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INDUSTRY NEWS

DCN v Omnilab: Omnilab announces voluntary administration, settles case

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Screen Hub

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In dramatic developments in the Federal Court last night, Omnilab Media announced that it was going into voluntary administration. A settlement of the case between Omnilab and Digital Cinema Network was announced this morning, but the case between DCN and Michael Smith continues.

Yesterday's case began with the announcement that the parties, including Smith, were in talks to reach a settlement. Those talks continued, when the hearing was adjourned at 1.00 pm, with Registrar Daniel Caporale mediating.

At 5.30 pm the parties returned to court to announced that no settlement had been reached.

Mr Alan Sullivan, acting for Omnilab Media, announced that the group was entering voluntary administration.

Administration would leave DCN, whatever the award of damages, as an unsecured creditor, and unlikely to receive its money.

At 10 am this morning, also in the Federal Court, Mr Suresh Sunathirajah, acting for Digital Cinema Network, announced that Omnilab Media and DCN had reached a settlement, and asked Justice Michelle Gordon to adjourn the hearing until Tuesday to allow the parties to put the settlement in writing.

The case against Michael Smith, owner of Yarraville's Sun Cinema, was not, however, settled and was expected to continue on Tuesday. In May, 2011 the Federal Court found that Smith, who was once a director of DCN, had breached his fiduciary duties to the company, and that Omnilab Media had

knowingly assisted him to do so. The current hearings are to determine the damages to be paid to DCN.

During the last week and a half of hearings, Omnilab Media has been the chief defendant, bearing the majority of the costs, and calling the majority of the witnesses.

The withdrawal of Omnilab from the case leaves Smith, who is representing himself, in a difficult position, with a minimal witness list and the need to prepare to cross-examine DCN`s witnesses. He will also not be able to rely on the paid, expert witnesses that Omnilab intended to call to support its case.

Screen Hub has been unable to reach Omnilab Media to determine whether its announced entry into voluntary administration still holds, or whether it will continue trading normally after the settlement.

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