

# Tenth supplementary prospectus

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This tenth supplementary prospectus is dated 10 August 2011 and acts to supplement the Replacement Prospectus dated and lodged with the Australian Securities and Investments Commission (**ASIC**) on 25 October 2010 issued by Dynamic Agri Tech Ltd ACN 060 891 796 (**Company**). It also acts to supplement the first supplementary prospectus dated 26 November 2010, the second supplementary prospectus dated 10 December 2010, the third supplementary prospectus dated 17 December 2010, the fourth supplementary prospectus dated 7 January 2011, the fifth supplementary prospectus dated 24 January 2011, the sixth supplementary prospectus dated 31 January 2011, the seventh supplementary prospectus dated 8 February 2011, the eighth supplementary prospectus dated 6 May 2011 and the ninth supplementary prospectus dated 20 May 2011, all of which operated to extend the Closing Date of the Replacement Prospectus to 15 July 2011.

The purpose of this tenth supplementary prospectus is to extend the closing date and the date within which the minimum subscription is to be obtained by extending that date from 15 July 2011 to Friday, 30 September 2011 (at 5.00pm). The Company expects significant funds to be received from a foreign subscriber for shares by this new date. This supplementary prospectus also discloses the expectation that Gognos Holdings Limited (**Gognos**) will defer payment to the closing date of the sum of \$4,779,721.36 due to be paid by Gognos to the Company under the terms of the Payment Deed disclosed at section 11.3.3 of the Replacement Prospectus.

Further, this supplementary prospectus increases the minimum subscription from \$4 million to \$4.55 million and the maximum subscription from \$13 million to \$13.55 million. This is due to a greater allocation of Offer proceeds to consolidating existing operations as a result of an increase in the loan owed by Dynamic Agri Tech Finance Pty Ltd (as discussed at section 11.3.8 of the Replacement Prospectus), which is partially offset by a decrease in the listing and prospectus costs as a result of some of these costs already being paid.

Additional information about the loan, utilisation of Offer proceeds and the impact of the change to the minimum subscription and maximum subscription amounts is provided below.

## Applicable dates

These dates will be the new target or milestone dates:

Closing Date: **30 September 2011**.

Date when shares are expected to be allotted: **7 October 2011**.

Expected despatch of holding statements: **10 October 2011**.

Anticipated commencement date of ASX trading: **17 October 2011**.

These dates are indicative only and subject to change.

## Withdrawal rights

The Company has received subscription applications representing approximately \$1.3 million as at the date of this tenth supplementary prospectus. The extension of the minimum subscription period and closing date until 30 September 2011 will therefore result in withdrawal rights being available to the investors who subscribed for shares up to the date of this tenth supplementary prospectus, entitling them to withdraw their application for shares and to be provided with a full refund of the amount paid on subscription for those shares. Any person who wishes to avail themselves of that right should promptly post or deliver their written withdrawal application to either of these addresses:



**By post**

Dynamic Agri Tech Limited  
c/o Link Market Services Limited  
Locked Bag A14  
SYDNEY SOUTH NSW 1235

**By delivery**

Dynamic Agri Tech Limited  
c/o Link Market Services Limited  
Level 12, 680 George Street  
SYDNEY NSW 2000

These withdrawal rights are only open for one month.

If you have subscribed for Company shares and the delay occasioned by the extension of the minimum subscription period and closing date is not a problem for you, you do not need to do anything. Persons who have not withdrawn their applications for Shares together with new applicants will be advised of the status of the Company's offer following the close of the offer period on 30 September 2011.

**Update on Loan Agreement**

On 28 February 2011, the Loan Agreement, discussed in section 11.3.8 of the Replacement Prospectus was assigned by Gognos to ACN 147 783 462 Pty Ltd (**Lender**), a company unrelated to either Gognos or the Company.

As at 31 July 2011, the total amount owing by Dynamic Agri Tech Finance Pty Ltd to the Lender under the Loan was approximately \$1.5 million and it is anticipated the outstanding Loan amount will be approximately \$1.8 million at the time it is repaid, which will occur upon completion of the Offer.

**Change to minimum subscription and maximum subscription and updated utilisation of funds**

The utilisation of the Offer proceeds, detailed at section 1.2 of the Replacement Prospectus and supplemented by the eighth supplementary prospectus dated 6 May 2011, included an allocation of \$2,125,000 for consolidating existing operations under both the minimum raising and maximum raising. As disclosed at note 10 on page 72 of the Replacement Prospectus, the funds allocated to consolidating existing operations included repayment of the Loan (which is discussed above and at section 11.3.8 of the Replacement Prospectus).

