



## Second Respondent's Defence

No. VID1072 of 2024

Federal Court of Australia  
District Registry: Victoria  
Division: General

**Edwin Paul Cayzer**

Applicant

**Phoslock Environmental Technologies Ltd (ACN 099 555 290)** and others named in the schedule

Respondents

### PRELIMINARY

- A. This Defence is provided:
- (a) pursuant to the Orders made by the Court including Order 8(b) made on 2 May 2025; and
  - (b) save where an express admission is pleaded below, without admissions.
- B. Unless the context otherwise requires, the Second Respondent adopts the defined terms in the Applicant's Amended Statement of Claim filed on 21 March 2025 (**Claim**), but does not admit any factual assertions contained in, or in any way implied by, any defined term used in the Claim.
- C. In accordance with principle and usual practice, the Second Respondent has not pleaded to the particulars in the Claim. Nothing in this Defence should be taken to be an admission of any fact alleged in the particulars to the Claim.
- D. The Second Respondent maintains to the maximum extent possible the privilege against self-exposure to a penalty and/or self-incrimination (the **Privileges**). Nothing in this Defence should be taken as expressly or impliedly waiving those claims of privilege. The Second Respondent does not admit or denies allegations contained in the Claim where he relies on the privilege against self-exposure to penalty and/or self-incrimination. The Second Respondent reserves the right to plead additional matters in response to those allegations, following the closure of the Applicant's case, including to plead positive

Filed on behalf of	Laurence Freedman, Second Respondent
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defences, defences under ss 1041I(1B), 1041L and 1041N of the *Corporations Act 2001* (Cth) (**Corporations Act**), ss 12GF(1B) 12GP and/or 12GR of the *Australian Securities and Investments Commission Act 2001* (Cth), and ss 87CB, 87CD and/or 137B of the *Competition and Consumer Act 2010* (Cth) and/or seek relief from liability under s 1318 of the *Corporations Act*. The Second Respondent also relies on the right to alter any non-admission of an allegation to a positive denial following closure of the Applicant's case at trial.

- E. This Defence is provided without prejudice to the entitlement of the Second Respondent to submit, at the close of the Applicant's case, that he has no case to answer.
- F. The Second Respondent reserves the right to advance additional material in support of his Defence, the details of which will be disclosed by way of amendments to this Defence and/or by adducing evidence in support of his Defence after the close of the Applicant's case.
- G. The Second Respondent does not plead to, or does not admit, certain allegations in the Claim that are not made (or which do not appear to be made) against him. By adopting that approach, the Second Respondent does not intend to be taken to admit those paragraphs. To the extent that this form of pleading would otherwise be deemed an admission by the Second Respondent, the relevant allegations are denied, without prejudice to the Second Respondent's maintenance of the Privileges as referred to above.
- H. Headings used in this Defence are for convenience only. They do not form part of the Second Respondent's Defence.

## **A. THE PARTIES AND GROUP MEMBERS**

### **A.1 The Applicant and the Group Members**

1. As to paragraph 1 of the Claim, the Second Respondent:
  - (a) admits that the Applicant has purported to commence the proceedings as a representative proceeding pursuant to Part IVA of the *Federal Court of Australia Act 1976* (Cth); and
  - (b) otherwise does not know and cannot admit the paragraph.
2. As to paragraph 2 of the Claim, the Second Respondent:
  - (a) admits paragraph 2(a) of the Claim; and
  - (b) otherwise does not know and cannot admit the paragraph.
3. The Second Respondent does not know and therefore cannot admit paragraph 3 of the Claim.

**A.2 The Respondents**

4. As to paragraph 4 of the Claim, the Second Respondent:
  - (a) says that Phoslock announced to the ASX on 6 December 2018 that it would be changing its financial year end from 30 June to 31 December, effective immediately; and
  - (b) otherwise admits paragraph 4.
5. As to paragraph 5 of the Claim, the Second Respondent:
  - (a) admits sub-paragraphs (a), (c) and (d); and
  - (b) asserts the Privileges and does not admit sub-paragraphs (b) and (e).
6. As to paragraph 6 of the Claim the Second Respondent:
  - (a) admits sub-paragraphs (a) to (d); and
  - (b) otherwise does not know and cannot admit the paragraph.
- 6A. The Second Respondent does not know and therefore cannot admit paragraph 6A of the Claim.
7. As to paragraph 7 of the Claim, the Second Respondent:
  - (a) admits that KPMG was a partnership which conducted business in New South Wales providing services including auditing and accounting services;
  - (b) admits that Ms Cain was a partner of KPMG and that she signed lead auditor's independence declarations under s 307C of the Corporations Act dated:
    - i. 27 August 2018 in relation to the audit of Phoslock for the financial year ended 30 June 2018;
    - ii. 27 February 2019 in relation to the audit of Phoslock for the financial period ended 31 December 2018;
    - iii. 24 March 2020 in relation to the audit of Phoslock for the financial year ended 31 December 2019;
    - iv. 29 January 2021 in relation to the review of Phoslock for the half year ended 30 June 2020;
    - v. 31 March 2021 in relation to the audit of Phoslock for the financial year ended 31 December 2020;
  - (c) admits sub-paragraphs 7(c)(ii)(d)-7(c)(ii)(f); and
  - (d) otherwise does not know and cannot admit the paragraph.

