

**RECEIVERS' FIFTH REPORT ON THE STATE OF AFFAIRS OF
TE KAHA RESORT LIMITED (IN RECEIVERSHIP)
"The Company"**

1. INTRODUCTION

Iain McLennan and Boris van Delden, Insolvency Practitioners of Auckland, were appointed jointly and severally as receivers and managers of all its rights, title and interest (present and future, legal and equitable) in, to, under or derived from all the Company's present and hereafter acquired property whether situated in New Zealand or elsewhere of the company on 25 August 2009. They were appointed under the powers contained within a General Security Deed ("GSA") dated 28 September 2006 and a Loan Agreement dated 23 February 2007 in favour of Dominion Finance Group Limited (in receivership and in liquidation).

The address of the Secured Creditor is Deloitte, 80 Queen Street, Auckland City.

The Receivers set out below their fifth report on the state of affairs of the above named company as required by section 23 of the Receiverships Act 1993. This report should be read in conjunction with our earlier report. A statement of realisations and distributions for the period from 2 September 2009 to 30 September 2011 is **attached**. We have included all trading creditors that had been incurred as at 30 September 2011 and which have subsequently been paid.

2. EVENTS LEADING UP TO OUR APPOINTMENT

The appointment arose following a Resolution of the Board of Directors of the Company acknowledging a default event under the GSA and inviting the Secured Creditor to appoint Receivers over all of the Company's present and after acquired property.

3. TRADING ON

Following an initial investigation of the trading and legal structure and the outlook for the future under that structure, the Receivers' cancelled the lease given to Gaskill Investments No 2 Limited ("Gaskill"). Gaskill was subsequently placed into liquidation, by its shareholders and therefore forfeited its lease.

The company in receivership took over trading from 2 September 2009. A sale and purchase agreement has been signed and settled with effect from 30 September 2011. The receivers continued to trade the business up to that date.

4. PROPERTY DISPOSED OF TO DATE

Following the continuing negotiations with a number of parties the Business, chattels, and apartments owned by the company in receivership were sold with effect on 30 September 2011 for an amount that was above valuation. As part of the sale process the receivers purchased and on sold some of the business chattels with the agreement of the liquidator of Gaskill Investments (No 2) Limited (in liquidation).

5. PROPOSALS FOR DISPOSAL OF RECEIVERSHIP PROPERTY

We are attending to the finalisation of several issues and collection of various amounts due to the company from both pre receivership and post receivership activity. The Receivers have claimed various amounts due from related entities for intercompany debts. As most of the intercompany debts are owed by companies that are now in liquidation it is uncertain that any further recovery will be made.

As noted in the realisations and distributions statement we have made some recoveries of funds from related entities as a result of trading activity. We also continue to pursue the recovery of one receivable from the sale of an apartment which is disputed.

We have also identified further debtors that we are pursuing. These debtors are for accommodation provided prior to our appointment.

6. AMOUNTS OWING TO THE SECURED CREDITORS

At the date of our appointment the amount (including accrued interest) due to our appointer was \$ 6,048,788.71. The proceeds of the sale are held in two separate trusts pending the finalisation of a number of issues.

The Company also owed \$1.7 million to a second ranking mortgagee with a second ranking General Security Agreement. This mortgagee released its security as part of the sale settlement process.

The Company owed approximately \$31,000 (including interest and costs) to a PMSI creditor secured specifically over the beer system which has been repaid from sale proceeds, and \$8,500 to a PMSI creditor secured over the laundry washer and dryer. The washer/dryer was repaid prior to sale.

The purchaser of the business and assets took over the remaining repayment obligations on the telephone system.

7. PREFERENTIAL CREDITORS

We have yet to receive any formal claims from the company's preferential creditors. As at the date of our appointment the Company did not have any employees. GST returns have not been prepared or filed since 31 March 2009. According to the 31 March 2009 draft Annual Financial Statements of the company GST payable, was as follows:

| | |
|---------------------------------|-----------------|
| | \$ |
| GST payable as at 31 March 2009 | 86,834 |
| | <hr/> |
| TOTAL | <u>\$86,834</u> |

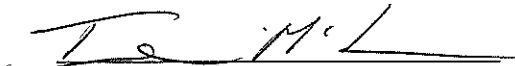
The Receivership paid employees wages for the few days prior to the Receivers taking over trading, as part payment for the purchase of shop inventory.

8. UNSECURED CREDITORS

Based on Company Records and claims received to date the Receivers consider that there are at least 13 unsecured creditors, owed approximately \$4.98 million.

The Receivers' are certain that there will not be any funds available for Unsecured Creditors.

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IAIN McLENNAN
RECEIVER

DATED this *20th* day of April 2012

BVD/IML/gck/220

Te Kaha\02 Creditors\Reports\R9 Fifth Report

THE RECEIVERSHIPS ACT 1993

NUMBER OF COMPANY : AK 1130065
NAME OF COMPANY : TE KAHA RESORT LIMITED (IN RECEIVERSHIP)
PRESENTED BY : McDonald Vague
Insolvency Specialists
Level 4, 143 Nelson Street
P O Box 6092
Wellesley Street PO, AUCKLAND

STATEMENT PURSUANT TO SECTION 24

Statement of Receipts and Payments in the Receivership of the company from 25 August 2009 (being commencement of the Receivership) to 30 September 2011 (being the fifth report on the receivership trading).

| | As Per Statement of Affairs | Cash Received |
|---|--------------------------------|--------------------|
| CASH HAS BEEN RECEIVED AS FOLLOWS: | \$ | \$ |
| Bank | 2,514 | 2,515 |
| Inter Entity Debts and Debtors | 388,446 | 52,716 |
| GST Refunds – Pre-Appointment | - | 5,891 |
| Advance from Appointer | - | 10,000 |
| Trading On Receipts | - | 2,792,664 |
| Sale of Assets | | 3,072,110 |
| Interest | | 3,113 |
| TOTAL RECEIPTS | \$390,960 | \$5,939,009 |

CASH HAS BEEN PAID AS FOLLOWS:

Costs Charges & Expenses of Receiver

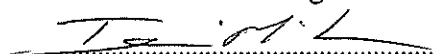
| | |
|---------------------------------------|-----------|
| Trading On Payments | 2,638,380 |
| Fixed Assets | 98,716 |
| Insurance | 43,516 |
| Rates | 116,962 |
| On Site Management | 148,060 |
| Receivers' Fees and Disbursements | 118,843 |
| Legal Fees | 45,250 |
| Sale Commissions | 91,050 |
| Marketing Costs | 19,322 |
| Salvage Payments | 522 |
| Wages (In Lieu of Inventory Purchase) | 2,902 |
| Distribution to Secured Creditors | 77,677 |

TOTAL PAYMENTS **\$3,401,200**

TOTAL RECEIPTS **5,939,009**
LESS TOTAL PAYMENTS **3,401,200**

BALANCE HELD **\$2,537,808**

Note: The above figures are GST exclusive.



IAIN McLENNAN
RECEIVER

Dated this 28th day of April 2012