As the balance of the Loan will increase to approximately \$1.8 million by the time it is anticipated to be repaid, being upon completion of the Offer, the Company has increased the funds to be expended in consolidating existing operations from \$2,125,000 to \$2,725,000.

Further, the estimated listing and prospectus costs will decrease from \$501,000 to \$391,000 under the minimum subscription and from \$1,041,000 to \$931,000 under the maximum subscription. This change is due to the payment of the listing fee, printing costs and website costs (which reduce the listing and prospectus costs) and a further additional amount of \$33,000 payable to the Lead Manager and Investment Banker (refer to note 9 in the replacement section 8.2 in the 'Financial Information' section below, section 11.3.7 of the Replacement Prospectus and the eighth supplementary prospectus).

Consequently, the minimum subscription is increased from \$4 million to \$4.55 million and the maximum subscription from \$13 million to \$13.55 million. Accordingly, the net proceeds of the Offer will increase from \$3,499,000 to \$4,159,000 under the minimum subscription and from \$11,959,000 to \$12,619,000 under the maximum subscription.

**Impact on Shares on issue**

As a result of the increased minimum subscription and maximum subscription, the total Shares on issue on completion of the Offer will be 66,400,000 million if the minimum subscription is achieved and 84,400,000 million if the maximum subscription is achieved.

## Financial information

The financial information in section 8 of the Replacement Prospectus is deleted and replaced with the following.

### 8.1 Overview

This section of the Replacement Prospectus provides financial information of Dynamic Agri Tech that the Directors consider relevant for potential investors. This section should be read in full and in conjunction with the summary of accounting policies and notes set out in this section and other information contained in the Replacement Prospectus.

This section contains the following financial information which has been prepared by the Directors:

- an unaudited consolidated statement of comprehensive income for the year ended 30 June 2011 and an audited consolidated statement of comprehensive income for the year ended 30 June 2010; and
- an unaudited consolidated balance sheet for the Dynamic Agri Tech Group as at 30 June 2011 combined with a pro forma consolidated balance sheet for the Dynamic Agri Tech Group as at 30 June 2011 which illustrates the effect of the following transaction as if it had occurred on 30 June 2011:
  - The issuance of a total of 2,300,000 shares to directors and consultants which occurred subsequent to 30 June 2011 but before the closing date of this Replacement Prospectus; and
  - The offer to public subscribers based on the proposed offer of up to 27.1 million new shares at an offer price of \$0.50 per share to raise up to \$13.55 million (the "Maximum Subscription"), of which \$4.55 million is the "Minimum Subscription".

The financial information in this section has **not** been reviewed by the Investigating Accountant and the Investigating Accountant's Report in section 9 of the Replacement Prospectus does not apply to this financial information.

### 8.2 Historical Statement of Comprehensive Income

Set out below is the unaudited consolidated statement of comprehensive income for the year ended 30 June 2011 and the audited consolidated statement of comprehensive income for the year ended 30 June 2010:

<b>Consolidated Statement of Comprehensive Income for the Years Ended 30 June</b>			
	<b>Note</b>	<b>2011</b>	<b>2010</b>
<b>Revenue</b>	<b>2</b>	<b>5,290</b>	<b>27,944</b>
Changes in inventories of finished goods and work in progress		-	(63,636)
Raw materials and consumables used		(228,510)	(275,597)
Employee benefits expense		(19,873)	(116,921)
Freight and cartage		(8,199)	(5,299)
Finance costs		(9,563)	(16,267)
Impairment of Goodwill		-	(68,123)
Other expenses	3	(1,160,579)	(980,843)
<b>Profit before income tax</b>		<b>(1,421,434)</b>	<b>(1,498,742)</b>
Income tax (expense)/revenue		-	-
<b>Profit for the year</b>		<b>(1,421,434)</b>	<b>(1,498,742)</b>
Other comprehensive income:		-	-
<b>Total comprehensive income for the year</b>		<b>(1,421,434)</b>	<b>(1,498,742)</b>

### 8.3 Pro forma statement of financial position

Set out below is the unaudited consolidated balance sheet (under the heading 'Unaudited Consolidated') with the pro forma consolidated balance sheet of the Dynamic Agri Tech Group as at 30 June 2011 showing the impact of raised funds based on the minimum and maximum subscription.

