

06 April 2017

TO CREDITORS AND SUPPLIERS

Dear Sir/Madam

STOCHASTIC SIMULATION LIMITED (RECEIVERS & MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ACN 132 012 296
ABN 89 132 012 296
(the Company)

I refer to the appointment of Bryan Hughes, Renee O'Driscoll and Daniel Bredenkamp of Pitcher Partners as Joint and Several Receivers and Managers of the Company on 30 March 2017 (**Receivers and Managers**). The Directors of the Company have appointed Richard Hughes and I as Joint & Several Administrators of the Company (**Administrators**) on 3 April 2017 pursuant to Section 436A of the *Corporations Act 2001*.

We understand that the Receivers and Managers are currently examining the trading position of the Company with a view to assessing its future viability. As a consequence of and from the date of their appointment, the Receivers and Managers have taken control of the management operations of the Company and of its assets in accordance with the Act.

The Receivers and Managers primary duty is recovery of the debts due to the secured creditor. Our duty as Voluntary Administrators is to all creditors. Our role is to consider whether the Company should be returned to the control of the Directors, be restructured via deed of company arrangement or liquidated.

We will report to you in regard you these matters in due course.

I am required to convene a first meeting of creditors with 8 business days following my appointment. Accordingly, I enclose the following:

1. Notice of Meeting of Creditors to be held at the offices of Deloitte Financial Advisory Pty Ltd, Ground Floor Auditorium, Tower 2, Brookfield Place, 123 St Georges Terrace, PERTH WA 6000 on 13 April 2017 at 11:00AM (WST) (**the first meeting**)
2. Informal Proof of Debt for Voting Purposes
3. Instrument of Proxy
4. A Declaration of Independence / Indemnities & Relevant Relationships for the purposes of Section 436DA of the Act
5. ASIC Information Sheet
6. Remuneration Proposal
7. An approval form for electronic notification.

The effect of my appointment is to place a moratorium on the payment of unsecured creditors' accounts in relation to trading and other debts incurred up to the date of my appointment, until creditors make a decision about the Company's future.

Creditors with security interests including retention of title creditors will have their entitlements determined in accordance with relevant processes under applicable law. That decision will be made at a second meeting of creditors, to be held within 30 business days following our appointment. Creditors will receive notice of that meeting in due course.

Should you have any questions in relation to this matter, please contact Tyron Lopes of this office on (08) 9365 8171 or via email at tylopes@deloitte.com.au.

Yours faithfully



Jason Tracy
Joint & Several Administrator

Encl

FORM 529A

subregulation 5.6.12 (6)

CORPORATIONS ACT 2001
Section 436E

NOTICE OF FIRST MEETING OF
CREDITORS OF COMPANY UNDER ADMINISTRATION
STOCHASTIC SIMULATION LIMITED (RECEIVERS & MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ACN 132 012 296

1. On 3 April 2017 the Company under Section 436A of the *Corporations Act* appointed Jason Tracy and Richard Hughes of Deloitte Financial Advisory Pty Ltd, Tower 2, Brookfield Place, 123 St Georges Terrace, PERTH WA 6000 as the Joint & Several Administrators of the Company.
2. Notice is now given that a meeting of the creditors of the company will be held at the offices of Deloitte Financial Advisory Pty Ltd, Ground Floor Auditorium, Tower 2, Brookfield Place, 123 St Georges Terrace, PERTH WA 6000 on 13 April 2017 at 11:00AM (WST).
3. The purpose of the meeting is to determine:
 - a. whether to appoint a committee of creditors; and
 - b. if so, who are to be the committee's members.
4. At the meeting, creditors may also, by resolution:
 - a. remove the Joint & Several Administrators from office; and
 - b. appoint someone else as Administrator of the company.
5. 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.

A specific proxy can be lodged showing approval or rejection of each resolution. Proxy forms or facsimiles thereof must be lodged with our office **by 4.00pm on the day prior to the meeting**. Where a facsimile copy of a proxy is sent, the original must be lodged with my office 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.

DATED this 4th day of April 2017.



JASON TRACY
JOINT & SEVERAL ADMINISTRATOR

Deloitte Financial Advisory Pty Ltd
Tower 2
Brookfield Place
123 St Georges Terrace
PERTH WA 6000

Telephone: (08) 9365 7849

INFORMAL PROOF OF DEBT FORM

Regulation 5.6.47

STOCHASTIC SIMULATION LIMITED (RECEIVERS & MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ACN 132 012 296

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)

.....
Dated

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 & Several Administrators; or
- b. he or she has lodged with the Joint & Several 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 & Several Administrators.

Declaration of Independence, Relevant Relationships and Indemnities

Stochastic Simulation Ltd (the Company)
ACN 132 012 296

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 Financial Advisory Pty Limited (Deloitte).

