William Buck

19 July 2011

Company Announcements
Australian Securities Exchange
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

By Facsimile: 1300 135 638

Portland Orthopaedics Limited
(Subject to a Deed of Company Arrangement)
ACN 086 839 992

ASX Listing Code: PLD

NOTICE OF VARIATION OF A DEED OF COMPANY ARRANGEMENT

I refer to my appointment as Deed Administrator of the above company on 15 April 2009.

Notice is hereby given that the company executed a varied Deed of Company Arrangement ("Deed") on 5 July 2011.

Please find attached a copy of the varied Deed.

Should you have any queries in the matter, please contact Andrew Behman of this office on (02) 8263 4000 or email Andrew.Behman@williambucknsw.com.au.

Yours faithfully
Portland Orthopaedics Limited

Robert Whitton
Deed Administrator

Encl.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Level 29, 66 Goulburn Street, Sydney NSW 2000
Telephone: +61 2 8263 4000 • Facsimile: +61 2 8263 4111
williambuck.com

Dated 5 July 2011

Deed of company arrangement

(with creditors' trust)

Parties

Portland Orthopaedics Limited (Subject to a deed of company arrangement) (Receivers & Managers Appointed)
ACN 086 839 992

Robert William Whitton

Trafalgar Capital Specialized Investment Fund (An investment fund registered in Luxembourg as represented by its general partner, Trafalgar Capital SARL, a corporation organised and existing under the laws of Luxembourg)

Pager Partners Corporate Advisory Pty Ltd ATF The Pager Partners Investment Trust
ACN 123 845 401

David Goldman
Norton Rose Australia
Grosvenor Place, 225 George Street, Sydney NSW 2000
Tel: +61 (0)2 9330 8231
www.nortonrose.com
Our ref: 2763531

Contents

Deed dated 2011 between the following parties

Parties

Portland Orthopaedics Limited (Subject to a deed of company arrangement) (Receiver & Manager Appointed) ACN 086 839 992
c/- William Buck Business Recovery Services, Level 29, 66 Goulburn Street, Sydney NSW 2000
(Company)

Robert William Whitton
of William Buck, Level 29, 66 Goulburn Street, Sydney NSW 2000
(Deed Administrator)

Trafalgar Capital Specialized Investment Fund (An investment fund registered in Luxembourg as represented by its general partner, Trafalgar Capital SARL, a corporation organised and existing under the laws of Luxembourg)
of c/- Cor Cordis, Level 10, 76-80 Clarence Street, Sydney NSW 2000
(Secured Creditor)

Pager Partners Corporate Advisory Pty Ltd ATF The Pager Partners Investment Trust ACN 123 845 401
of c/- 58 Ocean View Avenue, Vaucluse NSW 2030
(Syndicate)

Introduction

A On the Relevant Date set out in Item 1 of Schedule 1 the Company, acting under section 436A of the Act, appointed Robert William Whitton and Bradley John Tonks as administrators of the Company.

B The first meeting of the Company's Creditors under section 436E of the Act was held on the date set out in Item 2 of Schedule 1.

C The second meeting of the Company's Creditors, under section 439A of the Act, was held on the date or dates described in Item 3 of Schedule 1

D The Company's Creditors resolved under section 439C(a) of the Act that the Company execute a deed of company arrangement on the terms of the First DOCA.

E The First DOCA was executed on the date set out in Item 4 of Schedule 1 with Robert William Whitton appointed deed administrator.

F At a further meeting of the Company's Creditors on the date set out in Item 5 of Schedule 1, the Company's Creditors resolved under section 445F of the Act to vary the First DOCA and replace it with the terms of this document.

G The purpose of this document is to provide for the business, property and affairs of the Company to be administered in a way that maximises the chances of the Company, or as much as possible of its business, continuing in existence, or, if it is not possible for the Company or its business to continue in existence, results in a better return for the Company's Creditors and members than would result from an immediate winding up of the Company.

