Reynolds & Associates Ltd.

Insolvency Practitioners

26 January 2016

Liquidators Six Month Report on the Statement of Affairs of Grace Holdings NZ Limited (In Liquidation), "the company"
Registration Number: 3165165

Introduction and Appointment

This report should be read in conjunction with the first, second and third, fourth, fifth sixth and seventh reports in the liquidation.

The company was placed into liquidation on the 13th February 2012. Grant Bruce Reynolds was appointed Liquidator under section 241 (2) (a) of The Companies Act 1993.

Restrictions

This report has been prepared in accordance with section 255 of the Companies Act 1993. It is prepared for the sole purpose of reporting on the state of affairs for the Company in liquidation and the conduct of the liquidation.

All information contained in this report is provided in accordance with s255 of the Act and in preparing this report the Liquidator has not independently verified or audited information or explanations that have been provided.

Further Reporting

All future statutory reports will be filed at six monthly intervals and may also be viewed on line at the Companies Office website - **www.companies.govt.nz**

Company Details

Date of Incorporation: 8th October 2010
Directors: KAIRUA, Robert
Shareholders: Grace Investment Trustee Company Limited
Secured Creditors (As registered on the PPSR): N/A
Number of Shares: 100

History & Events that Precipitated the Liquidation

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The company was incorporated in 2010 and was formed to take advantage of trading opportunities in the precious metal market in New Zealand and provide access for New Zealand investors that wouldn't normally have access to this market.

The idea was to allow investors the opportunity to leverage in the precious metals market by putting down part of their investment/deposit and finance the balance. The Company would trade on the investors' instructions by purchasing precious metals. If the metal prices increased so would the investors' investment by the ratio of the leveraged amount.

If the metal price dropped the investors investment would decrease in the ratio of the leveraged amount.

The Director has explained the reasons for the insolvency of the company as follows;

1. The Company employed a trader who would place trades for the company on behalf of investors.

2. In or around September 2011 the trader placed trades that far exceeded his authority and the gold and silver prices that followed dropped and caused substantial losses that could not be recovered.

3. The trader is currently incarcerated in a USA prison for white collar crime offences.

4. The Company, in the month pre liquidation did have a substantial sale to an investor that fell over due to adverse press that was released around the same time.

5. A number of investors made complaints to the Serious Fraud Office ("SFO") who has also begun an enquiry into the complaints they have received.

6. As a result the Company was not able to operate with any consistency, make new sales and or be in a position to make good previous losses and the company was placed into liquidation as a consequence.

Unsecured Creditor's Claims Received

The position of unsecured creditors has not changed since the previous interim report was filed in the liquidation

Class of Unsecured Creditor	**Number of Claims Received**	**Value of Claims Received**
Unsecured Preferential Creditors	NIL	NIL
Investors Claims	36	$2,684,438
Unsecured Non Preferential Creditors	1	$29,267

Progress in the Liquidation since the previous report

a. Mr Kairua was sentenced in the interim period and is currently serving a prison sentence.

b. Investors are in discussion in relation to pursuing Mr Kairua in civil way including applying for him to be adjudicated bankrupt. This decision is still pending.

Realisations and Distributions *(for the period of the liquidation)*

There have been no realisations or payments since the previous interim report in the liquidation. The current position is as follows;

Realisations	
funds retained in company accounts	69,635.11
Payments	
disbursements	315.37
legal expenses	7,543.75
liquidators fees	35,732.50
Total Payments	**43,591.62**
Funds Retained	26,043.49

Prospect of a Dividend

The prospect of a payment to non-preferential unsecured creditors and a return to Investors is unlikely.

Estimated date of Completion

At this time it is not known when the liquidation for the Company will be completed.

Grant Bruce Reynolds
Liquidator

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