



McGrathNicol

22 August 2018

McGrathNicol
Partnership

ABN 41 945 982 761

Level 12, 20 Martin Place
Sydney NSW 2000, Australia

GPO Box 9986
Sydney NSW 2001, Australia

T +61 2 9338 2600

F +61 2 9338 2699

mcgrathnicol.com

Circular to Creditors

To the Creditors as addressed

**Allco Finance Group Limited and 3 of its subsidiaries (All In Liquidation)
(All Receivers & Managers Appointed) ("the Group")**

Annual Report to Creditors

Pursuant to section 508 of the Corporations Act 2001, a Liquidator is required to convene an Annual Meeting of Creditors or lodge an annual report on the progress of the liquidation with the Australian Securities & Investments Commission ("ASIC") when a voluntary winding up continues beyond 12 months.

The Liquidator of the Group has determined to prepare a report rather than convene an Annual Meeting of Creditors. A copy of the Ninth Annual Report for the Group setting out the key activities that were undertaken over the period from 26 May 2017 to 25 May 2018 is available in the Creditors section on our website; www.mcgrathnicol.com. A copy of this Report has also been lodged with ASIC.

If you have any queries in relation to the above, please do not hesitate to contact Joshua Crick of my staff on (02) 9338 2637.

Yours faithfully

Allco Finance Group Limited (and 3 subsidiaries in Liquidation)

Anthony Gregory McGrath
Liquidator

Enclosure(s):

Ninth Annual Report to Creditors

In association
with



Liability limited by a scheme
approved under Professional
Standards Legislation

Advisory
Forensic
Transactions
Restructuring
Insolvency



Ninth Annual Report to Creditors

**Allco Finance Group Limited and three subsidiaries listed
in Appendix A (All in Liquidation)
(All Receivers & Managers Appointed)**

22 August 2018



McGrathNicol



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1 Glossary

| | |
|----------------------------------|--|
| ACN | Australian Company Number |
| AFGL | Allco Finance Group Limited (Receivers & Managers Appointed) (In Liquidation) |
| ASIC | The Australian Securities and Investments Commission |
| CAIL | Citic Allco Investments Limited |
| Creditors | Creditors of any member of the Group |
| DOCA | Deed of Company Arrangement |
| the Act | The Corporations Act 2001 |
| the Group / the Companies | The 4 Allco entities that were in liquidation as at the anniversary date (refer to Appendix A for a detailed list) |
| the Liquidator | Anthony Gregory McGrath |
| the Receivers | Steven Sherman and Peter Gothard |

2 Introduction

2.1 Purpose of Report

This is the Ninth Annual Report ("Report") to the creditors of AFGL and the Group prepared by Anthony Gregory McGrath, Liquidator of the Companies. Members of the Group as at the anniversary date are listed in Appendix A to this Report.

Pursuant to s508(1)(b)(ii) of the Act, the Liquidator has made a determination to prepare a report rather than convene a meeting of creditors. This Report has been prepared in accordance with s508(3) of the Act and outlines the key activities that have been undertaken over the period 26 May 2017 to 25 May 2018 and has been lodged with ASIC pursuant to s508(4) of the Act.

2.2 Key activities undertaken

The key activity that has been undertaken by Anthony McGrath and Joseph Hayes over the course of the twelve month period has been limited to attending to various statutory and taxation obligations. The Receivers and Managers maintain responsibility for any remaining trading aspects of the Group.

As foreshadowed in the Eighth Annual Report, Anthony McGrath and Joseph Hayes retired from the 29 entities that the Receivers and Managers retired from at 30 June 2017. They also retired from an additional 17 entities from which the Receivers and Managers retired on 15 August 2017.

Anthony McGrath and Joseph Hayes retired from an additional 2 entities from which the Receivers and Managers retired on 19 January 2018 and 28 May 2018.

In total, the liquidations of 48 Allco entities have been finalised, with applications submitted to ASIC for their deregistration.

As at the date of this report, the receiverships and liquidations remain ongoing for the following entities:

- Allco Finance Group Limited;
- Allco Finance (Australia) Limited; and
- ACME Funds Management Pty Limited.

Whilst outside the period of this report, we also note that Joseph Hayes retired as Liquidator of the remaining three entities identified above on 27 June 2018, with Anthony McGrath remaining as the sole Liquidator.

Please refer to Appendix B for a list of entities and dates the receiverships and liquidations were finalised.

2.3 Indemnities provided

No further indemnities have been provided to the Liquidator as outlined in the Receipts and Payments statement for AFGL included as Appendix C.

We note that there have been no receipts or payments in any of the other Allco entities.

3 Status of investigations and update from the Receivers and Managers

3.1 Investigation of offences

Since our lodgement of the supplementary report to ASIC pursuant to s533 of the Act, we have not been asked to take any further action following our investigations.

