



McGrathNicol

8 March 2018

**McGrathNicol  
Partnership**

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Dear Creditors

### **Annual Report to Creditors**

#### **Oakville Produce Group listed at Annexure A (Receivers and Managers appointed) (In Liquidation) (Collectively, "the Oakville Produce Group")**

I refer to my appointment as Joint and Several Liquidator of the Oakville Produce Group in December 2016.

As previously advised, the Oakville Produce Group (with the exception of Oakville Produce Asian Holdco Pty Limited, Golden Sunrise Produce Pty Ltd and Lachlan Produce Pty Ltd) is subject to a Deed of Cross Guarantee which allows creditors with a claim in the entities bound by the Deed of Cross Guarantee to participate, vote and claim as contingent creditors of each other entity bound by the Deed of Cross Guarantee.

The purpose of this report is to provide creditors with an account of the Liquidator's acts and dealings and the conduct of the winding up of the Oakville Produce Group during the 12 months from 9 December 2016 to 8 December 2017 (**the Period**).

The report will also provide a description of the acts and dealings that remain to be carried out by the Liquidators in order to complete the winding up of the Oakville Produce Group, and an estimate of when the winding up of the Oakville Produce Group is likely to be completed.

The Liquidators are required to prepare this report pursuant to the Corporations Act 2001 (**the Act**) when an Annual General Meeting is not convened by the Liquidator.

#### **(1) Liquidators' acts and dealings and the conduct of the winding of the Oakville Produce Group during the Period**

Our role during the Period was to:

- review books and records of the Oakville Produce Group for voidable transactions;

In association  
with



Liability limited by a scheme  
approved under Professional  
Standards Legislation

**Advisory  
Forensic  
Transactions  
Restructuring  
Insolvency**



- investigate whether the entities traded whilst insolvent;
- liaise with Maurice Blackburn regarding the Oakville Produce Group's claim in the 2011 Queensland flood class action;
- respond to enquiries from unsecured creditors of the Oakville Produce Group regarding the status of the liquidations;
- liaising with creditors and update necessary contact information;
- liaise with the Australian Taxation Office regarding outstanding taxation lodgements for the Oakville Produce Group; and
- attending to other statutory matters.

## **(2) Insolvent trading and voidable transactions**

As detailed in our section 439A report to creditors dated 1 December 2016, our preliminary view is that the Oakville Produce Group may have traded whilst insolvent from at least 17 August 2015 (being the date upon which the Oakville Produce Group was formally notified by the Lending Syndicate that they were in breach of their secured debt obligations) to 11 May 2016 (being the date of the appointment of the Voluntary Administrators).

We estimate the claim for insolvent trading may be circa \$13.5 million.

The Liquidators are currently without funds to undertake further investigations and recovery action. We are exploring a number of funding options, including from professional litigation funders.

Once funding has been agreed in principle, we will provide further details and seek creditor approval.

## **(3) Class action**

The Oakville Produce Group previously operated at the Rocklea Markets in Brisbane. During the January 2011 floods in this region, the Rocklea Markets were flooded with the Group sustaining a financial loss as a result.

Maurice Blackburn filed a class action in the Supreme Court of New South Wales on 8 July 2014, seeking compensation for financial loss and damage caused by the operation of the Wivenhoe and Somerset dams.

The Oakville Produce Group is currently a group member in the class action.



If settlement is reached with the dam operators, group members (including the Oakville Produce Group) may be eligible for a share of any settlement monies after quantifying the losses incurred as a result of the floods.

It is not known at this stage how much the Oakville Produce Group would be entitled to should a settlement be reached in the class action.

We will keep creditors updated on all material developments.

#### **(4) Acts and dealings that remain to be carried out by the Liquidator in order to complete the winding up**

The Liquidators anticipate the remaining work will largely relate to:

- arrange funding to undertake further investigations into possible insolvent trading claims;
- investigate and pursue the insolvent trading claim (if deemed appropriate); and
- quantify the Oakville Produce Group's claim in the Queensland flood class action.

