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Oceanlinx Limited
(Administrators Appointed)
(Receivers and Managers Appointed)
ACN 077 104 404

Second Meeting of Creditors
Monday 3 November 2014 2:00pm AEDT

Second Creditors' Meetings

Oceanlinx Limited

(Administrators Appointed)

(Receivers and Managers Appointed)

ACN 077 104 404

("the Company")

Opening of the meeting by the Chairperson

Vaughan Strawbridge, Deloitte – Joint Administrator

Second Creditors' Meetings

Background to our appointment

- On 21 March 2014, David Ross and Brent Kijurina of Hall Chadwick were appointed Joint and Several Administrators by the Directors of the Company pursuant to 436A of the Corporations Act 2001 (the Act).
- At the first meeting of creditors on 2 April 2014, Jason Tracy and I replaced Messrs Ross and Kijurina as Joint and Several Administrators 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.

Second Creditors' Meetings

Extension to the convening period

Application was heard in Federal Court of Australia on 23 April 2014 to extend convening period for up to 180 days.

Extension sought to allow time to achieve the following:

- to allow the directors of the Company additional time to formulate a proposal for a Deed of Company Arrangement (DOCA)
- to allow us time to assess and report on DOCA proposals received
- to ascertain likelihood of insurance claim
- to lodge the R&D rebate claim
- to determine what funds may be available to support a DOCA.

Court extended convening period to Monday, 27 October 2014 to convene the second meeting of creditors.

A copy of the Court Order published on Deloitte website:

www.deloitte.com/au/oceanlinx.

Agenda

- Purpose
- Actions by the Administrators and Receivers
- Summary of 439A Report
- Estimated Statement of Position for Creditors
- Questions from the floor
- Voting / resolutions / Creditors' Committee Appointment
- Questions and any other business
- Closure

Purpose

The process has four distinct phases:

- Administrators' appointment & First Meeting
- Investigation and trading period (including the sale of business)
- **Second (439A) Meeting of creditors**
- Implementation of the agreed course of action

Purpose

The Second (439A) Meeting:

The Administrators have conducted an investigation into the affairs of the companies.

Purpose of the meeting is to resolve one of the following for the Company:

- The Company enter into a Deed of Company Arrangement
- The administration end and control returned to the directors
- The administration end and the company be wound up.

Creditors have the benefit of the Administrators' report and must resolve which of the options they wish the Company to adopt.

Actions by the Administrators

Statutory compliance

- All statutory notices to notify of our appointment
- Liaising with the Former Administrators
- Prepare affidavit and Court attendance in relation to the extension of the convening period
- Convening and holding a meeting of the Committee of Creditors
- Convening the second meeting of creditors.

Investigations, legal and strategic matters

- Conduct preliminary investigations into the affairs of the Company
- Review of the Company's books and records to identify potential preference payments
- Meetings, discussions and consideration of various DOCA proposals received
- Prepare 439A Report to creditors dated 24 October 2014.

Actions by the Administrators

Expressions of Interest campaign

- Receivers and Managers have not dealt with the intellectual property assets of the Company
- Comprised of one registered patent and six pending patents in 11 countries
- We contacted parties we believed could be interested in the business
- To date, we received ten (10) expressions of interest and three offers for the intellectual property assets
- One of the offers is significant and may improve the overall outcome for creditors in a liquidation scenario. This is discussed in this presentation.

Creditors

- Attending to correspondence and queries from creditors
- Dealing with the Committee queries and convening Committee meeting
- Receiving and validating creditors' informal proofs of debt.

Actions by the Receivers and Managers

Receivers and Managers were appointed on 26 March 2014 and took control of the Company.

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
- Obtained funds from the Former Administrators
- Arranged completion of the Company's FY14 financial statements
- Engaged accounting firm KPMG to assist with the R&D tax rebate claim and have now received \$3.1m from the ATO
- Settled the Company's insurance claim in respect of the GreenWAVE prototype with the Company's insurer
- Paid an interim distribution to Macquarie Bank
- Paid the majority of employee priority creditors.