A. Independence

We, Jason Mark Tracy and Richard John Hughes of Deloitte have undertaken a proper assessment of the risks to our independence prior to accepting the appointment as Joint and Several 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

This appointment was referred to us by Mr John Townsend. We have had no professional or other relationship with Mr Townsend in the past. Mr Townsend is a shareholder of the Company and had been given Mr Tracy's name by a contact of his (Mr Townsend's) as being somebody that could assist in providing restructuring and insolvency advice to the Company.

On 8 March 2017 Mr Townsend telephoned Jason Tracy and explained that the Company may need professional restructuring advice. Mr Leo Mullins, a director of the Company then emailed to Mr Tracy various pieces of information to help explain the Company's background and financial position. A meeting was then held at the offices of the Company on 9 March 2017 between Mr Mullins, Mr Townsend, Mr Tracy, Jude Morris (an employee of Deloitte Financial Advisory Pty Ltd), Mr Andrew Wadsley (a director of the Company) and Paul Kristensen (a director of the Company). The purpose of this meeting was to gain information on the financial position of the

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Member of Deloitte Touche Tohmatsu Limited

Company. On 10 March 2017 we provided the Company with a proposal to assist with a restructure of the Company.

From 13 March 2017 to 21 March 2017 we received further information on the financial position of the Company and Mr Tracy had approximately three telephone discussions with Mr Mullins. These discussions involved Mr Mullins providing updates on how the Company was to deal with claims made by a creditor of the Company. On 30 March 2017 Mr Mullins called Mr Tracy and advised that Mr Daniel Colgan and related parties had appointed receivers and managers to the Company. On 31 March 2017 Mr Tracy and Mr Mullins held another telephone call where Mr Tracy discussed the options available to the Company following the appointment of the receivers and managers. One such option was the appointment of voluntary administrators to the Company.

On 1 April 2017 Mr Tracy held a teleconference with all the directors of the Company where the voluntary administration process was discussed, and to discuss funding of the administrators. It was agreed at this meeting that an indemnity for the voluntary administrators' fees and costs of up to \$50,000 would be provided.

On 2 April 2017 Mr Tracy received a telephone from Mr Sil La Puma (Mr La Puma's company ISA Pty Ltd is a 5.1% shareholder of Stochastic Simulation Ltd) whereby Mr La Puma advised that an amount of \$15,000 had been paid into the trust account of Deloitte Touche Tohmatsu by way of an upfront payment for the voluntary administrators' fees.

The payment of \$15,000 represents an upfront payment of our fees and costs. At this stage the provision of any further funding by way of an indemnity is subject to further discussion. We will update this document and advise creditors should this position change.

On 3 April 2017 the directors of the Company resolved to appoint us as voluntary administrators.

We have received no remuneration so far for any of our dealings with the Company and its directors.

In our opinion these dealings do not affect our independence for the following reasons:

- These dealings were in the nature of a pre-appointment discussions and were limited to the financial position of the Company
- During all discussions and meetings advice was limited to verbal discussions of the potential options available
- It is our opinion that these dealings do not present a conflict or impediment as we do not consider ourselves to be bound to provide services to the Company in relation to this matter or in any way obligated to deliver a favourable outcome to any party, nor will the advice provided be subject to review and challenge during the course of the voluntary administration
- The Courts and the ARITA's Code of Professional Practice specifically recognise the need for practitioners to provide advice on the insolvency process and the options available and do not consider that such advice results in a conflict or is an impediment to accepting the appointment.

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)

Neither we, nor our firm, have, or have had within the preceding 24 months, any relationships with the Company, an associate of the Company, a former insolvency practitioner appointed to the Company or any person or entity that has a charge on the whole or substantially whole of the Company's property.

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.

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 been provided with the following indemnities and or upfront payments for remuneration for the conduct of this administration:

Name	Relationship with company	Nature of indemnity or payment
ISA Pty Ltd	Shareholder (5.1% shareholding)	<p>ISA Pty Ltd has agreed to indemnify the Administrators in relation to our remuneration for the conduct of the administration (as approved in accordance with the Corporations Act 2001) up to an amount of \$15,000. This does not affect any other indemnities that we may be entitled to under statute.</p> <p>Further, the indemnity was not based on any agreement to provide a specific outcome for the Administration. We do not believe this creates a conflict.</p> <p>The indemnity is for approximately \$15,000 including our professional fees, disbursements and costs. An amount of \$15,000 was paid into the trust account of Deloitte Touche Tohmatsu on 3 April 2017 by way of any upfront payment for our fees and costs. The indemnity will be applied to our professional fees, disbursements and costs. We will only apply the indemnity for our professional fees and disbursements upon receiving creditor approval to do so. We will apply the indemnity for costs of the administration (e.g. for legal costs) as when such costs are incurred and due for payment.</p>

This does not include statutory indemnities. We have not received any other indemnities or upfront payments that should be disclosed.