#### Pro Forma Consolidated Balance Sheet as at 30 June 2011

	Note	Unaudited Consolidated \$	Pro Forma Adjustments		Pro Forma Consolidation	
			Minimum Subscription \$	Maximum Subscription \$	Minimum Subscription \$	Maximum Subscription \$
<b>Assets</b>						
<u>Current Assets</u>						
Cash and cash equivalents	4	3,447	4,159,000	12,619,000	4,162,447	12,622,447
Trade and other receivables	5	8,524			8,524	8,524
Inventories	6	63,636			63,636	63,636
<b>Total Current Assets</b>		<b>75,607</b>			<b>4,234,607</b>	<b>12,694,607</b>
<b>Liabilities</b>						
<u>Current Liabilities</u>						
Trade and other payables	7	1,472,463			1,472,463	1,472,463
Current tax liabilities		1,676			1,676	1,676
Short-term provisions		-			-	-
<b>Total Current Liabilities</b>		<b>1,474,139</b>			<b>1,474,139</b>	<b>1,474,139</b>
<u>Non-Current Liabilities</u>						
Trade and other payables	7	51,045			51,045	51,045
<b>Total Liabilities</b>		<b>1,525,184</b>			<b>1,525,184</b>	<b>1,525,184</b>
<b>Net Assets</b>		<b>(1,449,577)</b>			<b>2,709,423</b>	<b>11,169,423</b>
<b>Equity</b>						
Share Capital	8	1,548,720	5,309,000	13,769,000	6,857,720	15,317,720
Retained Earnings		(2,998,297)	(1,150,000)	(1,150,000)	(4,148,297)	(4,148,297)
<b>Total Equity</b>		<b>(1,449,577)</b>			<b>2,709,423</b>	<b>11,169,423</b>

## **Notes to the statements of comprehensive income and pro forma consolidated balance sheet**

### **Note 1 – Summary of accounting policies**

#### ***Basis of preparation***

The financial information has been prepared in accordance with the measurement and recognition requirements, but not all of the disclosure requirements of the Corporations Act including applicable Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Australian Accounting Interpretations for the presentation of financial information for inclusion in a prospectus in Australia.

The Board believes the consolidated financial statements of the Dynamic Agri Tech Group comply with Australian Equivalents to International Financial Reporting Standard interpretations and other applicable financial reporting standards. In the view of the Directors, the omitted disclosure would provide no further relevant information to potential investors. However, the consolidated financial statements, as they relate to the financial year ended 30 June 2011, are unaudited and have not been audited by the Company's auditor.

The measurement base adopted is that of historical cost and on a going concern basis.

#### ***Principles of consolidation***

A controlled entity is any entity that the Company has the power to control the financial and operating policies of subsidiaries so as to obtain benefits from its activities. All inter-company balances and transactions between entities in the Dynamic Agri Tech Group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Reverse acquisitions, where the cost of the business combination is deemed to have been incurred by the legal subsidiary (i.e. the acquirer for accounting purposes) in the form of equity instruments issued to the owners of the legal parent (i.e. the acquirer for accounting purposes) are accounted for using Australian Accounting Standards Board 3 Business Combinations. The method calculates the fair value of the instruments issued by the legal parent on the basis of the fair value of the existing instruments in the legal subsidiary.

### **Note 2 – Revenue and other income**

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue from the sales of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

Interest revenue is recognised using the effective interest rate methods, which, for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividend received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax (GST).

### Note 3 – Other expenses

Other expenses comprises \$1,160,579 and is made up of: management fees (\$365,560) legal & professional fees (\$259,558); rent on the factory (\$179,022); travel costs (\$86,413); and general business overheads (\$270,026)

This item also includes related party transactions, conducted on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated. In addition to the loans provided by Gognos Holdings Ltd and assigned to ACN 147 738 462 Pty Ltd as summarised in section 11.3.8 of the Replacement Prospectus and in the section headed 'Update on Loan Agreement' in this tenth Supplementary Prospectus, this item also includes payment to Mummers Pty Ltd for management consulting services of \$88,400. Russell Manfield is a Director of Mummers Pty Ltd.

### Note 4 – Cash and cash equivalents

Cash and short term deposits in the balance sheet comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

### Note 5 – Trade and other receivables

The \$8,524 balance relates to a GST refund owing to Dynamic Fodder Pty Ltd from the Australian Taxation Office.

### Note 6 – Inventories

Provision is made for current stocks of production module chassis assemblies currently held in store, ready for fit out into fodder production units.

### Note 7 – Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the Dynamic Agri Tech Group prior to the end of the financial period that are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition, excepting the repayment of the loan as summarised in section 11.3.8 of the Replacement Prospectus.