**B. PHOSLOCK'S REPORTING REQUIREMENTS**

8. As to paragraph 8 of the Claim, the Second Respondent:
  - (a) relies on Part 2M.3 and ss 111AP(1) and 674(1) of the Corporations Act and the ASX Listing Rules for their full force and effect; and
  - (b) otherwise admits the paragraph.
9. As to paragraph 9 of the Claim, the Second Respondent:
  - (a) says in relation to sub-paragraph (a), that AASB 101 was called "Presentation of Financial Statements"; and
  - (b) otherwise admits paragraph 9 of the Claim.
10. As to paragraph 10 of the Claim, the Second Respondent:
  - (a) admits sub-paragraph (b) in respect of the period from 2018 to 2020 and relies on AASB 101 for its full force and effect; and
  - (b) otherwise does not know and cannot admit the paragraph.
11. As to paragraph 11 of the Claim, the Second Respondent:
  - (a) admits sub-paragraph (b) in respect of the period from 2018 to 2020 and relies on AASB 110 for its full force and effect; and
  - (b) otherwise does not know and cannot admit the paragraph.
12. As to paragraph 12 of the Claim, the Second Respondent:
  - (a) relies on ss 674 and 767A of the Corporations Act and the ASX Listing Rules for their full force and effect; and
  - (b) otherwise admits the paragraph.
13. As to paragraph 13 of the Claim, the Second Respondent:
  - (a) relies on the ASX Listing Rules for their full force and effect; and
  - (b) otherwise admits the paragraph.

**C. DIRECTORS' ROLES**

14. As to paragraph 14 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

15. As to paragraph 15 of the Claim, the Second Respondent:
  - (a) relies on ss 292 and 295 of the Corporations Act for their full force and effect; and
  - (b) otherwise denies the paragraph.
16. As to paragraph 16 of the Claim, the Second Respondent:
  - (a) relies on ss 302 to 305 of the Corporations Act for their full force and effect; and
  - (b) otherwise denies the paragraph.
17. The Second Respondent does not plead to paragraph 17 of the Claim as it does not contain any allegations against him.
18. The Second Respondent does not plead to paragraph 18 of the Claim as it does not contain any allegations against him.
19. The Second Respondent does not plead to paragraph 19 of the Claim as it does not contain any allegations against him.

#### **D. KPMG'S ROLE**

##### **C.1 KPMG's Audit Obligations**

20. As to paragraph 20 of the Claim, the Second Respondent:
  - (a) says that Phoslock first retained KPMG as its auditor on or about 23 November 2017; and
  - (b) otherwise admits the paragraph.
21. The Second Respondent does not plead to paragraph 21 of the Claim as it does not contain any allegations against him.
22. The Second Respondent does not plead to paragraph 22 of the Claim as it does not contain any allegations against him.
23. The Second Respondent does not plead to paragraph 23 of the Claim as it does not contain any allegations against him.

##### **C.2 KPMG Audit Team**

24. The Second Respondent does not plead to paragraph 24 of the Claim as it does not contain any allegations against him.
25. The Second Respondent does not plead to paragraph 25 of the Claim as it does not contain any allegations against him.
26. The Second Respondent does not plead to paragraph 26 of the Claim as it does not contain any allegations against him.

## **E. PHOSLOCK'S FINANCIAL STATEMENTS**

### **E.1 Relevant events leading up to FY18**

27. As to paragraph 27 of the Claim, the Second Respondent:

- (a) admits that Phoslock published and lodged with the ASX an announcement dated 4 May 2017 (**4 May 2017 ASX announcement**) which stated that Phoslock had signed a Strategic Co-Operation Agreement with BHZQ;
- (b) in respect of sub-paragraph (b), says that the 4 May 2017 ASX announcement stated in part that, given the size and scope of BHZQ's project pipeline, Phoslock anticipated annual sales to increase from \$5 million to \$15 million for the next full financial year; and
- (c) asserts the Privileges and otherwise does not admit the paragraph.

28. As to paragraph 28 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

29. The Second Respondent does not plead to paragraph 29 of the Claim, as it does not contain any allegations against him.