Dated:



Jason Mark Tracy



Richard John Hughes

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 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.



ASIC/ARITA Information sheet for

Insolvency information for directors, employees, creditors and shareholders

ASIC has 11 insolvency information sheets to assist you if you're affected by a company's insolvency and have little or no knowledge of what's involved.

These plain language information sheets give directors, employees, creditors and shareholders a basic understanding of the three most common company insolvency procedures—liquidation, voluntary administration and receivership. There is an information sheet on the independence of external administrators and one that explains the process for approving the fees of external administrators. A glossary of commonly used insolvency terms is also provided.

The Australian Restructuring Insolvency & Turnaround Association (ARITA), the leading professional organisation in Australia for insolvency practitioners, endorses these publications and encourages its members to make their availability known to affected people.

List of information sheets

- INFO 41 Insolvency: a glossary of terms
- 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
- INFO 85 Approving fees: a guide for creditors

Getting copies of the information sheets

To get copies of the information sheets, visit ASIC's website at www.asic.gov.au/insolvencyinfosheets. The information sheets are also available from the ARITA website at www.arita.com.au. The ARITA website also contains the ARITA's Code of Professional Practice for Insolvency Professionals, which applies to ARITA members.

Important note: The information sheets contain 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. These documents 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.

Pre-appointment proposed basis of remuneration disclosure

Introduction

This information is to assist you with understanding how remuneration is calculated and paid in an insolvency administration.

Whilst we may provide you with an estimate of the cost of the administration in this document, we advise that the actual remuneration drawn in this administration will be subject to the approval of the creditors, committee of creditors or court, after we have provided a remuneration report in accordance with the requirements set down in the legislation and ARITA Code of Professional Practice.

If we have provided you with an estimate of the cost of the administration, this information will be provided to creditors in our initial remuneration advice that we are required to provide to creditors. However, the actual remuneration that is approved by creditors may exceed this estimate and this higher amount can be approved by the creditors, committee of creditors or court.

If you have paid or are paying money up front, or are providing me with an indemnity, for the purposes of my remuneration, you should be aware that approved remuneration may exceed this amount and can be paid from the assets of the administration.

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.

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Member of Deloitte Touche Tohmatsu Limited

Method chosen

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

Given the nature of this Administration we propose that our remuneration be calculated on time based/hourly rates basis. 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.

Details of the hourly rates are included below.

Creditors will be advised of the proposed basis of remuneration in our initial remuneration advice to them.

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.	\$615
Partner	Registered liquidator. Brings his or her specialist skills to the administration or insolvency task.	\$615
Principal/ Consultant	Typically CA or CPA qualified with in excess of 10 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.	\$510
Director	Typically CA or CPA qualified with in excess of 7 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.	\$510
Manager	Typically CA or CPA qualified with 5 to 8 years' experience working on insolvency matters. Will have experience conducting administrations and directing a number of staff.	\$440

Title	Description	Hourly Rate (Excl GST)
Senior Analyst	Typically completed or near completion of CA or CPA qualifications with 3 to 6 years insolvency experience. Assists in planning and control of smaller matters as well as performing some more difficult tasks on larger matters.	\$330
Analyst	Typically studying towards CA or CPA qualification with 1 to 4 years insolvency experience. Works under supervision of more senior staff in performing day-to-day fieldwork.	\$220
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. This may include staff located in other offices of Deloitte overseas. These staff work under the supervision of Australian staff with insolvency experience.	\$115
Secretary	Advanced secretarial skills	\$170
Other Clerical	Support secretarial and administrative skills	\$170
Other Junior	Junior staff member who has not yet 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.	\$115

**STOCHASTIC SIMULATION LIMITED
(RECEIVERS & MANAGERS APPOINTED) (ADMINISTRATORS APPOINTED)
ACN 132 012 296**

**Corporations Act 2001 Section 600G
Corporations Regulations 2001 5.6.11A**

**CREDITOR'S APPROVAL FORM FOR ELECTRONIC METHODS OF GIVING OR SENDING CERTAIN
NOTICES UNDER REGULATION 5.6.11A**

Should you wish to receive notices and documents relating to the administration of Stochastic Simulation Limited via email, please complete this form and return it to Jordan Basso per the details below.

I/We authorise the Deloitte Financial Advisory Pty Ltd on behalf of the company Stochastic Simulation Limited to send notices via the email address provided below.

I/We authorise the Deloitte Financial Advisory Pty Ltd to send notices via the email address provided below on all future administrations run by Deloitte Financial Advisory Pty Ltd that I/We are creditors for.

Signature:	
Creditor name:	
Creditor address:	
Contact name:	
Position:	
Email Address:	
Contact number:	

Return to:

Deloitte Financial Advisory Pty Ltd
Via Post: Tower 2, Brookfield Place, 123 St Georges Terrace, PERTH WA 6000
Via Email: jbasso@deloitte.com.au