



Administrators' First Report to Creditors



CleanPaleo



POPPY+OLIVE



McDonald
Vague

RIOT FOODS LIMITED 5494241
RIOT FOODS TRADING LIMITED 4341958
RIOT ASSET HOLDINGS LIMITED 5713348
WHOLEFOODS MANUFACTURING LIMITED 5712748
EDENZ NZ LIMITED 5517725
POPPY AND OLIVE 6151728
(ADMINISTRATORS APPOINTED) ("The Riot Group of Companies")

Administrators' Report to Creditors Pursuant to Section 239AU of the Companies Act 1993
REPORT ON COMPANY'S BUSINESS, PROPERTY, AFFAIRS AND FINANCIAL CIRCUMSTANCES

Details of Administrator

Iain McLennan and Peri Micaela Finnigan, Accredited Insolvency Practitioners, of Auckland, have been appointed joint and several Administrators of the Riot Group of Companies by its board of directors pursuant to section 239I of the Companies Act 1993. They were appointed Administrators of Poppy and Olive Limited (Administrators Appointed) on 5 February 2019 and appointed Administrators of the other companies in the Riot Group on 4 February 2019.

Following the Watershed Meeting of creditors and shareholders on 12 April 2019, Iain McLennan and Peri Finnigan were confirmed as Deed Administrators. Deeds of Company Arrangement were signed and filed on 9 May 2019.

(Note: Clean Paleo Limited changed its name to Riot Foods Trading Limited on 30 April 2018.)

Details of Accounts

The accounts are not final. The companies continue to sell product. There is current interest from two third parties in acquiring the business and assets.

All assets have been removed from the Ascot Road premises which we understand has been re-tenanted by third parties.

The following classes of creditors have received the following payments since 4 February 2019 (incl GST)

Preferential Creditors (Employee Wages)	\$16,568.78
Preferential Creditors (Employee Holiday Pay)	\$24,768.34
Specific Security Creditor (Branded Financial Services – 2 Kia's)	\$29,581.87
Specific Security Creditor (Flexirent)	\$4,595.94
Specific Security Creditor (Stuart Armstrong – part payment)	\$30,000.00
Lien Holders (Mainfreight)	\$3,000.00
PMSI Creditors (Caspak)	\$23,624.24
PMSI Creditors (Mondial/Scalzo)	\$3,183.95

Preferential Creditors remaining
IRD

\$16,541.70

Secured Creditors remaining to be paid or part paid

Flexirent Capital (New Zealand) Limited

\$11,008.06

Stuart Armstrong

\$45,187.27

The Hakuna Matata Trust

\$274,854.90

Unsecured Creditors

Total Unsecured Creditors (excluding intercompany accounts)

\$479,234

Contingent Liabilities (East Tamaki lease)

\$162,916

Secured Creditors

The following creditors had a secured interest in the Riot Group of Companies:

Creditor	Entity Secured Over	Security Type and Collateral description
Mondial Natural Foods Limited	Wholefoods Manufacturing Limited	Purchase Money Security Interest OTH Goods – Other Food ingredients and/or products (goods) labelled with any of the following identification labels: - Scalzo Trading Co. Pty Ltd; Scalzo Food Industries (SFI); Global Category Solutions (GCS; Genoa Food Wholesalers; Nutters; Freshlife; or any other identification label applied by Scalzo Trading Company Pty Ltd or a company or business owned by, or associated with, Mondial National Foods Ltd
Cas-Pak Products Limited	Riot Foods Trading Limited	Purchase Money Security Interest OTH Goods – Other All goods supplied from time to time by the Secured Party to the Debtor (including but not limited to Plain & Printed Flexible Packaging, Vacuum Pouches, Stand-Up Pouches, Top & Bottom Webs, Foil Pouches, Casings, Flow-Wrap Film and Coffee Pouches), and the proceeds generated by such supply. General Security Agreement AAPP All Present and After Acquired Personal Property Being proceeds of goods supplied
Flexirent Capital (New Zealand) Limited	Wholefoods Manufacturing Limited	Specific Security OTH Goods – Other All goods supplied by the Secured Party to the Debtor, including but not limited to those supplied pursuant to the contract number A339150M and A341747M, together with all proceeds generated by such Supply.
Stuart Armstrong	Riot Asset Holdings Limited	Specific Security OTH Goods – Other Assetpack 4 Head Linear Weigher, Assetpack Auger Filler, IDC-120 Industrial Biltong Drying Cabinet x6, Crown Electric Biltong Slicer x4, Spare blade for cutter x6, plastic

		Biltong hooks x7200, XLT3870-TS-E Oven (serial # 31765-59-2014149)
CSG Finance	Riot Foods Trading Limited	Specific Security OTH Goods – Other Make: Konica Minolta Model: C308 Description Konica Minolta C308 C30806570
The Hakuna Matata Trust	Riot Foods Limited Riot Foods Trading Limited Wholefoods Manufacturing Limited	General Security Agreement AAPP All Present and After Acquired Personal Property General Security Deed dated 9 December 2016 made by each debtor granting a security interest over all of their present and after acquired personal property in favour of the secured party, as the same may be amended or varied from time to time.

Summary of Professional Fees

Remuneration paid to the Deed Administrators to the date of this report is \$154,835, which is principally broken down into \$10,000 per month for 10 months trading and asset recovery, with the remaining sum covering statutory obligations and the additional costs related to the administration, investigations and assessment of outcomes, meetings and creditor reports and interaction as required by the Companies Act 1993.

Amount of Realisations and Distributions since date of Appointment and Reconciliation of money held

Refer to attached Appendix for the Consolidated Statement of Realisations and Distributions.