30. As to paragraph 30 of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph.

### **E.2 Phoslock's FY18 financial performance**

31. As to paragraph 31 of the Claim, the Second Respondent:

- (a) admits that Phoslock published and lodged with the ASX on about 11 October 2018 its FY18 Annual Report;
- (b) admits that Phoslock lodged with the ASX on or about 11 October 2018 a Notice of Annual General Meeting, Proxy Form for AGM and Appendix 4G; and
- (c) asserts the Privileges and otherwise does not admit the paragraph.

32. As to paragraph 32 of the Claim, the Second Respondent:

- (a) admits that the FY18 Annual Report included sections titled:
  - (i) Corporate Information
  - (ii) Chairman's Report
  - (iii) Managing Director's Report Director's Report
  - (iv) Auditor's Independence Declaration
  - (v) Corporate Governance

- (vi) Consolidated Statement of Profit or Loss and Other Comprehensive Income
- (vii) Consolidated Statement of Financial Position
- (viii) Consolidated Statement of Changes in Equity
- (ix) Consolidated Statement of Cash Flows
- (x) Notes to the Financial Statements
- (xi) Director's Declaration
- (xii) Independent Auditor's Report
- (xiii) Shareholder Information; and

(b) otherwise asserts the Privileges and does not admit the paragraph.

33. As to paragraph 33 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
34. The Second Respondent does not plead to paragraph 34 of the Claim, as it does not contain any allegations against him.
35. As to paragraph 35 of the Claim, the Second Respondent:
- (a) admits sub-paragraphs (g) and (h); and
  - (b) asserts the Privileges and otherwise denies the paragraph.

### **E.3 Phoslock's July to December 2018 financial performance**

36. The Second Respondent admits paragraph 36 of the Claim.
37. The Second Respondent admits paragraph 37 of the Claim.
38. As to paragraph 38 of the Claim, the Second Respondent:
- (a) admits that Phoslock published and lodged with the ASX its Annual Report for the period ending 31 December 2018 (**Extended FY18 Annual Report**) on or around 1 April 2019; and
  - (b) asserts the Privileges and otherwise does not admit the paragraph.
39. As to paragraph 39 of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph.

### **E.4 Phoslock's FY19 financial performance**

40. As to paragraph 40 of the Claim, the Second Respondent:
- (a) admits that Phoslock provided to the ASX on about 23 August 2019 its Appendix 4D Half Year Report for the six months ended 30 June 2019, which document included Phoslock and its controlled entities' consolidated interim financial

statements as at and for the six months ended 30 June 2019 (**1H19 Accounts**);  
and

- (b) asserts the Privileges and otherwise denies paragraph 40.
41. As to paragraph 41 of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph.
42. As to paragraph 42 of the Claim, the Second Respondent:
- (a) admits that a letter from Mr Schuitema to the ASX dated 31 October 2019 was published to the ASX on or about that date; and
  - (b) asserts the Privileges and otherwise denies the paragraph.
43. As to paragraph 43 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
44. As to paragraph 44 of the Claim, the Second Respondent:
- (a) admits that Phoslock published and lodged with the ASX on about 22 April 2022 its FY19 Annual Report;
  - (b) admits that Phoslock lodged with the ASX on or about 22 April 2022 a Notice of Annual General Meeting, AGM Proxy Form and Appendix 4G; and
  - (c) otherwise asserts the Privileges and does not admit the paragraph.
45. As to paragraph 45 of the Claim, the Second Respondent:
- (a) admits that the FY19 Annual Report included sections titled:
    - (i) Chairman's Report;
    - (ii) Managing Director's Report;
    - (iii) Director's Report;
    - (iv) Auditor's Independence Declaration;
    - (v) Corporate Governance;
    - (vi) Consolidated Statement of Profit or Loss and Other Comprehensive Income;
    - (vii) Consolidated Statement of Financial Position;
    - (viii) Consolidated Statement of Changes in Equity;
    - (ix) Consolidated Statement of Cash Flows;
    - (x) Notes to the Financial Statements;
    - (xi) Director's Declaration;

(xii) Independent Auditor's Report;

(xiii) Shareholder Information; and

(b) asserts the Privileges and otherwise denies the paragraph.

46. As to paragraph 46 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

47. The Second Respondent does not plead to paragraph 47 of the Claim as it does not contain any allegations against him.

48. As to paragraph 48 of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph.

#### **E.5 Phoslock's FY20 financial performance**

49. As to paragraph 49 of the Claim, the Second Respondent:

(a) admits that Phoslock lodged with the ASX on or about 26 August 2020 an Appendix 4D, Half year report for the half year ended 30 June 2020 to which was attached a preliminary interim report (unreviewed); and

(b) asserts the Privileges and otherwise does not admit paragraph 49.

