

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 2010 to 27 February 2011

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 2010 to 27 February 2011.

Schedule of Receipts and Payments

A schedule of receipts and payments for the period 28 August 2010 to 27 February 2011 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.

Based on the opinion obtained from Queen's Counsel, the Liquidators are seeking funding to commence proceedings for breach of duty by directors and/or in relation to advice given to the Blue Chip Group regarding its products. As at the date of this report, discussions were continuing with several possible funders.

Jeff Meltzer

Karen Mason

Arron Heath



CHARTERED
ACCOUNTANTS

The Liquidators understand that the present position in the investor group proceedings is:

1. The Supreme Court has overturned the Court of Appeal decision that investors' loan agreements with GE Custodians Limited to purchase Blue Chip Group apartments or properties were oppressive. The Court said it would be unfair to hold the finance company responsible for the investors' predicament. The outcome of this litigation is unfortunate for affected investors but the Court found that the finance company had no knowledge of any matter which would make the investors' loan contracts oppressive.
2. The Liquidators understand that the appeal against the High Court's decision that investors' sale and purchase agreements in respect of three central Auckland apartment buildings were valid, has not yet been heard by the Court of Appeal.

Also, during the period covered by this report, the Serious Fraud Office advised that it had completed its Blue Chip Group investigation and, based on the available evidence, did not intend to lay charges as insufficient evidence existed for a criminal prosecution.

Although discussions are continuing with potential funders, the Liquidators' view that it is unlikely that creditors will receive a dividend from the liquidations remains unchanged. As reported previously the Liquidators' view is that whether creditors will receive any dividend from the liquidations depends on whether proceedings can be issued against directors and others and that, in turn, is dependent on whether funding is available. The Liquidators will issue a media release if funding is obtained with details being posted on the Meltzer Mason Heath website.

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

Dated this 28th day of February 2011

A. Heath

A L Heath
Liquidator

Mide Limited (In Liquidation)

Receipts and Payments

For the period 28 August 2010 to 27 February 2011

	£
Balance Brought forward	58,137.23
Receipts	
Interest	<u>1,102.97</u>
	59,240.20
Payments	Nil
Balance Carried Forward	<u>59,240.20</u>

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