### Note 8 – Share capital

The capital structure following the completion of the Offer will be as follows:

Issued Shares	Minimum Subscription		Maximum Subscription	
	No. of shares	%	No. of shares	%
Fully paid Shares on issue at 30 June 2011	26,883,992	40%	26,883,992	32%
Partly paid Shares on issue at 30 June 2011	28,116,008	42%	28,116,008	33%
Fully paid Shares issued to public, pursuant to the Prospectus	9,100,000	14%	27,100,000	32%
Fully paid Shares issued to Directors & consultants, subsequent to 30 June 2011	2,300,000	4%	2,300,000	3%
<u>Total fully paid shares on issue following completion of Offer</u>	<u>66,400,000</u>	<u>100%</u>	<u>84,400,000</u>	<u>100%</u>

## Note 9 – Capital raising expenses

An allowance has been made in respect of the professional fees (legal, accounting and broker fees) incurred by the Dynamic Agri Tech Group in relation to the Offer of between \$391,000 and \$931,000 based on the Minimum Subscription and Maximum Subscription. This amount reduces the Share capital.

<b>Estimated Cost of Capital Raising</b>	<i>Min</i>	<i>Max</i>
Legal	135,000	135,000
Accounting	90,000	90,000
Broker	163,000	703,000
Miscellaneous	3,000	3,000
<b>TOTAL</b>	<b>\$391,000</b>	<b>\$931,000</b>

## Note 10 – Commitments and contingencies

A loan has been made to Dynamic Agri Tech Finance by Gognos, and assigned from Gognos to ACN 147 783 462 Pty Ltd, under a secured registered charge over the Company's assets. The total amount due as at 30 June 2011 is \$1,428,300. Some interim financial assistance, in the form of loans, has been progressively made to Dynamic Agri Tech since 1 July 2010. Provision has been made for payment of the loan under the line item 'consolidate existing operations in section 1.2 of the Replacement Prospectus. The Dynamic Agri Tech Group is not subject to any current or pending litigation, nor are the Directors aware of any circumstances or events that are likely to lead to any future litigation or claims for damages.

Note: 'consolidate existing operations' is phraseology used by the Directors (and quantified in section 1.2 of the Replacement Prospectus) to describe the stabilization of the Company's current operations in Australia by expenditure on leasing and fitting out:

- new leased premises for manufacturing the production units as well as expenses;
- new leased premises as an office for administration and head office functions as well as associated furniture, fitting out and equipment costs.

### ***Employment contract – key management***

The Dynamic Agri Tech Group has entered into an employment contract on 1 May 2009 with Russell Manfield for a 5 year period. The remuneration includes a base salary, bonus pool based on 10% of earnings before interest and taxation, fully maintained vehicle and retirement monies.

### ***Occupancy lease***

The Dynamic Agri Tech Group has a 3 year lease (of which 2.5 years has expired) where the current annual rental is \$180,000 (GST inclusive) with an annual increase based on the Consumer Price Index. The company is currently seeking rental alternatives to a maximum of \$150,000 pa to meet its emerging needs after listing.

<b>Remuneration &amp; Lease Commitments</b>	<b><i>Minimum Subscription</i></b>	<b><i>Maximum Subscription</i></b>
<b><u>Key Management Remuneration Commitments</u></b>		
Within a year	\$ 855,000	\$ 855,000
Within 2-5 years	\$ 2,940,000	\$ 2,940,000
<b><u>Occupancy Lease Commitments</u></b>		
Within 1 year	\$ 165,000	\$ 165,000
Within 2-5 years	\$ 600,000	\$ 600,000

*Note: Based on management's best estimate*

## **Extension of payment date by Gognos**

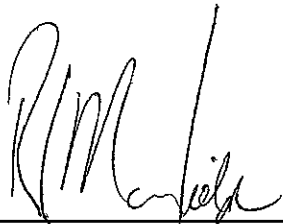
In section 11.3.3 of the Replacement Prospectus disclosure is made of the financial obligations entered into by Gognos with the Company under the Payment Deed which requires Gognos to make a payment of \$4,779,721.36 to the Company by 31 December 2010. The Company believes that the payment will be made to coincide with the closing date of the Offer i.e. on or by 30 September 2011.

## **ASIC relief**

The Company has obtained relief from ASIC to ensure that any issue of shares made under the extended offer period and extended minimum subscription period is not voided because of section 723. The ASIC relief also has the effect of enabling the Company a further three months from the date of this tenth supplementary prospectus within which to obtain ASX quotation of its shares.

This tenth supplementary prospectus will circulate with the Replacement Prospectus, the first supplementary prospectus, second supplementary prospectus, third supplementary prospectus, fourth supplementary prospectus, fifth supplementary prospectus, sixth supplementary prospectus, seventh supplementary prospectus, eighth supplementary prospectus and ninth supplementary prospectus. This tenth supplementary prospectus will be provided to all persons known to have subscribed for and paid for Shares in order that they might consider their withdrawal rights in light of the above disclosure.

This tenth supplementary prospectus is signed and lodged with ASIC with the consent of the directors of Dynamic Agri Tech Ltd.



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Russell Manfield  
Director  
Dynamic Agri Tech Ltd