It is agreed

1 Definitions and interpretation

1.1 Definitions

In this document:

(1) **Act** means the *Corporations Act 2001*;

(2) **Administrator** means the Deed Administrator;

(3) **ASIC** means the Australian Securities and Investments Commission;

(4) **ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires;

(5) **Available Property** means all of the Company's property other than the Required Property;

(6) **Business Day** means a day that is not a Saturday, Sunday or any other day that is a public holiday or a bank holiday in the place where an act is to be performed or a payment is to be made;

(7) **Claim** means a debt payable by or claim against the Company, whether present or future, actual or contingent, ascertained or sounding only in damages, whether held individually, jointly or jointly and severally the circumstances giving rise to which occurred on or before the Relevant Date;

(8) **Conditions Precedent** means the conditions precedent contained in clause 2;

(9) **Creditor** means a person who has a Claim against the Company;

(10) **Creditor's Claim** means, in relation to a Creditor, the Creditor's Claim against the Company as at the Relevant Date;

(11) **document** means this document, including any schedule or annexure to it;

(12) **End Date** means 31 October 2011 or such later date as the Deed Administrator may agree in writing;

(13) **First DOCA** means the deed of company arrangement entered between the Company and the Deed Administrator on 15 April 2009;

(14) **Fund** means the bank account or accounts established by the Deed Administrator in accordance with clause 4 and includes the proceeds for the time being of the account or accounts;

(15) **GST** means the tax imposed by the GST Law;

(16) **GST Law** means *A New Tax System (Goods and Services Tax) Act 1999*, all written laws associated with that Act and all rulings associated with that Act that are binding on the Federal Commissioner of Taxation;

(17) **Liquidator** means Robert William Whitton in his capacity as liquidator of each of the Subsidiaries;

(18) **Listing Rules** means the official listing rules of the ASX;

(19) **Official List** means the official list of the ASX;

(20) **Prescribed Provisions** means the provisions prescribed for the purposes of section 444A(5) of the Act, being the provisions set out in Schedule 8A of the Regulations;

(21) **Priority Creditor** has the meaning set out in Schedule 2;

(22) **Regulations** means the Corporations Regulations 2001;

(23) **Relevant Date** means the date set out in Item 1 of Schedule 1;

(24) **Required Property** means all of the unencumbered assets of the Company (that have not been sold) including assets that may be held by Subsidiaries that have not been realised by the Liquidator for distribution to creditors in the course of the liquidations of the Subsidiaries, including but not limited to, the intellectual property, goodwill, domain names, websites, trademarks, customer base and all other assets to operate the business as well as all patents, brochures, samples and other assets relating to the Company's 'Margron Total Hip Replacement and Tite Tool or Double Threaded Cone (DTC) Hip Technology';

(25) **Secured Creditor** has the meaning set out in Schedule 3;

(26) **Security** means the registered charge number 1564432 dated 21 December 2007 granted by the Company in favour of the Secured Creditor;

(27) **Shareholders** means the members of the Company holding the fully paid ordinary shares of the Company;

(28) **Subsidiaries** means:

(a) Portland Square Manufacturing Pty Limited (in Liquidation) (ACN 086 840 002);

(b) Portland Square Pty Limited (in Liquidation) (ACN 001 243 474);

(c) Portland Orthopaedics IP Holdings Pty Limited (in Liquidation) (ACN 103 116 794);

(d) Portland Orthopaedics (Aust.) Pty Limited (in Liquidation) (ACN 108 044 033); and

(e) Vimek Pty Limited (in Liquidation) (ACN 089 133 200);

(29) **Trust** means the trust established by the Trust Deed;

(30) **Trust Deed** means the deed set out in Schedule 6;

(31) **Trust Property** means the fund created pursuant to clause 2 of the Trust Deed; and

(32) **Trustee** means the trustee of the Trust.

1.2 Interpretation

(1) Reference to:

(a) one gender includes the others;

(b) the singular includes the plural and the plural includes the singular;

(c) a person includes a body corporate;

(d) a party includes the party's executors, administrators, successors and permitted assigns;

(e) a statute, regulation or provision of a statute or regulation (**Statutory Provision**) includes:

(i) that Statutory Provision as amended or re-enacted from time to time;

(ii) a statute, regulation or provision enacted in replacement of that Statutory Provision; and

(iii) another regulation or other statutory instrument made or issued under that Statutory Provision;

(f) dollars is to Australian dollars, unless otherwise stated; and

(g) the Administrator or the Deed Administrator, if that party consists of more than 1 person, is to each of them separately and any 2 or more of them jointly.

