

R J Dairy Farming Limited (In Liquidation)

Liquidators' Fifth Report For the period from 26 August 2015 to 25 February 2016

1 INTRODUCTION AND APPOINTMENT

Tony Leonard Maginness and Boris van Delden, Insolvency Practitioners of Auckland, were appointed jointly and severally as liquidators of R J Dairy Farming Limited ("the company") on 26 February 2014. On 18 December 2015 Tony Leonard Maginness vacated his position as liquidator by appointing Peri Micaela Finnigan as his successor.

Pursuant to Section 255(2)(d) of the Companies Act 1993 ("the Act"), the liquidators herewith report on the progress of the liquidation. This fifth report should be read in conjunction with the liquidators' previous reports. This report is being sent to all shareholders and all creditors who have filed a claim in the liquidation.

A Statement of Realisations and Distributions is **attached**.

2 RESTRICTIONS

This report has been prepared in accordance with section 255(2)(d) of the Act. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever to any party as a result of the circulation, publication, reproduction or use of this report.

We reserve the right (but are under no obligation) to review and, if we consider necessary, revise this report in respect of any information existing at the date of this report which becomes known to us after that date.

3 CONDUCT OF THE LIQUIDATION DURING THE PRECEDING SIX MONTHS

Asset Realisations

3.1 Debtors *(Statement of Affairs: \$300,000)*

The accounts receivable consisted of the amounts owed to the company by the two milk processing companies that it supplied, namely Westland Milk Products and Fonterra.

The final payments were received in October 2014. The total received from this source is \$196,467

3.2 Plant Machinery & Vehicles **(Statement of Affairs: \$63,000)**

The plant, machinery and vehicles were secured to Heartland Bank. They are still in the process of realising assets held. The Nissan vehicle referred to in the last report as outstanding has been located and sold.

3.3 Livestock **(Statement of Affairs: \$800,000)**

Stockco took possession of the livestock prior to the commencement of the liquidation. All stock has been realised.

3.4 Inventory **(Statement of Affairs: \$Nil)**

CRT Farmlands held a Purchase Money Security Interest (PMSI) in relation to goods supplied. They have advised that there was none of their goods available to be uplifted at the date of liquidation and they are an unsecured creditor for the shortfall of \$143,204.

PGG Wrightson held a PMSI in respect of goods supplied to the company. They have advised that there was none of their goods available to be uplifted at the date of liquidation and they are an unsecured creditor for the shortfall of \$7,495

3.5 Shares **(Statement of Affairs: \$Nil)**

The company held shares in Fonterra and in Balance Agri Nutrients. Dividends and proceeds from the sale of shares have realised \$12,060 to date. These funds have been paid to General Security Holder.

4 INVESTIGATIONS

As advised in the last report the Liquidators made demand on the shareholders for payment of \$375,127 in relation to their overdrawn current. Legal proceedings were commenced to obtain judgement. The shareholders made contact and there was an indication that they would make an offer to settle the proceedings. No offer was received and a Summary Judgement Order has been given by the High Court for the sum of \$375,127.10 plus interest and costs.

The Liquidators have obtained bankruptcy orders against the two shareholders and are currently endeavouring to have these served.

5 CREDITORS' CLAIMS**5.1 Secured Creditors**

At the date of liquidation we were advised that Stockco Limited had a secured claim, pursuant to a General Security Agreement, of \$1,100,798. As advised above, this amount has been reduced by the realisation of some of the secured livestock, with the current debt being \$248,534.

As identified in section 3.5 above, \$12,060 has been paid to Stockco from dividends and realisation of Fonterra and Ballance Agri-Nutrients shares held by the company.

Heartland Bank Limited holds specific securities over certain assets of the company. At the commencement of the liquidation they were owed \$65,376. They have realised most of the assets subject to their security. They are still owed \$18,080 and, based on the estimated realisable value of the assets remaining, are anticipating that there will be a shortfall.

5.2 *Preferential Creditors*

A preferential claim of \$1,209 has been received from a former employee for unpaid holiday pay. This amount has been paid in full.

A preferential claim was received in respect of the company accountant's lien totalling \$955. This amount was also paid in full.

The Inland Revenue Department has submitted a preferential claim for \$142,386. An interim dividend of \$50,000 has been paid in respect of this claim.

5.3 *Unsecured Creditors*

As at the date of preparing this report 28 unsecured creditors claim forms have been received totalling \$888,978. In the interests of minimising liquidators' fees, the liquidators will not attend to the formality of accepting or rejecting creditors' claims until such time as we are in a position to pay a distribution.

6 FUNDS / LIKELY OUTCOME

There will be a short fall on the amount due to the General Security Agreement holder, therefore, at this stage the liquidator does not anticipate paying a distribution to unsecured creditors

7 MATTERS DELAYING THE COMPLETION OF THE LIQUIDATION

The following matters are outstanding:-

- Legal proceedings against the shareholders
- Completion of the investigation of the company books and records

8 ESTIMATED DATE OF COMPLETION

Based on the information contained in this report the liquidators presently are unable to estimate when the liquidation will be completed.

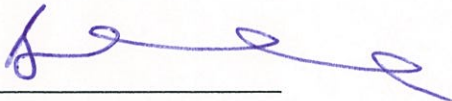
9 CONTACT DETAILS

Enquiries should be directed to Colin Sanderson on DDI (079) 838 0908 or by email to CSanderson@mvp.co.nz.

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BORIS VAN DELDEN
LIQUIDATOR

DATED this 26th day of February 2016

Realisations and Distributions

R J Dairy Farming Limited (In Liquidation) 26 February 2014 To 25 February 2016

Realisations	Cash Received \$
ACC Refund	1,253
Bank Account Closure	740
Fonterra Dividends Received	51
Fonterra Milk Revenue	37,546
Interest	4,570
Sale of Shares	6,076
Westland Co-Operative Milk Revenue	158,921
Ballance Agri-Nutrients Shares	6,224
Total Realisations	\$215,381
Payments	
Liquidators Fees	
Liquidators Fees	53,272
Disbursements	744
Total Liquidators Fees	\$54,016
Other Costs of Liquidation	
Accountants & Other Advisors	2,407
Fonterra Fees & Levies	189
Legal Fees	23,183
Resident Withholding Tax	1,296
Total Costs of Liquidation	\$27,075
Distributions	
Secured Creditor - Stockco	12,060
Preferential Wages and Holiday Pay	1,210
Preferential Accountant's Lien	955
Preferential GST and PAYE	50,000
Total Distributions to Creditors	\$64,225
Total Payments	\$145,316
BALANCE HELD	\$70,065

Note: the above figures are GST exclusive