

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

No. of Company: 1490879

Refer to: Lloyd Hayward

Liquidators' Further Report

ART Apartments (2006) Limited (In Liquidation)

For the period to 11 August 2011

Introduction

ART Apartments (2006) Limited was placed into voluntary liquidation on 12 February 2008 when Jeff Meltzer, Arron Heath and Lloyd Hayward of Meltzer Mason Heath were appointed joint and several Liquidators.

In accordance with section 255 of the Companies Act 1993 the Liquidators are obliged to report to all creditors and shareholders on the conduct of the liquidation during the preceding six months. This report covers the period to 11 August 2011

Action to Date

The Liquidators have previously reported on actions undertaken. See below for further comment on actions proposed by the Liquidators.

Receipts and Payments

There have been no receipts and no payments during the period covered by this report.

Asset Realisations

There have been no realisations of assets during the period covered by this report.

Dividends

There have been no dividends paid during the period covered by this report. At this time the Liquidators do not expect that there will be any dividend available for creditors.

The following sections of this report incorporate comments relating to all of the Blue Chip companies to which we have been appointed.

The non-availability of adequate funding to enable the Liquidators to commence proceedings for breach of duty by directors and/or in relation to advice given to the Blue Chip Group regarding its products continues to be of concern to the Liquidators. Limited funding has enabled work to

Jeff Meltzer

Karen Mason

Arron Heath



continue; however, more work is required before the Liquidators' position in relation to potential proceedings can be finalised.

The Court of Appeal has dismissed appeals brought by Blue Chip investors who signed sale and purchase agreements for units in three central Auckland apartment buildings. To have their sale and purchase agreements cancelled, the investors had to prove that Blue Chip's agents breached the Fair Trading Act, and that those agents were acting for Blue Chip and for the developers. However, the Court of Appeal found that the sale and purchase agreements were independent contracts between the developers and the investors and were not tainted by any illegality in relation to agreements between Blue Chip and the investors.

The Blue Chip Group parent company, Northern Crest Investments Limited (formerly Blue Chip Financial Solutions Limited) was placed in liquidation by the High Court on 2 June 2011. Although the Northern Crest liquidators are also hampered by lack of funds they have been successful in having the New Zealand liquidation recognised in Australia and therefore are able to access documents and information located there.

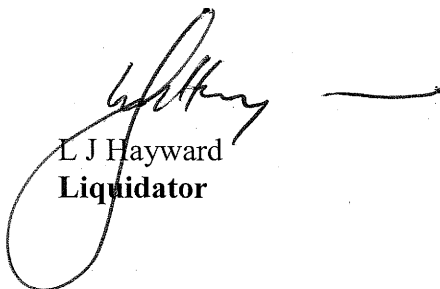
There may be areas where liquidators of the various Blue Chip Companies can co-operate for the benefit of the Blue Chip creditors. Meetings and discussions have taken place with the Northern Crest liquidators and their legal advisors with a view to establishing areas where assistance and/or information can be mutually provided.

The Liquidators reiterate their previously advised view that it is unlikely that creditors will receive a dividend from the liquidations. The continuing difficulties encountered in obtaining funding have resulted in the Liquidators having to reassess their approach to the liquidations and possible recovery actions that may benefit creditors.

Creditors are reminded that not all Blue Chip companies will be involved in any proceedings that may be issued. Only the creditors of those Blue Chip companies that are involved have any prospect of receiving a dividend.

Please contact Lloyd Hayward of this office should you require any further information.

Dated this 14th day of September 2011


L J Hayward
Liquidator