(2) Including and similar expressions are not words of limitation.

(3) Where a word or expression is given a particular meaning, other parts of speech and grammatical forms of that word or expression have a corresponding meaning.

(4) Headings and any table of contents or index are for convenience only and do not form part of this document or affect its interpretation.

(5) A provision of this document must not be construed to the disadvantage of a party merely because that party was responsible for the preparation of the Deed or the inclusion of the provision in the Deed.

(6) If an act must be done on a specified day, which is not a Business Day, it must be done instead on the next Business Day.

1.3 Parties

(1) If a party consists of more than 1 person, this document binds each of them separately and any 2 or more of them jointly.

(2) An obligation, representation or warranty in favour of more than 1 person is for the benefit of them separately and jointly.

(3) A party that is a trustee is bound both personally and in that party's capacity as a trustee.

1.4 Incorporation of definitions

Unless the contrary intention appears, where a word or expression is defined or given meaning in the Act or the Regulations, the word or expression has the same meaning when used in this document.

1.5 Application of the Act and the Regulations

Where any provision of the Act or the Regulations is incorporated into or said to apply to this document, that provision is incorporated into or applies to this document:

(1) with all modifications necessary to give effect to Part 5.3A of the Act and this document; and

(2) as if references to:

(a) the liquidator were references to the Deed Administrator;

(b) the relevant date were references to the Relevant Date; and

(c) winding up were references to the arrangement made by this document.

1.6 Goods and services tax

(1) Unless the contrary intention appears, where for the purposes of the GST Law an amount payable under this document is consideration for a taxable supply made after the Relevant Date in respect of which GST will be payable, the amount payable under this document is adjusted to the amount calculated in accordance with the following formula:

Adjusted Amount = Original Amount x GST Uplift

where:

(a) **Original Amount** is the amount that would be payable under this document but for this clause; and

(b) **GST Uplift** is the proportion that the price of a taxable supply bears to the value of the taxable supply as provided under the GST Law.

(2) Clause 1.6(1) does not apply to a dividend to be distributed under this document.

2 Conditions Precedent for operation

2.1 The conditions precedent for the operation of clauses 5, 8, 9, 11 and 12 of this document are:

(1) The Shareholders must pass such resolutions as are reasonably necessary to:

(a) effect a 10 to 1 consolidation of existing shares on issue; and

(b) allow the allotment of shares that total not more than 92.27 percent of the shares on issue after that allotment for a consideration of up to $2 million;

(c) allow the allotment of 60 million options, each to acquire one ordinary share, exercisable at 1 cent each on or before 31 December 2014, for a total subscription price of $1,500; and

(d) otherwise complete the transaction contemplated by the Syndicate proposal dated 24 February 2011 (being Proposal number 3) which was approved by Creditors at a meeting of Creditors held on 8 April 2011.

(2) ASX must confirm in writing that it will allow the readmission of the Company to the Official List without having to re-comply with Chapters 1 & 2 of the Listing Rules following the effectuation of this document; and

(3) the Syndicate must procure a payment of $630,000 by way of loan to the Company to be paid to the Company in accordance with clause 5.1(1).

2.2 The parties will take all reasonable steps to procure the satisfaction of the conditions precedent as quickly as possible.

2.3 Without limiting clause 2.2, the Syndicate will pay for the costs of the Shareholder notices and the Shareholder meeting (excluding costs incurred by the Administrator), by way of a loan to the Company.

2.4 Each of the Conditions Precedent in clauses 2.1 are for the sole benefit of the Syndicate which may waive one or more of them by giving notice in writing to the Deed Administrator.

2.5 If the Conditions Precedent are not satisfied on or before the End Date then this document terminates and the Company is to be wound up and the Deed Administrator appointed as liquidator.

3 Appointment of Deed Administrator

3.1 The Company appoints the Deed Administrator, and the Deed Administrator accepts an appointment, as the administrator of the Company subject to this document.

3.2 The Deed Administrator is and acts as the agent of the Company.

3.3 The Deed Administrator has all the powers specified in Schedule 4.

3.4 The Deed Administrator is not liable for any debts payable by or claims against the Company, the circumstances giving rise to which occur after the execution of this document.