3.2 Update from the Receivers and Managers

We recently requested an update from the Receivers on the status of the various AFGL and Group Receiverships. Set out below is a summary of the Receivers' update:

The Receivers and Managers retired from the vast majority of AFGL entities, being:

- 29 entities of the Group on 30 June 2017;
- 17 entities of the Group on 15 August 2017;
- one entity of the Group on 19 January 2018; and
- one entity of the Group on 28 May 2018.

The Receivers remain appointed over:

- Allco Finance Group Limited;
- Allco Finance (Australia) Limited; and
- ACME Funds Management Limited.

The three remaining receiverships will continue until the finalisation of the CAIL asset. AFG's investment in CAIL represents the final material asset in the receivership, the status of which is summarised below:

- The remaining material asset realisation relates to an 8.33% investment in CAIL, a Hong Kong based fund with a diverse portfolio of investments predominantly located in mainland China.
- The Fund was placed into Liquidation in January 2016 with PricewaterhouseCoopers ("PwC") (Hong Kong) acting as Liquidator.
- PwC are currently looking to realise the remaining assets which relate to mezzanine and junior debt positions in two Airbus A330-300 aircraft. Both aircraft leases do not expire until September 2018.

The Receivers do not anticipate the finalisation of the remaining receiverships until at least June 2019.

It is still the Receivers' expectation that no further funds will become available to unsecured creditors. We will continue to liaise closely with the Receivers to ensure the Liquidator can retire shortly after they have attended to the above and accounted to the secured creditor.

3.3 Remuneration

It is our intention to hold a Committee of Inspection meeting to request approval for \$45,000 in respect to the liquidation work undertaken for the period 7 September 2013 to 24 June 2016 for:

- statutory reporting;
- dealing with enquiries from noteholders and shareholders; and
- assisting the Receivers and Managers where requested.

The Receivers have advanced funding of this amount, which we are holding on trust until approval is obtained from the Committee of Inspection.

4 Remaining activities in the liquidation

Section 508(3) of the Act requires that a Liquidator provide an estimate of when the winding up is likely to be completed.

As set out in our last report, from the perspective of the Liquidator, the first and final dividend paid to entitled Deed of Cross Guarantee creditors on 23 May 2011 was essentially the final significant matter to be attended to. Following from this, the Liquidator is awaiting the retirement of the Receivers and Managers from the remaining entities to finalise the liquidations.

It continues to remain difficult to estimate the timeframes within which these issues may be finalised. In relation to the concurrent Receivership of the Group, we refer you to section 3.2 above and note that the Receivers cannot yet provide a certain timeframe to retirement.

In light of the above, the liquidation of the remaining entities could be expected to continue for at least another twelve months.

Should you have any queries in relation to the above, please contact Joshua Crick of this office on (02) 9338 2637.

Dated 22 August 2018



A G McGrath

Liquidator

Appendix A – List of companies in liquidation as at 25 May 2018

Allco Group – List of companies in liquidation as at 25 May 2018

| Company Name | ACN |
|---|-------------|
| Allco Finance Group Limited | 077 721 129 |
| Allco Finance (Australia) Limited | 003 315 446 |
| Allco Funds Management Limited ¹ | 102 785 384 |
| ACME Funds Management Pty Limited | 095 162 879 |

Note 1: Anthony McGrath and Joseph Hayes retired from Allco Funds Management Limited on 8 June 2018