50. As to paragraph 50 of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph 50.

51. As to paragraph 51 of the Claim, the Second Respondent:

(a) admits Phoslock published and lodged with the ASX on about 1 February 2021 its final results for the half-year ended 30 June 2020 which had been reviewed by the independent auditor (**FY20 Half Year Accounts**); and

(b) asserts the Privileges and otherwise denies the paragraph.

52. As to paragraph 52 of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph.

52A. As to paragraph 52A of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph.

#### **F. PHOSLOCK'S CAPITAL RAISINGS**

53. As to paragraph 53 of the Claim, the Second Respondent:

(a) admits sub-paragraph 53(a) and that the First Capital Raising Announcement stated, among other things, the matters referred to in sub-paragraphs 53(b) and (c); and

(b) asserts the Privileges and otherwise denies the paragraph.

54. As to paragraph 54 of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph.
55. The Second Respondent admits paragraph 55 of the Claim.
56. As to paragraph 56 of the Claim, the Second Respondent:
- (a) admits sub-paragraph 56(a) and that the Second Capital Raising Announcement stated, among other things, the matters referred to in sub-paragraphs 56(b) and (c); and
  - (b) asserts the Privileges and otherwise denies the paragraph.
57. As to paragraph 57, the Second Respondent asserts the Privileges and otherwise denies the paragraph.
58. As to paragraph 58 of the Claim, the Second Respondent:
- (a) admits sub-paragraph 58(a) and that the Third Capital Raising Announcement stated, among other things, the matter referred to in sub-paragraph 58(b); and
  - (b) asserts the Privileges and otherwise denies the paragraph.
59. As to paragraph 59 of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph.
60. As to paragraph 60 of the Claim, the Second Respondent:
- (a) says that, on or around 3 June 2020, Phoslock announced to the ASX that it issued 5,700,000 fully paid ordinary shares at an issue price of 50 cents per share to certain directors and executives of Phoslock and its subsidiaries (**Fourth Capital Raising**); and
  - (b) asserts the Privileges and otherwise does not admit the paragraph.
61. As to paragraph 61 of the Claim, the Second Respondent asserts the Privileges and otherwise denies the paragraph.

## **G. THE TRUE POSITION**

### **G.1 Related Party Contracts**

62. As to paragraph 62 of the Claim, the Second Respondent:
- (a) admits Phoslock had subsidiaries in China, including:
    - (i) Phoslock (Beijing) Ecological Engineering Technology Co Ltd (**Phoslock Beijing**); and
    - (ii) Beijing Ecosystem Environmental Science and Technology Co., Ltd;

(b) says that:

- (i) Mr Zhang was a director of Phoslock from about 12 June 2017 to about 28 September 2020;
- (ii) Mr Ma was a director of Phoslock from about 5 December 2018 to about 28 September 2020; and
- (iii) Mr Liu was the General Manager of Phoslock Beijing from about mid-2017 to 2020; and

(c) asserts the Privileges and otherwise does not admit the paragraph.

62A. As to paragraph 62A of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.

63. As to paragraph 63 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

64. As to paragraph 64 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

65. [Not used]

66. [Not used]

67. [Not used]

68. [Not used]

69. [Not used]

70. [Not used]

## **G.2 Potentially suspicious payments**

70A. As to paragraph 70A of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

## **G.4 China Impacted Revenue**

70B. As to paragraph 70B of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

## **G.5 Undisclosed BHZQ Related Party Information**

70C. As to paragraph 70C of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

70D. As to paragraph 70D of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

70E. As to paragraph 70E of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

#### **G.5 Undisclosed China Business Practice Information**

70F. As to paragraph 70F of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

70G. As to paragraph 70G of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

70H. As to paragraphs 70H of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

#### **G.6 Impacted China Revenue**

70I. As to paragraph 70I of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

70J. As to paragraph 70J of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

70K. As to paragraphs 70K of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

71. [Not used]

### **GA TRUE POSITION – NON-PAYMENT OF RECEIVABLES**

#### **GA.1 Non-payment of receivables**

71A. As to paragraph 71A of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

71B. As to paragraph 71B of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

71C. As to paragraph 71C of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

71D. As to paragraph 71D of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

71E. As to paragraph 71E of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

71F. As to paragraph 71F of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

- 71G. As to paragraph 71G of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71H. As to paragraph 71H of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71I. As to paragraph 71I of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71J. As to paragraph 71J of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71K. As to paragraph 71K of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71L. As to paragraph 71L of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71M. As to paragraph 71M of the Claim, the Second Respondent says he:
- (a) was not on the board of Phoslock in 2022; and
  - (b) does not know and therefore cannot admit the paragraph.

