.54m from the Deed Fund in priority to unsecured creditors.

These two factors cause an additional \$1.94m of funds to be available to creditors under a DOCA than would be available in liquidation.

## 9 Estimated Return from a Winding Up and DOCA

### 9.1 Introduction

We have prepared an analysis of the likely realisation under the DOCA scenario and liquidation. These are set out in the table below.

### 9.2 Comparative scenarios

Below is a comparison of the realisations possible should the company proceed into DOCA (under three scenarios or ranges of recovery) or liquidation:

Summary of DOCA proposal vs Liquidation \$'000	Notes	DOCA			Liquidation		
		High	Medium	Low	High	Medium	Low
<b>Assets available</b>							
Cash consideration	1	400	400	400	-	-	-
Surplus from Receivers and Managers	2	3,500	2,500	1,500	3,500	2,500	1,500
Intellectual Property	3	Nil	Nil	Nil	Unquantifiable		
<b>Total assets</b>		<b>3,900</b>	<b>2,900</b>	<b>1,900</b>	<b>3,500</b>	<b>2,500</b>	<b>1,500</b>
Add: Liquidators recovery actions	4	N/A	N/A	N/A	51	51	-
<b>Administration Costs</b>							
Current Administrators' Fees	5	(161)	(161)	(161)	(161)	(161)	(161)
Administrators' disbursements to date		(9)	(9)	(9)	(9)	(9)	(9)
Administrators' future fees to 2nd meeting		(20)	(20)	(20)	(20)	(20)	(20)
Administrators' future fees 2nd meeting to DOCA		(15)	(15)	(15)	-	-	-
Legal fees		(30)	(30)	(30)	(30)	(30)	(30)
		<b>(235)</b>	<b>(235)</b>	<b>(235)</b>	<b>(220)</b>	<b>(220)</b>	<b>(220)</b>
<b>Estimated Deed Administrators / Liquidators costs</b>							
Deed Administrators' / Liquidators' fees	6	(60)	(60)	(60)	(80)	(80)	(80)
Legal fees		(30)	(30)	(30)	(20)	(20)	(20)
		<b>(90)</b>	<b>(90)</b>	<b>(90)</b>	<b>(100)</b>	<b>(100)</b>	<b>(100)</b>
<b>Funds available to secured creditors</b>		<b>3,575</b>	<b>2,575</b>	<b>1,575</b>	<b>3,180</b>	<b>2,180</b>	<b>1,180</b>
CN Holders - ALLPAAP security interest	7	Nil	Nil	Nil	(1,540)	(1,540)	(1,540)
<b>Funds available to DOCA Fund / Unsecured creditors</b>		<b>3,575</b>	<b>2,575</b>	<b>1,575</b>	<b>1,640</b>	<b>640</b>	<b>(360)</b>
<b>Unsecured creditors</b>							
CN Holders - unsecured	8	(370)	(370)	(370)	(370)	(370)	(370)
Trade creditors	9	(3,044)	(3,044)	(3,044)	(3,044)	(3,044)	(3,044)
Contingent liabilities	10	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)	(3,500)
<b>Surplus / (deficit) to creditors from DOCA / Liquid.</b>		<b>(3,339)</b>	<b>(4,339)</b>	<b>(5,339)</b>	<b>(5,274)</b>	<b>(6,274)</b>	<b>(7,274)</b>
Return cents in the dollar	11	52	37	23	24	9	-

Notes to the above table comparing the DOCA proposal and liquidation scenario are set out on the following page.



Note	DOCA	Liquidation
1	DOCA proponent will make a cash contribution of \$400k.	No cash is contributed under the liquidation scenario.
2	The principal assets that the Receivers and Managers have dealt with are the Company's cash at bank, R&D tax rebate and insurance claim. We are advised that they are close to finalising a settlement for the insurance claim, but we are not aware of the proposed settlement sum as its disclosure would impact a settlement and invalidate the insurance policy. Accordingly, the quantum of surplus funds to be received from the Receivers and Managers is currently unknown. However, we understand that the surplus funds are likely to be less than \$3.5m. Accordingly we have outlined a range of potential outcomes from \$3.5m to \$1.5m.	
3	Under the DOCA proposal the intellectual property will be transferred to Wave Energy Renewable Pty Ltd. Accordingly, there is no realisable value for the Company's intellectual property.	From the Expressions of Interest campaign we conducted, one formal offer has been received. Due to ongoing discussions we have not disclosed the amount of the offer, however, if accepted in its current form it would not improve the recovery to unsecured creditors to the level provided under the DOCA.
4	No value for Liquidators' recovery actions under a DOCA scenario. These recovery actions are only available to a Liquidator.	We have estimated a recovery for a \$51k preference payment under the high and medium liquidation scenarios. Details of our investigations are in Section 7 of the report.
5	Administrators' costs and legal fees up to the second meeting of creditors and from the second meeting to the execution of a DOCA will be the same under all scenarios totalling \$235k.	Administrators' costs and legal fees up to the second meeting of creditors will be the same under all scenarios totalling \$220k.
6	Our estimate for the Deed Administrators' fees and legal costs for the DOCA are estimated to total \$90k.	Our estimate for the Liquidators' fees and legal costs are estimated to total \$100k.
7	The secured CN Holders totalling \$1.54m waive their right claim in the Deed Fund.	The secured CN Holders would be entitled to claim in a liquidation scenario. Their claim of \$1.54m would rank ahead of unsecured creditor claims.
8	Unsecured CN Holders would be eligible to claim for \$370k in both a DOCA and liquidation scenario. This claim would ranks pari passu with unsecured trade creditors.	
9	Trade creditors are as per the Company's accounting records.	
10	Contingent liabilities of \$3.5m are made up of a \$3m contingency in respect of South Australia Maritime and a \$500k contingency in respect of New South Wales Maritime.	
11	Under the DOCA scenario, creditors are estimated to receive between 23 and 52 cents in the dollar.	Under the Liquidation scenario, creditors estimated to receive between nil and 24 cents in the dollar.

The values included in the return to creditors' summary above are based on our investigations, the books and records of the Company, information provided by the Receivers and Managers and discussions with the directors and DOCA proponent.



## 9.3 Overall Realisations

The proposed DOCA provides an estimated return to unsecured creditors ranging from 23 to 52 cents in the dollar.

## 9.4 Effect on employees

We have received confirmation from the Receivers and Managers that the majority of eligible employee entitlements have been paid to former employees of the Company. Directors and officers of the Company, as well as certain family members of directors may have their entitlements capped under the provisions of the Act and may have to claim the balance of their claim as unsecured creditors.

## 9.5 Conclusion

**In our opinion, we believe that the DOCA is superior to a liquidation scenario as it provides a higher return to creditors.**

## 10 Administrators' Opinion

### 10.1 Introduction

The following options are available to creditors do decide:

- the Company execute a Deed of Company Arrangement; or
- the administration end; or
- the Company be wound up

Our opinions on each option and our reasons for our opinions are discussed below.

### 10.2 The Company execute a DOCA

We are of the opinion that the return to creditors would be greater under the DOCA than if creditors were to vote in favour of liquidation.

### 10.3 The administration should end

Based on our analysis, the Company is presently insolvent and unable to pay its debts as and when they fall due. Ending the administration would not be in the best interests of creditors. Accordingly, we cannot recommend that the Administration end and control be returned to the directors.

### 10.4 The Company be wound up

As there is a proposed DOCA which would result in a greater return than liquidation, we do not recommend that creditors place the Company into liquidation.

### 10.5 Recommendation

**We are of the opinion it would be in creditors' best interest to resolve that the Company execute a DOCA as it is likely to provide a higher return to creditors than liquidation.**

We reserve the right to change our recommendation to creditors should there be any change to the DOCA proposal, or if an alternate DOCA proposal is received subsequent to the date of this report.

Should we receive any new information relevant to creditors between issuing this report and the date of the creditors meeting; a summary will be made available on our website at [www.deloitte.com/au/oceanlinx](http://www.deloitte.com/au/oceanlinx).

## 11 Other Material Information

We are not aware of any other information that is materially relevant to creditors being able to make an informed decision on the Company's future.

## 12 Remuneration

Creditors are directed to the Information Sheet – Approving Fees: a guide for Creditors, a copy of which is attached as Appendix G.

### 12.1 Former Administrators – Hall Chadwick

The Former Administrators have requested that we seek approval from creditors for their remuneration for the period of their administration of the Company from 21 March 2014 to 2 April 2014 as set out in Appendix H. The following resolution will be put to creditors at the meeting:

*“That the remuneration of the Former Administrators of the Company for the period 21 March 2014 to 2 April 2014, be approved up to a maximum amount of \$93,354.00 plus GST, calculated in accordance with the Hall Chadwick hourly rates and the Former Administrators be authorised to draw the remuneration.”*

In the event that creditors approve this remuneration, it will be paid from the \$122,001 in funds that the Former Administrators are currently holding in respect of their equitable lien pursuant to Section 443D of the Act.

### 12.2 Voluntary Administration

Creditor approval for fees will be sought at the second meeting of creditors. A detailed remuneration report for the approval being sought is enclosed at Appendix I.

The time costs incurred for the period 2 April 2014 to 17 October 2014 are as follows:

	\$
Voluntary Administration – 2 April 2014 to 17 October 2014	160,781.50
GST	16,078.15
<b>Total (including GST)</b>	<b>176,859.65</b>

We expect that a further \$20,000 will be incurred by us in the period 18 October 2014 to the date of the second creditors meeting.

	\$
Voluntary Administration – 18 October 2014 to 3 November 2014	20,000.00
GST	2,000.00
<b>Total (including GST)</b>	<b>22,000.00</b>

If the creditors of the Company resolve that Oceanlinx execute a DOCA, then we will be seeking approval of our fees as Administrators for the period from 4 November 2014 to the execution of the DOCA.

The following table is a summary of the expected time costs that we are seeking approval for:

	\$
Voluntary Administration - 4 November 2014 until execution of the DOCA	15,000.00
GST	1,500.00
<b>Total (including GST)</b>	<b>16,500.00</b>

At the second meeting of creditors, we will propose for creditors to approve the following resolutions regarding our remuneration as Administrators:

- i. *“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 2 April 2014 to 17 October 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$160,781.50 plus GST plus disbursements equalling \$9,455.28 plus GST, and that the Administrators can draw the remuneration and disbursements as required.”*
- ii. *“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 18 October 2014 to 3 November 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$20,000.00 plus GST and disbursements, and that the Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*
- iii. *“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 4 November 2014 until the execution of the DOCA is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$15,000.00 plus GST and disbursements, and that the Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

## 12.3 DOCA

The Deed Administrators’ remuneration is based on the firm’s hourly rates which are included in Appendix I to this report. Creditor approval for fees will be sought at the second meeting of creditors where a detailed narrative will be submitted together with the fee breakdown of work performed by the Deed Administrators’ staff.

The estimated fees for the Deed Administrators from 4 November 2014 to completion of the DOCA are as follows:

	\$
Deed Administrators’ Remuneration	60,000
GST	6,000
<b>Total (including GST)</b>	<b>66,000</b>

A summary of the estimated time to be spent by the Deed Administrators and their staff for the period of the DOCA at their respective hourly rates is attached as Appendix I.

If the creditors of the Company resolve that Oceanlinx execute a DOCA, then we will propose that creditors approve the following resolution regarding the remuneration of the Deed Administrators:

*“That the remuneration of the Deed Administrators, their partners and staff, for the period of the Deed of Company Arrangement is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators’ partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$60,000 plus GST and disbursements, and that the Deed Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

At the second meeting of creditors, we will propose a resolution in relation to the estimated Deed Administrators’ fees. If a lesser amount is incurred only the amount actually incurred will be paid.

These fees will be capped and accordingly we will be unable to draw fees more than this amount without further approval by creditors.

## 12.4 Liquidation

The liquidators’ remuneration is based on the firm’s hourly rates which are included in Appendix I to this report. Creditor approval for fees will be sought at the second meeting of creditors.

The estimated fees for the Liquidation from 3 November 2014 to completion of the liquidation are as follows:

	\$
Liquidators’ Remuneration	80,000
GST	8,000
<b>Total (including GST)</b>	<b>88,000</b>

A summary of the estimated time to be spent by the liquidators and their staff in the Liquidation from 3 November 2014 to completion of the Liquidation at their respective hourly rates is attached as Appendix I.

If the creditors of the Company resolve that Oceanlinx be placed into liquidation, then we will propose that creditors approve the following resolution regarding the remuneration of the Liquidators:

*“That the remuneration of the Liquidators, their partners and staff, for the period of the Liquidation from 3 November 2014 to the conclusion of the liquidation is fixed at a sum equal to the cost of time spent by the Liquidators and the Liquidators’ partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$80,000 plus GST and disbursements, and that the Liquidators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

If a lesser amount is incurred only the amount actually incurred will be paid. These fees will be capped and accordingly we will be unable to draw fees more than this amount without further approval by creditors.

## 13 Meeting

Pursuant to Section 439A(3) of the Act, we have attached a notice convening the second meeting of creditors to be held on Monday, 3 November 2014 at the offices of the Chartered Accountants Australia and New Zealand, Level 1, 33 Erskine Street, Sydney NSW, at 2:00pm AEDT (see Form 529 enclosed as Appendix A).

At this meeting creditors will be asked to resolve whether:

- the Company execute a Deed of Company Arrangement; or
- the administration end; or
- the Company be wound up

Attendance at this meeting is not compulsory. Creditors may attend and vote in person, by proxy or by attorney. The appointment of a proxy must be made in accordance with Form 532 (copy attached as Appendix J).

