

**RECEIVERS' FIRST 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 House, 8 Nelson Street, Auckland City.

The Receivers set out below their first report on the state of affairs of the above named company as required by section 23 of the Receiverships Act 1993.

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 the Company's present and after acquired property.

3. TRADING ON / CLOSURE OF BUSINESS

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.

Subsequently the Company (In receivership) has continued to trade the Te Kaha Beach Resort premises. In doing so the Company is seeking to remedy many of the past issues. Receivers' trading has shown that there is a saleable business at the Te Kaha Beach Resort.

4. PROPERTY DISPOSED OF TO DATE

No property has been disposed of at the date of this report. A Tender sale process is underway.

5. PROPOSALS FOR DISPOSAL OF RECEIVERSHIP PROPERTY

A Tender sale process is underway to sell the property and trading assets of the Company, in whole or in part.

We have omitted certain details concerning our proposals for the disposal of receivership property as we believe that their inclusion would materially prejudice the exercise of our functions and in particular our duty to obtain the best price reasonably obtainable for the sale of receivership property.



6. AMOUNTS OWING TO THE SECURED CREDITORS

At the date of our appointment the amounts (including accrued interest) due to our appointer were as follows:

	\$
Current Account	
Term Loan Account	6,048,788.71
TOTAL	<u>\$6,048,788.71</u>

The Company also owes \$1.7 million to a second ranking mortgagee with a second ranking General Security Agreement.

The Company owes approximately \$19,000 to a PMSI creditor secured specifically over the bar system, and \$8,500 to a PMSI creditor over laundry washer and dryer.

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. We are reconstructing accounts to allow for an accurate assessment of the company's GST position at the date of our appointment, however based on information currently available we do not consider there is any significant movement from the 31 March 2009 position. 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
TOTAL	<u>\$86,834</u>

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' consider that given the position of the Company and the amounts owed to Secured Creditors that it is highly unlikely that there will be any funds available for Unsecured Creditors.

9. PARTICULARS OF ASSETS AND LIABILITIES

We attach particulars of the assets and of the debts and liabilities of the company.

In summary the principal Assets of the Company are:

Commercial Area- These assets comprise the parts of the complex from which the shop, restaurant, bar, function and gambling machine businesses operate, the fixtures and fittings, and the value of the businesses.

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Apartments – The Company owns 18 apartments in the 25 apartment complex with most of the chattels in those apartments.

Management Rights – Most of the apartments are available for rent under a management agreement and the rights under that management agreement are available for sale.

All of the above are subject to the terms of a registered Body Corporate.

Future Development Units (“FDU’s”)– There is resource consent allowing the development of apartments 26 to 44 being the FDU’s.

Debtors – There are a number of intercompany debtors that the Receivers consider are probably not likely to be collected. In addition, there is a debt of \$80,000 that the financial records of the Company show is collectable from the sale of an apartment. The Receivers consider that this debt is collectable.

Litigation – There is a Sale and Purchase Agreement of apartment(s) that has failed. The Receivers and the Secured Creditor are pursuing recovery the difference between the value under the Sale and Purchase Agreement and the ultimate sale value of the apartments concerned.

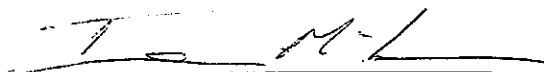
Liabilities

Per descriptions of Secured, preferential and unsecured creditors above.

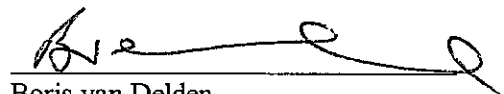
10. INFORMATION PROVIDED BY THE COMPANY

The directors of the company, and their advisers, have co-operated fully in making available the information required by the receiver to complete this report.

Enquiries to: Iain McLennan
Telephone: 0-9-303 0506, DDI 0-9-303 9512 or Mobile 021 664 556
Website: www.mvp.co.nz



Iain McLennan
Receiver and Manager



Boris van Delden
Receiver and Manager

DATED 16 November 2009

TE KAHA RESORT LIMITED (IN RECEIVERSHIP)
PARTICULARS OF THE ASSETS AND OF DEBTS AND LIABILITIES
AS AT THE DATE OF THE APPOINTMENT OF RECEIVERS
BEING 25 AUGUST 2009

	Book Value	Estimated to Realise
ASSETS NOT SPECIFICALLY PLEDGED	\$	\$
Bank Account	2,514	2,514
Debtors	80,000	80,000
Related Party Debtors	308,446	nil
Litigation realisations		<u>unknown</u>
		Unknown

ASSETS SPECIFICALLY PLEDGED

	Estimated Realisable Value	Due To Secured Creditors	Deficiency Ranking As Unsecured	Surplus To Last Column	
Land and Buildings, fixtures and fittings, plant					
unknown					
Secured by:					
Dominion Finance Group Limited		6,048,788	unknown	unknown	
Patricia Young		1,700,000	unknown	unknown	
Lion Nathan		19,893	unknown	unknown	
Marac		8,496	unknown	unknown	
		<u>7,777,177</u>	unknown	unknown	
					Unknown
LESS PREFERENTIAL CREDITORS					
IRD-GST					86,834
LESS GENERAL SECURITY AGREEMENTS					
Included as secured creditors above					Unknown
ESTIMATED DEFICIENCY AS REGARDS SECURED CREDITOR					Unknown
LESS UNSECURED CREDITORS					
Trade Creditors			201,354		
Related Party Creditors			4,779,818		4,981,172
					Unknown
ESTIMATED DEFICIENCY AS REGARDS SECURED CREDITORS AND UNSECURED CREDITORS					\$Unknown

Notes:

1. There is no unpaid capital liable to be called up.
2. The above estimates are subject to cost of the Receivership.

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3. Assets held may be subject to Reservation of Title Claims.
4. The secured creditor's claim will continue to accrue interest until fully paid

Disclaimer of Liability

The information contained in the Particulars of Assets and Liabilities has been supplied by the company. We have not verified the information supplied. The Particulars of Assets and Liabilities have been prepared for the purpose of the Receivership and we do not accept any responsibility on any ground whatsoever, including liability in negligence, to any other person.

(Note: A "Statement of Affairs" as shown above is preferred. In some circumstances, however, (not many) separate schedules of Assets and Liabilities as per attached templates can be furnished instead).

BVD/TML/
Te Kaha/R9 First Report

BVD
TML