#### **GA.2 Undisclosed Receivables Non-Payment Information**

- 71N. As to paragraph 71N of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71O. As to paragraph 71O of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71P. As to paragraph 71P of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

#### **GA.3 Incorrect Accounting Treatment of Phoslock Beijing Receivables**

- 71Q. As to paragraph 71Q of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71R. As to paragraph 71R of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71S. As to paragraph 71S of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71T. As to paragraph 71T of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

- 71U. As to paragraph 71U of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71V. As to paragraph 71V of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 71W. As to paragraph 71W of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

72. [Not used]

#### **H. PHOSLOCK'S ALLEGED CONTRAVENTION OF ITS CONTINUOUS DISCLOSURE OBLIGATIONS**

73. [Not used]

74. [Not used]

75. As to paragraph 75 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 75A. As to paragraph 75A of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- 75B. As to paragraph 75B of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
76. As to paragraph 76 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
77. As to paragraph 77 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
78. As to paragraph 78 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

#### **I. DIRECTORS' ALLEGED CONTRAVENING CONDUCT**

##### **I.1 Directors' Representations**

79. As to paragraph 79 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
80. As to paragraph 80 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
81. As to paragraph 81 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

82. As to paragraph 82 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
83. The Second Respondent does plead to paragraph 83 of the Claim as it does not contain any allegations against him.
84. As to paragraph 84 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
85. As to paragraph 85 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
86. As to paragraph 86 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

## **I.2 Misleading or deceptive conduct (FY18 report)**

- 86A. As to paragraph 86A of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
87. [Not used]
88. As to paragraph 88 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
89. As to paragraph 89 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
90. As to paragraph 90 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
91. As to paragraph 91 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
92. As to paragraph 92 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
93. As to paragraph 93 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
94. As to paragraph 94 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
95. As to paragraph 95 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
96. As to paragraph 96 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

97. As to paragraph 97 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
98. As to paragraph 98 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
99. As to paragraph 99 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

**I.2A Misleading or deceptive conduct (FY19)**

100. As to paragraph 100 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
101. As to paragraph 101 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
102. As to paragraph 102 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
103. As to paragraph 103 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
104. As to paragraph 104 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
105. As to paragraph 105 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

**I.3 Section 1041E liability in respect of the FY18 Directors' Opinion, Extended FY19 Directors' Opinion, and FY19 Directors' Opinion to ASX**

106. As to paragraph 106 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
107. As to paragraph 107 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
108. As to paragraph 108 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
109. As to paragraph 109 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
110. As to paragraph 110 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
111. As to paragraph 111 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

112. As to paragraph 112 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
113. As to paragraph 113 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
114. As to paragraph 114 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
115. As to paragraph 115 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
116. As to paragraph 116 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
117. As to paragraph 117 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
118. As to paragraph 118 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
119. As to paragraph 119 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
120. As to paragraph 120 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
121. As to paragraph 121 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
122. As to paragraph 122 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
123. As to paragraph 123 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
- I.4 Section 1041E liability in respect of the FY18 Directors' Representation, Extended FY18 Directors' Representation, FY19 Directors' Representation to ASX**
124. As to paragraph 124 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
125. As to paragraph 125 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
126. As to paragraph 126 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

127. As to paragraph 127 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
128. As to paragraph 128 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
129. As to paragraph 129 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
130. As to paragraph 130 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
131. As to paragraph 131 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
132. As to paragraph 132 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
133. As to paragraph 133 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
134. As to paragraph 134 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
135. As to paragraph 135 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
136. As to paragraph 136 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
137. As to paragraph 137 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
138. As to paragraph 138 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
139. As to paragraph 139 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
140. As to paragraph 140 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
141. As to paragraph 141 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

**I.5 Continuing nature of the Directors' Alleged FY18 Accounts Misleading Conduct Contraventions**

142. As to paragraph 142 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
143. As to paragraph 143 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
144. As to paragraph 144 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

**I.6 Directors' liability in respect of the Capital Raising**

145. As to paragraph 145 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
146. As to paragraph 146 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
147. As to paragraph 147 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
148. As to paragraph 148 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
149. As to paragraph 149 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
150. As to paragraph 150 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
151. As to paragraph 151 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
152. As to paragraph 152 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
153. As to paragraph 153 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.

**J. KPMG'S CONTRAVENING CONDUCT****J.1 KPMG's Representations in FY18**

154. The Second Respondent does not plead to paragraph 154 of the Claim as it does not contain any allegations against him.

