

**MF Global Australia Limited
(In Liquidation)**

**Annual Report to Members and Creditors pursuant to
Section 508 of the Corporations Act 2001**

11 May 2017

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Definitions

Act	Corporations Act 2001
Administrators	Christopher Robert Campbell, David John Frank Lombe and Vaughan Neil Strawbridge
AGM FY16	Annual Report to Members and Creditors dated 22 April 2016
AGM FY17	Annual Report to Members and Creditors dated 11 May 2017
ASIC	The Australian Securities & Investments Commission
ASO	American Style Options
ASX	Australian Securities Exchange
ATO	Australian Taxation Office
c.	Circa
CFD	Contracts for Difference, a product offered by MFGA
C/\$	Cents in the Dollar
CSA	Client Segregated Account
COC	Committee of Creditors
COI	Committee of Inspection
Company	MF Global Australia Limited ACN 001 662 077 (In Liquidation)
Court	The Federal Court of Australia or any of the state Supreme Courts
Deloitte	Deloitte Financial Advisory Pty Ltd
Futures	Is a futures contract offered by MFGA
FX	Foreign Exchange
GLV	Gross Liquidation Value
k	Thousand
Liquidators	Christopher Robert Campbell, David John Frank Lombe and Vaughan Neil Strawbridge
m	Million
Margin FX / MFX	Margin Foreign Exchange
MFGA	MF Global Australia Limited ACN 001 662 077 (In Liquidation)
MFGS	MF Global Singapore Pte Limited
Online FX / OFX	Online Foreign Exchange
Product Pool	Means each of the Pools of cash and recoveries that can be grouped by each MFGA lines of business
Regulations	Corporations Regulations 2001

1 Executive Summary

This report is provided to members and creditors of the Company pursuant to Section 508 of the Act and sets out key actions and updates of the Liquidation since the Annual Report to Members and Creditors dated 22 April 2016 ("AGM FY16") and an updated estimated financial position for clients and creditors as at 2 March 2017. This report should be read in conjunction with our previous reports and updates to clients and creditors. Copies of these reports can be obtained from the Deloitte website at www.deloitte.com/au/mfglobal.

In accordance with Section 508(4) of the Act, the Liquidators have chosen to prepare and make available the AGM FY17 report in lieu of convening an Annual General Meeting of Members and Creditors. A copy of this report has been lodged with ASIC and can also be found on the Deloitte website.

We are pleased to report that the key highlights during the year are:

- Finalised adjudications and negotiations of a number of large unsecured creditor claims.
- Declaration and payment of a first dividend to unsecured creditors of MFGA at a rate of 35 c/\$ in June 2016.
- Appeared before the Court of Appeal in July 2016 regarding a disputed employee claim, where the claim was dismissed with costs in favour of MFGA. The Liquidators are currently in negotiations with the employee regarding a settlement of costs to finalise the matter.
- Recovery of surplus funds from client pools for the benefit of unsecured creditors of MFGA.
- Payment to ASIC Unclaimed Monies Unit for unclaimed client distributions, allowing closure of bank accounts for all client pools.
- Declaration and payment of a second dividend to unsecured creditors of MFGA at a rate of 65 c/\$ in May 2017, bringing total dividends paid to unsecured creditors to 100 c/\$.

Set out below is a summary of the expected return to creditors and members as at 2 March 2017:

Estimated Statement of Position	AGM FY16		AGM FY17	
	Low	High	Low	High
Return to Priority Creditors	100%	100%	100%	100%
Return to Unsecured Creditors	49%	94%	100%	100%
\$'000				
Unsecured Creditor Claims	14,451	11,927	8,806	8,633
Paid to Date (as at 2 March 2017)	-	-	(2,792)	(2,792)
To be Paid (May 2017)	-	-	6,014	5,841
Funds held to pay interest on creditor claims / return to shareholder	-	-	2,634	3,052

At the date of this report we have not calculated interest payable to creditors pursuant to Section 563B of the Act. Creditors will receive any interest pari-passu with other creditors, with any surplus being paid to the Company's shareholder.

