



Patoka Dairies Limited (In Receivership)

“the Company”

Receivers' 3rd Six Monthly Report

Pursuant to Section 24 of the Receiverships Act 1993

Reporting Period: 17 March 2011 to 16 September 2011

Company Number: 926309

Introduction

We, Maurice Noone and John Fisk, Chartered Accountants of Christchurch and Wellington respectively, were appointed receivers of Patoka Dairies Limited on 16 March 2010 under the terms of a security agreement dated 22 May 2006 giving the holders a security interest in all of the assets and undertaking of the Company. The property in receivership comprises all of the assets, property and undertakings of the Company.

This report has been prepared by us in accordance with and for the purpose of Section 24 of the Receiverships Act 1993 (“the Act”). It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership.

This report is subject to the restrictions set out at Appendix I. In particular, all information contained in this report is provided in accordance with Sections 26 and 27 of the Act. Furthermore, in preparing this report we have relied upon and not independently verified or audited information or explanations provided to us.

This report should be read in conjunction with all previous reports.



Particulars of debts and liabilities at the date of report outstanding and requiring to be satisfied from the property in receivership

The following table shows the particulars of known debts and liabilities at the date of receivership outstanding and requiring to be satisfied from the property in receivership:

Class of creditor	Note	Name of creditor	Address of Creditor	Date of creation/ registration	Nature of claim	Amount of claim \$000's
First ranking secured creditor	1	Bank of New Zealand	Auckland	22 May 2006	All present and after acquired personal property	40,238
PMSI creditors	2	Marac Finance Limited	Auckland	15 January 2009	Motor Vehicles	115
	3	Rabobank Equipment Finance	Sydney, Australia	5 December 2007	Farm Equipment	94
	4	Ravensdown Fertiliser Co-Operative Ltd	Christchurch	Various	Farm Equipment	0.2
Preferential creditors	5	Employees	Various	Various	Holiday pay entitlement	40
	6	Inland Revenue Department	Hamilton	Various	PAYE GST	74

Notes to Table

- This amount is the balance of outstanding secured debt as provided by BNZ at the date of our appointment (excluding interest accrued to that date). BNZ holds a first ranking general security agreement over all assets and undertakings of the Company. Interest continues to accrue on the outstanding balance. Since our appointment \$2.48m has been repaid to BNZ.*
- This amount relates to a number of Motor Vehicles leased by the Company which continue to be used during the receivership.*
- This amount relates to a Silage Wagon leased by the Company which continues to be used during the receivership.*
- This amount relates to rental arrears on two Urea Silos rented by the Company.*
- This amount relates to the outstanding holiday pay owed at the date of our appointment. As we have employed a number of existing staff, their holiday pay balances have been carried forward and are being paid out as staff leave or take annual leave.*
- This amount relates to unpaid PAYE and GST at the date of our appointment.*



Property disposed of since our last report

The Company has continued trading in the receivership and certain property has been disposed of in the normal course of trading its farming operations.

Proposals for disposal of receivership property

As previously advised, our initial assessment of the Company's farming operations determined that it was in the best interests of the Company to continue trading in the receivership to raise the optimum sustainable production levels in order to maximise the value of the Company farms.

The farm conversions are now completed, and good progress has been made towards optimum sustainable production. At this time we have not determined when the Company's properties will be placed on the market for sale.

Amounts likely to be available for payment to creditors

The total value of unsecured creditors' confirmations received for the Company up to the date of this report is \$3.36m, of which \$422k relates to trade creditors, and \$2.94m relates to unsecured advances from McVitty Properties Limited (In Receivership) to the Company.

The Company's major assets are farming properties. The values of these properties are subject to market fluctuations which are difficult to assess, such market conditions which will have a material affect on the prices achieved from any sale of any properties.

At this time our estimates indicate that it will be unlikely that there will be any funds available for payment to unsecured creditors arising from the receivership. However, this position will not become clear until the conclusion of this receivership, and as mentioned previously, this is likely to be some time.

Receipts and payments

We attach, as Appendix II, a statement of receipts and payments in the receivership for the period of the receivership, being 17 March 2011 to 16 September 2011.

Dated: 16 November 2011

A handwritten signature in black ink, appearing to read 'M. Noone', is written over a horizontal line.

Maurice Noone
Receiver



Appendix I

Restrictions

All information contained in this report is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the Company. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our Report, if any additional information, which was in existence on the date of this Report was not brought to our attention, or subsequently comes to light.

We have relied on forecasts and assumptions prepared by the Company about future events which, by their nature, are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.

In addition the following should be noted:

- Certain numbers included in tables throughout this report have been rounded and therefore may not add exactly.
- Unless otherwise stated all amounts are stated in New Zealand dollars.



Appendix II

Patoka Dairies Limited (In Receivership)

Receivers' Statement of Receipts and Payments for the Period 17 March 2011 to 16 September 2011

	\$	\$
Receipts		
Balance brought forward	7,372,532	
GST Receipts	69,855	
Fonterra Dividends Received	46,027	
Livestock Sales	628,594	
Milk Income	2,539,180	
Timber Sales	25,915	
Other Dividends Received	500	
Total Receipts	<hr/>	10,682,603
Payments		
Balance brought forward	7,714,336	
Accountancy Fees	50,234	
Bank Charges	4,426	
Consultant Fees	43,780	
Distribution to Secured Creditor	500,000	
Farm Working Expenses	1,971,723	
General Administration Costs	6,041	
GST Payments	102,512	
Insurance	64,574	
Interest Expense	13,207	
Land & Farm Improvements	19,518	
Lease Payments	49,048	
Legal Expenses	25,794	
Livestock Purchases	806,875	
Purchase of Plant & Equipment	55,837	
Rates	25,135	
Receivers Fees	135,423	
Share Purchases	189,361	
Telephone, Tolls & Internet	5,784	
Total Payments	<hr/>	11,783,608
Bank Overdraft as at 16 September 2011		<hr/> \$(1,101,005)