



**Gognos Holdings Limited ACN 129 570 181  
Dynamic Agri Tech Limited ACN 060 891 796  
(all In Liquidation) (the Companies)**

**Initial Information for Creditors**

Pursuant to an Order of the Supreme Court of Queensland dated 25 September 2017 and judgement of the Queensland Court of Appeal delivered on 3 August 2018, William James Harris and I have been appointed Liquidators of the Companies.

According to the Companies' records, you may be a creditor of the Companies.

The purpose of this document is to provide you with information about the liquidations and your rights as a creditor.

**What is a court liquidation?**

A Court may appoint a liquidator on 'just and equitable' grounds if it considers it appropriate to do so on the application of a party.

A liquidator is appointed by the court for the purpose of winding up the affairs and distributing property of the company.

**What happens to your debt?**

All creditors of the Companies are now creditors in the respective liquidations and your debt will now be dealt with in each entity's liquidation.

If you have leased property to the Companies, have a retention of title claim or have a registered personal property securities interest in relation to the Companies, please contact Madison Maurer on (07) 3333 9853 as soon as possible.

**Your rights as a creditor**

We enclose a copy of the information sheet "Creditor Rights in Liquidations" issued by the Australian Restructuring Insolvency & Turnaround Association (**ARITA**). It includes information on your rights to:

- make reasonable requests for a meeting;
- make reasonable requests for information;
- give directions to the Liquidators;
- appoint a reviewing liquidator; and
- replace us as Liquidators.

**Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)**

We enclose our DIRRI. The DIRRI assists you to understand any relevant relationships that we have, and any indemnities or upfront payments that have been provided to us. We have considered each relationship and it is our opinion that none of the relationships disclosed in the DIRRI result in a conflict of interest or duty, or affect our independence.

**What happens next?**

We will proceed with the liquidations, which will include:

- recovering and selling any available property;
- investigating the Companies' affairs;



- if identified, pursuing any viable claims for statutory recovery actions; and
- reporting to the corporate regulator, the Australian Securities and Investments Commission (**ASIC**).

We will write to you within three months of our appointment advising whether a dividend is likely and update you on the progress of our investigations.

We may write to you again after that with further information on the progress of the liquidations.

### **Remuneration**

We enclose our Initial Remuneration Notice, which provides you with information about how we propose to be paid for undertaking the liquidations.

We may write and ask that you approve our remuneration for the work that we do in completing the liquidations. If we do, we will provide you with detailed information about the tasks we have undertaken and the costs of those tasks.

### **Further information**

ARITA provides information to assist creditors to understand liquidations and insolvency. This information is available from ARITA's website at [www.arita.com.au/creditors](http://www.arita.com.au/creditors).

A copy of the information sheet, "Insolvency information for directors, employees, creditors and shareholders", issued by ASIC is also enclosed for your information.

If you have any queries, please contact Madison Maurer on (07) 3333 9853. For further information about this engagement, please refer to the website [www.mcgrathnicol.com/creditors](http://www.mcgrathnicol.com/creditors).

Dated: 31 August 2018

A handwritten signature in black ink, appearing to read 'Mike Hill', located above the typed name.

Mike Hill  
*Liquidator*

### Enclosures:

- 1 ARITA Information Sheet - Creditor Rights in Liquidation
- 2 Declaration of Independence, Relevant Relationships and Indemnities
- 3 Initial Remuneration Notice
- 4 ASIC Information Sheet - Insolvency information for directors, employees, creditors and shareholders
- 5 Email Authorisation Form

# Creditor Rights in Liquidations

As a creditor, you have rights to request meetings and information or take certain actions:



## Right to request a meeting

In liquidations, no meetings of creditors are held automatically. However, creditors with claims of a certain value can request in writing that the liquidator hold a meeting of creditors.

A meeting may be requested in the first 20 business days in a creditors' voluntary liquidation by  $\geq 5\%$  of the value of the debts held by known creditors who are not a related entity of the company.

Otherwise, meetings can be requested at any other time or in a court liquidation by:

- $> 10\%$  but  $< 25\%$  of the known value of creditors on the condition that those creditors provide security for the cost of holding the meeting
- $\geq 25\%$  of the known value of creditors
- creditors by resolution, or
- a Committee of Inspection (this is a smaller group of creditors elected by, and to represent, all the creditors).

If a request complies with these requirements and is 'reasonable', the liquidator must hold a meeting of creditors as soon as reasonably practicable.