4 Fund

4.1 The Deed Administrator must open and conduct one or more bank accounts in the name of the Company. This forms the Fund.

4.2 Subject to this document the Fund will be constituted by the payment referred to in clause 5.1(1) and any other amount received by the Deed Administrator under this document.

4.3 The Deed Administrator must:

(1) Subject to clause 4.3(2), as soon as practicable pay the Fund to the Trustee less any permissible deductions under this document; and

(2) Immediately pay the Secured Creditor its entitlements under clause 6.1 of the Trust.

4.4 The Fund is not an asset of the Company and may only be applied in accordance with this document. However, if the termination of this document is followed by the winding up of the Company the Fund, to the extent it has not been paid to the Trustee or the Conditions

Precedent are not satisfied, must be applied in payment of unsecured debts and Claims against the Company observing the priorities provided for in Part 5.6, Division 6, Subdivision D of the Act.

4.5 Nothing contained in this clause prevents the non-payment into the Fund or the payment out of the Fund of property to which, in the opinion of the Administrator, there was no entitlement.

5 Operative provisions

5.1 Immediately upon satisfaction of the Conditions Precedent (each of the following to occur contemporaneously):

(1) The Syndicate must advance the Company (with the cooperation of the Deed Administrator) by way of loan, the amount of $630,000.00 to be paid to the Company, and the Company must direct the Syndicate to pay the loan to the Company;

(2) If the directors of the Company have not already resigned, if requested by the Syndicate, the Deed Administrator must terminate the directors of the Company and cause the appropriate notices to be lodged with ASIC;

(3) Upon request of the Syndicate and an ordinary resolution passed by the Shareholders of the Company to do so, the Deed Administrator must appoint persons who have been nominated by the Syndicate to be directors of the Company;

(4) Upon request of the Syndicate and a special resolution passed by the Shareholders of the Company to do so, the Deed Administrator must lodge an application with ASIC to change the name of the Company;

(5) The Deed Administrator must execute, or procure execution by the Liquidator of, such assignments and transfers as are prepared and submitted to him by the Syndicate which are reasonably required to effect the transfer of any assets required to be transferred by the Subsidiaries to the Company. In order to assist the Syndicate with the preparation of such assignments and transfers, the Deed Administrator must provide the Syndicate with such information at his disposal that identifies the location of the Required Property;

(6) The Deed Administrator must prepare and execute, or prepare and procure execution by the Liquidator of, such transfers for the transfer from the Company of the fully paid ordinary shares of the Subsidiaries to the Trustee, as reasonably required by the Syndicate;

(7) The Deed Administrator must terminate the employment of any remaining employees of the Company;

(8) The Secured Creditor releases and must discharge all security held over the Company and execute an ASIC Form 312 prepared and submitted to it by the Syndicate in respect of ASIC charge no. 1564432 and must seek the retirement of the Receivers and Managers of the Company; and

(9) The Deed Administrator must apply the entire Fund in accordance with clause 8 and then lodge a written notice with ASIC in the following form:

Portland Orthopaedics Limited (Subject to a deed of company arrangement) (Receivers & Managers Appointed) ACN 086 839 992

I Robert William Whitton of c/- William Buck Business Recovery Services, Level 29, 66 Goulburn Street, Sydney NSW 2000, deed administrator of the deed of company arrangement executed by **Portland Orthopaedics Limited (Subject to a deed of company arrangement) (Receivers & Managers Appointed)** ACN 086 839 992 on *[insert date]* certify that the deed has been wholly effectuated and is terminated on lodgement of this notice with the Australian Securities and Investments Commission.

In fulfilling his obligations under this clause 5.1(9) the Deed Administrator warrants that he will comply with his duties and obligations under the Act.

5.2 Save and except for the warrantee provided by the Deed Administrator in clause 5.1(9), the Deed Administrator does not warrant the efficacy of his actions under clause 5.1 and the Syndicate relies upon its own legal and professional advice in respect of those actions.

5.3 Subject to any express provision in this document, the Administrator must not deal with any of the Required Property.

5.4 As soon as practicable after the date of this document, each Officer of the Company must, if the Officer has not done so before the date of this document:

(1) deliver to the Deed Administrator all books and records in the Officer's possession that relate to the Company; and

(2) if the Officer knows where other books and records relating to the Company are located, tell the Deed Administrator where those books and records are located.

