



Receivers' First Report on the State of Affairs of The DRG Ross Family Trust (Receivers and Managers Appointed) (“the Trust”)

Pursuant to Section 23 of the Receiverships Act 1993

Introduction

We John Howard Ross Fisk and David John Bridgman, Chartered Accountants of Wellington and Auckland were appointed receivers of the DRG Ross Family Trust by the High Court in Wellington on 4 November 2013, following an application by the Financial Markets Authority (“FMA”) pursuant to section 137G(1)(g) of the Financial Advisers Act 2008. The property in receivership comprises all of the assets, property and undertakings of the Trust.

This report has been prepared by us in accordance with and for the purpose of Section 23 of the Receiverships Act 1993 (“the Act”). It is prepared for the sole purpose of reporting on the state of affairs with respect to the property in receivership and the conduct of the receivership.

This report is subject to the restrictions set out at Appendix A. In particular, all information contained in this report is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993. Furthermore, in preparing this report we have relied upon and not independently verified or audited information or explanations provided to us.

Events leading to our appointment

On 6 November 2012, following an application by the FMA pursuant to section 137G(1)(g) of the Financial Advisers Act 2008, John Fisk and David Bridgman of PwC were appointed receivers of David Robert Gilmour Ross and various entities associated with him. This was following various complaints which had been received by the FMA into Mr Ross’ conduct as an investment manager. Investigations by the receivers and FMA uncovered that there were significant irregularities between the position of investments reportedly held and the position of investments actually held. Various companies subject to the receivership orders were placed into liquidation on 17 December 2012 with John Fisk and David Bridgman being appointed liquidators.

As a part of investigations undertaken by the FMA, the receivers and the liquidators it was identified that shares in a privately owned UK Company called Arria NLG Limited (“Arria”) were held in the name of David Ross as trustee of the DRG Ross Family Trust. There was some uncertainty as to how these shares were paid for and accordingly the FMA made an application to the High Court to have all of the Trust property placed into receivership. This application was objected to by William Ross and Anna Yip (nee Ross), Mr Ross’ children, on the basis that the shares had been purchased on their behalf with money from shares which they had sold. After considering the matter the Court determined that it was not possible to definitively determine the ownership of the Arria shares and receivers should be appointed to resolve matters.



Based on information available it would appear that the Trust was set up in the late 1980s and Mr Ross and his wife, Jillian Ross, are the joint trustees. No other information about the origins or the Trust's activities, if any, is currently available.

Debts and Liabilities

At this time there are no known creditors of the Trust. The purpose of the receivership is to preserve the assets of the trust pending the determination of their ownership.

Particulars of assets

The only known assets of the Trust are the abovementioned shares in Arria NLG Limited. Since the date receivers have been appointed Arria NLG Limited has become a publicly listed company in the UK and accordingly become Arria NLG plc. The value of the shares has increased since the public float. The current market value of the shares is approximately US\$453,476.

We retain the right to amend the above particulars if we consider it necessary in light of information, which becomes known to us subsequent to the date of this report.

Proposals for disposal of receivership property

As noted above, Mr Ross' children have made a claim to the Arria shares. We are currently in discussion with their solicitors to determine whether any further evidence can be provided to support their claim. This process is ongoing.

Amounts likely to be available for payment to creditors other than creditors of the Trust having statutory preferential claims

As noted above, the Trust has no known creditors. The determination of ownership of the Arria shares will determine whether any monies become available from the shares for the benefit of creditors with investments previously managed by David Ross.

Dated: */s/* December 2013

A handwritten signature in black ink, appearing to read 'John Howard Ross Fisk', written over a horizontal line.

John Howard Ross Fisk
Receiver



Appendix A

Restrictions

All information contained in this report is provided in accordance with Sections 26 and 27 of the Receiverships Act 1993.

The statements and opinions expressed herein have been made in good faith, and on the basis that all information relied upon is true and accurate in all material respects, and not misleading by reason of omission or otherwise.

We have not independently verified the accuracy of information provided to us, and have not conducted any form of audit in respect of the Company. Accordingly, we express no opinion on the reliability, accuracy, or completeness of the information provided to us and upon which we have relied. Whilst all care and attention has been taken in compiling this report, we do not accept any liability whatsoever arising from this report.

The statements and opinions expressed in this report are based on information available as at the date of the report.

We reserve the right, but will be under no obligation, to review or amend our Report, if any additional information, which was in existence on the date of this Report was not brought to our attention, or subsequently comes to light.

We have relied on forecasts and assumptions prepared by the Company about future events which, by their nature, are not able to be independently verified. Inevitably, some assumptions may not materialise and unanticipated events and circumstances are likely to occur. Therefore, actual results in the future will vary from the forecasts upon which we have relied. These variations may be material.

In addition the following should be noted:

- Certain numbers included in tables throughout this report have been rounded and therefore do not add exactly.
- Unless otherwise stated all amounts are stated in New Zealand dollars.