

# Dairy Farmers of Britain Limited

7 September 2009

Bolton

Meeting of creditors, employees,  
members and ex-members

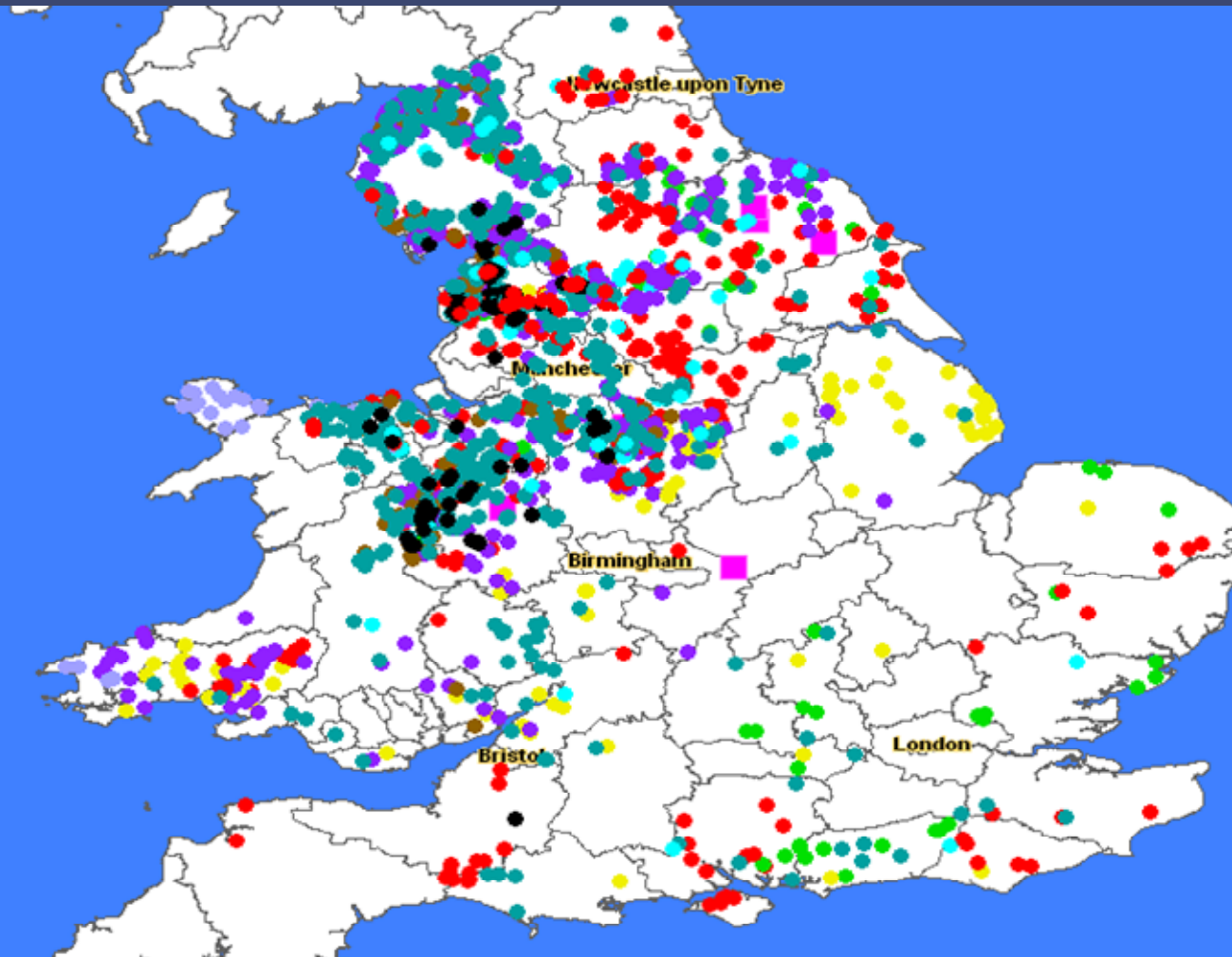
# Agenda

- Report's key messages
- Questions on the report
- Next steps/Future communications

# Key messages – Milk supply

- Milk pricing during Receivership:
  - 16.0ppl for initial 2 week trading period to (3 to 16 June)
  - 15.7ppl for final month trading period (17 June to 16 July)
- Transition of entire milk field of 1,813 members within 43 days to “new homes” (refer graphic overleaf)

# Illustration of Member transition to “new homes”



# Key messages – Dividend prospects

- Estimated shortfall of c.£4m to secured creditor
- It is not expected there will be any dividend paid to:
  - Members' milk cheques, loan notes and equity holdings: owed £93.5m:
    - > £19.4m for May/early June milk cheque;
    - > £73.1m for lost equity
  - Unsecured non-member creditors
  - Employees

# Key messages – Members' guarantees

- Legal advice taken in respect of this complex issue
- “No steps will be taken by the Receivers and Managers (or by the Bank) to recover any monies that may be due from any members with guarantees”

# Key messages – Liquids division trading issues

- The Liquids division was:
  - Loss-making
  - Proved unsaleable as a business both before and after Receivership
  - Cited by at least one interested party as the reason why a 'significant next step' merger or joint venture deal was not possible

## Key messages – Early 2009 funding gap

- DFB proposed to fill emerging funding gap caused mainly by Liquids losses via member equity raising of £20m
- March 2009 - Member Council did not support this proposal
- The funding gap was bridged by the Bank to:
  - Give time to try and sell the entire DFB business or find an alternative solution; and
  - Ensure the business continued throughout the spring flush

# Questions on the Report

- Submitted questions
- Any questions from the floor

## Where the cash went

| <b>Year Ended 31 March (£'000)</b>           | <b>FY04-FY09</b> |
|--|------------------|
| <b>Opening bank borrowings</b>               | <b>(6,197)</b>   |
| Cash flow                                    |                  |
| Trading cash flow (including interest)       | 37,816           |
| Exceptional items                            | (24,204)         |
| Net capital expenditure and disposals        | (25,938)         |
| Acquisitions                                 | (95,576)         |
| Investments / business sales                 | (1,243)          |
| <b>Net cash in/(out) flow before members</b> | <b>(109,145)</b> |
| Retentions / shares / members funds          | 57,396           |
| <b>Net Cash In/(Out) Flow</b>                | <b>(51,749)</b>  |
| <b>Closing bank borrowings</b>               | <b>(57,946)</b>  |

# Questions on the Report

- Submitted questions
- Any questions from the floor

# Next steps/Future Communications

- Parliamentary Select Committee in September:
  - To examine the implications of the collapse of DFB
  - Receivers and Managers have submitted their report dated 24 August 2009
- Future communications from Receivers and Managers
  - Updates via the website [www.pwc.co.uk/dfob](http://www.pwc.co.uk/dfob)
  - Final report to be issued to all creditors and members at conclusion of Receivership, not likely before June 2010

# Information and updates

[www.pwc.co.uk/dfob](http://www.pwc.co.uk/dfob)

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