The above summary financial position of MFGA shows a significant improvement in estimated returns for unsecured creditors. The key improvements are due to:

- Recovery of surplus funds from client pool accounts;
- Expected recovery of surplus funds from a subsidiary of MFGA;
- The judgement received in favour of MFGA in relation to the disputed employee claim, which is expected to significantly reduce estimated costs of the Liquidation and payments to priority creditors; and

- Finalisation of adjudications of a number of unsecured creditor claims, which has reduced the total estimated value of unsecured creditors.

The key matters required to finalise the wind up of MFGA include:

- Finalising cost settlement negotiations with respect to the disputed employee claim, which is currently ongoing;
- Recovery of costs referred to above;
- Finalising payment of dividends to unsecured creditors; and
- Distributing any surplus funds in the Liquidation firstly as interest to creditors pursuant to Section 563B of the Act, and then to MF Global Overseas Limited, being the immediate shareholder of MFGA.

2 Position of Client Pools

As outlined in AGM FY16, all client recoveries have now been finalised and distributed to clients of MFGA.

Set out below is a summary of the final position of each Client Pool:

\$'000	Futures	CFD	Margin FX	Online FX	Total
Total Client Claims	215,210	83,147	16,193	5,120	319,669
Cumulative Distributions Declared and Paid AGM FY17	215,210	82,232	16,193	4,994	318,628
<i>% of claims declared and paid</i>	<i>100%</i>	<i>98.90%</i>	<i>100%</i>	<i>97.54%</i>	<i>99.7%</i>
Balance of claims	-	915	-	126	1,041
Balance Ranking as Unsecured Creditors of MFGA		(915)		(126)	(1,041)
<i>%</i>		<i>1.10%</i>		<i>2.46%</i>	

Futures and Margin FX Clients

Futures and Margin FX clients received a 100c/\$ return on their claims in August 2015 and are no longer creditors or contingent creditors of MFGA.

CFD and Online FX Clients

Upon final reconciliations of client accounts, the Liquidators identified additional funds to be distributed to CFD clients. CFD clients therefore received an additional 0.14% of their GLV as a client distribution in June 2016. The balance of CFD and Online FX claims were then classified as unsecured creditor claims in MFGA in accordance with the Court Orders dated 19 September 2012.

Unclaimed Monies

Unclaimed client distributions across all four client pools have now been paid to ASIC's Unclaimed Money Unit in accordance with Section 544 of the Act. All client pool bank accounts have now been closed, with any surplus funds transferred to the MFGA Liquidation bank account.

3 Estimated Statement of Position (“ESOP”)

Set out below is an updated estimated statement of position of MFGA as at 2 March 2017:

Estimated Statement of Position (\$'000s)	Update Estimate 2016 AGM		Update Estimate 2017 AGM		Movement	
	Low	High	Low	High	Low	High
Cash Available for Distribution	5,848	5,848	8,869	8,869	3,021	3,021
Add Further Recoveries:						
Surplus from Client Pools	6,857	6,857	-	-	(6,857)	(6,857)
Surplus from Subsidiary	-	-	554	554	554	554
Estimated Net Asset Recoveries	12,705	12,705	9,423	9,423	(3,282)	(3,282)
Less Liquidators Costs:						
Future Liquidators Fees	(900)	(500)	(500)	(400)	400	100
Future Legal Fees	(600)	(400)	(200)	(100)	400	300
Future Trading Costs & Contingencies	(280)	(280)	(75)	(30)	205	250
	(1,780)	(1,180)	(775)	(530)	1,005	650
Funds Available for Priority Creditors	10,925	11,525	8,648	8,893	(2,277)	(2,632)
Less Priority Creditors:						
Disputed employee claim	(3,795)	(309)	-	-	3,795	309
Funds Available for Unsecured Creditors	7,129	11,216	8,648	8,893	1,519	(2,323)
Less Unsecured Creditors:						
Non-Preferential Employee Claims	(877)	(877)	(877)	(877)	-	-
Trade Creditors	(12,417)	(9,893)	(6,888)	(6,715)	5,530	3,178
Shortfall to MFGA Clients	(1,157)	(1,157)	(1,041)	(1,041)	116	116
	(14,451)	(11,927)	(8,806)	(8,633)	5,646	3,294
Add Net Dividend Paid to Unsecured Creditors	-	-	2,792	2,792	2,792	2,792
Remaining Unsecured Creditors	(14,451)	(11,927)	(6,014)	(5,841)	8,438	6,086
Dividend on Remaining Claims	-	-	6,014	5,841	6,014	5,841
c / \$ Return to Unsecured Creditors	49.33	94.04	100.00	100.00	50.67	5.96
Balance of funds for interest/shareholder	-	-	2,634	3,052	2,634	3,052

