

Meltzer Mason Heath

Chartered Accountants practising as insolvency specialists

Refer to: Arron Heath

No. of Company: 1980041

Liquidators' Further Report

Mide Limited (In Liquidation)

For the period 28 August 2009 to 27 February 2010

Introduction

Mide Limited ("Mide") was placed into voluntary liquidation in Auckland on 27 February 2008 when Jeff Meltzer, Arron Heath and Lloyd Hayward of Meltzer Mason Heath were appointed joint and several Liquidators. Mide formed part of the New Zealand Master Franchise of Blue Chip Financial Solutions Limited (now known as Northern Crest Investments Limited). It operated as the trading entity for the Master Franchise.

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 from 28 August 2009 to 27 February 2010.

Schedule of Receipts and Payments

A schedule of receipts and payments for the period 28 August 2009 to 27 February 2010 is attached.

Asset Realisations

No assets were realised during the period covered by this report.

Dividends

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

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

The Liquidators have continued with their investigations into possible breaches by directors of the reckless trading and other provisions of the Companies Act 1993 and potential claims arising from advice given to the Blue Chip Group in relation to its products. They are awaiting an opinion from Queen's Counsel on possible causes of action and the strength of any claims that may be made.

Jeff Meltzer

Karen Mason

Arron Heath



If it is concluded that there are strong claims available to the Liquidators, a funding proposal will need to be promoted to potential funders. There is no certainty that the existence of such claims will be confirmed, nor is there any certainty that the Liquidators will be able to obtain funding on the strength of such claims.

Judgments have now been delivered in the investor groups' proceedings. (Those proceedings involved a claim against a finance company which provided mortgage finance to investors and claims against developers of three apartment buildings in Auckland.)

The finance company was accused of breaching its duty of care to "Mum and Dad" investors by lending them money which they then used to buy Blue Chip apartments. The High Court found that the finance company did not owe a duty of care to the investors. However, the Court did find against the lawyer who advised the investors. (That lawyer has since been adjudicated bankrupt.)

The other proceedings where a judgment has been delivered were against the developers of three central Auckland apartment buildings where investors had purchased apartments utilising the various investment products promoted by Blue Chip, in particular the PIP or Premium Income Product. Investors purchasing this product believed they would not have to settle the sale and purchase agreements they had signed, but the High Court has ruled that the agreements are valid.

The Liquidators understand that both judgments have been appealed by the investors but, at the date of this report, no appeal judgments had been issued.

Blue Chip's co-founder, Mark Bryers, was made bankrupt in October 2009 owing an estimated \$173 million to creditors. Mr Bryers has pleaded guilty to three Companies Act and 31 Financial Reporting Act charges in relation to failing to attend meetings and keep adequate accounting records. He will be sentenced on those charges in May.

The Liquidators' view that it is unlikely that creditors will receive a dividend from the liquidations remains unchanged. Any recovery action(s) that may be pursued by the Liquidators will require funding which may or may not be available in the current economic climate.

Outstanding Matters

The Liquidators remain hopeful that funding will be available for the Securities Act application and any reckless trading proceedings that may be commenced. There is no likelihood of realisations from intercompany advances or other assets the company may have and any recovery for creditors will depend on the successful outcome of legal proceedings.

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

Dated this 3rd day of March 2010

A L Heath
Liquidator

Mide Limited (In Liquidation)

Receipts and Payments

For the period 28 August 2009 to 27 February 2010

		\$
Balance Brought forward		62,058.59
Receipts		
Interest	1,038.65	
GST Refunds	744.46	
	<u>1,783.11</u>	<u>1,783.11</u>
		63,841.68
Payments		
Liquidators' Remuneration	3,655.00	
Legal Fees	2,300.66	
GST Paid	744.45	
	<u>(6,700.11)</u>	(6,700.11)
Balance Carried Forward		<u><u>57,141.57</u></u>

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