## Right to request information

Liquidators will communicate important information with creditors as required in a liquidation. In addition to the initial notice, you should receive, at a minimum, a report within the first three months on the likelihood of a dividend being paid.

Additionally, creditors have the right to request information at any time. A liquidator must provide a creditor with the requested information if their request is 'reasonable', the information is relevant to the liquidation, and the provision of the information would not cause the liquidator to breach their duties.

A liquidator must provide this information to a creditor within 5 business days of receiving the request, unless a longer period is agreed. If, due to the nature of the information requested, the liquidator requires more time to comply with the request, they can extend the period by notifying the creditor in writing.

## Requests must be reasonable.

### They are not reasonable if:

Both meetings and information:

- (a) complying with the request would prejudice the interests of one or more creditors or a third party
- (b) there is not sufficient available property to comply with the request
- (c) the request is vexatious

Meeting requests only:

- (d) a meeting of creditors dealing with the same matters has been held, or will be held within 15 business days

Information requests only:

- (e) the information requested would be privileged from production in legal proceedings
- (f) disclosure would found an action for breach of confidence
- (g) the information has already been provided
- (h) the information is required to be provided under law within 20 business days of the request

If a request is not reasonable due to (b), (d), (g) or (h) above, the liquidator must comply with the request if the creditor meets the cost of complying with the request.

Otherwise, a liquidator must inform a creditor if their meeting or information request is not reasonable and the reason why.

## Right to give directions to liquidator

Creditors, by resolution, may give a liquidator directions in relation to a liquidation. A liquidator must have regard to these directions, but is not required to comply with the directions.

If a liquidator chooses not to comply with a direction given by a resolution of the creditors, they must document their reasons.

An individual creditor cannot provide a direction to a liquidator.

## Right to appoint a reviewing liquidator

Creditors, by resolution, may appoint a reviewing liquidator to review a liquidator's remuneration or a cost or expense incurred in a liquidation. The review is limited to:

- remuneration approved within the six months prior to the appointment of the reviewing liquidator, and
- expenses incurred in the 12 months prior to the appointment of the reviewing liquidator.

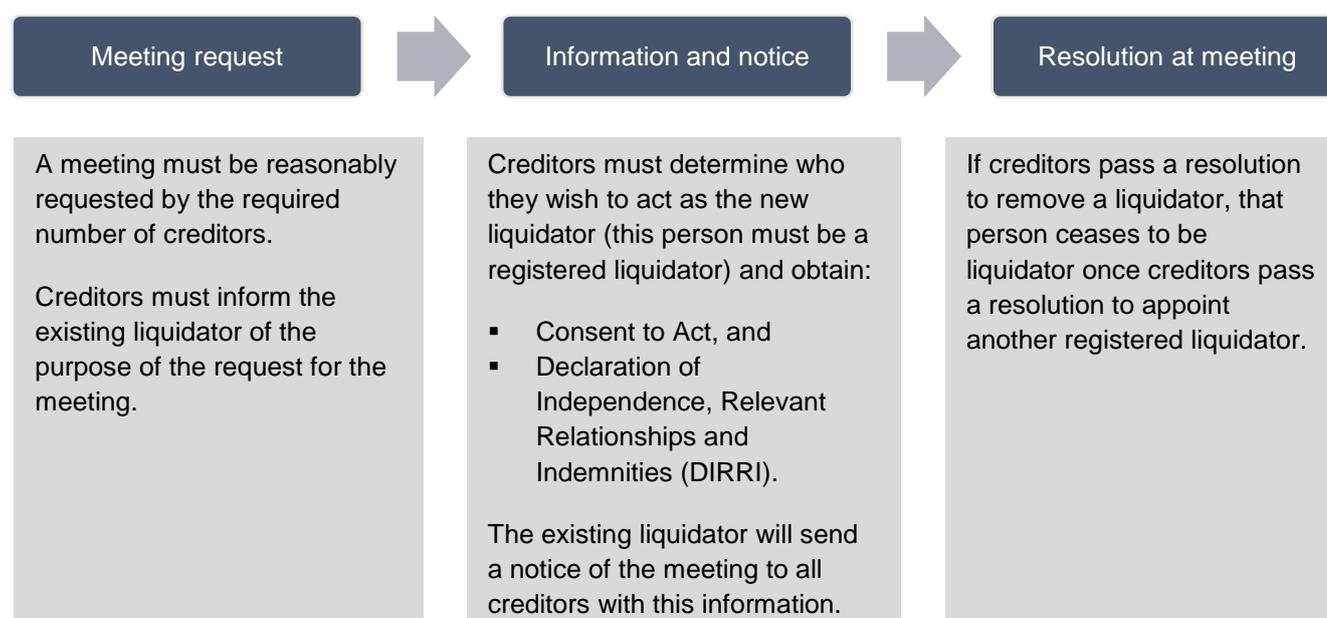
The cost of the reviewing liquidator is paid from the assets of the liquidation, in priority to creditor claims.