Estimated Completion Date

The DOCA provided to be completed by 12 April 2021 or earlier. This will now depend on the resolution of the insurance claim.

Statement

The information given in the statement is true to the best of our knowledge and belief at time of signing.

OUR REPORT

Further to the filing of the DOCA on 9 May 2019 we provide our first formal report to preferential and DOCA creditors on progress. This should be read with the interim report provided in September 2019.

The group operates from premises in 333C East Tamaki Road, East Tamaki.

It continues to sell branded product.

It has not been able to proceed with the manufacture of Biltong, and as a consequence has left the purpose-built Mangere premises.

There is interest from third parties in buying the remaining brands, IP, business and assets.

The Insurance material damage claim has been settled, and progress is being made with recovering the loss of profits insurance claim.

There are less than \$5k of post administration trading on creditors which are covered by funds at bank and debtors to be receipted at month end. All employment and IRD obligations are up to date.

OUTLOOK

The sale of the businesses, assets, brand and IP, and the recovery of insurance process remain the strongest prospect for repayment of creditors.

Signed by:



IAIN MCLENNAN
DEED ADMINISTRATOR



PERI MICAELA FINNIGAN
DEED ADMINISTRATOR

Date this 6th day of January 2020

Post to: National Processing Centre Companies Office.

Realisations and Distributions

Riot Foods Group of Companies (Administrators Appointed) Consolidated Accounts 4 February 2019 to 19 December 2019

6/01/2020

Realisations

Secured Advance	35,000
Bank Account Funds	92,627
Insurance Claim - Material Damage	78,531
Net Debtor collection	130,293
Pre admin GST refund	6,211
Dividend	375
Interest	105
Trading on Sales less Rebates	843,132
Sale of Assets	12,270
Sale of Motor vehicles	34,000
Total Realisations	1,232,544

Payments

Professional Fees

Administration Fees	154,835
Disbursements	3,892
Total Liquidators Fees	158,727

Other Costs of Liquidation and Trading On

Asset Storage and Transport	7,307
Trading on Costs	495,776
Insurance	11,116
Professional Services	12,871
IRD Interest and Penalties	1,418
Sale of Assets Cost	5,688
Wages and PAYE	279,848
Landlord	89,826
Repairs and Maintenance	870
Resident Withholding Tax On Interest	31
Total Costs of Liquidation and Trading On	904,751

Distributions

Secured Creditor	84,953
Preferential Wages and Holiday Pay	41,337
Lien	5,878
PMSI	2,769
Salvage	2,070
Preferential GST and PAYE	-
Dividends to Unsecured Creditors	-
Total Distributions to Unsecured Creditors	137,007

Total Payments	1,200,485
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BALANCE HELD	32,059
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24 September 2019

PRIVATE & CONFIDENTIAL

Ryan Kamins

by email:

cc: Shareholders

RIOT FOODS UPDATE



**McDonald
Vague**

business recovery partners

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Our letter to creditors of 7 February 2019 stated the reason for the appointment of administrators was:

"The Administration has arisen as a direct consequence of the withdrawal of interest of an equity company in taking a corner stone shareholding and providing working capital."

and we also said:

"....and has been negatively impacted by significant events beyond the companies control which have been well publicised (insurance claim, resignation of CEO etc.)"

Our report to creditors of 5 April 2019 set out the many events from approximately March 2018 that led to Riot's position and concluded that the reason for the decision to appoint Administrators was:

"On 4 February 2019, the board was advised that all potential investor/business partner opportunities appeared exhausted and that the shareholders were not prepared to invest further funds in the business."

"After considering the alternative options available the Riot Groups' directors determined that the best course of action was for Riot Group to be placed into voluntary administration."

Other issues- August 2019 queries and general update to creditors and shareholders

Re your business plans the proposals you put to us are unfunded and involve private share dealings that have not been agreed as far as we understand. We have written to you on several occasions and asked you to prove that you have the funding, but you have not been able to satisfy those requests.

Trading

The Ascot Road site has been closed. The Biltong manufacturing and support equipment is being sold piecemeal. Local interest in the equipment is low.

The product lines that were not generating any margin have been discontinued.

Competitor activity is aggressive. The business is trading but at below breakeven. Several strategies have been tried to raise sales to breakeven however consumers in general appear to be wary of spending too much, and the supermarket customers by and large seem more driven by price than quality. Riot has high end product with no mid-range price.

Efforts continue to try to sell the business but with low sales volumes no agreement has been signed or concluded.

Insurance recovery continues to be advanced with the last steps being taken in gathering together a comprehensive evidence pack.

As requested, we **attach** the "Interests Statement" we attached to the 7 February 2019 statement.

AGM

While we consider the 12 April 2019 Watershed meeting covered the points normally covered in an AGM, which included fulsome written updates on the company position as at 31 March 2019 and the directors and Deed Administrators' plans and prospects for Riot, if we or the company directors receive sufficient interest from the shareholders for a separate AGM, then a further meeting can be called.

Yours faithfully

for RIOT FOODS LIMITED (IN ADMINISTRATION)
RIOT FOODS TRADING LIMITED (IN ADMINISTRATION)
RIOT ASSET HOLDINGS LIMITED (IN ADMINISTRATION)
WHOLEFOODS MANUFACTURING LIMITED (IN ADMINISTRATION)
EDENZ NZ LIMITED (IN ADMINISTRATION)
POPPY AND OLIVE LIMITED (IN ADMINISTRATION)


IAIN McLENNAN
DEED ADMINISTRATOR