In addition to the above, the following tasks remain outstanding for the Oakville Produce Group:

- attend to taxation lodgements and obtain clearance from the Australian Taxation Office;
- prepare updates to creditors;
- hold meetings of creditors, if applicable;
- call for dividends and attend to all tasks associated with a dividend distribution to creditors, if applicable;
- review creditor claims, if applicable;
- prepare a final report to creditors;
- attend to statutory tasks, including lodgements with statutory authorities; and
- finalisation tasks.

#### **(5) Dividend likelihood**

The likelihood of a dividend is dependent on the outcome of the class action and any insolvent trading claim.



It is unclear how much compensation will be recovered through the class action, and whilst we have determined an indicative value for the claim for insolvent trading, this is uncertain.

Accordingly, at this stage it is difficult to advise if a dividend will be paid to creditors.

**(6) Estimate of when the winding up is likely to be completed**

The expected finalisation date is contingent upon the duration of the Queensland floods class action and the outcome of our investigations into the insolvent trading claim.

We anticipate the Liquidations of the Oakville Produce Group to be finalised by late 2019.

**(7) Receipts and Payments for the Period**

A summary of receipts and payments for the period from 9 December 2016 to 8 December 2017 is enclosed at **Annexure B**.

At present, for ease of administration, one bank account is held for the Group as a whole with all funds held in Oakville Produce Group Pty Ltd. The key receipt is funding from the Receivers and Managers which largely relates to payment for the professional costs of McGrathNicol which will only be drawn with formal creditor approval.

Should you have any queries in relation to the Liquidations, please contact Ali Abdo of this office on +61 2 9248 9937 or by email (aabdo@mcgrathnicol.com).

Yours faithfully

*The Oakville Produce Group (all In Liquidation)*

Barry Kogan  
*Liquidator*

Enclosure(s):

Annexure A – Listing of entities making up the Oakville Produce Group

Annexure B – Receipts and Payments for the Period



## Annexure A - Entities making up the Oakville Produce Group

### Oakville Produce Group

#### Entities making up the Oakville Produce Group

| <b>Company name</b>                        | <b>ACN</b>  | <b>Date of Liquidation</b> |
|--|-------------|----------------------------|
| King Holding Company 1 Pty Ltd             | 162 529 384 | 9/12/2016                  |
| King Holding Company 2 Pty Ltd             | 162 530 761 | 9/12/2016                  |
| King Bid Company Pty Ltd                   | 162 530 930 | 9/12/2016                  |
| Oakville Produce Group Pty Ltd             | 119 179 216 | 9/12/2016                  |
| Oakville Produce Australian HoldCo Pty Ltd | 162 558 714 | 9/12/2016                  |
| Oakville Produce Pty Ltd                   | 119 180 004 | 9/12/2016                  |
| Oakville Produce Qld Pty Ltd               | 071 791 369 | 9/12/2016                  |
| OP Holdco SA Pty Ltd                       | 127 656 400 | 9/12/2016                  |
| Oakville Produce Export Pty Ltd            | 169 302 416 | 9/12/2016                  |
| Oakville Potatoes Pty Ltd                  | 080 208 671 | 9/12/2016                  |
| Oakville Produce Asian Holdco Pty Ltd      | 162 955 857 | 9/12/2016                  |
| Lachlan Produce Pty Ltd                    | 113 179 883 | 8/12/2016                  |
| Golden Sunrise Produce Pty Ltd             | 126 506 303 | 12/12/2016                 |



## Annexure B - Receipts and Payments

### Oakville Produce Group Pty Ltd (Receivers and Managers Appointed) (In Liquidation)

Summary of receipts and payments for the period 9 December 2016 to 8 December 2017

| <b>Particulars</b>                    | <b>Amount (\$)</b> |
|---------------------------------------|--------------------|
| Balance at 9 December 2016            | -                  |
| <b>Receipts</b>                       |                    |
| Refund of bank charges                | 23.30              |
| Funding from Receivers and Managers   | 265,009.82         |
| <b>Total Receipts</b>                 | <b>265,033.12</b>  |
| <b>Payments</b>                       |                    |
| Bank charges                          | 81.05              |
| Legal fees                            | 14,805.45          |
| <b>Total Payments</b>                 | <b>14,886.50</b>   |
| <b>Balance at end 8 December 2017</b> | <b>250,146.62</b>  |