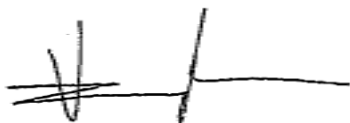
A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with the Administrators prior to the commencement of the meeting. Where a facsimile copy of a proxy is sent, the original must be lodged with the Administrators within 72 hours after receipt of the facsimile. An attorney of the creditor must show the instrument by which he or she is appointed to the Chairman of the meeting, prior to the commencement of the meeting.

Please note that a creditor is required to lodge a Form 535 Informal Proof of Debt or Claim (copy attached as Appendix K) to be entitled to vote at the second meeting of creditors. A creditor will not be able to vote at the meeting unless a Proof of Debt or Claim is lodged with me prior to the commencement of the meeting.

If a creditor wishes to rely upon the Proof of Debt or Claim that they lodged with us at the first meeting of creditors, held on 2 April 2014, they must make reference to that Proof of Debt or Claim when submitting a proxy, or when attending the second meeting of creditors.

We trust that creditors find this report informative and useful. In the event that you have any queries regarding the contents of this report, or the administration in general, please do not hesitate to contact Dean Pogroske of this office on +612 9322 3571 or Andrew Stewart on +612 9322 5435 or via email at [dpogroske@deloitte.com.au](mailto:dpogroske@deloitte.com.au) or [astewart@deloitte.com.au](mailto:astewart@deloitte.com.au).

Yours faithfully,



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Vaughan Neil Strawbridge



**Appendix A - Notice of Meeting**

NOTICE OF MEETING OF CREDITORS

**OCEANLIX LIMITED**  
**(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)**  
**ACN 077 104 404**  
**("the Company")**

NOTICE is given that a meeting of the creditors of the Company will be held at the offices of the Chartered Accountants Australia and New Zealand, Level 1, 33 Erskine Street, Sydney NSW 2000 on **Monday, 3 November 2014 at 2:00PM (AEDT)**.

AGENDA

1. To receive a Statement about the Company's business, property, affairs and financial circumstances.
2. To receive the report of the Administrators pursuant to Section 439A of the *Corporations Act 2001*.
3. Questions from creditors.
4. For creditors to resolve:
  - a. that the Company execute a Deed of Company Arrangement; or
  - b. that the administration should end; or
  - c. that the Company be wound up.
5. To fix the remuneration of the Former Administrators.
6. To fix the remuneration of the Joint Administrators.
7. If the Company executes a Deed of Company Arrangement, to fix the remuneration of the Deed Administrators.
8. If the Company is wound up, to consider appointing a Committee of Inspection.
9. If the Company is wound up, to approve the remuneration of the Liquidators.
10. If the Company is wound up, to consider the destruction of the books and records of the Company at the conclusion of the winding up.
11. Any other business that may be lawfully brought forward.

Proxies to be used at the meeting should be lodged at the office of the Joint Administrators by 4.00pm on the business day prior to the meeting. A creditor can only be represented by proxy or by an attorney pursuant to Corporations Regulations 5.6.28 and 5.6.32 (inclusive) and if a body corporate by a representative appointed pursuant to Section 250D.

In accordance with Regulation 5.6.23(1) of the Corporations Regulations, creditors will not be entitled to vote at this meeting unless they have previously lodged particulars of their claim against the Company in accordance with the Corporations Regulations and that clause has been admitted for voting purposes wholly or in part by the Voluntary Administrators.

DATED this 24th day of October 2014.



**Vaughan Neil Strawbridge**  
Joint Administrator

Deloitte Touche Tohmatsu  
Grosvenor Place  
225 George Street  
SYDNEY NSW 2000





**Appendix B - Declaration of Independence, Relevant Relationships and Indemnities**

## Declaration of Independence, Relevant Relationships and Indemnities

Oceanlinx Ltd (ACN 077 104 404)

*("the Company")*

This document requires the Practitioners appointed to an insolvent entity to make declarations as to:

- A. their independence generally;
- B. relationships, including
  - (i) the circumstances of the appointment;
  - (ii) any relationships with the company and others within the previous 24 months;
  - (iii) any prior professional services for the company within the previous 24 months;
  - (iv) that there are no other relationships to declare; and
- C. any indemnities given, or up-front payments made, to the Practitioner.

This declaration is made in respect of ourselves, our partners and Deloitte Touche Tohmatsu (Deloitte).

### A. Independence

We, Vaughan Neil Strawbridge and Jason Mark Tracy of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Administrators of the Company in accordance with the law and applicable professional standards. This assessment identified no real or potential risks to our independence. We are not aware of any reasons that would prevent us from accepting this appointment.

### B. Declaration of Relationships

#### i. Circumstances of appointment

On the evening of 31 March 2014, Rahul Goyal of KordaMentha contacted Dan Rose of Deloitte requesting a Consent to Act from partners of Deloitte in the capacity as Administrators on behalf of the Company. Mr Goyal advised that he had been appointed as Receiver and Manager of the Company. Mr Goyal is also a former employee of Deloitte between November 2009 and August 2013.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/au/about](http://www.deloitte.com/au/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Liability limited by a scheme approved under Professional Standards Legislation.

Member of Deloitte Touche Tohmatsu Limited

During this call discussions took place for the purpose of obtaining sufficient information about the Company to make a decision about agreeing to accept the appointment.

We received no remuneration for this advice.

In our opinion this call does not affect our independence as it was in the nature of a pre-appointment discussion and was limited to the financial position of the Company.

We have provided no other information or advice to the Company, the directors and its advisors prior to our appointment beyond that outlined in this DIRRI.

## ii. Relevant Relationships (excluding Professional Services to the Company)

We, or a member of our firm, have, or have had within the preceding 24 months, a relationship with:

Name	Nature of relationship	Reasons why not an impediment or conflict
Rahul Goyal, Executive Director at KordaMentha	Former Deloitte employee and referrer of the appointment	We do not have any referral arrangement with Mr Goyal. No commissions, inducements or benefits have been obtained by Mr Goyal in respect to this appointment. There is no arrangement with Mr Goyal that we will provide any referral work to him. There is no relationship with Mr Goyal which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.
Macquarie Bank Limited (Macquarie)	<p>Macquarie holds an All Present and After- acquired property security interest over the property of the Company.</p> <p>We have undertaken a number of advisory engagements for Macquarie in the usual course of business.</p> <p>Deloitte has provided and continues to provide Accounting, Advisory, Assurance, Consulting, Forensic, Risk Services and Tax services to Macquarie.</p>	<p>We have never undertaken any work for Macquarie in respect of the Company.</p> <p>We do not consider previous advisory engagements accepted for Macquarie to present a conflict as there is no connection between these engagements and the Company.</p> <p>The provision of Accounting, Advisory, Assurance, Consulting, Forensic, Risk Services and Tax services to Macquarie brings about a commercial relationship that in our opinion does not present a conflict or impediment as it does not impact upon the position of the Company.</p> <p>We are not paid any commissions, inducements or benefits to undertake any</p>

		<p>engagements with Macquarie and do not consider ourselves to be bound or in any way obligated to deliver a favourable outcome to any party.</p> <p>Therefore there is no relationship with Macquarie which in our view would restrict us from properly exercising our judgment and duties in relation to the appointment.</p>
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### iii. Prior Professional services to the Company

Neither we, nor our firm, have provided any professional services to the Company in the previous 24 months.

We did provide audit services to the Company between 2007 and 2009. The provision of these services to the Company did not take place in the 24 months prior to the acceptance of this appointment. We are not aware of any issues in relation to these services that may be material to the insolvency.

### iv. No other relevant relationships to disclose

There are no other known relevant relationships, including personal, business and professional relationships, from the previous 24 months with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has security over the whole or substantially whole of the Company's property that should be disclosed.

### C. Indemnities and up-front payments

We have not been indemnified in relation to this administration, other than any indemnities that we may be entitled to under statute and we have not received any up-front payments in respect of our remuneration or disbursements.

Dated: 1 April 2014



Vaughan Neil Strawbridge



Jason Mark Tracy

### Note:

1. If circumstances change, or new information is identified, we are required under the Corporations Act and the ARITA Code of Professional Practice to update this Declaration and provide a copy to creditors with my/our next communication as well as table a copy of any replacement declaration at the next meeting of the insolvent's creditors.
2. Any relationships, indemnities or up-front payments disclosed in the DIRRI must not be such that the Practitioner is no longer independent. The purpose of components B and C of the DIRRI is to disclose relationships that, while they do not result in the Practitioner having a conflict of interest or duty, ensure that creditors are aware of those relationships and understand why the Practitioner nevertheless remains independent.



## Appendix C - Shareholder register

**Oceanlinx Limited**  
**(Administrators Appointed) (Receivers and Managers Appointed)**  
**Shareholder Register**

<u>Ordinary Shares</u>	Number of shares
Shareholder	
Alcorn, Raymond	1,000
Alderson, Peter	109,712
Allserene Enterprises Pty Ltd	3,326,995
Baker, Shane	569,919
Bell, John	1,000
Benko, Ivan	47,619
Benko, Jeremy	15,873
Bianca Jagger HR Settlement Trust	75,250
BP-PE1 Cayman Limited	4,705,882
Brown, John	1,750,000
Burnside, Peter	1,161,496
Burrows, Richard	86,403
Capita Trustees Limited Re: the Konda Family Trust	1,062,621
Centre for Energy and Greenhouse Technologies Pty Ltd	4,444,444
Cleantech Australia Fund LP, Reg L0000146S	11,104,762
Cobville Pty Ltd	239,854
Connecticut Innovations Incorporated (CCEF)	200,899
Cornish, Alison	1,000
Coy, Rodney	175,295
Coy, Val	44,775
Daney Nominees Pty Ltd (ATF The M Pollack Family Trust)	173,658
Deccan Investments Pty Ltd ACN 114 664 667	199,853
Denmac Trust (Shane McLinden)	191,780
Denniss, Thomas	555,560
Donohoe, Chris	515,745
Drury, Phil	99,230
Emerald Energy Fund I LP (formerly known as SAM Private Equity Energy Fund LP)	14,515,262
Emerald Sustainability Fund LP (formerly known as Emerald Cleantech Fund I LP or SAM Sustainability Private Equity LP)	7,866,398
Engelsman, Anna and Tom ATF the Tom and Anna Engelsman Trust ABN 48 738 832 037	6,150,000
Espírito Santo Ventures - Sociedade de Capital de Risco, S.A. as manager of FCR Espírito Santo Ventures II	11,248,981
Felcon Beteiligungs GmbH	3,641,477
Finnigan, Timothy	1,000
Firth, Dean	753,425
FJA Newco	285,714
Frank J Mason Pty Ltd Trustee for the Mason Family	17,791
French, Nigel	95,000
Frost, Robert	382,070
Furesoehoej ApS (CVR 21 59 64 34)	79,350
George Pinto (Frank Nominees as nominee)	826,919
Giant Trading Inc.	1,259,525
GLG European Long Short (Special Assets) Fund	7,058,824
Hamer, Mrs Patricia Anne	197,145
Harold, Ariane	66,154
Howitt (Finkel)	959,540
HSBC Custody Nominees (Australia) Limited - A/C 2 (as nominee for Morgan Stanley International plc)	11,093,962
HSBC Custody Nominees (Australia) Limited (as nominee for Goldman Sachs Securities Nominees Limited)	5,588,235
HSBC Custody Nominees (Australia) Limited (as nominee for Rab Special Situations (Master) Fund Limited)	12,423,529
HSBC Custody Nominees (Australia) Limited (as nominee for Theorema Asset Management Ltd)	294,118
Hunter, Scott	1,000
Independent Nominees Ltd	384,742
Jennings, Henry	87,800
JP Kenny Pty Limited	1,658,213
Konda, Mark	1,062,621
Lai, Ms Kuan Poo	186,357
Lucas, Ralph Willett	63,492
Macmillan, Betsy	1,000
Mason, Francis John	138,029
Mason, Francis John & Faye Kathleen	232,857
Meagher, Mary	284,178
Meltrust Pty Limited	258,111
Monto Holdings	165,384

<u>Ordinary Shares</u>	
Shareholder	Number of shares
Morgan Stanley & Co. International plc	1,428,571
Obeyesekera, Ranjith	1,000
P&H Pursey (ATF Pursey Superannuation Fund)	285,714
Perrignon, Andrew	222,814
Perrignon, Charles	591,881
Perrignon, Gerard	242,815
Perrignon, Matthew	634,157
Perrignon, Nicholas	526,122
Pinney, Ross	142,857
Plazas, Pierre	50,623
Progress Now! (Overseas) Ltd	348,179
Reda Holdings Ltd	2,004,124
Robison, David	220,291
Robit Nominees Pty Ltd ACN 080 702 012 (ATF T&W Superannuation Fund)	860,318
Robit Nominees Pty Ltd ACN 080 702 012 (ATF Tibor Vertes)	160,488
Ruber, Mathew	536,727
Rudge, Cynthia	124,690
Russell, Kelvin (ATF for the K Russell and S Houghton Superfund)	812,783
Scott, Julian	671,084
SGAMA Pty Limited ACN 076 363 052 as trustee for the Clark Family Trust	60,000
SGAMA Pty Limited ACN 076 363 052 as trustee for the Clark Superannuation Fund	100,000
Sirossi Pty Ltd ACN 067 079 849 (ATF the Batters Family Superfund)	39,682
Standard Bank plc	2,941,176
Strathnaver Investments Pty Ltd (ATF Hyslop Superannuation Fund)	285,714
Tamarama Bay Pty Ltd ACN 099 617 124	63,492
TCA Pty Ltd ACN 092 993 970 (ATF TCA Staff Superannuation Fund)	239,853
Thom, Malcolm Albert Parkes	406,839
Thom, Ian William Parkes	406,840
Thorne, Martin	109,712
Todd, Alicia Beatrice Todd	406,839
U.G. Beteiligungs GmbH	1,131,945
Wardle, Andrew	303,714
WED Pty Ltd	227,403
Wee, Lai Nam	535,714
West Nominees Ltd	1,567,735
Whitehead, Tracey	452,478
<b>Total</b>	<b><u><u>139,333,202</u></u></b>