Appendix B – Finalised receiverships and liquidations

Allco Group – Finalised receiverships and liquidations

| Company Name | Date Receivers Retired | Date Liquidators Retired |
|---|------------------------|--------------------------|
| Allco Equipment Finance Limited | 30-Jun-17 | 02-Feb-18 |
| Allco International (Luxembourg) Holdings Limited | 30-Jun-17 | 02-Feb-18 |
| Allco Nominees Limited | 30-Jun-17 | 02-Feb-18 |
| Allco Property Finance Ltd | 30-Jun-17 | 02-Feb-18 |
| Allco Securitisation Limited | 30-Jun-17 | 02-Feb-18 |
| AEPL Nominees Pty Limited | 30-Jun-17 | 31-Aug-17 |
| AFML Nominees Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Allco (CAS) SPV 3 Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Allco (CAS) SPV 4 Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Allco Aircraft Holdings Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Allco Cross Hudson Investments Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Allco Equity Partners Management Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Allco Nominee (TFHB) Pty Ltd | 30-Jun-17 | 31-Aug-17 |
| Allco Property (Europe) Holdings Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Allco Wholesale Investment Management Limited | 30-Jun-17 | 31-Aug-17 |
| Allco Wind Energy Management Pty Limited | 30-Jun-17 | 31-Aug-17 |
| CRSDM Pty Limited | 30-Jun-17 | 18-Sep-17 |
| Mobius Financial Services Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Mobius Investments Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Mobius Origination Services Pty Limited | 30-Jun-17 | 31-Aug-17 |
| MPH Portfolio Holdings Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Warringah Road Management A Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Warringah Road Management B Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Warringah Road Management C Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Warringah Road Management D Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Warringah Road Management E Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Warringah Road Management F Pty Limited | 30-Jun-17 | 31-Aug-17 |
| Warringah Road Management Pty Limited | 30-Jun-17 | 31-Aug-17 |
| ACME Leasing Pty. Limited | 15-Aug-17 | 02-Feb-18 |
| ACME Securitisation Pty Limited | 15-Aug-17 | 02-Feb-18 |
| Allco IB Holdings Limited | 15-Aug-17 | 02-Feb-18 |
| Allco International (Holdings) Limited | 15-Aug-17 | 02-Feb-18 |
| Allco Leasing Ltd | 15-Aug-17 | 02-Feb-18 |
| Allco Singapore Holdings Limited | 15-Aug-17 | 02-Feb-18 |
| RIL Finance Pty. Limited | 15-Aug-17 | 02-Feb-18 |
| RIL Leasing Pty. Limited | 15-Aug-17 | 02-Feb-18 |
| ACME Finance Pty Limited | 15-Aug-17 | 31-Aug-17 |
| ACME Warehousing Pty. Limited | 15-Aug-17 | 31-Aug-17 |
| AFG Pty Limited | 15-Aug-17 | 31-Aug-17 |
| Allco Infrastructure Pty Limited | 15-Aug-17 | 31-Aug-17 |
| Allco IP Pty Limited | 15-Aug-17 | 31-Aug-17 |

Allco Group – Finalised receiverships and liquidations

| Company Name | Date Receivers Retired | Date Liquidators Retired |
|-----------------------------------|-------------------------------|---------------------------------|
| Allco OBU Pty Limited | 15-Aug-17 | 31-Aug-17 |
| Capital Markets Finance Limited | 15-Aug-17 | 31-Aug-17 |
| Record Leasing Pty. Limited | 15-Aug-17 | 31-Aug-17 |
| RIL Funds Management Pty Limited | 15-Aug-17 | 31-Aug-17 |
| Allco Funds Management Limited | 28-May-18 | 08-Jun-18 |
| Allco Managed Investments Limited | 19-Jan-18 | 02-Feb-18 |

Appendix C – Receipts and payments

Allco Finance Group Limited (In Liquidation)

(Receivers and Managers Appointed)

ACN 077 721 129

Receipts and payments for the period from 26 May 2009 to 25 May 2018

| \$ Description | 26 May 2009 to 25 May 2017 | 26 May 2017 to 25 May 2018 | Total |
|--|-------------------------------|-------------------------------|-----------------|
| Opening cash | 85,911 | 95,234 | 85,911 |
| Receipts | | | |
| Funding from Allco Trusts | 273,439 | - | 273,439 |
| Funding from Receivers and Managers | 841,864 | 10,807 | 852,671 |
| Third party funding from insurers for class action | 170,516 | - | 170,516 |
| Third party funding from insurers for legal fees | 3,707,802 | - | 3,707,802 |
| GST refunds | 400,377 | 1,165 | 401,542 |
| Interest income | 84 | 12 | 96 |
| Pre-appointment debtors | 12,756 | - | 12,756 |
| Proceeds from ASIC (Rubicon investigations) | 41,396 | - | 41,396 |
| Settlement proceeds | 4,000,000 | - | 4,000,000 |
| Sundry receipts | - | 199 | 199 |
| Total receipts for the period | 9,448,232 | 12,182 | 9,460,414 |
| Payments | | | |
| Advertising | (4,115) | - | (4,115) |
| Appointee costs | (4,705) | - | (4,705) |
| Appointee fees | (1,733,742) | - | (1,733,742) |
| Bank charges | (51) | - | (51) |
| Distribution to creditors | (2,261,031) | - | (2,261,031) |
| Unclaimed dividends | (515) | - | (515) |
| Legal fees | (5,242,861) | (59,784) | (5,302,645) |
| Media expenses | (8,162) | - | (8,162) |
| Meeting and equipment hire | (3,153) | - | (3,153) |
| Printing and stationary | (17,116) | - | (17,116) |
| Sundry Expenses | (133,936) | - | (133,936) |
| Wages (distribution) | (29,523) | - | (29,523) |
| Total payments for the period | (9,438,909) | (59,784) | (9,498,693) |
| Net receipts (payments) for the period | 9,323 | (47,602) | (38,279) |
| Cash at bank | 95,234 | 47,632 | 47,632 |