5.5 Each Officer of the Company must:

(1) attend on the Deed Administrator;

(2) give the Deed Administrator all information about the Company's business, property, affairs and financial circumstances; and

(3) attend all meetings of the Company's Creditors

as the Deed Administrator reasonably requires.

5.6 Each Officer of the Company must do what the Deed Administrator reasonably requires the Officer to do to assist the Deed Administrator in administering this document or to fulfil the arrangement made by this document.

5.7 Until this document terminates:

(1) an Officer who is a director of the Company must not, without the prior written consent of the Deed Administrator, resign as a director of the Company; and

(2) the Deed Administrator:

(a) may remove from office a director of the Company; and

(b) may appoint a person as a director of the Company (whether to fill a vacancy or not).

6 Moratorium

6.1 Until this document terminates, a Creditor must not:

(1) begin or continue any application for an order to wind up the Company;

(2) without the leave of the Court and then only on the terms (if any) the Court imposes:

(a) begin or continue any proceeding against the Company or in relation to any of the Company's property or property used or occupied by, or in the possession of, the Company; or

(b) begin or continue any enforcement process in relation to the Company's property, or property used or occupied by, or in the possession of, the Company;

(3) take any other action to recover any part of that Creditor's Claim other than under this document;

(4) begin or take any further step in any arbitration against the Company or to which the Company is a party; or

(5) exercise any right of set off the Creditor would not have been entitled to exercise if the Company had been wound up with the Relevant Date being the day on which the winding up was taken to have begun.

6.2 Until this document terminates, the Company and its members and Officers must not begin or continue any application for an order to wind up the Company.

6.3 Nothing in this clause 6 limits the rights of a secured creditor, or an owner or lessor of property, under section 444D(2) or section 444D(3) of the Act.

6,4 This clause 6 has effect in addition to, and not in derogation of, section 444E of the Act.

7 Admissibility of Claims

7.1 All Creditors are required to prove under the Trust and not against the Company.

7.2 Creditors' Claims that are admissible to proof under the Trust will be determined under the Trust in accordance with clause 7.4.

7.3 To the extent of any inconsistency between clause 7.4 and the determination of Creditors' Claims under the Trust, clause 7.4 will prevail.

7.4 For the purpose of the Trust, the following provisions apply to the Claims that are admissible to proof under the Trust:

(1) section 560 and Subdivisions A, B, C and E of Division 6 of Part 5.6 of the Act; and

(2) regulation 5.6.37, regulations 5.6.39 to 5.6.57 inclusive and regulation 5.6.70A of the Regulations.

8 Distribution of Fund

8.1 Immediately after the Shareholder approval contemplated by clause 2.1(1) the Deed Administrator must apply the Fund by paying the Fund to the Trustee to be held and dealt with in accordance with the Trust Deed and this document.

8.2 If the Fund contains any amount, being a dividend declared or other money payable under this document that has remained unclaimed for more than 6 months after the day that dividend or other money became payable, the Deed Administrator must pay that amount to ASIC to be dealt with as unclaimed money under the Act.

9 Creation of Creditors' Trust

9.1 As soon as practicable following the execution of this document and satisfaction of the Conditions Precedent, the Deed Administrator must:

(1) execute the Trust Deed for and on behalf of the Company and as trustee of the Trust;

(2) give written notice to the Creditors of the creation of the Trust; and

(3) transfer the Fund to the Trustee to be held and dealt with on the Trust and in accordance with the Trust Deed.

9.2 Under the Trust Deed, the Trust will be established and the Creditors' Claims admitted to proof by the Deed Administrator under this document shall be converted into the rights and entitlements provided for in the Trust Deed.

10 Termination

10.1 This document automatically terminates when:

(1) the following events occur:

(a) the Deed Administrator applies all of the Fund in accordance with clause 8;

(b) the Trust has been executed in accordance with clause 9.1;

(c) the parties fulfil all of their obligations under this document; and

(d) the Deed Administrator lodges the written notice with ASIC contemplated by clause 5.1(9);

(2) the Court makes an order terminating this document;

(3) the Creditors pass a resolution terminating this document at a meeting convened under section 445F of the Act; or

(4) the Conditions Precedent are not satisfied on or before the End Date in accordance with clause 2.5.

