IN THE HIGH COURT OF NEW ZEALAND
AUCKLAND REGISTRY

I TE KŌTI MATUA O AOTEAROA
TĀMAKI MAKAURAU ROHE

CIV-2019-404-338

UNDER	Part 15A of the Companies Act 1993 and Part 19 of the High Court Rules
AND	
IN THE MATTER OF:	**RIOT FOODS LIMITED, RIOT FOODS TRADING LIMITED, RIOT ASSET HOLDINGS LIMITED, WHOLE FOODS MANUFACTURING, LIMITED, EDENZ (NZ) LIMITED** and **POPPY AND OLIVE LIMITED** (administrators appointed),
A N D:	**IAIN McLENNAN and PERI FINNIGAN** Applicants

On the papers:

Counsel: S-J Telford for the Applicants

Minute: 1 March 2019

MINUTE of ASSOCIATE JUDGE R M BELL

Solicitors:
Morgan Coakle (Sarah-Jane Telford), Auckland, for the Applicants
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Case Officer:
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[1] Riot Foods Ltd, Riot Foods Trading Ltd, Riot Asset Holdings Ltd, Wholefoods Manufacturing Ltd, Edenz NZ Ltd and Poppy and Olive Ltd are in administration under Part 15A of the Companies Act 1993. The applicants are the administrators. The first five companies were put into administration on 4 February 2019. Poppy and Olive Ltd went into administration on 5 February 2019.

[2] The companies are associated. Riot Foods Ltd is the holding company and the other companies, all wholly-owned subsidiaries, are trading companies. The group manufactures packages and markets food products such as cereal, Better Balls, health protein powders and also biltong.

[3] The administrators held the first meetings of creditors on 15 February 2019. They seek orders under ss 239AT and 239ADO of the Companies Act, extending the period in which the watershed meeting is to be convened from 6 March 2019 to 5 April 2019.

[4] Under s 239AT, the convening period is 20 working days after the date on which the administrator is appointed, but the court may on the administrator's application extend the convening period. Under s 239ADO, the court may make orders it thinks appropriate as to how Part 15A is to operate in relation to a particular company. While an application under s 239AT may be made after the convening period has expired, it is obviously preferable to do so before.

[5] The administrators explain that the current directors no longer wish to carry on management of the Riot Group themselves. The administrators are therefore taking steps to sell the entire businesses of the Riot Group as a going concern. Purchasers have expressed interest in buying the business. There have been meetings with interested parties, and financial information and an information memorandum have been distributed. Prospective purchasers began due diligence in the week beginning 18 February 2019. The due diligence was not only site inspections. The purchasers are also evaluating the future prospects of the business and assets.

[6] In the meantime the administrators are maintaining stock levels to allow the Riot Group to continue manufacturing goods and meeting customers' orders as they are received, albeit with a reduced staff. The administrators hope to produce a small cash surplus from current trading. The administrators hope that following the sale of the business it will be possible to pay all 97 external creditors in full and make some return to shareholders.

[7] The administrators also explain that the companies have an insurance claim arising out of an incident in June 2018 in which a cleaning contractor used caustic high-strength chemicals which caused damage to stainless steel equipment, floors and ceilings of the plant. The claim has been notified to Riot Group's own insurer and the cleaning contractor's liability insurer. The loss of earnings claim is likely to be substantial. A forensic accountant has been retained to assist with preparing the loss of earnings claim. The forensic accountant hopes to have an initial assessment in the week beginning 4 March 2019.

[8] The administrators say that more time is required for interested parties to present their offers to purchase the business. Any due diligence process is unlikely to be completed by 5 March 2019.

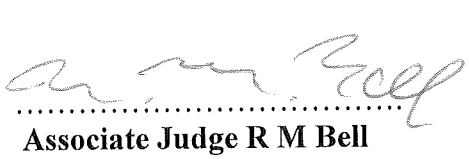
[9] The administrators will be required to report to creditors under s 239AU of the Companies Act for the watershed meeting. They say that if the watershed meeting were held on or before 5 March 2019, they would not be able to report with sufficient information to present realistic options to the creditors. They also say that more time is required to firm up and finalise the insurance claim. That is with a view to advancing negotiations with the insurers before reporting to creditors at a watershed meeting.

[10] I accept that these are sound reasons for extending the time for the watershed meetings. For all companies the time for the watershed meeting is extended to 5 April 2019. The administrators are also required to inform the company's creditors of the extended convening period, by email or by post, and also by publication on McDonald Vague's website.

[11] The administrators have applied for leave to bring this proceeding without notice. Applications to extend time for watershed meetings are typically made without notice. The interests of creditors are adequately protected by directing them to be notified. If leave is required for the without notice application, it is granted.

[12] I also declare that the administrators' costs (including their actual legal costs) in applying for the extension of time are part of the expenses incurred by the administrators.

[13] Leave is also granted to any person who can demonstrate a sufficient interest to apply to modify or discharge these orders on notice to the court and the administrators.



Associate Judge R M Bell