**J.2 Misleading or deceptive conduct in FY18****J.2.1 Misleading or deceptive conduct in respect of the FY18 KPMG Opinion to ASX**

155. The Second Respondent does not plead to paragraph 155 of the Claim as it does not contain any allegations against him.
156. The Second Respondent does not plead to paragraph 156 of the Claim as it does not contain any allegations against him.
157. The Second Respondent does not plead to paragraph 157 of the Claim as it does not contain any allegations against him.
158. The Second Respondent does not plead to paragraph 158 of the Claim as it does not contain any allegations against him.
159. The Second Respondent does not plead to paragraph 159 of the Claim as it does not contain any allegations against him.
160. The Second Respondent does not plead to paragraph 160 of the Claim as it does not contain any allegations against him.

**J.2.2 Misleading or deceptive conduct in respect of the FY18 KPMG Representation to ASX**

161. The Second Respondent does not plead to paragraph 161 of the Claim as it does not contain any allegations against him.
162. The Second Respondent does not plead to paragraph 162 of the Claim as it does not contain any allegations against him.

**J.2.3 Section 1041E liability in respect of the FY18 KPMG Opinion to ASX**

163. The Second Respondent does not plead to paragraph 163 of the Claim as it does not contain any allegations against him.
164. The Second Respondent does not plead to paragraph 164 of the Claim as it does not contain any allegations against him.
165. The Second Respondent does not plead to paragraph 165 of the Claim as it does not contain any allegations against him.
166. The Second Respondent does not plead to paragraph 166 of the Claim as it does not contain any allegations against him.
167. The Second Respondent does not plead to paragraph 167 of the Claim as it does not contain any allegations against him.

168. The Second Respondent does not plead to paragraph 168 of the Claim as it does not contain any allegations against him.

169. The Second Respondent does not plead to paragraph 169 of the Claim as it does not contain any allegations against him.

#### **J.2.4 Section 1041E liability in respect of the FY18 KPMG Representation to ASX**

170. The Second Respondent does not plead to paragraph 170 of the Claim as it does not contain any allegations against him.

171. The Second Respondent does not plead to paragraph 171 of the Claim as it does not contain any allegations against him.

172. The Second Respondent does not plead to paragraph 172 of the Claim as it does not contain any allegations against him.

173. The Second Respondent does not plead to paragraph 173 of the Claim as it does not contain any allegations against him.

174. The Second Respondent does not plead to paragraph 174 of the Claim as it does not contain any allegations against him.

175. The Second Respondent does not plead to paragraph 175 of the Claim as it does not contain any allegations against him.

176. The Second Respondent does not plead to paragraph 176 of the Claim as it does not contain any allegations against him.

#### **J.3 Continuing nature of the KPMG FY18 Accounts Contraventions**

177. The Second Respondent does not plead to paragraph 177 of the Claim as it does not contain any allegations against him.

#### **J.4 KPMG's Representations in Extended FY18**

178. The Second Respondent does not plead to paragraph 178 of the Claim as it does not contain any allegations against him.

#### **J.5 Misleading or deceptive conduct in Extended FY18**

##### **J.5.1 Misleading or deceptive conduct in respect of the Extended FY18 KPMG Opinion to ASX**

179. The Second Respondent does not plead to paragraph 179 of the Claim as it does not contain any allegations against him.

180. The Second Respondent does not plead to paragraph 180 of the Claim as it does not contain any allegations against him.

- 181. The Second Respondent does not plead to paragraph 181 of the Claim as it does not contain any allegations against him.
- 182. The Second Respondent does not plead to paragraph 182 of the Claim as it does not contain any allegations against him.
- 183. The Second Respondent does not plead to paragraph 183 of the Claim as it does not contain any allegations against him.
- 184. The Second Respondent does not plead to paragraph 184 of the Claim as it does not contain any allegations against him.

**J.5.2 Misleading or deceptive conduct in respect of the Extended FY18 KPMG Representation to ASX**

- 185. The Second Respondent does not plead to paragraph 185 of the Claim as it does not contain any allegations against him.
- 186. The Second Respondent does not plead to paragraph 186 of the Claim as it does not contain any allegations against him.

**J.5.3 Section 1041E liability in respect of the Extended FY18 KPMG Opinion to ASX**

- 187. The Second Respondent does not plead to paragraph 187 of the Claim as it does not contain any allegations against him.
- 188. The Second Respondent does not plead to paragraph 188 of the Claim as it does not contain any allegations against him.
- 189. The Second Respondent does not plead to paragraph 189 of the Claim as it does not contain any allegations against him.
- 190. The Second Respondent does not plead to paragraph 190 of the Claim as it does not contain any allegations against him.
- 191. The Second Respondent does not plead to paragraph 191 of the Claim as it does not contain any allegations against him.
- 192. The Second Respondent does not plead to paragraph 192 of the Claim as it does not contain any allegations against him.
- 193. The Second Respondent does not plead to paragraph 193 of the Claim as it does not contain any allegations against him.