An individual creditor can appoint a reviewing liquidator with the liquidator's consent, however the cost of this reviewing liquidator must be met personally by the creditor making the appointment.

## Right to replace liquidator

Creditors, by resolution, have the right to remove a liquidator and appoint another registered liquidator.

For this to happen, there are certain requirements that must be complied with:



**For more information, go to [www.arita.com.au/creditors](http://www.arita.com.au/creditors)**



## **Declaration of Independence, Relevant Relationships and Indemnities (DIRRI)**

Gognos Holdings Limited ACN 159 229 115  
Dynamic Agri Tech Limited ACN 060 891 796  
(all In Liquidation) (**the Companies**)

The *Corporations Act 2001* (**the Act**) and professional standards require the Practitioners appointed to an insolvent entity to make a declaration as set out in this document as to:

- A. their independence generally;
- B. relationships, including:
  - a. the circumstances of the appointment;
  - b. any relationships with the Companies and others within the previous 24 months;
  - c. any prior professional services for the Companies within the previous 24 months;
  - d. that there are no other relationships to declare; and
- C. any indemnities given or up-front payments made to the Practitioner.

The following declaration addresses these issues and is made on behalf of ourselves, our partners and the firm McGrathNicol which for the purpose of this declaration includes the McGrathNicol Partnership, the McGrathNicol Advisory Partnership, and McGrathNicol Services Pty Limited.

### **A. Independence**

We, William James (**Jamie**) Harris and Michael John Hill of the firm McGrathNicol have undertaken a proper assessment of the risks to our independence prior to consenting to our appointment as liquidators of the Companies 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 these appointments.

### **B. Declaration of Relationships**

#### ***(i) Circumstances of appointment***

On 11 October 2016, the Australian Securities and Investments Commission (**ASIC**), as the applicant in the winding up proceedings, contacted Michael Hill in regards to completing a conflict check and providing a consent to act as liquidator of the Companies.

On 12 October 2016, we provided ASIC with the requested consent to act for Michael Hill and Jamie Harris to act as liquidators. On 25 September 2017, a Court Order to wind up the Companies was made in the Supreme Court of Queensland, however the order was stayed on the same date. On 3 August 2018, the stay was lifted.

The nominations of Jamie Harris and Michael John Hill to act as liquidators of the Companies does not give rise to a conflict of interest for the following reasons:

- ASIC refers insolvency engagements to McGrathNicol from time to time, with each referral in relation to a particular entity conducted on an entirely separate basis and commenced only after all regard is given to potential conflicts of interest in relation to all interested parties;
- no prior engagements have been undertaken by McGrathNicol in relation to the Companies;
- the provision of a consent to act does not result in any duty owed to the applicant that would conflict with our interests or duties under the Act; and
- the referral was unconditional.



We have had no meeting with nor provided any information or advice to the Companies, their directors or advisors prior to our appointment.

**(ii) Relevant Relationships (excluding Professional Services to the Insolvent)**

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

**(iii) Prior professional services to the Insolvent**

Neither we, nor the firm, have provided any professional services to the Companies with 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 Companies, an associate of the Companies, a former insolvency practitioner appointed to the Companies or any person or entity that has security over the whole or substantially whole of the Companies' property that should be disclosed.

**C. Indemnities and Up-front payments**

Neither we, nor the firm have received any indemnities or up-front payments for the conduct of the liquidation. This does not include statutory indemnities.

**D. Appointments to Members of a Corporate Group**

As specified on page one of this Declaration, the liquidators have been appointed as liquidators of two companies, which are part of a group of companies.

The liquidators are of the view that the appointment to the Companies will have significant benefits to the conduct of the liquidations, particularly in that this will provide for cost-savings and enable an accurate as possible view to be obtained of the activities and financial position of the companies as a whole. The liquidators are aware that there may be inter-company transactions within the group but at this time are not aware of any potential conflicts of interest arising from the appointments over the various group members. However, to the extent it becomes apparent that pre-appointment dealings between companies in the group may give rise to a conflict which may impact the outcome for creditors of either company, then the liquidators undertake to disclose any such conflicts to the creditors and as appropriate, seek Court directions as to the means of resolving the potential conflict.