10.2 If the parties have otherwise fulfilled all of their obligations under this document, the Deed Administrator must, within 14 days after the Deed Administrator applies all of the Fund in accordance with clause 8, lodge a written notice with ASIC in the form set out in clause 5.1(9);

On termination of this document in accordance with clause 10.1(1) the Deed Administrator must deliver to the Company all of the Company's books and records in the Deed Administrator's possession, other than any books and records created after the Relevant Date that the Deed Administrator wishes to retain.

10.3 The termination of this document does not affect:

(1) the previous operation of this document; or

(2) the enforceability of any accrued obligations under this document.

10.4 If the Company is wound up after this document has terminated the liquidator may, in the place of the Deed Administrator, enforce any obligation owed to the Deed Administrator under this document as if the liquidator of the Company had been a party to this document at its execution.

11 Release of Creditors' Claims

11.1 The Creditors must accept their entitlements under the Trust in full satisfaction and complete discharge of all Claims.

11.2 On termination of this document in accordance with clause 10.1(1) the Company:

(1) is released from all Creditors' Claims; and

(2) may plead this document in bar to any action, proceeding or suit brought by a Creditor in respect of that Creditor's Claim.

11.3 Without limitation:

(1) any employee options will be released under this document; and

(2) any convertible notes on issue will be released under this document.

12 Machinery provisions to give effect to release

12.1 Each Creditor accepts the Creditor's entitlement under this document in full satisfaction of the Creditor's Claim.

12.2 Each Creditor must, within 7 days after the Deed Administrator requests, execute and deliver to the Company a written release of the Creditor's Claim in the form the Deed Administrator reasonably requires.

12.3 Each Creditor irrevocably appoints the Deed Administrator to be the Creditor's attorney to do anything (including sign any document) necessary or convenient to execute and deliver to the Company the written release of the Creditor's Claim in accordance with this clause 12.

13 Remuneration of Deed Administrator

13.1 Subject to clause 13.2, the Deed Administrator's remuneration for the Deed Administrator's services as administrator of this document is fixed at the amount calculated as follows:

Remuneration = Time x Firm Rates

where:

(1) **Time** means the time actually spent by the Deed Administrator and any of the Deed Administrator's partners or employees in performance of the services (to be *calculated in 6 minute units or part of them*); and

(2) **Firm Rates** means the hourly rates set out in Schedule 5 or as adjusted from time to time.

13.2 The Deed Administrator's remuneration for the Deed Administrator's services as administrator of this document must not exceed the amount in Schedule 5 unless a greater amount is approved by the Court or by resolution of the Creditors.

13.3 The Deed Administrator may draw the Deed Administrator's remuneration from the Fund, or, if the Fund is insufficient, from the Available Property or any other property of the Company other than the Required Property.

13.4 The Deed Administrator is entitled to be reimbursed by the Company from the Fund, or, if the Fund is insufficient, from the Available Property or any other property of the Company, other than the Required Property, for the whole of the costs, charges and expenses incurred by the Deed Administrator in connection with or incidental to the Deed Administrator's administration of this document.

13.5 The Deed Administrator may draw the Deed Administrator's remuneration and reimbursement at the end of each month.

14 Deed Administrator's indemnity

14.1 Subject to clause 14.2, the Deed Administrator and the Administrator are entitled to be indemnified out of the Fund, the Available Property and any other property of the Company other than the Required Property for:

(1) as to the Deed Administrator:

(a) the Deed Administrator's remuneration and reimbursement under this document and the First DOCA;

(b) all claims arising out of, in connection with or incidental to any debts incurred by the Company, the Deed Administrator or the Deed Administrator's partners or employees in the course of the administration of this document and the First DOCA; and

(c) all claims, other than a claim by the Company, against the Deed Administrator or the Deed Administrator's partners or employees, arising out of, in connection with or incidental to the Deed Administrator's administration of this document and the First DOCA; and

(2) as to the Administrator:

(a) the Administrator's remuneration and reimbursement as administrator of the Company under Part 5.3A of the Act;

(b) all claims arising out of, in connection with or incidental to any debts incurred by the Company, the Administrator or the Administrator's partners or employees in the course of the administration of the Company under Part 5.3A of the Act; and

(c) all claims, other than a claim by the Company, against the Administrator or the Administrator's partners or employees, arising out of, in connection with or incidental to the Administrator's administration of the Company under Part 5.3A of the Act.