<u>CP1 Shares</u>	
Shareholder	Number of shares
Clarinda Huang ATF Clarinda Huang Family Trust	142,860
Firth, Dean	285,714
Geason, Paul Francis	428,572
Feanjaru Pty Ltd acting as trustee for Cattnach Family Trust	571,429
Emerald Energy Fund I LP (formerly known as SAM Private Equity Energy Fund LP)	5,714,286
Espírito Santo Ventures - Sociedade de Capital de Risco, S.A. as manager of FCR Espírito Santo Ventures II	11,428,571
Banif Gestão de Activos - Sociedade Gestora de Fundos de Investimento Mobiliário, S.A. (The New Energy Fund)	28,571,429
<b>Total</b>	<b><u><u>47,142,861</u></u></b>

<u>CP2 Shares</u>	
Shareholder	Number of shares
Espírito Santo Ventures - Sociedade de Capital de Risco, S.A. as manager of FCR Espírito Santo Ventures II	11,428,571
Emerald Energy Fund I LP (formerly known as SAM Private Equity Energy Fund LP)	5,714,286





## Appendix D - Hall Chadwick's Receipts and Payments

**Oceanlinx Ltd  
(Administrators Appointed)  
(Receivers and Managers Appointed)**

**Statement of Receipts and Payments as at 16 April 2014**

	<u>Amount (\$)</u>
<b><u>Receipts</u></b>	
Funds available from pre-appointment bank	600,000.00
<b>Total Receipts</b>	<b><u>600,000.00</u></b>
<b><u>Payments</u></b>	
Payment to Receivers and Managers	477,998.50
Bank Charges	1.50
Insurance - agents fees	440.00
Security costs	198.00
<b>Total Payments</b>	<b><u>478,638.00</u></b>
<b>Cash Balance as at 15 April 2014</b>	<b><u><u>121,362.00</u></u></b>
<b>Cost incurred during administration period</b>	
Locksmith	535.70
Pickles - IT Services	220.00
Courier	655.96
Photocopying - Kwik Kopy	1,505.93
<i>Legal Costs</i>	
Gillis Delaney Lawyers (Invoice #25814)	7,392.00
Quinert Rodda & Associates - (estimate)*	5,500.00
<b>Total other Costs</b>	<b><u>15,809.59</u></b>
<b>Administrators Fees and Disbursements</b>	
Administrators Fees as at 26/3/2014	45,638.00
Administrators Disbursements as at 26/3/2014	275.00
Other Administrators disbursements (unposted)	500.00
Plus GST on fees and Disb	4,591.30
Administrators Fees for period 27/3/2014 to 2/4/2014	40,467.50
Administrators Disbursements for period 27/3/2014 to 2/4/2014	404.61
Plus GST on fees and Disb	408.72
<b>Total Admin Fees and Disb (Inc GST) as at 26/3/2014</b>	<b><u>92,285.13</u></b>
<b>Remaining funds available</b>	<b><u><u>13,267.28</u></u></b>

\* Waiting on invoices



**Appendix E - Information Sheet - Offences, Recoverable Transactions, etc.**

# Creditor Information Sheet

## Offences, Recoverable transactions and Insolvent Trading



### Offences

A summary of offences that may be identified by the administrator:

Section	Offence
180	Failure by officer to exercise a reasonable degree of care and diligence in the exercise of his powers and the discharge of his duties.
181	Failure to act in good faith.
182	Making improper use of position as an officer or employee, to gain, directly or indirectly, an advantage.
183	Making improper use of information acquired by virtue of his position.
184	Reckless or intentional dishonesty in failing to exercise duties in good faith for proper purpose. Use of position or information dishonestly to gain advantage or cause detriment.
206A	Contravening an order against taking part in management of a corporation.
206A, B	Taking part in management of corporation while being an insolvent under an administration.
206A, B	Acting as a director or promoter or taking part in the management of a company within five years after conviction or imprisonment for various offences.
209(3)	Dishonest failure to observe requirements on making loans to directors or related companies.
254T	Paying dividends except out of profits.
286	Failure to keep proper accounting records.
312	Obstruction of auditor.
314-7	Failure to comply with requirements for financial statement preparation.
437C	Performing or exercising a function or power as officer while a company is under administration.
437D(5)	Unauthorised dealing with company's property during administration.
438B(4)	Failure by directors to assist administrator, deliver records and provide information.
438C(5)	Failure to deliver up books and records to administrator.
590	Failure to disclose property, concealed or removed property, concealed a debt due to the company, altered books of the company, fraudulently obtained credit on behalf of the company, material omission from Report as to Affairs or false representation to creditors.

### Voidable Transactions

#### Preferences

A preference is a transaction such as a payment between the company and one or more of its creditors, in which the creditor receiving the payment is preferred over the general body of creditors. The relevant time period is six months before the commencement of the liquidation. The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

Where a creditor receives a preferred payment, the payment is voidable as against a liquidator and is liable to be paid back to the liquidator subject to the creditor being able to successfully maintain any of the defences available to the creditor under either the Corporations Act.

#### Uncommercial Transaction

An uncommercial transaction is one that it may be expected that a reasonable person in the company's circumstances would not have entered into having regard to:

- the benefit or detriment to the company;
- the respective benefits to other parties; and
- any other relevant matter.

To be voidable, an uncommercial transaction must have occurred during the two years before the liquidation.

However, if a related entity is a party to the transaction, the time period is four years and if the intention of the transaction is to defeat creditors, the time period is ten years.

The company must have been insolvent at the time of the transaction, or become insolvent as a result of the transaction.

#### *Unfair Loan*

A loan is unfair if and only if the interest was extortionate when the loan was made or has since become extortionate. There is no time limit on unfair loans – they only have to have been entered into any time on or before the day when the winding up began.

#### *Arrangements to avoid employee entitlements*

If an employee suffers loss because a person (including a director) enters into an arrangement or transaction to avoid the payment of employee entitlements, the liquidator or the employee may seek to recover compensation from that person. It will only be necessary to satisfy the court that there was a breach on the balance of probabilities. There is no time limit on when the transaction occurred.

#### *Unreasonable payments to directors*

Liquidators have the power to reclaim "unreasonable payments" made to directors by companies prior to liquidation. The provision relates to transactions made to, on behalf of, or for the benefit of, a director or close associate of a director. To fall within the scope of the section, the transaction must have been unreasonable, and have been entered into during the 4 years leading up to a company's liquidation, regardless of its solvency at the time the transaction occurred.

#### *Voidable charges*

Certain charges are voidable by a liquidator:

- Circulating security interest created with six months of the liquidation unless it secures a subsequent advance;
- Unregistered charges; and
- Charges in favour of related parties who attempt to enforce the charge within 6 months of its creation.

#### *Insolvent Trading*

In the following circumstances, directors may be personally liable for insolvent trading by the company:

- a person is a director at the time a company incurs a debt;
- the company is insolvent at the time of incurring the debt or becomes insolvent because of incurring the debt;
- at the time the debt was incurred, there were reasonable grounds to suspect that the company was insolvent;
- the director was aware such grounds for suspicion existed; and
- a reasonable person in a like position would have been so aware.

The law provides that the liquidator, and in certain circumstances the creditor who suffered the loss, may recover from the director, an amount equal to the loss or damage suffered. Similar provisions exist to pursue holding companies for debts incurred by their subsidiaries.

A defence is available under the law where the director can establish:

- there were reasonable grounds to expect that the company was solvent and they actually did so expect;
- they did not take part in management for illness or some other good reason; or,
- they took all reasonable steps to prevent the company incurring the debt.

The proceeds of any recovery for insolvent trading by a liquidator are available for distribution to the unsecured creditors before the secured creditors.

Important note: This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances.



## Appendix F - Proposed DOCA

## Proposed DOCA Term Sheet

1.	<b>Proponent</b>	Wave Energy Renewables Pty Limited ( <b>WER</b> )
2.	<b>Company</b>	Oceanlinx Limited (Receivers & Managers Appointed) (Administrators Appointed) ( <b>Company</b> )
3.	<b>Administrators / Deed Administrators</b>	Vaughan Strawbridge and Jason Tracy
4.	<b>Effective Time</b>	Date of the 2 <sup>nd</sup> Creditors meeting of the Company
5.	<b>Participating Creditors</b>	All creditors other than the Non-Participating Creditors who have a debt or claim the circumstances giving rise to which arose on or before 21 March 2014
6.	<b>Macquarie Bank</b>	<p>The first-ranking secured creditor, Macquarie Bank, and the receivers appointed by it, Rahul Goyal and Cassandra Mathews of KordaMentha, may be paid in full from research and development credits expected to be received by the Company later this year (<b>R&amp;D Refund</b>) and may therefore expect to agree to defer any further action to realise the Company's intellectual property.</p> <p>In the event there is a surplus from R&amp;D Refund after satisfaction of Macquarie Bank's debt and enforcement costs, the surplus will form part of the Deed Fund (<b>R&amp;D Surplus</b>).</p> <p>Macquarie Bank will not be bound by the DOCA.</p>
7.	<b>Non-Participating Creditors</b>	<p>The following entities who are the second-ranking secured creditors of the Company (<b>Secured CN Holders</b>):</p> <ul style="list-style-type: none"> <li>• Makinti Pty Limited</li> <li>• TTL Nominees Pty Limited</li> <li>• Windsor Group Holdings Pty Limited</li> <li>• Ching-Chun Wu Huang</li> <li>• Ian Chi-Ping Cheng</li> <li>• Tan Lei</li> <li>• Xuemei Li</li> <li>• Yibin Tan,</li> </ul> <p>who together are owed approximately \$1.65M (<b>CN Debt</b>), will not participate in the Deed Fund.</p>
8.	<b>Deed Fund</b>	<p>(a) The Deed Fund will consist of:</p> <ul style="list-style-type: none"> <li>(i) WER's Contribution of \$400,000 cash payable on completion of the Asset Transfer (<b>WER Contribution</b>)</li> <li>(ii) any R&amp;D Surplus</li> <li>(iii) balance of cash at bank</li> <li>(iv) realization of balance of all assets not included in the Asset Transfer (see Item 10 below); and</li> <li>(v) the balance of proceeds of the insurance claim arising from the incident which occurred at sea off the Fleurieu Peninsula in March 2014, after payment satisfaction of Macquarie's Debt.</li> </ul> <p>(b) The WER Contribution is in presently available funds and has been deposited into WER's solicitors' trust account. Upon execution of the DOCA and the necessary documents to give effect to the conditions set out in Item 10 below, WER will</p>



		<p>instruct its solicitors to immediately release the WER Contribution to the Deed Administrators.</p> <p>(c) The Secured CN Holders will agree not to claim on the Deed Fund in respect of their CN Debt of approximately \$1.65M.</p> <p>(d) In the event that there is any surplus in the Deed Fund, it goes to the shareholders of the Company.</p>
9.	<b>Distribution</b>	<p>The Deed Fund will be distributed to Participating Creditors according to their priorities and limitations set out in the Corporations Act, subject to the following order of priority:</p> <ul style="list-style-type: none"> <li>• first, in satisfaction of the Administrators' / Deed Administrators' remuneration and expenses;</li> <li>• next, to employees with respect to employee entitlements, if any; and</li> <li>• next, to be distributed pro-rata to admitted creditors with admitted claims.</li> </ul>
10.	<b>WER Contribution and Asset Transfer</b>	<p>(a) In consideration of the Secured CN Holders not claiming on the Deed Fund in respect of their secured debt of \$1.65M together with the WER Contribution, the Company will:</p> <p>(i) as soon as Macquarie Banks debts and costs have been paid out, transfer and/or assign to a nominee of WER, unencumbered legal and beneficial title to the intellectual property of the Company including domain names, registered and unregistered and/or pending patents, computer records, designs, drawings, models, source and object codes and software, developed by Oceanlinx howsoever recorded together with the Company's computer server plus a few computers (to be selected);</p> <p>(ii) transfer all shares held by the Company in the UK subsidiary of the Company to a nominee of WER; and</p> <p>(iii) change its name to a name that does not include the name "Oceanlinx";</p> <p><b>(Asset Transfer).</b></p> <p>(b) Upon the DOCA being approved WER will instruct its solicitors to prepare all documents necessary to give effect to paragraph (a) above.</p> <p>(c) Once Macquarie Bank's debts are paid out, it will agree to provide a partial release of its security over the assets included in the Asset Transfer.</p>
11.	<b>Control of Company</b>	<p>The control of the Company will remain with the Deed Administrators until effectuation of the DOCA.</p>
12.	<b>Moratorium</b>	<p>For the currency of the DOCA, all creditors of the Company as at 21 March 2014 will grant a moratorium in favour of the Company with respect to their debts and claims.</p>
13.	<b>Release</b>	<p>Upon payment to Participating creditors of their entitlement under the DOCA, the Company is to be released from all such debts or claims. The debts and claims of Non-Participating Creditors will not be released.</p>
14.	<b>Deed Administrators' Powers</b>	<p>The Deed Administrators' will have all powers necessary to administer the DOCA.</p>

<p><b>15.</b></p>	<p><b>Termination of the DOCA</b></p>	<p>The DOCA will terminate on the earlier of any of the following to occur:</p> <ul style="list-style-type: none"> <li>(a) upon the distribution of the Deed Fund to Participating Creditors;</li> <li>(b) termination by court order or creditors' resolution; or</li> <li>(c) the date as the Deed Administrators deems necessary to fully effectuate the deed (in their reasonable opinion).</li> </ul> <p>And if the DOCA terminates other than upon distribution of the Deed Fund to Participating Creditors, the Company will be placed into liquidation and the WER Contribution will be refunded in full to WER.</p>
<p><b>16.</b></p>	<p><b>Further Terms</b></p>	<p>Further terms not inconsistent with this Terms Sheet set out above and in a more mechanical or administrative nature, can be included in the DOCA following acceptance of the proposal.</p>



## Appendix G - Approving Fees: A Guide for Creditors



**ASIC**

Australian Securities & Investments Commission

## INFORMATION SHEET 85

### Approving fees: a guide for creditors

If a company is in financial difficulty, it can be put under the control of an independent external administrator.

