



McGrathNicol

McGrathNicol Limited

Level 17
41 Shortland Street
Auckland 1010, New Zealand

PO Box 106-733
Auckland 1143, New Zealand

T +64 9 366 4655

F +64 9 366 4656

mcgrathnicol.com

Receivers' first report on the state of affairs of Ecolibrium Biologicals Holdings Limited (In Receivership) (the Company)

Company number: 6317407

NZBN number 9429046203168

1. Introduction

Conor John McElhinney and Andrew John Grenfell, Partners of McGrathNicol, were appointed jointly and severally as Receivers and Managers (**Receivers**) of all the assets, property, and present and after acquired property of the Company on 22 September 2022 by Stephen Ford (**Appointor**). The Receivers were appointed under the powers contained within a general security agreement dated 19 February 2018 in favour of Stephen Ford of Pukekohe, Auckland.

Conor McElhinney (registration number IP70) and Andrew Grenfell (registration number IP24) are Licensed Insolvency Practitioners pursuant to the Insolvency Practitioners Regulation Act 2019. Receivers of insolvent companies are required to be licensed insolvency practitioners. You may obtain more information regarding the regulation of insolvency practitioners from the Registrar of Companies.

The Receivers are members of the Restructuring Insolvency and Turnaround Association of New Zealand Inc (**RITANZ**) and accordingly act in compliance with the RITANZ Code of Professional Conduct, a copy of which can be located on RITANZ's website (www.ritanz.org.nz).

Set out below is the Receivers' first report on the state of the affairs of the Company including a report on the progress of the receivership since the date of our appointment as required by section 23 of the Receiverships Act 1993 (**Act**).

2. Disclaimer

This report has been prepared by us in accordance with Section 23 of the Act.

It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership pursuant to Sections 26 and 27 of the Act. In compiling this report, we have relied on the accuracy of all relevant information obtained from the Company together with information supplied by the directors, and/or management. We have not independently verified the accuracy of information provided to us, nor have we conducted an audit in respect of the Company. We express no opinion on the reliability, accuracy, or completeness of information provided to us and upon which we have relied.



The Receivers do not accept responsibility or liability for any losses occasioned to any party as a result of the circulation, publication, reproduction, or use of this report.

3. Events leading up to our appointment

The Company develops New Zealand native fungal and bacterial metabolite-based natural alternatives to chemical sprays used in the agricultural and horticultural industries. The Company holds all intellectual property including patents and trademarks relating to existing commercialised products and new products currently in development.

The Company has historically experienced cashflow constraints and shareholder disputes and was subject to winding up applications filed by creditors. Receivers were appointed, following a winding-up application being filed with the Auckland High Court, to conduct an independent sale process and realise the Company's assets for its stakeholders.

The Company was subsequently placed into Liquidation on 30 September 2022 by an order of the Auckland High Court, with Rhys Cain and Larissa Logan of EY (**Liquidators**) appointed as liquidators. The Receivers are working closely with the Liquidators to ensure the best outcome for creditors.

The Company's subsidiary, Ecolibrium Biologicals Limited (**EBL**), conducts all research and development. EBL is the trading entity within the group and owns the physical assets of the group such as laboratory and manufacturing equipment and employs staff. EBL has not been placed into insolvency.

4. Assets subject to receivership

The Receivers' appointment is in respect of all of the present and after acquired property of the Company.

5. Trading on/closure of business

The Company has continued to operate in a limited capacity to preserve value in the intellectual property.

6. Property disposed of to date

No assets have been disposed of to date.

7. Proposals for disposal of receivership property

The Receivers are conducting an extensive global sale process for the business and assets of the Company and have commenced discussions with a number of local and international parties. No further information can be provided at this time without prejudicing the sale process.

8. Amounts owing to the General Security Holder

The amount due to the Appointor as per the demand issued was \$310,177.45.



9. Other security interests

The Personal Property Securities Register shows two parties (other than the Appointor) had registered financing statements against the Company. Details of these parties and their potential interests in the Company are summarised in the table below:

Other security interests as at 22 September 2022

Date of charge	Secured party	Collateral
12 December 2017	Davis Trading Company Limited	Goods other
5 March 2020	Raguver Wallabh and Minaxi Wallabh as Trustees of Naran & Santi Family Trust	All present and after acquired personal property

Source: Personal Properties Security Register

10. Preferential creditors

According to the Company's records, there are no preferential amounts owing to Inland Revenue or employees.

11. Unsecured creditors

The Receivers are unable to comment on the estimated outcome for unsecured creditors until the sales of the business and assets is complete.

12. Particulars of assets and liabilities

Attached as Appendix 1 are particulars of the assets and liabilities of the Company at the date of the appointment of the Receivers.

The summary is based on information provided to us by Company personnel and has not been audited. We have not provided an estimate of the realisable value of the assets, as doing so would prejudice the sale process currently underway.

13. Information provided by the Company

Stephen Ford, a current director of the Company, has co-operated fully in making available the information required by the Receivers to complete this report.

14. Further information

Should you have any queries on the contents of this report, please contact Leanne de Seymour on direct dial +64 9 926 5104.

Dated: 17 November 2022

Conor McElhinney
Receiver and Manager



Appendix 1 – Statement of Assets and Liabilities

Ecolibrium Biologicals Holdings Limited (in Receivership & in Liquidation)

	Book value
<u>Statement of Assets and Liabilities as at 22 September 2022</u>	<u>\$'000</u>
Assets	
Bank	-
Goodwill	13,852
GST	4
Patents & trademarks	328
Prepayments	2
Intellectual property	1,900
Total assets	16,087
Liabilities	
Accounts payable	45
Convertible loan - Bio Scout	1,128
IRD covid advance	42
Loan - Callaghan	420
Loan - DFG	140
Shareholder current account - S Ford	317
Shareholder current account - R Wallabh	220
Total liabilities	2,313
Other assets	
Intercompany advance - Baekrem Solutions Ltd	4
Intercompany advance - Blockchain Biologicals Ltd	9
Intercompany advance - Ecolibrium Biologicals Investments Ltd	35
Intercompany advance - Ecolibrium Biologicals Limited	5,963
Other assets	6,010
Net assets/(liabilities)	19,785
Asset revaluation reserve	13,852
Capital gain/(loss)	(44)
Issued share capital	6,576
Uncalled share capital	(1)
Retained earnings	(599)
Shareholders funds	19,785

Source: Company management accounts

Disclaimer: The statement of assets and liabilities has been prepared based on information supplied by the director and/or management. This information has not been verified. The Receivers have not carried out an audit of the information supplied and therefore they do not accept any responsibility for the accuracy of the information from which the Statement has been prepared. Further, the statement has been presented for the purpose of the receivership only, and the Receivers do not accept any responsibility on any ground whatever, including liability in negligence, to any other person. **The Receivers are currently assessing the realisable value of reported assets.**