14.2 Despite clause 14.1, the Deed Administrator and the Administrator are not entitled to an indemnity out of the Fund, the Available Property or any other property of the Company against any claims arising out of, in connection with or incidental to:

(1) any fraudulent or negligent act or omission by the Deed Administrator or the Deed Administrator's partners or employees and the Administrator or the Administrator's partners or employees;

(2) any act or omission done or omitted to be done by the Deed Administrator or the Deed Administrator's partners or employees and the Administrator or the Administrator's partners or employees:

(a) in breach of good faith; or

(b) in contravention of any provision of sections 180 to 184 inclusive of the Act; or

(3) any act done by the Deed Administrator or the Deed Administrator's partners or employees and the Administrator or the Administrator's partners or employees outside the powers of the Deed Administrator and the Administrator under this document or the Act.

14.3 The Deed Administrator's and Administrator's right of indemnity conferred by this clause 14 has priority over all Creditors' Claims.

14.4 The Deed Administrator and the Administrator may exercise the right of indemnity conferred by this clause 14 whether or not the Deed Administrator or the Administrator has paid or satisfied the Claims.

14.5 The Deed Administrator and the Administrator may exercise a lien on the Fund, the Available Property and any other property of the Company other than the Required Property to secure the right of indemnity conferred by this clause 14.

14.6 Nothing in this document, including this clause 14, affects or limits the right of indemnity conferred by Subdivision B of Division 9 of Part 5.3A of the Act.

15 Committee

15.1 There may be a committee of inspection to advise and assist the Deed Administrator.

15.2 To determine whether or not there is to be a committee of inspection and, if so, the conduct of proceedings of the committee of inspection, the following provisions apply to this document:

(1) sections 548 to 551 inclusive of the Act; and

(2) regulations 5.6.12 to 5.6.36A inclusive of the Regulations.

16 Exclusion of Prescribed Provisions

Except where expressly included in this document the Prescribed Provisions are excluded from this document.

17 Further assurance

Each party must promptly at its own cost do all things (including executing and if necessary delivering all documents) necessary or desirable to give full effect to this document.

18 Exchange of counterparts by fax or email

18.1 This document may be executed in any number of counterparts. Each counterpart is an original but the counterparts together are one and the same document.

18.2 This document is binding on the parties on the exchange of executed counterparts. A copy of an original executed counterpart sent by facsimile machine or by email:

(1) must be treated as an original counterpart;

(2) is sufficient evidence of the execution of the original; and

(3) may be produced in evidence for all purposes in place of the original.

19 Severability

If anything in this document is unenforceable, illegal or void then it is severed and the rest of this document remains in force.

20 Costs and outlays

20.1 The costs and outlays connected with the negotiation, preparation and execution of this document are taken to be costs, charges and expenses incurred by the Deed Administrator in connection with or incidental to the Deed Administrator's administration of this document.

20.2 The Company must pay all stamp duty and other government imposts payable in connection with this document and all other documents and matters referred to in this document when due or earlier if requested in writing by the Deed Administrator.

21 Governing law and jurisdiction

21.1 The law of New South Wales governs this document.

21.2 The parties submit to the exclusive jurisdiction of the Court and agree that any lawsuit must be heard, if at all, in the Court.

Schedule 1: Dates

Item 1	Relevant Date: 2 December 2008
Item 2	Date of first meeting of creditors: 12 December 2008
Item 3	Dates for meetings under section 439A: 16 January 2009, 23 March 2009
Item 4	Date of execution of deed of company arrangement: 15 April 2009
Item 5	Date for meeting under section 445F: 8 April 2011

Schedule 2: Priority Creditor (clause 1.1(21)).

The Priority Creditors: NIL

Schedule 3: Secured Creditor (clause 1.1(25))

The Secured Creditor: Trafalgar Capital Specialized Investment Fund (An investment fund registered in Luxembourg as represented by its general partner, Trafalgar Capital SARL, a corporation organised and existing under the laws of Luxembourg)

Schedule 4: Powers of Deed Administrator (clause 3.3)

The powers or the Deed administrator include:

(1) all of the Prescribed Provisions except clauses 3, 10 and 11.