This information sheet gives general information for creditors on the approval of an external administrator's fees in a liquidation of an insolvent company, voluntary administration or deed of company arrangement (other forms of external administration are not discussed in this information sheet). It outlines the rights that creditors have in the approval process.

#### Entitlement to fees and costs

A liquidator, voluntary administrator or deed administrator (i.e. an 'external administrator') is entitled to be:

- paid reasonable *fees*, or remuneration, for the work they perform, once these fees have been approved by a creditors' committee, creditors or a court, and
- reimbursed for out-of-pocket *costs* incurred in performing their role (these costs do not need creditors' committee, creditor or court approval).

External administrators are only entitled to an amount of fees that is reasonable for the work that they and their staff properly perform in the external administration. What is reasonable will depend on the type of external administration and the issues that need to be resolved. Some are straightforward, while others are more complex.

External administrators must undertake some tasks that may not directly benefit creditors. These include reporting potential breaches of the law and lodging a detailed listing of receipts and payments with ASIC every six months. The external administrator is entitled to be paid for completing these statutory tasks.

For more on the tasks involved, see ASIC's information sheets INFO 45 *Liquidation: a guide for creditors* and INFO 74 *Voluntary administration: a guide for creditors*.

Out-of-pocket costs that are commonly reimbursed include:

**Important note:** This information sheet contains a summary of basic information on the topic. It is not a substitute for legal advice. Some provisions of the law referred to may have important exceptions or qualifications. This document may not contain all of the information about the law or the exceptions and qualifications that are relevant to your circumstances. You will need a qualified professional adviser to take into account your particular circumstances and to tell you how the law applies to you.

- legal fees
- valuer’s, real estate agent’s and auctioneer’s fees
- stationery, photocopying, telephone and postage costs
- retrieval costs for recovering the company’s computer records, and
- storage costs for the company’s books and records.

Creditors have a direct interest in the level of fees and costs, as the external administrator will, generally, be paid from the company’s available assets before any payments to creditors. If there are not enough assets, the external administrator may have arranged for a third party to pay any shortfall. As a creditor, you should receive details of such an arrangement. If there are not enough assets to pay the fees and costs, and there is no third party payment arrangement, any shortfall is not paid.

### Who may approve fees

Who may approve fees depends on the type of external administration: see Table 1. The external administrator must provide sufficient information to enable the relevant decision-making body to assess whether the fees are reasonable.

**Table 1: Who may approve fees**

	Creditors’ committee	Creditors	Court
Administrator in a voluntary administration	✓ <sup>1</sup>	✓	✓
Administrator of a deed of company arrangement	✓ <sup>1</sup>	✓	✓
Creditors’ voluntary liquidator	✓ <sup>1</sup>	✓ <sup>5</sup>	✗ <sup>3</sup>
Court-appointed liquidator	✓ <sup>1</sup>	✓ <sup>4, 5</sup>	✓ <sup>2</sup>

<sup>1</sup> If there is one.

<sup>2</sup> If there is no approval by the committee or the creditors.

<sup>3</sup> Unless an application is made for a fee review.

<sup>4</sup> If there is no creditors’ committee or the committee fails to approve the fees.

<sup>5</sup> If insufficient creditors turn up to the meeting called by the liquidator to approve fees, the liquidator is entitled to be paid up to a maximum of \$5000, or more if specified in the Corporations Regulations 2001.

### Creditors’ committee approval

If there is a creditors’ committee, members are chosen by a vote of creditors as a whole. In approving the fees, the members represent the interests of all the creditors, not just their own individual interests.

There is not a creditors’ committee in every external administration. A creditors’ committee makes its decision by a majority in number of its members present at a meeting, but it can only act if a majority of its members attend.

To find out more about creditors’ committees and how they are formed, see ASIC’s information sheets INFO 45 *Liquidation: a guide for creditors*, INFO 74 *Voluntary administration: a guide for creditors* and INFO 41 *Insolvency: a glossary of terms*.

### Creditors’ approval

Creditors approve fees by passing a resolution at a creditors’ meeting. Unless creditors call for a poll, the resolution is passed if a simple majority of creditors present and voting, in person or by proxy,

indicate that they agree to the resolution. Unlike where acting as committee members, creditors may vote according to their individual interests.

If a poll is taken, rather than a vote being decided on the voices or by a show of hands, a majority in *number* and *value* of creditors present and voting must agree. A poll requires the votes of each creditor to be recorded.

A separate resolution of creditors is required for approving fees for an administrator in a voluntary administration and an administrator of a deed of company arrangement, even if the administrator is the same person in both administrations.

A proxy is where a creditor appoints someone else to represent them at a creditors' meeting and to vote on their behalf. A proxy can be either a *general proxy* or a *special proxy*. A general proxy allows the person holding the proxy to vote as they wish on a resolution, while a special proxy directs the proxy holder to vote in a particular way.

A creditor will sometimes appoint the external administrator as a proxy to vote on the creditor's behalf. An external administrator, their partners or staff must not use a general proxy to vote on approval of their fees; they must hold a special proxy in order to do this. They must vote all special proxies as directed, even those against approval of their fees.

## Calculation of fees

Fees may be calculated using one of a number of different methods, such as:

- on the basis of *time spent* by the external administrator and their staff
- a quoted *fixed fee*, based on an upfront estimate, or
- a percentage of asset realisations.

Charging on a time basis is the most common method. External administrators have a scale of hourly rates, with different rates for each category of staff working on the external administration, including the external administrator.

If the external administrator intends to charge on a time basis, you should receive a copy of these hourly rates soon after their appointment and before you are asked to approve the fees.

The external administrator and their staff will record the time taken for the various tasks involved, and a record will be kept of the nature of the work performed.

It is important to note that the hourly rates do not represent an hourly wage for the external administrator and their staff. The external administrator is running a business—an insolvency practice—and the hourly rates will be based on the cost of running the business, including overheads such as rent for business premises, utilities, wages and superannuation for staff who are not charged out at an hourly rate (such as personal assistants), information technology support, office equipment and supplies, insurances, taxes, and a profit.

External administrators are professionals who are required to have qualifications and experience, be independent and maintain up-to-date skills. Many of the costs of running an insolvency practice are fixed costs that must be paid, even if there are insufficient assets available to pay the external administrator for their services. External administrators compete for work and their rates should reflect this.

These are all matters that committee members or creditors should be aware of when considering the fees presented. However, regardless of these matters, creditors have a right to question the external administrator about the fees and whether the rates are negotiable.

It is up to the external administrator to justify why the method chosen for calculating fees is an appropriate method for the particular external administration. As a creditor, you also have a right to question the external administrator about the calculation method used and how the calculation was made.

## Report on proposed fees

When seeking approval of fees, the external administrator must send committee members/creditors a report with the notice of meeting setting out:

- information that will enable the committee members/creditors to make an informed assessment of whether the proposed fees are reasonable
- a summary description of the major tasks performed, or to be performed, and
- the costs associated with each of these tasks.

Committee members/creditors may be asked to approve fees for work already performed or based on an estimate of work yet to be carried out.

If the work is yet to be carried out, it is advisable to set a maximum limit ('cap') on the amount that the external administrator may receive. For example, future fees calculated according to time spent may be approved on the basis of the number of hours worked at the rates charged (as set out in the provided rate scale) up to a cap of \$X. If the work involved then exceeds this figure, the external administrator will have to ask the creditors' committee/creditors to approve a further amount of fees, after accounting for the fees already incurred.

## Deciding if fees are reasonable

If asked to approve an amount of fees either as a committee member or by resolution at a creditors' meeting, your task is to decide if that amount of fees is reasonable, given the work carried out in the external administration and the results of that work.

You may find the following information from the external administrator useful in deciding if the fees claimed are reasonable:

- the method used to calculate fees
- the major tasks that have been performed, or are likely to be performed, for the fees
- the fees/estimated fees (as applicable) for each of the major tasks
- the size and complexity (or otherwise) of the external administration
- the amount of fees (if any) that have previously been approved
- if the fees are calculated, in whole or in part, on a time basis:
  - the period over which the work was, or is likely to be performed
  - if the fees are for work that has already been carried out, the time spent by each level of staff on each of the major tasks
  - if the fees are for work that is yet to be carried out, whether the fees are capped.

If you need more information about fees than is provided in the external administrator's report, you should let them know before the meeting at which fees will be voted on.

## What can you do if you think the fees are not reasonable?

If you do not think the fees being claimed are reasonable, you should raise your concerns with the external administrator. It is your decision whether to vote in favour of, or against, a resolution to approve fees.

Generally, if fees are approved by a creditors' committee/creditors and you wish to challenge this decision, you may apply to the court and ask the court to review the fees. Special rules apply to court liquidations.

You may wish to seek your own legal advice if you are considering applying for a court review of the fees.



## Reimbursement of out-of-pocket costs

An external administrator should be very careful incurring costs that must be paid from the external administration—as careful as if they were dealing with their own money. Their report on fees should also include information on the out-of-pocket costs of the external administration.

If you have questions about any of these costs, you should ask the external administrator and, if necessary, bring it up at a creditors' committee/creditors' meeting. If you are still concerned, you have the right to ask the court to review the costs.

## Queries and complaints

You should first raise any queries or complaints with the external administrator. If this fails to resolve your concerns, including any concerns about their conduct, you can lodge a complaint with ASIC at [www.asic.gov.au/complain](http://www.asic.gov.au/complain), or write to:

ASIC Complaints  
PO Box 9149  
TRARALGON VIC 3844

ASIC will usually not become involved in matters of commercial judgement by an external administrator. Complaints against companies and their officers can also be made to ASIC. For other enquiries, email ASIC through [infoline@asic.gov.au](mailto:infoline@asic.gov.au), or call ASIC's Infoline on 1300 300 630 for the cost of a local call.

## To find out more

For an explanation of terms used in this information sheet, see ASIC's information sheet INFO 41 *Insolvency: a glossary of terms*. For more on external administration, see ASIC's related information sheets at [www.asic.gov.au/insolvencyinfosheets](http://www.asic.gov.au/insolvencyinfosheets):

- INFO 74 *Voluntary administration: a guide for creditors*
- INFO 75 *Voluntary administration: a guide for employees*
- INFO 45 *Liquidation: a guide for creditors*
- INFO 46 *Liquidation: a guide for employees*
- INFO 54 *Receivership: a guide for creditors*
- INFO 55 *Receivership: a guide for employees*
- INFO 43 *Insolvency: a guide for shareholders*
- INFO 42 *Insolvency: a guide for directors*
- INFO 84 *Independence of external administrators: a guide for creditors*

These are also available from the Insolvency Practitioners Association (IPA) website at [www.ipaa.com.au](http://www.ipaa.com.au). The IPA website also contains the IPA's Code of Professional Practice for Insolvency Professionals, which applies to IPA members.