In June 2016, the Liquidators declared and paid a first dividend to unsecured creditors of MFGA at a rate of 35 c/\$. In May 2017, the Liquidators also declared and paid a second dividend to unsecured creditors at a rate of 65 c/\$, bringing total returns to 100 c/\$. As set out above, there may a surplus of funds in the Liquidation following the second dividend, and an additional payment of interest calculated at the statutory rate may be remitted to creditors pursuant to Section 563B. Should any funds remain following payment of interest, the remaining funds will be returned to MF Global Overseas Limited as the immediate shareholder of MFGA.

The primary factors that will significantly impact the level and timing of an interest payment to creditors of MFGA include:

- The finalisation of cost settlement negotiations for the disputed employee claim which is ongoing (note: this recovery has not been shown in the above ESOP due to the commercial nature of the negotiations);
- There being no further legal costs associated with pursuing costs for the disputed employee claim; and
- There being no further unsecured creditor claims arising in the Liquidation.

Timing of an interest payment to unsecured creditors is uncertain and is dependent on the resolution of the above factors.

4 Liquidators' Receipts and Payments

Set out below is a summary of our receipts and payments up to 2 March 2017:

Receipts and Payments - AUD Account 2 March 2012 to 2 March 2017		AGM 2017	Receipts and Payments - USD Account 2 March 2012 to 2 March 2017	
Receipts AUD		(\$)	Receipt USD	
Affiliate Recoveries	1,098,757.74		Carried forward from Administration	371,215.95
ASX Commitment Fund	2,077,075.00		Interest	26.49
Carried forward from Administration	10,506,814.36		Transfer of Pre Appointment Funds	34,191.07
Cost Recoveries	6,878,500.11		Total Receipts USD	405,433.51
Debt Trading Fees	157,500.00			
Dividend from Investment	447,000.00			
Dividend from MFGSA	2,428,811.95			
GEERs Funding	1,971,431.42			
Interest	1,012,470.67			
Legal Cost Recoupments	2,730,641.00			
Plant and Equipment Sales	71,566.89			
Sundry Debtors	179,330.73			
USD House Funds Converted	263,444.06			
Surplus from Client Accounts	7,019,276.11			
Total Receipts AUD	36,842,620.04			
Payments AUD			Payments USD	
Administrative Costs	(236,435.13)		Bank fees	(16.39)
Administrators Fees	(241,204.30)		MFGUK Settlement costs	(115,924.62)
ATO Clearing account	324,756.03		Services provided from MFGUK	(54,395.00)
Bank Fees	(12,035.46)		Transfer and conversion to AUD House	(235,097.50)
Creditor Meeting Expenses	(18,014.66)		Total Payments USD	(405,433.51)
Data/IT	(44,768.63)			
Electricity	(46,015.88)		Cash at Bank USD	-
Employee Dispute Expenses	(586,679.41)			
Employee Dividend	(3,732,913.72)			
Employee Termination Payments	(3,373,410.84)			
Insurance / Contractors	(53,046.57)			
Legal Fees	(5,656,053.47)			
Legal Fees - Client Representative Court cost	(2,555,596.98)			
Legal Fees - Non Client Representative Court cost	(289,683.54)			
Liquidators Expenses	(114,211.26)			
Liquidators Remuneration	(6,682,285.50)			
Payroll Tax	(37,959.32)			
Payroll/HR	(65,622.42)			
Rent	(118,328.25)			
Superannuation	(363,676.17)			
Wages and Salaries	(557,928.23)			
Unsecured Dividend *	(3,418,111.92)			
Additional CFD Client Distribution **	(94,206.57)			
Total Payments AUD	(27,973,432.20)			
Cash at Bank AUD	8,869,187.84			

