

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Arron Heath

No. of Company: 1279229

Liquidators' Further Report

Blue Chip New Zealand Limited (In Liquidation)

For the period to 16 April 2011 to 15 October 2011

Introduction

Blue Chip New Zealand Limited was placed into voluntary liquidation in Auckland on 15 April 2008 and Jeffrey 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 16 April 2011 to 15 October 2011.

Schedule of Receipts and Payments

A schedule of receipts and payments for the period 16 April 2011 to 15 October 2011 is attached.

Asset Realisations

There were no asset realisations during the period covered by this report.

Dividends

There were no dividends paid during the period covered by this report.

The following sections of this report incorporate comments relating to all of the Blue Chip Companies being liquidated by Meltzer Mason Heath.

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 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, 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.


Karen Mason
Arron Heath



In September, the Supreme Court granted leave to investors to challenge the Court of Appeal decision. The Supreme Court will consider whether Blue Chip's investment products breached the Securities Act and whether or not the sale and purchase agreements were enforceable. No date has yet been set for the Supreme Court hearing.

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.

Outstanding Matters

Unless further funding is able to be obtained the Liquidators' consider it unlikely that any recoveries will be made for the benefit of creditors. There remains the possibility of co-operation with the Northern Crest liquidators for the benefit of all Blue Chip creditors; however, the basis for such co-operation has yet to be discussed.

Please contact Arron Heath of this office should you require any further information.

Dated this 26th day of October 2011

A. Heath.

A L Heath
Liquidator

Blue Chip New Zealand Limited (In Liquidation)

Receipts and Payments

For the period 16 April 2011 to 15 October 2011

	\$	\$
Balance brought forward		27,533.38
Receipts		
Interest	208.54	
GST Refunds	<u>1,552.61</u>	
		<u>1,761.15</u>
		29,294.53
Payments		
Liquidators' Remuneration	4,689.50	
Liquidators' Disbursements	116.93	
Bank Fees	0.25	
Record Storage	7,637.21	
GST Paid	<u>1,866.55</u>	
		<u>(14,310.44)</u>
Balance carried forward		<u><u>14,984.09</u></u>

Notes: The funds held are subject to further costs of winding up.