## Appendix H - Hall Chadwick's Remuneration Report

## REMUNERATION REPORT

Oceanlinx Limited  
 (Administrators Appointed) (Receivers and Managers Appointed)  
 A.C.N. 077 104 404

<b>Company: Oceanlinx Limited (Administrators Appointed)(Receivers and Managers Appointed)</b>	<b>Period From: 21 March 2014</b>	<b>To: 2 April 2014</b>
<b>Practitioners: David Ross and Brent Kijurina</b>	<b>Firm: Hall Chadwick</b>	
<b>Administration Type: Voluntary Administration</b>		

The work that my staff and I have been required to complete and the work which will encompass the fee that I will request the creditors fix at the forthcoming meeting includes:

<b>Task Area</b>	<b>General Description</b>	<b>Includes</b>
<b>Administration</b>  <b>21.10 Hours</b>  <b>\$6,251.50</b>	Document maintenance / file review / checklist	<ul style="list-style-type: none"> <li>- Internal notifications of appointment including opening files</li> <li>- Updating control forms and task lists</li> <li>- Filing documentation</li> <li>- File reviews</li> <li>- Updating checklists</li> </ul>
	Bank account administration	<ul style="list-style-type: none"> <li>- Preparing correspondence opening and closing accounts</li> <li>- Requesting bank statements</li> <li>- Bank account reconciliations</li> <li>- Correspondence with bank regarding specific transactions</li> <li>- Notify banks of appointment.</li> <li>- Post cash book entries and complete bank reconciliations</li> </ul>
	ASIC forms	<ul style="list-style-type: none"> <li>- Preparing and lodging ASIC forms</li> <li>- Correspondence with ASIC regarding statutory forms</li> </ul>
	ATO and other statutory reporting	<ul style="list-style-type: none"> <li>- Preparation of documentation informing Directors of their statutory requirements once the Administrators are appointed</li> <li>- Preparation and lodgement of statutory documents notifying of appointment of Administrators</li> <li>- Registration for GST and preparation and lodgement of Business Activity Statements</li> <li>- Preparation of advertisements notifying appointment and meetings of creditors</li> </ul>
	Planning / Review	<ul style="list-style-type: none"> <li>- Discussions regarding status of administration</li> <li>- Discussions with the directors in relation to the Administration of the Company</li> <li>- Telephone conferences with inter-state staff in relation to Administration strategy</li> <li>- Internal review of job progression</li> <li>- Analyse and assess the Company's current trading position</li> </ul>
	Books and records / Storage	<ul style="list-style-type: none"> <li>- Dealing with records in storage</li> <li>- Sending job files to storage</li> <li>- Attend Company premises and collect the</li> </ul>

## REMUNERATION REPORT

Oceanlinx Limited  
 (Administrators Appointed) (Receivers and Managers Appointed)  
 A.C.N. 077 104 404

		<ul style="list-style-type: none"> <li>- Company's books and records</li> <li>- Liaising with interstate staff in relation to the Company's books and records</li> </ul>
<b>Assets</b>  <b>10.00 Hours</b>  <b>\$4,711.00</b>	Plant and Equipment	<ul style="list-style-type: none"> <li>- Liaising with Hymans asset management in relation to preparing a valuation on the Company's Plant &amp; Equipment</li> <li>- Providing photos of assets to Valuers</li> <li>- Review asset register</li> <li>- Discussions with the Company's Directors and Staff in relation to the Company's Plant &amp; Equipment</li> <li>- Review of various photos identifying the Company's assets</li> <li>- Liaised with Manager from Marine Services Transport Services Division Department of Planning, Transport and Infrastructure SA in relation to securing wave machine</li> <li>- Discussion with subcontractors in relation to securing wave machine</li> </ul>
	Insurance	<ul style="list-style-type: none"> <li>- Identification of potential issues requiring attention of insurance specialists</li> <li>- Correspondence with insurer regarding initial and ongoing insurance requirements</li> <li>- Various discussions with PRM in relation to insurance related issues</li> <li>- Reviewing insurance policies</li> <li>- Discussion with Directors and Staff in relation to ongoing insurance claim</li> <li>- Discussion with PRM in relation to ongoing insurance claim of the Company</li> <li>- Review of correspondence workers comp claim received from employee and forwarded onto PRM for review and advice</li> <li>- Correspondence with previous brokers</li> <li>- Discussion with Hymans asset management in relation to identifying assets to be insured</li> </ul>
	Assets subject to specific charges	<ul style="list-style-type: none"> <li>- Initial letter sent to in relation to registered security interest</li> </ul>
	Other Assets	<ul style="list-style-type: none"> <li>- Tasks associated with realising other assets</li> <li>- Hold discussions with the employees of the Company in relation to assets of the Company</li> <li>- Review of the information provided by third parties in relation to assets of the Company</li> <li>- Review of the Company's financials and books and records to identify the assets of the Company</li> <li>- Liaised with Director and staff in relation to insurance claim in relation to wave machine</li> <li>- Liaised with Director and staff in relation to research and development offset available to the Company</li> <li>- Discussion with Director and staff in relation to any possible Debtors of the Company</li> </ul>

## REMUNERATION REPORT

Oceanlinx Limited  
 (Administrators Appointed) (Receivers and Managers Appointed)  
 A.C.N. 077 104 404

	Leasing	<ul style="list-style-type: none"> <li>- Reviewing leasing documents</li> <li>- Review of Lease schedules</li> </ul>
<b>Creditors</b>  <b>90.50 Hours</b>  <b>\$38,581.50</b>	Creditor Enquiries	<ul style="list-style-type: none"> <li>- Receive and follow up creditor enquiries via telephone</li> <li>- Review and prepare correspondence to creditors and their representatives via facsimile, email and post</li> <li>- Attended various enquiries from the creditors and employees in relation to the Administration process and their claim</li> </ul>
	Secured creditor	<ul style="list-style-type: none"> <li>- Various correspondence and discussions with the Company's secured creditor Macquarie Bank providing an update on the Administration</li> <li>- Responding to Macquarie Bank's queries</li> <li>- Liaising with Macquarie Bank in order to organise a meeting to discuss the Administration</li> <li>- Initial preparation of report to secured creditor</li> <li>- Review of Security documents</li> <li>- Review of terms in relation to finance facility with Macquarie Bank</li> <li>- Liaised with the Company's Directors in relation to the company's finance facility with the Macquarie Bank</li> <li>- Liaising with the Company's staff in relation to the company's finance facility with the Macquarie Bank</li> <li>- Review of other secured creditors claim against the Company</li> <li>- Reviewing advice obtained from lawyers in relation to secured creditors claim</li> <li>- Review of redeemable secured convertible note deeds</li> <li>- Review advice from solicitors in relation to the validity of the redeemable secured convertible note deeds</li> <li>- Various meetings with solicitors in relation to secured creditors claim</li> </ul>
	Creditor reports	<ul style="list-style-type: none"> <li>- Obtaining list of creditors and importing to the system</li> <li>- Notification to the creditors and employees of the Administration</li> <li>- Preparation of the initial report to creditors with attachments</li> </ul>
	Dealing with proofs of debt	<ul style="list-style-type: none"> <li>- Receipting and filing POD's when not related to a dividend</li> <li>- Receiving creditors' claims throughout the Administration period and updating the records</li> <li>- Correspondence inviting creditors to lodge proofs of debt</li> <li>- Reviewing supporting documents for creditors claim</li> </ul>

## REMUNERATION REPORT

Oceanlinx Limited  
 (Administrators Appointed) (Receivers and Managers Appointed)  
 A.C.N. 077 104 404

		<ul style="list-style-type: none"> <li>- Review of claims from creditors and recorded in the system</li> </ul>
	Meeting of Creditors	<ul style="list-style-type: none"> <li>- Preparation of meeting notices, proxies and advertisements</li> <li>- Forward notice of meeting to all known creditors</li> <li>- Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting</li> <li>- Preparation and lodgement of minutes of meetings with ASIC</li> <li>- Responding to stakeholder queries and questions immediately following meeting</li> <li>- Advertisement of the initial meeting of creditors</li> <li>- Preparation of documentation for attendance at meeting of creditors</li> <li>- Attending creditors' queries before and after meeting of creditors</li> <li>- Collating and recording of proxies for meeting of creditors</li> <li>- Collating and recording of proofs of debt for meeting of creditors</li> <li>- Attending the initial meeting of creditors</li> <li>- Preparation of draft minutes of initial creditors meeting</li> <li>- Organising and booking the meeting rooms.</li> </ul>
	Employees enquiry	<ul style="list-style-type: none"> <li>- Prepare and review correspondence to employees and their representatives</li> <li>- Attending various enquiries from the employees in relation to the Administration process and their claim</li> <li>- Notification to the employees of the Administration</li> <li>- Preparation of letters to employees advising of their entitlements and options available</li> <li>- Receive and prepare correspondence in response to employees objections to leave entitlements</li> <li>- Meeting with employees in relation to ongoing trading of the business</li> </ul>
	Calculation of entitlements	<ul style="list-style-type: none"> <li>- Calculating employee entitlements</li> <li>- Discussion with employees in relation to the calculation of employee entitlements</li> <li>- Reviewing employee files and company's books and records</li> <li>- Review contracts</li> <li>- Liaising with Company's payroll officer in relation to the calculation of employee entitlements</li> </ul>
	Workers compensation claims	<ul style="list-style-type: none"> <li>- Review insurance policies</li> <li>- Discussion with PRM in relation to workers compensation claims</li> </ul>

## REMUNERATION REPORT

Oceanlinx Limited  
 (Administrators Appointed) (Receivers and Managers Appointed)  
 A.C.N. 077 104 404

<p><b>Investigation</b></p> <p><b>107.50 Hours</b></p> <p><b>\$42,820.00</b></p>	<p>Conducting Investigation</p>	<ul style="list-style-type: none"> <li>- Collection of company books and records</li> <li>- Reviewing company's books and records</li> <li>- Review and preparation of company nature and history</li> <li>- Conducting and summarising statutory searches</li> <li>- Review of Financial statements</li> <li>- Review of specific transactions and liaising with directors regarding certain transactions</li> <li>- Preparation of investigation file</li> <li>- Issued various demands for the books and records of the Company to the Company's Directors</li> <li>- Various telephone conversations with the Company's internal accountant and chief financial officer in relation to the Company books and records.</li> <li>- Conducting investigations into the Company's business, property, affairs and financial circumstances</li> <li>- Performing company searches for various companies in the Group</li> <li>- Performing investigations in the group structure, intercompany transactions and the value of the Company's investment</li> <li>- Investigation in relation to past and current officers of the Company</li> <li>- Obtain and list books and records of the Company</li> <li>- Investigations into the ownership of the assets of the Company</li> <li>- Conducting investigations in relation to reasons for failure of the Company</li> <li>- Review of cashbook and various trial balances and accounts</li> <li>- Performing investigations in relation to voidable transactions</li> <li>- Investigation in relation to insolvent trading of the Company</li> <li>- Investigations prepared in relation to pre-appointment transactions involving Director Ali Baghaei</li> <li>- Investigations prepared in relation to pre-appointment transactions involving Caroline Chen</li> <li>- Liaising with the Company's employees in relation to pre-appointment transactions involving Mr Ali Baghaei and Ms Caroline Chen</li> <li>- Investigation into insurance claim relating to the wave machine</li> <li>- Investigation into research and development offset available to the Company</li> <li>- Discussion with council departments in</li> </ul>
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## REMUNERATION REPORT

Oceanlinx Limited  
 (Administrators Appointed) (Receivers and Managers Appointed)  
 A.C.N. 077 104 404

		<p>relation to the removal and safety precautions to be put in place for the damaged wave machine</p> <ul style="list-style-type: none"> <li>- Discussion with Manager Marine Services Transport Services Division Department of Planning, Transport and Infrastructure SA in relation to damaged wave machine</li> <li>- Review correspondence from Manager Marine Services Transport Services Division Department of Planning, Transport and Infrastructure SA in relation to securing wave machine and implementing actions to minimise the safety risks</li> <li>- Review correspondence from Australian Renewable energy Agency ("Arena") in relation to research and development grant available to the Company;</li> <li>- Liaised with Director in relation to the research and development grant available through Arena Liaised with staff in relation to the research and development grant available through Arena</li> <li>- Liaised with Receiver and Managers upon their appointment;</li> <li>- Discussion with Receivers and Managers in relation investigations prepared to date;</li> <li>- Discussion with Receivers and Managers in relation to funds recovered from the Company's pre-appointment bank account;</li> <li>- Backup Company's books and records in order to provide copy to Receivers and Managers</li> <li>- Liaise with IT staff in relation to gaining access to the Company's server and creating a backup copy of the server</li> <li>- Provide Receivers and Managers with access to the Company's books and records</li> <li>- Review correspondence from Receivers and Managers requesting funds during Administration to be transferred to the Company's Receivership bank account;</li> <li>- Various correspondence with the Administrators solicitors in relation to right of indemnity with respect to remuneration and costs incurred during the Administration period</li> <li>- Liaise with the Directors solicitor in relation to replacing the Administrator at the initial meeting of creditors</li> <li>- Various meeting with solicitors in relation to consents received to remove administrators</li> <li>- Various telephone conversations with Solicitors in relation to possible application to remove administrators</li> <li>- Provide solicitors with consent to act and</li> </ul>
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## REMUNERATION REPORT

Oceanlinx Limited  
 (Administrators Appointed) (Receivers and Managers Appointed)  
 A.C.N. 077 104 404

		Declaration of Independence Relevant Relationships and Indemnities ("DIRRI") received from other Administrators for review and advice - Provide solicitors with correspondence from ASIC in relation to review of DIRRI for advice
	Investigations in Relation to Trade on Management	- Liaising with suppliers - Liaising with management and staff - Attendance on site - Conversations with the employees and obtained information required for cashflow and trade on analysis. - Obtaining details of various lease and services agreements of the Company. - Liaising with the Company's accountant in relation to calculating the Company's Research and Development claim - Review of possible insurance claim in relation to wave machine - Discussion with Directors and staff in relation to possible insurance claim in relation to wave machine
Total Hours 229.10 hours		
Total Remuneration (excluding GST)		\$ 92,364.00
GST at 10%		\$ 9,236.40
Total Remuneration (including GST)		\$ 101,600.40

**Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed)**  
**Remuneration Report: Calculation of Remuneration for Administration Period**  
**21 March 2014 to 2 April 2014**