Dated: 31 August 2018

A handwritten signature in black ink, appearing to read 'Michael John Hill', written over a horizontal line.

Michael John Hill

A handwritten signature in black ink, appearing to read 'William James Harris', written over a horizontal line.

William James Harris



## Initial Remuneration Notice

**Gognos Holdings Limited ACN 129 570 181**  
**Dynamic Agri Tech Limited ACN 060 891 796**  
**(all In Liquidation)**

The purpose of the Initial Remuneration Notice is to provide you with information about how we propose our remuneration for undertaking the liquidation will be set.

### 1 Remuneration methods

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

- A. 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.
- B. Fixed Fee:** The total fee charged is normally quoted at the commencement of the external administration and is the total cost for the external administration.
- C. Percentage:** The total fee charged is based on a percentage of a particular variable, such as the gross proceeds of asset realisations.
- D. Contingency:** The practitioners' fee is structured to be contingent on a particular outcome being achieved.

### 2 Method chosen

Given the nature of these external administrations, we propose that our remuneration be calculated on a time basis which will be recorded and charged in six minute increments. Details of the hourly rates for different levels of staff are included below. The complexity and demands of the external administrations will determine the staff to be utilised for this appointment

We have chosen the time based method because:

- This method is considered to be most suitable for these appointments as it ensures creditors are only charged for work that is performed in the external administrations, which can be difficult to accurately estimate at the date of appointment.
- Even later than the date of appointment, it can be difficult to estimate the time that may be required in advance of the substantive work being undertaken. The time based method in this case again ensures that creditors are only charged for work that is actually performed in the external administrations.
- The practitioner is required to perform a number of tasks which do not relate to the realisation of assets, for example responding to creditor enquiries, reporting to ASIC and distributing funds in accordance with the provisions of the *Corporations Act*.
- The practitioner has a time recording system that can produce a detailed analysis of time spent on each type of task by each individual staff member utilised in the external administrations.
- Time based remuneration calculates fees upon a basis of time spent at the level appropriate to the work performed.



3 **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 external administrations and the role they take in the external administrations. The hourly rates charged encompass the total cost of providing professional services and should not be compared to an hourly wage.

<b>Title</b>	<b>Description</b>	<b>Hourly rate (excl GST)</b>
Appointee/Partner	Registered liquidator, Chartered Accountant or equivalent and generally degree qualified with more than twelve years of experience. Leads assignments with full accountability for strategy and execution.	\$585
Director 1	Generally Chartered Accountant or comparable qualification and degree qualified with more than ten years of experience, including four years of Director or equivalent experience. Autonomously leads complex insolvency appointments reporting to Appointee/Partner.	\$536
Director	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than nine years of experience. Autonomously leads insolvency appointments reporting to Appointee/Partner.	\$495
Senior Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than seven years of experience. Self-sufficiently conducts small to medium insolvency appointments and leads major workstreams in larger matters.	\$450
Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than five years of experience. Self-sufficiently conducts small insolvency appointments and takes a supervisory role on workstreams in larger matters.	\$428
Assistant Manager	Generally Chartered Accountant or comparable relevant qualification and degree qualified with more than three years of experience. Autonomously manages workstream activity within appointments.	\$387
Senior Accountant	Generally degree qualified and undertaking Chartered Accountant's qualification or comparable relevant qualification with more than 16 months of experience. Completes tasks within workstreams and appointments under supervision.	\$338
Accountant	Generally degree qualified and undertaking or about to undertake Chartered Accountant's qualification or comparable relevant qualification with less than one year of experience. Assists with tasks within workstreams and appointments under supervision.	\$248



Title	Description	Hourly rate (excl GST)
Undergraduate/Cadet	Undertaking relevant degree. Assists with tasks within workstreams and appointments under supervision.	\$171
Senior Treasury staff	Appropriately experienced and undertakes senior Treasury activities such as oversight of the processing of payment of receipts and banking administration. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$144
Senior Client Administration and Treasury	Appropriately experienced and undertakes senior level administrative support activities or Treasury activities. May be responsible for day to day management of projects or operations and may have supervisory responsibility for junior staff.	\$144
Administration	Appropriately experienced and undertakes support activities such as meeting coordination and preparation of materials where it is efficient and appropriate to do so.	\$144

McGrathNicol reviews its hourly rates on either 31 December or 30 June. Creditors will be advised of any change to the hourly rates for this external administration.