* Includes dividend paid to subsidiary of MFGA, which has been eliminated in ESOP as surplus dividend will be recovered by MFGA.

** Paid from House account for administrative purposes and reimbursed to House account when surplus funds were recovered from CFD client pool.

The Liquidators have lodged receipts and payments with ASIC every six months of the Liquidation in compliance with their obligations.

5 Inspection of Liquidators' Account

Creditors are advised pursuant to Section 539(5) of the Act that our account of receipts and payments has been lodged with ASIC, and may be inspected at the offices of Deloitte Financial Advisory Pty Ltd, Grosvenor Place, 225 George Street, Sydney NSW 2000, during business hours.

6 Committee of Inspection ("COI")

After having appointed one new member of the COI at last year's AGM, the full list of COI members were as follows:

Members	On behalf of	Category
Sam Liuzzo	Samue Trading Pty Ltd	CFD
Jim Neville	Practical Human Resource Solutions Pty Ltd	Trade Creditor
John Derrick	Grosvenor Place Management	Trade Creditor

There has been one COI meeting in the last 12 months and the attendance of this meeting is set out below:

Members	On behalf of	Category	1st 01/03/17
Sam Liuzzo	Samue Trading Pty Ltd	CFD	✓
Jim Neville	Practical Human Resource Solutions Pty Ltd	Trade Creditor	✓
John Derrick	Grosvenor Place Management	Trade Creditor	✓

The COI has been a beneficial sounding board for us. In the last year we have discussed the dealings of the Liquidation, progress of the disputed employee claim and impact on quantum and timing of returns to creditors with the COI. We will continue to discuss with, and seek the approval of the COI as we progress with any future settlement negotiations.

7 Remuneration

We are required to prepare remuneration reports detailing both the actual fees incurred and future estimated fees. These reports are detailed by task area, employee, and the number of hours.

Prior to COI meetings a copy of the remuneration reports are sent to each COI member for their review. During the COI meetings we presented the estimated fees, discussed the nature of the fees and requested approval for payment.

During both the Administration and Liquidation of MFGA we have obtained \$12.78 million in fee approval from the COI. Of this we have incurred and drawn \$10.05 million as set out in the table below. The variance is due to several future fee estimates proposed and approved during the course of the Administration/Liquidation being conservatively forecasted by the Administrators/Liquidators, and efficiencies achieved by the Administrators/Liquidators.

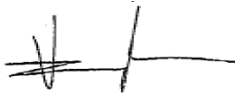
We note that in the table below, fees drawn since AGM FY16 related to fee approval obtained prior to the current period. Of the fees approved since AGM FY16, no fees were drawn by the Liquidators in the current period.

Period	Administrators'/Liquidators' Remuneration (\$'000s)		
	Approved	Drawn	Variance
Cumulative Administrators'/Liquidators' Remuneration AGM FY16	12,239	9,859	2,380
Liquidators' Remuneration drawn since AGM FY16	-	191	(191)
Liquidators' Remuneration approved since AGM FY16	543	-	543
Cumulative Administrators'/Liquidators' Remuneration AGM FY 17	12,783	10,050	2,732

Deloitte.

If you have any queries regarding the contents of this report, or the liquidation in general, please do not hesitate to contact our staff using the following email address mfgaustralia@deloitte.com.au.

Yours faithfully



V N Strawbridge
For and on behalf of
VN Strawbridge, CR Campbell and DJF Lombe
Joint Liquidators