(2) all powers necessary to effect the obligations of the Deed Administrator contained in this document.

(3) the power to execute the Trust for and on behalf of the Company and to transfer the Fund to the Trustee to be held and dealt with in accordance with the Trust Deed.

Schedule 5: Firm Rates

The Firm Rates for clause 13.2 are:

Classification	Rate (Excl. GST) $	Guide to Level of Insolvency Experience
Partner/Appointee	600.00	Registered Liquidator/Trustee. Partner bringing this/her specialist skills to Administrations and/or Insolvency task.
Principal/Associate	450.00	Qualified. 10+ years experience. Specialist industry knowledge or registered Liquidator/trustee who assists the appointee with all facets of Administrations and/or Insolvency tasks.
Senior Manager	400.00	Qualified. 8+ years experience. Well developed technical and commercial skills, bringing additional specialist skills to Administrations and/or Insolvency tasks.
Manager	350.00	Typically Qualified. 6-8 years experience. Well developed technical and commercial skills. Planning and control of all Administrations and/or Insolvency tasks.
Supervisor	300.00	Typically Qualified. 4-7 years experience. Co-ordinates planning and control of medium to larger Administrations and/or Insolvency tasks.
Senior High	275.00	Typically Graduate/Qualified. 2-4 years experience. Required to control the fieldwork on Administrations and/or Insolvency tasks.
Senior Low	245.00	Typically Graduate: 1-2 experience. Required to control the fieldwork on Administrations and/or Insolvency tasks.
Intermediate High	200.00	Typically Graduate: Up to 2 years experience. Required to control the fieldwork on small Administrations and/or Insolvency tasks and assist with fieldwork on medium to large Administrations and/or Insolvency tasks.
Intermediate Low	180.00	Typically Under Graduate: Up to 2 years experience. Required to assist in day to day fieldwork of Administrations and/or Insolvency tasks under the supervision of more senior staff.

Trainee	155.00	Typically undertaking to complete Degree part time. Required to assist in day to day fieldwork of Administrations and/or Insolvency tasks under the supervision of more senior staff.
Administration	165.00	Appropriate skills including machine usage.
Typist/Computer Operator	140.00	Appropriate skills including machine usage.
Clerk	130.00	Appropriate skills.
Junior	110.00	Appropriate skills.

The maximum approved remuneration in clause 13.1 is: $100,000 plus GST.

Schedule 6: Trust Deed (clause 1.1(30))

The trust deed dated on or about the date of this document between Robert William Whitton and David Benjamin Goldman.

Executed as a deed and delivered on the date shown on the first page.

Executed by **Portland Orthopaedics Limited (Administrators Appointed) (Receivers and Managers Appointed)** ACN 086 839 992 in accordance with section 127 of the *Corporations Act 2001:*

~~Director/company secretary~~ Witness

Sean Wengel

29/66 Goulburn St Sydney NSW

Name of ~~director/company secretary~~ Witness (BLOCK LETTERS)

Director DEED ADMINISTRATOR

ROBERT WILLIAM WHITTON

Name of director (BLOCK LETTERS)

Signed, sealed and delivered by **Robert William Whitton** in the presence of:

Signature of witness

Sean Wengel

Name of witness (BLOCK LETTERS)

29/66 Goulburn St Sydney NSW

Address of witness

Executed by **Trafalgar Capital Specialized Fund (An investment fund registered in Luxembourg as represented by its general partner, Trafalgar Capital SARL, a corporation organised and existing under the laws of Luxembourg)** in accordance with the laws of Luxembourg:

Director/company secretary

Name of director/company secretary (BLOCK LETTERS)

Director

Name of director (BLOCK LETTERS)

Executed by Pager Partners Corporate Advisory Pty Ltd AFT Pager Partners Investment Trust
ACN 123 845 401 in accordance with section 127 of the *Corporations Act 2001*:

Sole Director/~~company secretary~~ secretary	~~Director~~ witness
JONATHAN PAGER	MICHAEL POLLAK
Name of director/~~company secretary~~ (BLOCK LETTERS)	Name of ~~director~~ witness (BLOCK LETTERS)