#### 4 **Estimated remuneration**

Subject to the assumptions set out below, we estimate that this external administration may involve remuneration for the practitioners of approximately \$15,000 to \$30,000 (excluding GST). The following variables may have a significant effect on this estimate:

- the time that may be required to obtain books, records, funds and assets (if any) from the parties that hold them;
- the number and value of claims that may be received in the external administrations and work that may be required to adjudicate on those claims for voting and/or dividend purposes;
- work that may be required to distribute funds to creditors;
- investigations that may be required to ascertain the existence and location of any other assets, including potential legal actions that may be available to the external administrators;
- where viable legal claims are identified, the timeframe to resolution becomes very significantly impacted by the conduct of the defendant and their willingness to resolve the claim by a negotiated settlement, as well as Court timeframes, both of which are difficult to predict; and
- any identified matters that are required to be reported to statutory authorities such as ASIC.

#### 5 **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, external printing services and search fees – these are recovered at cost.
- **Internal disbursements** – such as photocopying, printing and postage. These disbursements are generally charged at cost but may include, in the case of disbursements such as data storage and hosting, telephone calls, photocopying and printing, both direct variable and fixed costs. For example the rate per page for printing includes a reasonable and commercial allowance for paper, toner, depreciation, power and maintenance.

We are not required to seek creditor approval for disbursements paid to third parties, but must account to creditors. However, we must be satisfied that these disbursements are appropriate, justified and reasonable.

We are required to obtain creditor's consent for the payment of internal disbursements where there may be a profit or advantage. Creditors will be asked to approve our internal disbursements where there is a profit or advantage prior to these disbursements being paid from the external administration.

Details of the basis of recovering disbursements in these external administrations are provided below.

For clarity, it is noted that any time costs of any employee of McGrathNicol or any associated entity will be reported as part of our remuneration, for which approval may be sought.

***Basis of disbursement claim***

<b><i>Disbursement type</i></b>	<b><i>Rate (Excl GST)</i></b>
Externally provided professional services	At cost
Externally provided non-professional services	At cost
Internal disbursements	
Advertising	At cost
Courier	At cost
Data hosting – data loading & processing fee	\$50-\$100 per gigabyte (GB)*
Data hosting – monthly hosting fee (for matters where data is required to be hosted online for more than 1 month)	Standard monthly hosting fee of \$2,000 per month (for up to 500GB of information loaded) plus \$2,000 per month for every additional 500GB block over and above 500GB
Printing – black and white	\$0.09 per page
Printing – Colour	\$0.28 per page



McGrathNicol

Postage	At cost
Stationery and other incidental disbursements	At cost
Staff per diem travel allowance**	\$89.00 per day***
Staff vehicle use	\$0.63 per km***
Telephony – mobile, fixed line and conference calls	At cost

\* Depending on volume of data to be hosted

\*\* Payable when partners or staff are required for business purposes to stay away from their usual place of residence overnight

\*\*\* These rates are deemed reasonable by the Australian Taxation Office

***Further explanation of data hosting disbursements***

In the conduct of these external administrations, we may use McGrathNicol Technology Advisory to extract, aggregate, electronically process and/or host electronic data, which could be used for the investigations regarding transactions or potential recoveries available to creditors.

If data hosting is required and we choose not to use the services of McGrathNicol Technology Advisory, we will otherwise have to purchase those services from an alternative provider and/or use another method to achieve the same end, which will not be as efficient as using these available internal services.

We note that the data hosting rates above are no more than our standard commercial pricing available for the same services when they are provided to external parties.

Dated: 31 August 2018

Mike Hill  
Liquidator



ASIC

Australian Securities & Investments Commission

## 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 Insolvency Practitioners Association (IPA), 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](http://www.asic.gov.au/insolvencyinfosheets). The information sheets are also available from the 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.

**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.



McGrathNicol

**Gognos Holdings Ltd ACN 129 570 181**  
**Dynamic Agri Tech Ltd ACN 060 891 796**  
**(all In Liquidation) (the Companies)**

**Email Authorisation Form**

**McGrathNicol  
Partnership**

ABN 41 945 982 761

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mcgrathnicol.com

I request that notices in relation to the Companies be emailed to me at the following email address:

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Signed: \_\_\_\_\_

Dated: \_\_\_\_\_