Summary of 439A Report dated 24 October 2014

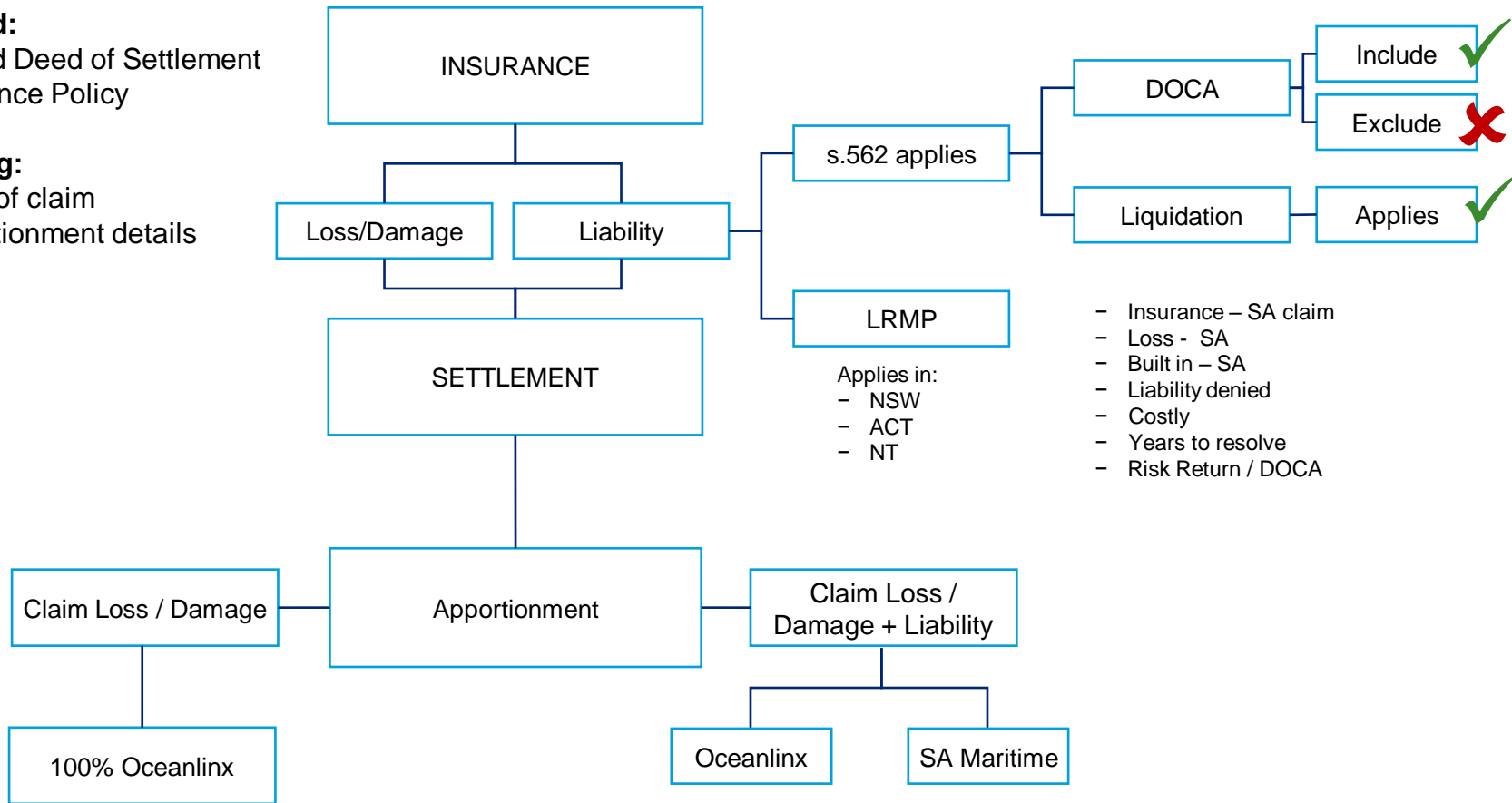
Key findings:

- Company likely became insolvent in December 2013/January 2014
- Directors may have traded the Company whilst insolvent
- Directors may have defences against insolvent trading claims
- Identified potential voidable transactions which may be recoverable by a liquidator in the amount of \$51k
- DOCA proposed indicates a likely return to creditors that is superior than in a liquidation:

Estimated returns to creditors	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	73
Priority creditors	100	100	100	100	100	100
Unsecured creditors	52	37	23	24	9	-

Insurance settlement

- **Received:**
 - Signed Deed of Settlement
 - Insurance Policy
- **Awaiting:**
 - Basis of claim
 - Apportionment details



- Insurance – SA claim
- Loss - SA
- Built in – SA
- Liability denied
- Costly
- Years to resolve
- Risk Return / DOCA

New Proposal:

- Offer to acquire IP and GreenWAVE unit
 - Cash component Nil
 - Non-participating creditor claims
 - Unsecured creditor \$491k
 - CN Holder \$450k
 - Assumption of contingent liabilities:
 - South Australia Maritime \$3,000k
 - NSW Maritime \$500k
- Required to be able to consider offer:
 - Full release from South Australia Maritime
 - Full release from NSW Maritime
- The sale consideration does not provide any cash but significantly reduces the creditor pool.

Estimated Statement of Position for Creditors

Summary of DOCA proposal vs Liquidation \$'000	DOCA			Liquidation			New Proposal	
	High	Medium	Low	High	Medium	Low	High	Low
Assets available								
Cash consideration		400	400		-	-	-	-
Surplus from Receivers and Managers		2,500	1,500		2,500	1,500	2,500	1,500
Intellectual Property		Nil	Nil		Unquantifiable	Unquantifiable	Unquantifiable	Unquantifiable
Total assets		2,900	1,900		2,500	1,500	2,500	1,500
Add: Liquidators recovery actions		-	N/A		51	-	51	-
Administration Costs								
Current Administrators' Fees		(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)		-	-	-	-
Legal fees		(30)	(30)		(80)	(80)	(30)	(30)
		(235)	(235)		(270)	(270)	(220)	(220)
Estimated Deed Administrators / Liquidators costs								
Deed Administrators' / Liquidators' fees		(60)	(60)		(80)	(80)	(80)	(80)
Legal fees		(30)	(30)		(20)	(20)	(30)	(30)
		(90)	(90)		(100)	(100)	(110)	(110)
Funds available to secured creditors		2,575	1,575		2,181	1,130	2,221	1,170
CN Holders - ALLPAAP security interest		Nil	Nil		(1,540)	(1,540)	(1,540)	(1,540)
Funds available to DOCA Fund / Unsecured creditors		2,575	1,575		641	(410)	681	(370)
Unsecured creditors								
CN Holders - unsecured		(370)	(370)		(370)	(370)	-	-
Trade creditors		(3,044)	(3,044)		(3,044)	(3,044)	(2,553)	(2,553)
Contingent liabilities		(3,500)	(3,500)		(3,500)	(3,500)	-	-
Surplus / (deficit) to creditors from DOCA / Liquidation		(4,339)	(5,339)		(6,273)	(7,324)	(1,872)	(2,923)
Return cents in the dollar		37	23		9	-	27	-

No longer a possible scenario

No longer a possible scenario

New information received subsequent to our 439A report

CN Holder and OEC will withdraw claims

NSW Maritime and SA Maritime effectively receive 100c in \$

Questions about 439A Report

- From the floor

Voting/Resolutions

Resolutions

Motions to be resolved on the voices, unless a poll is demanded (Regulation 5.6.19, 5.6.20)

A poll could be demanded by:

- The Chairperson; or
- At least two persons entitled to vote; or
- A person representing not less than 10%.

Administrators' Remuneration

Resolution 1 – To 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.”

Administrators' Remuneration

Resolution 2 – To approve the 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.”

Administrators' Remuneration

Resolution 3 – To approve the 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.”

Resolutions under 439A

Resolution 4 – To adjourn the meeting of creditors for up to 45 business days:

“That the meeting of the creditors of the Company convened under section 439A of the Corporations Act 2001 be adjourned for a period of up to 45 business days pursuant to section 439B(2) of the Corporations Act 2001.”



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