Employee	Position	\$/hour (excls GST)	Total hours	Total \$	Administration Hours	Administration (\$)	Assets Hours	Assets (\$)	Creditor Hours	Creditors (\$)	Investigation Hours	Investigation (\$)
David Ross	Partner/Appointee	640.00	15.00	9,600.00	0.40	256.00	0.40	256.00	5.00	3,200.00	9.20	5,888.00
Brent Kijurina	Partner	640.00	7.10	4,544.00	1.10	704.00	1.50	960.00	3.70	2,368.00	0.80	512.00
Steven Gladman	Partner	640.00	0.10	64.00		-		-		-	0.10	64.00
Gaurav Mishra	Senior Manager	525.00	59.60	31,290.00	3.90	2,047.50	3.40	1,785.00	20.70	10,867.50	31.60	16,590.00
Robin Barrett	Manager	515.00	2.50	1,287.50		-		-	2.50	1,287.50		-
LarissaAnn Sura	Supervisor	430.00	0.20	86.00	0.20	86.00		-		-		-
Andrew Vosko	Senior 1	375.00	52.20	19,575.00	0.80	300.00	4.00	1,500.00	40.60	15,225.00	6.80	2,550.00
Faress Azzam	Senior 2	330.00	32.10	10,593.00	1.40	462.00		-	5.50	1,815.00	25.20	8,316.00
Michael Cooper	Senior 2	330.00	0.50	165.00		-		-	0.50	165.00		-
Jason Ferfoglia	Senior 2	330.00	2.80	924.00	0.10	33.00		-	2.70	891.00		-
Biljana Vuckovic	Intermediate 1	300.00	5.20	1,560.00	1.00	300.00	0.50	150.00	3.00	900.00	0.70	210.00
David Kennedy	Intermediate 1	300.00	28.90	8,670.00	0.40	120.00	0.20	60.00	5.20	1,560.00	23.10	6,930.00
Briannine Watson	Intermediate 2	300.00	0.20	60.00	0.20	60.00		-		-		-
Cassandra Risteska	Intermediate 2	275.00	1.40	385.00		-		-	1.10	302.50	0.30	82.50
Jose Talite	Intermediate 2	275.00	2.30	632.50	1.60	440.00		-		-	0.70	192.50
Jason Swire	IT Staff	165.00	2.50	412.50	2.50	412.50		-		-		-
Jack Michie	Junior 1	165.00	9.00	1,485.00		-		-		-	9.00	1,485.00
Nikita Prakash	Junior 1	165.00	0.60	99.00	0.60	99.00		-		-		-
Ashlee Smith	PA/Secretary	135.00	1.00	135.00	1.00	135.00		-		-		-
Ellie Barrett	Administration Assistant	135.00	3.70	499.50	3.70	499.50		-		-		-
Marie Outeirinho	Administration Assistant	135.00	0.10	13.50	0.10	13.50		-		-		-
Nicolle Dawkins	Administration Assistant	135.00	0.30	40.50	0.30	40.50		-		-		-
Preeyea Raju	Administration Assistant	135.00	1.80	243.00	1.80	243.00		-		-		-
<b>TOTAL</b>			<b>229.10</b>	<b>92,364.00</b>	<b>21.10</b>	<b>6,251.50</b>	<b>10.00</b>	<b>4,711.00</b>	<b>90.50</b>	<b>38,581.50</b>	<b>107.50</b>	<b>42,820.00</b>
<b>GST (10%)</b>				<b>9,236.40</b>		<b>625.15</b>		<b>471.10</b>		<b>3,858.15</b>		<b>4,282.00</b>
<b>TOTAL (INCL. GST)</b>				<b>101,600.40</b>		<b>6,876.65</b>		<b>5,182.10</b>		<b>42,439.65</b>		<b>47,102.00</b>
<b>Average Hourly Rate</b>				<b>403.16</b>		<b>296.28</b>		<b>471.10</b>		<b>426.31</b>		<b>398.33</b>



## Appendix I - Remuneration Reports

## Remuneration Report

### Advice to Creditors - Remuneration

#### Remuneration Methods

There are four basic methods that can be used to calculate the remuneration charged by an insolvency practitioner. They are:

##### *Time based / hourly rates*

This is the most common method. The total fee charged is based on the hourly rate charged for each person who carried out the work multiplied by the number of hours spent by each person on each of the tasks performed.

##### *Fixed Fee*

The total fee charged is normally quoted at the commencement of the administration and is the total cost for the administration. Sometimes a practitioner will finalise an administration for a fixed fee.

##### *Percentage*

The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of assets realisations.

##### *Contingency*

The practitioner's fee is structured to be contingent on a particular outcome being achieved.

#### Method chosen

Given the nature of this administration we propose that our remuneration be calculated on the time based / hourly rates method. This is because:

- We will only be paid for work done, subject to sufficient realisations of the Company assets.
- It ensures creditors are only charged for work that is performed. Our time is recorded and charged in six minute increments and staff are allocated to duties according to their relevant experience and qualifications.
- We are required to perform a number of tasks which do not relate to the realisation of assets, e.g. responding to creditor enquiries, reporting to the ASIC, distributing funds in accordance with the provisions of the Corporations Act 2001.
- We are unable to estimate with certainty the total amount of fees necessary to complete all tasks required in this administration.

## Explanation of Hourly Rates

The rates for our remuneration calculation are set out in the following table together with a general guide showing the qualifications and experience of staff engaged in the administration and the role they take in the administration. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

Title	Description	Hourly Rate (excl GST)
Appointee	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$600.00
Partner	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$600.00
Director	Typically CA or CPA qualified with in excess of 8 years' experience on insolvency matters with a number of years at manager level. Answerable to the appointee but otherwise responsible for all aspects of an administration. Capable of controlling all aspects of an administration. May be appropriately qualified to take appointments in his/her own right.	\$460.00
Manager	Typically CA or CPA qualified with 6 to 8 years' experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.	\$300.00
Senior Analyst	Typically completed or near completion of CA or CPA qualifications with 4 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.	\$230.00
Analyst	Typically studying towards CA or CPA qualification with 2 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$175.00
Graduate	Junior staff member who has completed a university degree with less than one year's experience working on insolvency matters. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$145.00
Secretary	Advanced secretarial skills	\$160.00

## Disbursements

Disbursements are divided into three types:

- Externally provided professional services - these are recovered at cost. An example of an externally provided professional service disbursement is legal fees.
- Externally provided non-professional costs such as travel, accommodation and search fees - these are recovered at cost.
- Internal disbursements such as photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We are not required to seek creditor approval for disbursements, but must account to creditors. Details of the basis of recovering internal disbursements in this administration are provided below. Full details of any actual costs incurred will be provided with future reporting.

### *Basis of disbursement claim*

<b>Disbursements</b>	<b>Rate (Excl. GST)</b>
Advertising	At cost – based on commercial rates charged by ASIC and state and national newspapers
Courier	At cost – based on commercial rates charged by major external courier firms
Search and Filing Fees	At cost – based on commercial rates charged by external search providers
Meeting Room Hire - External	At cost – based on commercial rates charged by external conference room facilitators
Stationary, Printing & Copying - External	At cost – based on commercial rates as offered by commonly used external providers
Travel - Flights/accommodation	At cost – based on commercial rates as offered by commonly used external providers
General (Miscellaneous) Expenses	At cost
Travel - Taxi/train/tolls/parking (excl. mileage)	At cost
Travel - Mileage (staff vehicle use)	\$0.70 per km
Postage	Australia Post rates

*Scale applicable for financial year ending 30 June 2015*

## Remuneration Request Approval Report

### Part 1: Declaration

We, Vaughan Strawbridge and Jason Tracy of Deloitte Touche Tohmatsu, have undertaken a proper assessment of this remuneration claim for our appointment as Joint and Several Administrators of the Company in accordance with the law and applicable professional standards. We are satisfied that the remuneration claimed is in respect of necessary work, properly performed, or to be properly performed, in the conduct of the Administration and further work to be properly performed as either Deed Administrators or Liquidators of the Company.

### Part 2: Executive Summary

To date, no remuneration has been approved and paid in this administration. This remuneration report details approval sought for the following fees:

Period	Report Reference	Amount \$ (excl. GST)
<b>Current remuneration approval sought:</b>		
2 April 2014 – 17 October 2014	3.1	\$160,781.50
18 October 2014 – 3 November 2014*	3.2	\$20,000.00
4 November – Execution of DOCA*	3.3	\$15,000.00
<b>Total – Voluntary Administration</b>		<b>\$195,781.50</b>
<b>Deed of Company Arrangement (DOCA)</b>		
Execution to completion of DOCA*	3.4	\$60,000
<b>Liquidation</b>		
3 November to completion of Liquidation*	3.5	\$80,000

\*Approval for the future remuneration sought is based on an estimate of the work necessary to the end of the relevant period. Should additional work be necessary beyond what is forecast, further approval may be sought from creditors.

Please refer to report section references detailed in the above table for full details of the calculation and composition of the remuneration approval sought.

### Part 3: Description of work completed

#### 3.1 Actual work completed – 2 April 2014 to 17 October 2014

Task Area	General Description	Includes
<b>Assets</b> <b>13.0 hours</b> <b>\$3,804.00</b>	Plant and Equipment	Reviewing asset listings
	Assets subject to specific charges	Review PPSR documentation and related security Correspondence with security interest holders Review CN Holder documentation
	Debtors	Reviewing and assessing debtors ledgers Communications with the Receivers and Managers regarding the recoverability of debtors
	Other Assets	Tasks associated with realising other assets including the Company's intellectual property Review intellectual property documentation
	Sale of Intellectual Property	Prepare advertisement seeking expressions of interest for intellectual property assets Prepare an information flyer for the sale of intellectual property Communications with interested parties Prepare and maintain expressions of interest schedule
<b>Creditors</b> <b>181.5 hours</b> <b>\$45,346.50</b>	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Committee of creditors	Meeting with and provide updates to committee members Correspondence with committee of creditors members
	Creditor reports	Preparing 439A report, investigation, meeting and general reports to creditors advising of the status of the administration Review and discuss DOCA proposals Meetings with the DOCA proponents in relation to the DOCA proposals
	Dealing with proofs of debt	Receipting and filing PODs Adjudicating PODs Request further information from claimants regarding PODs Communication with Hall Chadwick regarding PODs from the first meeting of creditors
	Meeting of Creditors	Responding to stakeholder queries and questions immediately following first meeting of creditors
	Shareholder enquires	Communication with all shareholders in relation to electronic communication in accordance with Section 600G of the Act Responding to shareholder queries Prepare and update schedule of shareholders who wish to receive electronic communication
<b>Employees</b> <b>8.0 hours</b> <b>\$2,855.00</b>	Employees enquiry	Receive and follow up employee enquiries via telephone Review and prepare correspondence to employees Preparation of letters to employees advising of the status of the administration
	Calculation of entitlements	Discuss the status of employee entitlements with the Receivers and Managers Calculating employee entitlements Reviewing employee files and company's books and records



Task Area	General Description	Includes
		Reviewing a number of payments made to employees in the relation-back period
<b>Investigation</b> <b>150.5 hours</b> <b>\$53,605.00</b>	Conducting investigation	Collection of company books and records Reviewing company's books and records Review and preparation of company history Conducting and summarising statutory searches Preparation of comparative financial statements Preparation of estimated statement of return to creditors Review of specific transactions and liaising with directors regarding certain transactions Preparation of investigation file
	Litigation	Consider potential unfair preference payments
	ASIC reporting	Preparing statutory investigations Liaising with ASIC in relation to the status of the administration Telephone meeting with ASIC regarding exemption of holding an AGM and lodging a financial report for the financial year ended 30 June 2014 Preparing two reports to ASIC for the exemption of holding an AGM and lodging a financial report for the financial year ended 30 June 2014.
<b>Administration</b> <b>162.1 hours</b> <b>\$55,171.00</b>	Document maintenance / file review/checklist	First month administration review Filing of documents File reviews Updating checklists
	Insurance	Correspondence with insurance broker regarding initial and ongoing insurance requirements Reviewing insurance policies Correspondence with previous brokers Communications with the Receivers and Managers regarding the insurance claim
	Bank account administration	Preparing correspondence closing bank accounts Requesting bank statements Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Notification of appointment Review investigative documents requested from the ATO Ongoing discussions with the Receivers and Managers regarding the status of the research and development rebate from the ATO
	Planning / Review	Discussions regarding status of administration Internal meetings to discuss extension of the convening period Preparing brief to solicitors Preparing and reviewing affidavit for the extension of the convening period Liaising with solicitors regarding the convening period application Attending to court
<b>Total</b> <b>515.1 hours</b> <b>\$160,781.50</b>  <b>(Average Hourly Rate \$ 312.14)</b>		

### 3.2 Forecast work from 18 October 2014 to 3 November 2014

Task Area	General Description	Includes
<b>Assets</b> <b>6.0 hours</b> <b>\$2,095.00</b>	Plant and Equipment	Reviewing asset listings
	Assets subject to specific charges	Discussions with secured creditors and their representatives Review CN Holder documentation
	Sale of Intellectual Property	Prepare an information flyer for the sale of intellectual property Communications with interested parties Prepare and maintain expressions of interest schedule
<b>Creditors</b> <b>19.5 hours</b> <b>\$6,385.00</b>	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Committee of creditors	Correspondence with committee of creditors members Providing updates to committee members regarding status of the administration
	Creditor reports	Finalise 439A report to creditors Review and discuss DOCA proposals Meetings with the DOCA proponents in relation to the DOCA proposals
	Dealing with proofs of debt	Receipting and filing PODs Adjudicating informal PODs Request further information from claimants regarding informal PODs
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of second meeting to all known creditors and shareholders Preparation of meeting file, including agenda, certificate of postage, attendance register, list of creditors, reports to creditors, advertisement of meeting and draft minutes of meeting
	Shareholder enquires	Distribution of 439A report to shareholders Responding to any shareholder queries
<b>Employees</b> <b>4.0 hours</b> <b>\$1,095.00</b>	Employees enquiry	Receive and follow up employee enquiries via telephone Review and prepare correspondence to employees
<b>Investigation</b> <b>10.0 hours</b> <b>\$3,780.00</b>	Conducting investigation	Reviewing company's books and records Conducting and summarising statutory searches Liaising with directors regarding certain transactions Finalisation of investigation file.
	ASIC reporting	Preparing statutory investigation Liaising with ASIC in relation to the status of the administration Providing 439A report to ASIC.
<b>Administration</b> <b>18.0 hours</b> <b>\$6,625.00</b>	Document maintenance / file review/checklist	Filing of documents File reviews Updating checklists.
	Insurance	Discussions with Receivers and Managers and their solicitors regarding settlement of insurance claim
	Finalisation of the Voluntary Administration	Discussions regarding status of administration Communications with the Receivers and Managers regarding the status the Receivership

