

6 December 2007

**FIRST LIGHT CONSTRUCTION LIMITED  
(IN RECEIVERSHIP AND LIQUIDATION)**

**Receivers' Second Report on the State of Affairs**

**Pursuant to Section 24 of the  
Receiverships Act 1993**

**Introduction**

Gareth Russel Hoole and Kevin David Pitfield were appointed joint receivers of First Light Construction Limited (In Receivership and Liquidation) ("the company") by Mr. Adyl Khidiribekov, on 30 March 2007 under the powers contained within a General Security Agreement dated 19 January 2007.

This report has been prepared by the receivers in accordance with and for the purpose of Section 24 of the Receiverships Act 1993.

**Restrictions and Disclaimers**

The report is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership.

In compiling this report the receivers have relied on the accuracy of all relevant information provided by the management of the company. Whilst all care and attention has been taken in compiling this report, the receivers, Staples Rodway Limited, its employees and its agents do not accept any liability whatsoever arising from this report.

This report is not intended for general circulation and all information contained in it is for the confidential use of the parties to whom it is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993. This report is not to be disseminated or passed on to any other party without the receivers' prior written authority or as may be required by law.

The financial particulars included in this report have been prepared from the company's records and information supplied to the receivers by the company and its director. In preparing the particulars the receivers have not carried out anything in the nature of an audit or other verification procedure.

The receivers reserve the right (but will be under no obligation) to review the contents of this report and, if considered necessary, to revise the report in light of any information which becomes known to the receivers at a subsequent date.

### **Events Subsequent to Appointment and First Report**

The following actions have been taken by the receivers, working in co-operation with the liquidators:

1. Fixed assets identified as belonging to the company were valued and made available for sale, some by public auction and others, in situ.
2. Recovery action in respect of amounts considered receivable was commenced.
3. Investigations have been carried out into the affairs of the company with particular emphasis on the actions of its directors and officers.
4. The priority ranking secured creditor has received partial settlement of the amount due by the company.

### **Particulars of Debt and Liabilities Currently Outstanding and Requiring to be Satisfied from the Property In Receivership**

Due to Westpac New Zealand Limited secured by first ranking General Security Agreement over the assets and undertakings of the company, a remaining sum of approximately \$100,000

Due to Mr. Adyl Khidiribekov secured by second ranking General Security Agreement, a sum of approximately \$1,000,000.

Due to the staff formerly employed by the company in respect of unpaid wages and holiday pay and thus ranking as preferential pursuant to the 7<sup>th</sup> Schedule of the Companies Act 1993, a sum of approximately \$138,000.

Due to the Inland Revenue Department in respect of unpaid PAYE and GST and thus ranking as preferential pursuant to the 7<sup>th</sup> Schedule of the Companies Act 1993, a sum of approximately \$191,000.

In addition to the secured and preferential creditors disclosed above, an amount of approximately \$6,216,000 is due to unsecured creditors.

### **Proposals for the Conduct of the Receivership**

The receivers believe they have located and identified all fixed assets belonging to the company and have realised or are in the process of realising those assets.

While certain accounts receivable have been collected by the receivers, there are substantial sums which the receivers consider to remain outstanding. In all cases, there are disputes surrounding those receivables which require resolution.

It has been determined that prior to the appointment of the receivers and liquidators, a dividend of \$510,000 and a bonus of \$50,000 were paid, in cash, to the shareholders and the managing director respectively. The receivers have been advised that the directors cancelled those payments when the true financial position of the company became clear to them. However, those dividends and bonus have not yet been repaid. The receivers believe that they will need to resort to litigation to recover approximately \$350,000 of those payments, while agreement has been reached for the repayment of the balance.

### **Property realised to Date**

To date the receivers have collected accounts receivable amounting to \$158,719 and have realised fixed assets, net of GST, commissions and realisation costs, in the amount of \$183,791.

To date receivership costs amount to \$128,282 which include receivers' remuneration, legal fees and outgoings such as travel, accommodation, advertising etc. \$150,000 has been repaid to the priority ranking secured creditor in partial satisfaction of their receivable.

### **Amounts Likely to be Available for Payments to Unsecured Creditors**

The receivers cannot determine whether any amounts are likely to be available to unsecured creditors until they ascertain the full realisable value of the assets.

### **Information Provided By the Company**

The directors of the company have been cooperative in making available the information required by the receivers to complete this report and to establish the assets of the company. However, the books and records had not been processed up to the date of the appointment of the receivers, necessitating the engagement of a former staff member of the company to complete the invoicing and reconciliations necessary to determine a final statement of position.

Dated this 7<sup>th</sup> day of December 2007.



Gareth Russel Hoole  
RECEIVER