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19 August 2025

To Creditors

Dear Sir/Madam

Beston Global Food Company Limited (In Liquidation)
ACN 603 023 383
Beston Pure Dairies Pty Ltd (In Liquidation)
ACN 606 417 994
(Collectively referred to as “the Companies”)

We refer to our appointment as Liquidators of the Companies and to our previous communications, in particular our Statutory Report to Creditors of the Companies dated 20 May 2025 (**the Statutory Report**).

1 Public Examinations

As set out in Section 4.4 of the Statutory Report, on 1 May 2025, the Federal Court of Australia (**the Court**) made orders for the examination of officers of the Companies and for the production of documents in the possession of the Companies' Directors and certain other parties.

In accordance with those orders, the Liquidators can confirm that the production of documents by the various parties was completed on 17 June 2025.

The public examinations of various parties, including the Directors, were held from Monday, 28 July 2025 to 1 August 2025 (inclusive) at the Court.

The Liquidators will utilise the information obtained from the production of documents and public examinations to further their investigations into the affairs of the Companies. This includes their investigations into voidable transactions (Section 4.5 of the Statutory Report) and insolvent trading (Section 4.6 of the Statutory Report).

It is not possible to provide an accurate time frame for the time it will take for the Liquidators, their legal representatives and Counsel to thoroughly review the information obtained as part of the public examinations and documentation production process and determine claims that may arise and be pursued. However, it is likely that the investigation process will take many months, if not years, to resolve and be costly.

2 Litigation Funding

There is currently limited funding available in the liquidation to fund the cost of investigations (both the Liquidators' fees and legal fees) and any legal proceedings that may be commenced in relation to an insolvent trading claim or any other claims.

As such, the Liquidators sought proposals for litigation funding.

2.1 Preferred litigation funder

We have determined based on our lawyer's dialogue with various litigation funders that Claims Funding Australia (**CFA**) is our preferred funder. CFA has provided us with their proposed terms for any litigation funding for our consideration.

The CFA proposed terms are confidential. However, we consider that their proposed terms are the best available and, based on our experience with litigation funding, are market competitive.

With the agreement of CFA, we tabled the terms of the funding to BPD's Committee of Inspection (COI) at a meeting on 23 July 2025. The Liquidators proposed to BPD's COI that the Liquidators should enter into a formal litigation funding agreement with CFA at this meeting. This is further discussed at section 2.3 of this letter.

The Liquidators have also entered into updated engagement terms with their solicitors, JWS.

2.2 Alternative to CFA

The alternative to litigation funding is asking whether any creditors would be interested in providing funding, either in their own right as an alternative to CFA or contributing towards the overall cost of funding together with CFA.

We asked the COI at the 23 July 2025 COI meeting whether any of the creditors represented by the COI members had an interest in providing funding. No interest was forthcoming.

If any creditors of the Companies would be interested in providing funding, you are invited to contact the Liquidators at beston@kpmg.com.au. However, it is noted that the costs to fund litigation costs will be material (i.e. could exceed \$1m) and the time to resolve any claims is uncertain.

Pursuant to Section 564 of the Corporations Act 2001 (**the Act**), where in a winding up:

- a) property is recovered under an indemnity for costs of litigation given by certain creditors or has been protected or preserved by the payment of money or the giving of indemnity by creditors; or
- b) expenses in relation to which a creditor has indemnified a liquidation have been recovered,

the Court may make such orders as it deems just with respect to the distribution of that property and the amount of those expenses so recovered with a view to giving those creditors an advantage over others in consideration of the risk assumed by them.

We would envisage that any creditor which provides litigation funding in this matter, in the event of a successful recovery in respect of any claim that may be issued and prosecuted by the Liquidators, would ultimately make an application under Section 564 of the Act to receive an advantage over other creditors by way of higher priority (than prescribed by Section 556 of the Act) in any distribution.

2.3 Approval for litigation funding agreement

Given that the CFA litigation funding agreement proposed is an agreement on behalf of BPD (and BGFC) and for a term that is likely to exceed 3 months, creditors or the COI are required to authorise the agreement pursuant to Section 477(2B) of the Act.

For your information, the creditors or each of BGFC and BPD have already agreed to the following resolutions at the Proposal Meeting:

- *"That, pursuant to Section 477(2B) of the Corporations Act 2001, creditors authorise the Liquidators to enter into any agreement on BGFC and BPD's behalf where:*
 - a) *the term of the agreement may end; or*
 - b) *obligations of a party to the agreement may, according to the terms of the agreement, be discharged by performance;**more than three months after the agreement is entered into."*

As such, the Liquidators consider that they have already received authority from creditors to agree to the terms of the agreement with CFA. However, the Liquidators also asked the COI for express approval for the CFA agreement directly in the interests of transparency at the 23 July 2025 COI meeting (per Section 2.1). This resolution was approved by the COI.



Whilst we have now arranged for execution of the CFA funding agreement, creditors who may wish to consider funding are still invited to contact the Liquidators.

3 Further queries

We will issue a further report to creditors in the event that any significant matters come to our attention.

Should you have any queries in relation to this letter, please contact this office at beston@kpmg.com.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Tim Mableson', written in a cursive style.

Tim Mableson
Liquidator