Task Area	General Description	Includes
	Books and Records / storage	Dealing with books and records Communicating with the Receivers regarding the books and records.
<b>Total</b> <b>57.5 hours</b> <b>\$19,980.00</b>  (Average Hourly Rate \$ 347.48)		

### 3.3 Forecast work from 4 November 2014 to the execution of a DOCA

Task Area	General Description	Includes
<b>Assets</b> <b>6.0 hours</b> <b>\$2,210.00</b>	Assets subject to specific charges	Discussions with secured creditors and their representatives Review CN Holder documentation
	Other Assets	Communications with the Receivers and Managers regarding surplus funds available to the Administrators
	Transfer of Intellectual Property	Prepare documents to effectuate transfer of assets to DOCA proponents Engage solicitors to draft legal documentation
<b>Creditors</b> <b>21.0 hours</b> <b>\$5,457.50</b>	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register
	Shareholder enquires	Responding to any shareholder queries following second meeting of creditors
<b>Administration</b> <b>24.0 hours</b> <b>\$7,327.50</b>	Prepare DOCA	Draft deed of company arrangement Discussions with DOCA proponents regarding formal documentation Execution of DOCA
	Finalisation of the Voluntary Administration	Discussions regarding status of administration Communications with the Receivers and Managers regarding the status the Receivership Notifying ATO of finalisation of Voluntary Administration Completing checklists Finalising WIP
<b>Total</b> <b>51.0 hours</b> <b>\$14,995.00</b>  (Average Hourly Rate \$ 294.02)		

### 3.4 Deed of Company Arrangement

#### Future remuneration for the period of the DOCA

Task Area	General Description	Includes
<b>Assets</b> <b>12.5 hours</b> <b>\$4,305.00</b>	DOCA Fund	Administration of DOCA Fund Prepare and update schedules relating to the DOCA fund Administer funds Maintain receipts and payments
<b>Creditors</b> <b>18.5 hours</b> <b>\$5,182.50</b>	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post
	Creditor reports	Meetings with the DOCA proponents in relation to the status of the DOCA
	Dealing with proofs of debt	Receipting and filing PODs Adjudicating PODs Request further information from claimants regarding POD
	Shareholder enquires	Responding to any shareholder queries
<b>Dividend</b> <b>155.0 hours</b> <b>\$41,050.00</b>	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of PODs Receipt of PODs Maintain POD register Request further information from claimants regarding PODs Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
<b>Administration</b> <b>33.5 hours</b> <b>\$9,447.50</b>	Document maintenance / file review / checklist	Filing of documents File reviews Updating checklists
	Insurance	Communications with the Receivers and Managers regarding receipt of surplus funds
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations
	ASIC and other forms	Preparing and lodging ASIC forms Correspondence with ASIC regarding statutory forms
	ATO & other statutory reporting	Preparing BAS Notification of appointment as Deed Administrators

Task Area	General Description	Includes
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Books and records / storage	Sending job files to storage
	Planning / Review	Discussions regarding status of DOCA
<b>Total</b> <b>219.5 hours</b> <b>\$59,985.00</b>  <b>(Average Hourly Rate \$ 273.28)</b>		

### 3.5 Liquidation

#### Future Remuneration – 3 November 2014 to completion of the Liquidation

Task Area	General Description	Includes
<b>Assets</b> <b>37.0 hours</b> <b>\$11,700.00</b>	Sale of intellectual property	Preparing an information memorandum Liaising with purchasers Internal meetings to discuss/review offers received
<b>Creditors</b> <b>55.0 hours</b> <b>\$17,050.00</b>	Creditor reports	Prepare reports to creditors
	Creditor Enquiries	Receive and follow up creditor enquiries via telephone Maintaining creditor enquiry register Review and prepare correspondence to creditors and their representatives via facsimile, email and post Correspondence with committee of creditors members
	Secured creditor reporting	Notifying PPSR registered creditors of appointment Preparing reports to secured creditor Responding to secured creditor's queries
	Dealing with proofs of debt	Receipting and filing PODs Corresponding with OSR and ATO regarding POD when not related to a dividend
	Meeting of Creditors	Preparation of meeting notices, proxies and advertisements Forward notice of meeting to all known creditors
	Shareholder enquiries	Responding to any shareholder enquiries
<b>Investigation</b> <b>24.5 hours</b> <b>\$9,235.00</b>	Conducting investigation	Reviewing company's books and records Liaising with directors regarding certain transactions Preparation of investigation file Lodgement of investigation with the ASIC Preparation and lodgement of supplementary report if required
	Examinations	Preparing brief to solicitor Consider conducting public examinations
	ASIC reporting	Preparing statutory investigation reports Liaising with ASIC

Task Area	General Description	Includes
<b>Dividend</b> <b>79.0 hours</b> <b>\$23,760.00</b>	Processing proofs of debt	Preparation of correspondence to potential creditors inviting lodgement of POD Receipt of POD Maintain POD register Adjudicating POD Request further information from claimants regarding POD Preparation of correspondence to claimant advising outcome of adjudication
	Dividend procedures	Preparation of correspondence to creditors advising of intention to declare dividend Advertisement of intention to declare dividend Obtain clearance from ATO to allow distribution of company's assets Preparation of dividend calculation Preparation of correspondence to creditors announcing declaration of dividend Advertise announcement of dividend Preparation of distribution Preparation of dividend file Preparation of payment vouchers to pay dividend Preparation of correspondence to creditors enclosing payment of dividend
<b>Administration</b> <b>61.0 hours</b> <b>\$18,090.00</b>	Correspondence	General correspondence to letters and emails
	Document maintenance / file review / checklist	First month, then six monthly administration review Filing of documents File reviews Updating checklists
	Insurance	Review of Receivers and Managers' settlement with insurers Correspondence with previous brokers
	Bank account administration	Preparing correspondence opening and closing accounts Requesting bank statements Bank account reconciliations Correspondence with bank regarding specific transfers
	ASIC Form 524 and other forms	Preparing and lodging ASIC forms including 505, 524, 911 etc Correspondence with ASIC regarding statutory forms
	ATO and other statutory reporting	Notification of appointment Preparing BAS
	Finalisation	Notifying ATO of finalisation Cancelling ABN / GST / PAYG registration Completing checklists Finalising WIP
	Planning / Review	Discussions regarding status of liquidation
	Books and records / storage	Sending job files to storage Request approval from ASIC for early destruction of books and records Destruction of books and records

Task Area	General Description	Includes
<b>Total</b> 256.5 hours \$79,835.00  (Average Hourly Rate \$ 311.25)		

**Part 4: Calculation of Remuneration**

**Resolution 1 - Calculation of Current Remuneration – 2 April 2014 to 17 October 2014**

Please see the table at *Attachment 1*.

**Resolution 2 - Calculation of Future Remuneration – 18 October 2014 to 3 November 2014**

Please see the table at *Attachment 2*.

**Resolution 3 - Calculation of Future Remuneration – 4 November 2014 to execution of the DOCA**

Please see the table at *Attachment 3*.

**Resolution 4 - Calculation of Future Remuneration – Period of the DOCA**

Please see the table at *Attachment 4*.

**Resolution 5 - Calculation of Future Remuneration – 3 November 2014 to completion of the Liquidation**

Please see the table at *Attachment 5*.

**Part 5: Statement of remuneration claim****5.1: Statement of remuneration claim – Current remuneration 2 April 2014 to 17 October 2014**

The following resolution in relation to the Administrators' current remuneration will be proposed to the creditors of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed):

*“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 2 April 2014 to 17 October 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$160,781.50 plus GST plus disbursements equalling \$9,455.28 plus GST, and that the Administrators can draw the remuneration and disbursements as required.”*

**5.2: Statement of remuneration claim – Future remuneration 18 October 2014 to 3 November 2014**

The following resolution in relation to the Administrators' future remuneration will be proposed to the creditors of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed):

*“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 18 October 2014 to 3 November 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$20,000.00 plus GST and disbursements, and that the Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

**5.3: Statement of remuneration claim – Future remuneration 4 November 2014 to the execution of the DOCA**

The following resolution in relation to the Administrators' future remuneration in the event creditors vote in favour of a DOCA will be proposed to the creditors of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed):

*“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 4 November 2014 until the execution of the DOCA is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$15,000.00 plus GST and disbursements, and that the Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

**5.4: Statement of remuneration claim – Future remuneration of the Deed Administrators for the period of the DOCA**

The following resolution in relation to the Deed Administrators' future remuneration will be proposed to the creditors of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed) in the event that creditors vote in favour of a DOCA:

*“That the remuneration of the Deed Administrators, their partners and staff, for the period of the Deed of Company Arrangement is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$60,000 plus GST and disbursements, and that the Deed Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*



## 5.5: Statement of remuneration claim – Future remuneration 3 November 2014 to the completion of the Liquidation

The following resolution in relation to the Liquidators' future remuneration will be proposed to the creditors of Oceanlinx Limited (Administrators Appointed) (Receivers and Managers Appointed):

*“That the remuneration of the Liquidators, their partners and staff, for the period of the Liquidation from 3 November 2014 to the conclusion of the liquidation is fixed at a sum equal to the cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$80,000 plus GST and disbursements, and that the Liquidators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

### Part 6: Disbursements

Disbursements are divided into three types:

1. Disbursements are externally provided professional services - these are recovered at cost. An example of an A disbursement is legal fees.
2. Disbursements are externally provided non-professional costs such as travel, accommodation, search fees, meeting room hire and advertising. B disbursements are recovered at cost.
3. Disbursements are internally provided non-professional costs such as telephone calls, photocopying, printing and postage. These disbursements, if charged to the Administration, would generally be charged at cost; though some expenses such as telephone calls, photocopying and printing may be charged at a rate which recoups both variable and fixed costs. The recovery of these costs must be on a reasonable commercial basis.

We have undertaken a proper assessment of disbursements claimed for the Company, in accordance with the law and applicable professional standards. We are satisfied that the disbursements claimed are necessary and proper.

Where amounts have been paid by our firm for externally provided services and costs, those payments are in reimbursement of costs previously paid by our firm, either due to lack of funds in the Administration at the time the payment was made, or the direct invoicing of our firm by the supplier.

Disbursements 2 April 2014 to 17 October 2014	Basis	Total \$ (exc GST)
<b>External non-professional disbursements</b>		
Search and Filing Fees	At cost - based on commercial rates as offered by commonly used external providers	\$286.82
Travel – Taxi/train/tolls/parking/mileage/flights	At cost - based on commercial rates as offered by commonly used external providers	\$1,002.76
<b>Internal disbursements</b>		
Stationery, printing, photocopying, telephone & data, staff per diem	5% of incurred insolvency fees	\$8,039.08
Postage	Australia Post rates	\$57.27
Amenities	Staff Amenities	\$69.35
<b>Total</b>		<b>\$9,455.28</b>

### Part 7: Information Sheet

Refer to Appendix G: ASIC Information Sheet 85 - Approving fees: a guide for creditors.



Attachment 1

Oceanlinx Limited  
 (Administrators Appointed) (Receivers and Managers Appointed)  
 ACN 077 104 404  
 Actual remuneration - 2 April 2014 to 17 October 2014

Employee	Position	\$/hour (ex GST)	Total actual (hours)	Total actual (\$)	Task Area									
					Administration		Assets		Creditors		Employees		Investigations	
					Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
Strawbridge, Vaughan	Partner	600.00	47.7	28,620.00	11.9	7,140.00	2.2	1,320.00	7.4	4,440.00	1.5	900.00	24.7	14,820.00
Rose, Dan	Director	460.00	101.9	46,874.00	58.5	26,910.00	-	-	7.7	3,542.00	2.0	920.00	33.7	15,502.00
Stewart, Andrew	Manager	300.00	33.0	9,900.00	3.0	900.00	-	-	-	-	-	-	30.0	9,000.00
George, Tanya	Manager	300.00	0.5	150.00	0.5	150.00	-	-	-	-	-	-	-	-
Clark, Carol	Senior Analyst	230.00	1.4	322.00	1.4	322.00	-	-	-	-	-	-	-	-
Pogroske, Dean	Senior Analyst	230.00	310.2	71,346.00	82.9	19,067.00	10.8	2,484.00	149.9	34,477.00	4.50	1,035.00	62.1	14,283.00
Spowart, Naty	Senior Analyst	230.00	0.7	161.00	0.7	161.00	-	-	-	-	-	-	-	-
Singleton, Benjamin	Analyst	175.00	16.9	2,957.50	0.4	70.00	-	-	16.5	2,887.50	-	-	-	-
Smith, Sarah	Analyst	175.00	1.5	262.50	1.5	262.50	-	-	-	-	-	-	-	-
Satti, Muhammad	Graduate	145.00	1.3	188.50	1.3	188.50	-	-	-	-	-	-	-	-
<b>Total</b>			<b>515.1</b>	<b>\$160,781.50</b>	<b>162.1</b>	<b>\$55,171.00</b>	<b>13.0</b>	<b>\$3,804.00</b>	<b>181.5</b>	<b>\$45,346.50</b>	<b>8.0</b>	<b>\$2,855.00</b>	<b>150.5</b>	<b>\$53,605.00</b>
GST				16,078.15										
<b>Total (including GST)</b>				<b>176,859.65</b>										
<i>Average hourly rate</i>			<i>312.14</i>		<i>340.35</i>		<i>292.62</i>		<i>249.84</i>		<i>356.88</i>		<i>356.18</i>	



