

**RECEIVERS' SECOND 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 second 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 31 March 2010 is attached.

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.

The company in receivership took over trading from 2 September 2009. By trading on the Receivers have been able to remedy many historical issues and have established from trading that there is a credible business.

4. PROPERTY DISPOSED OF TO DATE

No property has been disposed of at the date of this report. A Tender sale process was commenced however all prospective purchasers has arisen from outside the Tender. The Receivers have received significant and consistent interest in the buildings, apartments and business as a whole. The Receivers continue to negotiate with several interested parties.

5. PROPOSALS FOR DISPOSAL OF RECEIVERSHIP PROPERTY

The sale process is not yet complete but the Receivers have received high level of interest and want to see a sale proceed shortly so that the purchaser can receive the benefit of the spring and summer season.

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.

The Receivers have claimed amounts due from related entities for intercompany debts. As most of the intercompany debts are to companies that are now in liquidation it is uncertain that any recovery will be made.

As noted in the realisations and distributions statement we have made some recoveries of funds from 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 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 beer system, and \$8,500 to a PMSI creditor secured over the laundry washer and dryer. The trading of the Receivership has meant that payments on the washer/dryer have been made.

While not adopting the security agreements, the receivers have also been making the payments to maintain the tills and the telephone system. The agreements were held in the names of other parties but the equipment was and is necessary for the continued running of the Resort.

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>


The Receivership has 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 almost certain that there will not be any funds available for Unsecured Creditors.

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

DATED / August 2010

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 31 March 2010 (being six monthly period of the Receivership).

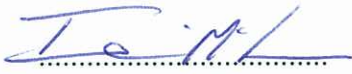
	As Per Statement of Affairs \$	Cash Received \$
CASH HAS BEEN RECEIVED AS FOLLOWS:		
Bank		2,515
Debtors		1,489
Inter Entity Debts		3,000
GST Refunds – Pre-Appointment		5,891
Advance From Appointor		10,000
Trading On Receipts		1,118,336
		<hr/>
TOTAL RECEIPTS		\$1,141,231 <hr/>

CASH HAS BEEN PAID AS FOLLOWS:

Costs Charges & Expenses of Receiver		
Trading On Payments		917,197
Fixed Assets		9,367
On Site Management		53,992
Receivers' Fees and Disbursements		74,479
Marketing Costs		14,339
Salvage Payments		522
		<hr/>
Wages (In Lieu of Inventory Purchase)		2,902
		<hr/>
TOTAL PAYMENTS		\$1,072,798 <hr/>

TOTAL RECEIPTS	1,141,231
LESS TOTAL PAYMENTS	1,072,798
	<hr/>
BALANCE HELD	\$68,433
	<hr/> <hr/>

Note: The above figures are GST exclusive.



IAIN MCLENNAN
RECEIVER

Dated / August 2010