**J.5.4 Section 1041E liability in respect of the Extended FY18 KPMG Representation to ASX**

194. The Second Respondent does not plead to paragraph 194 of the Claim as it does not contain any allegations against him.
195. The Second Respondent does not plead to paragraph 195 of the Claim as it does not contain any allegations against him.
196. The Second Respondent does not plead to paragraph 196 of the Claim as it does not contain any allegations against him.
197. The Second Respondent does not plead to paragraph 197 of the Claim as it does not contain any allegations against him.
198. The Second Respondent does not plead to paragraph 198 of the Claim as it does not contain any allegations against him.
199. The Second Respondent does not plead to paragraph 199 of the Claim as it does not contain any allegations against him.
200. The Second Respondent does not plead to paragraph 200 of the Claim as it does not contain any allegations against him.

**J.6 Continuing nature of the KPMG Extended FY18 Accounts Contraventions**

201. The Second Respondent does not plead to paragraph 201 of the Claim as it does not contain any allegations against him.

**J.7 KPMG's Representations in FY19**

202. The Second Respondent does not plead to paragraph 202 of the Claim as it does not contain any allegations against him.

**J.8 Misleading or deceptive conduct in FY19****J.8.1 Misleading or deceptive conduct in respect of the FY19 KPMG Opinion to ASX**

203. The Second Respondent does not plead to paragraph 203 of the Claim as it does not contain any allegations against him.
204. The Second Respondent does not plead to paragraph 204 of the Claim as it does not contain any allegations against him.
205. The Second Respondent does not plead to paragraph 205 of the Claim as it does not contain any allegations against him.
206. The Second Respondent does not plead to paragraph 206 of the Claim as it does not contain any allegations against him.

207. The Second Respondent does not plead to paragraph 207 of the Claim as it does not contain any allegations against him.

208. The Second Respondent does not plead to paragraph 208 of the Claim as it does not contain any allegations against him.

**J.8.2 Misleading or deceptive conduct in respect of the FY19 KPMG Representation to ASX**

209. The Second Respondent does not plead to paragraph 209 of the Claim as it does not contain any allegations against him.

210. The Second Respondent does not plead to paragraph 210 of the Claim as it does not contain any allegations against him.

**J.8.3 Section 1041E liability in respect of the FY19 KPMG Opinion to ASX**

211. The Second Respondent does not plead to paragraph 211 of the Claim as it does not contain any allegations against him.

212. The Second Respondent does not plead to paragraph 212 of the Claim as it does not contain any allegations against him.

213. The Second Respondent does not plead to paragraph 213 of the Claim as it does not contain any allegations against him.

214. The Second Respondent does not plead to paragraph 214 of the Claim as it does not contain any allegations against him.

215. The Second Respondent does not plead to paragraph 215 of the Claim as it does not contain any allegations against him.

216. The Second Respondent does not plead to paragraph 216 of the Claim as it does not contain any allegations against him.

217. The Second Respondent does not plead to paragraph 217 of the Claim as it does not contain any allegations against him.

**J.8.4 Section 1041E liability in respect of the Extended FY18 KPMG Representation to ASX**

218. The Second Respondent does not plead to paragraph 218 of the Claim as it does not contain any allegations against him.

219. The Second Respondent does not plead to paragraph 219 of the Claim as it does not contain any allegations against him.

220. The Second Respondent does not plead to paragraph 220 of the Claim as it does not contain any allegations against him.

221. The Second Respondent does not plead to paragraph 221 of the Claim as it does not contain any allegations against him.
222. The Second Respondent does not plead to paragraph 222 of the Claim as it does not contain any allegations against him.
223. The Second Respondent does not plead to paragraph 223 of the Claim as it does not contain any allegations against him.
224. The Second Respondent does not plead to paragraph 224 of the Claim as it does not contain any allegations against him.

**J.9 Continuing nature of the KPMG FY19 Accounts Contraventions**

225. The Second Respondent does not plead to paragraph 225 of the Claim as it does not contain any allegations against him

**K. CONTRAVENING CONDUCT ALLEGEDLY CAUSED LOSS**

**K.1 What happened after the contraventions**

226. As to paragraph 226 of the Claim, the Second Respondent asserts the Privileges and does not admit the allegations in the paragraph save to the limited extent expressly admitted in paragraphs 227 to 233F below.
227. The Second Respondent admits paragraph 227 of the Claim.
228. As to paragraph 228 of the Claim, the Second Respondent asserts the Privileges and does not admit the paragraph.
229. As to paragraph 229 of the Claim, the Second Respondent:
- (a) admits that the ASX released an announcement on 21 September 2020 stating that the securities of Phoslock will be suspended from quotation immediately under Listing Rule 17.2, at the request of Phoslock, pending the release of an announcement regarding the outcome of an ongoing independent investigation into accounting irregularities concerning Phoslock's China operations; and
  - (b) asserts the Privileges and otherwise does not admit the paragraph.
230. As to paragraph 230 of the Claim, the Second Respondent:
- (a) admits that Phoslock made an announcement to the ASX on 8 October 2020 which stated KPMG has reported its preliminary findings into suspected accounting irregularities relating to PET's China operations; and
  - (b) otherwise asserts the Privileges and does not admit the paragraph.