Attachment 2

Oceanlinx Limited  
 (Administrators Appointed) (Receivers and Managers Appointed)  
 ACN 077 104 404  
 Forecast remuneration - 18 October 2014 to 3 November 2014

Employee	Position	\$/hour (ex GST)	Total actual (hours)	Total actual (\$)	Task Area									
					Administration		Assets		Creditors		Employees		Investigations	
					Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
Strawbridge, Vaughan	Partner	600.00	6.0	3,600.00	1.0	600.00	1.0	600.00	2.0	1,200.00	-	-	2.0	1,200.00
Tracy, Jason	Partner	600.00	2.0	1,200.00	2.0	1,200.00	-	-	-	-	-	-	-	-
Evans, Kathryn	Director	460.00	2.0	920.00	2.0	920.00	-	-	-	-	-	-	-	-
Rose, Dan	Director	460.00	11.5	5,290.00	3.0	1,380.00	1.5	690.00	4.0	1,840.00	1.0	460.00	2.0	920.00
Stewart, Andrew	Manager	300.00	13.0	3,900.00	4.0	1,200.00	-	-	5.0	1,500.00	-	-	4.0	1,200.00
Pogroske, Dean	Senior Analyst	230.00	19.0	4,370.00	5.0	1,150.00	3.5	805.00	6.5	1,495.00	2.0	460.00	2.0	460.00
Smith, Sarah	Analyst	175.00	4.0	700.00	1.0	175.00	-	-	2.0	350.00	1.0	175.00	-	-
<b>Total</b>			<b>57.5</b>	<b>19,980.00</b>	<b>18.0</b>	<b>6,625.00</b>	<b>6.0</b>	<b>2,095.00</b>	<b>19.5</b>	<b>6,385.00</b>	<b>4.0</b>	<b>1,095.00</b>	<b>10.0</b>	<b>3,780.00</b>
GST				1,998.00										
<b>Total (including GST)</b>				<b>21,978.00</b>										
<i>Average hourly rate</i>			<i>347.48</i>		<i>368.06</i>		<i>349.17</i>		<i>327.44</i>		<i>273.75</i>		<i>378.00</i>	



Attachment 3

**Oceanlinx Limited**

**(Administrators Appointed) (Receivers and Managers Appointed)**

**ACN 077 104 404**

**Forecast remuneration - 4 November 2014 to the execution of the DOCA**

Employee	Position	\$/hour (ex GST)	Total actual (hours)	Total actual (\$)	Task Area					
					Administration		Assets		Creditors	
					Hours	(\$)	Hours	(\$)	Hours	(\$)
Strawbridge, Vaughan	Partner	600.00	4.0	2,400.00	2.0	1,200.00	1.0	600.00	1.0	600.00
Tracy, Jason	Partner	600.00	1.0	600.00	1.0	600.00	-	-	-	-
Rose, Dan	Director	460.00	7.0	3,220.00	3.0	1,380.00	2.0	920.00	2.0	920.00
Stewart, Andrew	Manager	300.00	9.0	2,700.00	6.0	1,800.00	-	-	3.0	900.00
Pogroske, Dean	Senior Analyst	230.00	15.0	3,450.00	4.5	1,035.00	3.0	690.00	7.5	1,725.00
Smith, Sarah	Analyst	175.00	15.0	2,625.00	7.5	1,312.50	-	-	7.5	1,312.50
<b>Total</b>			<b>51.0</b>	<b>14,995.00</b>	<b>24.0</b>	<b>7,327.50</b>	<b>6.0</b>	<b>2,210.00</b>	<b>21.0</b>	<b>5,457.50</b>
GST				1,499.50						
<b>Total (including GST)</b>				<b>16,494.50</b>						
<i>Average hourly rate</i>			<i>294.02</i>		<i>305.31</i>		<i>368.33</i>		<i>259.88</i>	



Attachment 4

Oceanlinx Limited

(Administrators Appointed) (Receivers and Managers Appointed)

ACN 077 104 404

Forecast remuneration - period of the Deed of Company Arrangement

Employee	Position	\$/hour (ex GST)	Total actual (hours)	Total actual (\$)	Task Area							
					Administration		Assets		Creditors		Dividend	
					Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
Strawbridge, Vaughan	Partner	600.00	13.5	8,100.00	2.0	1,200.00	2.0	1,200.00	2.0	1,200.00	7.5	4,500.00
Tracy, Jason	Partner	600.00	1.0	600.00	1.0	600.00	-	-	-	-	-	-
Rose, Dan	Director	460.00	22.0	10,120.00	2.0	920.00	3.0	1,380.00	2.0	920.00	15.0	6,900.00
Stewart, Andrew	Manager	300.00	27.0	8,100.00	5.0	1,500.00	-	-	2.0	600.00	20.0	6,000.00
George, Tanya	Manager	300.00	8.5	2,550.00	1.0	300.00	-	-	-	-	7.5	2,250.00
Spowart, Naty	Senior Analyst	230.00	18.0	4,140.00	3.0	690.00	-	-	-	-	15.0	3,450.00
Pogroske, Dean	Senior Analyst	230.00	67.5	15,525.00	15.0	3,450.00	7.5	1,725.00	5.0	1,150.00	40.0	9,200.00
Smith, Sarah	Analyst	175.00	62.0	10,850.00	4.5	787.50	-	-	7.5	1,312.50	50.0	8,750.00
<b>Total</b>			<b>219.5</b>	<b>59,985.00</b>	<b>33.5</b>	<b>9,447.50</b>	<b>12.5</b>	<b>4,305.00</b>	<b>18.5</b>	<b>5,182.50</b>	<b>155.0</b>	<b>41,050.00</b>
GST				5,998.50								
<b>Total (including GST)</b>				<b>65,983.50</b>								
<i>Average hourly rate</i>			<i>273.28</i>		<i>282.01</i>		<i>344.40</i>		<i>280.14</i>		<i>264.84</i>	

## Attachment 5

### Oceanlinx Limited

(Administrators Appointed) (Receivers and Managers Appointed)

ACN 077 104 404

Forecast remuneration - 3 November 2014 to the completion of the Liquidation

Employee	Position	\$/hour (ex GST)	Total actual (hours)	Total actual (\$)	Task Area									
					Administration		Assets		Creditors		Investigations		Dividend	
					Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)	Hours	(\$)
Strawbridge, Vaughan	Partner	600.00	18.0	10,800.00	2.0	1,200.00	3.0	1,800.00	3.0	1,800.00	5.0	3,000.00	5.0	3,000.00
Tracy, Jason	Partner	600.00	6.5	3,900.00	4.0	2,400.00	-	-	1.0	600.00	0.5	300.00	1.0	600.00
Rose, Dan	Director	460.00	38.0	17,480.00	5.0	2,300.00	10.0	4,600.00	10.0	4,600.00	6.0	2,760.00	7.0	3,220.00
Stewart, Andrew	Manager	300.00	55.0	16,500.00	10.0	3,000.00	-	-	10.0	3,000.00	5.0	1,500.00	30.0	9,000.00
George, Tanya	Manager	300.00	8.0	2,400.00	3.0	900.00	-	-	2.0	600.00	-	-	3.0	900.00
Spowart, Naty	Senior Analyst	230.00	6.0	1,380.00	3.0	690.00	-	-	-	-	-	-	3.0	690.00
Pogroske, Dean	Senior Analyst	230.00	100.0	23,000.00	30.0	6,900.00	20.0	4,600.00	25.0	5,750.00	5.0	1,150.00	20.0	4,600.00
Smith, Sarah	Analyst	175.00	25.0	4,375.00	4.0	700.00	4.0	700.00	4.0	700.00	3.0	525.00	10.0	1,750.00
<b>Total</b>			<b>256.5</b>	<b>79,835.00</b>	<b>61.0</b>	<b>18,090.00</b>	<b>37.0</b>	<b>11,700.00</b>	<b>55.0</b>	<b>17,050.00</b>	<b>24.5</b>	<b>9,235.00</b>	<b>79.0</b>	<b>23,760.00</b>
GST				7,983.50										
<b>Total (including GST)</b>				<b>87,818.50</b>										
<i>Average hourly rate</i>			<i>311.25</i>		<i>296.56</i>		<i>316.22</i>		<i>310.00</i>		<i>376.94</i>		<i>300.76</i>	



## Appendix J - Form of Proxy

CORPORATIONS ACT 2001

APPOINTMENT OF PROXY  
CREDITORS MEETING

**OCEANLIX LIMITED**  
**(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)**  
**ACN 077 104 404**  
**("the Company")**

\*I/\*We (1).....  
of.....  
a creditor of the Company, appoint (2) .....  
.....  
or in his or her absence .....  
as \*my/our \*general/special proxy to vote at the meeting of creditors to be held on Monday, 3 November 2014 at 2:00PM (AEDT), or at any adjournment of that meeting.(3)

- (i) to vote on all matters arising at the meeting (IF GENERAL PROXY)
- OR
- (ii) to vote for or against the following resolutions (IF SPECIAL PROXY)

ONLY COMPLETE THE FOLLOWING IF YOU HAVE APPOINTED A SPECIAL PROXY ABOVE.

Please circle your preferred voting option.

**1. To consider and if thought fit, pass one of the following resolutions (choose ONE of a, b or c):**

- a. *"That the Company execute a Deed of Company Arrangement."* **FOR / AGAINST / ABSTAIN**
- b. *"That the Administration end."* **FOR / AGAINST / ABSTAIN**
- c. *"That the Company be wound up and Vaughan Strawbridge and Jason Tracy be appointed Joint and Several Liquidators"*. **FOR / AGAINST / ABSTAIN**

**2. To consider and if thought fit, approve the Former Administrators' remuneration:**

*"That the remuneration of the Former Administrators of the Company for the period 21 March 2014 to 2 April 2014, be approved up to a maximum amount of \$93,354.00 plus GST, calculated in accordance with the Hall Chadwick hourly rates and the Former Administrators be authorised to draw the remuneration."*

**FOR / AGAINST / ABSTAIN**

**3. To consider and if thought fit, approve the Joint and Several Administrators' current remuneration:**

*"That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 2 April 2014 to 17 October 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$160,781.50 plus GST plus disbursements equalling \$9,455.28 plus GST, and that the Administrators can draw the remuneration and disbursements as required."*

**FOR / AGAINST / ABSTAIN**



**4. To consider and if thought fit, approve the Joint and Several Administrators' future remuneration:**

*“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 18 October 2014 to 3 November 2014 is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$20,000.00 plus GST and disbursements, and that the Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

**FOR / AGAINST / ABSTAIN**

**5. In the event that the creditors vote to place the Company into a Deed of Company Arrangement, to consider and if thought fit, approve the Administrators' future remuneration from 4 November to the execution of a Deed of Company Arrangement:**

*“That the remuneration of the Administrators, their partners and staff, for the period of the Administration from 4 November 2014 until the execution of the DOCA is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$15,000.00 plus GST and disbursements, and that the Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

**FOR / AGAINST / ABSTAIN**

**6. To consider and if thought fit, approve the Deed Administrators' future remuneration:**

*“That the remuneration of the Deed Administrators, their partners and staff, for the period of the Deed of Company Arrangement is fixed at a sum equal to the cost of time spent by the Administrators and the Administrators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$60,000 plus GST and disbursements, and that the Deed Administrators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

**FOR / AGAINST / ABSTAIN**

**7. In the event that the creditors vote to wind up the Company, to consider and if thought fit, approve the Joint and Several Liquidators' future remuneration:**

*“That the remuneration of the Liquidators, their partners and staff, for the period of the Liquidation from 3 November 2014 to the conclusion of the liquidation is fixed at a sum equal to the cost of time spent by the Liquidators and the Liquidators' partners and staff, calculated at the hourly rates as detailed in the Remuneration Report of 24 October 2014 of fees equalling \$80,000 plus GST and disbursements, and that the Liquidators can draw the remuneration and disbursements as incurred. Should a lesser amount be actually incurred, only the lesser amount will be drawn. Should the fees be a greater amount, then the amount will be subject to a separate fee approval and will not be drawn until approved.”*

**FOR / AGAINST / ABSTAIN**

**8. To consider and if thought fit, should creditors resolve that the Company be wound up, pass the following resolution:**

*“That a Committee of Inspection be appointed.”*

**FOR / AGAINST / ABSTAIN**

I am prepared / not\* prepared to sit on the Committee of Inspection.





## Appendix K - Proof of Debt

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

OCEANLIX LIMITED  
(ADMINISTRATORS APPOINTED) (RECEIVERS AND MANAGERS APPOINTED)  
ACN 077 104 404

Name of creditor: .....

Address of creditor: .....

.....

ABN: .....

Telephone number: .....

Amount of debt claimed: \$..... (including GST \$ ..... )

Consideration for debt (i.e, the nature of goods or services supplied and the period during which they were supplied):

.....  
.....  
.....

Is the debt secured? YES/NO

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

.....  
.....  
.....

Other information:

.....  
.....

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

**Notes:**

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

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

At meetings held under Section 436E and 439A, a secured creditor may vote for the whole of his or her debt without regard to the value of the security.

Proxies must be made available to the Joint Administrators.