231. As to paragraph 231 of the Claim, the Second Respondent:
- (a) admits that Phoslock made an announcement to the ASX on 26 October 2020 titled "September 2020 Quarterly Update"; and
  - (b) otherwise asserts the Privileges and does not admit the paragraph.
232. As to paragraph 232, the Second Respondent asserts the Privileges and otherwise denies the paragraph.
233. As to paragraph 233 of the Claim, the Second Respondent:
- (a) admits that Phoslock made an announcement to the ASX on 28 January 2021 titled "December 2020 Quarterly Update"; and
  - (b) otherwise asserts the Privileges and does not admit the paragraph.
- 233A. As to paragraph 233A of the Claim, the Second Respondent:
- (a) admits that Phoslock made announcements to the ASX on 15 November 2021 and 16 September 2021;
  - (b) says that he was not a director of Phoslock after 28 June 2021; and
  - (c) asserts the Privileges and otherwise does not admit the paragraph.
- 233B. As to paragraph 233B of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
- 233C. As to paragraph 233C of the Claim, the Second Respondent admits that the suspension of trading in the securities of Phoslock was lifted on or about 16 September 2022.
- 233D. The Second Respondent does not know and cannot admit paragraph 233D of the Claim.
- 233E. The Second Respondent does not know and cannot admit paragraph 233E of the Claim.
- 233F. As to paragraph 233F of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.

## **K.2 What would have happened but for the contraventions**

234. As to paragraph 234 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
235. As to paragraph 235 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
236. As to paragraph 236 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.

237. As to paragraph 237 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
238. As to paragraph 238 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
239. As to paragraph 239 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.

**K.3 Causation: acquisitions in the Capital Raising**

240. As to paragraph 240 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
241. As to paragraph 241 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
242. As to paragraph 242 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
243. As to paragraph 243 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
244. As to paragraph 244 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
245. As to paragraph 245 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
246. As to paragraph 246 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
247. As to paragraph 247 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
248. As to paragraph 248 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.

**K.4 Market-based causation (on-market acquisitions)**

249. As to paragraph 249 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
250. As to paragraph 250 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.
251. As to paragraph 251 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.

252. As to paragraph 252 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.

**K.5 Causation: Retained Shareholders**

253. As to paragraph 253 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.

254. As to paragraph 254 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph.

**K.5 Loss or damage suffered by the Applicant and Group Members**

255. As to paragraph 255 of the Claim, the Second Respondent asserts the Privileges and otherwise does not admit the paragraph

**L PHOSLOCK'S CONDUCT CONTRARY TO THE INTERESTS OF ITS MEMBERS**

256. [Not used]

257. [Not used]

258. [Not used]

**M ENTITLEMENT TO RELIEF**

259. The Second Respondent denies the Applicant and/or the Group Members are entitled to the relief sought.

Date: 11 July 2025

  
Mangioni Biggs + Co  
Lawyers for the Second Respondent

**This pleading was prepared by Sonia Tame and Emily Hall, counsel.**

**Certificate of lawyer**

I Robert Mangioni certify to the Court that, in relation to the Defence filed on behalf of the Second Respondent, the factual and legal material available to me at present provides a proper basis for:

- (a) each allegation in the pleading; and
- (b) each denial in the pleading; and
- (c) each non admission in the pleading.

Date: 11 July 2025

  
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**Mangioni Biggs + Co**  
Lawyers for the Second Respondent

**Schedule**

No. VID1072 of 2024

Federal Court of Australia  
District Registry: Victoria  
Division: General

**Applicant**

Edwin Paul Cayzer

**Respondents**

First Respondent	Phoslock Environmental Technologies Ltd
Second Respondent	Laurence Freedman
Third Respondent	Robert Schuitema
Fourth Respondent	KPMG (a firm) ABN 51 194 660 183

## NOTICE OF FILING

### Details of Filing

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TECHNOLOGIES LTD (ACN 099 555 290) & ORS  
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*Sia Lagos*

Registrar

### Important Information

This Notice has been inserted as the first page of the document which has been accepted for electronic filing. It is now taken to be part of that document for the purposes of the proceeding in the Court and contains important information for all parties to that proceeding. It must be included in the document served on each of those parties.

The date of the filing of the document is determined pursuant to the Court's Rules.